ANNUAL REPORT 2011

inapa

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TWO CONSECUTIVE YEARS BEING CONSIDERED THE COMPANY WITH THE BEST CORPORATE GOVERNANCE

WORLD FINANCE CORPORATE GOVERNANCE AWARDS 2011

WORLD FINANCE CORPORATE GOVERNANCE AWARDS 2012

MATERIALS USED ON THE MAP:

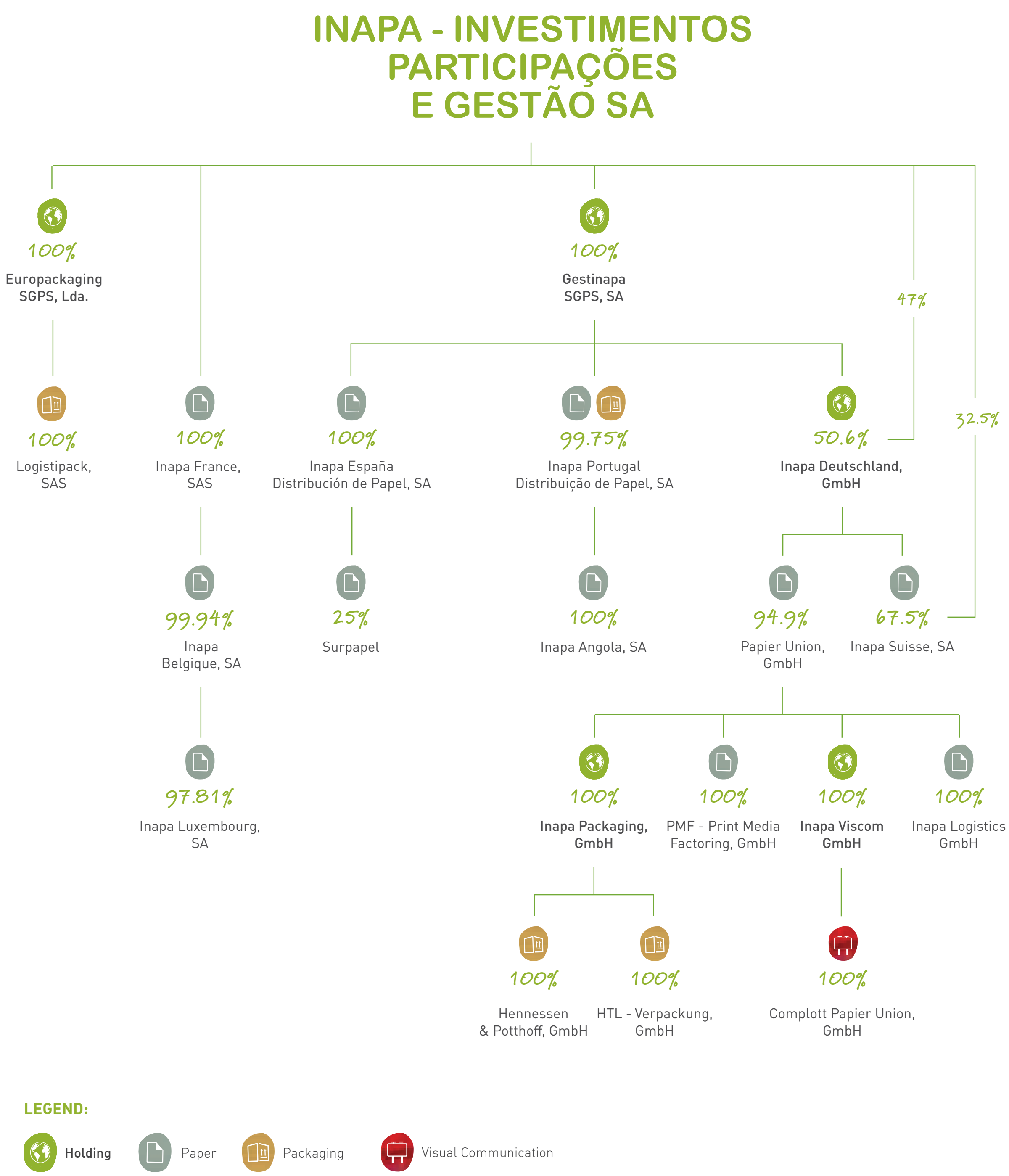
Germany – Cotton canvas
France – Double corrugated kraft box
Belgium – Paper Keaykolour plain red 300 gr/m^2
Luxembourg – Paper Chagall Oceano
Spain – Paper Director Grey 100 gr/m^2
Switzerland - Kraft Paper Natural 130 gr/m2
Portugal – Sealed air bag
Angola – Paper Curious Metalics Super Gold 300 gr/m^2

28 WAREHOUSES
WITH 12,000 SKU
AND 1450 EMPLOYEES
SERVING 70,000 CLIENTS
DELIVERING
900,000 TONNES

01.

INAPA GLOBAL

GROUP HOLDING STRUCTURE

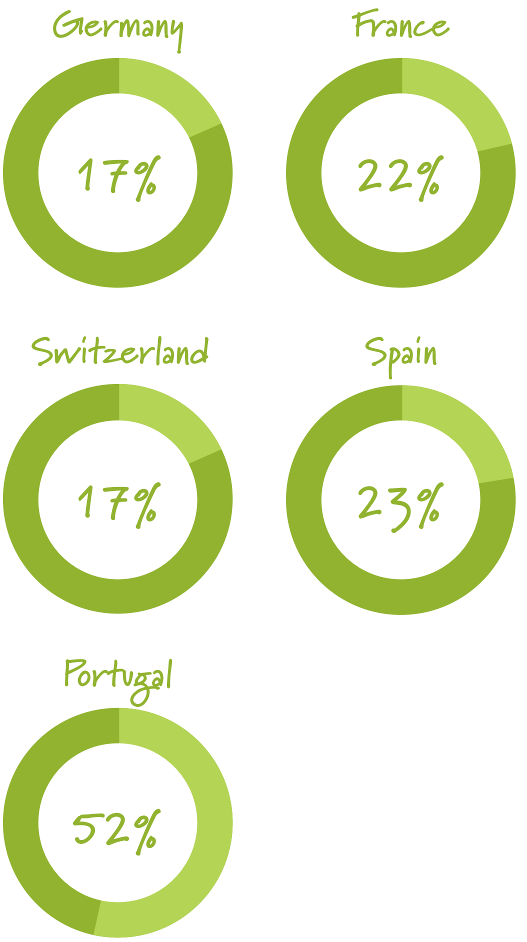


925 M€ IN SALES

PAPER

Distribution of a complete range of products and services to the graphic and office customers - paper (coated, offset, cutsize, digital, carbonless, board, envelopes, special papers), graphic supplies (plates, inks, chemicals), graphic supplies, factoring and logistic services.

PAPER MARKET SHARES IN 2011



Source: Eugropa

5.1% EBIT

PACKAGING

Distribution of a complete range of packaging products – boxes, films, tapes, fillers, bags, tags, machines – and tailor made solutions – packaging customization, fulfillment and logistics.

4.5% EBIT

VISUAL COMMUNICATION

Distribution of a complete range of products and services to the large format digital printing – printers, inks/tonners, media, software and technical support.

MESSAGE FROM THE CEO

2011 was a challenging year for the European economy, with the consumers and companies levels of confidence in decline, a reduction in global demand and the crisis in the financial sector, factors that combined led to one of the worst macroeconomic frameworks of the past ten years.

Especially in the second semester, with the loss of confidence among market players, the Economy reflected the fears felt for the contagion effect from Greece to other countries of the Euro, and the risk it would represent for the future of the single currency.

In the last quarter of the year, European Economy presented a contraction for the first time since the global recession. Real GDP growth was lower than in 2010 and private consumption grew considerably weaker than the previous year.

Financial markets also experienced difficulties as a result of the sovereign debt crisis, leading to a deterioration of credit conditions for market players and increased difficulties in accessing credit. The reduction in financing the economy was reflected in rising unemployment to relevant levels and in the contraction of investment in advertising and promotion, key factors for the behaviour of paper consumption.

The paper sector reflected the difficulties experienced at a macroeconomic level and registered a decrease in demand, partially offset by price increases, although not impacting on margins, which suffered a significant contraction.

Given the European macroeconomic context and the sector's scenario, Inapa's performance in 2011 was strongly impacted by exogenous circumstances and fell short of targets.

However, despite the difficult external environment, Inapa registered a slight increase in sales, in comparison with 2010, reflecting the strategy that has been implemented, including the commitment to grow complementary businesses. Sales of packaging produtcts solutions, visual communication products, graphic and office supplies have increased their contribution to consolidated net sales, as in the previous year, accounting for 19% of operating results.

Due to the strong competitive pressure present in the sector, Inapa wasn't able to pass on the full increase of the average cost on paper to customers, leading to a decrease in gross margin. This decrease explains the decrease in Re-EBITDA, given the inelasticity of operating costs.

Inapa remains in a leading position in the markets where it operates, with a slight improvement in the global market share.

Overall, the Group's subsidiaries which are dedicated to the paper segment have presented a decrease in sales in comparison with the previous year, except for Spain and France. Companies dedicated to packaging and visual communication increased their sales. Margins presented deterioration, strongly conditioned by the competition.

Despite the challenging exogenous context in 2011, Inapa continued the implementation of its strategic plan set out for the period 2010-2013. Among the achievements I would like to mention, for its relevance, the continuous optimization of working capital, the capital increase carried out in an adverse economic environment, the strategic partnerships celebrated, the divestment of non-core assets, new businesses acquisitions with potential for the group and improvements in operational efficiency.

In terms of working capital, and as a result of the coordinated efforts of the several subsidiaries, we were able to reduce terms and levels of receivables and inventories, resulting in a reduction of 27 million euros for 2010, which represents a third of the reduction in consolidated debt in 2011.

Regarding the strengthening of the capital structure, in late October the capital increase process, launched in 2010, was concluded and resulted on an increase of approximately 54 million euros that were fully used in the amortization of the Group's debt. Despite the repeated delays in this process, it reflects the confidence and support of shareholders and financial institutions to the repositioning plan of Inapa.

The Group's reduction of debt reached 75 million euros, and one third of this reduction was carried out through funds generated by operating activities of the Group, as mentioned above. However, either due to the increase in spreads, or to the late completion of capital increase, the financial costs this year are not reflecting yet the improvement associated with debt reduction.

In 2011 important steps were taken towards the achievement of the strategic objective of growing the complementary businesses. Notwithstanding the results of this effort being visible only upon the completion of transactions, I must mention the commercial partnership agreement celebrated with Heidelberg for the sale of graphic consumables. In early 2012 the acquisition of SEMAQ, a packaging company operating in the French market, was carried out. This acquisition will allow to double packaging sales in that market, the completion of the product portfolio and the full coverage of the market. Also earlier this year, the acquisition of FLS Bildsysteme Vertriebs was performed, and will allow the consolidation of the visual communication business of our German subsidiary in the south of that market.

Also in this context, and to strengthen the means of management in the relevant markets, in 2011 we proceeded to the disposal of the United Kingdom operation, that back in 2007 had already been referred as non-strategic for the development of the Group.

Regarding the operational efficiency improvement, in 2011 an enlargement of the undertakings included in the Shared Services Centre located in Sintra was made, along with the roll-out of the group's corporate management IT system and the adjustment of resources allocated to operations, the latter impacting on non-recurring costs.

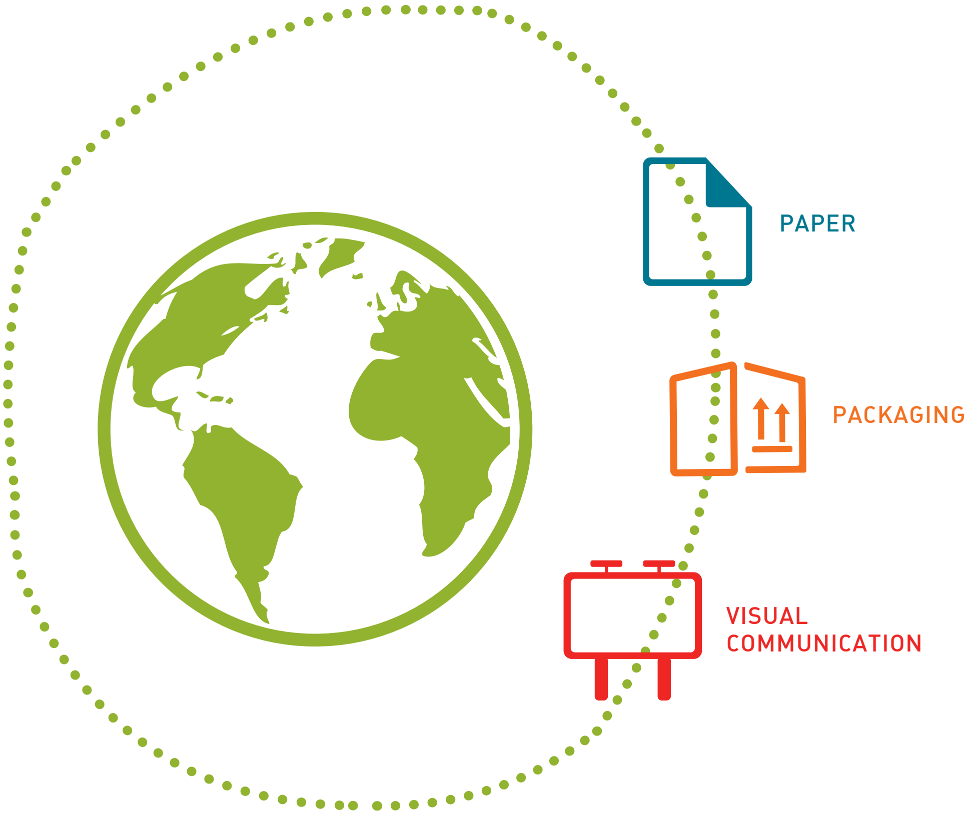
Despite the implementation of the objectives set out in the Strategic Plan for the period 2010-2013, the results for the year are strongly determined by exogenous factors that have penalized companies in general, as the economic downturn and the rising costs of financing for companies, together with the worsening of the fiscal framework reflected in higher taxes through the reduction of the tax deductibility of losses from prior years.

Inapa was once again recognized by the strength and quality of its Corporate Governance winning for the second consecutive year the award for Best Corporate Governance in Portugal, by World Finance magazine. This distinction is the recognition of the effort in the reorganization and adoption of best governance practices that Inapa started in 2007.

The Group is prepared for the challenges of 2012. The position strengthening in the European markets with greater potential, the improvement in the sales mix and product portfolio, together with the commitment to increase operational efficiency and investment in markets with greater growth potential and profitability, legitimate the confidence in the achievement of a positive performance in the year already underway, supporting a positive outlook in the short and medium term.

I conclude by thanking all the employees, shareholders, customers, suppliers and financial institutions' confidence in the company's strategy and execution capability of the team I represent.

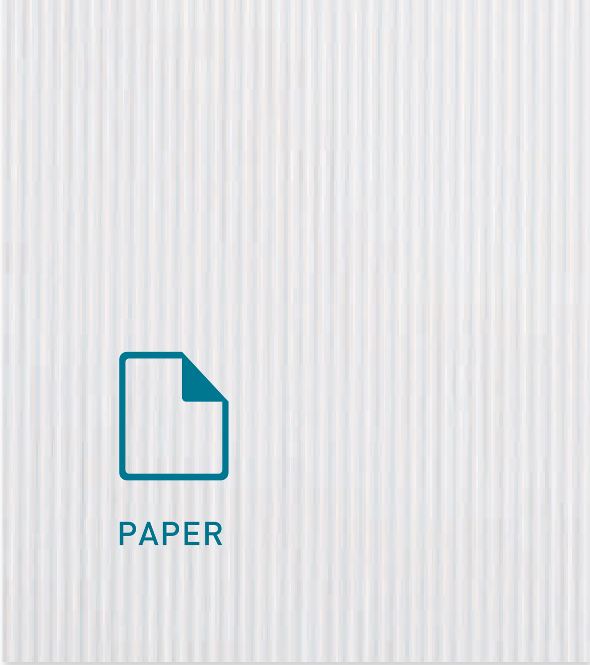
José Félix Morgado
CEO



GROUP PROFILE

Inapa is one of the leading players in the paper merchanting business in Europe, with an annual turnover of approximately 1 million euros and a relevant position in all markets where it operates. Inapa is also the only listed company of the sector in Europe.

Inapa began its activity in 1965 in the paper production business, having divested from this business in 2000 to focus on the distribution of paper. In 2007 Inapa's areas of growth and development were considered to be the paper distribution, distribution of solutions and packaging materials alongside Visual Communication solutions, which are areas that present significant growth rates and contribution margins higher than in the paper business. Inapa - Investimentos, Participações e Gestão, S.A. is the company which consolidates the Group's operating companies, which act on the sectors of paper distribution, packaging and visual communication.



Embossed carton

PAPER DISTRIBUTION

The European paper merchanting business represents about 10 million tons, a value of 10 billion euros and employs over 25,000 people.

With about 900 000 tons distributed annually, Inapa holds a market share of around 19%, considering only those markets where it operates and is currently one of the leaders among the European paper merchants.

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

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

Inapa ensures a delivery service within 24 hours at any point in the markets where it operates, being that period within 12 hours in the major economic centres. This level of service involves more than 5000 deliveries per day and is secured from 27 warehouses and logistics platforms.

In 2011 the paper distribution activity represented about 90% of Inapa's turnover and the sale of office papers represented about 25% of turnover.

Graphic consumables

The privileged relationship with customers and the large technical expertise of its teams make the area of distribution of graphic consumables a logical extension of the range of graphical papers distribution. This fact, together with the knowledge of customer needs, has enabled the Group to position itself as a global supplier to the printing industry and contribute to its customers' value creation.

The turnover and penetration achieved, together with the recognition by customers of the value generated by this approach, justify the positive expectations about the growth of this business area, especially as this has been the segment which has shown more synergies with the area of paper distribution.

Inapa's portfolio of graphic consumables was developed based on partnerships with brands of recognized notoriety and includes several products, from paints to cleaning products, additives, printing blankets, sheets and coatings, among others, providing a portfolio of quality and with an offer quite comprehensive. In the composition of this portfolio environmental concerns were taken into consideration, particularly regarding paints, all of which are produced with renewable vegetable raw materials.

In the effort for the development of this business in 2011 Inapa signed an important partnership in the segment of graphics consumables, with the company Heidelberg for the sale of consumables from the Saphira range. Heidelberg is the world's leading supplier of printing solutions and its core business covers the entire production chain with equipment, services and supplies for offset printing and digital printing solutions. This partnership allows us to expand the product portfolio and boost cross-selling in the current base of customers.

Office supplies

In the office paper segment Inapa's customer base is comprised of companies, offices and agencies, who have particular needs and a demanding level of service. In order to provide these customers with one point of contact and a single supply source, Inapa developed an area of distribution of office supplies.

For this purpose partnerships have been established with some of the relevant operators in this area, aiming to provide customers with the widest range of office supplies and a high level of service. In this context we emphasize the partnership established between Inapa Portugal and Liderpapel, a Spanish group that is the exclusive distributor in Portugal for several prestigious international brands. Through this partnership Inapa Portugal offers the market a wide range of office supplies, with over 8,500 references, especially directed to the segment of medium-sized enterprises.

Currently Inapa sells office supplies in Belgium, France, Switzerland, Germany and Spain.

The future will surely be based on the expansion and development in those markets where Inapa is present, with a very remarkable growth potential, coupled with the introduction of this business model in other countries where it operates.

In the office segment in 2011 stood out the celebration of Inapa Tecno's 10th anniversary. This own brand continues to increase its visibility and contribution to Group results.

Also notable was the relaunch of the Inapa Office store in Inapa Switzerland, in partnership with Waser Ltd, which allows addressing the concept of one-stop shop, enabling an improvement in efficiency and time management for clients.

Logistics services

As a provider of services in the area of printing and packaging, Inapa developed several solutions to meet the needs of its customers. In this sense, the provision of logistics services is an asset in any market where it is available, allowing the increase in competitiveness of its customers.

With about 300 trucks into service and many employees to serve a storage area over 180 square meters - a unique offer with regard to storage and transportation services - Inapa is able to act as a logistics operator for its customers, with the resulting efficiency gains and cost savings that this process allows.

Inapa's provision of logistics stands out by the combination of logistics expertise with extensive knowledge of the paper industry, making Inapa a benchmark in logistics services for the printing industry and manufacturing.

Loose fill material

PACKAGING SOLUTIONS AND MATERIAL

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

The European market for packaging distribution has a significant size, although highly fragmented, coexisting generalist distributors and retail outlets, focusing on only one type of packaging material or a limited number. Economic globalization - with regard to specialization and geographic concentration of production, change in consumer behavior and, in particular, the increase in online sales - caused a very significant increase of the needs for safe, versatile and fast packaging for varied types of products, allowing us to foresee a sustained growth in the consumption in the medium to long term.

Moreover, the packaging is, in many cases, the first contact between customer, supplier and product, so the investment made by companies in this area should not only be maintained but even increased, this being an additional factor for the dynamization of this segment.

Inapa, alongside the distribution of packaging materials, also develops technologies and unique packaging concepts, offering customers not only the design of their unique packaging, but also the services of packing and logistics that may be associated.

The Group anticipates an increase in the weight of the distribution area of packaging materials and solutions in its consolidated sales as a result of not only of the expansion of this business segment to other geographies where Inapa operates, but also organic growth of existing units. Accordingly, in 2011 some decisive steps were taken, through the creation of a company in Portugal dedicated to this segment as well as a holding company that will centralize and coordinate the activities of several companies dedicated to the packaging segment within the Group.

In early 2012 Inapa took another step in the development of this segment by acquiring the French company Semaq (Société d'Emballage of Manutention et d'Aquitaine), which operates in the segments of packaging and storage in the south and west of France.

Cotton Canvas

VISUAL COMMUNICATION

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

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

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

The rapid development of digital printing technology, in combination with the large format printers, has created a new market for graphics applications. Large format printers, operating between 60 cm and 5 meters wide, allow the most varied type of prints in a wide range of media such as paper, canvas, vinyl, film, fabric or wood.

These developments allow for applications as varied as the panels of outdoor advertising, indoor advertising, sign making, printing for use on furniture or appliances, advertising on roofs of buildings and on transports.

Inapa's offer includes the distribution of a range of products and materials, as well as consumables, sale of printing equipment (hardware), software and its maintenance (hardware and software).

On the German market, acting through its subsidiary, Complott Papier Union, Inapa is currently the 3rd largest player in the market.

This business' contribution has proved to be extremely positive, justifying the favorable future expectations, both in terms of performance and organic growth in markets where Inapa already develops this activity, either as regards the extension to other markets where Inapa is present.

In late 2011 Complott Papier Union acquired 100% of the share capital of FLS Bildsysteme Vertriebs GmbH, located in southern Germany. This acquisition complements the Group's Visual Communications offer.

inapa

HISTORY

1965
Inapa Foundation.

1969
Start paper production.

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

1980
Shares are listed in the Lisbon stock exchange.

1987
Group is restructured, transforming Inapa in a holding. Creation of Edições Inapa (Portugal).

1989
Acquisition of Sacopel (Portugal).

1992
Paper merchant business expands, having 10 warehouses (5 in Continental Portugal, 2 in Azores, 2 in Spain and 1 in the UK).

1998
Acquisition of Mafipa Group (France, Belgium, Luxembourg, Switzerland) in June. Acquisition of Tavistock Paper Sales (UK). S.D.P. robotizes its main warehouse (Sintra/ Portugal).

1999
IDISA foundation (Spain). Acquisition of Lucchetti Decart (Italy).

2012 Acquisition of Semaq – packaging company in France.

2011 Sale of Tavistock Paper Sales (UK).

2010 Acquisition of Burgo business in Spain, becoming the third largest paper merchant.

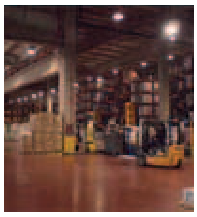
2009 Start-up of Inapa Angola.

2008 Acquisition of Complott Arte Vertrieb – visual communication company in Germany.

2006 Acquisition of HTL and Hennessen & Potthoff – packaging companies in Germany. Acquisition of Logistipack – packaging company in France.

2005 Acquisition of Olímpia – Paper merchant in Belgium.

2004 Acquisition of Baumgartner – Paper merchant in Switzerland.



2002 Open the new logistic center of IDISA, in Leganés (Madrid). Launch of first Inapa Group e-commerce site www.papel.online.pt.

2001 Launch of first own-brand INAPA-TECNO.

PAPIER UNION
Inapa Deutschland

2000 Start the construction of Logistic center in Madrid. Papéis Inapa is sold to Papercel/Portucel (February 25). Inapa focus in paper merchant business. Acquisition of Papier Union, the 3rd largest paper merchant in Germany. Acquisition of Buropapier (Belgium).

MARKETS

At the end of 2011 Inapa Group had operations in eight countries: Germany, France, Spain, Portugal, Switzerland, Belgium, Luxembourg and Angola.

During the same year, Inapa sold 100% of the share capital of Tavistock Paper Sales Ltd, thus terminating its business in the UK, since this operation was not considered strategic to the development of the group, as the strategic plan duly presented referred.

In all markets where it operates Inapa is between the 3 most relevant market players. Although the Group has been founded in Portugal and has its headquarters here, most of its revenue comes from operations in other European countries, with Germany and France accounting for about 78% of Group revenues.

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

With over 300 trucks daily in circulation and storage area over 180 square meters spread over 27 warehouses and logistics platforms, the Group ensures annually the placement of about 900 thousand tons of paper to its customers.

Inapa's subsidiaries in Germany are Papier Union, whose sales accounted for approximately 51% of paper sales in the Group, Inapa Packaging and Complott Papier Union, acting in the segment of Visual Communication. This is the Group's largest market, holding a market share of approximately 17%.

Inapa France is the second largest distributor, with a market share of approximately 23%. Its sales represent about 24% of total sales of the group. In France Inapa holds Inapa France, in the paper business, and Logistipack in the packaging business area.

Inapa Spain is currently the third largest player in the Spanish market with a market share of approximately 23%, after the acquisition of the distribution business of Burgo Group in Spain, under the brand Ebix, in 2010. Its sales represent about 9% of consolidated sales of paper.

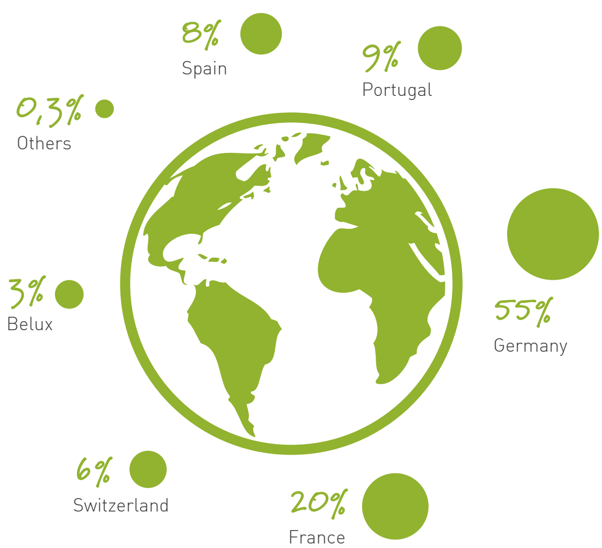
Inapa Portugal is the country's leader in the paper distribution segment, with a market share of around 50%. The Portuguese subsidiary's sales represent approximately 6% of paper sales group.

Inapa Switzerland has a market share close to 17%. The company has prospered in this market by introducing innovations such as the online platform for customers in the office segment.

In Belgium and Luxembourg Inapa holds affiliates of Inapa France, which are focused primarily in the office segment, being the leading distributors of paper in this segment. Combined sales of these geographic areas represent approximately 2% of total paper sales group.

Angola is the latest country where the Group decided to invest, in 2009, and the first one outside Europe. This market entry is part of Inapa's consolidation strategy in the paper business, exploring the existing potential in less mature markets. The results are already very positive. Last year operations in Angola doubled its volume and are already contributing positively to the Group's performance.

Employees per country



- RANKING IN THE PAPER MERCHANT MARKET

Germany

France

Belgium

Luxembourg

Spain

Switzerland

Portugal

Angola

LEGEND:

Paper Packaging Visual Communication

STRATEGIC GUIDELINES

2011 was a challenging year for the European economy, paper merchanting business and Inapa. In this context, Inapa has developed a set of initiatives in the context of the implementation of the strategic plan submitted to the General Assembly in May 2010.
These strategic actions were designed to ensure the strong growth of Inapa in a turbulent market environment, and consist of five line of actions:

(i) CONSOLIDATION OF POSITION IN THE PAPER MARKET:

In the paper business Inapa's orientation for the next years, is based on the consolidation of the Group's position in its five major markets (Germany, France, Switzerland, Spain and Portugal). In this context, in 2010 Inapa made an acquisition in Spain (EBIX) that allowed the achievement of the necessary dimension to ensure the profitability of the assets held in this market and in early 2011 divested from the United Kingdom operation, where it had a small niche operation.

In the sequence of the strategic guidelines defined, Inapa acknowledges new investment projects in nearby markets with growth potential and that allow the creation of value.

Expansion into mature markets is not considered a priority given the limited available opportunities for value creation.

Inapa is also commited on expanding its product portfolio, particularly through partnerships with other companies, such as Sun Chemical, Spycers or Lider. The agreement reached in 2011 with Heidelberg for the sale of graphic consumables is a step further in the implementation of this strategy envisaging the integrated offer of products and services to its customers.

(ii) ENHANCEMENT OF COMPLEMENTARY BUSINESSES:

The distribution of packaging solutions and materials and visual communication, integrate the complementary businesses of Inapa, and already account for about 6.8% of revenue and about 15% of the recurring EBITDA generated by the Group.

It is intended that these two business areas increase its weight in the group significantly, since they present operational and commercial synergies with the paper business and a positive outlook for growth and profitability.
The development of these businesses should be performed not only by exploring opportunities for organic growth, but also by means of acquisitions.

In 2011 Inapa considered the opportunity for acquisition of Semaq, which operates in the French packaging market, and that has incorporated in the group in early 2012.
Also in the visual communication segment the acquisition of FLS Bildsysteme Vertriebs GmbH was performed. This company operates in southern Germany, and will contribute contributing to the activity consolidation that the group has in this business area in the German market, where it is currently the third largest player.

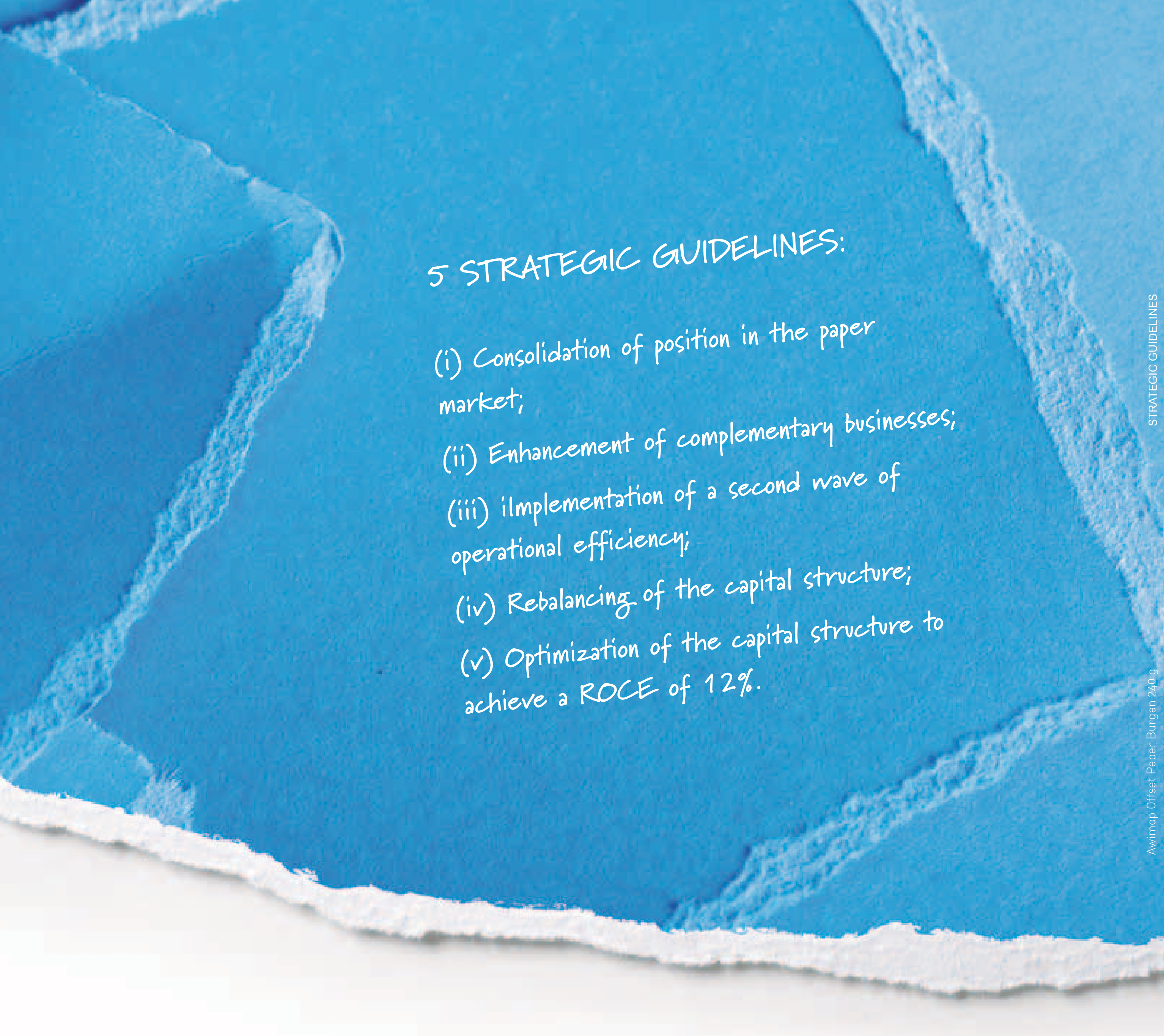
As part of the packaging business growth and in order to centralize and coordinate the activities of the companies operating in this business segment, in 2011 a specific holding company was formed for the packaging segment, Europackaging, which will have an autonomous management, in order to accelerate the growth of this business.

(iii) IMPLEMENTATION OF A SECOND WAVE OF OPERATIONAL EFFICIENCY:

Despite the structure optimization performed in the last three years, it is essential to further improve the Group's efficiency in order to extract the maximum value, namely in the paper business. In this context Inapa launched in 2010 a new wave of operational efficiency.

In 2011 the efforts to change the operational paradigm of the Group continued. In this respect a reference should be made to the extension of the undertakings included in the Shared Services Center alongside the roll-out of the enterprise resource planning (ERP), which will act as facilitator for optimizing administrative areas and allowing an alignment in the areas of IT and communication, procurement and financial management.

As a result of the greater coordination in the Group and of the changing market conditions, we highlight the integration of all



Awimop Offset Paper Burgan 240 g

subsidiaries in the Group's credit insurance in 2011, allowing for significant overall savings.

(IV) REBALANCING OF THE CAPITAL STRUCTURE:

Although the debt level has been reduced quite significantly, it is essential that Inapa keeps the effort of rebuilding its capital structure to ensure its sustainability, reducing the burden of interest bearing debt. It is our strategic goal to approach industry the levels in order to ensure a lower exposure of the results to external factors (such as the evolution of interest rates).

In this sense, and despite the difficult year for global financial markets, Inapa proceeded to strength its social capital in 54 million euros, which were fully geared for the amortization of short-term debt, after the payment of the operation costs.

The company remains committed to rebalance its capital structure, using at least two thirds of the generated operating cash flow to repay debt.

(V) OPTIMIZATION OF THE CAPITAL STRUCTURE TO ACHIEVE A ROCE OF 12%:

In addition to the above mentioned measures, reducing the weight of working capital in sales is another measure that will allow the increase in the return on capital employed to levels of 12%. In this sense Inapa continues to promote various actions aiming to achieve optimal levels of capital to fund its business.

In the year 2011, and as a result of efforts made by the Group, there was a reduction of EUR 27 million in working capital.

The achievement of this strategic plan will transform Inapa's profile, making it less dependent of a lower margins business and with limited growth prospects, and will certainly strengthen the Group's sustainability and value creation for shareholders and other stakeholders.

Inapa - investimentos, Participações e Gestão, SA
Rua Castilho, n.º 44 -3 .º, 1250-071 Lisboa
www.inapa.pt

STATUTORY BODIES

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

THE COMPOSITION OF THE AFOREMENTIONED STATUTORY BODIES IS AS FOLLOWS:

GENERAL MEETING OF SHAREHOLDERS

João Vieira de Almeida – Chairman
Sofia Barata – Secretary

BOARD OF DIRECTORS

Chairman
Álvaro João Pinto Correia | Age - 79
Election year - 2010

Vice-Chairman of the Board / CEO
José Manuel Félix Morgado | Age - 51
Election year - 2007

Member of the Board / Executive Committee
António José Gomes da Silva Albuquerque | Age - 59
Election year - 2010

Member of the Board / Executive Committee
Jorge Manuel Viana de Azevedo Pinto Bravo | Age - 49
Election year - 2010

Member of the Board / Executive Committee
Arndt Jost Michael Klippgen | Age - 61
Election year - 2007

Member of the Board / Chairman of Audit Committee
Emídio de Jesus Maria | Age - 60
Election year - 2008

Member of the Board / Audit Committee
Acácio Jaime Liberado Mota Piloto | Age - 54
Election year - 2010

Member of the Board / Audit Committee
Eduardo Gonzalo Espinar Fernandez | Age - 49
Election year - 2010

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

José Manuel Félix Morgado – Chairman
Arndt Jost Michael Klippgen – Sourcing and Marketing
António José Gomes da Silva Albuquerque - Finance
Jorge Manuel Viana de Azevedo Pinto Bravo - Operations

AUDIT COMMITTEE

Emídio de Jesus Maria – Chairman
Acácio Jaime Liberado Mota Piloto – Member
Eduardo Gonzalo Espinar Fernandez – Member

CHARTERED ACCOUNTANT AND AUDITORS

PricewaterhouseCoopers & Associados, SROC, Lda represented by José Pereira Alves
Alternate Chartered Accountant - **José Manuel Henriques Bernardo**

REMUNERATIONS COMMITTEE

Mário Alberto Duarte Donas – Chairman
Maria Amália Freire de Almeida, representing Parpública
Rui Manuel Alexandre Lopes, representing Millennium BCP

CORPORATE GOVERNANCE

In conformance with the provisions of the corporate governance model adopted, and in broad terms, the following powers are attributed to the above mentioned corporate governance bodies:

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

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

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

GENERAL ASSEMBLY OF SHAREHOLDERS

REMUNERATIONS COMMITTEE

BOARD OF DIRECTORS

Álvaro Correia (Chairman of the Board | José Morgado (Vice-Chairman of the Board)
António Albuquerque | Jorge Bravo | Arndt Klippgen
Emídio Maria | Acácio Piloto | Eduardo Espinar

AUDIT COMMITTEE

Emídio Maria (Chairman)
Acácio Piloto | Eduardo Espinar

EXECUTIVE COMMITTEE

José Félix Morgado (Chairman)
Arndt Klippgen
António Albuquerque | Jorge Bravo

REVISOR OFICIAL DE CONTAS

PricewaterhouseCoopers &
Associados, SROC, Lda

BOARD OF DIRECTORS

LEFT TO RIGHT:
Acácio Piloto, Emídio Maria, Jorge Bravo, Arndt Klippgen, José Félix Morgado, Álvaro Pinto Correia, António Albuquerque, Eduardo Espinar.

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

- **The Executive Committee of the Board of Directors is responsible for the day-to-day management of the Company and for the following additional duties:**
  - Setting out plans for implementation of the Company's and Group policies, objectives, and strategy for approval by the Board of Directors;
  - Setting out general guidelines concerning the Company's internal organization for approval by the Board of Directors;
  - Present operational budgets, medium and long-term investment and development plans, for approval by the Board of Directors;
  - Approving contracts for the procurement of goods and services up to a limit of 500,000.00 Euros or less, per category of goods or services;
  - Negotiating and contracting short-term bank finance agreements to fund the Company, subject to terms and conditions that most adequately suit the interests of the Company.
  - Negotiating bank finance agreements of a term longer than a year and a day to fund the Company and its subordinated companies and the issuing of corporate bonds and commercial paper programs, for which purpose a binding of the Company under any such transactions shall be made expressly conditional to a prior resolution of the Board of Directors to the effect;
  - Purchasing, selling, and pledging goods or assets accounted for as fixed assets of the Company in conformance with budgets approved by the Board of Directors;
  - Purchasing, selling, and pledging goods or assets accounted for as fixed assets of the Company not included in budgets approved by the Board of Directors up to a value of 1.5% percent of realized share capital per item and up to a limit of 5% of the aforementioned capital, per annum;
  - Renting or letting out any buildings or sectional title properties;
  - Represent the company in court and elsewhere, actively or passively, as well as propose and pursue actions, confess them and give up, settle and engage in arbitration;
  - Purchasing, selling, or pledging shares in other companies, provided the transactions in question are included in the budget or in approved action plans not exceeding a limit of 5,000,000.00 Euros per transaction, above which limit prior approval from the Board of Directors shall be required;
  - Entering into, amending, and terminating employment contracts and exercising powers of discipline over the staff;
  - Opening, transacting, and closing bank accounts;
  - Appointing duly mandated representatives of the Company.

- **The Audit Committee has the following duties:**
  - Supervising the administration of the Company;
  - Ensuring due compliance with the Law and the provisions of the Articles of Association;
  - Verifying due compliance of the accounting books, records, and supporting documentation;
  - Verifying, as and when it may deem fit and in the manner it may find appropriate, cash balances and stocks of any type of goods or assets owned by the Company or held in lieu of security or in trust or under any other entitlement;
  - Verifying the accuracy of the financial statements;
  - Verifying whether the accounting policies and valuation criteria adopted by the Company are conducive to appropriately representing its assets and results;
  - Compiling an audit report on its audit and supervisory action and issuing an opinion on that report and accounts and proposals of the Board of directors, on an annual basis;
  - Convening a meeting of the General Assembly of Shareholders, should its Chairman fails to do so, having a duty to so act;
  - Auditing the efficacy of the risk management system, the internal control system, and the internal audit system;
  - Being the recipient of reports on irregularities which shareholders, employees or the Company, or other parties may submit;
  - Auditing the process of preparation and disclosure of financial statements;
  - Recommending to the General Assembly of Shareholders the appointment of a Chartered Accountant and Auditor;
  - Supervising the audit of the financial statements of the Company;
  - Supervising the Chartered Accountant and Auditor's independence, namely with regard to provision of additional services;
  - Notifying the Office of the Public Prosecutor of any contraventions of the Law constituting a public crime of which it may have become aware;
  - Contracting for the provision of expert services in order to assist one or more of its members in the performance of their duties.

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

MAIN SHAREHOLDERS

AS OF DECEMBER 31, 2011, SHAREHOLDERS WITH QUALIFIED HOLDINGS IN CONFORMITY WITH THE REVISIONS OF ARTICLES 16 OF THE CVM WERE AS FOLLOWS:

	NO.OF ORDINARY SHARES	% OF CAPITAL IN ORDINARY SHARES	% VOTING RIGHTS
Parpública – Participações Públicas SGPS, SA	**49,084,738**	**32.72%**	**32.72%**
Shares attributable to Millennium BCP (article 20 of CVM)	**27,361,310**	**18.24%**	**18.24%**
Pensõesgere – Fundo de Pensões do Grupo BCP	16,491,898	10.99%	10.99%
Banco Comercial Português SA	10,869,412	7.25%	7.25%
Nova Expressão SGPS, SA	**3,000,000**	**2.00%**	**2.00%**
Total	**79,446,048**	**52.96%**	**52.96%**

The volume of shares traded during the year 2011 stood at 27 million shares, which represents about 18% company's share capital. No new qualified holdings in conformance with the provisions of Article 16 of the CVM Code were announced during the financial year and the position remained unchanged by its close.
Total qualified holdings account for 52,96% of share capital, meaning a free-float of 47,04%.

HUMAN RESOURCES

In a year marked by continued high unemployment rate in most European countries, Inapa although adapting its structure to market conditions, as well as to the evolution of the business of each company, gave priority to maintaining the highest possible number of jobs .

Indeed, the average number of employees of all Group companies stood at 1,455 in 2011, a decrease of 7 employees compared to 1,462 recorded in the same date last year.

EVOLUTION OF EMPLOYEES' PER GROUP SUBSIDIARY

	2008	2009	2010	2011
Papier Union	714	689	663	662
Inapa France	284	277	264	263
Inapa Switzerland	109	99	90	81
Inapa Portugal	106	110	105	108
Inapa Spain	83	86	118	110
Inapa Belgium	39	37	33	33
Inapa Luxembourg	5	5	4	4
Tavistock	4	4	2	n.a.
Inapa Angola	n.a.	5	5	5
PMF	3	3	3	3
Inapa Packaging	70	70	68	72
Carton Service	21	22	25	25
Inapa Viscom	27	54	57	63
IPG	24	23	25	26
	1,489	**1,484**	**1,462**	**1,455**

Reflecting the composition of the business, 87% of the total workforce is engaged in the paper distribution area of the five major markets where Inapa operates.

When analyzed per country, and with reference to the Group's total business, Germany accounts for 54% of the Group's total staff members, much in line with the number it had already reached in 2009 and with its share of consolidated turnover.

France, the Group's second largest market with a share of 23% of turnover, is similarly the Group's second largest employer with 288 staff members, accounting for 20% of total personnel.

In Spain, with the acquisition of the Burgo business and the restructuring of the operation, the number of employees went from 118 to 110, representing a 7% decrease over the same period last year. With this reduction, Spain now accounts for 8% of the total employees.

Portugal, including the staff of the Group's holding company, employs 134 staff members and accounts for about 9% of total staff.

Switzerland with 81 employees showed a decrease of nine employees over the same period and represents about 6% of total Group.

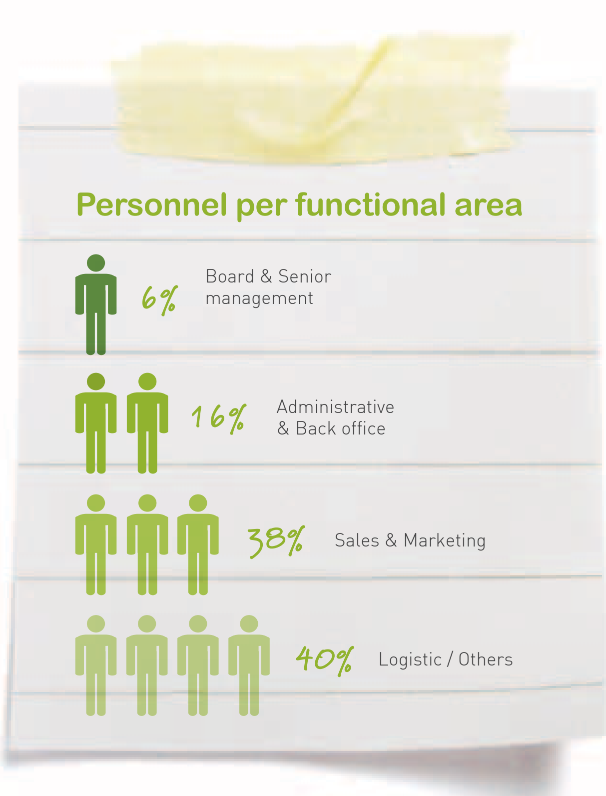
The remaining countries account for 3% of total Group personnel, with their 42 staff members.

When personnel is desagregated per business segment, it is to be noted that paper distribution accounts for 89%, the packaging business accounts for 6%, visual communication for 4%, and shared services and the holding company jointly account for 2%, respectively, of the Group's total personnel.

Given the Group's commercial nature, logistic and transport and sales and marketing are the most representative functional areas with a share of about 40% and 37% of the total staff respectively. Administrative and back-office areas account for 16% of the total staff.

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

The distribution of the staff remained roughly unchanged when compared to 2010.



RISK FACTORS

Paper merchanting is the core business of the Inapa Group and, as such, the Group acts as a conduit between upstream paper producers and downstream intermediate paper consumers (namely companies and paper manufacturing industries, such as printers, advertisers, media companies, and newspaper and book publishers, inter alia), modern distributors (large-scale suppliers and specialized retail chains), and end consumers (companies in the office segment and individuals).

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

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

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

Balance between supply and demand is a function of a number of factors, among which trends in installed production capacity and the level of overall economic activity are worth mentioning.

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

Inapa has at its disposal some means of mitigating this risk, among which stands out their systems, which in the sales process, introduce various levels of authority according to the margin generated by the operation.

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

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

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

Its currency risk exposure is limited but real on account of the fact that its aggregate turnover in currencies other than Euro (namely Swiss Franc; US Dollar and Angolan Kwanza) accounts for less than 7.2% of the Group's total turnover.

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

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

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

As a credit risk mitigation factor, Inapa contracted in 2011, a credit insurance policy to cover for credit risk of its operating subsidiaries with a major insurance company in Europe. This insurance covers the five major countries of the Group (Germany, France, Switzerland, Portugal and Spain), thus covering about 90% of Group sales.

Regardless of the coverage contemplated above, Inapa also manages credit risk by acting as follows: each Group subsidiary has its credit committee composed by the CEO, CFO and head of sales and purchases; credit limits are defined and recorded in the computer system and inhibit new orders which limit is fully utilized; limits of credit granting are subject to annual review and / or whenever there is some relevant information arising from the recommendation of the internal and external monitoring systems ; approval of sales above the defined credit limits are subject to Board approval.

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

The Inapa Group's ability to successfully implement the strategy it devised is a function of its ability to retain, and if necessary to hire, the most competent and adequately skilled staff to perform each duty.

Although the Inapa Group's human resources policy strives to reach these objectives, it is not possible to guarantee that constraints may not arise in that regard.

Inapa awards supplemental retirement and subsistence pen-

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

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

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

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

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

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

At present, the main legal suit to which Inapa is a party concerns a petition under ordinary procedure filed by Papelaria Fernandes – Indústria e Comércio, SA, in August 01, 1997, which claim has been valued at 24,459,906.14 Euros, relative to events occurring from 1991 to 1994.

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

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

In addition, the Inapa Group is exposed to a number of other risks, namely liquidity risk, interest rate risk, market risk on the price of raw materials, operating risk, and other risks.

Interest expense on most of the Inapa Group's financial indebtedness bears interest at rates linked to variable market rates, on account of which Inapa is exposed to market risk on changes in interest rates.

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

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

In a context of sector consolidation, Inapa may be the target of a public tender offer. Under such a scenario, significant changes to Inapa's current strategy may occur with consequent repercussions for its various businesses and the markets it serves.

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

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

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

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

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

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

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

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

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

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

Sealed air film

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

ENVIRONMENTAL RESPONSIBILITY

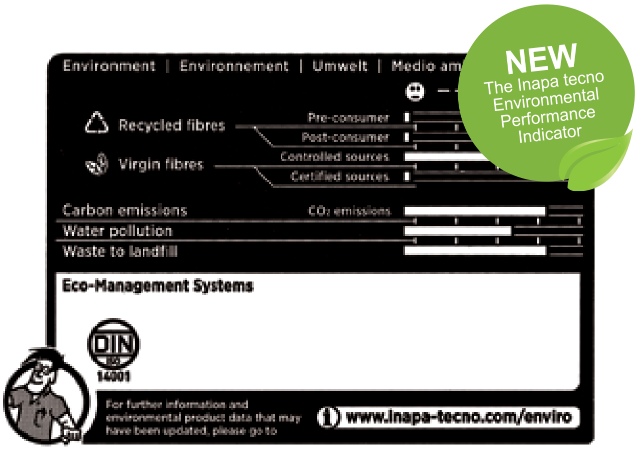
Environmental sustainability is one of the pillars of Inapa's corporate culture and is shared and developed in all markets where it operates through four main principles: obtain environmental certification of its subsidiaries, reduce levels of CO2, employ renewable energies and design and supply waste processing solutions to its customers.

Speaking about social responsability is discussing the role of corporations in building a common future

CERTIFICATION OF ENVIRONMENTAL COMPLIANCE

Since 2007 Inapa has been making a significant investment in environmental certification of its subsidiaries.
Inapa Deutschland/Papier Union, Inapa France, Inapa Switzerland and Inapa Spain have completed their certification processes, followed by Inapa Portugal, that completed its certification of ISO 9001 Quality Standard in early 2011, providing products and services that meet the requirements and satisfaction of its customers including processes for continual improvement of its systems, and ISO 14001 Environment Standard, which ensures a more effective management of environmental aspects of its business activities, taking into consideration environmental protection, pollution prevention, compliance with legal and socio-economic needs.
As a result of this quality of service and environment policy, Inapa Portugal is the first paper merchant in Portugal to obtain these certifications, further preparing for the next step, to obtain the FSC and PEFC certification.
Through FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) certifications Inapa ensures that paper sent to its warehouses, and that contain certification symbols, come from sustainably managed forests. Inapa has one of the widest ranges of certified papers, including offset papers, coated fine papers and cardboards, enabling a competitive response to the needs of our customers. Through its range of recycled papers and commercial activity, Inapa also has a positive contribution with regard to preserving the environment. This choice reflects our concern to contribute to an environmentally sustainable policy, not only of Inapa but also for our customers.

In 2011, alongside the celebration of the 10th anniversary of the own label Inapa Techno, the ecological performance indicator was released. This indicator appears on the packages of Techno paper with relevant information and assessment of environmental performance based on criteria such as the origin of the fibres, air pollution and water and waste to landfill.
Also the own label Inapa Oxygen, marketed by Inapa France, assumes a strong commitment in communicate with the market, providing its customers all the necessary information to



Inapa Tecno environmental performance indicator.

enable them to make an environmentally responsible purchase and making available a range of compatible products. To achieve this goal the brand has its own website, which exposes all the relevant information.

SUSTAINABLE ENVIRONMENT

Regarding sustainability, Inapa is already in a final stage of the preparation of the carbon balance in its most relevant operations, namely Germany and France.
Transport plays a relevant role in the distribution activity, so Inapa has assumed strategic options with a view to preserving the environment also in this operational area. Among the various actions we highlight the fleet used for distribution. Given the fact that the majority of Group companies do not have its own fleet, Inapa imposes to its suppliers of transport services a requirement of compliance with the standards for the emission of CO2 ruling in the European Union. Regarding the Group's fleet, whose weight in the total transport is residual, Inapa uses Blue Tec vehicles, which consists in adding Adblue to diesel, thus substantially reducing the emission of CO2.
The Group's motto is: "our paper is ecologically certified, as are our delivery trucks which employ Bluetech technology – for nature's protection."
In Germany, Papier Union has recently begun efforts in order to determine and publish its environmental footprint, which is expected to occur in 2012.

RENEWABLE ENERGIES

The use of alternative energy sources, environmentally clean, is another of the measures implemented in the warehouses and offices of the Group. An example is the installation of solar panels in the Group's warehouses, alongside the use of renewable energies in the two largest warehouses in Germany.
All subsidiaries, in several countries, aim to increase the use of alternative energy sources that are more efficient, to achieve reductions in consumption and, that are more eco-friendly.

SUPPLY CHAIN

Inapa is aware of the importance of promoting environmental sustainability throughout the paper chain - starting in the forest, through production to distribution. In some cases, internal and external checks and confirmations are made in order to validate that all the procedures are environmentally sustainable.
Under this policy it should be noted that Inapa Switzerland was one of the first European merchants to obtain the supply chain certification according to the procedures of ISO 9001. The case of Papier Union should also be mentioned as the company aims to have its supply chain certified in 90% over the next year, having already certified about 90% of the chain of main suppliers (representing approximately 80% of sales).

WASTE MANAGEMENT

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

SOCIAL RESPONSIBILITY

Inapa faces social responsibility as a contribution to the construction of a sustainable future, fair and balanced, reason why solidarity actions are part of the culture and management of Inapa in the various countries where it operates.
On behalf of the employees and shareholders, the group takes a socially responsible attitude because it believes small gestures make a difference and can improve a life path. Through its subsidiaries, the Group responds each year to a set of requests from organizations to support social, cultural and sports at a local, national or international range.
Inapa is a member of the Reflection and Support to Corporate Citizenship Group (GRACE) and integrates Association EPIS - entrepreneurs for Social Inclusion.
In 2011 Inapa employees made donations to institutions as Banco Alimentar Contra a Fome (food bank), APPACDM (Portuguese Association of Parents and Friends of Mentally Retarded Citizens), Caritas and UNICEF. Patronage offerings were also made to Pixel Reply and the associations Tiflos and Mãos Unidas do Padre Damião.
Still regarding the social policy, we mention the granting of scholarships to young people of Portuguese Speaking Countries, donations to the Foundation City of Lisbon and to Karacter, an organization dedicated to social inclusion projects, as well as the support for the Belgian Cancer Foundation in Belgium.
Social responsibility is already a part of Inapa's corporate culture in the sense of promoting the welfare of communities and agencies with which it relates, from the perspective of having them participating in the generated value.

PAPER

Inapa is the fourth largest European paper merchant, with a leadership position, in the top three in Germany, France, Switzerland, Spain and Portugal.

It offers to its customers a diversified product range (paper, graphic and office supplies) from several brands (including own brands), delivering to the majority its customers in less than 24 hours.

02.

SUMMARY OF GROUP ACTIVITY

MAIN CONSOLIDATED BUSINESS INDICATORS

MILLION EUROS	2011	2010	2009	2008	Δ 11/10
Tons ('000)	885	914	887	984	-3.2%
Sales	986.5	980.3	937.8	1,044.2	0.6%
Gross margin	174.0	181.2	170.3	183.4	-4.0%
Gross margin %	17.6%	18.5%	18.2%	17.6%	-0.9 p.p.
Operational costs [1]	145.9	141.0	133.1	137.9	3.5%
Provision for current assets	2.9	6.6	6.3	3.9	-56.6%
Re-EBITDA	25.2	33.7	30.9	41.6	-25.1%
Margin Re-EBITDA (%)	2.6%	3.4%	3.3%	4.0%	-0.8 p.p.
EBIT	17.4	24.2	22.1	32.9	-27.9%
Margin EBIT (%)	1.8%	2.4%	2.4%	3.2%	-0.6 p.p.
Net financial costs	20.4	16.1	19.1	32.4	+26.8%
EBT	-3.1	8.1	3.4	1.5	-138%
Net income	-6.2	2.9	0.6	1.0	-310%
ROCE (%)	8.8%	10.6%	10.4%	11.8%	-1.8 p.p.
Market capitalization [2]	78.2	56.3	96.0	51.0	+39.0%
	31-12-11	31-12-10	31-12-09	31-12-08	Δ 11/10
Net debt [3]	357.7	434.0	422.1	475.6	-17.6%
Interest coverage	1.2 x	2.1 x	1.7 x	1.3 x	-0.9 x
Working capital	190.2	217.9	185.5	233.8	-12.7%

1 Net of other income and excludes provisions
2 In 2012 includes preferred shares
3 Includes securitization

GLOSSARY

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

Re-EBITDA margin: Re-EBITDA/ Sales

EBIT margin: EBIT/ Sales

Net debt: Medium and long term loans + short term loans + fixed asset supplies + financial leases - cash and cash equivalents

Working capitals: Clients + Stocks - Suppliers

Market capitalization: number of shares x stock price

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

Interest coverage: Re-EBITDA/ Net financial costs

RELEVANT FACTS DURING 2011

JANUARY

01/06/2011

Closure of the securitization and contracting of 133 million Euros in credit lines

01/11/2011

Notice about the financial conditions of the 133 million Euros of credit lines

01/19/2011

Inapa Portugal obtains certification

FEBRUARY

02/03/2011

Solicitation to call up the General Meeting March

MARCH

03/02/2011

Alienation of the subsidiary in the UK

03/10/2011

2010 results announcement

APRIL

04/06/2011

Resolutions of the General Meeting

04/20/2011

Inapa recognized by World Finance with the award Best Corporate Governance

MAY

05/16/2011

Announcement of a qualified stake by Nova Expressão SGPS, SA

JUNE

06/09/2011

Inapa Tecno 10th anniversary

AUGUST

08/25/2011

Hire investment bank to organize and assist in the public offer to subscribe the capital increase

SEPTEMBER

09/22/2011

CMVM approval to do a capital increase

OCTOBER

10/04/2011

End of qualified stake by Albano R. N. Alves - Distribuição de papel, SA

10/18/2011

Results of the public offer of the capital increase

10/21/2011

Registration of the capital increase

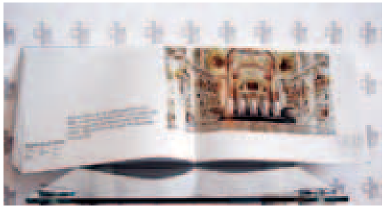
1/21/2011

Partnership with Heidelberg Druckmaschinen AG

NOVEMBER

11/07/2011

Inapa's subsidiary awarded in Germany recognizing the innovation of a marketing book about Galaxi products (own brand)



11/11/2011

Clarification of piece in Diário Económico

DECEMBER

12/30/2011

Change of representative of PricewaterhouseCoopers & Associados SROC, Lda.

SUBSEQUENT FACTS

FEBRUARY
02/13/2012

Acquisition of Semaq (packaging company in France)

02/15/2012

Increase of qualified stake by Nova Expressão SGPS, SA

02/23/2012

Inapa wins for the second consecutive year the award Best Corporate Governance

MARCH
03/27/2012

Announcement of a qualified stake by Tiago Moreira Salgado

ECONOMICAL CONTEXT

MACROECONOMIC LANDSCAPE

The year of 2011 was marked by uncertainty about the balance of public accounts, which led to a generalized cut in the ratings of countries and European companies, and the crisis in the financial sector.

In 2011 there was a high suspicion about the ability, of several European countries, to honor their debt payments. These countries have seen their debt issuance costs increase abruptly to historically high levels, making access to funding difficult and increasing their financing cost, which led to the Portuguese Government foreign assistance call to fulfill their obligations.

During 2011 the financial sector has seen its situation deteriorate even further. The interbank market trend continued to difficult the access to credit, registered since the previous year, which led the European Central Bank to intervene to minimize the effects of illiquidity. Financial institutions in addition to having been affected by the downgrade of its ratings were also required to take additional measures to balance its balance sheet, to meet the new demands of capital ratios that have been introduced. These factors together led to recorded historic low levels of lending in countries such as Portugal.

The rating downgrade of several euro area countries, led to a similar move in the corporate arena, were the major companies (public and nonpublic) saw their rating downgraded. This effect, coupled with the crisis in the financial sector made it even more difficult the access to credit by businesses and worsened considerably the spreads on credit lines that were provided.

The European Commission estimates indicate that the Eurozone in 2011 will have grown 1.5%, a decrease compared to 1.9% in 2010. During the first half, the main European economies continued the growth trend recorded in 2010. However this trend was reversed in the second half of the year, having the last quarter of 2011, according to estimates by Eurostat, registered a contraction of 0.3% of Eurozone GDP.

To balance the public accounts, the various European governments have introduced restrictive measures that seek to reduce the budget deficit. These measures had a strong negative effect on the consumption and the economic growth.

REAL GDP GROWTH TREND IN EUROPE

Country	2010	2011 E
Germany	+3.7%	+3.0%
France	+1.5%	+1.6%
Spain	-0.1%	+0.7%
Switzerland	+2.7%	+1.7%
Portugal	+1.4%	-1.9%
Belgium	-0.1%	+0.7%
Luxembourg	+2.7%	+1.6%
Euro Zone (17)	+1.9%	+1.5%

Source: Eurostat

Unemployment continued to increase, particularly in countries of southern Europe, where it reached historic levels. This effect contributed to the increase in social spending, higher than originally planned, which obliged the governments to introduce restrictive measures to ensure the balancing of national accounts. During the first half of 2011, interest rates rose in relation to reference levels of 2010. In the second half of the year as a result of the economic downturn and the two cuts in interest rates from the European Central Bank, rates have reversed the trend and having experienced a slight decrease. However, during this period there was also a significant increase in spreads as a result the scarcity of credit. In conclusion, 2011 was a year marked by the deep crisis of public accounts and the financial sector, with strong reflections in the "real" economy.

The latest trend economic and markets growth allows to foresee a slowdown in economic activity, being expected, in some countries, a negative GDP growth as a result of strong restrictive measures.

PAPER SECTOR

The behavior of the paper industry in 2011 was marked by volumes decrease, partially offset by price increases, due to the economic slowdown, which led to a downturn in demand.

Indeed, demand in coated (CWF) and uncoated paper (UWF) decreased. According to CEPIFINE, the variation in CWF compared with 2010 was minus 4.9%. As for the UWF, the fall was slightly lower, with a reduction of 2.6% over the previous year. It should be noted, however, that compared to 2008, a reference pre-economic crisis, in the European markets where Inapa has a presence there was a decrease of 16% in the CWF and 12% in UWF.

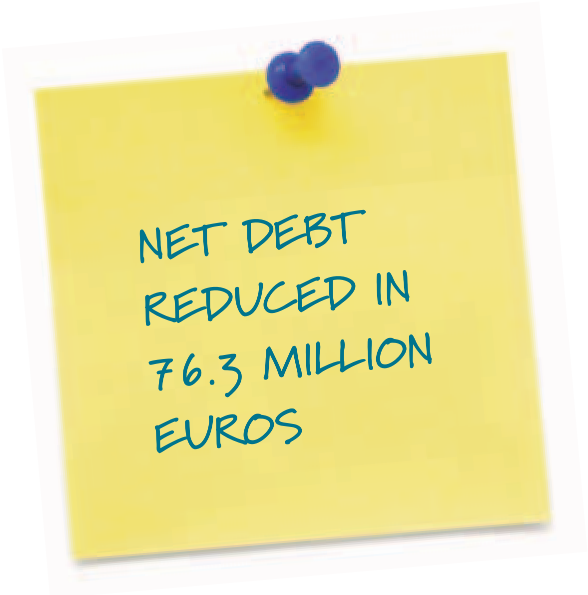
The reduction of excess supply justified the increases in prices by producers registered between April and September, in coated and uncoated papers.

The weight of paper merchants on the market remained stable. During 2011 the merchants represented 84% of the paper market. There continued to be an increase in market concentration in the main distributors, reflecting the greater efficiency of these operators.

In 2011, according to data from Eugropa, paper volumes in the five core markets where Inapa operates - Germany, France, Switzerland, Portugal and Spain – registered falls with different magnitudes, in line with developments of their respective economies. Germany, France and Switzerland registered volumes variations of -2.0%, -3.3% and -4.0% respectively. In the Iberian market, due to the high instability and restrictive measures, there was a volume decrease of 12% in Spain and 14% in Portugal. In aggregate terms, the five markets registered a decrease of 3.6% compared to 2010, 3.7% in indent and 3.6% in stock sales.

PVC tapes

CONSOLIDATED PERFORMANCE



Consolidated Inapa sales increased 0.6% relatively to 2010 to 986.5 million euros. The main contributor to the slight increase came from complementary businesses that grew 11%, already accounting for 9.3% of the Group sales.

During 2011 there were registered successive price increases from paper producers. Due to the shrinking demand and strong competitive pressure in the markets, it was not possible to pass all the price increase to the customers, as reflected in a reduction in the margin stood at 17.6%, 7.3 million euros less than a year earlier.

Operational costs, after provisions, stood in 148.8 million euros, a slight increase of 0.8% relatively to 2010. Distribution cost, as a consequence of fuel price increase, had the highest increase, 2.0 million euros more than in 2010. Personnel costs had an increase of only 1.8%, as the Group was able to compensate the nominal increases, required by law in some countries, through an adjustment of the number of employees and lower variable. Administrative costs increased slightly due to the new credit insurance policy, but have been more than compensated by the reduction on the provision levels, that reduced 49% to 2.9 million euros, representing 0.3% of sales.

Recurrent EBITDA fell to EUR 25.2 million, a decrease of 8.5 million euros compared to 2010, corresponding to a contraction of 0.8 percentage point margin following the trend in comparable European players.

Operational results (EBIT) fell 6.7 million euros to 17.4 million euros, representing 1.8% of sales.

Due to the financial sector crisis, and despite Inapa has secured the funds necessary for its activity, the year of 2011 was marked by a general increase in spreads that combined with the increase of the reference rate, the Euribor, determined the higher costs of financing. Despite the reduction of consolidated debt at € 76.3 million, this context was reflected in net financial costs of the period increased by 4.3 million euros

compared to 2010, an increase of 27%, settling at 20.4 million. Although about a third of debt reduction has due to internal generation of cash flow, the effect of the reduction recorded in net debt had little impact on the aggregate level of financial costs, since the capital increase was carried out in late October.

The consolidated profits before tax were EUR -3.1 million, compared with 8.1 million in 2010. The main factors contributing to this decrease were the reduction in gross margin and an increase in financial costs mentioned above.

In 2011 taxes were EUR 2.9 million, of which 0.6 relating to current taxes, deferred taxes 0.3 and 2.0 relating to cancellation of tax credits from previous years due to changing tax environment including by reducing the tax credits deductible.

Consolidated net income reduced from 2.9 million Euros in 2010, to -6.2 million euros.

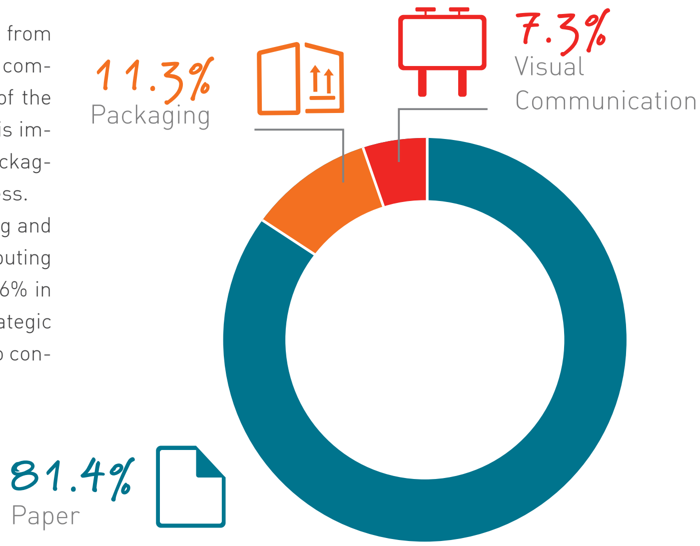
Working capital at December 2011 was 190.2 million euros, a 27.6 million euros reduction relatively to December 31 2010, or a reduction from 81 to 70 days of sales. This reduction was mainly due to the effort that the Group did to lower its receivable and stock levels.

Consolidated net debt at 31 December 2011 was 357.7 million euros, a decrease of 76.3 million euros compared to 434.0 million euros at December 31 2010. The debt reduction is explained in about one third by higher operational cash flow and the remainder by the capital increase in October. Following the strategic objectives for 2010-2013 presented at the triennial General Meeting, Inapa saw improved its capital structure, with a smaller percentage of net debt relatively to the total assets, from 59% to 52%.

Gross debt at 31 December 2010 totaled 372.8 million euros. Compere with 2010, exposure to short-term debt was reduced significantly, from 249.9 million euros to 177.6 million euros. The long-term debt remained at similar levels to last year, accounting for 195.2 million euros, of which 38.1 million euros are related to the securitization of loans, 148.5 million euros on loans for medium and long-term and 8.7 million of finance leases.

PERFORMANCE OF THE GROUP BUSINESS AREAS

In 2011 the business mix has undergone a slight change from the previous year, due to the increased weight of the complementary businesses from 8.4% to 9.3%, as a result of the growth strategy of the Group in these businesses. For this improvement contributed the 14% organic growth of the packaging business and 10% of the visual communication business.
In terms of operating results (EBIT) generation, packaging and visual communication saw their weight increase, contributing already with 18.6% of the Group's results generation (12.6% in 2010). These two business areas were identified by the strategic plan 2010-2013, as the areas where the Group will invest to continue to grow, improve profitability and sustainability.



PAPER

Sales volume fell 3.2% compared to 2010 from 914 thousand tonnes to 885 thousand tonnes. The sale of Tavistock (UK operation), which in 2010 accounted for 10,000 tons, accounts for about 35% of the decrease of the volumes recorded in 2011.

Inapa in 2011 consolidated its position in the core five markets (Germany, France, Switzerland, Spain and Portugal), having its market share rose 0.4 percentage points to 19.1%. This improvement has achieved mainly to the growth in the Spanish market, through the acquisition of the business of EBIX and organic growth, and the operations in French and Portuguese markets.

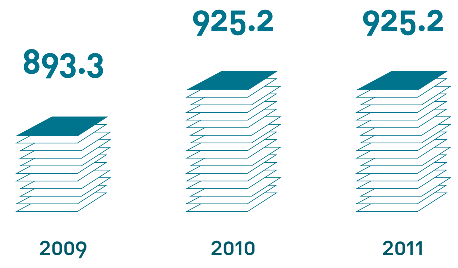
Despite the decrease in volumes, sales in value remained virtually unchanged at 929.3 million euros, compared to 928.9 million euros in 2010. Paper sales fell 0.2%, but other products, including graphic and office supplies, grew 11%, accounting for 26.3 million euros. Paper prices increased € 30 per tonne relatively to 2010, from an average of 991 to 1021 euros per tonne. During the first half of 2011 there was a price increase as a result of the increase in producer prices, and at the end of the year it was registered a slight decrease.

Despite the increase in prices due to shrinking demand and a stronger competitive environment, it was not enough to offset the increase in producer prices. Thus, compared with the previous year, there was a reduction in gross margin of 1.0 percentage points to stand at 16.7% of sales.

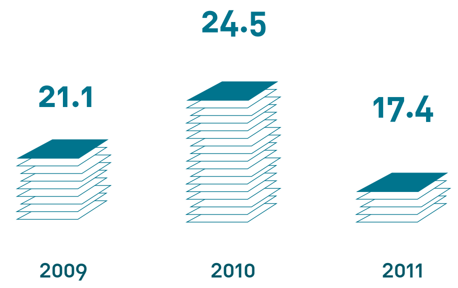
In terms of operational costs, excluding distribution costs that arose as a result of rising fuel, there was a strong contention, which resulted in a slight decrease from the previous year.

Paper business operational results (EBIT) now represent 1.4% of sales, compared to 2.5% in the previous, reaching 12.8 million euros. This development is a consequence of the reduction recorded at the margins.

SALES (Million euros)



EBIT (Million euros)



Bubble foil

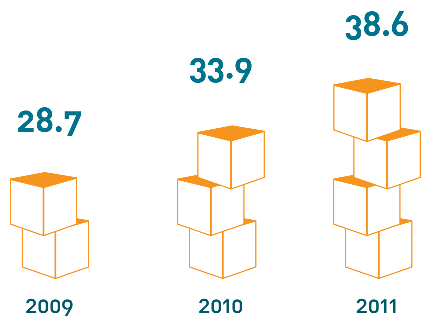
PACKAGING

Packaging business, similar to what was recorded in 2010, continued to show strong growth during this year, with sales of 38.6 million euros, an increase of 14% over the previous year.

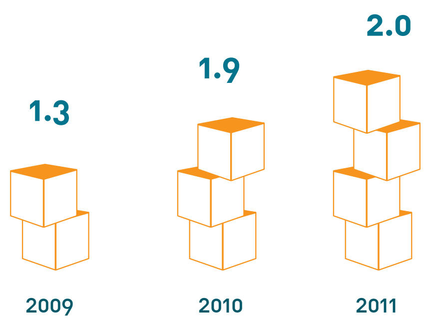
Sales growth was particularly driven by direct sales channel and the online contract packaging, value added services related to packaging (such as fulfilling and consulting). In all geographies in which the Group operates (Germany, France and Portugal) were recorded satisfactory growth over the previous year.

Packaging operational results (EBIT) rose 4% of compared to 2010, standing at 2.0 million, or 5.1% of sales. The improvement in performance is mainly explained by sales growth coupled with the containment of operating costs.

SALES (Million euros)



EBIT (Million euros)



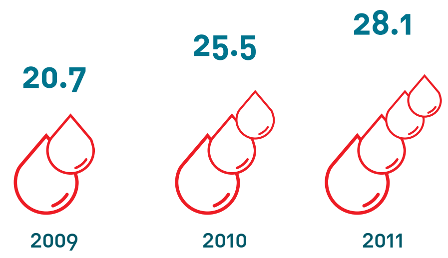
VISUAL COMMUNICATION

The technological developments that have taken place in large format digital printing, with higher productivity printer and better print quality, has motivated the change of many graphic offset to digital technology. This factor remains the main driver behind the growth of the industry.

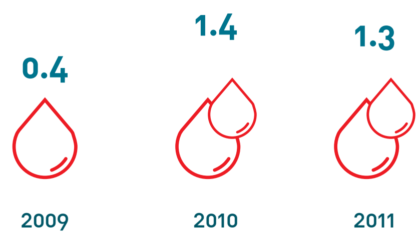
As in previous years, this business continues with double-digit growth. Sales in this business area amounted to 28.1 million euros, an increase of 10% over 2010. Despite the good performance over the previous year, the overall financial sector has placed strong obstacles to the sector, especially in the first half of the year, as access to credit limited equipment sales.

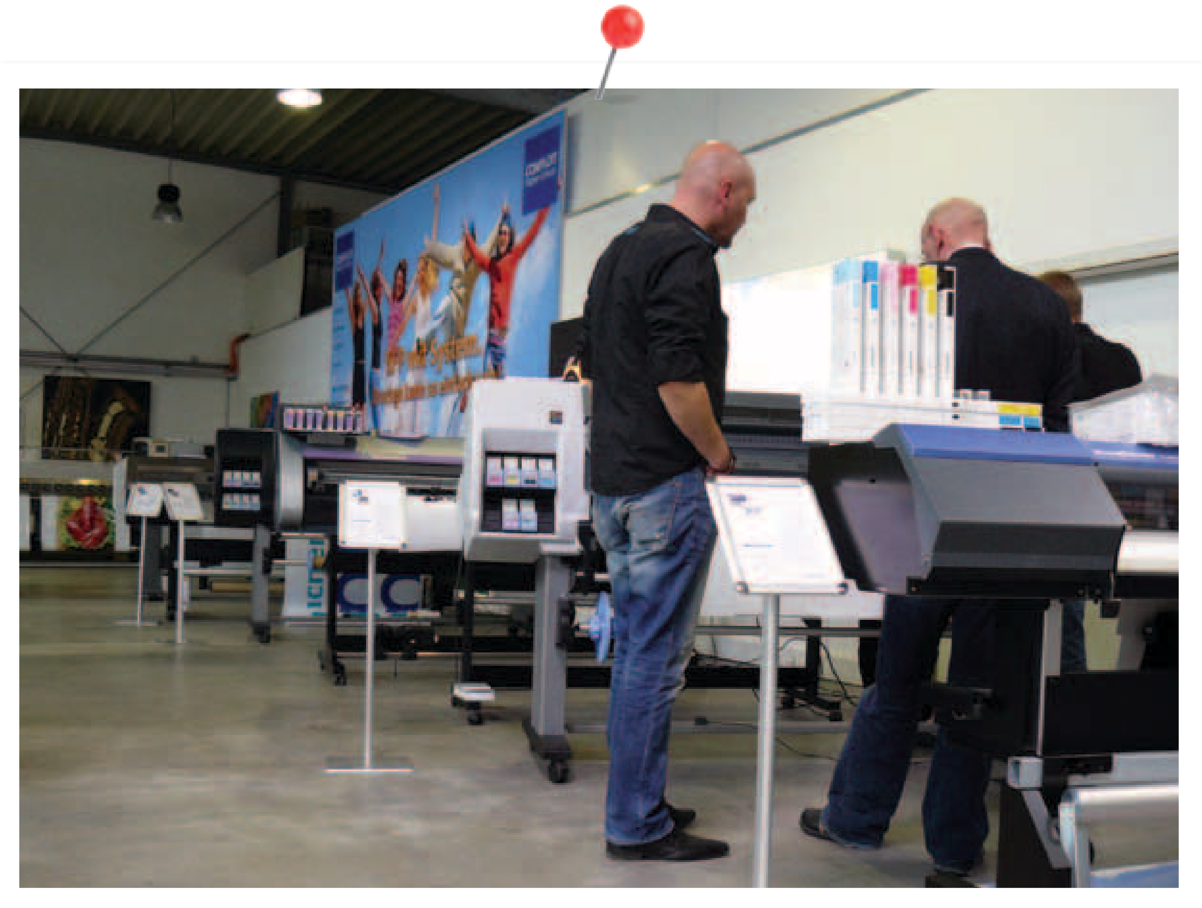
Operational results (EBIT) were 1.3 million euros, representing 4.5% of sales, a decrease of 6.6% over 2010.

SALES (Million euros)



EBIT (Million euros)





SUMMARY OF INAPA-IPG ACTIVITY

Inapa – IPG main goal is the definition of Group guidelines, the coordination of the activities in the subsidiaries of the different countries, and the search for synergies between the different businesses. The company activity extended to the following areas:

- Definition of the Group strategic guidelines;
- Definition of commercial guidelines for each market;
- Setting purchase and negotiation policies among the biggest suppliers of the Group;
- Setting a funding policy and coordinate its implementation;
- Coordination of treasury and develop relationships within the financial system;
- Planning and management control;
- Definition of Group accounting policies;
- Internal audit;
- Defining risk management and control systems and monitoring their implementation;
- Developing relationships with shareholders, investors and regulatory bodies;
- Setting an investment policy and coordinate its implementation;
- Definition and coordination of information systems;
- Corporate communications;
- Group legal advisory.

Inapa – Investimentos, Participações e Gestão, SA posted a net income of -6.2million euros, which compare with 2.9 million euros in the previous financial year.

According to the new accounting rules SNC, sales and service rendered and other income (arising from services rendered to subsidiaries, the negotiation of purchases from leading suppliers and own brand management) reached 13.3 million Euros. 2011 operational results were 6.0 million Euros.

As of 31 December 2010, equity reached 199.3 million Euros, up 46.7 million Euros, due to the capital increase through the emission of preferred shares in October. Net total assets totaled 357.2 million Euros, 2.8 million Euros above previous year.

Small Keaycolour catalog

Board tubs

OUTLOOK FOR 2012

For 2012 it is expected a slight decrease in the level of paper sales, due to slowdown that the major European economies have been experiencing. Conversely, it is expected that complementary businesses, because of the partnerships established and best prospects for the industry, continue to grow. In terms of average prices for next year should expect a slight correction compared to the average level in 2011. The volumes in the paper industry should continue closely linked to economic growth. For 2012 Eurostat foresees a slowdown in the growth of European economies in which the Group is present compared to the figures recorded in 2011. Germany expected to grow in the next year 0.6% compared to 3.0% this year, while France expected to pass from 1.7% to 0.4%. In Spain, Portugal and it is estimated that in the near savings retract 1.0 years and 3.3% respectively. Switzerland should be the only economy that will maintain a growth rate similar to the previous year, 1.9%.It is expected that during the year 2012, other products inside the paper business have a significant growth as a result of the partnership that Inapa established with Heidelberg for the graphic supplies. In implementing its Strategic Plan during 2012 Inapa also aims to consolidate its paper business, investing in close markets but with better growth prospects and higher profitability potential. Paper merchants should maintain or improve its share of total paper sold in Europe, continuing the trend that has been recorded in the last decade. In order to extract the maximum value of the paper business, the Group will remain focused on the analysis of possible opportunities for optimization in markets where it operates to reduce their operating costs, particularly through the standardization of information systems and business support consolidation on the shared services center. Packaging business will continue to absorb a significant portion of the Group's investment, being expected to grow more significant. To make this possible, in the course of 2012, the Group made the acquisition of Inapa Semaq, a packaging company in France in 2011 with a turnover of 10.9 million euros. This acquisition will enable Inapa to consolidate its position in this market.

Debt reduction will remain a priority for the group, maintaining the objective of allocating two thirds of the operational cash flow generated for this purpose.

Inapa will continue to follow the guiding lines for 2010-2013 which received the vote of support and confidence of shareholders in the General Meeting on May 11, 2010.

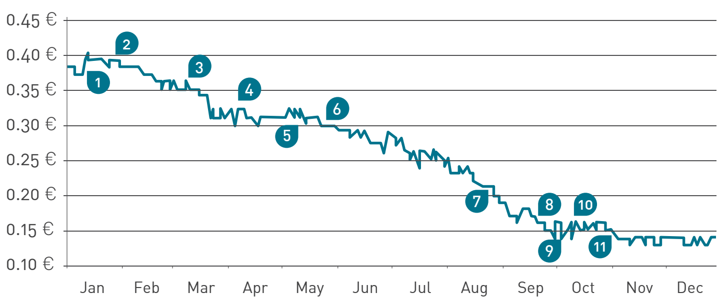
STOCK EXCHANGE PERFORMANCE

2011 was marked by the economic environment, in particular the uncertainty about the performance of European economies and external intervention in Greece, Ireland and Portugal.

The Portuguese market has been one of the hardest hit, recording a contraction of its main index, the PSI-20, 27.6%. The volume of shares traded on Euronext Lisbon were also affected, decreasing 31% compared to 2010, settling at 27.9 billion euros.

Ordinary shares of Inapa during 2011 fell by 63%, from 0.375 euros to 0.14 euros.

2011 ORDINARY STOCK QUOTE EVOLUTION

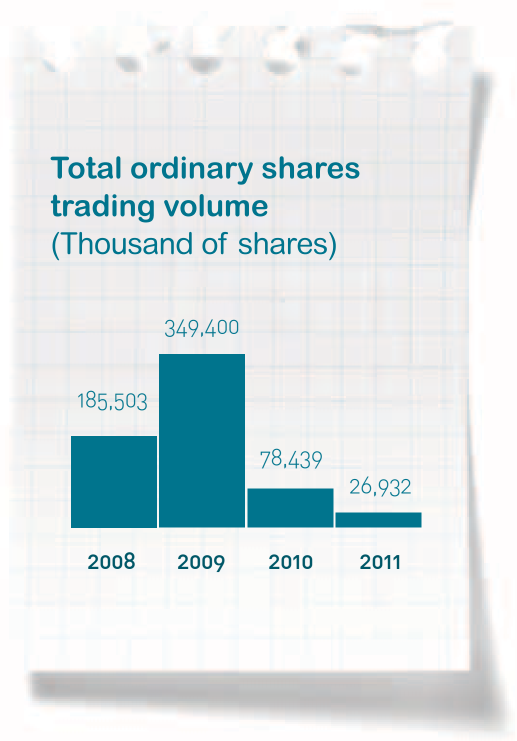


Legend of chart:

1. Closure of securitization and hire of 133 million euros of credit lines (January 6)
2. Sale of subsidiary in the UK (February 3)
3. 2010 results announcements (March 10)
4. General Meeting (April 6)
5. Qualified stake of Nova Expressão (May 16)
6. 1st quarter results (May 27)
7. 1st half results (August 25)
8. CMVM approval of capital increase (Septembe
9. Qualified stake of Albano Alves (October 4)
10. Results of the public offer of the capital increase (October 18)
11. 3rd quarter results (November 4)

The evolution of Inapa title was penalized by the context of the Portuguese market, despite its diminutive weight in consolidated sales, and high levels of debt which continues to present.

When we compared the performance of the title with comparable entities, it is clear that their development is in line with the trend of the sector. Shares turnover during 2011 decreased significantly compared with the same period in 2010. The exit of the PSI-20 has contributed to the drop in volumes, due to less exposure that the title has to have.



October 26, 2011 marked the debut of the preferred shares listing, issued with the capital increase this year. There was a low volume of transactions during the year, only 125 shares were traded, closing the year at € 0.19, an increase of 5.5% over the issue price.

Inapa continued to be monitored in terms of economic and financial analysis by analysts Portuguese Investment Bank and the Housing Investment Bank, which during the year 2011, issued several reports of analysis.

A final note for the recognition that the prestigious international magazine World Finance has made giving Inapa, for the second consecutive year, the award for Best Corporate Governance 2012 - Portugal. This recognition rewards transparency and adoption since 2007 of best practices in governance.

OWN SHARES

The Company did not sell or purchase any of its own shares during the course of 2011 and, as of the close of the financial year, does not own any of its own shares.

AUTHORIZATION GRANTED FOR TRANSACTIONS BETWEEN THE COMPANY AND ITS DIRECTORS
During the course of the financial year under analysis, no transactions were entered into by the Company and any of its Directors, and no requests for authorization of any such transactions were submitted to the Company.

PROPOSED EARNINGS DISTRIBUTION

The Board of Directors hereby propose that Inapa – Investimentos, Participações e Gestão, SA's net profit for the year, totaling -6,161,365 Euros, be transferred to Retained Income.

DECLARATION OF CONFORMANCE

In conformance with the provisions of Subparagraph c) of Paragraph 1 of Article 245 of the Código de Valores Mobiliários (the Securities Market Code), the members of the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA hereby declare that, to the best of their knowledge, the information contained in the Directors' Report, the Annual Accounts, the Legal Certification of the Accounts, and ancillary financial statements reported through 31 December 2011 to be submitted in compliance with the provisions of applicable legislation and regulations were prepared in conformance with applicable accounting standards and regulations and represent the assets and liabilities, financial situation, and results of the Company and its subsidiary and associate companies included in its consolidation perimeter in a truthful and appropriate manner, and that the Directors' Report faithfully presents the performance of its corporate business and the financial performance and standing of the Company and its subsidiary and associate companies included in its consolidation perimeter, including a description of the main risks and uncertainties incurred by the aforementioned companies.

LISBON APRIL 20, 2012

Álvaro João Pinto Correia
Chairman of the Board of Directors

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

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

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

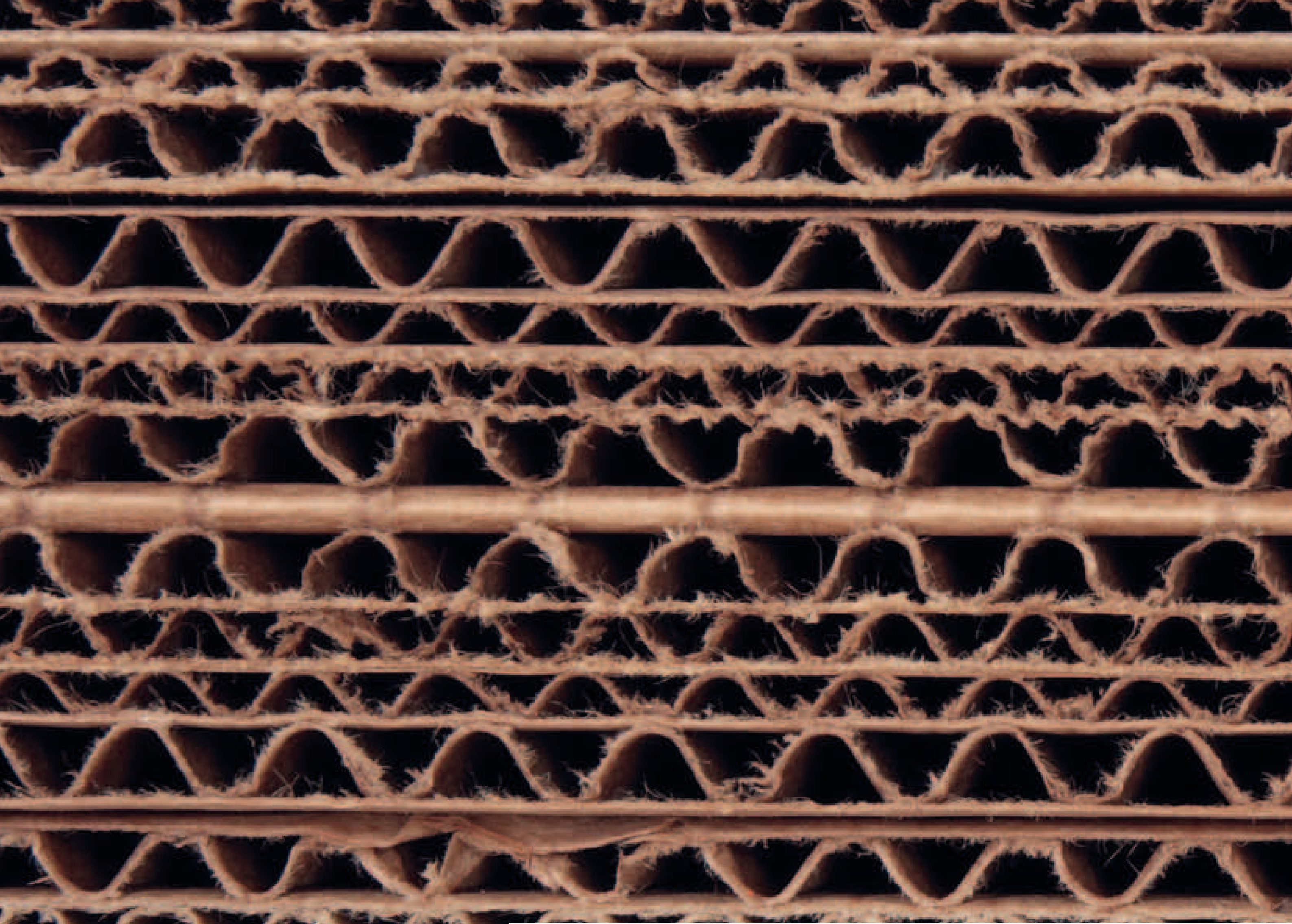
Jorge Manuel Viana de Azevedo Pinto Bravo
Director and member of the Executive Committee of the Board of Directors

Emídio de Jesus Maria
Director and Chairman of the Audit Committee

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

Eduardo Gonzalo Fernández Espinar
Director and member of the Audit Committee

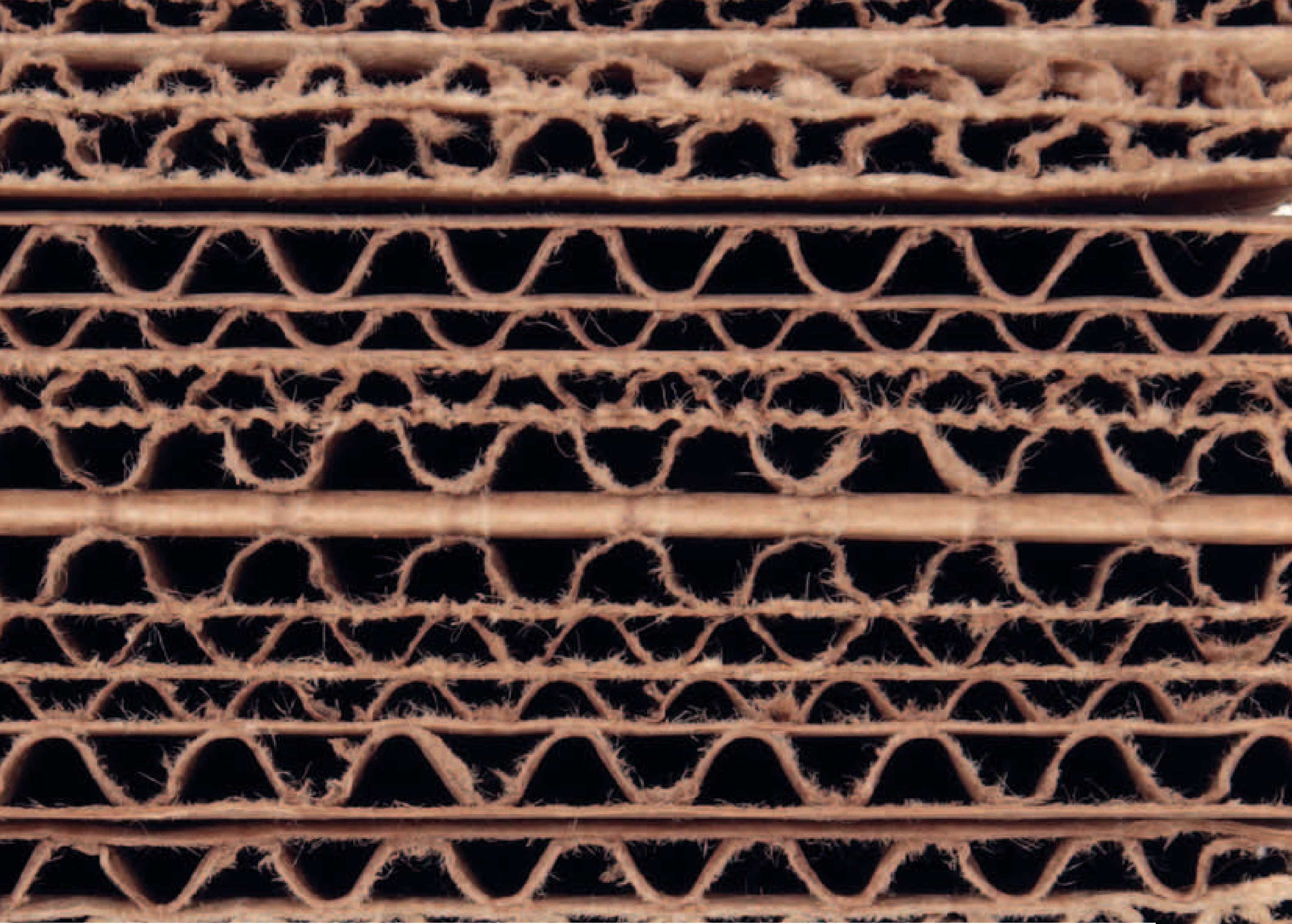
Conqueror Paper Texture Vergé - Ice White 300 g; Creation laid - Extra White - 220 g; Dali - Blue Marine - 285 g



PACKAGING

Operating in Germany, France and Portugal (since 2010), Inapa offers to its custmors packing solutions and products.

It has a diverse product range, offering standard products (card-board and carton boxes, wraps, stretch films, tapes, strapping machines) and personalized. Additionally, it offers specialized services that address all the customer needs (such as logistic and consulting servicea).



03.

FINANCIAL INFORMATION

CONSOLIDATED ACCOUNTS

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010

(Amounts expressed in thousand of Euros)

ASSETS	NOTES	DECEMBER 31, 2011	DECEMBER 31, 2010 (restated)	JANUARY 1, 2010 (restated)
Non-current assets				
Tangible fixed assets	7	95,884	99,180	101,298
Goodwill	8	140,338	139,661	138,871
Other intangible assets	9	111,227	111,570	110,941
Investment in associate companies	10	1,071	1,068	1,104
Available-for-sale financial assets	11	47	673	9,294
Other non-current assets	15	21,835	21,833	18,933
Deferred tax assets	12	19,526	20,994	22,374
Total non-current assets		**389,928**	**394,979**	**402,815**
Current assets				
Inventories	13	71,029	79,298	65,292
Trade receivables	14	166,619	197,322	174,240
Tax to be recovered	15	7,286	6,422	7,567
Available-for-sale financial assets	11	628	-	-
Other current assets	15	38,392	38,387	39,486
Cash and cash-equivalents	16	15,047	16,573	7,621
Total current assets		**299,000**	**338,002**	**294,207**
Discontinued operations assets		-	-	297
Total assets		**688,928**	**732,981**	**697,318**

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010

(Amounts expressed in thousand of Euros)

SHAREHOLDERS EQUITY	NOTES	DECEMBER, 31 2011	DECEMBER, 31 2010 (restated)	JANUARY 1, 2010 (restated)
Share capital	18	204,176	150,000	150,000
Own shares	19	450	2,937	2,937
Share issue premium	19	44,465	44,558	41,165
Reserves	19	-43,667	-47,920	-48,173
Retained earnings		-6,161	2,942	-
Net profit for the period		**199,263**	**152,517**	**145,929**
Minority interests	21	3,991	1,032	1,033
Total shareholders equity		**203,254**	**153,549**	**146,962**
LIABILITIES				
Non-current liabilities				
Loans	22	148,469	157,227	97,610
Financing associated to financial assets	22	38,061	32,800	-
Deferred tax liabilities	12	21,128	20,264	18,888
Provisions	23	391	1,202	825
Liabilities for employee benefits	24	3,518	3,387	3,075
Other non-current liabilities	25	8,711	10,572	11,443
Total non-current liabilities		**220,278**	**225,452**	**131,841**
Current liabilities				
Loans	22	176,259	248,571	210,070
Financing associated to financial assets		-	-	112,180
Suppliers	25	47,402	58,733	54,012
Tax liabilities	25	18,073	15,491	10,642
Other current liabilities	25	23,661	31,185	31,611
Total current liabilities		**265,395**	**353,980**	**418,515**
Total shareholders equity and liabilities		**688,928**	**732,981**	**697,318**

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

CONSOLIDATED SEPARATE INCOME STATEMENT AS AT DECEMBER 31, 2011

(Amounts expressed in thousand of Euros)

	NOTES	2011 DECEMBER 31, 2011	2011 4TH QUARTER 2011 *	2010 DECEMBER 31, 2010 (restated)	2010 4TH QUARTER 2010 * (restated)
Tonnes *		**884,612**	**215,359**	**913,508**	**240,290**
Sales and service rendered	26	998,115	244,339	991,586	269,981
Other Income	26	27,328	6,673	25,885	7,069
Total Income		**1,025,443**	**251,013**	**1,017,471**	**277,050**
Cost of sales	13	-823,471	-201,052	-809,899	-218,832
Personnal costs	27	-80,682	-21,411	-79,200	-21,871
Other costs	28	-97,965	-24,809	-97,793	-26,620
		23,326	**3,740**	**30,579**	**9,727**
Depreciations and amortizations	29	-5,977	-1,505	-6,463	-1,643
Impairment in non current assets		-	-	-46	-
Gains / (losses) in associates	10	3	1	10	-14
Net financial function	30	-20,423	-4,771	-15,959	-4,420
Net profit before Income tax		**-3,072**	**-2,535**	**8,122**	**3,651**
Income tax	31	-2,906	-2,617	-5,079	-2,928
Net profit / (loss) for the period		**-5,978**	**-5,152**	**3,044**	**724**
Attributable to:					
Shareholders of the company		-6,161	-5,192	2,942	724
Non controlling interests		183	39	102	-
Earnings per share of continued operations - €					
Basic	20	-0.041	-0.035	0.020	0.005
Diluted	20	-0.041	-0.035	0.020	0.005

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

* Non audited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT DECEMBER 31, 2011

(Amounts expressed in thousand of Euros)

	2011		2010	
	DECEMBER 31, 2011	4TH QUARTER 2011 *	DECEMBER 31, 2010 (restated)	4TH QUARTER 2010 * (restated)
Net profit for the period before non-controlling interests	**-5,978**	**-5,152**	**3,044**	**724**
Available-for-sale financial assets carried at fair value	-	-	-	-
Exchange differences on translating foreign operations	-93	-364	3,799	105
Earnings directly recognised in equity	**-93**	**-364**	**3,799**	**105**
Total comprehensive income for the period	**-6,071**	**-5,516**	**6,843**	**829**
Attributable to:				
Shareholders of the company	-6,254	-5,556	6,741	830
Non-controlling interests	183	39	102	-1
	-6,071	**-5,516**	**6,843**	**829**

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

* Non audited

CONSOLIDATED CASH FLOW STATEMENT AS AT DECEMBER 31, 2011

(Amounts in thousand Euros) - direct method

		2011		2010	
	NOTES	DECEMBER 31, 2011	4TH QUARTER 2011 *	DECEMBER 31, 2010	4TH QUARTER 2010 *
CASH FLOW GENERATED FROM OPERATING ACTIVITIES					
Cash receipts from customers		1,053,344	284,870	1,034,449	308,502
Payments to suppliers		-847,899	-219,084	-832,524	-228,689
Payments to personnel		-77,189	-19,172	-73,974	-20,256
Net cash from operational activities		**128,256**	**46,614**	**127,951**	**59,557**
Income taxes paid		-1,581	-1,038	-1,204	-383
Income taxes received		775	464	436	436
Other proceeds relating to operating activity		78,160	32,586	88,804	24,750
Other payments relating to operating activity		-157,863	-49,050	-203,603	-60,956
Net cash generated from operating activities	**|1|**	**47,748**	**29,576**	**12,384**	**23,405**
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from:					
Financial investments		934	70	8,742	8,742
Tangible fixed assets		382	10	146	5
Intangible assets		-	-	350	349
Interest and similar income		793	244	743	217
Dividends		-	-	52	52
		2,109	**324**	**10,032**	**9,364**
Payments in respect of:					
Financial investments		-818	-3	-3,735	-437
Tangible fixed assets		-1,559	-471	-1,511	-377
Intangible assets		-1,603	-930	-2,339	-70
Advances from third-party expenses					
Loans granted		-	-	-	-
		-	-	-18	-
		-3,980	**-1,404**	**-7,604**	**-883**
Net cash used in investing activities	**|2|**	**-1,871**	**-1,080**	**2,428**	**8,481**

CONSOLIDATED CASH FLOW STATEMENT AS AT DECEMBER 31, 2011

(Amounts in thousand Euros) - direct method

		2011		2010	
	NOTES	DECEMBER 31, 2011	4TH QUARTER 2011 *	DECEMBER 31, 2010	4TH QUARTER 2010 *
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from:					
Loans obtained		122,383	20473	78,292	34,278
Capital increases, repayments and share premiums		51,690	51,690	-	-
Treasury placements		1	1	-	-
Changes in ownership interests		700	-	-	-
		174,774	**72,164**	**78,292**	**34,278**
Payments in respect of:					
Loans obtained		-165,539	-81,819	-94,600	-48,338
Amortization of financial leases		-2,358	-1,079	-1,446	-391
Interest and similar expenses		-17,693	-6,163	-16,567	-6,435
Dividends		-710	-	-	-
		-186,300	**-89,060**	**-112,613**	**-55,164**
NET CASH USED IN FINANCING ACTIVITIES (3)		**-11,526**	**16,896**	**-34,321**	**-20,886**
Increase / (decrease) in cash and cash-equivalent **(4)=(1)+(2)+(3)**		34,350	11,600	-19,508	11,000
Effect of exchange differences		109	-60	-196	-434
		34,459	**11,540**	**-19,704**	**10,566**
Cash and cash-equivalents at the begining of period	16	-105,285	-	-85,581	-
Cash and cash-equivalents at the end of period	16	-70,826	11,540	-105,285	10,566
		34,459	**11,540**	**-19,704**	**10,566**

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

* Non audited

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AS AT DECEMBER 31, 2011 AND DECEMBER 31, 2010

(Amounts expressed in thousand of Euros)

ATTRIBUTABLE TO SHAREHOLDERS

	SHARE CAPITAL	SHARE ISSUANCE PREMIUM	FOREIGN EXCHANGE ADJUSTMENTS	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT / (LOSS) FOR THE PERIOD	TOTAL	NON-CONTROLLING INTERESTS	TOTAL SHAREHOLD-ERS EQUITY
BALANCE AS AT JANUARY 1, 2010	**150,000**	**2,937**	**1,539**	**-2,962**	**-**	**151,514**	**1,033**	**152,547**
RESTATEMENT EFFECT	**-**	**-**	**-**	**-5,585**	**-**	**-5,585**	**-**	**-5,585**
BALANCE AS AT JANUARY 1, 2010 RESTATED	**150,000**	**2,937**	**1,539**	**-8,547**	**-**	**145,929**	**1,033**	**146,962**
Total earnings and costs recognized in the period (restated)	-	-	3,799	-	2,942	**6,741**	102	6,843
Changes in capital	-	-	-	-	-	**-**	-	-
Capital increase	-	-	-	-	-	**-**	-	-
Dividends	-	-	-	-	-	**-**	-102	-102
Other changes	-	-	-	-153	-	**-153**	-1	-154
Total Gains and losses of the period	-	-	**3,799**	**-153**	**2,942**	**6,588**	**-1**	**6,587**
BALANCE AS AT DECEMBER 31, 2010 (restated)	**150,000**	**2,937**	**5,338**	**-8,700**	**2,942**	**152,517**	**1,032**	**153,549**
BALANCE AS AT JANUARY 1, 2011	**150,000**	**2,937**	**5,338**	**-8,700**	**2,942**	**152,517**	**1,032**	**153,549**
Total earnings and costs recognized in the period	-	-	-93	-	-6,161	**-6,254**	183	-6,071
Previous year net profit and loss result	-	-	-	2,942	-2,942	**-**	-	-
Capital increase	54,176	-2,487	-	-	-	**51,689**	-	51,689
Dividends	-	-	-	-	-	**-**	-102	-102
Other changes	-	-	-	1,311	-	**1,311**	2,878	4,189
Total Gains and losses of the period	**54,176**	**-2,487**	**-93**	**4,253**	**-9,103**	**46,746**	**2,959**	**49,705**
BALANCE AS AT DECEMBER 31, 2011	**204,176**	**450**	**5,245**	**-4,447**	**-6,161**	**199,263**	**3,991**	**203,254**

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2011

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

NOTE 1

INTRODUCTION

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

Head Office: Rua Castilho 44, 3º 1250-071 Lisboa, Portugal
Share capital: 204,176,479.38 euros
N.I.P.C. (Corporate Tax Identification Number): 500 137 994

The Group includes a sub-holding (Gestinapa - SGPS, SA) that holds the investments related to Supply.

As a result of its development and internationalisation plan, the Inapa Group holds shares in the Paper distribution sector in various European countries, specifically (i) Inapa Deutschland, GmbH headquartered in Germany, which has a stake in Papier Union, GmbH, which in turn holds shares in Inapa Packaging, GmbH, Inapa Viscom, GmbH and PMF-Factoring, GmbH, headquartered in the same country, (ii) Inapa France, SA and subsidiary companies, operating in France and Belux, (iii) Inapa Suisse, a subsidiary controlled directly and indirectly through Inapa Deutschland, GmbH, which operates in the Swiss market, (iv) Inapa Portugal - Distribuição de Papel, SA, the Portuguese company in the Group which has a stake in Inapa Angola-Distribuição de Papel, SA , (v) Inapa España Distribuición de Papel, SA, operating in Spain, which has a stake in Surpapel, SL (a company that markets paper) and (vi) in one company located in the United Kingdom - Inapa Merchants Holding, Ltd, company without activity. The subsidiary Inapa Packaging, GmbH, in turn has two companies for marketing packaging material, Hennessen & Potthoff, GmbH and HTL - Verpackung, GmbH.

These consolidated financial statements were approved by the Inapa-IPG's Board of Directors on April 20, 2011, being subject to shareholder approval at a General Meeting. It is the opinion of the Board that these financial statements appropriately reflect the Group's operations and financial position.

NOTE 2

MAIN ACCOUNTING POLICIES

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

2.1. BASIS OF PRESENTATION

The consolidated financial statements for the Inapa Group are prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Interpretations Committee (IFRIC) or by the earlier Standing Interpretations Committee (SIC), as adopted by the European Union and in force on December 31, 2011.

The Inapa consolidated financial statements are prepared assuming the continuity of operations, from the financial books and records of the companies that make up the Group, which are listed in Note 35.

The preparation of the consolidated financial statements demands the use of estimates and judgements regarding the application of the Group's accounting policies. The principal assertions, where a greater degree of judgement or complexity is involved, and the more significant assumptions and estimates used for preparing the consolidated financial statements are described in Note 5.

2.2. RESTATEMENT OF FINANCIAL INFORMATION PREVIOUSLY DISCLOSED

The Group participated in a securitization of credit for a period of seven years, taking the last credits for this operation been securitized in late 2010. For the duration of the operation, securitized assets were registered in balance sheet as an asset and in liabilities the corresponding obtained financing, with a maximum amount of 140,000 thousand euros. On December 31, 2010, obtained funding for this operation was fully repaid.

Following the final determination of the operation conducted in 2011, an error was detected relating to prior periods, resulting from the misinterpretation information available. This correction, treated as an unrecoverable balance, totaled an amount of 6,309 thousand euros in December 31, 2010 under the heading Other receivables accounts. Under these circumstances and in accordance in IAS 8, an impairment loss has been registered through the restatement of financial information previously disclosed for comparative purposes, for the year ended December 31, 2010, including the opening balances with effect from January 1 of 2010. Thus, the results of year 2010 were reduced by 724.2 thousand euros and the remaining effect was recognized in retained earnings with effect from 1 January 2010. As part of this restatement the balance of Other receivables at 31 December 2010 was reduced by the reclassification of an amount of 1,000 thousand euros in the item Other payables The restatement had the following impact:

	01-01-2010 PUBLISHED	RESTATEMENT EFFECT	01-01-2010 RESTATED
Assets			
Other current assets	42,135	-2,649	39,486
Liabilities			
Financing associated to financial assets	109,244	2,936	112,180
Equity			
Retained earnings	-42,588	-5,585	-48,173

	31-12-2010 PUBLISHED	RESTATEMENT EFFECT	31-12-2010 RESTATED
Assets			
Other current assets	45,696	-7,309	38,387
Liabilities			
Other current liabilities	32,185	-1,000	31,185
Equity			
Retained earnings	-42,335	-5,585	-47,920
Net profit and loss for the period	3,666	-724	2,942
Income statement			
Other expenses	-96,069	-1,724	-97,793
Net financial function	-16,959	1,000	-15,959

2.3. BASIS FOR CONSOLIDATION

Investments in subsidiary companies

The Group's holdings in companies that, directly or indirectly, give it the power to control their financial and operational policies, usually represented by holding more than 50% of the (subsidiary) voting shares, were included in this financial statements using the full consolidation method (Note 35). The equity and the net profit of companies where there is a third-party participation are given under the heading non controlling interests on the consolidated balance sheet and on the consolidated income statement.

The subsidiaries are included in the Consolidation from the date on which control was acquired until the date on which this effectively ends.

Accounting for the acquisition of subsidiaries is carried out using the purchase method, where the assets and liabilities of each subsidiary on the date of acquisition are identified at their fair value, in accordance with IFRS 3. Any surplus/(deficit) in the acquisition cost in comparison with the fair value of the net assets and liabilities is recognised as the consolidation difference (Goodwill), which is described in Note 8, and in the case of a deficit, if the fair value is maintained after reviewing the valuation, in the income statement for the period. The minority shareholder interests are given by the respective proportion of the fair value of the identified assets and liabilities.

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

Whenever necessary, the financial statements of the subsidiaries are adjusted to bring them into line with the Group's current accounting policies. Inter-company transactions, balances and dividends distributed between Group companies and unrealised gains are eliminated during the consolidation process. Unrealised losses are also eliminated, unless they cannot be recovered due to evidence of impairment.

Investments in associated companies

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

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

Positive differences between the acquisition cost and the fair value of the identifiable assets and liabilities of an associate on the date of acquisition are recognised as Goodwill and are included in the value of the investment in the associates (Note 10). If these differences are negative, they are recorded as revenue for the period in the line Gains/ (losses) in associated companies.

The investments in associated companies are evaluated if there are indications that there may be impairment of the asset and any impairment losses found to exist are recorded as a cost. When impairment losses recognised in previous years cease to exist, they are reversed, unless they correspond to Goodwill. When the participation of the Group in the losses of an associate equals or exceeds its investment in the associate, including receivables not covered by guarantees, the Group no longer records additional losses, unless it has incurred obligations or made payments in the name of the associate.

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

The investments in associates are described in Note 10.

2.4. GOODWILL (CONSOLIDATION DIFFERENCES)

Goodwill corresponds to the difference between the acquisition cost of the investments in the companies of the Group and the fair value of the identifiable assets and liabilities (including contingent liabilities) of these companies on the date of their acquisition (Note 8). Goodwill is recorded in the reporting currency of the subsidiary and converted to the reporting currency of the Group (Euro) at the exchange rate in force on the date of the Group's financial statements. Exchange differences arising from this conversion are recorded in Foreign exchange adjustments.

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

2.5. CURRENCY CONVERSION

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

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

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

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

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

The differences resulting from the currency conversion procedure described above are recorded in the heading specifically for Shareholders equity (Foreign exchange adjustments).

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

- GBP Exchange rate used for converting income statement items: 1.19717 Euros
- GBP Exchange rate used for converting balance sheet items: 1.14825 Euros
- CHF Exchange rate used for converting income statement items: 0.81303 Euros
- CHF Exchange rate used for converting balance sheet items: 0.82264 Euros
- USD Exchange rate used for converting income statement items: 0.71528 Euros
- USD Exchange rate used for converting balance sheet items: 0.77286 Euros

2.6. INTANGIBLE ASSETS

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

The heading Other intangible assets (Note 9) essentially consists of brand names identified during the acquisition of subsidiaries, initially recorded at their fair value. These are used by Papier Union, GmbH, Inapa France, SA and Inapa Portugal, SA, and annual amortisation is not applied as they were judged to have an indefinite useful life and are subject to regular impairment tests, either conducted internally by the Group or based on evaluations by a specialist entity external to the Group. When impairment losses recognised in previous periods cease to exist, they are reversed.

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

2.7. TANGIBLE FIXED ASSETS

In accordance with the transitional arrangement included in IFRS 1, land was recorded at its fair value at the date of transition to IAS/IFRS (January 1, 2004). The adjustments resulting from the land revaluations were recorded as a correction to shareholders equity.

The other tangible assets acquired by December 31, 2003 were recorded at their deemed cost, which corresponds to the acquisition cost or to the acquisition cost revalued in accordance with accounting principles generally accepted in Portugal up to that date, less depreciations and accumulated impairment losses.

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

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

mated useful life:

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

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

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

When the item is disposed of or sold, the difference between the sales receipts and the sum recorded for the asset are recognised in the income statement, under Other income or Other costs headings.

2.8. LEASES

Assets used under a finance lease, where the Group substantially assumes all of the risks and advantages inherent to its possession of the leased asset, are classified as tangible fixed assets and are depreciated in accordance with the policy established by the Group for such assets (Notes 7 and 22).

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

Operating leases are leases where the Group companies, is the lessee and the lesser and on which it assumes a significant part of the risks and benefits of ownership (Note 32 a). The payments arising as these contracts are implemented recorded on the income statement during the period of the lease.

2.9. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

2.10. FINANCIAL ASSETS

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

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

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

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

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

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

Investments and disinvestments are recognised on the trade date regardless of the settlement date.

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

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

2.11. FINANCIAL LIABILITIES

IAS 39 provides for two classifications for financial liabilities:

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

Other financial liabilities: Non-derivative financial liabilities, with fixed or determined payments, which are not quoted in an active market. Other financial liabilities include Loans (Note 2.20) and Suppliers and other payables (Note 2.24). These liabilities are initially recognised at fair value and are subsequently measured at amortised cost in accordance with the effective interest rate. Financial liabilities are derecognised when the underlying obligations are extinguished by payment, canceled or expire.

2.12. SECURITISATION OF TRADE RECEIVABLES

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

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

The Group only derecognises customer balances and other receivables (removed from the asset) when it has substantially transferred the associated risks and benefits from holding those assets, as set out above. The pending receivables are included under Trade receivables and the funds received from securitisation are recorded under Financing associated to financial assets (Notes 22 and 37).

2.13. IMPAIRMENT

An evaluation is conducted of asset impairment at the date on which the balance sheet is closed and whenever a change in circumstances indicates that the sum recorded for an asset cannot be recovered (Note 17). The non-current assets that are not amortised as they do not have a finite useful life are subjected to periodic impairment tests.

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

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

2.14. INVENTORIES

Merchandise, maintenance and repair materials, and packaging materials are valued at either the net realisable value or the acquisition cost, including necessary expenditure on storage, whichever is the lower. The Group uses the weighted average cost method for costing goods sold.

2.15. THIRD PARTY DEBTS

Third party debts are recorded at their nominal value less any impairment losses, recognised under Other costs - impairment of current assets, so these reflect their net current realisable value.

Trade receivables balances securitised by discounted bills and pending at the date of the balance sheet, are recognised on the Group financial statements until these have been received.

2.16. FACTORING

As described in Note 35, one of the Group's subsidiaries, headquartered in Germany, carries out factoring activities. As a result of factoring, the sum to be received from customers includes the advances made during factoring with recourse and the values of invoices transferred for collection without recourse, where the intention is not short-term sale, these being recorded on the date the surrendered invoices are accepted by the participating entities. To offset this, an entry is made under Other current liabilities.

The Group makes contractual advances on the value of credits taken during factoring. The amount advanced to the participating entities is net of commissions and interest, if applicable.

2.17. CASH AND CASH EQUIVALENTS

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

2.18. SHARE CAPITAL AND OWN SHARES

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

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

2.19. DIVIDENDS

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

2.20. LOANS

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

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

2.21. INCOME TAX

Income tax includes current taxes and deferred taxes.

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

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

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

2.22. PROVISIONS

Provisions are recognised when, and only when, there is a present (legal or implicit) obligation from a past event, it being probable that resource outflow will occur to meet this obligation and the sum of the obligation can be reasonably estimated. Provisions are reviewed on the date of each balance sheet, and are adjusted so as to reflect the best estimate on this date (Note 23).

2.23. EMPLOYEE BENEFITS

Pension plan – defined benefit plans

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

The obligation of Inapa regarding each of these plans is estimated by specialised, independent entities, at least annually on the date of the balance sheet for each year, using the projected unit credit method. In accordance with IAS 19, the costs related to the obligations are recorded to the extent that the services are provided to the employees benefiting from the plans.

As allowed by IAS 19, the Group uses the "corridor" method by which the calculated actuarial gains and losses, resulting from the difference between the assumptions used in calculating the estimates of the obligations and reality, are deferred and only recognised in the income statement to the extent that, at the start of the year, its accumulated value exceeds (i) 10% of the value of the funds allocated to meeting the obligations of the Group's companies and (ii) 10% of the obligations for past services, whichever of the two is the higher. In years in which the initial accumulated value of the actuarial gains and losses still not reflected in the income exceeds the limits given above, the initial excess value will be imputed to the income for the year as a function of the average number of years of work remaining for the employees covered by the plans.

The calculated obligations for past services, less the market value of the funds that have been established to meet these obligations and the actuarial losses and gains, are recorded under Employee benefits. The income statement includes records of the costs of current services, interest, income expected from funds and the recognition value of actuarial losses and gains arising from applying the "corridor" method, if the situation warrants.

Pension plans - defined contribution plans

The subsidiary Inapa Suisse has a defined contribution plan for some of its employees, where a contribution to the plan is made annually, this being recorded in the income statement as a cost.

Post-retirement benefits

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

2.24. SUPPLIERS AND OTHER CURRENT PAYABLES

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

2.25. RECOGNISITION OF INCOME AND EXPENSES

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

Group companies record their income and expenses in accordance with the accrual basis of accounting, in which the income and expenses are recognised as they arise, independently of when they are received or paid. The difference between the amounts received or paid and the corresponding income and expenses are recorded under Trade receivables, Other current assets, and Suppliers and Other current liabilities (Notes 14, 15 and 25).

2.26. SEGMENT REPORT

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

The Group has identified three operating segments: paper distribution, packaging and visual communication. The financial information relating to the various operating segments is shown in Note 6. Paper distribution is performed in all of the countries where the Group is present. Packaging is performed in France and Germany. Visual communication is performed in Germany.

2.27. CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities in which a possible outflow of funds affecting future economic benefits is unlikely are not recognised in the consolidated financial statements, being included in the Notes to the financial statements (see Note 33), unless the possibility of achieving the outflow of funds affecting future economic benefits is remote, in which case they are not included. Provisions are recognised for the situations satisfying the conditions set out in Note 2.22.

Contingent assets are not recognised in the consolidated financial statements, but are given in the Notes to the financial statements when a future economic benefit is likely.

2.28. SUBSEQUENT EVENTS

Events after the date of the balance sheet that provide additional information about conditions existing at the date of the balance sheet are reflected in the consolidated financial statements. Events after the date of the balance sheet that provide information about conditions that occur after the date of the balance sheet are given in the notes to the consolidated financial statements, if material (see Note 39).

2.29. NEW STANDARDS, INTERPRETATIONS AND AMENDMENT TO THE STANDARDS

During the year 2010 the following standards came into effect following their publication by IFRIC and their adoption by the European Union:

- IAS 24 (amendment) – Related Party Disclosures;
- IAS 32 (amendment) – Financial Instruments: Presentation;
- IFRS 1 (amendment) – First time adoption of IFRS;
- IFRIC 14 (amendment) – IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 (new) – Extinguishing Financial Liabilities with Equity Instruments;
- Annual improvements to standards 2010 – to apply mostly to periods beginning on or after January 1, 2011. The main standards subject to improvements were: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13.

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

New standards, amendments to existing standards and interpretations, the application of which is still not obligatory for the period beginning until July 1, 2010 or after that Inapa has opted not to adopt them before time:

- IAS 1 (amendment) - Presentation of Financial Statements (to apply in periods beginning on or after July 1, 2012). Not yet approved by European Union;
- IAS 12 (amendment) – Income Taxes (to apply in periods beginning on or after January 1, 2012). Not yet approved by European Union;
- IAS 19 (revision 2011) - Employee Benefits (to apply in periods beginning on or after January 1, 2015). Not yet approved by European Union;
- IAS 27 (revision 2011) - Separate Financial Statements (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;
- IAS 28 (revision 2011) - Investments in Associates and Joint Ventures (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;

- IAS 32 (amendment) - Offsetting Financial Assets and Financial Liabilities (to apply in periods beginning on or after January 1, 2014). Not yet approved by European Union;

- IFRS 1 (amendment) - First time adoption of IFRS (to apply in periods beginning on or after July 1, 2011). Not yet approved by European Union;

- IFRS 7 (amendment) - Financial Instruments: Disclosures – Transfers of financial assets (to apply in periods beginning on or after July 1, 2011);

- IFRS 7 (amendment) - Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;

- IFRS 9 (new) - Financial Instruments – Classification and Measurement (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;

- IFRS 10 (new) - Consolidated Financial Statements (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;

- IFRS 11 (new) - Joint Arrangements (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;

- IFRS 12 (new) - Disclosure of Interests in Other Entities (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;

- IFRS 13 (new) - Fair Value Measurement (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;

- IFRIC 20 (new) - Stripping Costs in the Production Phase of a Surface Mine (to apply in periods beginning on or after January 1, 2013). Not yet approved by European Union;

- According to the company analysis it is not estimated that implementing the changes and new standards set out above, which were not yet applicable to years beginning on January 1, 2011 have a significant impact with its entry into force, with exception of IAS 19, which includes recognition in equity of actuarial gains and losses.

NOTE 3

FINANCIAL RISK MANAGEMENT

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

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

A) MARKET RISK

Changes in foreign Exchange rate

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

Even though these markets do not represent more than 7.3% of Group sales, possible devaluations in these currencies against the Euro could have a negative impact on activity, the financial situation and income.

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

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

	EURO	GBP	CHF	USD*	TOTAL
DECEMBER 31, 2011					
Assets					
Cash and cash equivalents	10,229	6	4,613	199	15,047
Trade receivables and other assets	215,054	203	10,552	1,037	226,846
Available-for-sale assets	651	-	24	-	675
Total financial assets	**225,934**	**209**	**15,189**	**1,236**	**242,568**
Liabilities					
Loans and other financial instruments	362,426	-	-	363	362,789
Suppliers and other liabilities	75,947	4	3,751	72	79,774
Total of financial liabilities	**438,373**	**4**	**3,751**	**435**	**442,563**
Balance sheet - net financial position	**-212,439**	**205**	**11,438**	**801**	**-199,995**
DECEMBER 31, 2010 (RESTATED)					
Assets					
Cash and cash equivalents	13,133	4	2,998	438	16,573
Trade receivables and other assets	249,219	2,366	12,440	517	257,542
Available-for-sale assets	650	-	23	-	673
Total financial assets	**256,002**	**2,370**	**15,461**	**955**	**274,788**
Liabilities					
Loans and other financial instruments	438,252	-	-	346	438,598
Suppliers and other liabilities	96,435	1,328	2,554	173	100,490
Total of financial liabilities	**534,687**	**1,328**	**2,554**	**519**	**539,088**
Balance sheet - net financial position	**-278,685**	**1,042**	**12,907**	**436**	**-264,300**

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

On December 31, 2011 a positive variation of the Euro on 1% against other currencies would result in a negative impact on the results of the period of 124 thousand euros (December 31, 2010: 144 thousand euros).

Changes in interest rates

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

On December 31, 2011, if the reference interest rate used for the contracted loans varied by 0.1%, keeping all other variables constant, the annualised financial charges would vary by about

On December 31, 2011 the change in the financial assets and liabilities with exposure to foreign exchange rate risk because of maturity or the date of revision of the interest rate (Euribor 1, 3 or 6-month) is given below:

DECEMBER 31, 2011	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
ASSETS						
Non current assets						
Available-for-sale financial assets	-	-	-	47	-	47
Current						
Available-for-sale financial assets	-	-	-	628	-	628
Cash and cash equivalents	15,047	-	-	-	-	15,047
Total of financial assets	**15,047**	**-**	**-**	**675**	**-**	**15,722**
LIABILITIES						
Non current						
Loans	-	56,732	91,627	111	-	148,470
Financing associated to financial assets	38,061	-	-	-	-	38,061
Other liabilities - finance leases	8,711	-	-	-	-	8,711
Current						
Loans	70,956	56,276	48,907	120	-	176,259
Other liabilities - finance leases	1,295	-	-	-	-	1,295
Total of financial liabilities	**119,023**	**113,008**	**140,534**	**231**	**-**	**372,796**

DECEMBER 31, 2010	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
ASSETS						
Non current						
Available-for-sale financial assets	-	-	-	673	-	673
Current						
Cash and cash equivalents	16,573	-	-	-	-	16,573
Total of financial assets	**16,573**	**-**	**-**	**673**	**-**	**17,246**
LIABILITIES						
Non current						
Loans	-	75,844	81,155	228	-	157,227
Financing associated to financial assets	32,800	-	-	-	-	32,800
Other liabilities - finance leases	10,572	-	-	-	-	10,572
Current						
Loans	123,592	32,974	91,896	109	-	248,571
Other liabilities - finance leases	1,371	-	-	-	-	1,371
Total of financial liabilities	**168,335**	**108,818**	**173,051**	**337**	**-**	**450,541**

B) CREDIT RISK

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

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

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

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

On 31 December 2011 and 2010, the ageing of trade receivables balances and the credit limit for the customer portfolio were as follows:

	2011		2010	
	CUSTUMERS	OTHER FINANCIAL ASSETS	CUSTUMERS	OTHER FINANCIAL ASSETS (restated)
Current accounts not due	136,324	60,145	169,044	54,893
Past due accounts				
1 to 30 days	13,567	47	15,081	2,670
31 to 90 days	5,077	29	5,073	1,176
+ than 91 days	9,001	6	7,136	1,481
	163,969	**60,227**	**196,334**	**60,220**
Doubtfull accounts	13,909	11,549	11,754	11,476
Impairment	-11,259	-11,549	-10,766	-11,476
Net trade receivables balances	**166,619**	**60,227**	**197,322**	**60,220**
Trade credit insurance limit	**340,217**		**299,546**	

For past-due balances, Inapa considers that no risk of losses will be coming for no-payment debt.
The entities with debts for the Group have no known rated "rating".

C) CONCENTRATION OF CREDIT RISK

Concentration of financial assets by operating segment

The table below gives Inapa's exposure to credit risk on December 31, 2011 and 2010, in accordance with the asset balances, categorised by operating segment:

	PAPER	PACKAGING	VISUAL COMMUNICATION	OTHER BUSINESS AND ACTIVITIES	TOTAL
DECEMBER 31, 2011					
Assets					
Cash and cash equivalents	14,399	438	13	197	15,047
Available-for-sale financial assets	34	1	-	640	675
Trade receivables and other assets	192,708	3,726	2,927	27,485	226,846
Total assets	**207,141**	**4,165**	**2,940**	**28,322**	**242,568**
DECEMBER 31, 2010 (RESTATED)					
Assets					
Cash and cash equivalents	15,908	290	82	293	16,574
Available-for-sale financial assets	32	-	-	641	673
Trade receivables and other assets	227,495	3,076	547	26,424	257,542
Total assets	**243,435**	**3,366**	**629**	**27,358**	**274,788**

Concentration of financial assets by geographical region

The table below gives Inapa's exposure to credit risk on December 31, 2011 and 2010, in accordance with the asset balances, categorised by geographical region:

	IBERIA	FRANCE	SWITZERLAND AND GERMANY	ANGOLA	OTHERS	TOTAL
DECEMBER 31, 2011						
Assets						
Cash and cash equivalents	1,920	769	12,055	199	104	15,046
Available-for-sale financial assets	642	6	24	-	3	675
Trade receivables and other assets	71,893	57,640	93,411	1,037	2,865	226,846
	74,455	**58,415**	**105,490**	**1,236**	**2,972**	**242,567**

	IBERIA	FRANCE	SWITZERLAND AND GERMANY	ANGOLA	OTHERS	TOTAL
DECEMBER 31, 2010 (restated)						
Assets						
Cash and cash equivalents	1,917	306	13,619	438	293	16,573
Available-for-sale financial assets	649	1	23	-	-	673
Trade receivables and other assets	68,684	63,375	120,188	516	4,779	257,542
	71,250	**63,682**	**133,830**	**954**	**5,072**	**274,788**

D) LIQUIDITY RISK

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

The following table analyses the Group's remunerated financial liabilities on 31 December 31, 2011 and 2010 by applicable maturity groupings, based on the period remaining until contractual maturity. The sums given in the table are undiscounted contractual cash flows.

	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN DE 5 YEARS	TOTAL
DECEMBER 31, 2011						
Liabilities						
Loans and financial instruments						
Commercial Paper	-	1,276	73,152	-	-	74,427
Bank loans	1,702	10,497	93,150	78,040	34,474	217,863
Other loans	160	2,303	8,787	46,816	-	58,066
Financing associated to financial assets	92	179	819	38,874	-	39,964
Other liabilities - finance lease	382	5	1,145	5,187	4,411	11,130
	2,337	**14,259**	**177,053**	**168,917**	**38,885**	**401,452**
DECEMBER 31, 2010						
Liabilities						
Loans and financial instruments						
Commercial paper	742	3,029	113,766	-	-	117,537
Bank loans	6,380	32,465	102,968	72,935	45,480	260,228
Other loans	108	1,836	871	52,682	-	55,496
Financ. associated with finance assets	67	128	597	34,184	-	34,976
Other liabilities - finance lease	391	3	1,199	5,548	5,968	13,109
	7,688	**37,461**	**219,401**	**165,348**	**51,448**	**481,346**

NOTE 4

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	CREDIT AND RECEIVABLES	AVAILABLE-FOR SALE FINANCIAL ASSETS	OTHER FINANCIAL LIABILITIES
DECEMBER 31, 2011			
Assets			
Available-for-sale financial assets	-	675	-
Other non-current assets	21,835	-	-
Trade receivables and others current assets	205,011	-	-
Cash and cash equivalents	15,047	-	-
Assets	**241,893**	**675**	**-**
Liabilities			
Loans and other non-current financial instruments	-	-	186,530
Other non-current liabilities	-	-	8,711
Current loans	-	-	176,259
Suppliers and Other current liabilities	-	-	71,063
Liabilities	**-**	**-**	**442,563**
DECEMBER 31, 2010 (restated)			
Assets			
Available-for-sale financial assests	-	673	-
Other non-current assets	21,833	-	-
Trade receivables and other current assets	235,709	-	-
Cash and cash equivalents	16,573	-	-
Assets	**274,115**	**673**	**-**
Liabilities			
Loans and other non-current financial instruments	-	-	190,027
Other non-current liabilities	-	-	10,572
Current loans	-	-	248,571
Suppliers and Other current liabilities	-	-	89,918
Liabilities	**-**	**-**	**539,088**

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

Financial assets and financial liabilities gains and losses for 2011 and 2010 breakdown as follows:

	2011	2010
Gains / (losses) from loans and receivables	-1,105	-4,774
Gains / (losses) from other financial liabilities	-	-
Gains / (losses) from available-for-sale financial assets	-	154
Interest obtained:		
From available-for-sale	15	429
From loans and other receivables	573	1,789
Interest paid:		
From financial liabilities measured at amortised cost	-15,715	-9,782
Commission, guarantee and other costs of financial liabilities	-5,102	-7,649
Total net gains and losses	**-21,334**	**-19,833**

NOTE 5

RELEVANT ESTIMATES AND JUDGMENTS

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

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

a) Estimates of impairment of Goodwill and own brands

The Group tests Goodwill for impairment annually, in accordance with the accounting policy given in Note 2.4. Recoverable values for cash flow generating units are determined based on calculated usage value. These calculations require estimates to be used (Note 8).

A figure for average sales growth was estimated for calculating the cash flow generated by cash-generating units. If this is 0.5% lower, with all other variables remaining constant, it is not necessary to record an impairment loss. Nor would an impairment loss be recorded if the discount rate is 0.5% higher and all other variables remained constant. However, in the case of an increase of not less than 1.6% discount rate would be required to register an impairment loss.

Similarly, impairment tests are conducted on the brands recorded in other intangible assets, where estimates were used (Note 9). If all other variables remain constant and the discount rate is 0.5% higher, it is not necessary to record an impairment loss. However, in the case of an increase of not less than 2.2% of the discount rate would be required to register an impairment loss. In the case of estimating the average sales growth down by 0.5% and all other variables remain constant, there would not be needed to recognize an impairment loss recorded in the value of own brands.

b) Actuarial assumptions

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

c) Income Tax

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

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

d) Doubtful accounts

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

e) Provisions for litigation

The Groups is involved in various on-going legal actions and provisions are made in accordance with management estimates whenever considered necessary, based on the legal opinion of the Group's lawyers (Note 2.21).
A negative decision in any on-going action may have an adverse effect on operations, the financial situation and Group results.

NOTE 6

SEGMENT REPORT

The information in the report by segment is presented in accordance with the identified operating segments: paper supply, packaging and visual communication. The two latter segments are grouped under Other businesses. Holdings that are not imputed to the identified businesses are recorded under Other operations.
The results, assets and liabilities for each segment correspond to those that are directly attributable and those for which there is reasonable basis for attribution. Inter-segmental transfers are carried out at market prices and are not materially significant.

The breakdown of financial information on December 31, 2011 and 2010 for operating segments is as follows:

DECEMBER 31, 2011	PAPER	PACKAGING	VISUAL COMMUNICATION	OTHER OPERATIONS	ELIMINATIONS ON CONSOLIDATIONS	CONSOLIDATED
REVENUES						
External sales	924,465	36,867	25,106	29	-	986,467
Inter-segment sales	758	1,757	3,043		-5,558	-
Other revenues	37,200	424	572	780	-	38,976
Total Revenues	**962,423**	**39,048**	**28,721**	**809**	**-5,558**	**1,025,443**
RESULTS						
Segment results	17,394	1,966	1,311	-3,660	339	17,348
Operacional results						**17,348**
Interest expenses	-11,731	-310	-288	-13,663	4,728	-21,264
Interest income	3,844	8	1	2,337	-5,349	841
Tax on profits	-	-	-	-	-	-2,906
Income from ordinary activities						**-5,981**
Gains/ (losses) in associated companies						3
Net profit /(loss) for the year attributable to:						**-5,978**
Equity shareholders						-6,161
Minority interests						183
OTHER INFORMATIONS						
Segment assets	605,396	18,543	13,222	30,165	-	667,326
Non-imputable Group assets						21,602
Total consolidated assets						**688,928**
Segment liabilities	303,962	3,831	2,143	487	-	310,422
Non-imputable Group liabilities						175,251
Total consolidated liabilities						**485,673**
Capex	2,578	346	12	83	-	3,019
Depreciation	4,853	300	77	747	-	5,977
Provisions (impairment of assets)	2,899	14	51	-	-	2,964

DECEMBER 31, 2010	PAPER	PACKAGING	VISUAL COMMUNICATION	OTHER OPERATIONS	ELIMINATIONS ON CONSOLIDATIONS	CONSOLIDATED
REVENUES						
External sales	924,741	31,973	23,269	281	-	**980,263**
Inter-segment sales	459	1,908	2,269	8	-4,644	**-**
Other revenues	35,150	306	458	1,294	-	**37,208**
Total Revenues	**960,350**	**34,188**	**25,995**	**1,583**	**-4,644**	**1,017,471**
RESULTS						
Segment results	24,462	1,884	1,394	-2,356	412	24,072
Operacional results						**24,072**
Interest expenses	-9,019	-269	-268	-13,865	3,382	-18,314
Interest income	2,865	3	8	3,875	-4,397	2,355
Tax on profits	-	-	-	-	-	-5,079
Income from ordinary activities						**3,034**
Gains/ (losses) in associated companies						10
Net profit /(loss) for the year attributable to:						**3,044**
Equity shareholders						2,942
Minority interests						102
OTHER INFORMATIONS						
Segment assets	655,828	15,211	8,814	41,066	-	720,919
Non-imputable Group assets						12,062
Total consolidated assets						**732,981**
Segment liabilities	355,328	3,775	843	760	-	360,706
Non-imputable Group liabilities						218,726
Total consolidated liabilities						**579,432**
Capex	4,929	131	60	14	-	5,134
Depreciation	5,223	330	103	806	-	6,463
Provisions (impairment of assets)	4,652	29	169	1,724	-	4,574

On December 31, 2011 and 2010, the values of assets located in the different markets where Inapa has supply operations and the sales by country were as follows:

	2011		2010	
	ASSETS	SALES	ASSETS	SALES
Germany	207,567	472,256	245,116	481,686
France	109,489	230,996	124,483	221,979
Portugal	42,102	53,466	59,718	59,888
Others	246,283	167,748	226,511	161,188
	605,396	**924,465**	**655,828**	**924,741**

Non-current assets by geographical region

On December 31, 2011 and 2010 the values of non-current assets by location were as follows:

	GERMANY	FRANCE	PORTUGAL	OTHERS	TOTAL
2011					
Tangible fixed assets - net	40,230	24,202	28,313	3,139	95,884
Other non current assets	42	4,044	16,999	750	21,835
	40,272	**28,246**	**45,312**	**3,889**	**117,719**
2010					
Tangible fixed assets - net	41,717	27,921	21,670	7,872	99,180
Other non current assets	59	4,769	16,895	110	21,833
	41,776	**32,690**	**38,565**	**7,982**	**121,013**

NOTE 7

TANGIBLE FIXED ASSETS

During the years 2011 and 2010, the tangible fixed assets movements and the related depreciations, were as follows :

2011

	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT AND OTHERS	IN PROGRESS	TOTAL
ACQUISITION COSTS							
Balance as at January 1, 2011	**27,247**	**101,732**	**37,064**	**2,292**	**14,951**	**94**	**183,380**
Exchange rate differences	-	-	94	2	154	-	250
Increases	-	210	286	192	710	300	1,698
Disposals	-	-415	-330	-179	-543	-	-1,467
Transfers/ cut	256	-8,455	4,738	-121	-3,324	138	-6,768
Changes in consolidation perimeter	-	-	-	-	-	-	-
Balance as at December 31, 2011	**27,503**	**93,072**	**41,852**	**2,186**	**11,948**	**532**	**177,093**
ACCUMULATED DEPRECIATION							
Balance as at January 1, 2011	**-**	**36,908**	**32,364**	**1,911**	**13,017**	**-**	**84,200**
Exchange rate differences	-	-	91	0	363	-	**454**
Increases	-	2,188	1,240	221	746	-	**4,394**
Disposals	-	-124	-314	-242	-459	-	**-1,139**
Transfers/ cut	-	-3,994	672	-78	-3,300	-	**-6700**
Changes in consolidation perimeter	-	-	-	-	-	-	**-**
Balance as at December 31, 2011	**-**	**34,978**	**34,053**	**1,812**	**10,367**	**-**	**81,209**
Net value	**27,503**	**58,094**	**7,799**	**375**	**1,581**	**532**	**95,884**

2010

	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT AND OTHERS	IN PROGRESS	TOTAL
ACQUISITION COSTS							
Balance as at January 1, 2010	**27,305**	**98,930**	**38,683**	**3,450**	**14,911**	**97**	**183,376**
Exchange rate differences	-	-	517	12	840	-	1,369
Increases	-	755	445	102	1,102	76	2,480
Disposals	-58	-111	-159	-637	-1,070	-2	-2,038
Transfers/cuts	-	2,158	-2,422	-635	-832	-76	-1,807
Changes in consolidation perimeter	-	-	-	-	-	-	-
Balance as at December 31, 2010	**27,247**	**101,732**	**37,064**	**2,292**	**14,951**	**95**	**183,380**
ACCUMULATED DEPRECIATION							
Balance as at January 1, 2010	**-**	**34,725**	**31,103**	**3,019**	**13,231**	**-**	**82,078**
Exchange rate differences	-	-	492	1	798	-	1,291
Increases	-	2,171	1,174	113	1,030	-	4,488
Disposals	-	-12	-172	-580	-1,051	-	-1,815
Transfers/cuts	-	24	-233	-642	-991	-	-1,842
Changes in consolidation perimeter	-	-	-	-	-	-	-
Balance as at December 31, 2010	**-**	**36,908**	**32,364**	**1,911**	**13,017**	**-**	**84,200**
Net value	**27,247**	**64,824**	**4,700**	**381**	**1,934**	**95**	**99,180**

On December 31, 2010, the gross value of tangible fixed assets funded by finance leases amounts to 15,742 thousand Euros (2010: 15,614 thousand Euros), with accumulated depreciations of 3,878 thousand Euros (2010: 3,768 thousand Euros) and debt value of 10,007 thousand Euros (2010: 11,943 thousand Euros).

The net values of assets on December 31, 2011 and 2010 under the finance lease regime were registered as follows:

	2011	2010
Land	2,182	2,182
Buildings and other construction	9,569	9,645
Transport equipment	113	77
Total	**11,864**	**11,904**

NOTE 8

GOODWILL

During the years 2011 and 2010 the Goodwill's movements were as follows:

GOODWILL

January 1, 2010	
Acquisition value	150,637
Accumulated Impairment losses	-11,766
Balance as at January 1, 2010	**138,871**
Movements during 2010	
Exchange rate differences	-
Increases	790
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	139,661
December 31, 2010	
Acquisition value	151,427
Accumulated Impairment losses	-11,766
Balance as at December 31, 2010	**139,661**
Movements during 2011	
Exchange rate differences	-
Increases	769
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-92
	140,338
December 31, 2011	
Acquisition value	152,104
Accumulated Impairment losses	-11,766
Balance as at December 31, 2011	**140,338**

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

The variation in 2011 results from Goodwill related for the packaging activity to the sum of 769 thousand Euros as a result of the concretisation of the conditions contained in the acquisition contract for one of the Group subsidiaries, implemented in preceding years.

Additionally in 2011, through its subsidiary Inapa Inapa Merchants Holding Ltd, 100% of the share capital of the Tavistock Paper Sales Ltd based in the UK was sold. This operation resulted in a Goodwill decrease of 92 thousand euros.

The variation in the value of Goodwill in the 2010 resulted from the acquisition, amounting to 322 thousand Euros, made by the subsidiary Logistipack, SA of a company in the packaging segment. The net assets acquired were value by 175 thousand euros.

As the subsidiaries principally perform the activity of "paper", the Board of Directors decided to treat the supply activity in its entirety as a group of cash-generating units, in compliance with IAS 36 and taking into consideration the direct inter-dependency of the supply operations. A similar approach is also applicable to the packaging activity performed in Germany. Accordingly, the allocation of Goodwill can be broken down as follows:

PAPER	
DISTRIBUITION	PMF-FACTORING
125,019	553

PACKAGING	
FRANCE	GERMANY
1,042	7,795

VISUAL COM.	TOTAL
COMPLOTT	
5,929	
	140,338

As described in Note 2.4, the values recorded in Goodwill are tested for impairment annually or whenever there is an indication of a possible loss in value. Annually the Group calculates the recoverable value of the assets and liabilities associated with the paper activity, packaging, factoring and visual communication activities by determining the value in use by means of the discounted cash flow method.

The values from the impairment tests conducted for the purposes of the financial statement on December 31, 2011, were supported by the expectations of market performance as detailed in the future cash flow projections, based on medium and long-term plans approved by the Board of Directors that cover the period to 2016. The cash flow projections beyond the period of the plans are extrapolated, using the estimated growth rates given below. The growth rates used for the impairment tests do not exceed the long-term average growth rate for the supply activity or other operations.

The management determines the budgeted gross margin based on past performance and their expectations for market performance. The weighted average growth rate used is consistent with the predictions given in reports for the sector. The after-tax discount rate used is 6.24%, corresponding to 8% before tax, and reflects specific risks related to the relevant segments.

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

	DECEMBER 2011	DECEMBER 2010
Sales growth rate (in perpetuity)	1.85%	1.85%
EBITDA margin (Paper)	4.3%	4.7%
Inflation rate	2.0%	2.0%
After-tax discount rate	6.2%	7.0%
Before-tax discount rate	8.0%	8.8%

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

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

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

	DECEMBER 2011	DECEMBER 2010
30 years bond yield of the German state	2.46%	3.52%
Inapa average spread	3.1%	2.5%
Beta	1.11	1.11
Market risk premium	5.0%	5.0%
Optimal capital structure	43%	43.0%
Tax rate	30.0%	30.0%

NOTE 9

OTHER INTANGIBLE ASSETS

During the years 2011 and 2010, the movements in intangible assets and related depreciations were as follows:

2011

	INDUSTRIAL PROPERTY AND OTHER RIGHTS	ADVANCES AND INTANGIBLE IN PROGRESS	TOTAL
ACQUISITION COSTS			
Balance as at January 1, 2011	**157,493**	**1,300**	**158,793**
Exchange rates differences	38	-	38
Increases	774	547	1,321
Disposals	-	-	-
Transfers/cuts	-77	-9	-86
Changes in consolidation perimeter	-	-	-
Balance as at December 31, 2011	**158,228**	**1,838**	**160,066**
ACCUMULATED DEPRECIATIONS			
Acquisition costs	**47,223**	**-**	**47,223**
Exchange rates differences	11	-	11
Increases	1,583	-	1,583
Disposals	-138	-	-138
Transfers/cuts	160	-	160
Changes in consolidation perimeter	-	-	-
Balance as at December 31, 2011	**48,839**	**-**	**48,839**
Net value	**109,389**	**1,838**	**111,227**

2010

	INDUSTRIAL PROPERTY AND OTHER RIGHTS	ADVANCES AND INTANGIBLE IN PROGRESS	TOTAL
ACQUISITION COSTS			
Balance as at January 1, 2010	**154,734**	**1,981**	**156,715**
Exchange rates differences	35	148	183
Increases	2,538	242	2,780
Disposals	-146	-129	-275
Transfers/cuts	332	-942	-610
Changes in consolidation perimeter	-	-	-
Balance as at December 31, 2010	**157,493**	**1,300**	**158,793**
ACCUMULATED DEPRECIATIONS			
Balance as at January 1, 2009	**45,774**	**-**	**45,774**
Exchange rates differences	17	-	17
Increases	2,005	-	2,005
Disposals	-8	-	-8
Transfers/cuts	-565	-	-565
Changes in consolidation perimeter	-	-	-
Balance as at December 31, 2009	**47,223**	**-**	**47,223**
Net value	**110,270**	**1,300**	**111,570**

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

That value of intangible assets is subject to annual imparity tests, in accordance with the definitions of IAS 36, which results in an impairment loss of 27,464 thousand Euros recorded in 2006, determining its value on December 31, 2011 and 2010 at 103,227 thousand Euros. The impairment tests are either based on an evaluation conducted by a specialised, independent entity or on calculations made by the Group following the same methodology.

As an external evaluation was conducted by the Group in 2010, in 2011 this evaluation was performed by the company using for the calculation of the estimated value of the brands, the cash flow method. The assumptions used as a basis for the calculation were supported by expectations of market development, having been prepared projections of future "cash flows" based on plans of medium and long term covering a period up to 2016. The assumptions that formed the basis for calculations were as follows:

	DECEMBER 31, 2011	DECEMBER 31, 2010
Sales growth rate (in perpetuity)	1.85%	0%
Inflation rate	2.0%	2.0%
After-tax discount rate	6.2%	7.1%

In the brands evaluating, the methodology for determining the discount rate was the same assessment of the Goodwill (see Note 8).

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

DESIGNATION	EVALUATION AMOUNT
Bavaria	17,229
Galaxi	36,908
Gemini	5,358
Inapa Imagine	20,268
Inapa Tecno	50,546
Lumi	26,497
Tauro	9,591
Primaset	16,507
Others	83,191
	266,096

On December 31, 2011, the remaining of the value recorded in Industrial property and other rights net of amortisations, to the sum of 6,162 thousand Euros (December 31, 2010: 7,043 thousand Euros), corresponded essentially to the costs of software, patents and other licences as well as customers portfolio amounting to 3,373 thousand Euros.

The most significant change in other industrial property rights in 2011 is mainly due to investment in commercial software of around 793 thousand euros.

For 2010, the biggest variation was due mainly to the acquisition of a portfolio of clients in Inapa Spain, amounting to 1,870 thousand euros. The remaining part is due to investment in commercial software and integrated business management (ERP).

Additions for the year and the balance shown as assets under construction and advances the 31 December 2011 amounted to 1,838 thousand euros (2010: 1,300 thousand euros) correspond mainly to advances made following the acquisition by Inapa France, SA and Papier Union GmbH licenses for commercial software.

NOTE 10

INVESTMENT IN ASSOCIATE COMPANIES

On December 31, 2011 and 2010, the breakdown of Investment in associate companies was as follows:

	2011	2010
Surpapel, SL	1,021	1,018
Inapa Logistics	25	25
Inapa Veerbereints	25	25
	1,071	**1,068**

On December 31, 2011, the financial information regarding the holdings recorded in Investment in associate companies was as follows (Note 36):

COMPANY	HEADQUARTER	ASSETS	SHAREHOLDERS EQUITY	REVENUES	NET PROFIT AND LOSS *	% SHARE CAPITAL	APPROPRIATED NET PROFIT AND LOSS	BALANCE SHEET VALUE
Surpapel, SL	Polígono Industrial Guadalquivir, c/ Tecnología,1 41120 Gelves Seville	nd	nd	nd	10,7	25%	3	1,021
Inapa Logistics	Warburgstasse,28 20354 Hamburg Germany	25	25	-	-	100%	-	25
Inapa Vertriebs GmbH	Warburgstasse,28 20354 Hamburg Germany	25	25	-	-	100%	-	25
							3	**1,071**

* Estimation

The movements that took place under the heading Investment in associate company, for the years 2011 and 2010 were as follows:

Balance as at January 1, 2010	**1,104**
Acquisitions	-
Disposals	-
Changes in consolidation perimeter	-46
Share of results	10
Balance as at December 31, 2010	**1,068**
Acquisitions	-
Disposals	-
Changes in consolidation perimeter	-
Share of results	3
Balance as at December 31, 2011	**1,071**

NOTE 11

AVAILABLE-FOR-SALE FINANCIAL ASSETS

On December 31, 2011 and 2010, the breakdown of Available-for-sale financial assets was as follows:

	2011	2010
Non current		
BANIF - Unidades de participação em fundos de investimento	-	628
Others	47	45
	47	**673**
Non current		
BANIF - Unidades de participação em fundos de investimento	628	-
	675	**673**

The Available-for–sale financial assets movements for the year ending December 31, 2011 and 2010 was as follows:

Balance as at January 1, 2010	**9,294**
Acquisitions	4
Disposals	-8,625
Changes in fair value	-
Balance as at December 31, 2010	**673**
Acquisitions	2
Disposals	-
Changes in fair value	-
Balance as at December 31, 2011	**675**

During 2010 Inapa - IPG sold some units held in BANIF - Unidades de participação em fundos de investimento, that originated a gain of 147.7 thousand euros. Additionally, in 2010 the "Junior Notes" associated with the securitization transaction amounting to EUR 7.6 million were due, which given its nature did not produce any more or less value, having during the interest period generated a 5% per year rate profit.

NOTE 12

DEFERRED TAX

All situations that may significantly affect future taxes are recorded on the financial statements on December 31, 2011 and 2010.

In 2011 and 2010, the movements in assets and liabilities due to deferred tax were as follows:

2011

	01-01-2011	CHANGES IN PERIMETER	FAIR VALUE RESERVE AND OTHER RESERVES	NET PROFIT AND LOSS FOR THE YEAR	31-12-2011
Deferred tax assets					
Taxable provisions	53	-	-	-	53
Unused taxes losses	17,848	-	-	-1,423	16,425
Others	3,093	-	-	-45	3,048
	20,994	**-**	**-**	**-1,468**	**19,526**
Deferred tax liabilities					
Revaluation of fixed assets	-8,142	-	-	-10	-8,152
Depreciations	-11,363	-	-	-1,098	-12,461
Others	-759	-	-	245	-514
	-20,264	**-**	**-**	**-864**	**-21,128**
Net deferred tax	**730**	**-**	**-**	**-2,332**	**-1,602**

2010

	01-01-2010	CHANGES IN PERIMETER	FAIR VALUE RESERVE AND OTHER RESERVES	NET PROFIT AND LOSS FOR THE YEAR	31-12-2010
Deferred tax assets					
Taxable provisions	54	-	-	-1	53
Unused taxes losses	18,524	-	-	-676	17,848
Others	3,796	-	-	-703	3,093
	22,374	**-**	**-**	**-1,380**	**20,994**
Deferred tax liabilities					
Revaluation of fixed assets	-8,022	-	-	-120	-8,142
Depreciations	-10,059	-	-	-1,304	-11,363
Others	-807	-	-	48	-759
	-18,888	**-**	**-**	**-1,376**	**-20,264**
Net deferred tax	**3,486**	**-**	**-**	**-2,756**	**730**

With regard to deferred tax assets in respect of tax losses, the reduction in 2011 was due to reversal on tax losses for 2007 and 2008, whose use is not considered likely. In 2010 its reduction was due to the disposal of assets that generate capital gains tax and in turn profits tax, allowing the use of tax losses from prior years reported.

The main change occurred in 2011 and 2010 under the heading of deferred tax liabilities, is related to depreciation, totaling 1,098 thousand euros and 1,304 thousand euros, respectively, and is justified by the effects of amortization of goodwill in Inapa Belgium and on Papier Union, accepted for tax purposes in their respective countries. The variation in Other at 2011 corresponds to an annulation by prescription event the deferred tax liability.

Deferred tax assets for tax losses are recognised to the extent that it is probable that there will be a fiscal benefit, through the existence of future taxable income. The Group recognised deferred tax assets to the value of 16,425 thousand Euros regarding the tax losses that can be offset against future taxable profits, as given below:

	TAX VALUE	FINAL UTILISATION DATE
Inapa France	8,581	ilimited
Portuguese Group	177	2017
Inapa España	5,619	2021-2026
Inapa Belgium	1,776	ilimited
Inapa Suisse	90	
Others	182	
	16,424	

NOTE 13

INVENTORIES

On December 31, 2011 and 2010, the Inventories consisted of the following:

	2011	2010
Finished and intermediate products	936	942
Merchandise	71,151	79,470
	72,087	**80,412**
Adjustment for realisable value (Note 17)	-1,059	-1,114
	71,029	**79,298**

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

The cost of sales for the years ended December 31, 2011 and 2010 amounted to 823,471 and 809,899 thousand euros, respectively, and was calculated as follows:

	2011	2010
Initial inventories	80,412	66,525
Changes in perimeter	-	-
Purchasing and inventory adjustments	815,201	823,786
Final inventories	72,087	80,412
	823,526	**809,899**
Impairment losses	114	-
Reversals of impairment losses	-169	-
	823,471	**809,899**

NOTE 14

TRADE RECEIVABLES

On December 31, 2011 and 2010, trade receivables consisted of the following:

	2011	2010
Trade receivables		
Trade receivables - current account	150,188	184,975
Trade receivables - bills of exchange	13,781	11,359
Doubtful trade receivables	13,909	11,754
	177,878	**208,088**
Accumulated impairment losses (Note 17)	-11,259	-10,766
Trade receivables - net balance	**166,619**	**197,322**

During the years 2011 and 2010, the Group recognised impairment losses of 2,854 thousand Euros and 4,578 thousand Euros, respectively, which was recorded under Other costs (Note 28).

NOTE 15

TAX TO BE RECOVERED AND OTHER ASSETS

On December 31, 2011 and 2010, Tax to be recovered consisted as follows:

	2011	2010
Income tax	1,651	3,078
VAT	2,831	2,664
Other taxes	2,805	680
	7,286	**6,422**

On December 31, 2011 and 2010, the balances for Other non-current assets and Other current assets breakdown as follows:

	2011	2010 (restated)
Other non-current assets		
Other debtors	23,056	23,345
Accumulated impairment losses	-1,221	-1,512
	21,835	**21,833**
Other current assets		
Stockholdings and stockholders	1	48
Advances to suppliers	562	486
Other debtors	15,959	20,203
Accumulated impairment losses	-3,019	-9,964
	12,940	**10,239**
Accrued income	23,147	25,489
Deferred costs	1,742	2,125
	38,392	**38,387**

The balance of Other current receivables, on December 31, 2010 was restated in accordance with the mentioned in Note 2.2. Thus, the balance previously disclosed by the amount of 17,548 thousand euros was reduced in 7,309 thousand euros, to the present amount of 10,239 thousand euros.

On December 2011 and 2010, the Other non-current debtors balance included an Inapa – IPG credit of 16.7 million Euros over Fimopriv H, SA, arising from this company acquiring shares held by Inapa – IPG. Inapa – IPG acknowledges that, in the future, it will utilize this credit to acquire the holding Fimopriv H, SA has in Papier Union, GmbH.

Additionally, the account included a guarantee given by a foreign Group company related with factoring operation, amounting to 2.814 thousand Euros.

On December 31, 2011 and 2010, Accrued income corresponds, fundamentally, of the amounts to be received relative to revenue obtained by the Group from negotiations over purchases and bonuses, over receivables from suppliers.

NOTE 16

CASH AND CASH EQUIVALENTS

The breakdown of Cash and cash equivalents on December 31, 2011 and 2010, was as follows:

	2011	2010
Immediatly available bank deposits	14,865	16,397
Cash	182	176
Cash and cash equivalents in balance sheet	**15,047**	**16,573**
Bank overdrafts	-85,873	-121,858
Cash and cash equivalents on the cash flow statement	**-70,826**	**-105,285**

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

NOTE 17

IMPAIRMENTS

During the years 2011 and 2010, movements in the recognised asset impairments were as follows:

	GOODWILL	OTHER INTANGIBLE ASSETS	INVENTORIES	TRADE RECEIVABLES	OTHER CURRENT ASSETS	TOTAL
Balance as at January 1, 2010	**11,766**	**27,464**	**1,233**	**10,794**	**9,752**	**61,009**
Increases	-	-	272	4,578	1,724	6,574
Utilisation	-	-	-482	-4,797	-	-5,279
Reverseals	-	-	-	-	-	-
Changes in the consolidation perimeter	-	-	3	1	-	4
Exchange rate differences	-	-	88	190	-	278
Balance as at December 31, 2010	**11,766**	**27,464**	**1,114**	**10,766**	**11,476**	**62,586**
Increases	-	-	110	2,854	-	2,964
Utilisation	-	-	-	-592	-7,236	-7,828
Reverseals	-	-	-169	-1,741	-	-1,910
Changes in the consolidation perimeter	-	-	-	-84	-	-84
Exchange rate differences	-	-	**4**	56	-	60
Balance as at December 31, 2011	**11,766**	**27,464**	**1,059**	**11,259**	**4,240**	**55,788**

In 2011 results the effect of increases and reversals of impairment losses of inventories are recorded in cost of sales (Note 13)

NOTE 18

SHARE CAPITAL AND OWN SHARES

Share capital

At 31 December 2011 share capital was represented by 450,980,441 shares, of which 150,000,000 shares have no par value ordinary nature and 300,980,441 preferred shares without voting rights, certificated and bearer with no par value (in 2010 share capital was represented by 150,000,000 ordinary shares with a nominal value of Euro 1 each). As at December 31, 2011, Equity was fully subscribed and issued.

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

Other than Parpública - Participações Públicas, SGPS, SA, which holds 49,084,738 shares, corresponding on December 31, to 32.72% of the equity and rights to vote, of Banco Comercial Português, SA, holding 27,361,310 shares corresponding to 18.24% of the equity and rights to vote (*) and Nova Expressão SGPS, SA, holding 3,000,000 shares corresponding to 2.00% of the equity and rights to vote, no other individual or company was recognised on the date the year was closed as holding 2% or more of voting rights.

(*) the nominal shares held by Banco Comercial Português, SA is attributed as follows:

- Banco Comercial Português, SA .... 10,869,412 shares corresponding to 7.25% of the rigths to vote;
- Fundo de Pensões do Grupo BCP ...... 16,491,898 shares corresponding to 10.99% of the rigths to vote;

The Shareholders with holdings of 2% or more December 31, 2011 and 2010, are summarised as follows:

	2011		2010	
SHAREHOLDER	SHARES	%	SHARES	%
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	49,084,738	32.72%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	16,491,898	10.99%
Banco Comercial Português	10,869,412	7.25%	10,869,412	7.25%
Albano R.N. Alves - Distribuição de Papel,SA				
Próprias	-	-	50,000	0.03%
Stocks hold by person or entity according to article 447	-	-	5,138,305	3.43%
Nova Expressão SGPS, SA	3,000,000	2.00%	-	-

Own shares

The Group did not hold any of its own shares on December 31, 2011 and 2010.

NOTE 19

Share issuance premium, Reserves and Retained earnings

On December 31, 2011 and 2010, the breakdown of Share issuance premium, Reserves and Retained earnings was as follows:

	2011	2010 restated
Share issuance premium	**450**	**2,937**
Foreign exchange adjustments	5,245	5,338
Revaluation reserve	31,495	31,495
Legal reserve	7,500	7,500
Other reserves	225	225
	44,465	**44,558**
Retained earnings	**-43,667**	**-47,920**

The Share issuance premiums correspond to the difference between the nominal value of held Inapa – IPG shares and their issue value and cannot be distributed as dividends, but may be included in the Share capital or for covering losses. The variation in year 2011 in Share issuance premium is related to incurred costs with the capital increase operation carried out in 2011.

The Foreign exchange adjustments account includes the difference in foreign exchange conversion for all the Group's assets and liabilities, expressed in foreign currency for Euros using the exchange rates applying on the date of the balance sheet. The Revaluation reserves correspond to the value of the assets revalued on the date of transition to IAS/IFRS.

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

As a result of the a partial sale of Inapa Deutschland GmbH participation, was registered on retained earnings the capital gain resulting from this operation in the amount of 1,371 thousand euros.

In accordance with a decision taken on April 6, 2011 by the Inapa – IPG shareholder meeting, the net profit in the individual financial statements for the year 2010 to the sum of 3,665,724.32 Euros was transferred to the retained earnings.

Following the restatement made, as detailed in Note 2.2., the negative balance of Retained earnings at December 31, 2010 previously presented by the amount of 42,335 thousand euros, was increased by 5,585 thousand euros, to a present value of

47,920 thousand euros and the Profit for the year ended on that date was reduced by 724 thousand euros presenting a restated amount of 2,942 thousand euros.

NOTE 20

EARNINGS PER SHARE

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

	2011	2010
Net profit and loss for the period - in euros	-6,161,368	2,941,480
Weighted average number of ordinary shares	150,000,000	150,000,000
Basic earning per share - in euros	-0.041	0.020
Diluted earning per share - in euros	-0.041	0.020

NOTE 21

MINORITY INTEREST

On December 31, 2011 and 2010, the value of the Minority interests included under shareholders equity, refers to the following subsidiary companies:

	2011	2010
Papier Union	968	968
Inapa Deutschland	2,960	-
Others	63	64
	3,991	**1,032**

The non controlling interest at Inapa Deutschland resulte of 2,960 thousand euros, is a result from the 2.4% share capital sale made in the year.

NOTE 22

LOANS AND OTHER FINANCIAL INSTRUMENTS

On December 31, 2011 and 2010, the breakdown of loans was as follows:

CURRENT DEBT		2011	2010
Bank loans			
Bank loans and other current financial instruments	a)	85,873	121,858
Commercial paper, redeemable at its nominal value, renewable, with maturity within one year	b)	68,310	113,000
Medium and long-term financial instruments (portion maturity within 1 year)	c)	12,546	12,081
Other current financial loans		9,530	1,632
		176,259	**248,571**
Financing associated to financial assets - securitisation (Note 37)		-	-
Total current debt		**176,259**	**248,571**

NON- CURRENT DEBT			
Bank loans			
Medium and long-term financial instruments	c)	102,572	106,520
Other loans	c) g. h.	45,897	50,707
		148,469	**157,227**
Financing associated to finantial assets - securitisation (Note 37)		38,061	32,800
Total non-current debt		**186,530**	**190,027**
		362,789	**438,598**

a) The bank overdrafts are renewable annually and bear interest at the Euribor 1 or 3-month rate plus an average spread of 2.44 percentage points.

b) The commercial paper debt is as follows:

i) A Commercial Paper Programme issued by Inapa – IPG in 2004 with a 2009's addition with a subscription guarantee, to the value of 14,350,000 Euros, to be repaid in 2014. The maximum nominal interest rate is the Euribor rate for the issue period plus 6.0 percentage points. Interest is debited on the dates of issue.

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

iii) A Commercial Paper Programme issued together by Inapa – IPG and Inapa Portugal in 2009 with a subscription guarantee, to the value of 20,000,000 Euros, to be repaid in 5 instalments, the first was due in October 2009 and the last in 2014. The maximum nominal interest rate is the Euribor rate for the issue period plus 4.25 percentage points. In December 2011, the value of this programme reached 11,800,000 Euros. Interest is paid in each issuance date.

iv) A Commercial Paper Programme issued by Inapa –

IPG in 2008 with a subscription guarantee, to the value of 11,000,000 Euros, to be repaid in 5 instalments, the first was due in March 2012 and the last in 2013. The nominal interest rate is the Euribor rate for the issue period plus 5.25 percentage points. Interest is paid in each issuance date

v) A Commercial Paper Programme issued by Inapa – IPG and Inapa Portugal in 2011 with a subscription guarantee, to the value of 5,000,000 Euros, to be repaid in 3 semiannual instalments, the first is due in June 2012 and the last in June 2013 . The nominal interest rate is the Euribor rate for the issue period plus 5.0 percentage points. Interest is paid in each issuance date.

vi) A Commercial Paper Programme issued by Inapa Portugal in 2010 with a subscription guarantee, to the value of 5,000,000 Euros, to be repaid in 2013. The nominal interest rate is the Euribor rate for the issue period plus 2.25 percentage points. Interest is paid in each issuance date.

vii) Financial expenses in the amount of 1,340 thousand euros incurred in the hiring of commercial paper programs listed above.

c) The medium and long-term financial instruments are, essentially, as follows:

a. Bank loans amounting to 66,4000 thousand euros. Interest rate is the 6-month Euribor plus 1.75 percentage points. Interest is debit twice a year, in April and October. Loans are repaid in 10 annually installments, being the first in 2009 and the last in 2018.

b. Bank loan as commercial paper amounting to 21,000 thousand Euros. Interest is at the 9-month Euribor rate plus 3.6 percentage points. Interest is debited every 9 months. The loan shall be fully repaid in 2013.

c. Bank loan amounting to 773 thousand Euros. Interest is at the 6-month Euribor rate plus 2.75 percentage points. Interest is debit in a three month basis. Loan is repaid in 12 instalements, being the first in September 2010 and the last in 2013.

d. Bank loan amounting to 7,500 thousand Euros. Interest is at the 3-month Euribor rate plus 5.0 percentage points. Interest is debit every three month. The loan is reimbursed in 2013.

e. Bank loan amounting to 13,200 thousand Euros. Loan bears interest at 12-month Euribor rate plus 1.25 percentage points. Interest is debit every three month. The loan is reimbursed in 10 annually equal installments, being the first in 2010 and the last in 2019.

f. Bank loan amounting to 4,000 thousand Euros. Loan bears interest at 3-month Euribor rate plus 1.0 percentage points. Interest is debit quarterly. The loan capital is reimbursed in 8 annually installments, being the first in 2010 and the last in 2018.

g. Bank loan related with factoring operations in the amount of 37,847 thousand Euros. Interest is at 3-month Euribor rate plus 0.9 percentage points. The capital is guaranteed by trade receivables invoices and the interest is debit monthly. The loan will be total reimbursed in 2013.

h. Bank loan related with factoring operations in the amount of 8,050 thousand Euros. Interest is at 3-month Euribor rate plus 1.0 percentage points. The capital is guaranteed by trade receivables invoices and the interest is debit monthly. The loan will be total reimbursed in 2013.

On December 31, 2011 and 2010, the debit related to finance leases included in Other liabilities (Note 25) were as follows:

DEBT RELATED TO FINANCE LEASES	2011	2010
Suppliers of non-current fixed assets - finance lease	8,711	10,572
Suppliers of current fixed assets - finance lease	1,295	1,371
	10,006	**11,943**
DEBT RELATED TO FINANCE LEASES		
Rents - not discounted		
at less than a year	1,532	394
between 1 year and 5 years	5,188	6,747
at more than 5 years	4,411	5,968
	11,131	**13,109**
FINANCE COSTS TO BE SUPPORTED	**-1,125**	**-1,166**
	10,006	**11,943**

On December 31, 2011 and 2010, the non-current and current loans obtained and the obligations under finance lease contracts had the following repayment terms and periods:

2011

	CURRENCY	INTEREST RATE	LESS THAN 1 YEAR	1 TO 5 YEARS	GREATER THAN 5 YEARS	TOTAL
Bank Loans	Eur	4.2%	85,873	-	-	85,873
Commercial Paper	Eur	7.0%	68,310	-	-	68,310
Other loans	Eur	3.3%	12,546	69,805	32,767	115,118
Financing associated to financial assets	Eur	3.0%	-	38,061	-	38,061
Factoring	Eur	3.4%	9,530	45,897	-	55,427
Finance lease obligations	Eur	2.2%	1,295	4,512	4,199	10,006
			177,554	**158,275**	**36,966**	**372,795**

2010

	CURRENCY	INTEREST RATE	LESS THAN 1 YEAR	1 TO 5 YEARS	GREATER THAN 5 YEARS	TOTAL
Bank Loans	Eur	3.1%	121,858	-	-	121,858
Commercial Paper	Eur	4.4%	113,000	-	-	113,000
Other loans	Eur	3.3%	12,081	63,586	42,934	118,601
Financing associated to financial assets	Eur	2.4%	-	32,800	-	32,800
Factoring	Eur	2.4%	1,632	50,707	-	52,339
Finance lease obligations	Eur	1.7%	1,370	4,893	5,680	11,943
			249,941	**151,986**	**48,614**	**450,541**

On December 31, 2011, the group had about 76,200 thousand Euros available in unused lines of credit (December 31, 2010: 63,700 thousand Euros).

On December 31, 2011 and 2010, the net sum of the consolidated financial debt was as follows:

	2011	2010
Loans		
Current	176,259	248,571
Non-current	148,469	157,227
	324,728	**405,798**
Financing associated to financial assets	38,061	32,800
Finance lease obligations	10,006	11,943
	372,795	**450,541**
Cash and cash equivalents	15,047	16,573
Bonds (listed shares)	-	-
Available-for-sale financial investments (listed shares)	-	-
	15,047	**16,573**
	357,748	**433,968**

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

The covenants in force and the ratios are as follows:

LOANS	2011 (Thousand euros)	RATIO DESCRIPTION	RATIO
Bank loan	15.256	Ajusted gearing ratio = (Shareholders equity + Reserves - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill)	17.9%
Bank loan	28.200	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill)	19.9%
Bank loan	19.000	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill - Loans conceded to shareholders)	18.3%
Securitisation	38.061	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill - Loans conceded to shareholders)	18.3%
Factoring	15.000	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill - Loans conceded to shareholders)	18.3%
Commercial paper	5.000	Gearing ratio = Shareholders equit / Net assets Net Debt Cash Flow = Net debt / (RLE + Depreciation)	38.4% 12,0
Commercial paper	11.000	Banco Comercial Português, S.A. Rating Fixed by Standard&Poors	BBB-

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

Given the contracted limits, the Group complied with the limits that the contracts require except with the commercial paper of 11,000 thousand euros, whose rating of Banco Commercial Portuguese, SA was set by the rating agency Standard & Poors below BBB + resulting in a total settlement funding in March 23, 2012.

NOTE 23

PROVISIONS

During the years 2011 and 2010, the following movements took place under Provisions:

Balance as at January 1, 2010	**825**
Increases	988
Utilisation	-611
Transfers	-
Changes in the consolidation perimeter	-
Exchange rate differences	-
Balance as at December 31, 2010	**1,202**
Increases	49
Utilisation	-861
Transfers	-
Changes in the consolidation perimeter	-
Exchange rate differences	-
Balance as at December 31, 2011	**391**

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

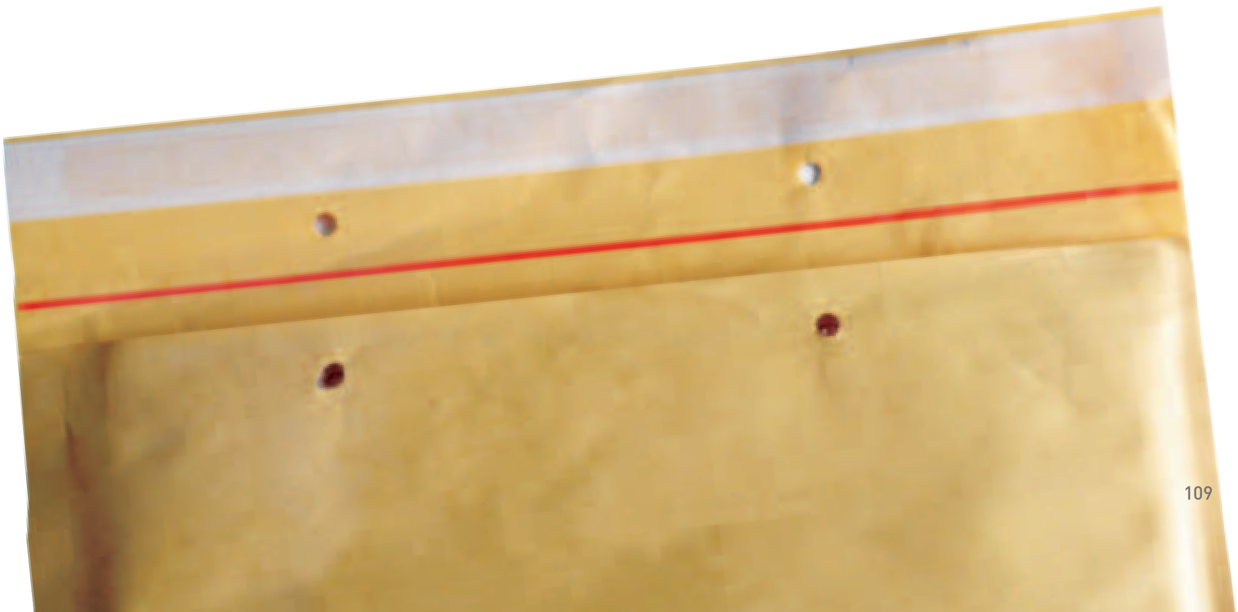
Regarding the proceedings brought against the company by Papelaria Fernandes – Indústria e Comércio, SA, see Note 33 – Contingencies.

NOTE 24

EMPLOYEE BENEFITS

As explained in Note 2.23, the Group has implemented defined benefit pension plans for some of its employees. In addition, other types of post-employment benefits exist, as described below:

	2011	2010
Balances on the balance sheet for:		
Employee benefits:		
Contribution to pension plan		
- defined benefits	1,282	1,328
Other post-employment benefits		
- defined benefits	2,168	1,991
Others	68	68
	3,518	**3,387**
Expenditure in the Income Statement:		
Contribution to pension plan		
- defined benefits	234	383
Other post-employment benefits		
- defined benefits	254	250
Contribution to pension plan		
- defined contribution	473	459
	961	**1,092**



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

December 31 of	2011	2010	2009	2008	2007
Past service liabilities	-4,312	-4,272	-3,952	-4,092	-4,482
Fund	208	0	47	506	431
Surplus or deficit of the plan	-4,104	-4,272	-3,905	-3,586	-4,051
Experience adjustments plan liabilities	138	-361	-314	581	829
Experience adjustments on plan assets	4	-8	-10	-6	-20

A) DEFINED BENEFITS PENSION PLAN

Companies located in Portugal

On December 31, 2011 and 2010, there were no pension plans for members or employees of the Group's Portuguese companies.

Inapa France, SA

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

Actuarial valuation conducted by an independent organization reported the following actuarial assumptions for December 31, 2011 and 2010:

	2011	2010
Future salary increases rate	2.5%	2.5%
Discount rate	4.70%	4.60%
Mortality table	INSEE 2006-2008	INSEE 2000-2002

In accordance with the respective actuarial valuations, on December 31, 2011 and 2010, the current value of the obligation for defined pension plans and the corresponding accounting provision, were as follows:

BALANCE SHEET AMOUNTS	2011	2010
Present value of the obligation	858	903
Fair value of the fund	208	-
Present value of the uncovered obligation	**650**	**903**
Past service costs not recognised	-363	-588
Obligation recognised	**287**	**315**

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

DEFINED BENEFIT OBLIGATION	2011	2010
Beginning of year	903	883
Current service cost	41	31
Interest cost	42	36
Actuarial losses / (gains)	-128	148
Benefits paid	-	-195
End of year	**858**	**903**

Due to the change in the discount rate used for the present value obligation calculation, a loss of 31 thousands Euros was recognize and booked under Actuarial loss / (gains) heading.

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

FUND'S FAIR VALUE	2011	2010
Beginning of year	-	47
Contributions to the Plan	205	154
Expected return on Plan assets	-	2
Acturial (losses)/gains (dif. Between expected and real return on assets)	3	-8
Benefits paid	-	-195
End of year	**208**	**-**

The movements verified in Past service cost not recognized in Income statement were as follows:

PAST SERVICE COST NOT RECOGNISED	2011	2010
Beginning of year	588	836
Actuarial losses/(gains) not recognised during the year in profit and loss	-131	156
Actuarial (losses)/gains recognised during the year	-122	-89
Actuarial (losses)/gains recognised on curtailment	-	-170
Others	28	-145
End of year	**363**	**588**

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

COSTS RECOGNISED IN THE YEAR	2011	2010
Current service costs	41	31
Interest costs	42	36
Actual return on plan assets	-	-2
Actuarial losses /(gains) recognised	122	89
Actuarial losses / (gains) recognised on curtailment	-	170
Others	-28	-
Total costs included in Personnel costs	**177**	**324**

Papier Union, GmbH

Papier Union, GmbH, allocated a supplementary pension scheme (closed in 1982) to 28 of its current employees and ex-employees, active and retired, calculated on the basis of 0.4% of the salary earned in each year of service with the company up to a maximum of 12%. The obligation regarding this pension plan is not covered by any pension plan assets formed for this purpose and consequently it is recorded in its entirety on the Group balance sheet.

The obligation, calculated on the basis of an actuarial study valuation conducted by an independent organisation, for the purpose of applying the International Accounting Standard No. 19, is recognised under the balance sheet heading Liabilities for employee benefits and amounted, on December 31, 2011, 995 thousand Euros (2010: 1,013 thousand Euros).

The actuarial assumptions used by the independent entity, which carried the actuarial studies for December 31, 2011 and 2010 are as follows:

	2011	2010
Future salary increases rate	2.0%	2.0%
Discount rate	5.0%	5.0%
Future pension increases rate	2.0%	2.0%
Mortality table	Heubeck2005 G	Heubeck2005 G

In accordance with the respective actuarial studies, on December 31, 2011 and 2010, the present value of the defined benefit obligation for defined pension plans and the corresponding accounting provision, were as follows:

BALANCE SHEET AMOUNTS	2011	2010
Past service costs	1,000	1,063
Past service costs not recognised	-5	-50
Net obligations	**995**	**1,013**

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

RESPONSIBILITIES	2011	2010
Begining of year	1,063	1,076
Current service cost	6	7
Interest cost	51	52
Actuarial losses/ (gains)	-45	2
Benefits paid	-75	-74
End of year	**1,000**	**1,063**

The movements under past service costs not recognised in Income statement were as follows:

PAST SERVICES COST NOT RECOGNISED	2011	2010
Beginning of year	50	48
Actuarial losses /(gains) not recognised in profit and loss during the year	-45	2
Amortisation of actuarial losses / (gains) diferred from previous years	-	-
End of year	**5**	**50**

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

COSTS FOR THE YEAR	2011	2010
Current service costs	6	7
Interest costs	51	52
Recognition of actuarial losses / (gains)- "curtailment"	-	-
Total included in Personnel costs	**57**	**59**

B) OTHER POST-EMPLOYMENT BENEFITS

In accordance with local legislation, the French subsidiary is obliged to pay its workers a sum on the date of retirement based on the number of years of employment with the company, the profession category and the salary earned at the date of retirement. The value of these obligations is recorded on the balance sheet on December 31, 2011 amounting to 1.823 million Euros (2010: 1.662 million Euros).

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

	2011	2010
Future salary increase rate	2.50%	2.13%
Discount rate	4.70%	4.60%
Mortality table	INSEE 2006-2008	INSEE 2000-2002

In accordance with the respective actuarial studies valuation, on December 31, 2011 and 2010 the present value for the defined benefit obligation plans and the corresponding accounting provision were as follows:

BALANCE SHEET AMOUNTS	2011	2010
Past service costs	2,110	1,977
Past service cost not recognised	-287	-315
Net obligation is the balance sheet	**1,823**	**1,662**

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

DEFINED BENEFIT OBLIGATIONS	2011	2010
Beginning year	1,977	1,688
Current services	102	90
Interest costs	91	88
Actuarial losses / (gains)	-20	170
Benefits paid	-40	-59
Ending balance	**2,110**	**1,977**

Due to the change in the discount rate used for the present value obligation calculation, a loss of 3 thousands Euros was recognized.

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

COST FOR THE YEAR	2011	2010
Current service costs	102	90
Interest costs	91	88
Amortisation of actuarial losses/ (gains) deferred	8	-
Total included on Personnel costs	**201**	**178**

The movements under past service costs not recognised in Income statement were as follows:

PAST SERVICE COSTS NOT RECOGNISED	2011	2010
Beginning of year	315	145
Actuarial losses/(gains) not recognised in Income statement during the year	-20	170
Amortisation of actuarial losses/(gains) deferred from previous years	-8	-
Closing balance	**287**	**315**

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

TIME TO SERVICE	AMOUNT
20 years	0.5 net monthly salary
30 years	2/3 net monthly salary
35 years	1 net monthly salary
40 years	1 net monthly salary

The obligations on December 31, 2011 reached 345 thousand Euros (2010: 329 thousand Euros), registered on the balance sheet in their entirety. These were calculated based on the following assumptions, using the INSEE 2006-2008 mortality table and the current value of projected salaries, for active personnel:

	2011	2010
Future salary increase	2.5%	2.1%
Discount rate	4.70%	4.60%
Mortality table	INSEE 2006-2008	INSEE 2000-2002

The movements recorded with Past service obligations were as follows:

PAST SERVICE OBLIGATION	2011	2010
Beginning of year	329	305
Current services	17	16
Interest costs	15	16
Actuarial losses/ (gains)	21	41
Benefits paid	-37	-49
End of year	**345**	**329**

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

COSTS FOR THE YEAR	2011	2010
Current service costs	17	16
Interest costs	15	16
Actuarial losses/(gains)	21	41
Total included in Personnel costs	**53**	**73**

C) DEFINED CONTRIBUTION PENSION PLANS

There is defined contribution plan at Inapa Switzerland. The value of contributions made in the period 2011 by subsidiary reached 473 thousand Euros (2010: 453 thousand Euros), and its recorded under Personnel costs.

NOTE 25

TAX LIABILITIES, OTHER NONCURRENT LIABILITIES, SUPPLIERS AND OTHER CURRENT LIABILITIES

On December 31, 2011 and 2010 the heading Tax liabilities breakdown as follows:

	2011	2010
Income tax	4,635	3,126
VAT	10,094	8,963
Social security contributions	2,077	2,076
Other taxes	1,267	1,327
	18,073	**15,491**

On December 31, 2011 and 2010, Other non-current liabilities, Suppliers and Other current liabilities consists of the following:

	2011	2010 (restated)
Other non-current liabilities		
Other creditors	-	-
Fixed assets suppliers	8,711	10,572
	8,711	**10,572**
Suppliers		
Current account	42,722	54,972
Bills of exchange	-	-
Invoices in progress	4,680	3,761
	47,402	**58,733**
Other current liabilities		
Advances from trade receivables	1,601	1,220
Fixed assets suppliers	1,295	1,371
Other creditors	10,724	16,513
Accruals and deferrals	10,041	12,081
	23,661	**31,185**

The balances with Fixed assets suppliers, are mainly related to finance lease operations (Notes 7 and 22).

On December 31, 2011 and 2010 the heading Accruals and deferrals breakdown as follows:

	2011	2010 (restated)
Personnal costs to be paid	2,362	5,216
Accrued interest	630	955
Transportation costs	1,681	1,673
Honoraries	227	502
Marketing support	510	518
Other accrued bank charges	-	449
Interest debit to trade receivables	1,443	-
Social charges	649	-
Others	2,540	2,768
	10,041	**12,081**

The balance of Accruals and deferrals - Other, was restated in accordance with the mentioned in Note 2.2. Thus, the previously reported balance was reduced by 1,000 thousand euros, presenting a restated amount of 2,768 thousand euros.

NOTE 26

SALES, SERVICE RENDERED AND OTHER INCOME

Sales and Service rendered for the years ending on December 31, 2011 and 2010, breakdown as follows:

	2011	2010
Sales of merchandise and Other products	986,467	980,263
Service rendered	11,648	11,323
	998,115	**991,586**

In 2011 and 2010, the balances under Other income break down as follows:

	2011	2010
Supplementary income	691	440
Net cash discounts	10,972	10,872
Other income	15,665	14,573
	27,328	**25,885**

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

NOTE 27

PERSONNEL COSTS

In 2011 and 2010, the balances under Personnel costs break down as follows:

	2011	2010
Wages and salaries	59,585	58.916
Social security contributions	14,366	14.271
Pension costs	961	1.092
Other personnel costs	5,770	4.921
	80,682	**79.200**

The Other personnel costs heading include compensation for termination of work contracts, to the sum of 2,281 thousands Euros (2010: 1,096 thousand Euros).

During the year the Group employed, on average, 1,455 employees (2010: 1,462), of which 1,321 (2010: 1,332) were in companies headquartered in foreign countries.

NOTE 28

OTHER COSTS

In 2011 and 2010, the balances under Other costs breaks down as follows:

	2011	2010 (restated)
Administratives expenses	88,457	83,044
Indirect taxes	3,574	3,291
Other costs	3,031	3,896
Provisions (Note 23)	49	988
Impairment of current assets (Note 17)	2,854	6,574
	97,965	**97,793**

Following the restatement mentioned in Note 2.2., the balance of the impairment of current assets was previously disclosed for 2010 increased by 1,724 thousand euros, to the restated amount of 6,574 thousand euros.

NOTE 29

DEPRECIATIONS AND AMORTIZATIONS

In 2011 and 2010, the balances under this heading break down as follows:

	2011	2010
Tangible fixed assets	4,394	4,488
Intangible assets	1,583	1,975
	5,977	**6,463**

NOTE 30

FINANCIAL FUNCTION

Financial income and financial costs for 2011 and 2010 are as follows:

	2011	2010 (restated)
Financial income		
Interest obtained	222	1,558
Gains from disposal of investment	-	-
Income from capital investments	-	52
Positive FX	252	86
Other profits and financial income	366	659
	840	**2,355**
Financial costs		
Interest paid	15,715	9,782
Losses on disposal of investments	-	-
Negative FX	446	883
Other costs and financial losses	5,102	7,649
	21,263	**18,314**
Net financial function	**-20,423**	**-15,959**

Following the restatement mentioned in Note 2.2., the balance of other financial expenses for 2010 was reduced by previously announced 1,000 thousand euros, to restated amount of 7,649 thousand euros.

The heading Other costs and financial losses includes, amongst others, costs associated with securitisation contracts (2011: 1,662 thousand Euros, 2010: 4,272 thousand Euros), costs for issuing commercial paper (2011: 1,576 million Euros; 2010: 1,623 thousand Euros), guarantee commissions (2011: 1,105 thousand Euros; 2010: 875 thousand Euros), for finance leases (2011: 982 thousand Euros, 2010: 215 thousand Euros) and stamp duty (2011: 454 thousand Euros, 2010: 242 thousand Euros) and factoring (2011: 1.032 thousand Euros, 2010: 11 thousand Euros).

NOTE 31

INCOME TAX

Income tax for the years ending on December 31, 2011 and 2010 breaks down as follows:

	2011	2010
Current taxes	-574	-2,322
Deferred taxes (Note 12)	-2,332	-2,757
	-2,906	**-5,079**

In accordance with the tax law in force in each country, the tax declarations of the companies included in the consolidation are subject to revision and correction on the part of the tax authorities over the course of a period, which in Portugal is four years. In the majority of the companies where the Group operates, the tax losses can be deducted to collect in the following periods, in Portugal this being for a maximum period of 6 years for losses originated until 2009, and 4 years after 2010 (inclusive) and in other countries for a greater period, although subject to revision by tax authorities.

The Group Board of Directors understands that possible corrections may be made by the tax authorities as a result of inspections/revision will not have a significant impact on the financial statements consolidated on December 31, 2011.

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

	2011	2010
Net income before tax on profits	-3,072	8,122
Nominal average tax on profits	922	-2,388
Income tax - value	-2,906	-5,079
	-3,828	**-2,691**
Write-off of deferred tax assets	-2,156	-955
Permanent differences - Switzerland	-47	-
Permanent differences - Portugal	-806	-288
Permanent differences - France	-1,110	-433
Permanent differences - other countries	282	-76
Tributtable dividends	-	-492
Changes in tax rates - opening balances	-118	-260
Others	127	-187
	-3,828	**-2,691**

In 2011 the nominal weighted average rate of tax on profits is 30 % (2010: 29.4%).

The average nominal rate of tax resulting from the average of nominal rates of various countries in which the Group operates. The change between 2010 and 2011 results from variations in the generation of results between different jurisdictions.

NOTE 32

COMMITMENTS

A) OPERATIONAL LEASE

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

On 31 December 2011 and 2010, the values for maturing rents, in accordance with their due dates, were as follows:

	2011	2010
Less than 1 year	7,840	7,419
Between 1 year and 5 years	17,520	18,281
More than 5 years	5,303	9,537
	30,662	**35,237**

In 2011 and 2010 the sums of 10,322 thousand Euros and 7,784 thousand Euros, respectively, were recorded as the operational lease costs for each year.

B) GUARANTEES

On December 31, 2011 and 2010, the obligations assumed by the Group in guarantees to third parties, were as follows:

	2011	2010
Bank guarantees		
In favour of financial institutions	118,150	139,500
In favour of third parties and of an operational nature	500	1,000
Real guarantees		
On tangible fixed assets	17,200	19,067
	135,850	**159,567**

On December 31, 2011, the financial obligations regarding the guarantees made by the Company to various financial institutions totalled 118.2 million Euros (2010: 139.5 million Euros), of which about (i) 6.5 million Euros (2010: 6.5 million Euros) in favour of Inapa France was for the purposes of contracted loans, (ii) 90.6 million Euros (2010: 113 million Euros) was for the purposes of issuing Inapa – IPG, (iii) 1 million euros for Inapa

– Portugal financing purposes (2010: 0 million euros) and (iv) 20 million Euros in favour of Inapa Espanha related with the financing of factoring.

A foreigner Group Inapa subsidiary had given several real guarantees on tangible fixed assets, amounting to 17.2 million Euros related to medium and long term loans.

NOTE 33

CONTINGENCIES

Contingent liabilities

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

the cancellation of the following acts:

- the formation in June 2006 of collateral security as a counter-guarantee for the letters of comfort issued by Inapa - Investimentos, Participações e Gestão, SA as a guarantee for the financial instruments held by that company with the Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
- the reorganisation performed in 1991 to concentrate the paper supply activity in SDP (the present Inapa Portugal) and the production and marketing of envelopes in Papelaria Fernandes;
- the acquisition in 1994 of the stake held by Papelaria Fernandes in SDP (the present Inapa Portugal);
- compensation for credits arising in 1994 between Papelaria Fernandes and Inaprest.

demanding that Inapa:

- maintain the comfort letters issued in favour of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
- compensate Papelaria Fernandes should there be call on the collateral security as counter-guarantee for the letters of comfort.

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

- the letters of comfort issued by Inapa - IPG ceased to have purpose, having been returned by the respective beneficiaries;
- consequently this company communicated to Papelaria Fernandes - Indústria e Comércio, SA, the confirmation that the collateral security formed by this in its favour was terminated.

The action, which had a value of 24.46 million Euros allocated to it, was contested by Inapa – IPG and by its subsidiary Inapa Portugal – Distribuição de Papel, SA and presently the determination of the Court is awaited for dissolving / liquidating Inaprest – Prestação de Serviços, Participações e Gestão, SA. The Group understands that this process will not have financial impacts, and, consequently, no provision has been made.

NOTE 34

RELATED PARTIES TRANSACTIONS

The balances on December 31, 2011 and 2010 with entities related to the Group are as follows:

	TRADE RECEIVABLES	BANK DEPOSITS	OTHER CURRENT ASSETS	BANK LOANS	FIXED ASSETS SUPPLIER	SUPPLIERS	OTHER CURRENT LIABILITIES
2011							
Surpapel SL	47	-	-	-	-	-	12
Megapapier	-	-	-	-	-	-	-
Medialivros	-	-	88	-	-	-	-
BCP	16	194	-	71,516	5,326	-	139
	64	**194**	**88**	**71,516**	**5,326**	**-**	**151**
2010							
Surpapel SL	35	-	-	-	-	-	9
Megapapier	-	-	-	-	-	-	-
Medialivros	4	-	88	-	-	-	-
BCP	1	432	-	100,449	6,520	-	222
	40	**432**	**88**	**100,449**	**6,520**	**-**	**231**

The transactions during the years 2011 and 2010 with entities related to the Group are as follows:

	SALES AND SERVICE RENDERED	OTHER INCOME	OTHER COSTS	FINANCIAL COSTS
2011				
Surpapel SL	113	46	31	-
Megapapier	-	-	-	-
Medialivros	-	-	-	-
BCP	5	-	-	3,864
	118	**46**	**31**	**3,864**
2010				
Surpapel SL	92	11	26	-
Megapapier	-	-	-	-
Medialivros	27	31	-	-
BCP	169	-	-	3,621
	288	**31**	**26**	**3,621**

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

Governing Bodies's - Remuneration Report

The remuneration paid by Inapa – IPG to the members of the management bodies in 2011 and 2010, breaks down as follows (Euros):

	2011	2010
Board of Directors		
Wages	1,139.50	901.60
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Payments in shares	-	-
	1,139.50	**901.60**
Audit Commitee*		
Remuneration	**103.50**	**94.94**
General Meeting Board		
Remuneration	**7.00**	**7.00**

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

NOTE 35

COMPANIES INCLUDED IN CONSOLIDATION

The subsidiaries included in the consolidation by the integral consolidation, on December 31, 2011, were as follows:

DESIGNATION	REGISTERED OFFICE	GROUP % STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Gestinapa - SGPS,SA	Rua Castilho, nº 44-3º 1250-071 Lisboa - Portugal	**100.00**	SGPS	Inapa – IPG, SA	June 1992
Inapa-Portugal, SA	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra - Portugal	**99.75**	Paper	Gestinapa -SGPS,SA	1988
Inapa España Distribuición de Papel	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid Spain	**100.00**	Paper	Gestinapa - SGPS, SA	December 1998
Inapa France, SA	91813 Corbeil Essones Cedex France	**100.00**	Paper	Inapa – IPG, SA	May 1998
Logistipack – Carton Services,SA	14, Impasse aux Moines 91410 Dourdon France	**100.00**	Packaging	Europacking SGPS, Lda	January 2008

DESIGNATION	REGISTERED OFFICE	GROUP % STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Inapa Belgique	Vaucampslan, 30 1654 Huizingen Belgium	**99.94**	Paper	Inapa-France, SA	May 1998
Inapa Luxembourg	211, Rue des Romains. L. 8005 Bertrange Luxembourg	**97.81**	Paper	Inapa Belgique	May 1998
Inapa Deutschland, GmbH	Warburgstraß, 28 20354 Hamburg Germany	**97.60**	Holding	Gestinapa - SGPS, SA	April 2000
Papier Union, GmbH	Warburgstraße, 28 20354 Hamburg Germany	**94.90**	Paper	Inapa Deutschland, GmbH	April 2000
PMF- Print Media Factoring, GmbH	Warburgstraße, 28 20354 Hamburg Germany	**100.00**	Factoring	Papier Union, GmbH	September 2005
Inapa Packaging, GmbH	Warburgstraß, 28 20354 Hamburg Germany	**100.00**	Holding	Papier Union, GmbH	2006
HTL Verpackung, GmbH	Werner-von-Siemens Str 4-6 21629 Neu Wulmstrof Germany	**100.00**	Packaging	Inapa Packaging, GmbH	January 2006
Hennessen & Potthoff, GmbH	Tempelsweg 22 Tonisvorst Germany	**100.00**	Packaging	Inapa Packaging, GmbH	January 2006
Inapa Viscom, GmbH	Warburgstraß, 28 20354 Hamburg Germany	**100.00**	Holding	Papier Union, GmbH	January 2008
Complott Papier Union, GmbH	Industriestrasse 40822 Mettmann Germany	**100.00**	Visual Communication	Inapa VisCom, GmbH	January 2008
Inapa – Merchants, Holding, Ltd	Torrington House, 811 High Road Finchley N12 8JW UK	**100.00**	Holding	Gestinapa – SGPS ,SA	1995

DESIGNATION	REGISTERED OFFICE	GROUP % STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Inapa Suisse	Althardstrasse 301 8105 Regensdorf Switzerland	**100.00**	Paper	Inapa - IPG,SA and Papier Union, GmbH	May 1998
Inapa Angola Distribuição de Papel,SA	Rua Amílcar Cabral nº 211 Edifício Amílcar Cabral 8º Luanda - Angola	**100.00**	Paper	Inapa Portugal,SA	December 2009
Edições Inapa, Lda	Rua Castilho, 44-3º 1250-071 Lisbon - Portugal	**100.00**	Editing	Inapa - IPG,SA and Gestinapa, SGPS,SA	November 2009
Europackaging SGPS, Lda	Rua Castilho, 44-3º 1250-071 Lisbon - Portugal	**100.00**	Holding	Inapa - IPG,SA and Gestinapa, SGPS,SA	October 2011

In 2011, there were the following amendments in respect of companies included in consolidation: (i) establishment of a new entity based in Portugal, Europackaging, SGPS, SA, (ii) sale of the Tavistock Paper Sales Ltd, subsidiary, (iii) change of interest percentage in Inapa Deutschland GmbH, with the sale of 2.4% of this company to a foreign entity, in result of which was determined a gain in the amount of 1,371 thousand euros, recorded in retained earnings, (iv) merger between the entity in MDE Logistipack - Carton Services, SA, and (v) sale of the participation of Logistipack - Carton Services, by Inapa France SA, to Europackging, SGPS, Lda.

The subsidiary Papier Union, GmbH made Inapa – IPG aware of the relevance of the provisions of paragraph 3, Section 264 of the German Commercial Code.

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

All balances and transactions with the subsidiaries were eliminated in the consolidation process. All balances and transactions with associates, which were not consolidated using the full consolidation method (Notes 10 and 36), and other companies where the Inapa Group has shares, are given in Note 34.

NOTE 36

COMPANIES EXCLUDED FROM CONSOLIDATION

The stakes given below were not included in the consolidation using the full consolidation method. The impact of not integrating them is not materially relevant, as they have been recorded by the equity method, as described in Notes 10 and 2.3. Megapapier was not consolidated by the full consolidation method as it is the intention of the Group to liquidate it as its value has been evaluated as zero.

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

NOTE 37

TRADE RECEIVABLES SECURITISATION

In the end of 2010, one of the Group companies, headquartered in Germany, had proceed to a new securitization operation for a period of 7 years, with the maximum amount of 45,000 thousand Euros.

These credits are booked in Balance sheet under Trade receivables against de heading Financing associated to financial assets (Note 22).

NOTE 38

COSTS RELATED TO THE SERVICES PROVIDED BY THE CURRENT AUDITORS

In the years ending on December 31, 2011 and 2010, the costs relating to the services provided to subsidiary companies by the principal auditors, were as follows:

	2011	2010
Chartered of Accounts services	556	565
Tax consultantion services	11	6
Other services	11	25
	578	**596**

NOTE 39

SUBSEQUENT EVENTS

The following events took place after December 31, 2011:

- Semaq acquisition (packaging company in France);
- Increased of the qualified participation of Nova Expressão SGPS, SA
- Establishment of a new qualified participation of Tiago Moreira Salgado

INFORMATION REQUIRED BY LEGISLATION

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

AUDIT REPORT FOR STATUTORY AND STOCK EXCHANGE REGULATORY PURPOSES ON THE CONSOLIDATED FINANCIAL INFORMATION

(Free translation from the original in Portuguese)

INTRODUCTION

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached consolidated financial statements of Inapa – Investimentos, Participações e Gestão, SA, comprising the consolidated balance sheet as at December 31, 2011 (which shows total assets of Euro 688,928 thousand and total shareholder's equity of Euro 203,254 thousand, including non-controlling interests of Euro 3,991 thousand and a net loss of Euro 6,161 thousand), the consolidated separate income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders equity and the consolidated cash flow statement for the year then ended, and the corresponding notes to the accounts.

RESPONSIBILITIES

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

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

SCOPE

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

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements, as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

OPINION

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Inapa – Investimentos, Participações e Gestão, SA as at December 31, 2011, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up to date, clear, objective and lawful.

REPORT ON OTHER LEGAL REQUIREMENTS

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

EMPHASIS

9 Without qualifying our opinion in paragraph 7 above, we draw attention that, as mentioned in Note 33 of the notes to the accounts, Papelaria Fernandes – Indústria e Comércio, SA has raised in 2007 against Inapa – Investimentos, Participações e Gestão, SA a legal proceedings, related to events occurred in previous years. Inapa – Investimentos, Participações e Gestão, SA considered that they do not have any relevant liability with Papelaria Fernandes – Indústria e Comércio, SA as a result of the transactions mentioned in the legal proceedings raised by this company, therefore, no provision had been created in the consolidated financial statements.

Lisbon, April 20, 2012

PricewaterhouseCoopers & Associados
– Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

José Pereira Alves, R.O.C.

INDIVIDUAL ACCOUNTS

BALANCE SHEET AS AT DECEMBER 31, 2011

(Amounts expressed in thousand Euros)

ASSETS	NOTES	DECEMBER 31, 2011	DECEMBER 31, 2010 (restated)
Non-current assets			
Tangible fixed assets	7	29.1	31.4
Investment properties	8	16,540.4	17,104.2
Other intangible assets	9	105.0	55.3
Investments - equity method	10	258,291.1	258,362.2
Investments - others methods	10	12.7	12.7
Other non-current receivables	15	37,212.3	37,212.3
Other financial assets	11	-	628.0
Deferred tax assets	12	380.2	2,563.1
Total non-current assets		**312,570.8**	**315,969.3**
Current assets			
Trade receivables	13	639.7	1,027.4
Tax to be recovered	14	922.1	502.5
Other current receivables	15	42,114.7	36,332.7
Deferrals		192.6	349.6
Other financial assets	11	628.0	-
Cask and bank deposits	4	140.6	229.1
Total current assets		**44,637.7**	**38,441.3**
Total assets		**357,208.5**	**354,410.6**

BALANCE SHEET AS AT DECEMBER 31, 2011

(Amounts expressed in thousand Euros)

SHAREHOLDERS EQUITY	NOTES	DECEMBER 31, 2011	DECEMBER 31, 2010 (restated)
Share capital	17	204,176.5	150,000.0
Issuance premium	17	451.1	2,937.3
Legal reserves	17	7,500.0	7,500.0
Other reserves	17	225.5	225.5
Retained earnings	17	-16,245.7	-14,887.4
Other shareholders equity changes	17	9,317.4	3,798.4
Net profit/ (loss) for the year	17	-6,161.4	2,941.5
Total shareholders equity		**199,263.4**	**152,515.3**

LIABILITIES			
Non-current liabilities			
Loans	18	60,235.5	62,336.6
Deferred tax liabilities	12	34.0	45.4
Other payables	19	3,804.3	4,570.1
		64,073.8	**66,952.1**
Total non-current liabilities			
Current liabilities		203.7	140.7
Suppliers	14	250.4	227.1
Tax liabilities	18	86,254.2	132,566.1
Loans	19	7,163.0	2,009.4
Other payables		-	-
Total current liabilities		**93,871.3**	**134,943.3**
Total liabilities		**157,945.1**	**201,895.3**
Total shareholders equity and liabilities		**357,208.5**	**354,410.6**

To be read in conjunction with the Notes to the individual financial statements

INCOME STATEMENT AS AT DECEMBER 31, 2011

(Amounts expressed in thousand Euros)

PROFIT AND LOSS	NOTES	DECEMBER 31, 2011	DECEMBER 31, 2010 (restated)
Sales and Service rendered	20	1,462.0	2,249.7
Gains / (losses) in associated/subsidiary companies	10	-1,658.4	4,531.6
General and administrative expenses	21	-1,550.2	-973.4
Personnel costs	22	-3,199.9	-2,832.5
Impairment on current assets	16	-	-2,154.9
Other gains and profits	20	11,801.4	10,382.3
Other losses and expenses	23	-259.0	-344.6
Net profit / (loss) before depreciations, financial function and income tax		**6,595.9**	**10,858.1**
Depreciations and amortizations	24	-599.5	-649.4
Operacional result (before financial function and income tax)		**5,996.4**	**10,208.7**
Financial income - intererest and similar gains	25	977.4	2,200.9
Financial costs - interest and similar costs	25	-10,938.1	-8,986.1
Net profit / (loss) before Income tax		**-3,964.3**	**3,423.5**
Income tax	12	-2,197.1	-482.0
Net profit / (loss) for the period		**-6,161.4**	**2,941.5**

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

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AS AT DECEMBER 31, 2011, AND DECEMBER 31, 2010

(Amounts expressed in thousand Euros)

	SHARE CAPITAL	SHARE ISSUANCE PREMIUM	RESERVES	RETAINED EARNINGS	ADJUSTMENTS ON FINANCIAL ASSETS	NET PROFIT / (LOSS) FOR THE PERIOD	TOTAL
AS AT JANUARY 1ST OF 2010	**150,000.0**	**2,937.3**	**7,725.5**	**-9,184.5**	**303.0**	**-**	**151,781.3**
Restatement effect (Note 5)	-	-	-	-5,585.0	-	-	-5,585.0
As at January 1st of 2010 (restated)	**150,000.0**	**2,937.3**	**7,725.5**	**-14,997.5**	**303.0**	**-**	**146,196.3**
Changes in period							
Equity method application	-	-	-	-	3,495.4	-	3,495.4
Other changes on shareholders equity	-	-	-	-117.9	-	-	-117.9
	-	**-**	**-**	**-117.9**	**3,495.4**	**-**	**3,377.5**
Net profit/ (loss) for the period (restated)			-	-	-	2,941.5	2,941.5
Total profit / (loss)	**-**	**-**	**-**	**-117.9**	**3,495.4**	**2,941.5**	**6,319.0**
Sahreholders equity movements in the period							
Distribuitions	-	-	-	-	-	-	-
Other operations							
- Net profit /(loss) applications	-	-		-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**
AS AT DECEMBER 31, 2010	**150,000.0**	**2,937.3**	**7,725.5**	**-14,887.4**	**3,798.4**	**2,941.5**	**152,515.3**
Changes in period							
Equity method application	-	-	-	-4,299.8	5,519.0	-	1,219.2
Other changes on shareholders equity	-	-	-	-	-	-	-
	-	**-**	**-**	**-4,299.8**	**5,519.0**	**-**	**1,219.2**
Net profit/ (loss) for the period	-	-	-	-	-	-6,161.4	-6,161.4
Total profit / (loss)	**-**	**-**	**-**	**-4,299.8**	**5,519.0**	**-6,161.4**	**-4,942.2**
Sahreholders equity movements in the period							
Capital increase	54,176.5	-	-	-	-	-	54,176.5
Capital changes	-	-2,486.2	-	-	-	-	-2,486.2
Distribuitions	-	-	-	-	-	-	-
Other operations							
- Net profit /(loss) applications	-	-		2,941.5		-2,941.5	-
	54,176.5	**-2,486.2**	**-**	**2,941.5**	**-**	**-2,941.5**	**51,690.3**
AS AT DECEMBER 31, 2011	**204,176.5**	**451.1**	**7,725.5**	**-16,245.7**	**9,317.4**	**-6,161.4**	**199,263.4**

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

CASH FLOW STATEMENT AS AT DECEMBER 31, 2011

(Amounts expressed in thousand Euros) - direct method

	NOTES	DECEMBER 31, 2011	DECEMBER 31, 2010
CASH FLOW GENERATED FROM OPERATING ACTIVITIES			
Cash receipts from customers		2,573.1	3,345.0
Payments to suppliers		-2,150.2	-1,851.8
Payments to personnel		-2,985.5	-2,303.4
Net cash from operational activities		**-2,562.6**	**-810.2**
Income taxes paid		-121.3	-182.9
Income taxes received		-	436.4
Other proceeds relating to operating activity		32,544.0	22,355.3
Other payments relating to operating activity		-24,542.2	-15,948.6
Net cash generated from operating activities	|1|	**5,317.9**	**5,849.8**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from:			
Financial investments		0.0	8,742.0
Tangible fixed assets		2.0	1.5
Interest and similar income		441.0	873.3
Loans conceded		27,425.2	40,132.2
Dividends		231.8	1,978.2
		28,099.9	**51,727.3**
Payments in respect of:			
Financial investments		-600.0	-1,544.2
Tangible fixed assets		-	-10,868.5
Intangible assets		-	-
Loans granted		-24,400.2	-37,491.4
		-25,000.2	**-49,904.1**
Net cash used in investing activities	|2|	**3,099.7**	**1,823.2**

CASH FLOW STATEMENT AS AT DECEMBER 31, 2011

(Amounts expressed in thousand Euros) - direct method

		NOTES	DECEMBER 31, 2011	DECEMBER 31, 2010
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from:				
Loans obtained			107,580.0	36,208.9
Capital increases, repayments and share premiums			51,690.4	-
Treasury placements			-	-
			159,270.4	**36,208.9**
Payments in respect of:				
Loans obtained			-155,111.2	-36,462.6
Amortization of financial leases			-901.2	-777.7
Interest and similar expenses			-9,042.8	-7,977.7
Dividends			-	-
			-165,055.2	**-45,218.0**
Net cash used in financing activities	**(3)**		**-5,784.8**	**-9,009.1**
Increase / (decrease) in cash and cash-equivalent	**(1+2+3)**		2,632.7	-1,336.1
Effect of exchange differences			0.3	1.5
			2,633.0	**-1,334.6**
Cash and cash equivalents - begining of period		4	-21,032.2	-19,697.6
Cash and cash equivalents - end of period		4	-18,399.2	-21,032.2
			2,633.0	**-1,334.6**

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

NOTE 1

INTRODUCTION AND IDENTIFICATION

Inapa - Investimentos, Participações e Gestão, S/A (Inapa - IPG) is the parent company of Inapa Group, being a stakeholder in the ownership and management of movable goods and real estate, making equity investments in other companies, the exploration of commercial and industrial establishments, whether its own or of others, as well as providing assistance to companies whose equity it partakes in. Inapa - IPG is listed on Euronext Lisbon. The most significant shareholdings are set out in note 17.

Registered Office: Rua Castilho nº44 3º, 1250-071 Lisbon, Portugal
Capital: 204,176,479.48 euros
NIPC (Corporate Taxpayer ID Nr): 500 137 994

The financial statements of the fiscal year were prepared in all material respects, in accordance to the standards of the Sistema de Normalização Contabilística [Accounting Standardisation System] (SNC)

These financial statements were approved by the Board of Administration, at the meeting of April 20th 2012. It is the Administration's opinion that these financial statements truly and properly reflect the transactions of Inapa - IPG as well as its status, financial performance and cash flows.

NOTE 2

ACCOUNTING REFERENCE IN THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1. BASIS OF PREPARATION

These financial statements have been prepared under the disclosures in force in Portugal, issued by Decree-Law nº 158/2009, of 13 July, and according to the Estrutura Conceptual [Framework] (EC), Normas Contabilísticas e de Relato Financeiro [Accounting and Financial Reporting Standards] (NCRF) and Normas Interpretativas [Interpretative Standards] (NI) listed in the Accounting Standardisation System (SNC)

2.2. WAIVER OF THE SNC PROVISIONS

In this exercise no SNC provisions were waived.

2.3. COMPARABILITY OF FINANCIAL STATEMENTS

The figures in the financial statements for the fiscal year ended 31 December 2011 are comparable in all significant aspects with those of fiscal year 2010. However, it should be taken in consideration that these comparative figures were restated to reflect the situation referred at note 5.

NOTE 3

MAIN ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

The attached financial statements have been prepared assuming the continuity of operations, from the Company's accounting records. The main accounting principles and valuation criteria adopted in preparing the financial statements are the following:

(i)Tangible fixed assets (NCRF 7)

The tangible fixed assets are booked at cost of acquisition, less accumulated depreciation and impairment losses. This cost includes the cost estimated on the date of transition to the SNC, and the costs for acquisitions of assets obtained afterwards.

The acquisition cost includes the purchase price of the asset, the costs directly attributable to their acquisition, including non-deductible taxes, and charges incurred in preparing the asset so as to be in a usable condition.
The land plots are not depreciated. Depreciation of other assets is calculated after the date on which the goods are available for use by the straightline method, according to the period of useful life for each one and which correspond to the following rates -

Buildings and other constructions	2% - 5%
Basic equipment	6.66% - 12.5%
Equipment transport	20% - 50%
Office equipment	10% - 12.5%

The depreciation process by twelfths, starts in the fiscal year's month when the respective asset goes into operation.

The costs of maintenance and repairs that do not increase the useful life of the assets, nor result in significant benefits or enhancement in items of tangible fixed assets, are booked as expenses in the fiscal year they occur.

(ii) Investment Properties (NCRF 11)

Tangible fixed assets are classified as investment property when held with the aim of achieving capital appreciation and income.

Investment property is initially valued at cost of acquisition, including transaction costs that can be directly assignable. After the initial recognition, the investment properties are stated at cost less the depreciation and accumulated impairment losses.

Costs incurred for investment property in use, namely, maintenance, repairs, insurance and taxes on proprieties are recognized as expenses in the period to which they relate. The leasehold improvements or investment property for which there are expectations that they will generate additional future economic benefits beyond initial estimates, are capitalized under the heading of investment properties.

(iii) Intangible Assets (NCRF 6)

Intangible assets are booked at cost of acquisition, less depreciation and accumulated impairment losses. Intangible assets are recognized only if it is likely that future economic benefits attributable to the asset will flow to the Company, are controllable and their cost can be assessed reliably.

The cost of acquisitions correspond to the price of purchase, including costs related to intellectual property rights and taxes on non redeemable purchases, after deducting trade discounts and rebates.

The assets without defined useful life are not subject to depreciation, but to an annual impairment tests.

The development expenses are recognized whenever the Company demonstrates the ability to complete its development and initiate their use and for which it is likely that the asset created will generate future economic benefits. The development costs that do not meet these criteria are recorded as expenses in the fiscal year they are incurred.

The amortization of an intangible asset with finite useful lives is calculated from the date of first use, according to the the straightline method, in accordance with the estimated period of useful life, taking into account the residual value.

Intangible assets booked are depreciated over a period of 5 years.

(iv) Lease contracts (NCRF 9)

The assets used under financial leasing contracts, for which the Company assumes substantially all risks and rewards inherent to its possession of the leased asset are classified as tangible fixed assets and the debts pending settlement are recognized according to the contractual financial plan.

Interest included in the income and depreciation value of the respective tangible fixed asset is recognized as expenses in the profit and loss account for the fiscal year to which they relate.

In lease contracts where the lessor undertakes a significant portion of the risks and benefits to the property, being the company the lessee, is classified as operating leases. The payments resulting from the completion of these contracts are booked in the profit and loss account over the lease term.

The classification of leases as either financial or operational depends on the substance of the transaction rather than the form of contract.

(v) Investments in subsidiaries and associates (NCRF 15 & NCRF 13)

Investments in subsidiaries and associates are booked under the equity method.

The subsidiaries are all entities (including special-purpose ones) over which Inapa - IPG has the power to decide on the financial or operational policies, what normally is associated with direct or indirect control of more than half of the voting rights. The associates are entities over which Inapa - IPG has between 20% and 50% of the voting rights or over which Inapa - IPG has significant influence, but cannot exercise control.

Upon acquisition, the excess cost in relation to the fair value of the Inapa - IPG portion in the identifiable assets acquired is booked as goodwill, which, less accumulated impairment losses, is considered under the heading of Investments – equity method. If the cost of acquisition is less than the fair value of net assets of the acquired subsidiary, the difference is recognized directly in the profit and loss account.

Under the equity method, the financial statements include the Company's share of total recognized gains and losses since the date that the control or significant influence begins until the date it effectively ends. Gains or losses that are not due to transactions made between companies of the Inapa Group, including associates, are eliminated. Dividends allocated by the subsidiary or associate are considered reductions of the investment held.

When the share of losses of a subsidiary or associate exceeds the investment value, the Group recognizes additional losses in the future, if the Group has incurred obligations or made payments on behalf of the associate or subsidiary.

The accounting policies implemented by subsidiaries and associates are changed, where necessary, to ensure that they are consistently applied by Inapa - IPG and by its subsidiaries and associates.

Entities that qualify as subsidiaries and associated companies are listed in Note 10.

(vi) Goodwill (NCRF 14)

Goodwill is booked as an asset under the heading of Investments - equity method and is not subject to depreciation. On an annual basis, or whenever there is evidence to a possible loss of value, the goodwill values are subject to impairment tests. Any impairment loss is recorded as an expense in the profit and loss account for the fiscal year and cannot be prone to later reversal.

(vii) Financial assets and liabilities (NCRF 27)

Investments - other methods

Financial contributions corresponding to equity instruments that are not traded in active market and whose fair value cannot be obtained reliably are measured at cost less any impairment loss. The remaining investments are measured at fair value with changes in fair value being recognized in the profit and loss account.

Costumers and other receivables

Entries of Customers and Other receivables constitute rights to receive for the sale of goods or services in the Company's ordinary course of business, being recognized initially at fair value and subsequently measured at amortized cost less impairment adjustments, if applicable (Notes 13 and 15).

Impairment losses of customer balances and accounts receivable are booked, whenever there is objective evidence that they are not recoverable. Identified impairment losses are booked in the profit and loss account on impairment of receivables, being subsequently reversed by income, if the impairment indicators no longer exist (Note 16).

Financing

Financing obtained is initially recognized at fair value, net of transaction and set-up costs incurred. The loans are subsequently reflected at amortized cost being the difference between the face value and the initial fair value recognized in the profit and loss account over the period of the loan, using the effective interest rate.

The loans obtained are classified as current liabilities, unless the Company has an unconditional right to defer payment of the liability for at least 12 months from the balance sheet date, being, in this case, classified as non-current liabilities (Note 18).

Suppliers and other payables

Entries of Suppliers and Other accounts payable are obligations to pay for the purchase of goods or services, being recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate.

(viii) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other short-term investments of high liquidity and with initial maturities up to three months and bank overdrafts. Bank overdrafts are shown on the balance sheet as current liabilities in the heading bank loans, and are considered in drafting the statement of cash flows, such as cash and cash equivalents (Note 4).

(ix) Impairment of assets (NCRF 12)

An impairment of assets is assessed on the balance sheet date and whenever a change occurs to circumstances indicating that the amount for which an asset is booked may not be recovered (Note 16). In the case of non-current assets that are not amortized because they do not have a finite useful life, impairment tests are carried out on a regular basis.

Whenever an asset amount accounted is higher than its recoverable amount, an impairment loss/provision is recognized. , which is booked in the profit and loss account or in equity when the asset has been appraised, a situation where the respective appreciation will be decreased. The recoverable amount is the highest value from the fair value of an asset less selling costs and its value in use.

The reversal of impairment losses recognized in prior fiscal years is booked when the reasons that caused the booking thereof ceased to exist (except goodwill). The reversal is booked in the profit and loss account unless the asset has been revalued and its revaluation booked in equity has been reduced as a result of impairment loss.

(x) Provisions, contingent liabilities and contingent assets (NCRF 21)

Provisions are recognized when and only when, the Company has a present obligation (legal or implicit) resulting from a past event, and it is likely that to settle the obligation, an outflow of resources occurs and the obligation amount can be reasonably estimated.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate at that date, taking into account the risks and uncertainties inherent in such estimates.

Provisions for restructuring expenses are recognized when there is a formal and detailed restructuring plan, which has been notified to the parties involved.

The present obligations arising from onerous contracts are valued and booked as provisions. There is an onerous contract when the company is an integral part of the provisions of a contract or agreement, compliance with which entails associated expenses that cannot be avoided, which exceed the economic benefits derived from it.

Contingent liabilities are not recognized in financial statements but are disclosed whenever the likelihood of an outflow of resources encompassing economic benefits is not remote. Contingent assets are not recognized in the financial statements, but are disclosed when likelihood exists of a future economical inflow of resources.

(xi) Revenue (NCRF 20)

Revenue is valued at fair value of the consideration received or receivable.

The income from services is recognized at fair value of amount receivable and according to the degree of the service execution.

Revenue from royalties is recognized in accordance with the economic periodization system and meeting the substance of corresponding contracts, provided it is likely that the economic benefits will flow to the Company and its amount can be reliably valued and is accounted for under the heading of Other income and gains.

Interest revenue is recognized using the effective interest method, provided it is likely that economic benefits will flow to the Company and its amounts can be reliably valued.

(xii) Earnings basis

The transactions are recognized in the accounts when earned, regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses are booked under Other receivable and payable accounts and Deferred income

(xiii) The effects of fluctuations in exchange rates (NCRF 23)

All assets and liabilities denominated in foreign currencies are converted into euros using the exchange rates prevailing at balance sheet dates. Exchange differences, gains and losses arising from differences between exchange rates in force on the date of the transactions and those in effect on the settlement date, or the balance sheet date were booked as income and expenses for the year.

Exchange differences arising from the conversion to euro from subsidiaries financial statements denominated in foreign currency are included in equity under the heading Other changes in equity

(xiv) Income taxes (NCRF 25)

The income tax comprises current tax and deferred taxes.

Current tax on income is calculated based on the Company's taxable income under the tax rules, and the deferred tax results from temporary differences between the amount of assets and liabilities for accounting report purposes (written-down value) and their amounts for taxing purposes (tax base).

Deferred tax assets and liabilities are calculated using tax rates in effect or announced to take effect at the date of the expected reversal of temporary differences.

The deferred tax assets are recognized only when there are reasonable prospects of obtaining future taxable income enough for its use, or in situations where there are taxable temporary differences to offset deductible temporary differences in the reversal period.

At the end of each period, the calculation of these deferred taxes is reviewed, and they are reduced whenever its future use is no longer likely.

The deferred taxes are recognized as expense or income for the fiscal year, except if they relate to amounts booked directly in equity, where the deferred tax is also revealed under the same heading.

(xv) Relevant estimates and judgements

The preparation of financial statements was conducted in accordance to generally accepted accounting principles, using the estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses during the reporting period. It should be noted that although estimates have been based on the best knowledge of the Board in relation to current events and actions, actual results may ultimately come to differ from them. However, the Administration Board is convict that the adopted estimates and assumptions do not involve significant risks that may cause material adjustments to the value of assets and liabilities during the next fiscal year.

The estimates that show a significant risk of entailing a material adjustment to the accounting values of assets and liabilities in the following fiscal year are listed below:

a) Estimated impairment of goodwill

Inapa - IPG on an annual basis tests whether goodwill impairment exists or not in accordance with the accounting policy described in Note 3 (vi). The recoverable values of the cash flow generating units are determined based on the calculation of usage values. These calculations require the use of estimates (note 10).

b) Income Tax

Inapa - IPG is subject to taxes over income, being the calculation of the tax subject to review by the tax authorities. When the final result of this review is different from the values initially booked, the differences will impact on the income tax and provisions for deferred tax, within the period in which such differences are identified.

Additionally, deferred tax assets include the effect of the value of tax losses for which there is expectation of recovery in the future. The non-recovery of tax losses or changes to the recovery expectation in future fiscal years will impact the income of the fiscal year in which the situation arises.

c) Doubtful collections

Impairment losses on bad loans are based on evaluation by Inapa - IPG as regards the likelihood of recovery of the balances of receivables. This evaluation process is subject to several estimates and judgements. The updates of these estimates may involve the determination of different impairment levels and, therefore, different impacts on results.

d) Provisions for litigation

Inapa - IPG is a party in some on-going lawsuits, having set provisions that are considered necessary always according to estimates made by management, based on the Company's lawyer's advice (Note 3 (x)).

A negative decision in any on-going lawsuit may have an adverse effect on business, financial condition and results of the Company.

NOTE 4

CASH FLOWS

The Cash and cash equivalents as at 31 December 2011 and 2010 are analysed as follows:

	2011	2010
Immediately available bank deposits	136	224
Funds	5	5
Cash and bank deposits in balance sheet	**141**	**229**
Bank overdrafts	-18,540	-21,261
Cash and its equivalents	**-18,399**	**-21,032**

NOTE 5

ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

In the year 2011 there were no updates of accounting policies used under the new regulatory environment.

Restatement of previous published financial statement

Inapa-IPG, through its subsidiaries, participated in a financing operation via securitization, with a maximum grant of EUR 140,000 thousand, for a period of seven years, taking the last credits for this operation been securitized in late 2010

Following the final determination of the operation conducted in 2011, an error was detected relating to prior periods, resulting from the misinterpretation information available. This correction, treated as an unrecoverable balances, totaled a record amount of 6,309 thousand euros in December 31, 2010 under the heading Other receivables accounts.

Under these circumstances and in accordance in NCRF 4, an impairment loss has been registered through the restatement of financial information previously disclosed for comparative purposes, for the year ended December 31, 2010, including the opening balances with effect from January 1 of 2010. Thus, the results of fiscal year 2010 were reduced by 724.2 thousand euros and the remaining effect was recognized in retained earnings with effect from 1 January 2010. As part of this restatement the balance of Other receivables at 31 December 2010 was reduced by the reclassification of an amount of 1,000 thousand euros in the item Other payables The restatement had the following impact:

	01-01-2010 PUBLISHED	RESTATEMENT EFFECT	01-01-2010 PUBLISHED
Liabilities			
Other current payables	13,410	5,585	18,995
Equity			
Retained earnings	-9,302	-5,585	-14,887

	31-12-2010 PUBLISHED	RESTATEMENT EFFECT	31-12-2010 RESTATED
Assets			
Other current assets	43,642	-7,309	36,333
Liabilities			
Other current payables	3,009	-1,000	2,009
Equity			
Retained earnings	-9,302	-5,585	-14,887
Net profit and loss for the period	3,666	-724	2,942
Income statement			
Impairment of receivables	-431	-1,724	-2,155
Interest and similar expenses incurred	-9,986	1,000	-8,986

NOTE 6

RELATED PARTIES

6.1. RELATED TO THE PARENT COMPANY

As mentioned in Note 1, Inapa - IPG is the parent company of the Inapa Group, whereas in Note 6.3 the balances with shareholders are disclosed.

6.2. REMUNERATION PROVIDED TO MEMBERS OF THE CORPORATEARD

The remuneration paid by Inapa - IPG to the members of the Governing Board in 2011 and 2010 are analysed as follows (euros):

	2011	2010
Board of Administration		
Remunerations	1,139,500	901,596
Post-employment benefits	-	-
Other long-term benefits	-	-
Benefits from employment termination	-	-
Payment in shares	-	-
	1,139,500	**901,596**
Audit Committee*		
Remunerations	**103,500**	**94,941**
General Meeting		
Remunerations	**7,000**	**7,000**

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

6.3. BALANCES WITH OTHER RELATED PARTIES

The Company maintains business and financing relationships with subsidiaries.

The subsidiaries owned directly by the Company at 31 December 2011, are as follows:

DESIGNATION	HEADQUARTERS	% OF DIRECT PARTICIPATION	ACTIVITY
Gestinapa - SGPS,SA	Rua Castilho, nº 44-3º 1250-071 Lisbon - Portugal	100.00	SGPS
Inapa France, SA	91813 Corbeil Essones Cedex - France	100.00	Paper Distribution
Inapa Deutschland, GmbH	Warburgstraß, 28 20354 Hamburg Germany	47.00	Holding
Inapa Suisse, AG	Althardstrasse 301 8105 Regensdorf – Switzerland	32.50	Paper Distribution
Edições Inapa, Lda	Rua Castilho, 44-3º 1250-071 Lisbon - Portugal	99.20	Editorial
Europackaging SGPS, Lda	Rua Castilho, 44-3º 1250-071 Lisbon - Portugal	98.00	Holding

On 31 December 2011 and 2010, balances with Inapa Group of companies were as follows:

2011

	CURRENT ASSETS			ASSETS NONCURRENT	LIABILITIES			
		OTHER RECEIVABLES			LIABILITIES - FINANCING OBTAINED			OTHER CURRENT LIABILITIES
COMPANY	CLIENTS	GROUP COMPANIES	OTHER DEBTORS	OTHER RECEIVABLES	BONDS	OTHER BORROWINGS		
						NON CURRENT	CURRENT	
Gestinapa - SGPS, SA	-	28,906.7	-	-	-	-	-	-
Inapa Portugal, SA	65.5	1,052.7	-	-	-	-	-	320.6
Edições Inapa, Lda	-	1,237.2	-	-	-	-	-	-
Inapa France, SA	62.3	-	2.7	-	29,744.7	-	-	713.4
Inapa Belgique,SA	-	-	-	-	-	-	-	120.0
Inapa España, SA	-	145.7	-	-	-	-	-	6.7
Inapa Deutschland, GmbH	106.3	4,584.6	230.9	20,517.0	-	-	-	4,373.6
Papier Union, GmbH	187.7	-	-	-	-	-	-	6.2
Inapa Suisse, AG	217.9	4.0	-	-	-	1,727.5	3,821.8	
Europackaging SGPS, Lda	-	816.0	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
	639.7	**36,747.0**	**233.5**	**20,517.0**	**29,744.7**	**1,727.5**	**3,821.8**	**5.563,7**

2010

COMPANY	CURRENT ASSETS			ASSETS NON CURRENT	LIABILITIES - FINANCING OBTAINED		
	CLIENTS	GROUP COMPANIES	OTHER DEBTORS	OTHER RECEIVABLES	BORROWINGS OBLIGATIONAL	OTHER BORROWINGS NON CURRENT	OTHER BORROWINGS CURRENT
Gestinapa - SGPS, SA	-	22,521.7	25.6	-	-	-	-
Inapa Portugal, SA	90.8	597.3	793.9	-	-	-	248.3
Edições Inapa, Lda	0.0	1,703.6	-	-	-	-	-
Inapa France, SA	177.3	2.4	2.5	-	36,750.0	-	41.4
Inapa Belgique,SA	14.9	8.0	-	-	-	-	-
Inapa España, SA	60.4	13.7	353.0	-	-	-	-
Inapa Deutschland, GmbH	112.5	3.8	117.7	20,517.0	-	-	-
Papier Union, GmbH	236.7	2,104.9	24.8	-	-	-	-
Tavistock, Paper Sales Lda	32.8	0.2	-	-	-	-	-
Inapa Suisse, AG	299.5	4.8	-	-	-	3,678.8	1,716.5
Others	2.5	-	-	-	-	-	11.4
	1,027.4	**26,960.4**	**1,317.5**	**20,517.0**	**36,750.0**	**3,678.8**	**2,017.6**

The balances receivable from Gestinapa - SGPS, SA and Europackaging SGPS, Lda do not bear interest nor have fixed term of repayment. The receivable balances booked under Other receivable accounts - Group Companies related to Inapa France SA, to Inapa Deutschland, GmbH and to Paper Union bear interest at current market rates.

Additionally, Inapa - IPG has financing contracted with Banco Comercial Português SA, an entity that has a qualifying holding in the Company (Note 17). At December 31 of 2011 Inapa-IPG does not hold any balance for the issuance of commercial paper (2010: 25,000 thousand euros) and bank overdrafts with Banco Comercial Português S/A. 4,752.5 thousand euros (2010: 72.4 thousand euros) (Note 18).

During the years 2011 and 2010, transactions with related parties were as follows:

2011

	SALES AND SERVICES RENDERED	OTHER INCOME	OTHER EXPENSES	FINANCIAL COSTS
Inapa Portugal, SA	194	2	38	-
Edições Inapa, Lda	9	-	2	-
Inapa France, SA	281	79	500	1,339
Inapa Belgique,SA	5	1	120	-
Inapa Luxembourg,SA	-	-	25	-
Inapa España, SA	231	1,078	-	-
Inapa Deutschland, GmbH	218	877	-	-
Papier Union, GmbH	-	467	19	-
Tavistock, Paper Sales Lda	-	-	-	-
Inapa Suisse, AG	523	3	-	123
BCP	-	-	-	1,151
	1,462	**2,508**	**704**	**2,614**

2010

	SALES AND SERVICES RENDERED	OTHER INCOME	OTHER EXPENSES	FINANCIAL COSTS
Inapa Portugal, SA	133	34	57	-
Edições Inapa, Lda	9	-	-	-
Inapa France, SA	131	321	-	1,185
Inapa Belgique,SA	-	27	-	-
Inapa Luxembourg,SA	-	5	-	-
Inapa España, SA	68	764	-	-
Inapa Deutschland, GmbH	228	601	-	-
Papier Union, GmbH	-	553	-	-
Tavistock, Paper Sales Lda	-	-	-	-
Inapa Suisse, AG	536	58	-	83
BCP	-	-	-	1,337
	1,105	**2,363**	**57**	**2,605**

NOTE 7

TANGIBLE FIXED ASSETS

During the fiscal year ended 31 December 2011, the transactions under the heading of tangible fixed assets were as follows:

	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
ACQUISITION COST						
Balance as at 1 January 2011	**92.7**	**10.5**	**5.9**	**112.7**	**6.3**	**228.1**
Increases	-	-	-	0.7	-	0.7
Divestitures	-	-	-5.9	-	-	-5.9
Transfers/deductions	-	-	-	-	-	-
Balance as at 31 December 2011	**92.7**	**10.5**	**-**	**113.4**	**6.3**	**222.9**
ACCRUED DEPRECIATIONS						
Balance as at 1 January 2011	**79.0**	**4.9**	**5.9**	**105.0**	**1.9**	**196.7**
Reinforcement	-	1.5	-	1.2	0.4	3.0
Divestitures	-	-	-5.9	-	-	-5.9
Transfers/deductions	-	-	-	-	-	-
Balance as at 31 December 2011	**79.0**	**6.4**	**-**	**106.2**	**2.3**	**193.8**
Net value as at beginning of 2011	**13.7**	**5.6**	**-**	**7.7**	**4.4**	**31.4**
Net value as at end of 2011	**13.7**	**4.1**	**-**	**7.2**	**4.0**	**29.1**

During the fiscal year ended 31 December 2010, the transactions that occurred under the heading of tangible fixed assets were as follows:

	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
ACQUISITION COST						
Balance as at 1 January 2010	**79.0**	**9.3**	**6.7**	**103.9**	**3.8**	**202.7**
Increases	13.7	1.2	-	8.8	2.5	**26.2**
Divestitures	-	-	-0.8	-	-	**-0.8**
Transfers/deductions	-	-	-	-	-	**-**
Balance as at 31 December 2010	**92.7**	**10.5**	**5.9**	**112.7**	**6.3**	**228.1**
ACCRUED DEPRECIATIONS						
Balance as at 1 January 2010	**52.7**	**3.4**	**6.7**	**103.9**	**1.5**	**168.2**
Reinforcement	26.3	1.5	-	1.1	0.4	**29.3**
Divestitures	-	-	-0.8	-	-	**-0.8**
Transfers/deductions	-	-	-	-	-	**-**
Balance as at 31 December 2010	**79.0**	**4.9**	**5.9**	**105.0**	**1.9**	**196.7**
Net value as at beginning of 2010	**26.3**	**5.9**	**-**	**-**	**2.3**	**34.5**
Net value as at end of 2010	**13.7**	**5.6**	**-**	**7.7**	**4.4**	**31.4**

NOTE 8

INVESTMENT PROPERTIES

During the fiscal year ended on 31 December 2011, the transactions under the category of investment properties were as follows:

	LAND PLOTS	BUILDINGS AND OTHER CONSTRUCTIONS	TOTAL
COST OF ACQUISITION			
Balance as at 1 January 2011	**3,906.6**	**14,044.4**	**17,951.0**
Increases	-	-	-
Divestitures	-	-	-
Transfers/write-offs	-	-	-
Balance as at 31 December 2011	**3,906.6**	**14,044.4**	**17,951.0**
ACCRUED DEPRECIATIONS			
Balance as at 1 January 2011	**-**	**846.8**	**846.8**
Reinforcements	-	563.8	563.8
Divestitures	-	-	-
Transfers/write-offs	-	-	-
Balance as at 31 December 2011	**-**	**1,410.6**	**1,410.6**
Net value as at beginning of 2011	**3,906.6**	**13,197.6**	**17,104.2**
Net value as at end of 2011	**3,906.6**	**12,633.8**	**16,540.4**

During the fiscal year ended on 31 December 2010, the transactions under the category of investment properties were as follows:

	LAND PLOTS	BUILDINGS AND OTHER CONSTRUCTIONS	TOTAL
COST OF ACQUISITION			
Balance as at 1 January 2010	**3,906.6**	**14,044.4**	**17,951.0**
Increases	-	-	**-**
Divestitures	-	-	**-**
Transfers/write-offs	-	-	**-**
Balance as at 31 December 2010	**3,906.6**	**14,044.4**	**17,951.0**
ACCRUED DEPRECIATIONS			
Balance as at 1 January 2010	**-**	**282.9**	**282.9**
Reinforcements	-	563.9	**563.9**
Divestitures	-	-	**-**
Transfers/write-offs	-	-	**-**
Balance as at 31 December 2010	**-**	**846.8**	**846.8**
Net value as at beginning of 2010	**3,906.6**	**13,761.5**	**17,668.1**
Net value as at end of 2010	**3,906.6**	**13,197.6**	**17,104.2**

The Investment Property account refers mainly to the acquisition in 2009 by cession of the real estate and basic equipment leasing contracts from the Group's Spanish subsidiary, of the property designed for warehousing and its robotic equipment located in Leganés (Madrid) (See Note 19). The assets underlying these contracts were subsequently leased to Inapa Spain, S/A for a period of six years, whereas the rents charged for this transaction are reflected under the heading "Other income and gains".

NOTE 9

INTANGIBLE ASSETS

During the year ended 31 December 2011, the transactions in the items of intangible assets were as follows:

	SOFTWARE	OTHER INTANGIBLE ASSETS	IN PROGRESS	TOTAL
COST OF ACQUISITION				
Balance as at 1 January 2011	**171.6**	**104.4**	**1.9**	**277.8**
Increases	18.6	25.2	38.4	82.2
Divestitures	-	-	-	-
Transfers/write-offs	-	-	-	-
Balance as at 31 December 2011	**190.2**	**129.6**	**40.3**	**360.0**
ACCRUED AMORTIZATIONS				
Balance as at 1 January 2011	**159.0**	**63.6**	**-**	**222.6**
Increases	20.1	12.4	-	32.5
Divestitures	-	-	-	-
Transfers/write-offs	-	-	-	-
Balance as at 31 December 2011	**179.1**	**76.0**	**-**	**255.1**
Net value as at beginning of 2011	**12.6**	**40.8**	**1.9**	**55.3**
Net values as at end of 2011	**11.1**	**53.6**	**40.3**	**105.0**

During the year ended 31 December 2010, the transactions in the items of intangible assets were as follows:

	SOFTWARE	OTHER INTANGIBLE ASSETS	IN PROGRESS	TOTAL
COST OF ACQUISITION				
Balance as at 1 January 2010	**171.6**	**97.2**	**7.2**	**276.0**
Increases	-	-	1.9	1.9
Divestitures	-	-	-	-
Transfers/write-offs	-	7.2	-7.2	-
Balance as at 31 December 2010	**171.6**	**104.4**	**1.9**	**277.9**
ACCRUED AMORTIZATIONS				
Balance as at 1 January 2010	**117.2**	**49.0**	**-**	**166.2**
Increases	41.,8	14.6	-	**56.4**
Divestitures	-	-	-	-
Transfers/write-offs	-	-	-	-
Balance as at 31 December 2010	**159.0**	**63.6**	**-**	**222.6**
Net value as at beginning of 2010	**54.4**	**48.2**	**7.2**	**109.8**
Net values as at end of 2010	**12.6**	**40.8**	**1.9**	**55.3**

NOTE 10

INVESTMENTS

On 31 December 2011 and 2010, investments in subsidiaries and associated companies booked under Investments - equity method, as well as other financial investments booked under Investments - other methods, are broken down as follows:

	2011							2010	
	HEADQUARTERS	ASSETS*	EQUITY*	NET INCOME*	% OF SHARE	ALLOCATED INCOME	BALANCE VALUE	% OF SHARE	BALANCE VALUE
Stock share in subsidiaries & associates									
a) Portuguese									
Gestinapa - SGPS, SA	Lisbon	205,626.7	134,470.1	2,556.4	100.0%	-2,294.7	132,469.9	100.0%	132,469.9
Edições Inapa, Lda	Lisbon	1,558.4	217.0	-284.7	98.0%	-285.9	595.1	2.0%	0.1
Europackaging - SGPS, Lda	Lisbon	3,712.5	4.5	-0.5	98.0%	50.4	4.9	-	-
						-2,530.2	**133,069.9**		**132,470.0**
a) Foreign									
Inapa France, SA	France	248,207.5	145,285.9	1,449.8	100.0%	-2,083.5	235,245.1	100.0%	235,245.1
Inapa Deutschland, GmbH	Germany	149,548.4	72,754.1	-1,379.3	47.0%	3,423.9	72,000.0	47.0%	72,000.0
Inapa Suisse, AG	Switzerland	29,228.8	23,707.6	-475.0	32.5%	-468.6	5,123.1	32.5%	5,123.1
						871.8	**312,368.2**		**312,368.2**
Ajustment by application of the equity method							-187,147.0		-186,476.0
						-1,658.4	**258,291.1**		**258,362.2**
Stock share in other companies									
Medialivro - Actividades Editoriais, SA	Lisbon	**	**	**	3.9%		83.1	3.9%	83.1
Others							12.7		12.7
Impairment							-83.1		-83.1
							12.7		**12.7**

* Information relating to statutory financial statements

**Financial information not available on the date

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

03. FINANCIAL INFORMATION

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

The transactions occurred under the caption of Investments - equity method is derived primarily from application of the equity method.

As mentioned in Note 3 (vi), the goodwill calculated during application of the equity method is recorded under the heading Investments - equity method. The goodwill booked by Inapa-IPG, together with the remaining goodwill booked in the consolidated accounts of the Inapa Group, was allocated as a whole to each of the several segments of the Group's business and its impairment was also tested considering each segment of business throughout the Group. Thus, in the sequence of the Group's goodwill impairment booking in 2006 as a whole, it was not possible to quantify the amount of goodwill included in the section above.

The Group calculates on an annual basis the recoverable amount of assets and liabilities associated with the activity of the various business segments, by determining the value in use, according to the method of "discounted cash flow".

The amounts were supported by expectations of market development, whereas future cash flow projections have been compiled, based on medium and long-term plans approved by the Administration Board covering a period up to 2016. The projections of cash flows beyond the plan period are extrapolated using the estimated growth rates shown below. The growth rate does not exceed the average long term growth of the various activities.

Management determines the gross budgeted margin according to past performance and its expectations for market development. The weighted average growth rate used is consistent with the forecasts included in reports of the sector. The discount rates used are post-tax and reflect specific risks related to the relevant segments.

The assumptions which were the basis for Goodwill impairment testing were the following:

	2011	2010
Growth rate of sales	1.85%	1.85%
EBITDA margin	4.3%	4.7%
Inflation rate	2.0%	2.0%
Discount rate after taxes	6.2%	7.0%
Discount rate before taxes	8.0%	8.8%

NOTE 11

OTHER FINANCIAL ASSETS

On 31 December 2011 and 2010 the heading Other financial assets, noncurrent, is analysed as follows:

	2011	2010
Non current financial assets		
BANIF - Unidades de participação em fundos de investimento	-	628
Others	-	-
Current financial assets		
BANIF - Unidades de participação em fundos de investimento	628	-
Others	-	-
	628	**628**

In the 2011 fiscal year there was a reclassification of the non-current investment to current financial assets due to its maturity date, that will occur in 2012. During the 2010 fiscal year participation units were disposed by Inapa - IPG held in the BANIF – Unidades de participação em fundos de investimento (Investment fund share units), giving rise to a gain of 147.7 thousands euros. Additionally, in fiscal year 2010 the "Junior Notes" associated with the securitization transaction amounting to EUR 7.6 million became due, which owing to their nature do not add more or less value, while interest fell due during the operation period at a rate of 5% per year.

NOTE 12

INCOME TAX - CURRENT AND DEFERRED

The Company and three subsidiaries based in Portugal (Inapa Portugal, Gestinapa and Edições Inapa) are taxed on the basis of the Corporate Income Tax (IRC) under the special regime for taxation of corporate groups, comprising companies with a stake equal to or greater than 90% and which meet the conditions laid down in Article 69 and ensuing under the IRC Code. Inapa - IPG as the dominant company, is responsible for calculating the taxable profits of the Group, through the algebraic sum of taxable fiscal profit and loss ascertained in the income statements of each one of the controlled companies belonging to the Group.

The current tax gain or loss is calculated by each subsidiary based on its individual tax situation. Any gain or loss arising from the consolidated tax regime is recognized by the Company as operating reward or defrayal within the fiscal year itself.

The payment of income tax is based on self-assessment statements that are subject to inspection and possible adjustment by the Tax Authority within the next four years. If tax losses are determined, they can be used in the six subsequent years if they have been generated up to 2009 and in the four subsequent years to those generated after that year and shall be subject to possible adjustment by the Tax Authorities following revisions to be made to statements in the fiscal years they are used.

The Company is subject to IRC (Corporate Income Tax) at the regular rate of 25%, plus 1.5% spread, resulting in an aggregate tax rate of 26.5%. Additionally Inapa is subject to a state tax spread rate corresponding to a rate of 3% or 5%, levied on taxable income that exceed 1,5 million euros or 10 million euros, respectively.

The value of deferred taxes relating to 31 December 2011 and 31 December 2010 is as follows:

	31 DECEMBER 2011		31 DECEMBER 2010		
	BASE	DEFERRED TAX	BASE	DEFERRED TAX	INCOME OF FISCAL YEAR
Deferred tax asset					Dr/(Cr)
Fiscal losses	706	177	8,940	2,235	2,058
Transitional adjustment					
- intangible assets	666	176	887	235	59
- financial discount	36	9	47	13	4
Others	67	18	302	80	62
		380		**2,563**	
Deferred tax liabilities					
Adjustment of transition					
- financial discount	128	**34**	171	**45**	-11
Deferred tax of the fiscal year					**2,172**

The reduction of deferred tax assets relating to tax losses is mainly due to the value corresponding to the reversal of tax losses for 2007 and 2008, whose use is not considered likely.

The deferred taxes were calculated on the tax loss ascertained under the special tax regime for corporate groups. As at 31 December 2011, the amount of unused tax losses of group companies and the limit-years for their use are:

FISCAL YEAR LOSS	VALUE	YEAR LIMIT FOR DEDUCTION
2007	7,692	2013
2008	1,248	2014
2011	706	2017

The tax on profit before tax differs from the theoretical amount that would result from applying the weighted average rate of income tax on profits as follows:

	2011	2010
Net income on profits before taxes	-3,964	3,423
Nominal tax rate (26,5%)	1,051	-907
Tax amount on income	-2,197	-482
	-3,248	**425**
Permanent differences	26	100
Correction of initial balance	2,235	-
Others (*)	987	325
	3,248	**425**

(*) Includes annulation by equity method

The taxes booked in the profit and loss account for 2011 and 2010 are detailed as follows:

	2011	2010
Current tax	26	39
Deferred tax	2,172	443
	2,197	**482**

NOTE 13

CLIENTS

On 31 December 2011 and 2010, the breakdown of the Clients item is as follows:

	2011	2010
Clients - group	640	1,027
Clients - others	-	-
Bad debt clients	-	-
	640	**1,027**
Impairment losses (Note 16)	-	-
	640	**1,027**

NOTE 14

STATE AND OTHER PUBLIC ENTITIES

On 31 December 2011 and 2010 there were no debts in arrears vis-à-vis the State and other public entities. The balances with these entities were as follows:

	DEBIT BALANCES		CREDIT BALANCES	
	2011	2010	2011	2010
Tax on Added Value	480	192	-	-
Tax on Personal Income Collections	442	310	152	115
Social Security	-	-	39	36
Tax on Personal Income Single - withholding tax	-	-	59	76
	922	**503**	**250**	**227**

NOTE 15

OTHER RECEIVABLES

On 31 December 2011 and 2010, the breakdown of the item Other receivable accounts, is as follows:

	2011	2010
Other receivables - non current		
Inapa Deutschland	20,517	20,517
Fimopriv	16,695	16,695
Impairment losses	348	348
	37,560	**37,560**
Others	-348	-348
	37,212	**37,212**

	2011	2010
Other receivables - current		
Income increases		
Bank interest receivable	234	145
Amounts to be invoiced	4,697	6,718
	4,931	**6,863**
Others debtors		
Cash advances to personnel	-	15
Group Companies (Note 6)	36,747	26,960
Cash advances for account of Group companies	-	8,061
Insurances	-	48
Other debtors	437	1,695
	37,184	**36,779**
Impairment losses	-	-7,309
	42,115	**36,333**

On 31 December 2011 and 2010, Other non-current receivables include a credit of 16.7 million euros on Fimopriv H S/A resulting from acquisition by this company of equity that Inapa - IPG owned. Inapa - IPG admits, in future, to raise this credit to purchase its stake which Fimopriv H, S/A owns in the capital of Papier Union, GmbH.

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

The balance of Other current receivables, on December 31, 2010 was restated in accordance with the above in Note 5. Thus, the previously disclosed balance of 43,642 thousand euros was reduced by 7,309 thousand euros (impairment loss), resulting in an amount of 36,333 thousand euros.

NOTE 16

IMPAIRMENTS

During the years 2011 and 2010, the recognized asset impairments had the following transactions:

	FINANCIAL SHARING	OTHER RECEIVABLES M/L TERM	OTHER RECEIVABLES SHORT TERM	TOTAL
Balance as at 1 January 2010	**-**	**-**	**-**	**-**
Reinforcement	83	348	1,724	2,155
Utilizations	-	-	-	-
Transfers	-	-	5,585	5,585
Reversals	-	-	-	-
Balance as at 31 December 2010	**83**	**348**	**7,309**	**7,740**
Reinforcement	-	-	-	-
Utilizations	-	-	-7,309	-7,309
Reversals	-	-	-	-
Balance as at 31 December 2011	**83**	**348**	**-**	**431**

NOTE 17

CAPITAL, RESERVES AND OTHER ITEMS OF EQUITY

On 31 December 2011 and 2010, the equity details are as follows:

	2011	**2010**
Capital	204,176.5	150,000.0
Bonus for issue of shares	451.1	2,937.3
Legal reserves	7,500.0	7,500.0
Other reserves	225.5	225.5
Profits & Losses Brought Forward	-16,245.7	-14,887.4
Adjustments in financial assets		
- Listed with the equity method	9,317.4	3,798.5
Net income of the fiscal year	-6,161.4	2,941.5
	199,263.4	**152,515.3**

On 31 December 2011, the share capital was represented by 450,980,441 shares, of which 150,000,000 are of ordinary nature with no par value and 300,980,441 preferred shares certificated and bearer without voting rights and no par value (in 2010 the share capital was represented by 150,000,000 bearer shares with a face value of euro 1.00 each. Share capital is fully paid in.

The preferred shares confer the right to a preference dividend of 5% of their issue price (0.18 euros per share), taken from the profits that, under applicable law, may be distributed to shareholders. In addition to the preference dividend right, preferred shares confer all the rights attaching to ordinary shares, except the right to vote.

The preferred dividend that is not paid in a fiscal year must be paid within the following three years, before dividends of these, since there are distributable profits. In the case of the priority dividend is not fully paid during two fiscal years, preferred shares are to confer voting rights on the same terms that the ordinary shares and will only lost this right in the year following that in which the dividends have been paid.

Inapa - Investimentos, Participações e Gestão S/A was notified under articles 16 and 248-B of the Securities Code and the CMVM Regulation 5/2008, regarding retention of stake qualified by the following persons, individual or corporate:

- Parpública – Participações Públicas, SGPS, SA: - 49,084,738 shares representing 32.72% of capital stock and voting rights;

- Banco Comercial Português S/A, to whom 27,361,310 shares were to allocate, corresponding to 18.24% of stock and of voting rights (*), and;

- Nova Expressão SGPS, SA, to whom 3,000,000 shares were to allocate, corresponding to 2% of stock and voting rights.

Notes:
(*) The share allocated to Banco Comercial Português S/A is broken down as follows:
- Banco Comercial Português S/A .... 10,869,412 shares corresponding to 7.25% of voting rights;
- Fundo de Pensões do Grupo BCP ...... 16,491,898 shares corresponding to 10.99% of voting rights

The Company was not notified, under the invoked legal and regulatory provisions, of any alterations to the aforesaid shares or through other holders, who are in charge by granting partnership shares with voting rights equal to or greater than 2%.

On 31 December 2011 and 2010, the shareholders with stocks equal to or greater than 2% are summarized as follows:

	2011		2010	
SHAREHOLDER	SHARES	%	SHARES	%
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	49,084,738	32.72%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	16,491,898	10.99%
Banco Comercial Português, SA	10,869,412	7.25%	10,869,412	7.25%
Albano R.N. Alves - Distribuição de Papel,SA				
Own Shares	-	-	50,000	0.03%
Shares hold by person or entity according to article 447	-	-	5,138,305	3.43%
Nova Expressão SGPS, SA	3,000,000	2.00%	-	-

On 31 December 2011, the Company did not own treasury stocks nor were treasury stock transactions verified in this fiscal year.

The awards for issue of shares correspond to the difference between the face value of Inapa - IPG shares acquired and its fair realization value and cannot be allocated in the form of dividends but may be used to increase share capital or to cover losses. This item is reduced by the expenses incurred by Inapa - IPG totaling 2,486.2 thousand euros, with the capital increase carried out in 2011.

The commercial legislation establishes that at least 5% of the annual net income must be used for reinforcement of the legal reserve until it represents at least 20% of the capital. This reserve is not distributable except in case of liquidation of the Company, but can be used to absorb losses after all other reserves have been exhausted, or incorporated into the capital.

The item Adjustments on financial assets includes transactions in the equity of subsidiaries and associates of Inapa-IPG, following application of the equity method.

At the General Meeting held on 6 April 2011, the 2010 net profit of 3,665,724.32 euros was approved and transferred to profits and losses brought forward.

Following the restatement made, as detailed in Note 5, the negative balance of retained earnings at December 31, 2010, previously presented by the amount of 9,302.3 thousand euros, was increased by 5,585 thousand euros, having a new present value of 14,887.4 thousand euros and the profit for the year ended on that date was reduced by 724 thousand euros presenting a restated amount of 2,941.5 thousand euros.

NOTE 18

FINANCING OBTAINED

On 31 December 2010 and 2010, loans obtained items are analysed as follows:

	2011	2010
Non current		
Guaranteed bonds (Note 6)	29,744.7	36,750.0
Bank loans	28,763.3	21,907.8
Group Companies (Note 6)	1,727.5	3,678.8
	60,235.5	**62,336.6**
Current		
Commercial paper	63,235.1	108,000.0
Overdrafts and bonded accounts	18,539.9	21,261.0
Bank loans	657.4	1,287.5
Group Companies (Note 6)	3,821.8	2,017.6
	86,254.2	**132,566.1**
	146,489.7	**194,902.7**

The bond loans account correspond to issue of bonds made by Inapa - IPG with full repayment in June 2013, earning interest at an Euribor rate over 12 months plus a spread. On 31 December 2011 and 2010 these bonds were in possession of Inapa France, SA

The bank loans item - non current (28,763.3 thousand euros) and current (657.4 thousand euros) include two bank loans maturing in 2012 and 2013.

The loans obtained include 64,650 thousand euros, corresponding to the emissions of commercial paper, vis-à-vis six financial Institutions, refundable by its face value over the period of one year, renewable for a period of 5 years, except 21,000 thousand euros renewable for two years and 5,000 thousand euros renewable for 1.5 years.

The debts to credit institutions, including commercial paper, bear interest at the current market rates.

At the end of fiscal year 2011, the Company also had bank credit lines under contract, not used, in the amount of 15,160.1 thousand euros.

On 31 December 2011 and 2010, the maturity of non-current loans is as follows:

	2011	2010
Up to 1 year	-	-
Between 2 and 5 years	60,236	62,337
Over 5 years	-	-
	60,236	**62,337**

On 31 December 2011 and 2010, exposure of loans to changes in interest rates pursuant to the contract periods for rate setting are as follows:

	2011	2010
Interest rate setting periods		
Up to 6 months	140,160	184,030
Between 6 and 12 months	4,602	7,194
Between 1 and 5 years	1,728	3,679
Over 5 years	-	-
	146,490	**194,903**

On 31 December 2011 and 2010, the net financial debt is as follows:

	2011	2010
Loans		
Current	86,254.2	132,566.1
Non current	60,235.5	62,336.6
	146,489.7	**194,902.7**
Debts for financial leasings (Note 19)	4,574.1	5,352.1
	151,063.8	**200,254.8**
Cash and bank deposits	140.6	229.1
	150,923.2	**200,025.7**

NOTE 19

OTHER PAYABLES

On December 31, 2011 and 2010, breakdown of the item Other payable accounts, is as follows:

	2011	2010 (restated)
Other accounts payable - non current		
Investment Suppliers	3,804.3	4,570.1
Others	-	-
	3,804.3	**4,570.1**
Other accounts payable - current		
Expenditure increases		
Remunerations payable	614.2	730.2
Charges on financing	-	-
Others	15.0	16.0
	629.2	**746.2**
Other Creditors		
Investment Suppliers	769.8	782.0
Group Companies (Note 6)	5,563.7	-
Others	200.3	481.2
	6,533.8	**1,263.2**
	7,163.0	**2,009.4**

The providers of investments correspond to the debt for acquisition of assets under financial leasing, which assets are booked under Investment properties (see Note 8).

Consequent on the restatement carried out as detailed in Note 5, the balance of Other payables – other previously presented on December 31, 2010 in the amount of 1,481.2 thousand euros, was reduced by 1,000 thousand euros, presenting a new balance of 481.2 thousand euros.

On 31 December 2011 and 2010 the debt on financial leases included under the items of Other accounts payable - current and non-current was as follows:

	2011	2010
Debt relating to financial leases		
Investment suppliers - non current	3,804.3	4,570.1
Investment suppliers - current	769.8	782.0
	4,574.1	**5,352.1**
Debt relating to financial leases		
Value of income - not discounted		
- less than 1 year	858.9	859.6
- more than 1 year and less than 5 years	2,549.8	2,706.6
- more than 5 years	1,508.9	2,114.5
	4,917.6	**5,680.7**
Financial onus to bear	**-343.5**	**-328.6**
Updated value of debt with leases	**4,574.1**	**5,352.1**

The debt relating to financial leases corresponds to the amount owed to BPI leasing arising from two financial lease contracts maturing in 2012 and 2017.

NOTE 20

SALES, SERVICES AND OTHER INCOME AND GAINS

On 31 December 2011 and 2010, the item Sales and services rendered essentially consists of services provided to companies belonging to the Inapa Group (Note 6).

In 2011 and 2010, the item Other income and earnings is detailed as follows:

	2011	2010
Other supplementary income	9,360	7,903
Royalties of Group companies	473	904
Revenues	1,077	740
Gains from investment divestitures	-	199
Others	891	636
	11,801	**10,382**

The item Other income consists mainly of additional income earned by the Company with the intervention in negotiation processes involving the Inapa Group. Of this amount, approximately 4,697 thousand euros (2010: 6,718 thousand euros) are booked under Other accounts receivable.

NOTE 21

EXTERNAL SUPPLIES AND SERVICES

In the fiscal years 2011 and 2010, the breakdown of expenses on external supplies and services is as follows:

	2011	2010
Specialized works	360.4	370.1
Income and rents	146.2	146.2
Elocations and stays	86.9	103.6
Communication	60.8	75.6
Insurances	53.4	70.0
Marketing	655.1	-
Others	187.4	207.9
	1,550.2	**973.4**

NOTE 22

PERSONNEL EXPENSES

In 2011 and 2010, the balances under the heading Personnel Expenses are analysed as follows:

	2011	2010
Payrolls	2,529.8	2,007.9
Contributions to Social Security	350.2	341.2
Other costs on personnel	319.9	483.4
	3,199.9	**2,832.5**

During the fiscal year, the Company had on average 26 employees (2010: 25 employees) working for it.

NOTE 23

OTHER EXPENSES AND LOSSES

Breakdown of the item Other expenses and losses for years 2011 and 2010 is shown in the following table:

	2011	2010
Taxes	84.8	32.7
Contributions	25.3	10.4
Donations	20.0	21.3
Losses of previous fiscal years	18.7	144.6
Others	110.2	135.6
	259.0	**344.6**

NOTE 24

EXPENSES/REVERSAL OF DEPRECIATION AND AMORTIZATION

In 2011 and 2010, the balances of this item are analysed as follows:

	2011	2010
Tangible fixed assets	3	29
Intangible assets	33	55
Investment properties	564	564
	599	**649**

NOTE 25

FINANCIAL INCOME AND EXPENDITURES

The breakdown of financial income and expenses for fiscal years 2011 and 2010 is as follows:

	2011	2010 (restated)
Financial Income		
Interest obtained	977.4	2,029.4
Favourable Forex Differences	-	-
Other earnings	-	171.5
	977.4	**2,200.9**
Financial Expenses		
Interest incurred	-7,470.8	-5,257.5
Unfavourable Forex Differences	-198.6	-735.6
Stamp Duty	-352.6	-237.0
Other financial costs and expenses	-2,916.1	-2,756.0
	-10,938.1	**-8,986.1**
	-9,960.7	**-6,785.2**

Consequent on the restatement carried out as detailed in Note 5, the balance at Other expenses and other financial expenses, previously presented on December 31, 2010 in the amount of 3,756 thousand euros, was reduced by 1,000 thousand euros, having a present value of 2,756 thousand euros.

NOTE 26

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

On 1 August 2007, Papelaria Fernandes – Indústria e Comércio, SA filed against Inapa – Investimentos, Participações e Gestão, SA and its subsidiaries Inaprest – Prestação de Serviços, Participações e Gestão, SA (extinct) and Inapa Portugal – Distribuição de Papel, SA a lawsuit whereby the pleading reads, in short:

- the annulment of the following acts:
- constitution in June 2006 of a commercial pledge to counter-guarantee letters of comfort issued by Inapa - Investimentos, Participações e Gestão, as security for loans held by that company from Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
- business conducted in 1991 of concentrated activities in the distribution of paper at SDP (now Inapa Portugal) and the production and marketing of envelopes at Papelaria Fernandes;
- acquisition of shares in 1994 held by Papelaria Fernandes in SDP (now Inapa Portugal);
- compensation of credits carried out, also in 1994 between Papelaria Fernandes and Inaprest.
- condemnation of Inapa:
- to maintain the comfort letters issued in favor of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
- to indemnity Papelaria Fernandes in case of any mobilization of the commercial pledge as a counter-guarantee for the letters of comfort.

Papelaria Fernandes - Indústria e Comércio SA later came to settle their liabilities toward Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo and therefore:

- the letters of comfort issued by Inapa - IPG are no longer applicable, having been returned by their beneficiaries;
- this Company consequently notified Papelaria Fernandes – Indústria e Comércio SA to verify the resolutive condition of the commercial pledge made by it in favor of this Company.

The lawsuit, which was assigned a value of 24,460 thousand euros, was challenged by Inapa - IPG and by its subsidiary Inapa Portugal – Distribuição de Papel, SA, is currently awaiting the Court to determine the effects on the dissolution or liquidation action of Inaprest – Prestação de Serviços, Participações e Gestão, SA. The Inapa Group believes that the aforesaid process should not result in significant charges and no provision has been made.

Liabilities for bank guarantees

The Company has provided several bank guarantees through several financial institutions, totalling 117,500 thousand euros, in favour of Inapa France, SAS (6.5 million) and for the purpose of issuing commercial paper (113 million euros). Additionally, we provided a bank guarantee of an operational nature and in favour of third parties amounting to 1,000 thousand euros.

NOTE 27

FEES FOR SERVICES PROVIDED BY THE CHARTERED ACCOUNTANT

In the fiscal years ended on 31 December 2011 and in 2010, the amounts incurred, in euros, for services rendered by the chartered accountant to Inapa - IPG are as follows:

	2011	2010
Legal Review Services of Accounts and auditing	73,904	78,600
Chartered accountant fiscal consulting services	11,100	6,300
Other services	-	25,000
	85,004	**109,900**

NOTE 28

EVENTS AFTER THE BALANCE SHEET DATE

After 31 December 2011, the following event occurred that merits mention:

- Acquisition of Semaq (packaging company in France).
- Increased of the qualified participation of Nova Expressão SGPS, SA
- Establishment of a new qualified participation of Tiago Moreira Salgado

AUDIT REPORT FOR STATUTORY AND STOCK EXCHANGE REGULATORY PURPOSES ON THE INDIVIDUAL FINANCIAL INFORMATION

(Free translation from the original in Portuguese)

INTRODUCTION

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached financial statements of Inapa – Investimentos, Participações e Gestão, SA, comprising the balance sheet as at December 31, 2011 (which shows total assets of Euro 357,209 thousand and total shareholder's equity of Euro 199,263 thousand, including a net loss of Euro 6,161 thousand), the income statement, the statement of changes in shareholders equity, the cash flow statement for the year then ended and the corresponding notes to the accounts.

RESPONSIBILITIES

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

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

SCOPE

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence

supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements, as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

OPINION

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Inapa – Investimentos, Participações e Gestão, SA as at December 31, 2011, the results of its operations, the changes in equity and the cash flows for the year then ended in accordance with generally accepted accounting principles in Portugal and the information included is complete, true, up to date, clear, objective and lawful.

REPORT ON OTHER LEGAL REQUIREMENTS

8 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

EMPHASIS

9 Without qualifying our opinion in paragraph 7 above, we draw attention that, as mentioned in Note 26 of the notes to the accounts, Papelaria Fernandes – Indústria e Comércio, SA has raised in 2007 against Inapa – Investimentos, Participações e Gestão, SA a legal proceedings, related to events occurred in previous years. Inapa – Investimentos, Participações e Gestão, SA considered that they do not have any relevant liability with Papelaria Fernandes – Indústria e Comércio, SA as a result of the transactions mentioned in the legal proceedings raised by this company, therefore, no provision had been created in the financial statements.

Lisbon, April 20, 2012

PricewaterhouseCoopers & Associados
– Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

José Pereira Alves, R.O.C.

REPORT AND OPINION OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. INTRODUCTION

In conformance with the provisions of sub-paragraph g) of paragraph 1 of Article 423-F of the "Código das Sociedades Comerciais" (the Portuguese Companies Act), the Audit Committee of the Board of Directors of INAPA – Investimentos, Participações e Gestão, SA hereby presents its annual report on its auditing activities and its assessment of the Management Report and the individual and consolidated financial statements, relating to the financial year ending on 31-12-2011, as well as the proposal on the distribution of earnings, presented by the Board of Directors.

2. COMPANY AUDIT

In 2011 the Audit Committee continued its work of supervising the administration of the company through regular monitoring of the evolution of the activity of the company and its subsidiaries in Portugal and abroad, namely with the participation of its members in the meetings of the Board of Directors, through contacts with the Executive Committee and reading of the respective minutes, the systematic analysis of operating and financial information periodically available, and also the contacts it considered appropriate with the several executive directors and heads of the departments involved.

Supervisory activity aimed to:

- Ensure compliance with the law and the bylaws;
- Verify the compliance of the books, accounting records and supporting documents;
- Verify the accuracy of the documents for rendering of accounts;
- Verify that the adopted accounting policies and valuation criteria lead to a correct assessment of the assets and earnings.

During 2011 and in accordance with paragraph 3 of Article 456 of the "Código das Sociedades Comerciais" (the Portuguese Companies Act), the Audit Committee conducted the effective prior appraisal of the Board of Directors resolution to increase the share capital of 150 million up to EUR 225 million, and issued a favourable opinion on the transaction.

Pursuant to Internal Rules on Company business with related parties, the Commission has also appraised two adjudications for services rendered to the Company by a related entity. The Commission considered the operations respected the principles laid down in that regulation and gave its assent.

The Audit Committee has particularly monitored the preparation and analysis of periodical financial information published pursuant to law, and for this reason individually and collectively its members held meetings and established contacts considered appropriate with both the executive directors and the heads of the departments involved, as well as with the Chartered Accountant and External Auditor.

The Committee also paid special attention to the analysis of the main risks and of the efficacy of the respective management and internal monitoring systems.

To this purpose the Audit Committee maintained a close and regular monitoring of progress of the work on formalization of systematic data and important elements that compose the risk management systems and internal control of INAPA IPG and societies that integrate the Group. The Audit Committee considers this work of great importance not only for allowing the Group to provide the appropriate support documents relating to practices in use in this area, but also because the path for the identification and registration of these elements provides, in itself, a greater and better awareness of each and every one of those responsible at different levels on the most critical aspects of management and enhances the identification of improvement opportunities.

The Audit Committee did not come across any irregularities – as foreseen in the internal regulation of the company – presented by shareholders, company employees or any other parties.

The Audit Committee audited the processes for the preparation of financial information and the examination of accounts, as well as the independence of the Chartered Accountant and External Auditor.

To this end, the Committee specifically analysed and assessed the rendering of other services besides auditing, including fiscal consultancy services, albeit of limited extent, by the organisation to which the Chartered Accountant and External Auditor belongs, namely with regards to the specific conditions in which the services were rendered and the safeguards adopted, as well as in terms of reasonability of the respective fees which it considered appropriate for the retention of independence of the abovementioned Chartered Accountant and Auditor.

During the financial year of 2011, besides participating in all the Board of Directors meetings, within the scope of its duties and responsibilities, the Audit Committee held 11 (eleven) meetings and carried out other inquiries which it deemed to be necessary and appropriate.

In the exercising of its supervisory activities, from which the corresponding minutes were drawn up, the Audit Committee has always counted on the availability and collaboration of the executive Board and the company's services.

In order to strengthen and improve its functioning and performance, the Audit Committee, in agreement with the Executive Committee, held in 2011 the definition of the bases and the specific framework in which the Audit Committee now has the technical assistance of the Company's responsible for Internal Audit, subject to the usual organic positioning of this function and the corresponding institutional relationship.

In the course of its action, the Audit Committee has not faced any constraint worth nothing.

3. ASSESSMENT REGARDING REPORTS AND ACCOUNTS

The Audit Committee examined the Management Report and the individual and consolidated financial statements relating to the financial year ending on December 31st 2011 (which include balance sheet, profit and loss accounts, income statements, statements of cash flow and those regarding changes in shareholder's equity, as well as the respective notes in attachment), documents with which it agrees.

The individual statements were drafted in accordance with the accounting principles generally accepted in Portugal (namely SNC) and the consolidated statements were drafted in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The Audit Committee examined the legal Certificates for the Accounts and Audit Reports regarding the individual and consolidated financial information issued in April 20th 2012 by the company's Chartered Accountant and External Auditor, documents with which it is in agreement.

Polyester strap

In view of the above mentioned points and the activities performed, the Audit Committee is of the opinion that the Management Report and the individual and consolidated financial statements, relating to the financial year of 2011, as well as the proposal for the distribution of earnings contained in the Management Report, are in accordance with applicable laws and regulations, due to which they are worthy of approval at the Shareholders Meeting.

4. DECLARATION OF CONFORMANCE

In conformance with the provisions of nr. 1, sub-paragraph c) of Article 245 of CVM (the Securities Code), the members of the Audit Committee of the Board of Directors of INAPA – Investimentos, Participações e Gestão, SA, hereby declare that, to the best of their knowledge, the information contained in the Management Report, in the annual accounts, in the Legal Certification of Accounts and in all other documents for the rendering of individual and consolidated accounts, required by law or regulations, with regards to December 31st 2011, was drafted in accordance with applicable accounting standards, thereby giving a truthful and appropriate view of the assets and liabilities, the financial situation and the earnings of the company and the companies included within consolidated statements, and that the Management Report faithfully represents the growth of the company's business, the performance and the standing of the company and the companies included in consolidated statements, including a description of the main risks and uncertainties affecting the companies.

In conformance with the provisions of nrs. 5 and 6 of Article 420 of the Commercial Companies Act, in order to fulfil the provisions of nr. 2 of Article 423-F of the same code, the Audit Committee hereby declares that:

- The report on the structure and practices of the company's corporate governance, which follows the CMVM model and constitutes a specific chapter of the Management Report, includes the elements referred in article 245-A CVM (the Securities Code);
- It agrees with the above mentioned Management Report and annual accounts.

Lisbon, April 20th 2012

The Audit Committee

Emídio de Jesus Maria
Board Member and Chairman of the Audit Committee

Acácio Jaime Liberado Mota Piloto
Board Member and member of the Audit Committee

Eduardo Gonzalo Fernandez Espinar
Board Member and member of the Audit Committee

VISUAL COMMUNICATION

Visual communication is a very dynamic business segment with constant technology innovations. The development of digital printing has been the changing driver that boosted the growth in this industry.

Inapa operates only in the German market. Its product and services range from the sale of large format printer, all media substrates used for printing, inks, consumables, software and technical support.

04.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

INTRODUCTION

This Corporate Governance Report was compiled in conformance with the provision of Regulation no.1/2007 of CMVM (Portuguese Securities Exchange Commission).

This report follows the structure of Annex I of CMVM Regulation previously mentioned.

CHAPTER 0
COMPLIANCE STATEMENT

0.1.

Location where the public may find the Corporate Governance Codes to which the issuer is subject or those which the issuer voluntarily abides by, if applicable.

The CMVM text of the corporate governance code to which the issuer is subject (CGS CMVM 2010) is written in paragaraph 0.2, and the text of the governance reports referring to this company are available at:
- The Company's Head Office, in Rua Castilho, nr 44 – 3rd floor,in Lisbon
- The company's corporate website: - www.inapa.pt;
- The website of Comissão do Mercado de Valores Mobiliários (CMVM): www.cmvm.pt;

The company hereby informs that this Report will be available for consultation at all of the aforementioned locations and may be obtained separately or as an Addendum to the Annual Report and Accounts of the Company, of which it is an integral part.

0.2.

Disclosure of which of the specific recommendations of CMVM's Corporate Governance Code have and have not been adopted:

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
I. GENERAL MEETING		
I.1 GENERAL MEETING		
I.1.1. The Presiding Board of the General Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration	Yes	I.1.
I.1.2. The remuneration of the Presiding Board of the General Meeting shall be disclosed in the Annual Report on Corporate Governance	Yes	I.3.
I.2. PARTICIPATION AT THE MEETING		
I.2.1. The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days	Yes (with the coming into force of Decree-Law 49/2010, of May 19, the regime is the one stated in Article 23-C CVM, as written in this bylaw)	I.4.
I.2.2. Should the general meeting be suspended, the company shall not compel share blocking during the interim period until the meeting is resumed and shall then prepare itself in advance as required for the first session	Yes (with the coming into force of Decree-Law 49/2010, of May 19, the regime is the one stated in Article 23-C CVM, as written in this bylaw)	I.5.
I.3. VOTING AND EXERCISING VOTING RIGHTS		
I.3.1. Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting	Yes (clarifying that the Company did not use electronic voting)	I.9. I.12.
I.3.2. The statutory deadline for receiving early voting ballots by mail may not exceed three working days	Yes	I.11.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
I. GENERAL MEETING		
I.3. VOTING AND EXERCISING VOTING RIGHTS		
I.3.3. Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle	Yes	I.6.
I.4. RESOLUTION-FIXING QUORUM		
I.4.1. Companies shall not set a resolution-fixing quorum that outnumbers that which is prescribed by law	No (Under the Company's Bylaw, meetings at first notice require a number of shareholders representing at least 1/3 of share capital to be in attendance or duly represented not only for purposes of the validity of resolutions taken in conformance with the provisions of paragraph 2 of Article 383 of the CSC (Companies Act), but also for purposes of any resolutions of the General Meeting of Shareholders. Such deviation from this principle is based on an understanding, long held by this Company, that its resolutions shall be based on a minimum number of attending shareholders that is representative, especially with a view to defend the interests of small individual shareholders.)	I.8.
I.5. MINUTES AND INFORMATION ON RESOLUTIONS PASSED		
I.5.1. Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than a 3 year period	Yes	I.13.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
I. GENERAL MEETING		
I.6. MEASURES ON CORPORATE CONTROL		
I.6.1. Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction	Not applicable (the Company' Bylaws do not provide for any restriction of this nature).	I.19.
I.6.2. In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors	Yes	I.20. I.21. I.22.
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1. GENERAL POINTS		
II.1.1. STRUCTURE AND DUTIES		
II.1.1.1. The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles	Yes	II.1.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1. GENERAL POINTS		
II.1.1. STRUCTURE AND DUTIES		
II.1.1.2. Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyse and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk-warning ; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary	Yes (under the terms refered on item II.5.)	II.5.
II.1.1.3. The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs	Yes	II.6.
II.1.1.4. The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance	Yes	II.9.
II.1.1.5. The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website	Yes	II.4.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1. GENERAL POINTS		
II.1.2. GOVERNANCE INCOMPATIBILITY AND INDEPENDENCE		
II.1.2.1. The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity	Yes	II.14
II.1.2.2. Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board Directors	Yes	II.14.
II.1.2.3. The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member	Yes	II.15.
II.1.3. ELIGIBILITY AND APPOINTMENT CRITERIA		
II.1.3.1. Depending on the applicable model, the Chair of the Supervisory Board and of the Auditing and Financial Matters Committees, shall be independent and adequately competent to carry out his/her duties	Yes	II.15. II.18.
II.1.3.2. The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members	No	II.16.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1. GENERAL POINTS		
II.1.4. POLICY ON THE REPORTING OF IRREGULARITIES		
II.1.4.1. The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: i) the means be which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter	Yes	II.35.
II.1.4.2. The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance	Yes	II.35.
II.1.5. REMUNERATION		
II.1.5.1. The remuneration of the Members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows:		II.22. II.30. II.32. II.33.
(i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity	Not applicable (variable remuneration is suspended for the fiscal years of 2010 and 2011.)	II.34.
(ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components	Not applicable	
(iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period	Not applicable	

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1. GENERAL POINTS		
II.1.5. REMUNERATION		
II.1.5.1. (CONT.)		
(iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company	Yes	
(v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares	Not applicable	
(vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years	Not applicable	
(vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance	No	
(viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company	Yes	
II.1.5.2. Statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination by agreement of the Directors' duties	No	

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1. GENERAL POINTS		
II.1.5. REMUNERATION		
II.1.5.3. The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the directors' remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.	Yes	II.30.
II.1.5.4. A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of 8 Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting	Not Applicable (the Company has no plan for the allotment of shares and/or options to buy shares.)	I.17.
II.1.5.6. At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders	No	I.15.
II.1.5.7. The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance	Yes	II.31.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.2. BOARD OF DIRECTORS		
II.2.1. Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report	Yes	II.3.
II.2.2. The Board of Directors must ensure that the company acts in accordance with its goals, and shall not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved	Yes	II.3.
II.2.3. Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report	Not applicable (The Chairman of the Board of Directors does not have any executive functions).	II.8.
II.2.4. The annual management report shall include a description of the activity carried out by the Non-Executive Board Members and shall mention any restraints encountered	Yes	II.17.
II.2.5. The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report	No	II.11.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.3. CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS		
II.3.1. When Managing Directors that carry out executive duties are requested by other Board Members to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made	Yes	II.3.
II.3.2. The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, as applicable, to the Chair of the Supervisory Board or the Auditing Committee, respectively	Yes	II.13.
II.3.3. The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee	Not applicable	II.1.
II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD		
II.4.1. Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved	Not applicable	II.1.
II.4.2. The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing and Supervisory Committee must be disclosed on the company's website	Yes	III.15.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD		
II.4.3. The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Supervisory Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against	Yes	II.4.
II.4.4. The General and Supervisory Board, the Auditing Committee and the Supervisory Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports	Yes	II.3.
II.4.5. According to the applicable model, the General and Supervisory Board, Auditing Committee and Supervision Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present	Yes	II.3.
II.4.6. The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company	Yes	II.3. II.5.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II – BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.5. SPECIAL COMMITTEES		
II.5.1. Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of director's duties	Yes (Given the size of the Company, of its Board of Directors, and of the duties performed by its Audit Committee, it was considered that the appointment of any of the indicated committees is not necessary.)	II.2.
II.5.2. Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy	Yes	II.38. II.39.
II.5.3. Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services	Yes	II.39.
II.5.4. All the Committees shall draw up minutes of the meetings held	Yes	II.37. II.38.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
III. INFORMATION AND AUDITING		
III.1. GENERAL DISCLOSURE DUTIES		
III.1.1. Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit	Yes	III.16.
III.1.2. The following information that is made available on the company's Internet website shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code b) Articles of Association c) Credentials of the Members of the Board of Directors and the Market Liaison Officer d) Investor Assistance Unit – its functions and access means e) Accounts Reporting documents f) Half-Yearly Calendar on Company Events g) Proposals sent through for discussion and voting during the General Meeting h) Notices convening meetings	Yes	III.16.
III.1.3. Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement	Yes	III.18.
III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board	Yes	II.6.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
III. INFORMATION AND AUDITING		
III.1. GENERAL DISCLOSURE DUTIES		
III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report	Yes	III.17.
IV. CONFLICTS OF INTEREST		
IV.1. SHAREHOLDER RELATIONSHIP		
IV.1.1. Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions	Yes	III.12.
IV.1.2. Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board	Yes	III.12. III.13.

0.3.

The Company analysed in detail its compliance to the recommendations of CMVM on corporate governance matters.

0.4.

The structure and corporate governance pratices do not diverge from CMVM recommendations, except on the signalized on the table above.

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CHAPTER I
GENERAL MEETING

1.1.
MEMBERS OF THE PRESIDING BOARD OF THE GENERAL MEETING

At present, the Board of the General Meeting of Shareholders is composed by the following members:

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

Besides the support of the secretary, the Chairman of the Board of the General Meeting also has the support of the company's secretary as well as its administrative services that are deemed adequate and sufficient for the right performance of his duties.

1.2.
INDICATION OF THE START AND END DATES OF MANDATES

The members of the Board of the General Meeting of Shareholders are currently serving a three year term running from 2010 to 2012 and were appointed by resolution of the shareholders at their meeting of May 11, 2010.

1.3.
DETAILS OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF THE GENERAL MEETING

Pursuant to a resolution of the Remunerations Committee dated May 21, 2008, the remuneration of the Chairman of the General Meeting of Shareholders was set at € 5,000.00 (five thousand Euros) payable for every meeting chaired.

1.4.
INDICATION OF THE PRIOR NOTICE REQUIRED FOR THE BLOCKING OF SHARES FOR PARTICIPATION IN THE GENERAL MEETING

Paragraph 1 of Article 23-C CVM (Securities Exchange Commission) stipulates, as written in Decree-Law 49/2010 of May 19, that "Shareholders may participate and exercise their voting rights at meetings of the General Meeting provided they hold shares, at 0 hours (TMG) of the fifth business day prior to the date of the meeting (registration date), that entitle them, according to the law and the Company's Articles of Associations, to at least one vote".

1.5.
INDICATION OF THE RULES FOR BLOCKING SHARES IN THE EVENT OF THE GENERAL MEETING BEING SUSPENDED

In paragraph 2 of Article 23-C CVM it is stipulated that "the exercising of rights (to participate, discuss and vote in the general meeting) shall not be harmed by the allotment of shares in a period after the registration date, and is not dependent on the blocking of shares between that date and the date of the general meeting".

1.6.
NUMBER OF SHARES CORRESPONDING TO ONE VOTE

Paragraph 5 of Article 13 of Inapa's Bilaws stipulates that "every share registered or deposited in conformance with the provisions of paragraph 1 of this Article shall be entitled to one vote".

1.7.
INDICATION OF STATUTORY REGULATIONS WHICH ENVISAGE THE EXISTENCE OF SHARES THAT DO NOT CONFER VOTING RIGHTS OR WHICH ENABLE VOTING RIGHTS OVER A CERTAIN NUMBER NOT TO BE COUNTED, WHEN ISSUED BY A SINGLE SHAREHOLDER OR SHAREHOLDERS RELATED THERETO

The only statutory provision that foresees the existence of shares that do not confer voting rights is set out in paragraph 3 of its Article 8 which stipulates that the Company may issue preference shares carrying no voting rights. The company during the course of 2011, has issued 300 980 441 preferred shares with no voting right, increasing the company's share capital from € 150 000 000.00 to € 204 176 479.38.

The Company's Articles of Association do not stipulate any other restrictions on the counting of voting rights above a certain number, when such votes are exercised by a single shareholder or by shareholders associated with the shareholder in question.

1.8.
THE EXISTENCE OF ARTICLES OF ASSOCIATION RULES ON THE EXERCISE OF VOTING RIGHTS, INCLUDING CONSTITUTIVE AND DECISION-MAKING QUORUMS OR SYSTEMS FOR EQUITY RIGHTS

The statutory provisions on this matter are set out in paragraphs 2 and 3 of Article 17 which respectively stipulate that:

- "The General Meeting shall meet at first call whenever a number of shareholders or their representatives, whose holdings represent at least one third of the share capital are in attendance."
- "Resolutions passed at a meeting held at second call shall be deemed valid regardless of the number of shareholders in attendance or duly represented and whichever the percentage of share capital their holdings may represent."

The Company' Bylaws do not contain provisions on any systems based on special rights having to do with equity.

1.9.
THE EXISTENCE OF ARTICLES OF ASSOCIATION RULES ON THE EXERCISE OF VOTING BY POST

Statutory regulations on the exercise of voting by post are set out in the provisions of paragraphs 2, 3 and 4 of Article 13 of the company's bylaws which respectively stipulate that:

"Shareholders may exercise their voting rights by post. To do so, they should address a registered letter with recorded delivery to the Chairman of the Board of the General Meeting at least three working days prior to the date of the session of the General Meeting in question."

"Postal votes count towards forming the quorum for the General Meeting. The Chairperson of the Board of the General Meeting is responsible for checking the authenticity and regularity of these votes, as well as ensuring their confidentiality until the time of the vote. Postal votes are considered revoked if the shareholder or their representative attends the General Meeting."

"Postal votes for motions tabled after these votes have been issued count as 'no' votes."

1.10.
PROVIDING A FORM FOR THE RIGHT TO VOTE BY POST

The Company provides its shareholders with a registration form specifically designed for purposes of voting by post, which is always forwarded upon request and which is also available on its corporate website: www.inapa.pt, under Investor Relations in the chapter "General Meeting of Shareholders".

1.11.
A DEADLINE REQUIREMENT FOR THE RECEIPT OF THE POSTAL BALLOTS AND THE DATE ON WHICH THE GENERAL MEETING IS HELD

The statutory provisions ruling this matter are stipulated in paragraph 2 of Article 13 of Inapa's Articles of Association, as follows:

"Shareholders may exercise their voting rights by post, for which purpose they shall notify the Chairman of the Board of the General Meeting of their intention, in writing with acknowledgement of receipt, in the three business days prior to the date of the meeting of the General Meeting of Shareholders to which such intention relates."

1.12.
THE EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS

To date, it has not been possible to reconcile Inapa's concerns that meetings of its General Meeting of Shareholders are to be convened in a venue providing adequate and satisfactory facilities with the technical requirements to provide systems for voting by electronic means, but it is important to note that, up till now, the Company has not received from its shareholders any indication showing their possible interest in exercising their voting rights via such means.

1.13.
POSSIBILITY OF SHAREHOLDERS GAINING ACCESS TO EXCERPTS FROM THE MINUTES OF THE GENERAL MEETINGS IN THE COMPANY'S WEBSITE WITHIN FIVE DAYS AFTER THE GENERAL MEETING WAS HELD

A summary of the resolutions adopted in the General Meeting shall be provided to shareholders on the Company's website immediately after the general meeting is held.

1.14.
EXISTENCE OF A HISTORICAL RECORD ON THE COMPANY'S WEBSITE WITH THE RESOLUTIONS PASSED AT THE COMPANY'S GENERAL MEETINGS, SHARE CAPITAL AND VOTING RESULTS REFERRING TO THE PREVIOUS THREE YEARS

The Company keeps a historical record on its website with the resolutions passed at the company's General Meetings including copies of the Minutes and presence lists, referring to the previous three years, specifically organized under the terms of the law.

1.15
INDICATION OF THE REPRESENTATIVE(S) FROM THE REMUNERATION COMMITTEE PRESENT AT GENERAL MEETINGS

In the General Assembly realized on April 6, 2011, none of the Remuneration Committee members was present.

1.16.
INFORMATION OF THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE COMPANY'S REMUNERATION POLICY AND THE ASSESSMENT OF THE PERFORMANCE OF MEMBERS OF THE BOARD OF DIRECTORS AND OTHER DIRECTORS

The settlement of the remuneration and benefits to the members of the Board of Directors is governed by a committee comprising three members especially appointed by the General Meeting for a term of service of three years for which service they may be appointed one or more times.

The General Meeting of Shareholders assesses both the performance of the members of the Board of Directors of the Company and the annual accounts, on an annual basis.

The assessment of the performance of the members of the Board of Directors at the General Meeting of Shareholders is conducted by means of its approval "by a vote of confidence in all or some of its administration and supervisory boards and their members or the dismissal of one or more of those members."

Pursuant to Act nr. 28/2009, of July 19, coming into force and to its subsequent adoption of specific regulations issued by CMVM, concerning the Corporate Governance Code of listed companies approved by Regulation nr. 1/2010, Inapa shall submit to its shareholders at their general meetings a declaration on the remuneration policies applicable to members of its statutory bodies with the information stipulated in paragraph 3 of Article 2 of the mentioned legal bylaw.

1.17.
INFORMATION OF THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE PROPOSAL ON THE SHARE ALLOCATION PLAN, AND/OR STOCK OPTION PLANS, OR BASED ON SHARE PRICE FLUCTUATIONS, THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND OTHER DIRECTORS, WITHIN THE MEANING OF ARTICLE 248-B/3 OF THE SECURITIES CODE TOGETHER WITH THE DETAILS PROVIDED TO THE GENERAL MEETING FOR THE PURPOSES OF CORRECTLY ASSESSING SAID PLANS

The Company has not implemented any plans to allocate shares and/or options to buy shares or schemes based on share price fluctuations to members of management and supervisory boards and senior management as defined in accordance with paragraph 3 of Article 248-B of the CVM.

1.18.
INFORMATION OF THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE APPROVAL OF THE MAIN FEATURES OF THE RETIREMENT BENEFIT SYSTEM AS ENJOYED BY THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND OTHER DIRECTORS, WITHIN THE MEANING OF ARTICLE 248-B/3 OF THE SECURITIES CODE

The Company has not implemented any retirement benefit plans for members of the management and supervisory boards as well as for senior management as defined in accordance with paragraph 3 of Article 248-B of the CVM.

1.19.
EXISTENCE OF STATUTORY PROVISION THAT ENVISAGES FOR A DUTY TO BE SUBJECT, AT LEAST EVERY FIVE YEARS, TO A RESOLUTION BY THE GENERAL MEETING, FOR THE MAINTENANCE OR WITHDRAWAL OF THE STATUTORY PROVISION PROVIDING FOR THE LIMITATION OF THE NUMBER OF VOTES CAPABLE OF BEING HELD OR EXERCISED BY A SINGLE SHAREHOLDER INDIVIDUALLY OR TOGETHER WITH OTHER SHAREHOLDERS

The Bylaws do not stipulate any restrictions on the counting of voting rights above a certain number, when such votes are exercised by a single shareholder or by shareholders associated with the shareholder in question.

1.20.
INDICATION OF THE DEFENSIVE MEASURES THAT HAVE THE EFFECT OF AUTOMATICALLY CAUSING A SERIOUS ASSET EROSION OF COMPANY ASSETS IN CASE OF TRANSFER OF CONTROL OR CHANGES TO

THE COMPOSITION OF THE BOARD OF DIRECTORS

The Company has not adopted any measures of that nature.

1.21.
IMPORTANT AGREEMENTS TO WHICH THE COMPANY IS A PARTY AND THAT COME INTO FORCE, ARE CHANGED OR TERMINATED IN CASES SUCH AS A CHANGE IN COMPANY CONTROL, AND ALSO RELATED OUTCOME, UNLESS THE DISCLOSURE OF SAME, DUE TO ITS NATURE, IS HIGHLY DAMAGING TO THE COMPANY AND EXCEPT WHEN THE COMPANY IS SPECIFICALLY OBLIGED TO DISCLOSE SAID INFORMATION BY VIRTUE OF OTHER LEGAL REQUIREMENTS

The Company is not a party to any agreement that will come into force, be amended or terminate in the event of a mere change in the Company's controlling shareholder, provided such a change does not interefere with the Company's ability to honour its commitments.

The previous paragraph does not include the existence of change of control standard provisions in contractual clauses of medium or long-term finance contracts entered into by the Company and certain financial institutions provided that the new shareholding structure is not in a position to offer a guarantee of identical solvency.

1.22.
AGREEMENTS BETWEEN THE COMPANY AND THE BOARD OF DIRECTORS, WITHIN THE MEANING OF ARTICLE 248-B/3 OF THE SECURITIES CODE, THAT PROVIDE FOR COMPENSATION IN CASES OF DISMISSAL, UNFAIR DISMISSAL OR TERMINATION OF EMPLOYMENT FOLLOWING A CHANGE IN COMPANY CONTROL

No agreements between the Company and members of the Board of Directors and/or senior management containing provisions on the payment of compensations upon resignation, unfair dismissal or termination of employment following a change in the company's controlling shareholder are in force.

CHAPTER II
BOARD OF DIRECTORS AND SUPERVISORY BOARD

SECTION I – GENERAL ISSUES

II.1.
IDENTIFICATION AND COMPOSITION OF CORPORATE BOARDS

Pursuant to a resolution of the General Meeting of Shareholders of May 31, 2007, the Company adopted the governance model set out in the provisions of sub-paragraph b) of paragraph 1 of Article 278 of the CSC (Companies Act) as its statutory administration and supervisory structure, comprising a Board of Directors, an Audit Committee and a Chartered Accountant and Auditor.

The composition of the aforementioned statutory bodies is as follows:

BOARD OF DIRECTORS

Álvaro João Duarte Pinto Correia CHAIRMAN
José Manuel Félix Morgado VICE-CHAIRMAN
Arndt Jost Michael Klippgen
Emídio de Jesus Maria
António José Gomes da Silva Albuquerque
Jorge Manuel Viana de Azevedo Pinto Bravo
Acácio Jaime Liberado Mota Piloto
Eduardo Gonzalo Fernandez Espinar

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

José Manuel Félix Morgado CHAIRMAN (CEO)
Arndt Jost Michael Klippgen PURCHASE AND MARKETING
António José Gomes da Silva Albuquerque CFO
Jorge Manuel Viana de Azevedo Pinto Bravo COO

AUDITING COMMITTEE

Emídio de Jesus Maria CHAIRMAN
Acácio Jaime Liberado Mota Piloto
Eduardo Gonzalo Fernandez Espinar

CHARTERED ACCOUNTANTS AND EXTERNAL AUDITOR

PricewaterhouseCoopers & Associados, SROC, Lda represented by José Pereira Alves – Appointed Chartered Accountant
José Manuel Henriques Bernardo - Substitute Chartered Accountant

The Board of Directors believes that the corporate governance model has fully met the requirements of the Company and the Group it controls, both in terms of its management and in terms of the monitoring and control of its operations by its supervisory bodies.

To date, no constraints arising from its application that may advise the adoption of measures to correct the adopted model have been identified.

II.2.
IDENTIFICATION AND COMPOSITION OF SPECIAL COMMITTEES ESTABLISHED WITH RESPONSIBILITIES FOR THE MANAGEMENT OR THE SUPERVISION OF THE COMPANY

Given the small size of its Board of Directors and the duties performed by its Audit Committee, the Board deems that the appointment of any of the indicative special committees, besides an Executive Committee, is not justifiable.

II.3.

ORGANISATIONAL STRUCTURE AND FUNCTIONAL CHART RELATING TO THE DIVISION OF POWERS AMONG THE VARIOUS BOARDS, COMMITTEES AND/OR DEPARTMENTS WITHIN THE COMPANY, INCLUDING INFORMATION ON THE SCOPE OF THE DELEGATION OF POWERS, PARTICULARLY WITH REGARD TO THE DELEGATION OF DAY-TO-DAY MANAGEMENT OF THE COMPANY, OR DISTRIBUTION OF FUNCTIONS AMONG THE MEMBERS OF THE BOARD OF DIRECTORS OR SUPERVISORY BOARD, AND A LIST OF NON-DELEGABLE MATTERS AND POWERS ACTUALLY DELEGATED

GENERAL ASSEMBLY

REMUNERATION COMMISSION

Mário Donas (Chairman)
Maria Amália Almeida
Rui Lopes

BOARD OF DIRECTORS

Non-executive
Álvaro Pinto Correia (Chairman)
Emídio Maria
Acácio Piloto
Eduardo Espinar

Executive
José Felix Morgado (Vice-Chairman)
Arndt klippgen
António Albuquerque
Jorge Bravo

AUDITING COMMISSION

Emídio Maria (Chairman)
Acácio Piloto
Eduardo Espinar

EXECUTIVE COMMITTEE

José Felix Morgado (CEO)
Arndt klippgen
António Albuquerque
Jorge Bravo

Corporate Center

Internal Audit	Ana Callet*
Legal	António Alvim
IT	Carlos Jorge
Planning & IR	Hugo Rua
Accounting	Mário Silva Santos
Finance	Sofia Picoto
Graphic	Gillbert Trepmann
Office	Antoine Lequitte

Germany

Arndt klippgen
Holger Pfund
Thomas Schimanowski
Rainer Augstein
Ludger Hasecker

France

Michel Couderc
Thierry Massin
Didier Nettre
Marc Gautier

Switzerland

Claus Peter Brück
Pascal Theler
Rudolf Hegg

Spain

Pedro Regull
José Luis Villacorta
Pedro Huidobro

Portugal

Afonso Chaby
Filipe Vieira
Francisco Monteiro

Belux

Chris Luyten
Oliver Monteyne
Anne Vanderseijpen

Angola

Horácio Fonseca

*Also reports to the Audit Committee

In accordance with the resolution of May 17,2010 of the Board of Directors and the provisions of paragraphs 3 and 4 of Article 407 of the Companies Act, the following powers have been delegated to the Executive Committee, without prejudice to the Board of Directors, in conformance with the provisions of paragraph 8 of the aforementioned Act, of being entitled to pass resolutions on the matters it delegated:

- The day-to-day management of the Company;
- Setting out plans for the implementation of Company and Group policies, objectives and strategy for approval by the Board of Directors;
- Setting out general guidelines concerning the Company's internal organisation for approval by the Board of Directors;
- Compiling operational budgets and medium and long-term investment and development plans for approval by the Board of Directors;
- Approving contracts for the procurement of goods and services up to a limit of € 500,000.00 or less, per category of goods or services;
- Negotiating and contracting short-term bank finance agreements to fund the Company or subsidiary companies, under the terms and conditions that most adequately suit the interests of the Group;
- Negotiating bank finance agreements with a term longer than a year and a day to fund the Company and its subsidiary companies and the issuing of corporate bonds and commercial paper programs, for which purpose binding the Company under any such transactions shall be made expressly conditional to a prior resolution of the Board of Directors to the effect;
- Purchasing, selling and pledging goods or assets accounted for as fixed assets of the Company in accordance with budgets approved by the Board of Directors;
- Purchasing, selling and pledging goods or assets accounted for as fixed assets of the Company not included in budgets approved by the Board of Directors up to a value of 1.5% of realised share capital per item and up to an annual limit of 5% of the aforementioned capital;
- Renting or letting out any buildings or sectional title properties;
- Representing the Company in court and out of court, either as plaintiff or as defendant, as well as proposing and filing any legal suits, admitting guilt, withdrawing or settling out of court and committing to abide by arbitrage proceedings;
- Purchasing, selling or pledging shares in other companies, provided the transactions in question are included in the budget or in approved action plans not exceeding a limit of € 5,000,000.00 per transaction, above which limit prior approval from the Board of Directors shall be required;
- Entering into, amending and terminating employment contracts and exercising powers of discipline over the staff;
- Opening, transacting and closing bank accounts;
- Appointing duly mandated representatives of the Company;

In the aforementiond resolution the Board of Directors expressly barred to the Executive Committee the delegation of the following powers:

- The powers set out in the provisions of sub-paragraphs a) to m) of Article 406 of the Companies Act;
- Resolve, in the terms and limits of the law, on instructions that are binding on subsidiary companies;
- Approval of the Plan and Budget of the Company and subsidiary companies;
- Approval of investment or disinvestment transactions of relevance into and by subsidiary companies;
- Resolve on the purchase and sale of majority or controlling shareholdings or holdings subject to special purchase or selling offers in accordance with the Securities Market Code (CVM);
- Resolutions on splits, mergers or dissolution transactions by subsidiary or associate companies;

It is important to note that in the aforementioned resolution the Board of Directors has granted to the Chairman of the Executive Committee the power/duty to recommend to this Board the names of the Directors to be elected for the Executive Committee and, according to provisions stipulated in paragraph 6 of Article 407 CSC, has specially granted him the following powers:

- Ensure that all relevant information is provided to the other members of the Board of Directors regarding the operations and resolutions of the Executive Committee;

- Ensure the fulfilling of the delegated limits, the company's strategy and the duties to collaborate before the Chairman of the Board of Directors.

In conformance with the provisions of applicable legislation and with the aforementioned resolution of the Board of Directors of May 17, 2010, the following powers have specifically been granted to the Audit Committee:

- Supervising the administration of the Company;
- Ensuring due compliance with the law and the provisions of the Bylaws;
- Verifying due compliance of the accounting books, records and supporting documentation;
- Verifying, when and in the form deemed convenient, cash balances and stocks of any type of goods or assets owned by the Company or held in lieu of security or in trust or under any other entitlement;
- Verifying the accuracy of the financial statements;
- Verifying whether the accounting policies and valuation criteria adopted by the Company are conducive to appropriately represent its assets and results;
- Compiling, on an annual basis, an audit report on its audit and supervisory action and issuing an opinion on the annual report and accounts and proposals of the Board of Directors;
- Convening a meeting of the General Meeting of Shareholders, having a duty so to act, should its Chairman fail to do so;
- Auditing the efficacy of the risk management system, the internal control system and the internal audit system;
- Being the recipient of reports on irregularities which shareholders, employees of the Company or other parties may submit;
- Auditing the process of preparation and disclosure of financial statements;
- Recommending to the General Meeting of Shareholders the appointment of a Chartered Accountant and Auditor;
- Supervising the audit to the financial statements of the Company;
- Supervising the Chartered Accountant and Auditor's independence, particularly with regard to provision of additional services;
- Notifying the Office of the Public Prosecutor of any contraventions of the law constituting a public crime of which it may have become aware;
- Contracting for the provision of expert services in order to assist one or more of its members in the performance of their duties.

II.4. REFERENCE TO THE ANNUAL REPORTS ON THE ACTIVITIES UNDERTAKEN BY THE GENERAL AND SUPERVISORY BOARD, THE FINANCIAL BOARD, THE AUDIT BOARD AND THE SUPERVISORY BOARD INCLUDING THE DESCRIPTION OF THE SUPERVISORY ACTIVITY AND INDICATING ANY RESTRAINTS FOUND, AND BEING SUBJECT TO DISCLOSURE ON THE WEBSITE OF THE COMPANY, TOGETHER WITH THE FINANCIAL STATEMENTS

In its annual report on the Company's commercial activities, the Audit Committee of the General and Supervisory Board describes its supervisory activitiy during the fiscal year and refers specifically to the constraints it may have faced or, being the case, to their absence.

The annual report on the activities undertaken by the Audit Committee of the General and Supervisory Board is subject to disclosure on the company's website together with the financial statements of the fiscal year concerned.

II.5. DESCRIPTION OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS, PARTICULARLY WITH REGARD TO FINANCIAL REPORTING AND THE FUNCTIONING AND EFFECTIVENESS THEREOF

Given the fact that the Group's commercial activities are operationally carried out by several affiliate companies of Inapa, it is the responsibility of the Company to ensure its economic and financial control and the management of its risks.

For this purpose, the Company has put in place a functional structure as described in paragraph II.3 above and considers that such structure has proven adequate in achieving internal control and risk management objectives.

In its efforts to ensure effective internal control of Inapa's business and adequate management of the risks inherent in the conduct of its business, as described above, Inapa Group companies submit monthly reports, compiled in accordance with preset procedures and parameters, containing information on their sales performance and variances in stocks, receivables, liabilities and treasury related to the period in question.

This information is thoroughly examined by Inapa's Management Control, Finance and Accounting departments.

It should be noted that Inapa Group's software systems, which are under the control of an autonomous manager, reconcile and validate the data submitted by Group companies.

The activities of the aforementioned departments are, in turn, permanently controlled by the Executive Committee of the Board and are subject to regular scrutinity by the Board of Directors, the Audit Committee and the Chartered Accountant and Auditor in the performance of the duties attributed to them by the Law or the Company's Articles of Association.

It is also important to highlight that all management information gathered is subject to regular scrutinity in conformance with applicable legal or regulatory provisions by the external auditors, whose full compliance to requirements is subject to monitoring by the Audit Committee of the Board of Directors within the scope of its own duties.

Notwithstanding what was previously referred, the Executive Committee of the Board of Directors, supported by the internal audit, has a timely ongoing program for the revision/implementation of procedures and standard analysis and information reports in terms of risk management, for a global implementation in all Group companies.

The aforementioned revision/implementation of the procedures and information report has been implemented, at first, at the level of the portuguese subsidiary – Inapa Portugal Distribuição de Papel, SA – and is now being implemented in all the other Group companies.

Finally, it should be noted that the financial information will only be disclosed by the Company after scrutinity by the services of the corporate center, the Executive Committee, the Audit Committee, the Board of Directors and, whenever required by law, by the Chartered Accountant and External Auditor.

II.6.
RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD IN ESTABLISHING AND OPERATING THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS, AND ALSO IN ASSESSING SAID SYSTEM'S FUNCTIONING AND ADAPTATION TO THE COMPANY'S REQUIREMENTS

It is the responsibility of the Audit Committee of the Board of Directors, on its own initiative or by suggestion of the Board of Directors, to settle the internal control and risks management systems of the Company and the Group, for approval by the Board of Directors.

The assessment of the conduct of the Company's and the Group's operations and adjustment to its needs are monitored on an ongoing basis by the Audit Committee and, within the scope of its own duties, by the External Auditor.

We restate, as has been said in the previous paragraph, that the aforementioned revision of the procedures and information report, as far as risk management is concerned, will be validated in due time by an external autonomous entity.

II.7.
INDICATION OF THE EXISTENCE OF REGULATIONS ON THE FUNCTIONING OF THE CORPORATE BOARDS OR OTHER INTERNALLY DEFINED RULES ON INCOMPATIBILITY AND THE MAXIMUM NUMBER OF POSITIONS THAT A MEMBER IS ENTITLED TO HOLD AND THE PLACE WHERE SAID RULES MAY BE CONSULTED

The Company has approved, by a resolution of the Board of Directors dated May 17, 2010, the following regulations governing the operations of its statutory bodies:

- Board of Directors;
- Audit Committee;
- Executive Committee of the Board of Directors.

Rules concerning incompatibility are exclusively the ones arising from the Law and are not specifically regulated by the Company.

Regulations on the functionning of the Board of Directors, the Audit Committee and the Executive Committee are made available to the shareholders and other interested parties in the Company's corporate website – www.inapa.pt.

SECTION II – BOARD OF DIRECTORS

II.8.

IN THE EVENT OF THE BOARD OF DIRECTORS' CHAIRMAN CARRYING OUT AN EXECUTIVE ROLE, AN INDICATION OF THE MECHANISMS COORDINATING THE TASKS OF NON-EXECUTIVE MEMBERS IN ORDER TO ENSURE INDEPENDENCE AND NOTIFICATION OF DECISIONS

The Chairman of Inapa's Board of Directors does not serve in an executive role, and so there is no need to implement effective mechanisms to coordinate the initiatives of its non-executive members namely for purposes of ensuring that those members can act in an independent and informed capacity.

II.9.

IDENTIFICATION OF THE MAJOR ECONOMIC, FINANCIAL AND LEGAL RISKS TO WHICH THE COMPANY IS EXPOSED IN PURSUING ITS BUSINESS ACTIVITY

Paper merchanting is the core business of the Inapa Group and, as such, the Group acts as a conduit between upstream paper producers and downstream intermediate paper consumers (namely companies and paper manufacturing industries, such as printers, advertisers, media companies, and newspaper and book publishers, inter alia), modern distributors (large-scale suppliers and specialized retail chains), and end consumers (companies in the office segment and individuals).

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

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

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

Balance between supply and demand is a function of a number of factors, among which trends in installed production capacity and the level of overall economic activity are worth mentioning.

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

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

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

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

Given the fact that Inapa conducts its business in seven European countries, and, since 2009, in Angola as well, in conjunction with the fact that about 94% of its total turnover is sourced in foreign markets, the company is naturally exposed to risks arising as a result of the specific performance of the economies of the countries where it operates, notwithstanding the fact that the very nature of that exposure may equally constitute a risk-mitigating factor as a result of the low probability that exactly the same economic performance pattern will occur at once in every one of those markets.

Its currency risk exposure is limited but real on account of the fact that its aggregate turnover in currencies other than Euro (namely Swiss Franc, US Dollar and Angolan Kwanza) accounts for approximately 7.2% of the Group's total turnover.

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

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

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

As a credit risk mitigation factor, Inapa contracted since 2011, a credit insurance policy to cover for credit risk of its operating subsidiaries with a major insurance company in Europe. This insurance covers the five major countries of the Group (Germany, France, Switzerland, Portugal and Spain), thus covering about 90% of Group sales.

Regardless of the coverage contemplated above, Inapa also manages credit risk by acting as follows: each Group subsidiary has its credit committee composed by the CEO, CFO and head of sales and purchases; credit limits are defined and recorded in the computer system and inhibit new orders when the limit is fully utilized; limits of credit granting are subject to annual review and/or whenever there is some relevant information arising from the recommendation of the internal and external monitoring systems; approval of sales above the defined credit limits are subject to Board approval.

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

The Inapa Group's ability to successfully implement the strategy it devised is a function of its ability to retain, and if necessary to hire, the most competent and adequately skilled staff to perform each duty.

Although the Inapa Group's human resources policy strives to reach these objectives, it is not possible to guarantee that constraints may not arise in that regard.

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

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

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

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

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

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

At present, the main legal suit to which Inapa is a party concerns a petition under ordinary procedure filed by Papelaria Fernandes – Indústria e Comércio, SA, in August 01, 1997, which claim has been valued at € 24,459,906.14, relative to events occurring from 1991 to 1994.
In the aforementioned legal suit, and in essence, Papelaria Fernandes is petitioning to be declared null the contracts and transactions entered into during the above mentioned period by the Group and Papelaria Fernandes . Notwithstanding the Group's firm belief of its cause, Inapa cannot guarantee that the court case in question will be ruled in its favour or that any

other such legal suits relative to its operations will be ruled in its favour in the future. Unfavourable rulings on legal suits filed against it may have an adverse impact on the operations, financial situation and earnings performance of the Inapa Group.

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

In addition, the Inapa Group is exposed to a number of other risks, namely liquidity risk, interest rate risk, market risk on the price of raw materials, operating risk, and other risks.

Interest expense on most of Inapa Group's financial indebtedness bears interest at rates linked to variable market rates, on account of which Inapa is exposed to market risk on changes in interest rates.

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

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

In a context of sector consolidation, Inapa may be the target of a public tender offer. Under such a scenario, significant changes to Inapa's current strategy may occur with consequent repercussions for its various businesses and the markets it serves.

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

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

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

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

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

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

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

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

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

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

II.10.
POWERS OF THE BOARD OF DIRECTORS, PARTICULARLY REGARDING RESOLUTIONS CONCERNING CAPITAL INCREASE

In accordance with the provisions of Article 20 of the Articles of Association, the Board of Directors shall be entitled to exercise, in general, full powers in managing the affairs of the Company and shall represent it in court and out of court, either as plaintiff or as defendant, as well as conduct all necessary acts in the pursuit of the business purposes of the Company, namely the following:

- Setting up, maintaining, relocating or closing down any of the Company's premises, plants, laboratories;
- Setting up, maintaining, relocating or closing down any of the Company's offices, branches, agencies or any other type of Company premises;
- Purchasing, selling and pledging in any manner Company shares and securities held on its own account or any other Company securities of an identical or similar nature;
- Purchasing, selling and pledging in any manner shares, rights, or any other type of shareholdings of an identical or similar nature held on other companies, together with public debt securities;
- Purchasing and selling any assets other than fixed assets held by the Company or pledging such assets in any manner;
- Acquiring fixed assets, as well as selling or pledging them under any acts or contracts, even if for purposes of providing tangible security against credit facilities provided that a recommendation for approval thereof has been obtained from the Audit Committee in any of those instances;
- Admitting guilt, withdrawing or setting out of court on any legal proceedings, as well as committing to abide by the findings of arbitrage proceedings;
- Appointing duly mandated representatives in accordance with applicable legislation.

By deliberation of the General Meeting of April 6 2011, the Board of Directors is entitled to resolve on a share capital increase up to a maximum of € 225 000 000.00, having changed number 1 article 7 of the company' bylaws, which now states that "The Board of Directors may increase the share capital one or more times, by means of cash payments, up to a maximum of € 225 000 000.00 (two hundred and twenty five million Euros), through preferred shares with no voting right and a priority dividend of 5% of subscription value, with a subscription reserve to current shareholders."

Under this staturial authorization, the share capital of the company has been increased from € 150 000 000.00 to € 204 176 479.38.

The Board of Directors is entitled to resolve up to the maximum legal term – 5 years from the authorization – on a share capital increase up to € 20 823 520.62, through the emission of preferred shares with no voting right and a priority dividend of 5% of subscription value, with a subscription reserve to current shareholders and realized by means of cash payments.

II.11.
THE INFORMATION ON THE ROTATION POLICY OF THE BOARD OF DIRECTORS' FUNCTIONS, NAMELY AS TO THE FINANCIAL RESPONSIBILITY DIVISION AND THE RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD

Without prejudice of what is stated in the paragraphs that follow, the Board of Directors is constituted by five to twelve members, to be appointed by the shareholders attending the General Meeting responsible for the appointment. Among the appointees, the shareholders will designated the Chairman.

In conformity with the provisions of paragraphs 2 and 3 of Article 18 of its Bylaws, "The shareholders who vote against a motion to elect the Directors have the right to appoint one Director, as long as this minority represents at least 10% of the share capital; In order to enact the provision in the item above, the election will take place by a vote of the aforementioned minority at the same meeting, and the Director thus elected will automatically substitute the least voted person on the winning list, or, in case of a tie, the person in last place on that same list".

In conformity with the provisions of paragraph 7 of Article 18 of its Bylaws, "If the Board of Directors is composed of fewer members than the maximum set forth in item 1 of this article and it deems it necessary for the management of the company business to increase the number of Directors, it may appoint two new members prior to the next scheduled annual General Meeting...; The first annual General Meeting to be held after such appointment will either confirm or reject the advice of the Board of Directors with regard to the number of Directors. If the instruction is confirmed, the appointment of the new members will be ratified."

In conformity with the provisions of paragraph 9 of Article 18 of its Bylaws, "The Board of Directors will elect replacements for any members deemed definitively absent, dismissed under the terms of the law, or who resign their post. Any replacements thus made will remain in force until the end of the term to which the members of the Board of Directors who made the selection were elected, unless the selection is not ratified by the first subsequent General Meeting..."

The Company has not implemented in its Bylaws or internal regulations a policy for the rotation of the members in charge, namely the member of the Board of Directors in charge of Finance and Administration.

However, it is important to note in this respect that the member of the Board of Directors presently in charge of Finance and Administration has only been appointed on May 31, 2010, and that as far as the other members of the Executive Committee are concerned, the ones that have the longest permanence in their duties are only serving their second term of office as Directors of the Company.

II.12.
THE NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS AND THE SUPERVISORYBOARD AS WELL AS REFERENCE TO THE MINUTES OF SAID MEETINGS

During the course of 2011, the Board of Directors held 7 (seven) meetings.

Also during the course of 2011 the Audit Committee held 11 (eleven) meetings.

Minutes of all those meetings of the two Boards were drawn up and are duly written in a special book organized to the effect.

II.13.
THE NUMBER OF MEETINGS HELD BY THE EXECUTIVE COMMITTEE OR BY THE EXECUTIVE BOARD OF DIRECTORS, AS WELL AS REFERENCE TO THE DRAWING UP OF THE MINUTES OF THOSE MEETINGS AND WHENEVER APPLICABLE, THE SUBMISSION OF SAME WITH THE CONVENING NOTICES TO THE CHAIR OF THE BOARD OF DIRECTORS, THE CHAIR OF THE SUPERVISORY BOARD OR OF THE AUDIT COMMITTEE, THE CHAIR OF THE GENERAL AND SUPERVISORY BOARD AND TO THE CHAIR OF THE FINANCIAL MATTERS COMMITTEE

During the course of 2011, the Executive Committee of the Board of Directors held 19 (nineteen) formal meetings and minutes were drawn up of those meetings.

A copy of these minutes has been sent by the Chairman of the Executive Committee to the Chairmans of the Board of Directors and of the Audit Committee.

II.14.
DISTINCTION BETWEEN EXECUTIVE AND NON-EXECUTIVE MEMBERS AND AMONG THESE, DIFFERENTIATING THOSE MEMBERS THAT WOULD COMPLY IF THE INCOMPATIBILITY RULES WERE TO BE APPLIED (ARTICLE 414-A/1 OF THE COMMERCIAL COMPANIES CODE, EXCEPT FOR ITEM /B AND THE INDEPENDENCY CRITERIA PROVIDED FOR IN ARTICLE 414/5, BOTH OF THE COMMERCIAL COMPANIES CODE).

II.14.1.
EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

José Manuel Félix Morgado ....Chairman (CEO)
Arndt Jost Michael Klippgen ....Purchase and Marketing
António José Gomes da Silva Albuquerque ....Finance (CFO)
Jorge Manuel Viana de Azevedo Pinto Bravo ... Operations (COO)

II.14.2.

NON- EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS AND INCOMPATIBILITY RULES SET BY PARAGRAPH 1 OF ARTICLE 414-A OF THE COMPANIES ACT AND INDEPENDENCE CRITERIA SET OUT IN PARAGRAPH 5 OF ARTICLE 414-A OF THE COMPANIES ACT

NAME	FUNCTION	INCOMPATIBILITIES	INDEPENDENCE
Álvaro João Duarte Pinto Correia	Chairman	No	Yes
Emídio de Jesus Maria	Director	No	Yes
Acácio Jaime Liberado Mota Piloto	Director	No	No
Eduardo Gonzalo Fernandez Espinar	Director	No	Yes

II.15.

A DESCRIPTION OF THE LEGAL AND REGULATORY RULES AND OTHER CRITERIA THAT HAVE BEEN USED AS A BASIS FOR ASSESSING THE INDEPENDENCY OF ITS MEMBERS CARRIED OUT BY THE BOARD OF DIRECTORS

The incompatibility and independence criteria that served as a basis to the evaluation of the function of the Directors were the provisions set out in the Companies Act – Articles 414 and 414-A.

II.16.

A DESCRIPTION OF THE SELECTION RULES FOR CANDIDATES FOR NON-EXECUTIVE MEMBER POSITIONS AND THE WAY IN WHICH EXECUTIVE MEMBERS REFRAIN FROM INTERFERING IN THE SELECTION PROCESS

The Company has not established formal rules for the selection of candidates to the position of non-executive Directors.

II.17.

REFERENCE TO THE FACT THAT THE COMPANY'S ANNUAL MANAGEMENT REPORT INCLUDES A DESCRIPTION ON THE ACTIVITY CARRIED OUT BY NON-EXECUTIVE MEMBERS AND POSSIBLE OBSTACLES THAT MAY BE DETECTED

In the Company's annual management report, Chapter 1, a short summary of the activities developed by non-executive Directors is written, referring eventual constraints arising from the exercise of their duties.

II.18.

THE PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE PROFESSIONAL ACTIVITIES CARRIED OUT BY SAME DURING THE LAST FIVE YEARS AT LEAST, THE NUMBER OF COMPANY SHARES THEY HOLD, THE DATE OF THE FIRST APPOINTMENT AND THE DATE OF THE END OF MANDATE

II.18.1.

QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND PROFESSIONAL ACTIVITIES CARRIED OUT BY SAME DURING THE LAST FIVE YEARS AT LEAST

II.18.1.1. ÁLVARO JOÃO DUARTE PINTO CORREIA

II.18.1.1.1. Academic qualifications

- Degree in Engineering by Instituto Superior Técnico
- Associate Professor in Instituto Superior Técnico
- Professor in Academia Militar (Military Academy)

II.18.1.1.2. Professional qualifications

- Chairman of the Board of Directors of Tagusgás – Empresa de Gás do Vale do Tejo, SA (from 06.02.1997 to 30.05.2008)
- Director of SHCB – Sociedade Hidroeléctrica de Cabora Bassa (from 27.11.2007 to 12.04.2010)
- Chairman of the Board of Directors of Sofid – Sociedade para o Financiamento do Desenvolvimento – Instituição Financeira de Crédito, SA (from 04.04.2008 to 12.05.2010)
- Chairman of the Supervisory Committee of Instituto de Seguros de Portugal (Portuguese Insurance Institute) (since 19.12.2004)
- Chairman of the Board of Directors of Fundação Cidade de Lisboa (since 01.07.2000)
- Chairman of the General Board of Nersant – Associação Empresarial da Região de Santarém (since 17.07.2000)
- Coordinator of the Business Committee of Angola's Debt Negotiation (since 07.02.2003)
- Coordinator of the Project Team for the follow-up of the study and implementation of the New Lisbon Airport, and coordination with the privatization of ANA,SA (since

12.12.2006)

- Chairman of the Remuneration Committee of PT – Portugal Telecom, SGPS, SA (since 22.06.2007)

II.18.1.2. JOSÉ MANUEL FÉLIX MORGADO

II.18.1.2.1. Academic qualifications

- Degree in Business Economics and Adminstration by Universidade Católica Portuguesa
- Specialization in Asset and Liabilities Management with INSEAD

II.18.1.2.2. Professional qualifications

- Manager of Poresin – Investimentos Mobiliários e Imobiliários, Lda
- Managing Director of ONI – SGPS, SA (from 2005 to2006)
- Vice-President of the Board of Directors and Chairman of the Executive Committee of Inapa– Investimentos, Participações e Gestão, SA (since15.02.2007)
- Director and Chairman of the Audit Committee of Gestmin – SGPS (since 2010)
- Director of REN, SGPS, S.A. (since 15.09.2011)
- Chairman of the Board of Directors/Management of the subsidiary companies of Inapa Group:
  - Gestinapa – Sociedade Gestora de Participações Sociais, SA
  - Inapa Portugal Distribuição de Papel, SA
  - Inapa Deutschland, GmbH
  - Inapa France, SAS
  - Inapa España Distribución de Papel, SA
  - Inapa Suisse, SA
  - Inapa Belgium, SA
  - Inapa Luxembourg, SA
  - Logistipack, SAS
  - Inapa Merchants Holding, Ltd

II.18.1.3. EMÍDIO DE JESUS MARIA

II.18.1.3.1. Academic qualifications

- Degree in Business Economics and Administration by Instituto Superior de Economia de Lisboa
- Chartered Accountant (registered in the respective Association Chartered Accountant) and Auditor (registered in the respective Association, having voluntarily suspended such duties for the time being)

II.18.1.3.2. Professional qualifications

- Member of the Supervisory Board of Santander Totta Seguros – Companhia de Seguros de Vida, SA (since 2009)
- Chartered Accountant and Auditor and independent Consultant (from 1990 to 2008)
- Chairman of the Monitoring Committee of the Work Accidents Fund (from 2001 to 2006)
- Member and Chairman of the Audit Committee of the EIB – European Investment Bank – Luxemburg (from 1996 to 2003)
- Inspector of Finance in IGF – technical career and manager until Assistant Inspector-General (from 1980 to 2003)

II.18.1.4. ARNDT JOST MICHAEL KLIPPGEN

II.18.1.4.1. Academic qualifications

- Diplom-Kaufmann academic degree from the University of Hamburg

II.18.1.4.2. Professional qualifications

- General Manager of the following subsidiary companies of Inapa Group:
  - Papier Union, GmbH
  - Inapa Deutschland, GmbH
  - PMF – Print Media Factoring, GmbH
  - Inapa Packaging, GmbH
  - Inapa VisCom, GmbH

II.18.1.5. ANTÓNIO JOSÉ GOMES DA SILVA ALBUQUERQUE

II.18.1.5.1. Academic qualifications

- Degree in Finance Administration from Instituto Superior de Ciências Económicas e Financeiras (current ISEG)

II.18.1.5.2. Professional qualifications

- Director of Parpública – Participações Públicas, SGPS, SA (from 2004 to 2010)
- Director and President of Sagesecur, SGPS, SA (from 2004 to 2010)
- Director of Capitalpor, SGPS, SA (from 2008 to 2010)

II.18.1.6. JORGE MANUEL VIANA DE AZEVEDO PINTO BRAVO

II.18.1.6.1. Academic qualifications

- Bachelor's Degree in Engineering from Instituto Superior de Engenharia de Lisboa
- Post-graduation in Management and Marketing with Stockley Park Management Center

II.18.1.6.2. Professional qualifications

- Vice-Chairman of the Board of Directors of Reditus Gestão, SA (from 2009 to 2010)
- Director of the Grupo Tecnidata (from October 2007 to 2010)
- Managing Director of Financial Services Iberia of Logica (ex-Edinfor) (from January 2006 to July 2007)
- General Manager of the following subsidiary companies of Inapa Group:
  - Inapa Portugal Distribuição de Papel, SA
  - Inapa España Distribución de Papel, SA
  - Inapa Suisse, SA

II.18.1.7. ACÁCIO JAIME LIBERADO MOTA PILOTO

II.18.1.7.1. Academic qualifications

- Degree in Law from Faculdade de Direito de Lisboa
- Scholarship from Foundation Hans Seidel, Muniche
- Post-graduation in Community Law with University Ludwig Maximilian, Munich
- Post-graduation in Competition Community Law with Max Planck Institut, Munich
- Intern in European Patent Institut, Munich
- Insead – Executive Programme

II.18.1.7.2. Professional qualifications

- Director of Bank Millennium BCP Investimento, SA (from 2000 to 2009)
- General Manager of Bank Millennium BCP, SA (since 2000)
- Director of Elos – Ligações de Alta Velocidade, SA
- Director of TIIC – Transport Infrastructure Investment Company
- Member of the General Board of Asterion, ACE
- Director of Millennium BCP Gestão de Activos, SGFI, SA
- President of the Board of Directors of Millennium SICAV, Luxembourg

II.18.1.8. EDUARDO GONZALO FERNANDEZ ESPINAR

II.18.1.8.1. Academic qualifications

- B.S. in Business Administration from Universidade Católica de Santiago do Chile
- MBA with Wharton School of Pensylvannia University

II.18.1.8.2. Professional qualifications

- Director of Emergence Capital Partner, SA (Madrid) (since January 2006)
- Director of Akoleo, SA (Geneva) (since January 2006)
- Director of Patris Capital, SA (since January 2006)
- Director of Ongoing TMT, SA (since February 2011)

II.18.2.
NUMBER OF COMPANY SHARES THEY HOLD, THE DATE OF THE FIRST APPOINTMENT AND THE DATE OF THE END OF MANDATE

	NUMBER OF ORDINARY SHARES	NUMBER OF PREFERRED SHARES	DESIGNATION DATE	TERMINATION OF TERM SERVICE
Álvaro João Duarte Pinto Correia	0	0	11.05.2010	31.12.2012
José Manuel Félix Morgado	563 631	0	15.02.2007	31.12.2012
Emídio de Jesus Maria	0	0	09.04.2008	31.12.2012
Arndt Jost Michael Klippgen	0	0	31.05.2007	31.12.2012
António José Gomes da Silva Albuquerque	0	0	11.05.2010	31.12.2012
Jorge Manuel Viana de Azevedo Pinto Bravo	0	0	11.05.2010	31.12.2012
Acácio Jaime Liberado Mota Piloto	0	0	11.05.2010	31.12.2012
Eduardo Gonzalo Fernandez Espinar	200 000	0	11.05.2010	31.12.2012

II.19.
DUTIES THAT THE MEMBERS OF THE BOARD OF DIRECTORS CARRY OUT IN OTHER COMPANIES AND A DESCRIPTION OF DUTIES CARRIED OUT IN OTHER COMPANIES OF THE SAME HOLDING

II.19.1.
ÁLVARO JOÃO DUARTE PINTO CORREIA

II.19.1.1. Activities in other companies outside Inapa Group

- Chairman of the Board of Directors of Sofid – Sociedade para o Financiamento do Desenvolvimento – Instituição Financeira de Crédito, SA

II.19.1.2. Activities in other companies of Inapa Group

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II.19.2.
JOSÉ MANUEL FÉLIX MORGADO

II.19.2.1. Activities in other companies outside Inapa Group

- Manager of Poresin – Investimentos Mobiliários e Imobiliários, SA
- Director and Chairman of the Audit Committee of Gestmin – SGPS
- Director of REN, SGPS, SA

II.19.2.2. Activities in other companies of Inapa Group

- Chairman of the Board of Directors of Gestinapa – Sociedade Gestora de Participações Sociais, SA
- Chairman of the Board of Directors of Inapa Portugal Distribuição de Papel, SA
- Chairman of the Management Board of Inapa Deutschland, GmbH
- Chairman of Inapa France, SAS
- Chairman of the Board of Directors of Inapa España Distribución de Papel, SA
- Chairman of the Board of Directors of Inapa Suisse, SA
- Chairman of the Board of Directors of Inapa Belgium, SA
- Chairman of the Board of Directors of Inapa Luxembourg, SA
- Chairman of the Board of Directors of Logistipack, SA

II.19.3.
EMÍDIO DE JESUS MARIA

II.19.3.1. Activities in other companies outside Inapa Group

- Member of the Supervisory Board of Santander Totta Seguros – Companhia de Seguros de Vida, SA (since 2009)

II.19.1.3.2. Activities in other companies of Inapa Group

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II.19.4.
ARNDT JOST MICHAEL KLIPPGEN

II.19.4.1. Activities in other companies outside Inapa Group

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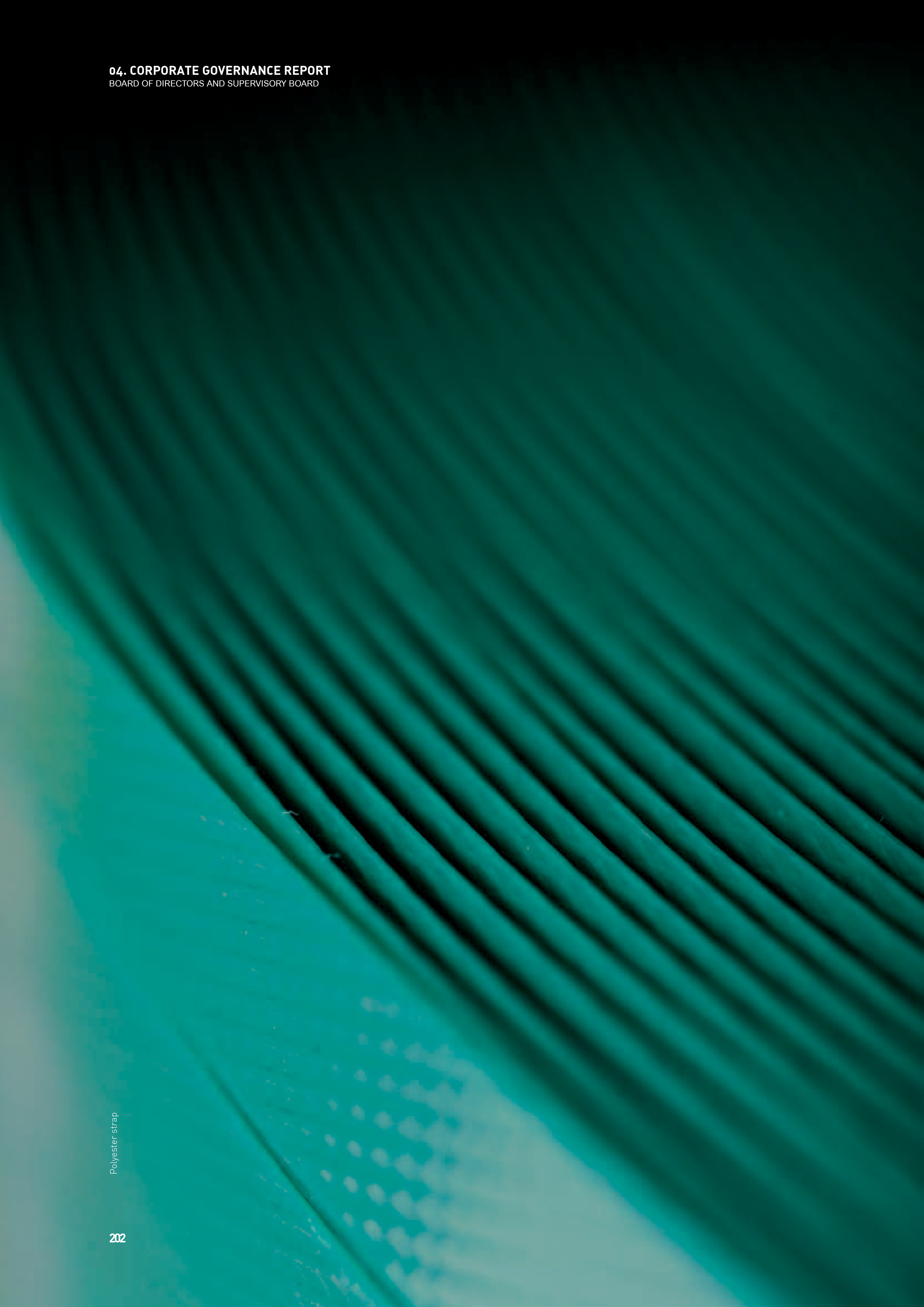
II.19.4.2. Activities in other companies of Inapa Group

- Manager of Papier Union, GmbH



Polyester strap

- Manager of Inapa Deutschland, GmbH
- Manager of PMF – Print Media Factoring, GmbH
- Manager of Inapa Packaging, GmbH
- Manager of Inapa VisCom, GmbH

II.19.5.
ANTÓNIO JOSÉ GOMES DA SILVA ALBUQUERQUE

II.19.5.1. Activities in other companies outside Inapa Group

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II.19.5.2. Activities in other companies of Inapa Group

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II.19.6.
JORGE MANUEL VIANA DE AZEVEDO PINTO BRAVO

II.19.6.1. Activities in other companies outside Inapa Group

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II.19.5.2. Activities in other companies of Inapa Group

- Director of Inapa Portugal Distribuição de Papel, SA
- Director of Inapa España Distribución de Papel, SA
- Director of Inapa Suisse, SA

II.19.7.
ACÁCIO JAIME LIBERADO MOTA PILOTO

II.19.7.1. Activities in other companies outside Inapa Group

- General Manager of Bank Millennium BCP, SA
- Director of Millennium BCP Gestão de Activos, SGFI, SA
- Director of Elos – Ligações de Alta Velocidade, SA
- Director of TIIC – Transport Infrastructure Investment Company
- Member of the General Board of Asterion, ACE
- President of the Board of Directors of Millennium SICAV, Luxembourg

II.19.5.2. Activities in other companies of Inapa Group

———

II.19.8.
EDUARDO GONZALO FERNANDEZ ESPINAR

II.19.7.1. Activities in other companies outside Inapa Group

- Director of Emergence Capital Partner, SA (Madrid)
- Director of Akoleo, SA (Geneva)
- Director of Patris Capital, SA
- Director of Ongoing TMT, SA

II.19.5.2. Activities in other companies of Inapa Group

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SECTION III – GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE AND SUPERVISORY BOARD

II.21. TO II. 29.

Not applicable

The Company adopted the governance model set out in the provisions of sub-paragraph b) of paragraph 1 of Article 278 of the Companies Act as its statutory administration and supervisory structure, comprising a Board of Directors, and Audit Committee and a Chartered Accountant and Auditor.

SECTION IV – REMUNERATION

II.30.
DESCRIPTION OF THE REMUNERATION POLICY OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD, AS PROVIDED FOR IN ARTICLE 2 OF LAW 28/2009 OF 19 JUNE

The remuneration policy has been the object of a separate assessment by the General Meeting of April 6,2011.

In such Meeting, the following description on remuneration policy has been approved by a majority of 96.37% of votes:

1. The remuneration of the members of the Board of Directors comprises exclusively a fixed sum, except in the case of the members of the Executive Committee that shall also have a variable component.

2. The Remunerations Committee stipulates the amount of the fixed sum in the remuneration of the Governing Bodies has to be included in the Governance Report.

3. The remuneration of the members of the Governing Bodies is determined based on general criteria: alignments of the remuneration with the interests of the Company' Stakeholders, evaluation of the performance and financial conditions of the Group and justice and equilibrium on the evaluation and application.

4. The statutory account auditor will be remunerated in the terms and conditions that will be agreed between him and Inapa, in accordance with the market pratices and legal and recommendational framework.

5. For 2011 it was established to maintain the fixed remuneration of the Governing Bodies, notwithstanding the provisions on mandatory legal standards may state the reverse.

6. The setting of a variable component of the remuneration of the members of the Executive Committee should be based on the evaluation of their performance, following the criteria that consider the financial results improvement in line with the setted strategy and goals, the value creation for the shareholders and the Group image on the market and its intervenients.

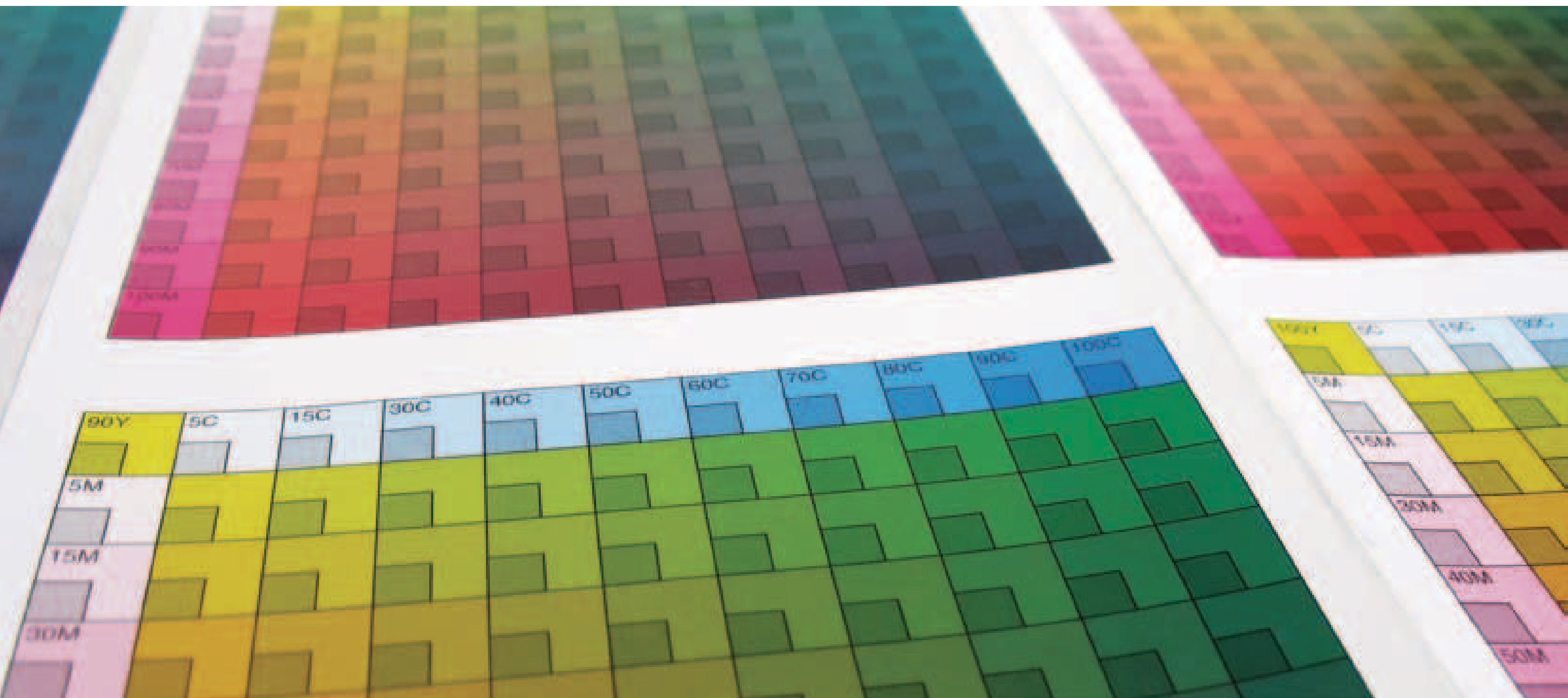
7. In case there is a variable component of the remuneration, it will be compose by two components;

   a) An annual component, based on the annual goals achievement;

   b) A pluri-annual component, based on mandate goals achievement (or on the years ok work, in case of an incomplete mandate).

8. Exceptional restrictions to the variable component of the remuneration:

   Taking into account the prohibition of a variable component on the remuneration based on performance, as stated in the Order 5696-A/2010 and in article 29 of law 55-A/2010, it is not foreseen the attribution of any variable remuneration or management premiums regarding the years of 2010 and 2011.



II.31.
INDICATION ON THE AMOUNT CONCERNING THE ANNUAL REMUNERATION PAID INDIVIDUALLY TO MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD OF THE COMPANY, INCLUDING FIXED AND VARIABLE REMUNERATION AND AS TO THE LATTER, MENTIONING THE DIFFERENT COMPONENTS THAT GAVE RISE TO SAME, THE PARTS THAT HAVE BEEN DEFERRED AND PAID

NAME	INAPA - IPG		SUBSIDIARIES	
	FIXED REMUNERATION PAID IN 2011	VARIABLE REMUNERATION IN 2011	FIXED REMUNERATION PAID IN 2011	VARIABLE REMUNERATION IN 2011
Álvaro João Duarte Pinto Correia	€ 84 000.00	–	–	–
José Manuel Félix Morgado	€ 399 000.00	–	–	–
Arndt Jost Michael Klippgen	€ 35 000.00	–	€ 260 000.00	€ 192 000.00(*)
António José Gomes da Silva Albuquerque	€ 259 000.00	–	–	–
Jorge Manuel Viana de Azevedo Pinto Bravo	€ 259 000.00	–	–	–
Emídio de Jesus Maria	€ 70 500.00	–	–	–
Acácio Jaime Liberado Mota Piloto	€ 16 500.00	–	–	–
Eduardo Gonzalo Fernandez Espinar	€ 16 500.00	–	–	–

(*) see II.33.12.

II.32.
INFORMATION ON THE WAY THE REMUNERATION IS STRUCTURED SO AS TO ALLOW ALIGNING THE INTERESTS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH THE LONG-TERM INTERESTS OF THE COMPANY AS WELL AS HOW IT IS BASED ON THE PERFORMANCE ASSESSMENT AND HOW IT DISCOURAGES EXCESSIVE RISK ASSUMPTION

1. The remuneration of the members of the Board of Directors, as it was approved in the General Meeting, is determined based on three general criteria: (i) alignments of the remuneration with the interests of the Company's Stakeholders, (ii) evaluation of the performance and financial conditions of the Group and (iii) justice and equilibrium on the evaluation and application.

2. The remuneration of the members of the Board of Directors comprises exclusively a fixed sum, except in the case of the members of the Executive Committee that shall also have a variable component.

3. The Remunerations Committee stipulates the amount of the fixed sum in the remuneration of the Governing Bodies, that has to be included in the Governance Report.

4. The setting of a variable component of the remuneration of the members of the Executive Committee should be based on the evaluation of their performance, following the criteria that considers the financial results improvement in line with the setted strategy and goals, the value creation for the shareholders and the Group image on the market and its intervenients.

5. In case there is a variable component of the remuneration, it will be composed by two components:

   a. An annual component, based on the annual goals achievement;

   b. A pluri-annual component, based on mandate goals achievement (or on the years that have been working, in case of an imcomplete mandate).

6. For 2011 it was established that there will be no variable component on the remuneration, maintaining the fixed remuneration of 2010.

II.33.
AS REGARDS THE REMUNERATION OF THE EXECUTIVE MEMBERS:

II.33.1.
REFERENCE TO THE FACT THAT THE EXECUTIVE MEMBERS' REMUNERATION INCLUDES A VARIABLE COMPO-

NENT AND INFORMATION ON THE WAY SAID COMPONENT RELIES OF THE ASSESSMENT PERFORMANCE;

The remuneration of Directors with executive duties shall comprise a variable component dependent on regular assessments of their performance to be determined under previously stated terms.

Notwithstanding what has been previously mentioned, the General Meeting has approved that, at exceptional level, in the years of 2010 and 2011 no variable component of remuneration shall be distributed to executive Members.

II.33.2.
THE CORPORATE BODIES RESPONSIBLE FOR ASSESSING THE PERFORMANCE OF EXECUTIVE MEMBERS;

The performance assessment of the executive Members for purposes of remuneration is the responsibility of:

- The Remunerations Committee;
- The General Meeting.

II.33.3.
THE PRE-ESTABLISHED CRITERIA FOR ASSESSING THE PERFORMANCE OF EXECUTIVE MEMBERS;

There are no pre-established criteria for assessing the performance of executive Members besides the principles mentioned in II.32..

II.33.4.
THE RELATIVE IMPORTANCE OF THE VARIABLE AND FIXED COMPONENTS OF THE MEMBERS' REMUNERATION, AS WELL AS THE MAXIMUM LIMITS FOR EACH COMPONENT;

Notwithstanding what regards to the financial years of 2010 and 2011, in which the General Meeting established the principle of non-distribution of a variable component of remuneration, maximum limits for this component have not been established.

II.33.5.
THE DEFERRED PAYMENT OF THE REMUNERATION'S VARIABLE COMPONENT AND THE RELEVANT DEFERRAL PERIOD

Notwithstanding what is referred in relation to the financial years of 2010 and 2011, when there is a variable component of the remuneration, it will have two components:

a. An annual component, based on the annual goals achievement;
b. A pluri-annual component, based on mandate goals achievement (or on the years that have been working, in case of an imcomplete mandate).

II.33.6.
AN ACCOUNT OF THE WAY WHEREBY THE PAYMENT OF THE VARIABLE REMUNERATION IS SUBJECT TO THE COMPANY'S CONTINUAL POSITIVE PERFORMANCE DURING THE DEFERRAL PERIOD;

Having the General Meeting approved, for the years of 2010 and 2011, the principle of non-distribution of variable component of remunerations to Directors with executive duties, it is no longer a subject the fact that it should be dependent on the company's long-term positive performance.

II.33.7.
SUFFICIENT INFORMATION ON THE CRITERIA WHEREON THE ALLOCATION OF VARIABLE REMUNERATION ON SHARES IS BASED, AS WELL AS ON MAINTAINING COMPANY SHARES THAT THE EXECUTIVE MEMBERS HAVE HAD ACCESS TO, ON THE POSSIBLE SHARE CONTRACTS, NAMELY HEDGING CONTRACTS OR RISK TRANSFER, THE RELEVANT LIMIT AND ITS RELATION APROPOS THE VALUE OF THE TOTAL ANNUAL REMUNERATION;

Notwithstanding what is referred in relation to the financial years of 2010 and 2011, it should be noted that the remuneration policy of executive members does not foresee the allocation of shares.

II.33.8.
SUFFICIENT INFORMATION ON THE CRITERIA WHEREON THE ALLOCATION OF VARIABLE REMUNERATION ON OPTIONS IS BASED AS WELL AS ITS DEFERRAL PERIOD AND EXERCISING PRICE;

Notwithstanding what is referred in relation to the financial years of 2010 and 2011, it should be noted that the remuneration policy of executive members does not foresee the option to buy shares.

II.33.9.1.
THE MAIN FACTORS AND REASONS FOR ANY ANNUAL BONUS SCHEME AND ANY OTHER NON-FINANCIAL BENEFITS

Notwithstanding what is referred in relation to the financial years of 2010 and 2011, the parameters and basis of the bonus payments made to executive members are the ones mentioned in II.32..

II.33.9.2.
REMUNERATION PAID IN THE FORM OF A SHARE IN THE PROFITS AND/OR THE PAYMENT OF BONUSES AND THE RATIONALE BEHIND THE ACT OF AWARDING SUCH BONUSES AND/OR SHARE IN PROFITS

The remuneration policy approved in General Meeting does not include any share in profits.

II.33.10.
COMPENSATION PAID OR OWED TO FORMER EXECUTIVE DIRECTORS IN RELATION TO EARLY CONTRACT TERMINATION

During the course of the financial year under analysis, no compensation was paid or is due to former Executive Directors.

II.33.11.
REFERENCE TO THE ENVISAGED CONTRACTUAL RESTRAINTS FOR COMPENSATION OWED FOR UNDUE DISMISSAL OF EXECUTIVE DIRECTORS AND ITS RELATION APROPOS THE REMUNERATIONS' VARIABLE COMPONENT

There are no contractual restraints for compensations owed for undue dismissal of executive Directors.

II.33.12.
AMOUNTS PAID ON ANY BASIS BY OTHER COMPANIES IN A GROUP RELATIONSHIP OR EXERCISING CONTROL OVER THE COMPANY

The amounts paid to Directors by other companies in a group relationship or controlled by the group are the ones referred to in II.31. and arise from the agreement settled with the beneficiary in question to assume duties as CEO quite before his appointment for the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA.

II.33.13.
A DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SUPPLEMENTARY PENSIONS OR EARLY RETIREMENT SCHEMES SET UP FOR EXECUTIVE DIRECTORS AND WHETHER SAID SCHEMES WERE SUBJECT OR NOT TO THE APPROVAL OF THE GENERAL MEETING

At present, the Company does not provide complementary retirement benefit plans for members of the management and supervisory boards and senior management.

II.33.14.
AN ESTIMATE OF THE NON-FINANCIAL BENEFITS CONSIDERED AS REMUNERATION WHICH DO NOT FALL UNDER THE CATEGORIES LISTED ABOVE

The Directors do not receive non-financial benefits that may be deemed to constitute remuneration which do not fall under the categories listed above.

II.33.15.
MECHANISMS FOR PREVENT EXECUTIVE DIRECTORS FROM HAVING EMPLOYMENT CONTRACTS THAT QUESTIONS THE GROUNDS OF THE VARIABLE REMUNERATION

If, on one hand, there are no specific mechanisms to prevent executive Directors from questioning the variable component of their remuneration, on the other hand there is no contract or other form of agreement signed by them that can produce the same effect asa remuneration through share or options attributed.

II.34.
REFERENCE TO THE FACT THAT REMUNERATION OF NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS IS NOT INCLUDED IN THE VARIABLE COMPONENT

The remuneration of non-executive members of the Board of Directors does not include a variable component.

II.35.
INFORMATION ON THE REPORTING OF IRREGULARITIES ADOPTED BY THE COMPANY (REPORTING MEANS, PERSONS ENTITLED TO RECEIVE SAID REPORTS, HOW THE REPORTS ARE TO BE HANDLED AND THE NAMES OF THE PERSONS OR BODIES THAT HAVE ACCESS TO THE INFORMATION AND THE RELEVANT INVOLVEMENT IN THE PROCEDURE)

The Board of Directors has adopted internal regulations for disclosure of irregular practices, containing the following features:

1. The employees of Inapa Group (management and staff of the parent company, Directors, and management and staff of its affiliate companies) are bound to report any irregular practices of which they may have become aware being perpetrated in Inapa Group companies to the following officials:

   a) To the Chairman of the Executive Committee of the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA should such irregular practices involve the management and staff of the parent company, Directors and the management and staff of its affiliate companies;

   b) To the Chairman of the Audit Committee of the Board of Directors should such irregular practices involve the Directors of Inapa – Investimentos, Participações e Gestão, SA or of its supervisory board and/or its staff;

   c) To the Chairman of the Board of Directors should such irregular practices involve a member of the Audit Committee of the Board of Directors of the Company.

2. In the situations referred in sub-paragraph a) of paragraph 1 above, the Chairman of the Executive Committee shall submit such allegations, with the urgency deemed necessary, to the Chairman of the Audit Committee of the Board of Directors.

3. Such allegations shall be submitted in writing, and their author shall be entitled to demand from the recipient a written statement to the effect that the information in question shall be treated in the strictest confidence.

4. The reporting official shall be assured that, barring allegations of a calumnious nature, any information provided within the scope of these regulations shall neither be raised as grounds for instituting proceedings against him or her nor for any unfavourable treatment towards him or her.

SECTION V – SPECIAL COMMITTEES

II.36.
IDENTIFICATION OF MEMBERS OF THOSE COMMITTEES THAT HAVE BEEN CONSTITUTED FOR THE PURPOSES OF INDIVIDUAL AND OVERALL PERFORMANCE ASSESSMENT OF THE EXECUTIVE MEMBERS, CONSIDERATION ON THE GOVERNANCE SYSTEM THAT HAS BEEN ADOPTED BY THE COMPANY AND THE IDENTIFICATION OF POTENTIAL CANDIDATES WITH THE PROFESSIONAL PROFILE FITTING THE MEMBER POSITION

To date, the Company has not appointed any special committee to assess the individual and global performance of executive Directors, ponder on the adopted governance model and identify potential candidates with a professional profile for the position of Director.

II.37.
NUMBER OF MEETINGS HELD BY THE COMMITTEES THAT HAVE BEEN CONSTITUTED FOR MANAGEMENT AND SUPERVISION DURING THE PERIOD CONCERNED, AS WELL AS REFERENCE TO THE MINUTES OF SAID MEETINGS THAT HAVE BEEN HELD

During the course of 2011, the Executive Committee of the Board of Directors held 19 meetings.

During the course of 2011, the Audit Committee of the Board of Directors held 11 meetings.

Minutes of all those meetings of the referred committees were drawn up and are duly written in a special book organized to the effect.

II.38.
REFERENCE TO THE FACT THAT ONE MEMBER OF THE REMUNERATION COMMITTEE HAS KNOWLEDGE AND EXPERIENCE IN REMUNERATION POLICY ISSUES

The Remunerations Committee is a statutory body for which, either in the mandate terminated on May 11, 2010 (mandate from 2007 to 2009) or in the mandate of 2010 to 2012, individuals or entities with experience in remunerations policy have been appointed.

For the present mandate, the following appointments were made to constitute this Committee: as Chairman, Mário Alberto Duarte Donas and two members to be appointed by corporate shareholders Parpública – Participações Públicas SGPS, SA and Millennium BCP which have indicated to the effect the names of Maria Amália Freire de Almeida and Rui Manuel Alexandre Lopes, respectively.

The resolutions of the Remunerations Committee are reasoned and written in a special book.

II.39.
REFERENCE TO THE INDEPENDENCY OF NATURAL OR LEGAL PERSONS WITH AN EMPLOYMENT CONTRACT OR PROVIDING SERVICES TO THE REMUNERATION COMMITTEE, AS REGARDS THE BOARD OF DIRECTORS AS WELL AS, WHEN APPLICABLE, TO THE FACT THAT THESE PERSONS HAVE AN EXISTING RELATION WITH THE COMPANY CONSULTANT

None of the members of the Remunerations Committee has an employment contract or services to the Company and do not have an existing relation with the company consultant.

Moreover, the Remunerations Committee did not hire a person or entity to support it within the scope of its duties that rendered services over the last three years to any structure depending on the Board of Directors, the Board of Directors itself or that may have a current relation with the company consultant.

CHAPTER III
INFORMATION AND AUDITING

III.1.
THE EQUITY STRUCTURE INCLUDING THOSE SHARES THAT ARE NOT ADMITTED TO TRADING, THE DIFFERENT CATEGORY OF SHARES, RIGHTS AND DUTIES OF THESE SHARES AND THE EQUITY PERCENTAGE THAT EACH CATEGORY REPRESENTS

The share capital of the Company is represented by 150,000,000 ordinary shares with no face value and a € 1 emission value and 300,980,441 preferred shares with no voting right, no face value and € 0.18 emission value. All shares are listed in the Euronext Stock Exchange.

All shares give their respective owners the same right to participate on the results of the company, being considered that the preferred shares, due to its nature, have a dividend preference corresponding to 5% of their emission value, being the remaining dividend distributed in the proportion of ordinary and preferred shares owners.

All ordinary share qualify for the same voting rights – 1 vote per share.

III.2.
QUALIFYING HOLDINGS IN THE ISSUER'S EQUITY CALCULATED AS PER ARTICLE 20 OF THE SECURITIES CODE

	NUMBER OF ORDINARY SHARES	VOTING RIGHTS	PERCENTAGE OF VOTING RIGHTS
Parpública	49 084 738	49 084 738	32,72%
Millennium Bcp	27 361 310	27 361 310	18,24%
Nova Expressão SGPS, SA	3 000 000	3 000 000	2,0%

III.3.
IDENTIFICATION OF THE SHAREHOLDERS THAT HOLD SPECIAL RIGHTS AND A DESCRIPTION OF THOSE RIGHTS

No shareholders are entitled to special rights.

III.4.
POSSIBLE RESTRICTIONS ON SHARE-TRANSFER I.E. CONSENT CLAUSES FOR THEIR DISPOSAL OR RESTRICTIONS ON SHARE-OWNERSHIP

There are no restrictions to the free transfer of ownership of the shares other than the ones arising from the applicable law (namely the obligation to launch a public tender offering when the shareholder ownership exceeds 1/3 or ½ of the total voting rights).

III.5.
SHAREHOLDER AGREEMENTS THAT THE COMPANY MAY BE AWARE OF AND THAT MAY RESTRICT THE TRANSFER OF SECURITIES OR VOTING RIGHTS

The Company is not aware of any shareholder agreements that may restrict the free transfer of securities or voting rights.

III.6.
RULES APPLICABLE TO THE AMENDMENT OF THE ARTICLES OF ASSOCIATION

The amendment of the articles of association is exclusively ruled by the provisions of the Companies Act, as follows:

- In terms of quorum:

  - The General Meeting shall meet at first call whenever a number of shareholders or their representatives, whose holdings represent at least 1/3 of share capital are in attendance (Article 383, paragraph 2 of the Bylaws);

  - Resolutions passed at a meeting held at second call shall be deemed valid regradless of the number of shareholders in attendance or duly represented and whichever the percentage of share capital their holdings may represent (Article 383, paragraph 3 of the Bylaws).

- In terms of resolution majorities:

  - At a first call, resolutions require a majority of 2/3 of the issued votes (Article 386, paragraph 3 of the Bylaws);

  - At second call, the resolutions on statutory changes require approval, as follows:

  - A majority of 2/3 of the issued votes (Article 386, paragraph 3);

    or,

  - A simple majority of the votes provided that the resolutions are based on a minimum number of attending shareholders or duly represented in the General Meeting that hold, at least half of the share capital (Article 386, paragraph 4 of the Bylaws).

III.7.
CONTROL MECHANISMS FOR A POSSIBLE EMPLOYEE-SHAREHOLDER SYSTEM IN AS MUCH AS THE VOTING RIGHTS ARE NOT DIRECTLY EXERCISED BY THEM

The Company does not have any stock option scheme to award shares in the capital of the Company to its personnel.

III.8.
DESCRIPTION CONCERNING THE EVOLUTION OF THE ISSUER'S SHARE PRICE AND TAKING THE FOLLOWING INTO ACCOUNT:

III.8.1.
THE ISSUANCE OF SHARES OR OTHER SECURITIES THAT ENTITLE THE SUBSCRIPTION OR ACQUISITION OF SHARES

The Company in October of 2011 has issued 300,980,441 preferred shares with no voting right, no face value and an emission value of €0.18 each.

III.8.2.
THE OUTCOME ANNOUNCEMENT

In the transaction periods that followed to the announcement of the Company's outcome there were slight movements on its earnings performance. In the total year, the shares traded registered a fall of 63%.

III.8.3.
THE DIVIDEND PAYMENT FOR EACH SHARE CATEGORY INCLUDING THE NET VALUE PER SHARE

The Company did not distribute dividends to its shareholders.

III.9.
DESCRIPTION OF THE DIVIDEND DISTRIBUTION POLICY ADOPTED BY THE COMPANY, INCLUDING THE DIVIDEND VALUE PER SHARE DISTRIBUTED DURING THE LAST THREE PERIODS

Over the last three financial years, the Company paid no dividends to shareholders.

III.10.

A DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE AND STOCK-OPTION PLANS ADOPTED OR VALID FOR THE FINANCIAL YEAR IN QUESTION, THE REASON FOR ADOPTING SAID SCHEME AND DETAILS OF THE CATEGORY AND NUMBER OF PERSONS INCLUDED IN THE SCHEME, SHARE-ASSIGNMENT CONDITIONS, NON-TRANSFER OF SHARE CLAUSES, CRITERIA ON SHARE-PRICING AND THE EXERCISING OPTION PRICE, THE PERIOD DURING WHICH THE OPTIONS MAY BE EXERCISED, THE CHARACTERISTICS OF THE SHARES TO BE ALLOCATED, THE EXISTENCE OF INCENTIVES TO PURCHASE AND/OR EXERCISE OPTIONS, AND THE RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR EXECUTING AND/OR CHANGING THE PLAN

The Company has not approved any scheme to allocate shares or options to buy shares for the financial year in question.

III.10.1.

THE NUMBER OF SHARES REQUIRED FOR THE SHARE ALLOTMENT AND THE NUMBER OF SHARES REQUIRED FOR THE EXERCISE OF THE EXERCISABLE OPTIONS AT THE START AND END OF THE YEAR IN QUESTION

Not applicable, according to what is stated in III.10.

III.10.2.

THE NUMBER OF ALLOTTED, EXERCISABLE AND EXTINCT SHARES DURING THE YEAR

Not applicable, according to what is stated in III.10.

III.10.3.

THE GENERAL MEETINGS' APPRAISAL OF THE PLANS ADOPTED OR IN FORCE DURING THE PERIOD IN QUESTION

Not applicable, according to what is stated in III.10.

III.11.

A DESCRIPTION OF THE MAIN DATA ON BUSINESS DEALS AND TRANSACTIONS CARRIED OUT BETWEEN THE COMPANY AND BETWEEN THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARD OR COMPANIES IN A CONTROL OR GROUP RELATIONSHIP, PROVIDED THE AMOUNT IS ECONOMICALLY SIGNIFICANT FOR ANY OF THE PARTIES INVOLVED, EXCEPT FOR THOSE BUSINESS DEALS OR TRANSACTIONS THAT ARE CUMULATIVELY CONSIDERED WITHIN THE BOUNDS OF NORMAL MARKET CONDITIONS FOR SIMILAR TRANSACTIONS AND ARE PART OF THE COMPANY'S CURRENT BUSINESS

No business or transactions were entered into by the Company and/or its subsidiaries and the members of its board of directors and supervisory board during the financial year under analysis.

III.12.

A DESCRIPTION OF THE VITAL DATA ON BUSINESS DEALS AND TRANSACTIONS CARRIED OUT IN THE ABSENCE OF NORMAL MARKET CONDITIONS BETWEEN COMPANIES AND OWNERS OF QUALIFYING HOLDINGS OR ENTITY-RELATIONSHIPS WITH THE FORMER, AS ENVISAGED IN ARTICLE 20 OF THE SECURITIES CODE

No business or transactions, out of normal market conditions, were entered into by the Company and owners of qualifying sholdings or entity relationships with the former, as envisaged in Article 20 of the CVM (Securities Code).

III.13.

A DESCRIPTION OF THE PROCEDURES AND CRITERIA APPLICABLE TO THE SUPERVISORY BODY WHEN SAME PROVIDES PRELIMINARY ASSESSMENT OF THE BUSINESS DEALS TO BE CARRIED OUT BETWEEN THE COMPANY AND THE OWNERS OF QUALIFYING HOLDINGS OR ENTITY-RELATIONSHIPS WITH THE FORMER, AS ENVISAGED IN ARTICLE 20 OF THE SECURITIES CODE

The Board of Directors of Inapa – Investimentos, Participações e Gestão, SA has approved, on proposal of the Audit Committee, regulations related to business deals to be carried out between the Company and entity relationships with the former.

For purposes of the aforementioned regulations, the owners of qualifying holdings or entity relationships as well as the Company board members and/or of its subsidiaries are considered, under the terms of Article 20 of the CVM (Securities Code).

With such regulations it has been defined, as object of specific supervisory duties of the Audit Committee, the deals carried out between those entities and the Company and/or its subsidiary companies establishing three supervisory actions:

- Previous binding recommendation;
- Previous recommendation;
- A posteriori appraisal.

Under the terms of the referred regulations, the deals to be carried out between the Company board members and/or of its subsidiary companies with the Company or subsidiaries, are subjected to previous and binding recommendation of the Audit Committee, with exception of the deals within the scope of the company's business itself, in which no special advantage is granted to the persons in question.

The relevant deals or transactions to be carried out between the Company and/or its subsidiary companies with owners of qualifying holdings or entity relationships with the former are subjected to previous recommendation, in conformance with Article 20 of CVM (Securities Code).

Given the situation of the Company and its subsidiary companies, and following an advise of the External Auditor, the following limits have been fixed, after which the business or transactions are deemed as significantly relevant:

TYPE OF TRANSACTION	LIMIT
Purchasing and selling of goods and services	€ 750 000,00
Financial investments	€ 5 000 000,00
Loans and other type of funding, excluding simple renewals	€ 10 000 000,00
Other transactions	€ 500 000,00

Notwithstanding the aforementioned criteria, the deals or transactions with owners of qualifying holdings or entity relationships with the former that, due to its nature, value or conditions may have particular relevance in terms of transparency and/or conflict of interests, are also subject to a previous recommendation of the Audit Committee.

Finally, it is stated in the referred regulations that all transactions with entities having a relationship with the Company that do not require a previous recommendation of the Audit Committe (either binding or not) are compulsorily submitted to the appraisal by this supervisory body and, for this effect, shall be notified up to the end of the month subsequent to said transactions.

In addition, the regulations stipulate that the Audit Committee shall deem the reasonability and transparency of the business and transactions submitted to its appraisal, namely in what regards to pursuing the interests of the Company and its subsidiary companies, taking into account the normal market conditions where such operations are carried out and that they do not provide, directly or indirectly, a more favourable treatment than the one obtained by third parties under equal circumstances and, in the case of owners of qualifying holdings or entity relationships with the former, an unfair treatment in relation to the other shareholders.

III.14.

A DESCRIPTION OF THE STATISTICAL DATA (NUMBER, AVERAGE AND MAXIMUM VALUES) ON THE BUSINESS DEALS SUBJECT TO PRELIMINARY OPINION BY THE SUPERVISORY BOARD

During the course of the financial year under analysis, there were no deals or transactions carried out between the Company and/or companies related with its board members.

During the course of the financial year under analysis, there were no deals or transactions between the Company and/or its subsidiary companies and owners of qualifying holdings and/or entity relationships with the former that, for its nature and value, fit the limits mentioned in the previous paragraph or that, by its nature, value or conditions may have particular relevance in terms of transparency and/or conflict of interests.

III.15.

INDICATION OF THE AVAILABILITY ON THE COMPANY'S WEBSITE, OF ANNUAL ACTIVITY REPORTS DRAWN UP BY THE GENERAL AND SUPERVISORY BOARD, BY THE FINANCIAL MATTERS COMMITTEE, THE AUDIT COMMITTEE AND THE SUPERVISORY BOARD, INCLUDING CONSTRAINTS THAT MIGHT BE ENCOUNTERED, AS WELL AS FINANCIAL INFORMATION DOCUMENTS

The annual reports on the activities developed by the Audit Committee, including a reference to any constraints they may have faced, are available to the interested parties at the company's website: www.inapa.pt, together with the Annual Report and Accounts.

III.16.

REFERENCE TO AN INVESTOR ASSISTANCE UNIT OR A SIMILAR SERVICE, DESCRIBING

The Company has an Investor Relations Office headed by the responsible for relations with the market.

III.16.1.

THE ROLE OF SAID OFFICE

To provide all investors – corporate or particular – with the most complete and accurate information, in the strict respect for the applicable legislation, concerning the corporate structure of the Company and the Group, on the rights and duties of the shareholders in conformance with the legislation and the Company's Articles of Association, on its financial and economic situation according to the disclosed elements and the indication of the probable calendar of the most relevant events of corporate initiative.

To provide investors, in due respect for applicable legislation, with any additional or complementary information and clarification they may ask for.

III.16.2.
TYPE OF INFORMATION MADE AVAILABLE

The Office provides interested parties with a wide range of information divulged by the Company on corporate and financial and economic nature on the course of, at least, the three previous years.

III.16.3.
ACCESS MEANS TO SAID OFFICE

By post to: Rua Castilho, n.º 44 -3 .º, 1250-071 Lisboa
By fax: + 351 21 382 30 16
By telephone: + 351 21 382 30 07
By e-mail: hugo.rua@inapa.pt

III.16.4.
THE COMPANY'S WEBSITE

The corporate website on the internet is: www.inapa.pt

III.16.5.
THE MARKET LIAISON OFFICER'S CREDENTIALS

The Company's representative for market relations is Mr. Hugo Duarte de Oliveira Rua.

III.17.
INDICATION OF THE ANNUAL COMPENSATION PAID TO THE AUDITOR AND TO OTHER INDIVIDUALS OR GROUPS THAT BELONG TO THE SAME NETWORK SUPPORTED BY THE COMPANY AND/OR BY ANY GROUP THAT BEARS WITH IT A CONTROL OR GROUP RELATIONSHIP AND THE PERCENTAGE OF THE TOTAL AMOUNT PAID FOR THE FOLLOWING SERVICES

III.17.1.
STATUTORY ACCOUNT REVIEW SERVICES

The fees paid during the financial year of 2011 to the external auditor (and to other individual or corporate entities belonging to the same network) supported by the company or companies that bear with it a control or group relationship amounted to 555,502 Euros.

III.17.2.
OTHER AUDIT RELIABILITY SERVICES

The fees to be supported by the company or companies that bear with it a control or group relationship amounted to 11,233 Euros.

The object of the services rendered was essentialy related with the support on the elaboration of the subsidiaries annual reports and the process of refinancing the securitization.

III.17.3.
TAX CONSULTING SERVICES

The external auditors (and/or individual or corporate entities belonging to the same network) rendered tax consultancy services, in 2011, in the amount of 11,100 Euros.

The services consisted in the specific revision of the annual corporate income tax declaration and tax support.

The possible conflict between providing these services and the independence of the external auditor has been duly considered, and the Company concluded that his independence would not be affected for the following reasons:

- The very limited remuneration considering the total amount due for the auditing services provided;

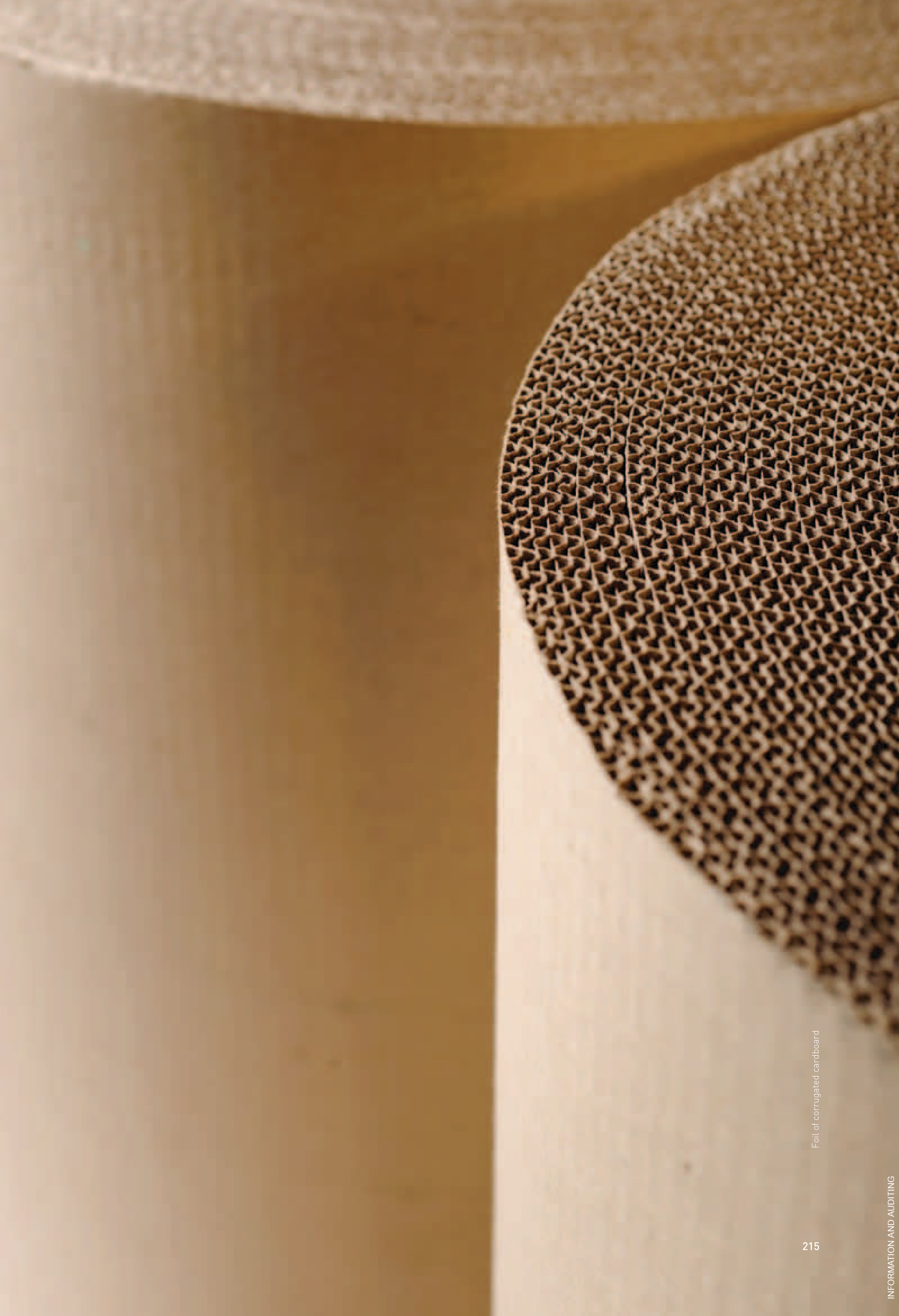
- The attribution of these services to a work team not only independent in relation to the team performing the auditing services but also being part of an autonomous sector that does not depend on the audit department of this entity.

III.17.4.
OTHER NON-STATUTORY AUDITING SERVICES

In addition to the services mentioned in the previous paragraph, no other services were rendered by the external auditor (and individual or corporate entities belonging to the same network) to the Company or to companies it controls.

III.18.
REFERENCE TO THE EXTERNAL AUDITOR'S ROTATION PERIOD

The Chartered Accountant and external auditor is presently serving his second mandate, after being appointed for these duties on May 31, 2007, in substitution of the company Grant Thornton.



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