



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

(Public Held company)

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

Share capital: €150,000,000

Registered with the Commercial Registrar of Companies of Lisbon under NIPC Tax no. and company registration no.  
500 137 994



**3rd Quarter 2009 Report**



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## I. Board of Directors' Report

### 1. Highlights

**Above market performance in turnover.** Turnover falls by 9.7 %, in terms of tonnage, and by 10.5%, in terms of value, to compare with falls of 13% and 12%, respectively, in total market turnover.

**Positive turnover growth from the 2nd to the 3rd quarter.** (Namely by +6.2%, in volume, and by 1.1%, in value)

**Complementary business revenues grow by 13.1%.**

**Gross margin widens by 55 bps to 17.9%.**

Reduction of €3.5M (or -2.9%) in operating costs, offsetting increased provisions for bad debts (+€1.4m).

Reduction of 37.1% in financial function due to the reduction of net debt and lower interest rates.

**Net current income before tax rises 121% to €1.5M.**

Notwithstanding a significant increase in taxation, net profit grows by 5.4% to reach 500 thousand Euros (an increase of 800 thousand Euros on the 2<sup>nd</sup> quarter).

**Decrease of 37.9 million Euros in net interest-bearing debt when compared to 31 December 2008, to reach 302.9 million Euros.**

Share price rises 103% when compared to 31 December 2008 (to compare with a +33.6% increase in the PSI20 Index for the same period)

Inapa's year-end outlook foresees the maintenance of recent trends, namely an improved performance, and the Group expects to continue to outperform the market.

### 2. Main business indicators

	3 <sup>rd</sup> Q 2009	3 <sup>rd</sup> Q 2008	Δ%
Tons (000)	662	732	-9.7
Turnover (€m)	702.3	784.7	-10.5
Gross margin (€m)	125.6	136.1	-7.7
Gross margin (%)	17.9	17.3	55 bps
<hr/>			
Operating costs (€m)	115.8	119.3	-2.9
Provisions (€m)	4	2.6	54.3
Recurrent EBITDA (€m)	22.3	29.6	-24.5
EBIT (€m)	16.4	23.4	-30
<hr/>			
Financial Function (€m)	14.9	23.7	-37.1
Extraordinary results (€m)	0	0,9	-100
Net current income before tax (€m)	1.5	0.7	121
<hr/>			
Net interest-bearing debt (€m)	302.9	340.8	-11.1
Working capital (€m)	200.8	233.8	-14.1

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### 3. Performance Analysis

***Economic conditions remain tough during the 3<sup>rd</sup> quarter of 2009***

Market conditions remained rather difficult during the 3<sup>rd</sup> quarter of 2009, as the euro zone continued to post negative growth, while unemployment and the number of insolvencies remained on the rise, credit risk rose further, and access to bank finance remained under constraint. In turn, interest rates remained on a downward trend, as the 3-month and 6-month Euribor rate touched historical lows.

The paper merchanting sector could not fail to be adversely impacted by market conditions, having recorded further contraction in turnover volumes while the value of transactions dropped in tandem.

***Inapa continues to outperform the market***

During the quarter under analysis, Inapa again managed to outperform the market, both in terms of turnover volume and transaction value.

Notwithstanding a 9.7% fall in turnover volumes, Inapa clearly outperformed the market, in the face of a 13% drop in total market turnover, in Europe, according to data released by Eugropa, the European Paper Merchants Association. Due to this performance, the Group managed to consolidate its role as a leading player in the European paper merchanting market and to grow market share in some markets.

***Positive turnover growth from the 2<sup>nd</sup> to the 3<sup>rd</sup> quarter***

It is important to highlight that turnover volumes grew by 6.2% when compared to the 2<sup>nd</sup> quarter, which development is of even greater meaning when account is taken of the usual seasonal dip in sales over the traditional European holiday season (during July and August). This encouraging development may point to a some recovery before the end of 2009.

In terms of value, Inapa's turnover also managed to outperform the market, having decreased by 10.5% to compare with a fall of 12% in total market turnover, in value. Turnover for the reporting period reached 702.3 million Euros.

***Continued growth in complementary business reaching 5.4% of turnover***

The fact that complementary business grew by 13.1% to reach 5.4% of total Group turnover deserves particular highlight – recording marked growth when compared to the same period in 2008, by which complementary business turnover accounted for 4.3% of total turnover.

Gross margin widened by 0.55 b.p. to 17.9% of turnover, reaching 125.6 million Euros.

***Gross margin widens by 55 b.p.***

A widening gross margin, being a trend that has been in place since the 1<sup>st</sup> quarter of the current financial year, is clearly a result of the Group's strong focus in managing its margin in conformance with its Inapa 2010 Strategic Plan. The improvement is due to a combination of improved turnover mix, increased sales of higher-value adding products, and a growing share of revenue from complementary business, where wider gross margins can be earned.

***Decreased operating costs***

Operating costs fell by 3.5 million Euros (being a -2.9% decrease) to 115.8 million Euros, due to on-going efforts to further optimise resources in line with the Inapa 2010 Strategic Plan's goal to contain operating costs growth, in real terms.

Reductions in third-party services (which fell by 3.5 million Euros) and personnel costs (a decrease of 0.3 million Euros) played a key role in cost contention.



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Total operating costs fell by 4% from the 2<sup>nd</sup> to the 3<sup>rd</sup> quarter of 2009 (1.5 million Euros) and its performance of even greater relevance when account is taken that successful cost contention went hand in hand with increased Group turnover, over the same period.

**Provisions reinforcement  
offset by reduced  
operating costs**

Difficult market conditions, on-going difficulty in raising bank finance among customers, and continuation of the credit insurance-related constraints which customers have been experiencing have counselled the need to apply stricter provisioning policies, leading to an increase of 1.4 million Euros in provisions for client risk when compared to the same quarter of the previous financial year.

Recurrent EBITDA reached 22.3 million Euros, equal to an EBITDA margin of 3.2%.

Recurrent EBITDA for the 3<sup>rd</sup> quarter of 2009 grew by 800 thousand Euros (or +13.5%), quarter-on-quarter.

In order to address a falling turnover and the adverse economic environment, Inapa has taken various steps and implemented a set of action plans of a non-recurrent nature that materialised in 1.4 million Euros of additional operating costs. The purpose is to enable the Group to perform in a more balanced and efficient way, in the short run.

Net funding expense decreased further by 37.1 % to 14.9 million Euros, thanks to a combination of improved cash flows arising from further reduction in net interest-bearing debt and lower interest rates.

**Decrease of 37.9 million  
Euros in net interest-  
bearing debt**

As concerns the reduction of 37.9 million Euros in bank debt when compared to 31 December 2008, it is important to stress that working capital decreased by 33 million Euros over the same period. Its reduction is due to a decrease of 22 million Euros (or -26%) in stocks and a fall of 15 million Euros (or -7.2%) in clients balances.

The ratio of recurrent EBITDA to interest expense rose from 1.25 times, in 2008, to 1.5 times, in 2009.

**Net current income  
before tax rises 121%**

Notwithstanding tough conditions in the market at large and the paper supply industry, in particular, and consequent falling turnover, net income before tax grew by 121% to 1.5 million Euros, which, when capital gains on asset sales in 2008 (amounting to €0.9m) are excluded, reflects even stronger earnings growth and shows a solid improvement in earnings quality and sustainability. The group's performance is due to improved operational efficiency and enhanced asset management, together with significant reduction in funding costs.

**Net profit rises 5.4%**

Net profit performance is strongly impacted by rising taxation, as tax rose from €0.1m to €0.9m. Nevertheless, and after provision for taxation, net profit for the year to date rose by 5.4% year-on-year to reach 500 thousand Euros.

During the quarter under analysis, Inapa was once again able to meet the challenges arising from tough market conditions in a difficult macroeconomic environment, while it managed to consolidate its leadership in the main markets where operates and to improve profitability and earnings. The performances was due to a clearly defined commercial strategy, improved operational efficiency and strict and optimize capital employed management.



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## 4. Subsequent events

After the close of the quarter under analysis, two more recent developments are worthy of note:

- The Group's Inapa Angola formally began operations. The new company will cover the entire Angolan market and distributing a full range of graphic papers and graphics supplies, together with a wide range of office papers;
- Euronext announces that Inapa is ranked first in the waiting list of companies to be included in the PSI20 Index, Portugal's leading stock market index.

## 5. Outlook

Forecasts for the last quarter of the year point to maintenance of relatively unchanged market conditions, although there are emerging signs of an incipient recovery.

As concerns the demand for paper, some recovery is expected vis-à-vis the last few quarters. Average sell prices should remain stable, albeit prices with regard to some products may remain somewhat under pressure.

Inapa forecast the trend for improvement which has been recorded up to September 2009 to remain in place until the end of the year, which will enable it to continue to consolidate market share in the markets where operates and to further improve its operational efficiency and the return of capital employed.

A strong focus on sales profitability, strict management of operating costs growth, and an on-going effort to optimise working capital will remain the Group's key drivers in its goal to further improve its performance. Continued growth in the share of complementary business in total turnover and new business development in the Angolan market through Inapa Angola may further enhance its performance.



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## 6. Compliance Statement

In compliance with the content of nº 1, Paragraph c) of Article 246 of CVM, the members of the Board of Directors of Inapa – Investimentos, Participações e Gestão ,SA hereby declare that, to the best of their knowledge, the information contained in the abridged financial statements reported to the nine months to 30 September 2009 were elaborated in full conformance with the applicable accounting principles, providing a true and appropriate reflection of the assets and liabilities, financial standing, and results of the Company and its subsidiary and associate companies included in its consolidation perimeter and that its Interim Directors' Report faithfully reports on the performance of its statutory business and the set of companies included in its consolidated financial statements.

**Vasco Luís Schulthess de Quevedo Pessanha**

Chairman of the Board of Directors

**José Manuel Felix Morgado**

Director and Chairman of the Executive Committee of the Board of Directors

**Jorge Armindo de Carvalho Teixeira**

Vice-Chairman of the Board of Directors

**Emídio Jesus Maria**

Director and Chairman of the Audit Committee

**Arndt Jost Michael Klippgen**

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

**Abílio Ramos Marques**

Director and member of the Audit Committee

**Pedro Maria Cabral Norton de Matos**

Director and member of the Audit Committee

Lisbon, 9 November 2009



## II. Interim Consolidated Accounts

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

CONSOLIDATED SEPARATE INCOME STATEMENT FOR THE 9 MONTHS PERIOD ENDED IN SEPTEMBER 30, 2009  
(Amounts expressed in Thousand Euros)

	Notes	SEPTEMBER 30, 2009	3 <sup>RD</sup> QUARTER 2009	SEPTEMBER 30, 2008	3 <sup>RD</sup> QUARTER 2008
<b>Tons</b>		<b>661.735</b>	<b>219.059</b>	<b>732.464</b>	<b>231.846</b>
Sales and services rendered	3	708.544	227.815	790.620	255.774
Other income	3	17.969	5.936	24.972	8.924
<b>Total Income</b>		<b>726.513</b>	<b>233.751</b>	<b>815.591</b>	<b>264.697</b>
Cost of sales		-584.168	-188.527	-663.319	-216.080
Changes in inventories		-	-	-	-
Personnel costs		-57.202	-18.470	-57.383	-18.747
Other operating costs	5	-64.187	-20.743	-65.743	-21.470
		<b>20.956</b>	<b>6.011</b>	<b>29.146</b>	<b>8.401</b>
Depreciations and amortizations		-4.469	-1.415	-4.907	-1.519
Impairment to non-current assets		-	-	-	-
Gains / (Losses) in associated companies		-83	-8	-167	-70
Financial Function	6	-14.874	-4.134	-23.382	-7.796
<b>Net income for the period before tax and discontinued operations</b>		<b>1.530</b>	<b>454</b>	<b>691</b>	<b>-985</b>
Income Tax	13	-931	-307	-117	439
<b>Net income for the period before discontinued operations</b>		<b>599</b>	<b>147</b>	<b>575</b>	<b>-546</b>
Net results for the period from discontinued operations		-	-	-	-
<b>Net income for the period</b>		<b>599</b>	<b>147</b>	<b>575</b>	<b>-546</b>
<b>Attributable to :</b>					
Equity holders of the company		497	147	472	-547
Minority interest		102	0	103	1
<b>Earnings per share of continued operations - euros</b>					
Básic		0,004	0,001	0,004	-0,004
Diluted		0,004	0,000	0,004	0,000
<b>Earnings per share of discontinued operations - euros</b>					
Básic		0,000	0,000	0,000	0,000
Diluted		0,000	0,000	0,000	0,000





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## INAPA - Investimentos, Participações e Gestão, SA

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 2009

(Amounts expressed in Thousand Euros)

	SEPTEMBER 30, 2009	3. <sup>RD</sup> QUARTER 2009	SEPTEMBER 30, 2008	3. <sup>RD</sup> QUARTER 20098
<b>Net income for the period before minority interest</b>	<b>599</b>	<b>147</b>	<b>575</b>	<b>-546</b>
Available-for-sale financial assets carried at fair value	-75	-3	0	0
Exchange differences on translating foreign operations	-28	147	582	237
<b>Earnings directly recognised in equity</b>	<b>-103</b>	<b>144</b>	<b>582</b>	<b>237</b>
<b>Total comprehensive income for the period</b>	<b>496</b>	<b>291</b>	<b>1.157</b>	<b>-309</b>
<b>Attributable to :</b>				
Equity holders of the company	394	291	1.054	-311
Minority interest	102	0	103	2
	<b>496</b>	<b>291</b>	<b>1.157</b>	<b>-309</b>



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## INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2009 AND DECEMBER 31, 2008  
(Amounts expressed in thousand Euros)

	Notes	September 30, 2009	December 31, 2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets		101.758	104.288
Goodwill		138.854	137.941
Other intangible fixed assets		107.738	106.239
Investment in associated companies		1.605	1.594
Available-for-sale financial assets	7	13.455	13.531
Other non-current assets		18.544	18.547
Deferred tax assets	15	25.857	26.923
<b>Total non-current assets</b>		<b>407.811</b>	<b>409.063</b>
<b>Current assets</b>			
Inventories		61.455	83.427
Trade receivables	11	194.960	210.120
Tax to be recovered		4.611	9.829
Other current assets	11	41.321	44.636
Cash and cash equivalents	10	8.333	5.345
<b>Total current assets</b>		<b>310.680</b>	<b>353.357</b>
Discontinued operations assets		297	391
<b>Total assets</b>		<b>718.788</b>	<b>762.811</b>
<b>SHAREHOLDERS EQUITY</b>			
Share capital	12	150.000	150.000
Own shares		-	-
Share issuance premium		2.937	2.937
Reserves		41.263	41.291
Retained earnings		-45.183	-46.006
Net result for the period		497	1.007
		149.514	149.229
Minority interest		1.033	1.033
<b>Total shareholders equity</b>		<b>150.547</b>	<b>150.262</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans	13	97.466	102.733
Financing associated to financial assets	13	125.242	134.770
Deferred tax liabilities	15	21.046	21.622
Provisions		752	4.583
Liabilities for employee benefits		2.944	2.932
Other non-current liabilities		12.249	15.744
<b>Total non-current liabilities</b>		<b>259.700</b>	<b>282.384</b>
<b>Current liabilities</b>			
Loans	13	200.252	228.922
Suppliers	14	55.609	59.707
Tax liabilities		11.380	11.364
Other current liabilities	14	41.301	30.172
<b>Total current liabilities</b>		<b>308.542</b>	<b>330.165</b>
Discontinued operations liabilities		-	-
<b>Total shareholders equity and liabilities</b>		<b>718.788</b>	<b>762.811</b>



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## INAPA - Investimentos, Participações e Gestão, SA

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE NINE MONTHS TO SEPTEMBER 30, 2009 AND SEPTEMBER 30, 2008

(Amounts expressed in thousand euros)

	Attributable to shareholders						Minority interest	Total Shareholders equity
	Capital	Own Shares	Share issue premium	Foreign exchange adjustments	Reserves and retained earnings	Total		
<b>BALANCE AS AT JANUARY 1, 2008</b>	<b>150.000</b>	<b>0</b>	<b>2.937</b>	<b>-262</b>	<b>-5.872</b>	<b>146.803</b>	<b>1.318</b>	<b>148.121</b>
Exchange differences in translating foreign companies				582		582	0	582
Dividends distributed						0	-102	-102
Other changes					7	7	0	7
Changes to the consolidated perimeter						-85	-289	-374
	0	0	0	582	-78	504	-391	113
Net income for the period	-	-	-	-	472	472	102	574
<b>Total gains and losses for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>582</b>	<b>394</b>	<b>976</b>	<b>-289</b>	<b>687</b>
<b>BALANCE AS AT SEPTEMBER 30, 2008</b>	<b>150.000</b>	<b>0</b>	<b>2.937</b>	<b>320</b>	<b>-5.478</b>	<b>147.779</b>	<b>1.029</b>	<b>148.808</b>
<b>BALANCE AS AT JANUARY 1, 2009</b>	<b>150.000</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 in translating foreign companies				-28		-28	0	-28
Dividends distributed					-57	-57	-102	-159
Available for-sale financial assets at fair value					-75	-75	0	-75
Other changes					-52	-52	0	-52
	0	0	0	-28	-184	-212	-102	-314
Net income for the period					497	497	102	599
<b>Total gains and losses for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-28</b>	<b>313</b>	<b>285</b>	<b>0</b>	<b>285</b>
<b>BALANCE AS AT SEPTEMBER 30, 2009</b>	<b>150.000</b>	<b>0</b>	<b>2.937</b>	<b>1.208</b>	<b>-4.631</b>	<b>149.514</b>	<b>1.033</b>	<b>150.547</b>



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## INAPA - Investimentos, Participações e Gestão, SA

### CONSOLIDATED CASH-FLOW STATEMENT FOR THE PERIODS ENDED IN SEPTEMBER 30, 2009 AND SEPTEMBER 30, 2008

(Amounts in thousand of Euros) - Full consolidated method

	Notes	2009		2008	
		SEPTEMBER	3 <sup>rd</sup> QUARTER	SEPTEMBER	3 <sup>rd</sup> QUARTER
<b>Cash-Flow generated from operating activities</b>					
Cash receipts from customers		731.893	228.466	842.755	285.400
Cash payments to suppliers		-603.270	-190.920	-705.469	-235.597
Cash payments to personnel		-52.052	-12.833	-63.759	-20.225
<b>Net cash from operating activities</b>		<b>76.571</b>	<b>24.713</b>	<b>73.527</b>	<b>29.578</b>
Income tax paid		-782	-651	-858	-221
Income tax received		96	11	499	-566
Other proceeds relating to operating activity		54.896	24.911	65.374	19.317
Other payments relating to operating activity		-72.251	-10.740	-101.490	-30.170
<b>Cash-flow before extraordinary items</b>		<b>58.530</b>	<b>38.243</b>	<b>37.053</b>	<b>17.938</b>
Proceeds relating to extraordinary items		0	0	0	0
Payments relating to extraordinary items		0	0	0	0
<b>Net cash generated from operating activities</b>	<b>[1]</b>	<b>58.530</b>	<b>38.243</b>	<b>37.053</b>	<b>17.938</b>
<b>Cash-Flow from investing activities</b>					
Proceeds from:					
Financial investments		0	0	650	-1.090
Tangible fixed assets		341	19	3.794	3.536
Intangible fixed assets		2	0	0	0
Interest and similar income		674	185	5.222	1.481
Dividends		0	0	0	0
Advances for expenditure on behalf of third parties		0	0	0	0
		<b>1.016</b>	<b>204</b>	<b>9.666</b>	<b>3.926</b>
Payments in respect of:					
Financial investments		-2.930	-1.355	-6.809	-1.430
Tangible fixed assets		-1.365	-321	-2.421	-484
Intangible fixed assets		-2.216	-855	-646	-148
Advances for expenditure on behalf of third parties		-57	0	0	0
Loans granted		-56	-46	0	0
		<b>-6.624</b>	<b>-2.577</b>	<b>-9.876</b>	<b>-2.062</b>
<b>Net cash used in investing activities</b>	<b>[2]</b>	<b>-5.608</b>	<b>-2.373</b>	<b>-210</b>	<b>1.864</b>
<b>Cash-Flow from financing activities</b>					
Proceeds from:					
Loans obtained		25.119	4.378	65.880	5.817
Issues of share capital, repayments, issue premiums		0	0	0	0
Treasury placements		0	0	0	0
		<b>25.119</b>	<b>4.378</b>	<b>65.880</b>	<b>5.817</b>
Payments in respect of:					
Loans obtained		-36.241	-21.526	-138.428	-8.140
Amortization of leasing contracts		-1.406	-307	-1.158	-104
Interest and similar income		-13.331	-2.232	-23.425	-5.424
Dividends		0	0	0	0
Treasury placements		0	0	0	0
		<b>-50.979</b>	<b>-24.065</b>	<b>-163.011</b>	<b>-13.668</b>
<b>Net cash used in financing activities</b>	<b>[3]</b>	<b>-25.860</b>	<b>-19.687</b>	<b>-97.131</b>	<b>-7.850</b>
Variation of cash and cash equivalents	<b>[4] = [1] + [2] + [3]</b>	27.063	16.183	-60.289	11.953
Effect of exchange differences		36	-6	-29	-31
		<b>27.099</b>	<b>16.177</b>	<b>-60.318</b>	<b>11.921</b>
Cash and cash equivalents on the beginning of the period		-94.717	0	-7.076	0
Cash and cash equivalents on the end of the period	<b>10</b>	<b>-67.618</b>	<b>16.177</b>	<b>-67.394</b>	<b>11.921</b>
		<b>27.099</b>	<b>16.177</b>	<b>-60.318</b>	<b>11.921</b>



## III . Notes to the Interim Consolidated Financial Statements

### INAPA - INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, SA

#### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS TO 30 SEPTEMBER 2009

(All amounts are stated in Euro thousands, unless otherwise specified)

#### 1. INTRODUCTION

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

Head Office: Rua Castilho nº44 3º, 1250-071 Lisboa, Portugal

Share capital: 150,000,000 Euros

N.I.P.C. Tax no.: 500 137 994

Group's Portuguese companies operate as paper merchants (Inapa Portugal – Distribuição de Papel, SA and its subsidiaries). The Group comprises a "sub-holding" company (Gestinapa - SGPS, S.A.) which purpose is to directly hold all stakes in companies operating in Paper Merchandising. During the second quarter of 2008, Inapa Portugal – Distribuição de Papel, S.A. sold the stake it held in its Azorean subsidiary, Papéis Carreira Açores, Lda.

Following on its project to develop foreign business and expand abroad, the Inapa Group has been mainly purchasing stakes in the paper merchandising sector in several European countries, namely in the following companies: (i) Inapa France, SA and its subsidiaries, which operates in France and the Benelux countries, (ii) Inapa España Distribución Ibérica, SA, which operates in Spain (Andalucía) and, in turn, holds an interest in Surpapel, SL (a company which business is paper merchandising), (iii) Inapa Deutschland, GmbH, a company with headquarters in Germany which holds stakes in Papier Union, GmbH, which, in turn, is the controlling shareholder of Inapa Packaging, GmbH, Inapa VisualCom GmbH, and PMF- Factoring, GmbH, all of which are incorporated in that country and in Inapa Switzerland, and (iv) two other companies located in the United Kingdom – Inapa Merchants Holding, Ltd, which holds an interest in Tavistock Paper Sales, Ltd, a company which, in essence, sells paper for envelope manufacturing. The subsidiary company Inapa Packaging, GmbH, holds interests in two other companies selling packaging material, namely Hennessen & Potthoff, GmbH and HTL - Verpackung, GmbH, respectively.

These consolidated financial statements were approved by the Board of Directors of Inapa - IPG on 9 November 2009.



## 2. ACCOUNTING POLICIES

### **Basis of presentation**

The consolidated financial statements of the Inapa Group were prepared under the assumption that it will continue to operate and are based on the accounting books and records of the companies which comprise the Group. On the other hand, the interim financial statements for the six months ending 30 June 2009 were prepared in compliance with the provisions of IAS 34 – Interim Financial Reporting and are published in conjunction with Abridged Notes thereto, on account of which they are to be perused in conjunction with the annual consolidated financial statements reported to financial year ended 31 December 2008.

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

The interpretations and amendments to existing standards listed below are deemed mandatory by the IASB with reference to financial years beginning on or after 1 January 2009:

### New, ruling standards

- IAS 1 (revision) – Presentation of Financial Statements;
- IAS 23 (amendment) – Borrowing Costs;
- IAS 32 (amendment) – Financial Instruments: presentation and consequent amendments to IAS 1 - Presentation of Financial Statements;
- IFRS 1 (amendment) – First-time Adoption of IFRS and consequent amendments to IAS 27 –Consolidated and Separate Financial Statements;
- IFRS 2 (amendment) – Share-based Payment;
- IFRS 8 – Operating Segments.

### Annual enhancements to accounting standards in 2008 (applicable to financial years beginning as from 1 January 2009)

- IFRIC 13 – Customer Loyalty Programs;
- IFRIC 14 – Limitations to Assets arising from Defined Benefit Plans and their Interaction with Minimal Contribution Requirements.

The introduction of those interpretations and amendments to the aforementioned accounting standards had no material impact on the financial statements of the Group.

New accounting standards have been issued, together with amendments to and interpretations of existing standards which, albeit already published, are only of mandatory application to annual reporting periods beginning after 1 January 2009. The Group elected not to adopt them in advance:

### New ruling accounting standards approved by the European Commission

- IAS 27 (revision) – Consolidated and Separate Financial Statements
- IAS 39 (revision) – Financial Instruments – Items eligible as hedges;
- IFRS 3 (revision) – Business Mergers;
- IFRS 5 (Annual enhancements 2008);
- IFRIC 12 – Service Concession Arrangements;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operations;
- IFRIC 9 – Reassessment of Embedded Derivatives;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.



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#### New ruling accounting standards not approved by the European Commission

- IFRS 2 (amendment) – Group share-based Payment – Transactions settled in cash;
- IFRS 7 (amendment);
- IFRIC 9 – Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurement;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 17 - Distributions of Non-cash Assets to shareholders;
- IFRIC 18 – Transfers of Assets from Customers.

#### Projected annual enhancements to standards 2009

- IAS 1 – Presentation of Financial Statements;
- IAS 7 – Cash Flow Statement;
- IAS 17 – Leases;
- IAS 18 – Revenue;
- IAS 36 – Impairment of Assets;
- IAS 38 – Intangible Assets;
- IAS 39 – Financial Instruments: Recognition and Measurement;
- IFRS 2 - Share-based Payment;
- IFRS 5 - Non-current assets held-for-sale and Discontinued Operations;
- IFRS 8 – Operating Segments.

The Group has not yet completed its assessment of the full impact arising from application of the above mentioned accounting standards and has, therefore, elected not to implement them in advance. However, it is not expected that their introduction may have materially relevant impact on its financial standing and results.

#### **Accounting policies**

The accounting policies applied in compiling these interim consolidated financial statements are consistent with the policies adopted by the Inapa Group in preparing its annual consolidated financial statements reported to the financial year ended 31 December 2008 and are detailed in the Notes to those financial statements.

#### **Estimates and material errors**

No material errors or significant changes to accounting estimates relative to prior periods were recognised during the course of the 3<sup>rd</sup> Quarter of 2009.



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### 3. SALES AND SERVICES RENDERED AND OTHER OPERATING INCOME

Sales and services rendered during the nine months to 30 September 2009 and 30 September 2008 were broken down as follows:

	<u>30 September 2009</u>	<u>30 September 2008</u>
<b>Domestic market</b>		
Goods sold	46.755	47.503
Services rendered	<u>1.400</u>	<u>1.390</u>
	<u>48.155</u>	<u>48.893</u>
<b>Foreign market</b>		
Goods sold	655.520	737.227
Services rendered	<u>4.869</u>	<u>4.500</u>
	<u>660.389</u>	<u>741.727</u>
<b>Total</b>	<u><u>708.544</u></u>	<u><u>790.620</u></u>

As at 30 September 2009 and 2008, balances under Other income were broken down as follows:

	<u>30 September 2009</u>	<u>30 September 2008</u>
Supplementary income	277	6,704
Net cash discounts	7,493	8,318
Other income	10,199	9,950
	<u>17,969</u>	<u>24,972</u>

### 4. REPORTING PER BUSINESS SEGMENT

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

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





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As at 30 September 2009 and 2008, financial data per business segment was broken down as follows:

	Paper merchanting	Other businesses	Other activities	Consolid. adjustments	Consolidated totals	Paper merchanting	Other businesses	Other activities	Consolid. adjustments	Consolidated totals
<b>OPERATING REVENUE</b>										
Client sales	670.035	32.240	-	-	<b>702.275</b>	755.147	29.582	0	-	<b>784.729</b>
Inter-segment sales	158	3.929	-	-4.087	-	153	1.462	-	-1.615	-
<b>Other operating revenue</b>	<b>3.699</b>	<b>1.306</b>	<b>1.264</b>	<b>-</b>	<b>6.269</b>	<b>3.677</b>	<b>947</b>	<b>1.267</b>	<b>-</b>	<b>5.891</b>
<b>Total operating revenue</b>	<b>673.892</b>	<b>37.475</b>	<b>1.264</b>	<b>-4.087</b>	<b>708.544</b>	<b>758.977</b>	<b>31.991</b>	<b>1.267</b>	<b>-1.615</b>	<b>790.620</b>
<b>RESULTS</b>										
Segment results	10.699	2.002	4.128	-341	16.488	18.257	1.941	4.490	-447	24.241
<b>Net operating income</b>					<b>16.488</b>					<b>24.241</b>
Interest expense	-7.624	-507	-10.635	2.786	-15.980	-15.155	-780	-15.256	5.709	-25.482
Interest income	2.259	17	4.382	-5.553	1.105	4.673	9	3.831	-6.413	2.100
Taxation	-1.028	-181	278	-	-931	71	-185	-3	-	-117
<b>Net income from regular operations</b>					<b>682</b>					<b>742</b>
Gains/ (losses) in associate companies					-83					-167
Results from discontinued operations					0					-
<b>Net profit for the period</b>					<b>599</b>					<b>575</b>
<b>Attributable to:</b>										
Shareholders					497					472
Minority interests					102					103

As at 30 September 2009 and 2008, paper sales per country where the group operates were broken down as follows:

	Sales	
	30 September 2009	30 September 2008
Germany	359.923	407.807
France	159.732	182.116
Other countries	150.380	165.224
	<b>670.035</b>	<b>755.147</b>



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## 5. OTHER COSTS

As at the end of the six months to 30 September 2009 and 30 September 2008, Other operating expenses were broken down as follows:

	<u>30 September 2009</u>	<u>30 September 2008</u>
Administrative costs	-56.266	-59.534
Indirect taxes	-1.946	-2.191
Other costs	-1.958	-1.415
Impairments to current assets	-4.017	-2.603
	<u><b>-64.187</b></u>	<u><b>-65.743</b></u>

## 6. FINANCIAL FUNCTION

As at the end of the six months to 30 September 2009 and 30 September 2008, financial function was broken down as follows:

	<u>30 September 2009</u>	<u>30 September 2008</u>
<b>Financial income</b>		
Interest received	829	1.314
Favourable FX differences	110	-
Other financial income and earnings	166	786
	<u><b>1.105</b></u>	<u><b>2.100</b></u>
<b>Financial costs</b>		
Interest paid	-8.470	-14.181
Unavourable FX differences	-187	-113
Other financial costs and losses	-7.322	-11.188
	<u><b>-15.979</b></u>	<u><b>-25.482</b></u>
<b>Net financial results</b>	<u><u><b>-14.874</b></u></u>	<u><u><b>-23.382</b></u></u>



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## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 September 2009 and 31 December 2008, Available-for-sale financial assets were broken down as follows:

	<u>30 September 2009</u>	<u>31 December 2008</u>
BANIF - Unit Trusts balances	5.537	5.612
MaisFIN-SGPS,SA	200	200
GIP - Gestão Informática de Papel, Lda	50	50
Opex	13	13
Other financial assets	7.655	7.656
	<u><b>13.455</b></u>	<u><b>13.531</b></u>

Changes in Available-for-sale financial assets during the six months to 30 September 2009 and the twelve months to 31 December 2008 were as follows:

<b>Opening balance as at 1 January 2008</b>	<b>13.421</b>
Aquisitions	200
Sales	-200
Changes in fair value	110
<b>Closing balance as at 31 December 2008</b>	<u><b>13.531</b></u>
Aquisitions	-
Sales	-1
Changes in fair value	-75
<b>Closing balance as at 30 September 2009</b>	<u><b>13.455</b></u>



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## 8. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS

As at 30 September 2009, the following subsidiary companies were consolidated on a full consolidation basis:

Subsidiary company name	Head Office	% Group holdings	Business operation	Direct shareholding company	Date of launch	Date of incorporation
Gestinapa - SGPS, SA	Rua Castilho, 44-3º 1250-071 Lisbon, Portugal	100.00	SGPS holding co.	Inapa – IPG, SA	May 1992	June 1992
Inapa-Portugal, SA	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra, Portugal	99.75	Paper Merchanting	Gestinapa - SGPS,SA	June 1919	1988
Inapa Distribución Ibérica, SA	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid, Spain	100.00	Paper Merchanting	Gestinapa- SGPS, SA	-	December 1998
Inapa France, SA	91813 Corbeil Essones Cedex France	100.00	Paper Merchanting	Inapa – IPG, SA	-	May 1998
Logistipack – Carton Services,SA	14, Impasse aux Moines 91410 Dourdon France	100.00	Packaging	Inapa France, SA	-	January 2008
Inapa Belgique	Vaucampslan, 30 1654 Huizingen Belgium	99.94	Paper Merchanting	Inapa-France, SA	-	May 1998
Inapa Luxemburg	211, Rue des Romains. L. 8005 Bertrange Luxemburg	97.75	Paper Merchanting	Inapa Belgique	-	May 1998
Inapa Deutschland, GmbH	Warburgstraß, 28 20354 Hamburg Germany	100.00	Holding co.	Gestinapa- SGPS, SA	-	April 2000
Papier Union, GmbH	Warburgstraße, 28 20354 Hamburg Germany	94.90	Paper Merchanting	Inapa Deutschland, GmbH	-	April 2000
PMF- Print Medien Factoring, GmbH	Warburgstraß, 28 20354 Hamburg Germany	94.90	Factoring	Papier Union, GmbH	-	September 2005
Inapa Packaging, GmbH	Warburgstraß, 28 20354 Hamburg Germany	94.90	Holding co.	Papier Union, GmbH	2005	2006



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Subsidiary company name	Head Office	% Group holdings	Business operation	Direct shareholding company	Date of launch	Date of incorporation
HTL Verpackung, GmbH	Werner-von-Siemens Str 4-6 21629 Neu Wulmstorf Germany	94.90	Packaging	Inapa Packaging, GmbH	-	January 2006
Hennesen & Potthoff, GmbH	Tempelsweg 22 Tonisvorst Germany	94.90	Packaging	InapaPackaging, GmbH	-	January 2006
Inapa Viscom, GmbH	Warburgstra, 28 20354 Hamburg Germany	100.00	Holding co.	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 United Kingdom	100.00	Holding co.	Gestina – SGPS ,SA	-	1995
Tavistock Paper Sales, Ltd	1st Floor- The Power House Wantage OX12 8PS United Kingdom	100.00	Paper Merchanting	Inapa- Merchants Holding, Ltd	-	February 1998
Inapa Suisse	Althardstrasse 301 8105 Regensdorf – Suisse	100.00	Paper Merchanting	Inapa-IPG,SA and Papier Union, GmbH	-	May 1998
Inapa Italia SpA	Strada Statale Padana Superiore 315/317 I – 20090 Vimodrone Milan Italy	100.00	-	Inapa-France, SA	-	1998

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

The following companies were consolidated per the equity method in the consolidated financial statements and are reported under Equity holdings in associated companies:

Associate company name	Shareholding company	% holdings
Surpapel, SL	Inapa Espaa Distribucin Ibrica, SA	25.00
Medialivros - Atividades Editoriais, SA	Inapa - IPG, SA	42.00



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## 9. COMPANIES EXCLUDED FROM IN THE CONSOLIDATED ACCOUNTS

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

<u>Company name</u>	<u>Head Office</u>	<u>Direct shareholder</u>	<u>% holdings</u>
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 Vertriebsgesellschaft GmbH	Warburgstrasse,28 20354 Hamburg Germany	Papier Union, GmbH	100%
Inapa Angola Distribuição de Papel,SA	Rua Amílcar Cabral nº 211 Edifício Amílcar Cabral 8º Luanda, Angola	Inapa Portugal, SA	100%

## 10. CASH AND CASH-EQUIVALENT

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

	<u>30 September 2009</u>	<u>31 December 2008</u>	<u>30 September 2008</u>
<b>Cash and cash-equivalent</b>			
Banks	8.090	5.275	11.308
Cash	243	70	172
	<b>8.333</b>	<b>5.345</b>	<b>11.480</b>

### Cash Flow Statement

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



	<u>30 September 2009</u>	<u>31 December 2008</u>	<u>30 September 2008</u>
<b>Cash and cash-equivalent items</b>			
Banks	8.090	5.275	11.308
Cash	243	70	172
<b>Cash and cash-equivalent items per Balance Sheet</b>	<b><u>8.333</u></b>	<b><u>5.345</u></b>	<b><u>11.480</u></b>
Bank overdrafts	-75.951	-100.062	-78.874
<b>Cash and cash-equivalent per Cash Flow Statement</b>	<b><u>-67.618</u></b>	<b><u>-94.717</u></b>	<b><u>-67.394</u></b>

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

#### 11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 September 2009 and 31 December 2008, Trade receivable was broken down as follows:

	<u>30 September 2009</u>	<u>31 December 2008</u>
<b>Trade receivables</b>		
Clients on current account	176.442	182.473
Clients for trade bills	17.337	26.246
Bad & doubtful clients	12.541	13.274
	<u>206.320</u>	<u>221.993</u>
Cumulative impairment losses	-11.360	-11.873
<b>Trade receivables balance</b>	<b><u>194.960</u></b>	<b><u>210.120</u></b>

As at 30 September 2009 and 31 December 2008, the balance of Other assets was broken down as follows:

	<u>30 September 2009</u>	<u>31 December 2008</u>
<b>Other current assets</b>		
Associate companies	120	86
Advances to suppliers	2.032	264
Other debtors	16.803	15.783
Accrued income	21.295	27.538
Deferred expenses	1.071	965
	<u>41.321</u>	<u>44.636</u>



## 12. SHARE CAPITAL

As at 30 September 2009, share capital was represented by 150,000,000 fully subscribed and realised bearer shares of 1.00 Euro each.

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

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

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

Notes:

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

- Banco Comercial Português, SA ..... 10,315,846 shares corresponding to 6.88% of voting rights;
- Fundo de Pensões do Grupo BCP ..... 16,521,635 shares corresponding to 11.01% of voting rights;
- Banco Millennium BCP investimento, SA ..... 553,566 shares corresponding to 0.37% of voting rights.

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

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

As at 30 September 2009, the Group did not hold own shares and no transactions involving own shares were recorded during the nine-month period under analysis.





### 13. LOANS

As at 30 September 2009 and 31 December 2008, Loans were broken down as follows:

	<u>30 September 2009</u>	<u>31 December 2008</u>
<b>Current debt</b>		
° <b>Bank loans</b>		
° Bank overdrafts and short-term bridging finance	75.951	100.062
° Commercial paper, redeemable at face value, with maturity date less than 12 months, renewable	118.000	124.000
° Medium- and long-term credit facilities (balance outstanding maturing in less than 12 months)	6.301	4.860
	<u>200.252</u>	<u>228.922</u>
<b>Total current debt</b>	<u>200.252</u>	<u>228.922</u>
<b>Non-current debt</b>		
° <b>Bank loans</b>		
° Medium- and long-term credit facilities	97.466	102.733
	<u>97.466</u>	<u>102.733</u>
° <b>Loans associated to financial assets - securitisation</b>	125.242	134.770
	<u>125.242</u>	<u>134.770</u>
<b>Total non-current debt</b>	<u>222.708</u>	<u>237.503</u>
	<u><b>422.960</b></u>	<u><b>466.425</b></u>

As at 30 September 2009 and 31 December 2008, the net balance of consolidated financial debt is broken down as follows:

	<u>30 September 2009</u>	<u>31 December 2008</u>
<b>Loans</b>		
Current loans	200.252	228.922
Non-current loans	97.466	102.733
	<u>297.718</u>	<u>331.655</u>
Loans associated to securitised credits	125.242	134.770
Balance outstanding on financial leases	13.532	14.498
	<u>436.492</u>	<u>480.923</u>
Cash and cash-equivalent	8.333	5.345
Negotiable financial assets (listed securities)	-	-
Available-for-sale financial assets (listed securities)	-	-
	<u>8.333</u>	<u>5.345</u>
	<u><b>428.159</b></u>	<u><b>475.578</b></u>



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#### 14. SUPPLIERS AND OTHER CURRENT LIABILITIES

As at 30 September 2009 and 31 December 2008, the balances of Suppliers and of Other current liabilities were broken down as follows:

	<u>30 September 2009</u>	<u>31 December 2008</u>
<b>Suppliers</b>		
Suppliers on current account	44.265	53.060
Trade bills account	42	347
Invoices pending reconciliation	11.302	6.300
	<u>55.609</u>	<u>59.707</u>
<b>Other current liabilities</b>		
Advances from clients	809	1.288
Fixed assets suppliers	1.402	1.116
Other creditors	23.940	16.436
Accruals and deferred items	15.150	11.332
	<u>41.301</u>	<u>30.172</u>

#### 15. COMPANY INCOME TAX

The amount of taxes in the Interim Consolidated Income Statement for the nine months to 30 September 2009, amounting to a total of 931 thousand Euros, equates to the liability for current income tax for the 3<sup>rd</sup> quarter period in the amount of 441 thousand Euros plus the balance of changes in deferred tax, amounting to 490 thousand Euros.

The differential between the nominal tax rate (being an average rate of 30%) and the effective company income tax rate (IRC company tax) for the Group, as at 30 September 2009, is detailed in the following Table:

	<u>30 September 2009</u>
Net income before tax	1.530
Nominal company tax rate	30%
	<u>-459</u>
Balance of taxation	<u>-931</u>
	<u>472</u>
Permanent differences - France	108
Permanent differences - Portugal	44
Deferred tax - Inapa Spain	316
Changes to tax rates	-120
Merger - Inapa France	175
Other items	-51
	<u>472</u>



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## Deferred tax

All instances where future taxation due may come to be significantly impacted are reported in the financial statements as at 30 September 2009 and 31 December 2008.

The following table reports changes in deferred tax assets and liabilities during the nine months to 30 September 2009 and the financial year ended 31 December 2008:

	<u>01-01-2009</u>	<u>Changes to the consolidation perimeter</u>	<u>Fair value reserves and other reserves</u>	<u>Net profit for the period</u>	<u>30-09-2009</u>
<b>Deferred tax assets</b>					
Taxable provisions	59	-	-	45	104
Reportable tax losses	23.164	-	-	-1.067	22.097
Other items	3.700	-	-	-44	3.656
	<u>26.923</u>	<u>-</u>	<u>-</u>	<u>-1.066</u>	<u>25.857</u>
<b>Deferred tax liabilities</b>					
Fixed assets revaluation	-9.225	-	-	1.263	-7.962
Depreciation	-8.903	-	-	-736	-9.639
Other items	-3.494	-	-	49	-3.445
	<u>-21.622</u>	<u>-</u>	<u>-</u>	<u>576</u>	<u>-21.046</u>
<b>Net deferred tax</b>	<u><b>5.301</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-490</b></u>	<u><b>4.811</b></u>

	<u>01-01-2008</u>	<u>Changes to the consolidation perimeter</u>	<u>Fair value reserves and other reserves</u>	<u>Net profit for the period</u>	<u>31-12-2008</u>
<b>Deferred tax assets</b>					
Taxable provisions	368	-	-	-309	59
Reportable tax losses	21.742	-	-	1.422	23.164
Other items	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 assets revaluation	-9.155	-	-	-70	-9.225
Depreciation	-8.394	-	-	-509	-8.903
Other items	-3.531	-	-	37	-3.494
	<u>-21.080</u>	<u>-</u>	<u>-</u>	<u>-542</u>	<u>-21.622</u>
<b>Net deferred tax</b>	<u><b>4.902</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>399</b></u>	<u><b>5.301</b></u>



Deferred tax assets are recognised for tax losses insofar as the use of their respective fiscal benefits is likely due to expected future taxable profits. The Group recognised a balance of 22,097 thousand Euros in deferred tax assets reported to tax losses which may come to be deducted from future taxable profits, as detailed in the following Table:

<u>Company name</u>	<u>Deferred tax balance</u>	<u>Due date</u>
Inapa France	10.770	Unlimited
Portuguese Group companies	4.932	2013-2015
Inapa Distribución Ibérica	3.922	2018-2023
Inapa Suisse	403	2009-2012
Inapa Belgique	1.534	Unlimited
Other companies	536	
	<b>22.097</b>	

## 16. CONTINGENT LIABILITIES

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

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

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



- The letters of comfort issued by Inapa - IPG have ceased to serve their original purpose and have since been released by their respective beneficiaries;
- The Company has consequently notified Papelaria Fernandes – Indústria e Comércio, SA that the terms and conditions of the mercantile notarial bond it had issued in its favour no longer applied, constituting due cause for cancellation thereof.

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

#### **17. EVENTS SUBSEQUENT TO THE REPORTING DATE**

After 30 September 2009, there was no events worth of note.

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