

# 1<sup>st</sup> Quarter 2009 Results



**INAPA – INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, S.A.**  
(Sociedade Aberta)

Sede: Rua Castilho, n.º 44 – 3.º andar, 1250-071 Lisboa  
Capital social: € 150 000 000

Número único de pessoa colectiva e de matrícula na Conservatória do Registo Comercial de Lisboa  
500 137 994



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## 1. Message from the CEO

The macroeconomic environment continued to deteriorate in the first quarter of 2009 for European economies in general, with uncertainty about the dimension and impact of the crisis we are experiencing contributing to the decrease of consumer and corporate confidence indices, giving rise to significant reductions in consumption and investment levels.

At the same time, we have also been seeing greater difficulties in companies and individuals accessing credit, with an increase in unemployment and deflation risks that may prolong the current macroeconomic scenario over time.

The European paper sector went through a difficult 1st quarter this year, with the biggest global producers generally being forced to stop production or reduce their production levels more than had been expected because of reduced consumption, in an attempt to balance out the market.

The paper distribution sector also had a hard quarter, with a 14% drop in volume distributed, and the value of sales decreasing by 11% according to data from the European Paper Merchants' Association (Eugropa).

In this adverse context, Inapa was able to improve its net profit by 4.3% compared to the same period in the previous year, and by 1.1 million Euros compared to the last quarter of 2008, reaching 1.026 million Euros.

Contributing to this performance was the 84% growth in sales by the complementary businesses, compensating for the drop in paper volume sold. This, along with the reduction in operating costs and in financial function (in spite of an increase in provisions for clients), allowed for the continued improvements that the Group has been showing.

The performance of our stocks should also be pointed out, in that as of May 15th there was already a transaction volume exceeding 66,8 million shares, equivalent to the company's free-float, with a 26% increase in stock price since the end of 2008.

The good performance observed at the end of the first quarter of this year requires us to keep a careful watch on the monitoring and evaluation of the economic environment; in particular, the developments that may take place in our business sector, so as to identify opportunities and the adjustments that may prove necessary.

José Felix Morgado



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## 2. Highlights

- Superior performance on the part of Inapa compared to the European market, where sales dropped 11% compared to 6.8% on the part of the Group;
- 84% increase in sales for complementary businesses, reaching 5.5% of total sales;
- Increase of 0.5 p.p. of the Gross Margin (18%) compared to the 1st quarter of 2008 and of 0.3 p.p. compared to the last quarter of 2008;
- Reduction of Operating Costs by 4.6% on a pro-forma basis, and by 2% on an overall corporate level;
- Maintenance of recurring EBITDA on 4% of sales;
- Reduction of Financial Costs by 23%;
- Improvement of the Re-EBITDA/Financial Performance ratio from 1.43 to 1.64;
- Increase in Net Profit by 4.3% to 1.026 million Euros;
- Reduction in net debt by 14 million Euros compared to December 31st, 2008, arising from the cash flow generated (4.4 million Euros) and from working capital reduction 9,6 million euros.



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### 3. Main Business Indicators

(amounts in millions of Euros)

	1Q2009	1Q2008	Δ%	4Q2008	Δ%
Tons (000)	236	261	-9,5%	251	-5,9%
Sales	253,3	271,7	-6,8%	259,4	-2,4%
Gross Margin (€)	45,7	47,4	-3,5%	45,9	-0,3%
Gross Margin (%)	18,0%	17,5%	50 b.p.	17,7%	30 b.p.
Operating costs	39,3	40,1	-1,9%(*)	39,3	0,1%
Non recurrent costs	1,8	0,6	215,9%	1,4	32,0%
Re-EBITDA	10,0	11,6	-13,9%	11,6	-13,9%
EBIT (€)	8,0	9,6	-16,6%	9,0	-11,2%
EBIT (%)	3,2%	3,5%	-30 b.p.	3,5%	-30 b.p.
Financial Function	6,1	7,9	-22,5%	8,6	-28,6%
Net profit	1,026	0,984	4,3%	-0,1	

(\*) pro-forma 4.6%

## 4. Analysis of Results

### 4.1 Sales

Inapa's sales fell 6.8% compared to the same period last year, a significantly better performance than the European market as a whole, which fell by 11% (according to data from the Eugropa).

Three factors contributed favourably to this performance:

- The 84% increase in sales from complementary businesses, already accounting for 5.5% of total sales;
- A slight increase in the average prices on total paper sales, with increases seen in coated paper (CWF) and a slight drop in uncoated paper (UWF);
- The stock/indent ratio improved to 52%.

These factors compensated for a homologous drop of 9.5% in the paper sales volume, a drop that is still substantially lower than the drop seen in the market as a whole (14%).

With this development, the Group consolidated its position in the European paper distribution market, having reinforced its market share.



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Compared to the previous quarter (the 4th quarter of 2008), sales showed a 5.9% decrease in volume, partially compensated by the increase in the average sales price; this, along with the increase in sales on the part of complementary businesses made for a 2.4% reduction in Inapa's total sales.

## **4.2 Gross Margin**

The gross margin attained was 18%, an increase of 0.5 p.p. compared to the 1st quarter of 2008, and an increase of 0.3 p.p. compared to the last quarter of 2008, reaching 45.7 million Euros.

This improvement in the gross margin, is the result of focusing on the margin instead of volume, and has been positively influenced by the increase in the contribution from complementary businesses, which represented 7.2% of the total gross margin. It has also been influenced by the improvement in the sales mix after focusing on products of higher added value.

## **4.3 Operating Costs**

Operating costs were reduced by 1.9% (compared to Q1, 2008), reaching 39.4 million Euros (on a pro-forma basis they fell 4.6%), reflecting a reduction in transportation costs. Staff costs went down slightly, allowing the company to reach its objective of keeping its operating costs stable in real terms.

Compared to the last quarter of 2008, operating costs remained stable as a result of pursuing an operating efficiency improvement policy.

## **4.4 Provisions**

A profoundly adverse economic context, coupled with the restrictions felt by clients on a financial and credit insurance level, have made for more restrictive risk evaluation criteria; thus, by meeting prudential criteria, provisions increased by 1.3 million Euros to 1.8 million Euros.

## **4.5 Recurring EBITDA**

The EBITDA settled at 4% of sales, which corresponds to a 0.3 p.p. decrease, reaching 10 million Euros. Excluding the 1.3 million Euro increase in provisions, the recurring EBITDA margin reached 4.4%, which would correspond to a 0.1 p.p. increase.

The development of the recurring EBITDA, besides reflecting the increase in provisions, also reflects the decrease in sales volume, partially compensated for by the gains in operational efficiency that were attained in the interim.



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#### **4.6 Financial Performance**

The reduction of the net debt by 12 million Euros compared to the 1st quarter of 2008 (14 million Euros compared to December 31st, 2008), coupled with the significant decrease in interest rates, allowed for a 22.5% decrease in financial costs.

This reduction in net remunerated debt was achieved by the generation of cash flow (4.4 million Euros), and also by the improvement in the levels of working capital by 9.6 million Euros.

The coverage of financial charges by the recurring EBITDA increased from 1.43 times in the 1st quarter of 2008 to 1.64 times in the 1st quarter of 2009.

#### **4.7 Net profit**

The net profit for the 1st quarter 2009 improved 4.3% compared to the 1st quarter of 2008 settling at 1.026 million Euros (984 thousand Euros in the same period in 2008), as a result of the gains in operational efficiency achieved and the reduction in financial costs. This was in spite of the reduction in volume sold and the increase in provisions.

### **5. Short term outlook**

It is forecasted that in the short term the current macroeconomic environment will be maintained, with family and corporate consumption and investment remaining at low levels.

An increase in paper volume transacted is not foreseeable, since the sales levels will surely be lower than those in the same period last year. On the issue of prices, and as a result of foreseeable new halts in production and additional discontinuations in capacity, these should remain stable or even experience a slight increase for coated papers, and should be under pressure for uncoated papers.

The increase in the contribution made by the complementary businesses, coupled with the improvement in operating performance and the management of capital invested should allow for a sustained improvement in performance that has already been seen during first quarter.



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## 6- Consolidated Accounts

### INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIODS ENDED MARCH 31, 2009 AND MARCH 31, 2008  
(Amounts in thousand of Euros)

	Notes	March 31, 2009	March 31, 2008
<b>Tons</b>		<b>236.401</b>	<b>261.243</b>
Sales and Service rendered	3	255.245	273.689
Other Income	3	6.089	8.769
<b>Total Income</b>		<b>261.334</b>	<b>282.458</b>
Cost of sales		-210.114	-230.100
Changes in inventories		-	-
Personal costs		-19.316	-19.306
Other costs	5	-22.309	-21.736
		<b>9.595</b>	<b>11.316</b>
Depreciations and amortizations		-1.545	-1.642
Impairment in non current assets		-	-
Gains / (losses) in associates		-82	-38
Net financial functions	6	-6.116	-7.897
<b>Net profit and (loss) account before tax and discontinued operations</b>		<b>1.852</b>	<b>1.739</b>
Income tax	15	-724	-655
<b>Net profit and (loss) account before discontinued operations</b>		<b>1.128</b>	<b>1.084</b>
Net profit /(loss) from discontinued operations		-	-
<b>Net profit and (loss) for the period</b>		<b>1.128</b>	<b>1.084</b>
<b>Attributable to:</b>			
Equityholders of the company		1.026	984
Minority interests		102	100
<b>Earnings per share from continuing operations - euros</b>			
Basic		0,008	0,007
Diluted		0,008	0,007
<b>Earnings per share from discontinued operations - euros</b>			
Basic		0,000	0,000
Diluted		0,000	0,000





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**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED MARCH 31, 2009 AND MARCH 31, 2008**

(Amounts in thousand of Euros)

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
<b>Profit and (loss) for the period before minority interest</b>	<b>1.128</b>	<b>1.084</b>
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	-452	686
Available-for-sale financial assets	-23	-
<b>Comprehensive income directly to shareholders equity</b>	<b>-475</b>	<b>686</b>
<b>Total comprehensive income for the period</b>	<b><u>653</u></b>	<b><u>1.770</u></b>
<b>Attributable to:</b>		
Equityholders of the company	551	1.670
Minority interets	102	100
	<b><u>653</u></b>	<b><u>1.770</u></b>

To be read in conjunction with the notes to the consolidated financial statements



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**CONSOLIDATED BALANCE SHEETS AT MARCH 31, 2009 AND DECEMBER 31, 2008**  
(Amounts in thousand of Euros)

	<u>Notes</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Tangible fixed assets		103.776	104.288
Goodwill		138.379	137.941
Other intangible assets		106.187	106.239
Investment in associates		1.512	1.594
Available-for-sale financial assets	7	13.508	13.531
Other non-current assets		18.706	18.547
Deferred income tax assets	15	26.619	26.923
<b>Total Non-current assets</b>		<b>408.687</b>	<b>409.063</b>
<b>Current assets</b>			
Inventories		72.349	83.427
Trade receivables	11	221.259	210.120
Income tax receivable		10.402	9.829
Other current assets	11	29.845	44.636
Cash and cash equivalents	10	7.374	5.345
<b>Total current assets</b>		<b>341.229</b>	<b>353.357</b>
Assets for discontinued operations		297	391
<b>Total Assets</b>		<b>750.213</b>	<b>762.811</b>
<b>SHAREHOLDERS EQUITY</b>			
Share capital		150.000	150.000
Own shares		-	-
Share issue premiums		2.937	2.937
Reserves		40.838	41.291
Retained earnings		-45.066	-46.006
Net profit and (loss) for the period		1.026	1.007
		149.735	149.229
Minority interest		1.033	1.033
<b>Total Shareholders equity</b>		<b>150.768</b>	<b>150.262</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans	13	102.552	102.733
Financing associated to financial assets	13	138.368	134.770
Deferred income tax - liabilities	15	21.731	21.622
Provisions		768	4.583
Employee benefits obligations		2.968	2.932
Other non-current liabilities		14.451	15.744
<b>Total non-current liabilities</b>		<b>280.838</b>	<b>282.384</b>
<b>Current liabilities</b>			
Loans	13	217.234	228.922
Trade payables	14	60.751	59.707
Current tax payable		13.111	11.364
Other current liabilities	14	27.511	30.172
<b>Total current liabilities</b>		<b>318.607</b>	<b>330.165</b>
Liabilities for discontinued operations		-	-
<b>Total shareholders equity and liabilities</b>		<b>750.213</b>	<b>762.811</b>

To be read in conjunction with the notes to the consolidated financial statements



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**STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED MARCH 31, 2009 AND MARCH 31, 2008**

(Amounts in thousand of Euros)

	Attributable to Equity Shareholders						Minority interest	Total Equity
	Share Capital	Own Shares	Share issue premiums	Foreign exchange adjustments	Reserves and retained earnings	Total		
<b>BALANCE AT 1 JANUARY 2008</b>	<b>150.000</b>	<b>0</b>	<b>2.937</b>	<b>-263</b>	<b>-5.871</b>	<b>146.803</b>	<b>1.318</b>	<b>148.121</b>
Exchange differences on translating foreign operations				686		686	0	686
Dividends						0	-102	-102
Own shares - variations					0	0	0	0
Other corrections to the share capital of group companies					5	5	0	5
Changes in consolidated perimeter					0	0	-7	-7
Increases in share capital					0	0	0	0
	0	0	0	686	5	691	-109	582
Net profit and (loss) for the period	-	-	-	-	984	984	100	1.084
<b>Total Net profit and (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>686</b>	<b>989</b>	<b>1.675</b>	<b>-9</b>	<b>1.666</b>
<b>BALANCE AT 31 MARCH 2008</b>	<b>150.000</b>	<b>0</b>	<b>2.937</b>	<b>423</b>	<b>-4.882</b>	<b>148.478</b>	<b>1.309</b>	<b>149.787</b>
<b>BALANCE AT 1 JANUARY 2009</b>	<b>150.000</b>	<b>0</b>	<b>2.937</b>	<b>1.236</b>	<b>-4.944</b>	<b>149.229</b>	<b>1.033</b>	<b>150.262</b>
Exchange differences on translating foreign operations				-452		-452	0	-452
Dividends						0	-102	-102
Available- for- sale investments					-23	-23	0	-23
Other corrections to the share capital of group companies					-45	-45	0	-45
Changes in consolidated perimeter					0	0	0	0
	0	0	0	-452	-68	-520	-102	-622
Net profit and (loss) for the period					1.026	1.026	102	1.128
<b>Total Net profit and (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-452</b>	<b>958</b>	<b>506</b>	<b>0</b>	<b>506</b>
<b>BALANCE AT 31 MARCH 2009</b>	<b>150.000</b>	<b>0</b>	<b>2.937</b>	<b>784</b>	<b>-3.986</b>	<b>149.735</b>	<b>1.033</b>	<b>150.768</b>

To be read in conjunction with the notes to the consolidated financial statements



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**CONSOLIDATED CASH-FLOW STATEMENT FOR THE PERIODS ENDED  
MARCH 31, 2009 AND MARCH 31, 2008**

(Amounts in thousand of Euros) - Full consolidated method

	Notes	MARCH 31, 2009	MARCH 31, 2008
<b>Cash-Flow generated from operating activities</b>			
Cash receipts from customers		251.932	274.966
Cash payments to suppliers		-203.056	-233.225
Cash payments to personnel		-18.255	-20.330
		<u>30.621</u>	<u>21.411</u>
<b>Net cash from operating activities</b>		<b>30.621</b>	<b>21.411</b>
Income tax paid		-131	-443
Income tax received		58	0
Other proceeds relating to operating activity		25.730	23.685
Other payments relating to operating activity		-38.335	-41.859
		<u>17.942</u>	<u>2.794</u>
<b>Cash-flow before extraordinary items</b>		<b>17.942</b>	<b>2.794</b>
Proceeds relating to extraordinary items		0	0
Payments relating to extraordinary items		0	0
		<u>0</u>	<u>0</u>
<b>Net cash generated from operating activities</b>	<b> 1 </b>	<b>17.942</b>	<b>2.794</b>
<b>Cash-Flow from investing activities</b>			
Proceeds from:			
Financial investments		0	51
Tangible fixed assets		20	26
Intangible fixed assets		0	0
Interest and similar income		182	1.181
Dividends		0	0
Advances for expenditure on behalf of third parties		0	0
		<u>201</u>	<u>1.258</u>
Payments in respect of:			
Financial investments		-1.478	-1.453
Tangible fixed assets		-961	-632
Intangible fixed assets		-145	-176
Advances for expenditure on behalf of third parties		-49	0
Loans granted		0	0
		<u>-2.633</u>	<u>-2.261</u>
<b>Net cash used in investing activities</b>	<b> 2 </b>	<b>-2.432</b>	<b>-1.003</b>
<b>Cash-Flow from financing activities</b>			
Proceeds from:			
Loans obtained		3.246	24.055
Issues of share capital, repayments, issue premiums		0	0
Treasury placements		0	0
		<u>3.246</u>	<u>24.055</u>
Payments in respect of:			
Loans obtained		-204	-129.444
Amortization of leasing contracts		-323	-224
Interest and similar income		-4.503	-8.345
Dividends		0	0
Treasury placements		0	0
		<u>-5.030</u>	<u>-138.013</u>
<b>Net cash used in financing activities</b>	<b> 3 </b>	<b>-1.783</b>	<b>-113.958</b>
Variation of cash and cash equivalents	<b> 4  =  1  +  2  +  3 </b>	13.727	-112.167
Effect of exchange differences		24	806
		<u>13.751</u>	<u>-111.360</u>
Cash and cash equivalents on the beginning of the period		-94.717	-7.075
Cash and cash equivalents on the end of the period	<b>10</b>	<u>-80.967</u>	<u>-118.435</u>
		<u>13.751</u>	<u>-111.360</u>



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## 7. Condensed notes to the Consolidated Financial Statements

### INAPA - INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, S.A.

#### CONDENSED ANNEXE TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE QUARTER ENDING 31ST OF MARCH OF 2009

(Values are in thousands of euros, except when specifically stated otherwise)

#### 1. INTRODUCTION

Inapa - Investimentos, Participações e Gestão, S.A. (Inapa IPG) is the main company in the Inapa Group. Its corporate objective is the property and the management of assets, fixed or otherwise, participating in the capital of other companies, the operation of commercial and industrial premises (both owned and managed on behalf of third parties), and rendering assistance in companies in which capital it participates. Inapa IPG is listed in Euronext Lisbon.

Headquarters: Rua Castilho nº44 3º, 1250-071 Lisbon, Portugal

Capital: 150,000,000 euros

N.I.P.C.: 500 137 994

The Portuguese companies in the Group devote themselves to distributing paper in Portugal (Inapa Portugal – Distribuição de Papel, S.A. and subsidiary company). The Group is part of a "sub-holding company" (Gestinapa - SGPS, S.A.), which groups companies concerned with Distribution. In the 2nd quarter of 2008 Inapa Portugal – Distribuição de Papel, S.A. disposed of its participation in its Azores-based subsidiary, Papéis Carreira Açores, Lda.

As part of its development and internationalization project, the Inapa Group holds interests, mainly within paper Distribution, in several European countries, namely (i) Inapa France, S.A. and subsidiary companies, operating in France and Belux, (ii) Inapa España Distribución Ibérica, S.A., operating in Spain (Andalucía) and holding an interest in Surpapel, SL (a company concerned with marketing paper), (iii) Inapa Deutschland, GmbH based in Germany, which holds interests in Papier Union, GmbH, which in turn holds capital in Inapa Packaging, GmbH, Inapa VisualCom GmbH and PMF - Factoring, GmbH equally based in that country, in Inapa Switzerland and (iv) in two companies located in the United Kingdom – Inapa Merchants Holding Ltd, which holds the financial interests in Tavistock Paper Sales, Ltd, a company that devotes itself essentially to distributing paper for envelope manufacturing. For its part, subsidiary company Inapa Packaging, GmbH, owns two companies that market packing material, Hennesen and Potthoff, GmbH and HTL - Verpackung, GmbH, respectively. In the 2nd quarter of 2008, Inapa VisualCom, GmbH acquired the whole equity capital in Complott, GmbH, while Inapa France, S.A. acquired the outstanding capital in Logistipack – Carton Service, S. A. it did not yet hold, during the 1st quarter of 2008.

These consolidated financial statements were approved by the Council of Administration of Inapa - IPG on the 14th of May of 2009.



## 2. ACCOUNTING POLICIES

### Basis of Preparation

The consolidated financial statements of the Inapa Group are prepared assuming continuity of operations, from accounting books and registers of the companies that make up the Group. On the other hand, the interim consolidated financial statements for the quarter ending 31st of March of 2009 were prepared according to IAS 34 – Interim Financial Report and are condensed notes. Therefore, they must be read alongside the annual financial consolidated statements for the year ending 31st December 2008.

The consolidated financial statements of the Group Inapa 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 International Financial Reporting Interpretations Committee (IFRIC) or by former Standing Interpretations Committee (SIC), as adopted by the European Union.

### Accounting Policies

The interim financial statements for the quarter ending 31st March 2009 were prepared in accordance with the same accounting principles and policies adopted by the Inapa Group when preparing the consolidated financial statements pertaining to the financial year ending 31st December 2008 and that are described in the annexe included in those financial statements.

## 3. SALES AND SERVICES RENDERED AND OTHER FORMS OF INCOME

The sales and services rendered during the quarter ending 31st March 2009 and 2008, are distributed as follows:

	<u>31st March 2009</u>	<u>31st March 2008</u>
<b>Internal Market</b>		
Sales	15,908	16,095
Services	74	71
	<u>15,982</u>	<u>16,166</u>
<b>External Market</b>		
Sales	237,355	255,630
Services	1,908	1,893
	<u>239,263</u>	<u>257,523</u>
<b>Total</b>	<u><b>255,245</b></u>	<u><b>273,689</b></u>

On the 31st of March of 2009 and 2008, the balances reported to "Other forms of income" are analysed as follows:



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	<u>31st March 2009</u>	<u>31st March 2008</u>
Other forms of income	111	2,964
Net cash payment discount	2,586	2,845
Other forms of income	3,391	2,960
	<u><b>6,088</b></u>	<u><b>8,769</b></u>

#### 4. REPORT BY BUSINESS SEGMENT

Information is presented according to each business segment identified. These are paper distribution, packaging, factoring and "visual communication". These last items are grouped together under "Other business". "Other activities" records the sums relative to "holding companies" not attributed to the businesses identified.

The results for each segment correspond to those that are directly attributable or those which could reasonably be attributed to them. Transfers between segments are performed at market prices and are not materially relevant.

On the 31st of March of 2009 and of 2008, the financial information by business segment can be broken down as follows:

	<u>31st March 2009</u>					<u>31st March 2008</u>				
	<u>Distribution</u>	<u>Other Business</u>	<u>Other Activities</u>	<u>Consolid. remov.</u>	<u>Consolidated</u>	<u>Distribution</u>	<u>Other Business</u>	<u>Othes Activities</u>	<u>Consolid. remov.</u>	<u>Consolidated</u>
<b>REVENUE</b>										
External sales	241,742	11,522	-	-	<b>253,264</b>	264,353	7,371	0	-	<b>271,724</b>
Sales between segments	55	857	-	-912	-	25	230	-	-255	-
<b>Other revenue</b>	<b>1,159</b>	<b>398</b>	<b>425</b>	<b>-</b>	<b>1,982</b>	<b>1,164</b>	<b>396</b>	<b>405</b>	<b>-</b>	<b>1,965</b>
<b>Total revenue</b>	<b>242,956</b>	<b>12,776</b>	<b>425</b>	<b>-912</b>	<b>255,245</b>	<b>265,541</b>	<b>7,997</b>	<b>405</b>	<b>-255</b>	<b>273,689</b>
<b>RESULTS</b>										
Segmented results	4,525	660	2,999	-133	8,051	6,379	447	3,079	-230	9,674
<b>Operational results</b>					<b>8,051</b>					<b>9,674</b>
Interest costs	-3,200	-182	-4,151	1,041	-6,492	-5,800	-195	-5,479	2,635	-8,839
Interest profits	816	4	3,507	-3,950	376	2,056	5	1,142	-2,260	942
Taxes w/o profit	-515	-150	-59	-	-724	-136	-108	-92	-	-655
<b>Results from ordinary activities</b>					<b>1,211</b>					<b>1,123</b>
Gains / (losses) in ass. Comp.					-82					-38
Results from disont. Oper.					0					-
<b>Net consolidated result</b>					<b>1,128</b>					<b>1,084</b>
<b>Attributable</b>										
Capital holders					1,026					983
Minority interests					102					101



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On 31st March 2009 and 2008, the sales figures for the distribution business carried out in the various countries where the Group performs this activity can be broken down as follows:

	<u>Sales</u>	
	<u>31st March 2009</u>	<u>31st March 2008</u>
Germany	128,442	139,443
France	60,196	66,343
Others	53,104	58,567
	<u><u>241,742</u></u>	<u><u>264,353</u></u>

## 5. OTHER COSTS

The balance under "Other costs" for the quarter ending on 31st March 2009 and 2008 can be broken down as follows:

	<u>31st March 2009</u>	<u>31st March 2008</u>
Administrative costs	19,138	19,996
Indirect taxes	682	673
Other costs	659	488
Non-parity in current assets	1,830	579
	<u><u>22,309</u></u>	<u><u>21,736</u></u>





## 6. FINANCIAL FUNCTION

The result of the financial function for the quarters ending 31st March 2009 and 2008 is as follows:

	<u>31st March 2009</u>	<u>31st March 2008</u>
<b>Financial profits</b>		
Interest obtained	264	846
Favourable diff. In exchange rates	84	-
Other financial profits and gains	28	96
	<u><b>376</b></u>	<u><b>942</b></u>
<b>Financial costs</b>		
Interest paid	-3,681	-5,242
Unfavourable diff. In exchange rates	-1	-
Other financial costs and losses	-2,810	-3,597
	<u><b>-6,492</b></u>	<u><b>-8,839</b></u>
<b>Financial results</b>	<u><u><b>-6,116</b></u></u>	<u><u><b>-7,897</b></u></u>

## 7. FINANCIAL INVESTMENTS AVAILABLE FOR SALE

On 31 March 2009 and 31st December 2008, the figures reported to "Financial investments available for sale" were as follows:

	<u>31st March 2009</u>	<u>31st December 2008</u>
BANIF - Unidades de participações em fundos de investimentos	5,589	5,612
MaisFIN-SGPS,SA	200	200
GIP - Gestão Informática de Papel, Lda	50	50
Opex	13	13
Others	7,656	7,656
	<u><u><b>13,508</b></u></u>	<u><u><b>13,531</b></u></u>

The movement during the quarter ending 31st March 2009 and during the 2008 financial year, under "financial Investments available for sale" was as follows:



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<b>Balance on 1st January 2008</b>	<b>13,421</b>
Aquisitions	200
Sales	-200
Variation in fair value	110
<b>Final balance on 31st December 2008</b>	<b><u>13,531</u></b>
Aquisitions	-
Sales	-
Variation in fair value	-23
<b>Final Balance on 31st March 2009</b>	<b><u><u>13,508</u></u></b>



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## 8. COMPANIES INCLUDED IN THE CONSOLIDATION

The subsidiaries included in the consolidation, using the integral consolidation method, to 31st March 2009, are as follows:

Name	Headquarters	% Participation	Activity	Direct holder	Date Established	Date Incorporated
Gestinapa - SGPS, S.A.	Rua Castilho, 44-3rd 1250-071 Lisbon	100,00	SGPS	Inapa – IPG, S.A.	May 1992	June 1992
Inapa-Portugal, S.A.	Rua das Cerejeiras, n. 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	99,75	Paper distribution	Gestinapa-SGPS, S.A.	June 1919	1988
Inapa Distribución Ibérica, S.A.	c / Delco Industrial polygon Ciudad del Automóvil 28914 Leganés, Madrid	100,00	Paper distribution	Gestinapa - SGPS, S.A.	-	December 1998
Inapa France, S.A.	91813 Corbeil Essones Cedex France	100,00	Paper distribution	Inapa – IPG, S.A.	-	May 1998
Logistipack – Carton Services, S.A.	14, Impasse aux Moines 91410 Dourdon France	100,00	Packing	Inapa France, S.A.	-	January 2008
Inapa Belgique	Vaucampslan, 30 1654 Huizingen Belgium	99,94	Paper distribution	Inapa-France, S.A.	-	May 1998
Inapa Luxemburg	211, Rue des Romains. L. 8005 Bertrange Luxembourg	97,75	Paper distribution	Inapa Belgique	-	May 1998
Inapa Deutschland, GmbH	Warburgstra ß, 28 20354 Hamburg Germany	100,00	Holding company	Gestinapa - SGPS, S.A.	-	April 2000
Papier Union, GmbH	Warburgstraße, 28 20354 Hamburg Germany	94,90	Paper distribution	Inapa Deutschland, GmbH	-	April 2000
PMF - Print Medien Factoring, GmbH	Warburgstra ß, 28 20354 Hamburg Germany	94,90	Factoring	Papier Union, GmbH	-	September 2005
Inapa Packaging, GmbH	Warburgstra ß, 28 20354 Hamburg Germany	94,90	Holding company	Papier Union, GmbH	2005	2006
HTL Verpackung, GmbH	von von von Werner- von-Siemens Str 4-6 21629 Neu Wulmstrof Germany	94,90	Packing	Inapa Packaging, GmbH	-	January 2006



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Name	Headquarters	% Participation	Activity	Direct holder	Date Established	Date Incorporated
Hennesen and Potthoff, GmbH	Tempelsweg 22 Tonisvorst Germany	94,90	Packing	InapaPackaging, GmbH	-	January 2006
Inapa Viscom, GmbH	Warburgstra ß, 28 20354 Hamburg Germany	100,0	Holding company	Papier Union, GmbH	-	January 2008
Complott Papier Union, GmbH	Industriestrasse 40822 Mettmann Germany	100,0	Visual communication	Inapa VisCom, GmbH	-	January 2008
Inapa – Merchants, Holding company, Ltd	Torrington House, 811 High Road Finchley N12 8JW United Kingdom	100,00	Holding company	Gestinapa – SGPS, S.A.	-	1995
Tavistock Paper Sales, Ltd	1st Floor - The Power House Wantage OX12 8PS United Kingdom	100,00	Paper distribution	Inapa - Merchants Holding, Ltd	-	February 1998
Inapa Suisse	Althardstrasse 301 8105 Regensdorf – Suisse	100,00	Paper distribution	Inapa-IPG, S.A. and Papier Union, GmbH	-	May 1998
Inapa Italy SpA	Strada Statale Padana Superiore 315/317 I - 20090 Vimodrone Milan Italy	100,00	-	Inapa-France, S.A.	-	1998

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

The following companies were included in the consolidated financial statements using the equivalence method, under "Capital in associated companies":

Associate companies	Holding company	% participation
Surpapel, SL	Inapa España Distribución Iberian, S.A.	25,00
Medialivros - Actividades Editoriais, S.A.	Inapa - IPG, S.A.	40,49

## 9. COMPANIES EXCLUDED FROM THE CONSOLIDATION

The participations that follow were not included in the consolidation process using the integral consolidation method. The effect is not materially relevant. Megapapier was not consolidated using the integral consolidation method as the Group's intention is to liquidate it, and it has therefore been valued at nil.



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<u>Company</u>	<u>Headquarters</u>	<u>Direct holder</u>	<u>% held</u>
Megapapier - Mafipa Netherland BV	PO Box 1097 3430 BB Nieuwegein Holanda	Inapa France, SA	100%
Inapa Logistics	Warburgstrasse,28 20354 Hamburg Alemanha	Papier Union, GmbH	100%
Inapa Vertriebsgesellschaft GmbH	Warburgstrasse,28 20354 Hamburg Alemanha	Papier Union, GmbH	100%
Inapa Angola Distribuição de Papel,SA	Rua Amílcar Cabral nº 211 Edifício Amílcar Cabral 8º Luanda	Inapa Portugal, SA	100%

## 10. CASH AND CASH EQUIVALENTS

The heading "Cash and cash equivalents" can be broken down as follows:

	<u>31st March 2009</u>	<u>31st December 2008</u>	<u>31st March 2008</u>
<b>Cash and equivalents</b>			
Immediately realizable bank deposits	7,196	5,275	4,961
Cash	178	70	226
	<b><u>7,374</u></b>	<b><u>5,345</u></b>	<b><u>5,187</u></b>

## Statement of cash flow

The breakdown of cash and its equivalents, for the purpose of Statement of cash flow, is as follows:



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	<u>31st March 2009</u>	<u>31st December 2008</u>	<u>31st March 2008</u>
<b>Cash and equivalents</b>			
Immediately realizable bank deposits	7,196	5,275	4,961
Cash	178	70	226
<b>Cash and equivalents on balance</b>	<b><u>7,374</u></b>	<b><u>5,345</u></b>	<b><u>5,187</u></b>
Overdrafts	-88,341	-100,062	-123,622
Cash and equivalents in cash flow statement	<b><u>-80,967</u></b>	<b><u>-94,717</u></b>	<b><u>-118,435</u></b>

"Bank overdrafts" includes credit balances of current accounts held with financial institutions, and included in the balance reported to "Loans" (Note 12).

#### 11. CLIENTS AND OTHER CURRENT ASSETS

On 31 March 2009 and 31st December 2008 the "Clients" heading can be broken down as follows:

	<u>31st March 2009</u>	<u>31st December 2008</u>
<b>Clients</b>		
Current account clients	196,793	182,473
Credit account clients	23,445	26,246
Unlikely recovery clients	<u>12,855</u>	<u>13,274</u>
	233,093	221,993
Accumulated non-parity losses	-11,834	-11,873
<b>Clients - net balance</b>	<b><u>221,259</u></b>	<b><u>210,120</u></b>

The heading "Other assets" on 31 March 2009 and 31st December 2008 is broken down as follows:

	<u>31st March 2009</u>	<u>31st December 2008</u>
<b>Other current assets</b>		
Participated and participant companies	52	86
Supplier down-payments	364	264
Other debtors	13,711	15,783
Profit increments	14,794	27,538
Deferred costs	<u>923</u>	<u>965</u>
	<b><u>29,844</u></b>	<b><u>44,636</u></b>



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## 12. CAPITAL

On the 31st of March of 2009 the corporate capital was represented by 150.000.000 shares at 1.00 euro each, all of which had been sold and realized.

Inapa – Investimentos, Participações and Gestão, S.A., was notified, in compliance with articles 16 and 248-B of the “Código dos Valores Mobiliários e do Regulamento da CMVM 5 / 2008” (Movable Assets and Regulations Code”, of holdings assigned to the following persons, individuals or corporate bodies:

- Parpública – Participações Públicas, SGPS, SA: - 49 084 738 shares corresponding to 32,72% of the capital and of the ballot rights;
- Banco Comercial Português, S.A., who were attributed 27.391.047 shares corresponding to 18,26 % of the capital and of the ballot rights (\*), and;
- José Augusto Martins Fazendeiro, who was attributed 3.083.851 shares corresponding to 2,06 % of the capital and of the ballot rights (\*\*).

The company was not notified, under the provisions of legal and statutory arrangements, of any alteration to the participations previously mentioned or of other holders to whom corporate shares attributing ballot rights equal to or greater than to 2 % are due.

Notes:

(\*) the participation imputable to Banco Comercial Português, S.A. is broken down as follows:

- Banco Comercial Português, S.A. ... .. 10.315.846 shares corresponding to 6.88 % of the ballot rights ;
- Fundo de Pensões of the Group BCP ... .. 16.521.635 shares corresponding to 11.01 % of the ballot rights ;
- Banco Millennium BCP investimento, S.A.. 553.566 shares corresponding to 0.37 % of the ballot rights .

(\*\*) the imputable participation to José Augusto Martins Fazendeiro is broken down as follows:

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

On 31st March 2009, the Group does not hold own shares and transactions of own shares were not recorded in this quarter.



### 13. LOANS

On 31st March 2009 and 31st December 2008, loans were as follows:

	<u>31st March 2009</u>	<u>31st December 2008</u>
<b>Current debt</b>		
° <b>Bank loans</b>		
° Bank overdrafts and short-term financing	88,339	100,062
° Commercial paper, reimbursable at its nominal value, maturing at one year, renewable	124,000	124,000
° Medium- and long-term financing (maturing at up to one year)	4,895	4,860
<b>Total current debt</b>	<u>217,234</u>	<u>228,922</u>
<b>Non-current debt</b>		
° <b>Bank loans</b>		
° Medium- and long-term financing	<u>102,552</u>	<u>102,733</u>
	<u>102,552</u>	<u>102,733</u>
° <b>Financing associated with financial assets - credit registration</b>	<u>138,368</u>	<u>134,770</u>
<b>Total non-current debt</b>	<u>240,920</u>	<u>237,503</u>
	<u><b>458,154</b></u>	<u><b>466,425</b></u>

On 31st March 2009 and 31st December 2008, the liquid sum of the consolidated financial debt is as follows:





	<u>31st March 2009</u>	<u>31st December 2008</u>
Loans		
Current	217,234	228,922
Non-current	<u>102,552</u>	<u>102,733</u>
	319,786	331,655
Financing associated with credit registration	138,368	134,770
Debts due to financial assignments	14,237	14,498
	<u><b>472,391</b></u>	<u><b>480,923</b></u>
Cash and cash equivalents	7,374	5,345
Negotiable financial investments (listed securities)	-	-
Financial investments available for sale (listed securities)	-	-
	<u><b>7,374</b></u>	<u><b>5,345</b></u>
	<u><b>465,017</b></u>	<u><b>475,578</b></u>

#### 14. SUPPLIERS AND OTHER CURRENT LIABILITIES

On 31st March 2009 and 31st December 2008, the heading "Suppliers and Other current liabilities" are broken down as follows:

	<u>31st March 2009</u>	<u>31st December 2008</u>
<b>Suppliers</b>		
Current account	48,606	53,060
Credit account	318	347
Invoices being received and checked	11,827	6,300
	<u>60,751</u>	<u>59,707</u>
<b>Other current liabilities</b>		
Client supplies up-front	743	1,288
Fixed asset suppliers	1,019	1,116
Other creditors	12,937	16,436
Increases and deferrals	12,812	11,332
	<u>27,511</u>	<u>30,172</u>

#### 15. INCOME TAX

The value of the Tax on the profit shown in the Statement of consolidated results, on 31st March 2009 (724 thousand Euros), corresponds to tax for the current quarter, of 311 thousand Euros, and to variation in the period of deferred taxes of 413 thousand Euros.



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The differential between the nominal tax (average of 30 %) and the current rate of income tax (IRC) on the Group, on 31st March 2009, is broken down as follows:

	<u>31st March 2009</u>
Net result before income tax	1,852
Mean nominal tax on profit	30%
	<u>-556</u>
Income tax	<u>-724</u>
	<u>168</u>
Permanent differences - France	44
Deferred taxes - Inapa Espanha	300
Changes to income tax	-117
Others	-59
	<u>168</u>

#### Deferred taxes

All situations that could significantly affect future taxes are recorded in the financial statements for 31 March the 2008 and 31st December 2008.

During the quarter ending 31st March 2009 and the financial year ending 31st December 2008, the movements in assets and liabilities by deferred taxes, was as follows:

	<u>01-01-2009</u>	<u>Variations in perimeter</u>	<u>Fair value and other reserves</u>	<u>Financial year results</u>	<u>31-03-2009</u>
<b>Deferred tax assets</b>					
Taxed provisions	59	-	-	-5	54
Tax losses to be brought forward	23,164	-	-	-209	22,955
Others	3,700	-	-	-90	3,610
	<u>26,923</u>	<u>-</u>	<u>-</u>	<u>-304</u>	<u>26,619</u>
<b>Deferred tax liabilities</b>					
Fixed asset reassessment	-9,225	-	-	177	-9,048
Amortizations	-8,903	-	-	-173	-9,076
Others	-3,494	-	-	-113	-3,607
	<u>-21,622</u>	<u>-</u>	<u>-</u>	<u>-109</u>	<u>-21,731</u>
<b>Net deferred taxes</b>	<u>5,301</u>	<u>-</u>	<u>-</u>	<u>-413</u>	<u>4,888</u>



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	<u>01-01-2008</u>	<u>Variations in perimeter</u>	<u>Fair value and other reserves</u>	<u>Financial year results</u>	<u>31-12-2008</u>
<b>Deferred tax assets</b>					
Taxed provisions	368	-	-	-309	59
Tax losses to be brought forward	21,742	-	-	1,422	23,164
Others	3,872	-	-	-172	3,700
	<u>25,982</u>	<u>-</u>	<u>-</u>	<u>941</u>	<u>26,923</u>
<b>Deferred tax liabilities</b>					
Fixed asset reassessment	-9,155	-	-	-70	-9,225
Amortizations	-8,394	-	-	-509	-8,903
Others	-3,531	-	-	37	-3,494
	<u>-21,080</u>	<u>-</u>	<u>-</u>	<u>-542</u>	<u>-21,622</u>
<b>Net deferred taxes</b>	<u><b>4,902</b></u>	<u>-</u>	<u>-</u>	<u><b>399</b></u>	<u><b>5,301</b></u>

Active deferred taxes on fiscal losses are recognized in so far as it is likely that the respective fiscal benefit will be realized, through the existence of future taxable profits. The Group recognized active deferred taxes of 22,955 thousand Euros relating to tax losses that can be deducted from future taxable profits, and are detailed as follows:

<u>Company</u>	<u>Tax value</u>	<u>Deadline for use</u>
Inapa França	10,360	ilimitado
Grupo Português	4,936	2013-2015
Inapa Distribución Ibérica	5,187	2018-2023
Inapa Suisse	504	2009-2012
Inapa Belgique	1,488	ilimitado
Others	480	
	<u><b>22,955</b></u>	

## 16. CONTINGENT LIABILITIES

- On 28th March 2006 the CMVM fined the company 300,000 Euros for breach of article 7 of the Securities Code (CVM) when publishing the reports and accounts relating to the financial years 2002 and 2003.

The society judicially refuted the decision of the CMVM, and after a ruling passed on the 22nd October 2008 the fine was reduced to 200,000 Euros.

Unhappy with this ruling, the company appealed it at the Court of Appeals in Lisbon, after which a provision was constituted for 100 thousand Euros.

- On 1st August 2007, Papelaria Fernandes – Indústria e Comércio, S.A. sued Inapa – Investimentos, Participações e Gestão, S.A. and its subsidiary Inaprest – Prestação de Serviços, Participações e Gestão, S.A. (extinct company) and Inapa Portugal – Distribuição de Papel, S.A. an action in which it requests, in brief:

- the cancellation of the following actions:



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- the establishment in June 2006 of a merchant pledge as counter-guarantee of the comfort letters issued by Inapa – Investimentos, Participações e Gestão, S.A. as guarantee of the financing maintained by that company with Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
  - the business carried out in 1991 of grouping paper distribution activities in SDP (currently Inapa Portugal) and of production and marketing of envelopes in Papelaria Fernandes;
  - the acquisition in 1994 of the participation held by Papelaria Fernandes in SDP (currently Inapa Portugal);
  - the credits compensation carried out, also in 1994, between Papelaria Fernandes and Inaprest.
- the sentencing of Inapa:
- to maintaining the letters of comfort issued to Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
  - compensating Papelaria Fernandes in case of mobilization of the merchant as like counter-guarantee of the comfort letters.

PAPELARIA FERNANDES – Industria e Comércio, S.A. subsequently put its affairs in order with Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo and therefore:

- the comfort letters issued by Inapa - IPG no longer had a purpose and were returned by the respective beneficiaries;
- this company informed Papelaria Fernandes – Indústria e Comércio, S.A. that that situation of the mercantile pledge had been resolved.

The action, valued at 24,460 thousand Euros, was challenged by Inapa - IPG and by its subsidiary Inapa Portugal – Distribuição de Papel, S.A., and the Court's decision is currently awaited regarding the effects in the action of the dissolution / liquidation of Inaprest – Prestação de Serviços, Participações e Gestão, S.A.. The Group understands that this process should not result in any financial impact, and therefore no provision has been established.

## **17. SUBSEQUENT EVENTS**

After 31st March 2009 there were no subsequent events.

Lisbon, May 15th de 2009