2009 Results Statement

INAPA – Investimentos, Partipações e Gestão, S.A.

(Publicly Held Company)

Headquarters: Rua Castilho, n.º 44 – 3.º andar, 1250-071 Lisbon

Capital: € 150 000 000

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

"Um papel importante"

Results before taxes increase 226%

Net Debt down 53.5 M€

INAPA – Investimentos, Participações e Gestão, S.A.
2009 Consolidated Results

1. Summary

Inapa outperform the market both in volumes and in sales. Volume dropped 9.8 % compared to market drop of 12%, in value –10.2% versus -11% on the market.

Sales grew in the 4th quarter compared to the prior quarter. (+3% in volume and 4.3% in value)

Complementary businesses grew by 15.6%.

Gross Margin grew 60 b.p. to 18.2%. (19% for the 4th Q 2009)

Operating costs reduced by 2.8M€ (-1.8%) compensates for increased write-offs (+ 0.9M€).

Financial performance improved by 41.2%, due to reductions in net debt and in interest rates.

Results before taxes increased 226% to 4.9M€.

Taxes up 2.3 M€, 1.8M€ of which due to the recognition of deferred taxes.

Net Profit grew 115% to 2.2 M€.

Reduction of 53,5 M€ in net debt (including securitisation) versus December 31st 2008, M€, to 422.1 M€.

Shares price increase by 88% compared to December 31st 2008. (PSI20:+ 33%) – Entry into the PSI20 index.

2. Main Business Indicators

	2009	2008	Δ%
Tons (000)	887	984	-9.8
Sales (€ M)	938	1,044	-10.2
Gross Margin (€ M)	170.3	183.4	-7.1
Gross Margin (%)	18.2	17.6	60 b.p
Operating Costs (€M)	155.7	158.6	-1.8
Write-offs (€M)	4.8	3.9	22
Re-EBITDA (€M)	32.4	41.6	-22
EBIT (€M)	23.6	32.9	-28.3
Financial Costs (€M)	19	32.4	-41.2
Extraordinary results (M€)	0.3	1	-65
Earnings before taxes (€M)	4.9	1.5	225.7
Net Debt (€M)(including securitisation)	422.9	475.6	-11.1
Net Working Capital (€M)	185.5	233.8	-20.7

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3. Message from the CEO

The combination of a worsening macro-economic environment and worsening market conditions made 2009 one of the most difficult operating contexts in Inapa's 45 years of activity.

In spite of these difficulties, however, Inapa finished the year 2009 with a significant success, shown in its improved commercial performance versus the market, the increase of its gross profit margin together with the growth of earnings before taxes from 1.5 million euros to 4.9 million euros and of the Net Profit to 2.2 million euros. Worth mention also the reduction of its net debt by 53.5 million euros.

In view of the reduction in demand and of the pressure that was felt on prices in several markets, a set of structural adjustments were implemented, which had positive results but increased restructuring costs by 2.5 million euros.

The present business year marks the end of a strategic re-positioning cycle for Inapa which began in 2007, both on the level of the markets coverage and on the capital market level, following three major vectors identified in the Inapa 2010 Strategic Plan: leadership focus, superior performance, and capital employed profitability.

Given the strategic goals set at the time, I am pleased to highlight the success had in creating value and reinforcing its sustainability in the medium and long-term, which were the objectives underlying the plan.

Effectively, on the level of leadership focus, the company shut down its operations in Italy in 2007, and consolidated its position in strategic markets through the acquisition of 33.3% of the capital of Inapa Switzerland in 2008 and of the total capital of VERPA in France in 2009, and by means of the company's organic growth. These adjustments allowed it to recover its position on the French and Belgian markets, where it occupies a leadership position among paper distributors, in the paper distribution and office supplies segments.

The performance demonstrated over the past three years, showed significant progress all the more relevant as there was in a very unfavorable difficult economic environment. A focus on sales profitability and the improvement of the sales mix contributed to this development. In this respect, we must furthermore point out that the introduction of an innovative concept of offering customers the products, in addition to paper, allow meet their basic needs. It was the implementation of this plan that supports the growth of the gross margin of 16.7% in 2006 to 18.2% in 2009.

Improving the efficiency reinforced the positive development of our operating performance, based on centralisation at the group level of the non-critical operations, rationalisation of the business support structure, revision of business procedures and models, logistical reorganisation and review of policies and procedures at the level of systems and communications in order to prepare the Group for a greater degree of integration in the medium term.

These activities are reflected in the EBIT margin which improved from 1.1% in 2006 to 3.15 % in 2008, and the maintenance of competitive levels compared to the sector in 2009 despite the difficult operating conditions.

On the third pillar, the profitability of capital employed, a detailed assets rationalisation plan was implemented through divestment of non-strategic assets and property. The asset sales plan was was not yet complete due to changes in market condition that not allowed obtaining favorable terms of sale for Inapa. At the same time have been implemented a set of actions that led to the substantial reduction in inventory and working capital which, together with the cash flow generated by the operations, allowed for a 53.5 million euro reduction in the debt for 2009.

Regarding investments have been set strict criteria based on the minimum return on capital employed. In the paper already mentioned the acquisitions in Switzerland and France with a significant contribution to the improvement of profitability. In terms of priorities, the development of complementary businesses absorbed the largest share of investment through acquisitions in visual communication and packaging businesses, critical vectors for growth and improved profitability.

In addition to these three repositioning vectors, I must mention the efforts made in terms of quality, environmental management and social responsibility.

Regarding quality, Inapa has made a significant investment in acquiring environmental certification for its subsidiaries over the past three years. In this previous year not only Papier Union and Inapa France but Inapa Spain had completed the certification process. INAPA Portugal is in the final phase of their ISO 9001 quality certification and ISO 14001 environmental certification processes.

The economic improvements were accompanied by activities in the area of sustainability. A strict compliance with environmental standards in matters of transport, the use of renewable energies and the elaboration of a carbon measurement in its most significant operations -- namely in Germany and France -- stand out immediately, aside from the waste treatment initiatives the company has carried out among its clients and developed in partnership.

Because we believe that small gestures can make a big difference and can improve one's life path , Inapa has supported a set of initiatives and projects in the areas of social integration and education.

In summary, in the present mandate Inapa was able to reassert its relevance r in the European merchanting market, positioning itself as a fully integrated service provider on the paper distribution and packaging solutions market.

Along with the strategic and cultural changes operated in this term, I must also mention the achievement of the goals we set ourselves in 2007 regarding the adoption of best practices in governance and relationship with the market. In fact, the General Assembly approved in May 2007 a new model of corporate governance which positive experience was to prove the appropriateness of the proposal and the decision taken.

This trajectory justified this last year’s publication of our Code of Conduct, which aggregate the principles for Inapa’s activity vis-à-vis its employees, suppliers, and clients.

The market communications policy, based on principles of transparency and accuracy, is a cornerstone of the change in Inapa’s corporate culture over these three years, allowing it to improve on the credibility and status it received with its recent integration into the PSI20, a blue-chip index of Euronext Lisbon.

The results achieved, shaped by Inapa’s culture of excellence and success, despite the uncertainties still latent in the macroeconomic framework, let me to anticipate a progressively improved profitability for our capital allocated generated not only by ongoing activities, but also for the opportunities of consolidation in the sector and growth in strategic businesses.

4. Sector Environment

The difficult macro-economic environment being experienced in throughout Europe has had a decisive influence on the whole of the pulp and paper sector, from forestry to distribution.

Difficult macro-economic environment, with negative impact in the sector

From this perspective, there were 4 factors that were determinant in terms of impacts on the whole sector:

- The drop in Gross Domestic Product (GDP) across all European economies, with direct repercussions on consumption levels;
- Deflation or zero inflation caused by substantial reductions in consumption, observed in the majority of economies, resulted in price drops on a wide array of products, including paper;
- The euro/dollar exchange rate, in which the dollar tended to be "weak," made exports of paper to the USA more difficult.

In the industrial sector, various relevant factors were felt:

Continued decreases in industrial installed capacity

- The decrease in industrial installed capacity continued, with the aim of addressing the imbalance dormant since a few years now, and involving most of the world's largest producers.

To minimise the effects of installed over-capacity, producers took recourse to temporary machine stoppages and lay-offs in order to maximize profitability increases in the sector;

Sales of paper in production down 16%

- Sales of paper in production decreased by 16%, highly influenced by the retraction in economies, the reduction of merchants stock levels, and a decreased in paper consumption;
- Pulp prices had a negative behaviour over the first half of the year, , with a significant increase in the second half of 2009;

Significant drop in prices for uncoated paper products

- Paper prices at the production had a mixed behaviour, with a stagnation regarding coated papers (CWF) and a significant drop regarding uncoated papers (UWF);

These factors made 2009 generally not a positive year for pulp and paper production, though there were healthy signs of recovery in the last quarter of the year.

Decrease in merchanting sales lower than production drop

In the paper merchanting sector, the macro-economic effects and the downstream industrial imbalance inevitably had to be felt.

The retraction in economies immediately gave rise to a 12% drop in terms of distributed volume, which was still lower than the 16% drop in production.

Paper merchanting gains market share in writing and printing papers

This fact demonstrates that once again, as was seen in 2008, paper merchanting gained market share in writing and printing papers sold in Europe.

Regarding coated papers, merchants gained 4% market share, accounting for 87% of total sales of this product family.

In the uncoated papers segment, the gaining of market share was even higher, up 10% compared to 2008. In this family of products the weight of the merchants is currently 83% of total sales

Regarding "*Office*" papers, merchants retained the same relative weight around 61% of the sales of that product in Europe.

Paper prices stagnated for coated papers and had a slight reduction for uncoated papers

With the reduction of volumes of, coupled with paper supply/demand imbalance, caused by the excess industrial installed capacity, the average sales selling price of paper has stagnated in the segment of coated and had a slight reduction in uncoated papers.

The drop in the advertising market, which was 16% in Europe in the newspaper and magazine segments, led to the closing of numerous printers throughout the continent, and gave rise to a decrease in the consumption of graphic papers.

The advertising market dropped 16% in the newspapers and magazines segment and 4% in direct mail

It must be remarked however that in the "direct mail" advertising sector, there was significantly less adjustment than there was in newspapers and magazines and the advertising sector in general, with a 4% decrease for the same period and geographical area.

The competition remained strong, but more disciplined and concerned about the levels of profitability. The year 2009 was not lavish in consolidation movements, although the sector appears to be able to make these movements in short to medium term.

It was equally sensitive during the year, the increase in credit risk, namely due to the closure and bankruptcy of several printers and the difficulties regarding access to credit and credit insurance on the part of the clients.

Paper distribution's approach to other business segments continued over the course of 2009.

Significant recovery in the 4th quarter of 2009, both in volumes and in sales prices.

It is however important to remark that in the 4th quarter a significant recovery was seen both regarding commercial activity and regarding average sales prices.

5. Analysis of Results

Inapa outperform the market both in volume and sales

The evolution of the market sales volume had a 12% reduction in 2009. Inapa's sales, reaching a total of 887 thousand tons, showed a more favourable behaviour than those of the market as a whole, with a 9.8% drop compared to the prior year.

In value, Inapa's consolidated sales reached 938 million euros in 2009, which was a 10.2% reduction compared to the previous year, compared to the market's 11% decrease. This decrease in sales reflects the deep economic recession that took place over the course of the year, although it should be noted that sales did increase 4.3% from the 3rd to 4th quarters of the year, which appears to show a trend towards recovery, which may continue into 2010.

Stock/indent ratio rises to 52%.

The average paper sales price had a slight reduction over the previous year (-1.7%), this despite the improvement in the stock/indent sales ratio, which stood at 52%, an increase of 1.5% compared to 2008, and the strengthening of the relative weight of sales of products with higher added value

Complementary businesses grow 15.6%

Sales growth on the complementary businesses level must once again be pointed out, having reached 53 million euros, 15.6% above 2008. This is even more significant considering that the growth seen in 2008 compared to 2007 was 93%.

Gross margin up 0.6 p.p., reaching 18.2%

Gross margin improved 60 b.p., to reach 18.2%, a fact that reflects the growing focus on the profitability of sales. The gross margin per ton increased by 3%, limiting the effect of the volumes reduction.

Operating costs decrease by 2.8M€.

In the past three years, operating costs decrease 10M€

Operating costs decreased 2.8 million euros, to 155.7 million euros, which showed a 1.8% decrease compared to 2008. This was the third consecutive year of reductions, meeting the objectives set in the Strategic Plan, namely regarding the improvement of operational efficiency, and the optimisation of available resources and decreasing operating costs. In the last three years, for the same corporate perimeter, and taking the year 2006 as the reference there is a reduction of 10 million euros to the level of these costs.

A 4% decrease in third party services and the maintenance of personnel cost contributed substantially to these developments.

Provisions increased 22% due to the difficult market conditions.

The provisions for the year increased 22%, standing at 4.8 million, reflecting the fact that the difficult economic situation in the entire European area alongside with the adoption of a prudent policy on the establishment and strengthening of provisions for doubtful clients in the current market conditions.

The recurrent EBITDA came to 32.4M€, reaching 3.5%.

The recurrent EBITDA reached 32.4 million euros. The reduction versus 2008 was the direct consequence of the decrease in volumes sold, despite the real improvements obtained in terms of gross margins and reduced operating costs.

It is however important to highlight that, the Re-EBITDA margin reached 3.5%, higher than the average seem in the European market in 2009.

Non-recurrent costs of 2.5M€, reflecting adjustments to market downturn.

Non-recurrent costs reached 2.5 million euros, reflecting the costs of the actions taken to adjust the structure and organization to the downturn of the market, however, with positive results.

Depreciation and amortization stood at 6.3 million euros, 6.1% below 2008, as a consequence of the end of the amortization period for certain assets.

Operating Results (EBIT) amounted to 23.6 million euros and EBIT margin of 2.5%.

Financial performance improved 13.3 M€.

Reduction of net debt by 53.5 M€.

Financial costs improved by 13.3 million euros, not only because of the reduction of the average annual debt, including securitisation, by 53,5 million euros, but also because of a significant decrease in interest rates. Following this decrease, the coverage of the financial function by recurring EBITDA improved from 1.28 times to 1.7 times.

Earnings before taxes increased 225% to 4.9 M€.

The Earnings Before Taxes increased 225% reaching 4.9 million euros, reflecting the improvement in the operating performance and the reduction in financial costs.

Taxes increased 2.3 million, to stand at 2.6 million euros. Of these, 1.8 million are related to the recognition of deferred taxes and 0.8 million euros of taxes for the year.

Net Profit before deferred taxes for the current year reach to 4 million euros, a 558% improvement compared to 2008.

Net Profit improved 115% to 2.2 M€.

Despite the increased of the tax burden due to the recognition of deferred taxes in prior years, the net profit improved 115%, reaching 2.2 million euros.

Working Capital decreased by 48.3 M€.

Concerning balance sheet items is important to highlight the working capital reduction of 48.3 million euros , supported by improved inventory management and better payment conditions from the clients, alongside with the 53.5 million euro reduction in debt, including securitisation operations.

This was the second consecutive year of net profits in line with the objectives set in the Inapa 2010, Strategic Plan, which represents the fulfillment of the commitments made therein despite the particularly adverse economic framework in the business year unfolded.

Inapa´s shares Book value at 1,02€

Inapa's equity increased 2.3 million euros, reaching 152.5 million euros, bringing the book value of its stocks to 1.02 euros.

Reflecting these improvements in equity and reducing interest-bearing debt (including securitization) for 422.1 million euros, the debt / equity ratio improved from 3.16 to 2.77 times.

6. Capital Markets

After a year of 2008 which proved to be the worst in decades, the year 2009 represented the return of most of the capital markets to significant gains.

Main global indices recorded gains between 19% and 30%

The main global indices recorded gains between 19% and 30%.
Despite of the highly negative macro-economic environment, however, the Portuguese market did not fall within this general re-assessment; its most representative index – PSI20 – recorded a gain of 33%.

However, the volumes traded in the Portuguese market suffered a sharp reduction standing at 31.8 billion euros, representing a reduction of 42% versus 2008.

Inapa´s shares outperform the market

Inapa shares outperform the market once again, both in terms of volume traded and in terms of share price performance

The turnover reached 349.4 million shares, representing an increase of 88% versus 2008 and represented a rotation of 2.33 times the capital. This volume growth is in line with what has been occurring since 2007. Between 2006 and 2009 the volume of Inapa´s shares traded grew 43 times. This very unusual behavior clearly demonstrates the increased interest by the investors, especially since the company did not purchase any treasury stocks.

The turnover of the shares increased ; trading amounts up 45%.

Parallel to these developments, the fact that they were not reported new qualified stake stable and increasingly international and Portuguese market players trading Inapa shares, demonstrates a growing interest, of a wide range of investors.

Regarding the trading amounts, reached 201.4 million euros, representing an increase of 45% compared to 2008.

Share price gain 88%, closing at 0.64€.

The share price closed out the year at 0.64 €, expressing an 88.2% growth compared to December 31st, 2008, substantially higher than the increase in PSI20 index of 33%.

This performance cannot, in view of the Board, be dissociated from four key factors, which since 2007 has been a concern of the company:

- the improvement of the Group’s operating performance and consequently the increase in its economic/financial results;
- the change in the corporate governance model in order to tailor it to best practices;
- the quality and accuracy of economic and financial information, made available to shareholders and investors;
- the shares upside, based on demonstrated performance in achieving the Inapa Plan 2010 goals and development prospects of Inapa and potential industry consolidation.

Inapa's entry into the PSI20 index

As a result of the substantial increase in stock price and in trading volumes, Inapa rose, upon the closure of business year 2009, for the first time in its long history of listed company, into the main Portuguese market index – PSI 20.

Underlying this promotion is the recognition by the market of the effort devoted to communication, quality and regularity, and mainly by effectiveness on the strategy and its implementation.

7. Short Term Outlook

After the most difficult year in the last decades for most European economies, the recovery is expected during 2010.

The last quarter of 2009 seemed to give some signs of a recovery, namely regarding consumption and confidence indicators.

The macro-economic scenario for 2010 seems to anticipate a return to economic growth, with the Domestic Product of the majority of economies growing, albeit in a moderate manner and at different speeds.

Consumption should show some signs of recovery, though with unemployment remaining at historically high levels, the access to credit more difficult, and the cost of borrowing to rise, even with interest rates expected to remain low.

In the paper sector, the recovery trend initiated during the 4th quarter of 2009 should continue during the year 2010, given that the data already available indicate a 1st quarter better than that recorded in 2009.

Nevertheless, the recovery in consumption will not be sufficient redress the balance between supply and demand for paper. The industrial capacity utilization rate will thus remain below its maximum, which will surely require European producers in general to make adjustments to production, in particular by closing down more of their capacity or by undertaking production stoppages and lay-offs.

Production prices should show mixed behaviour, with some pressure in newspapers and magazines paper segment, and a uptrend for coated and uncoated papers.

Some producers already announced price increases at the beginning of the year for uncoated papers. Those announcements seem to confirm expectations that prices will be recovering.

The paper merchanting area should continue to gain market share in the total paper sold in Europe, as it did in the last two years, which together with the expected recovery in consumption would certainly lead to increased sales volume an increase in volumes sold.

Competition should remain strong, however it is not overlooked any movements of partnerships and consolidation among distributors.

Inapa will remain faithful to the guidelines defined in Inapa's 2010 Strategic Plan, namely regarding improvements in operational efficiency and the rigorous and efficient management of the available resources, without neglecting the analysis of potential opportunities of consolidation.

From this perspective, strengthening its leadership position in the paper merchanting business and the development of complementary business areas will be the 2010 Group's priorities in order to increase the level of profitability and create value for shareholders.

A strict management of working capital, the generation of operational cash flow, and the divestment in non-core assets should give lead to an additional reduction to net debt levels, another priority of Inapa for 2010.

The year 2010 should allow Inapa to continue to improve its operating results and increase the return on capital employed.

Lisbon, 2nd March, 2010

GRUPO inapa

CONSOLIDATED INCOME STATEMENT IN 31 DECEMBER 2009

Manegement view

	IAS / IFRS	IAS / IFRS	Variation	Variation
	31.12.2009	31.12.2008	R09/R08 (%)	R09/R08 (%)
Tonnes	887.361	983.661	-96.300	-9,8%
SALES:	**937.799**	**1.044.163**	**-106.363**	**-10,2%**
Gross Margin	**170.297**	**183.377**	**-13.080**	**-7,1%**
Other income	22.682	20.724	1.958	**9,4%**
Other costs	-155.744	-158.593	2.849	**-1,8%**
Provisions	-4.807	-3.940	-866	**22,0%**
RE-EBITDA	**32.429**	**41.567**	**-9.139**	**-22,0%**
One off costs / income	-2.509	-1.918	-591	**30,8%**
EBITDA	**29.920**	**39.649**	**-9.730**	**-24,5%**
Depreciations	-6.291	-6.706	416	**-6,2%**
EBITA	**23.629**	**32.943**	**-9.314**	**-28,3%**
"Impairment"	-	-	-	-
EBIT	**23.629**	**32.943**	**-9.314**	**-28,3%**
Financial Function	-19.047	-32.390	13.344	**-41,2%**
Gains/losses in sale of assets	337	958	-621	**-64,9%**
EBT	**4.919**	**1.510**	**3.408**	**225,7%**
Taxes	**-2.651**	**-396**	**-2.255**	**569,4%**
Minority interests	-102	-107	4	**-4,2%**
Net Profit	**2.165**	**1.007**	**1.158**	**114,9%**

INAPA - Investimentos, Participações e Gestão, SA

SEPARATE CONSOLIDATED INCOME STATEMENT IN 31 DECEMBER 2009
(Amounts expressed in thousand euros)

	31 DECEMBER 2009	31 DECEMBER 2008
TONNES	887.361	983.661
Sales and services rendered	946.294	1.052.095
Other income	24.539	25.988
Total Income	**970.833**	**1.078.082**
Cost of sales	-777.583	-872.103
Personal Costs	-77.425	-77.938
Other costs	-85.825	-87.738
	29.999	**40.302**
Depreciations and amortizations	-6.291	-6.706
Gains/Losses in associated companies	-80	-252
Financial Function	-18.710	-31.890
Net income before tax and discontinued operations	**4.919**	**1.454**
Income tax	-2.651	-396
Net income before discontinued operations	**2.267**	**1.058**
Net income from discontinued operations	-	56
Net Profit	**2.267**	**1.114**
Net Profit atributable to:		
Equity holders of the company	2.165	1.007
Minority interests	102	107

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009 AND 31 DE DECEMBER 2008

(Amounts expressed in thousand euros)

	31 December 2009	31 December 2008
ASSETS		
Non-current assets		
Tangible fixed assets	101.298	104.288
Goodwill	138.871	137.941
Other intangible fixed assets	110.941	106.239
Investments in associated companies	1.104	1.594
Available for sale financial assets	9.294	13.531
Other non-current assets	18.933	18.547
Deferred tax assets	22.374	26.923
Total non-current assets	402.815	409.063
Current assets		
Inventories	65.292	83.427
Trade receivables	174.240	210.120
Tax to recovered	7.567	9.829
Other current assets	42.134	44.636
Cash and cash equivalents	7.621	5.345
Total current assets	296.855	353.357
Discontinued operations assets	297	391
Total assets	**699.967**	**762.811**
SHAREHOLDERS EQUITY		
Share capital	150.000	150.000
Tresuary shares	-	-
Shares insuance premium	2.937	2.937
Reserves	41.166	41.291
Retained earnings	-44.753	-46.006
Net result	2.165	1.007
	151.514	149.229
Minority interests	1.033	1.033
Total shareholders equity	**152.547**	**150.262**
LIABILITIES		
Non-current liabilities		
Loans	97.610	102.733
Financing associated to financial assets	-	134.770
Deferred tax liabilities	18.888	21.622
Provisions	825	4.583
Liabilities for employees benefits	3.075	2.932
Other non-curent liabilities	11.443	15.744
Total non-current liabilities	131.841	282.384
Current liabilities		
Loans	210.070	228.922
Financing associated to financial assets	109.244	-
Suppliers	54.012	59.707
Tax liabilities	10.642	11.364
Other current liabilities	31.611	30.172
Total current liabilities	415.579	330.165
Discontinued operations liabilities	-	-
Total shareholders equity and liabilities	**699.967**	**762.811**