DIRECTORS' REPORT

December, 31 2011

Index

To the Shareholders

Pursuant to the legal requirements, the Board of Directors of Altri, S.G.P.S., S.A. hereby presents its Director's Report for the year 2011. According to number 6 of article 508 - C of the Companies Code, the Board of Directors decided to submit a single Board of Directors' Report, fulfilling all legal requirements.

INTRODUCTION

Altri was incorporated as of March 2005, as a result of the demerger of Cofina. Altri is a reference European producer of bleached eucalyptus pulp and is a listed company included in NYSE Euronext Lisbon, integrating the PSI 20 (Portuguese Stock Index), the benchmark stock market index. In addition to pulp production, the company is also present in electric energy from forest renewable sources, namely industrial cogeneration from black liquor and biomass. The forestry strategy is based on full use of all the components provided by the forest: pulp, black liquor and forest wastes.

Over the past years, Altri invested in Portugal about 465 million euro, mainly on Celbi and Celtejo unities. Currently, Altri owns three pulp mills in Portugal with a total capacity above 850,000 tonnes/year of bleached eucalyptus pulp in 2011. The projects, which are in the conclusion phase of the learning curve, will increase the nominal production capacity of Altri close to 900 000 tonnes / year.

Currently, Altri manages over 85.000 hectares of forest in Portugal. The company obtained certification from the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC), two of the most worldwide acknowledged certification entities.

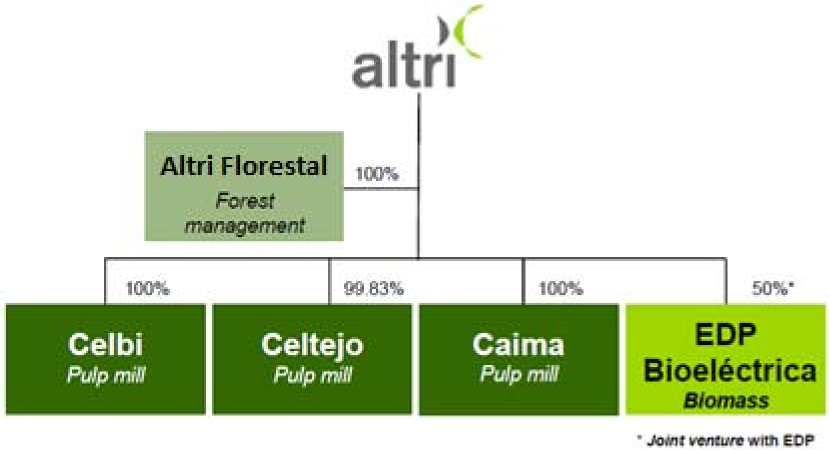
Altri's industrial strategy implementation is based on integrated forest management in Portugal. This model is based on forest optimization, ensuring a full recovery of all its components. Thus, the eucalyptus is processed in Altri mills, producing pulp and power (cogeneration). The bark, the branches and forest waste are used to produce electric energy from biomass.

Until June 2008, Altri had another industrial activity through the F.Ramada, which was devoted to retail steel and development of industrial solutions for storage systems. In June 2008 took place the split of the F. Ramada. The strategic rationale of this operation lies in focusing exclusively Altri on their core business, forest management and production of pulp.

Since the beginning of its activity Altri carried out various acquisitions (Celtejo in 2005 and in 2006 Celbi) that allowed Altri to reinforce its position in its operating markets and by the development of a set of expansion activity projects.

For a better valuation of forest resources, Altri acquired in 2005, 50% of EDP Produção - Bioeléctrica, S.A., for, in partnership with EDP, producing electricity from forest biomass. This company is leader in its market segment with a share licenses, to the production of electricity by forest biomass, of 50%.

Altri's structure as of 31 December 2011 is as follows:



MACROECONOMIC BACKGROUND

As the year 2011 progressed, the perspectives for the world economy, and with particular emphasis on mature economic areas, have become increasingly adverse. The main cause continues to focus on high debt level of these economies, public and private, resulting in external deficits at historical levels.

In the European Union, the GDP growth in 2011 was about 1.6%, slightly lower than 1.9% of growth recorded in 2010. During the year 2011, the growing fear of the European debt crisis had a significant negative impact on the stock markets' performance and in the debt pricing.

The International Monetary Fund (IMF) forecasts a growth of 3.3% in world GDP in 2012, including a recession scenario for the Euro Zone (0.5% decline in GDP), reflecting the impact in the real economy of the measures adopted to overcome the sovereign debt crisis and to deleverage most of the European economies. In a political and economic scenario characterized by uncertainty and volatility, investors have been demanding higher risk premiums, thus maintaining the pressure towards higher funding spreads and falling stock market indices. In the Euro Zone, inflation should remain at low levels during 2012 (about 1.5% according to IMF projections) and unemployment should be around 10% (according to the same source).

The emerging market economies, particularly China, should not be immune from the slowdown of the developed economies. It is expected the reduction the rate of growth in 2012.

Additionally, the exchange ratio of the euro against the dollar, with significant impact on the Group's business, remains on a great unpredictability, given the context of economic expectations described above.

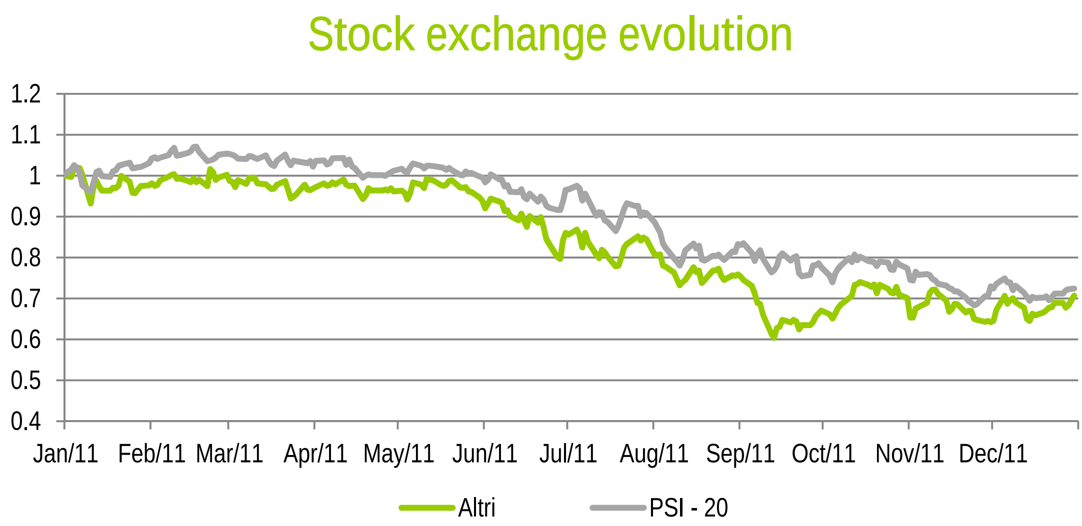
The market of pulp BEKP started giving some signs of recovery, sustained by strong demand from Asian markets, namely China, and by a continuing tendency to substitute the consumption of softwood pulp for hardwood pulp, which has been recorded mainly in developed markets. However, the increase in supply, particularly with the coming on stream, later in the year, of new capacity in Brazil, can distress the balance between supply and demand.

The implementation of the economic adjustment program by the Portuguese government was the main factor influencing the performance of the Portuguese economy in 2011, with amplified effects in subsequent years. The economic adjustment program includes fiscal and financial measures and structural measures aiming to restore confidence in financial markets and rectify the structural deficit that has characterized the Portuguese economy in recent years. The extent of these measures and its implementation calendar will put significant pressure on disposable income, with the inevitable losses in the level of private consumption and investment.

The most recent estimates of the Portuguese Central Bank (Banco de Portugal) forecast, in the winter economic bulletin, a real fall in GDP of 3.1% in 2012, affected by the decrease of 6% in the private consumption, by 2.9% fall in public consumption and 12.8% on investment. For 2013, the same entity points to a marginal growth of 0.3% of GDP, while stressing the various risks underlying the forecast, mostly in the downward direction.

STOCK EXCHANGE EVOLUTION

The national stock exchange closed the year 2011 losing 28% towards 2010. The start of 2011 in the markets, anticipated a year with promising results, when the PSI-20 index recorded a maximum, early in February. But the final values show that the year was not good for investors, with the main index of NYSE Euronext Lisbon closing negative when comparing with the past year, that had already been negative compared to 2009.

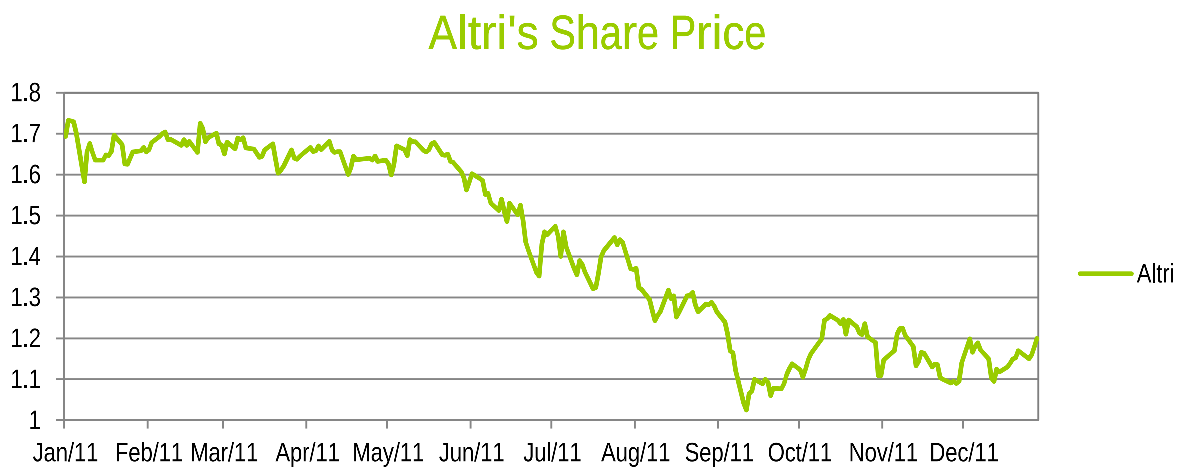


Altri's share price closed the year 2011 in 1.20 Euro per share, representing a depreciation of 29% over 2010. The market capitalization at the end of 2011 was 246.2 million Euro.

During 2011, Altri's shares were traded at a maximum price of 1.732 Euro per share and the minimum of 1.025 Euro per share. In total, 62.7 million Altri shares were traded in 2011, equivalent to 31% of the issued capital.

On February 9th, 2011, Altri was notified of the favorable decision of the administrative appeal brought by it, concerning the change in the nominal value of shares of 0.25 euro to 0.125 euro per share and the resulting change in the number of shares representing the capital stock to 205.131.672. On February 22, 2011, shares of Altri started to be traded on NYSE Euronext Lisbon with the new nominal value. Such restatement has been operationally completed on February 25, by splitting each share into two.

The main events that marked the evolution of the Company's shares during 2011 may be described chronologically as follows:



- On March 9, the Group announced the financial performance of the year 2010, with a consolidated net profit around 62million euro. The consolidated total revenues exceeded 507 million euro, representing an increase of 64% compared to 2009. Consolidated EBITDA amounted 160.8million euro, registering a growth of over 200% compared to 2009.On that date, shares' closing price reached 1.685euro per share.

- Through a statement made on May 2011, the Group announced the results of the first quarter of 2011.During that period the consolidated total revenue reached about 125.7 million euro, representing an increase of about 18% over the same period of 2010. The EBITDA exceeded 32 million euro, which means a growth of around 4.55 over the first quarter of 2010.

- In a statement made on May 27, Altri informed the market about the deliberation of the General Meeting held on May 26, 2011 which approved, among others, the proposed distribution of dividends corresponding to 0.02 euro per share, to be paid from 21June 2011.

- On 24 August 2011, Altri announced its performance for the first half of 2011, emphasizing the operating revenue that reached in that period, 250.7 million Euro, representing a growth of 4% over the first half of 2010. Altri recorded a EBITDA of 63 million Euro and a net profit of 17.8 million Euro. On that date, Altri closed the day with a price of 1.685 Euro per share.

- In the announcement of the third quarter of 2011 results, made in 2 November, Altri announced a net profit of 23.1 million Euro and an EBITDA of 91.1 million Euro. The operating revenue reached 370 million Euro. On that date, the shares closed the day with a price of 1.109 Euro.

GROUP'S ACTIVITY

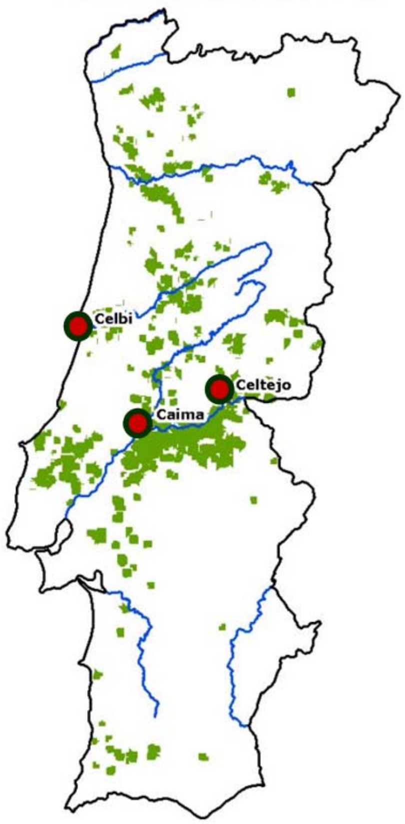
With its genesis in the reorganization process of Cofina with the purpose of setting into a separate holding the industrial operations, Altri held until 1 June 2008 the investments in the paper, pulp, steel and storage systems, date considered for the demerger process the business of steel and storage systems. This reorganization is part of a focusing and business transparency strategy, aiming at giving greater visibility to each area and increasing market perception of value.

The main participations were Altri holds the majority of capital are indirectly hold, and are as follows:

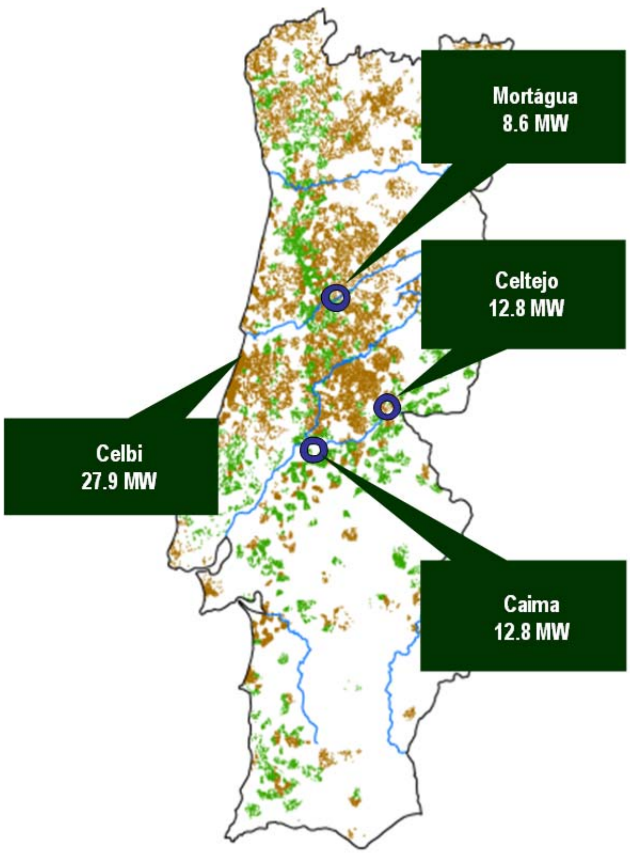
- Caima – Indústria de Celulose (Constância), producer and distributor of paper pulp;
- Celbi – Celulose da Beira Industrial, S.A. (Figueira da Foz), producer and distributor of paper pulp;
- Celtejo – Empresa de Celulose do Tejo, S.A. (Vila Velha de Ródão), producer and distributor of paper pulp;
- Altri Florestal (Constância), manager of the Group's forestry resources.

Moreover, in order to fulfil its energetic needs and expand its activity in a strategic sector, the Group holds a participation of 50% of the share-capital of EDP Bioeléctrica.

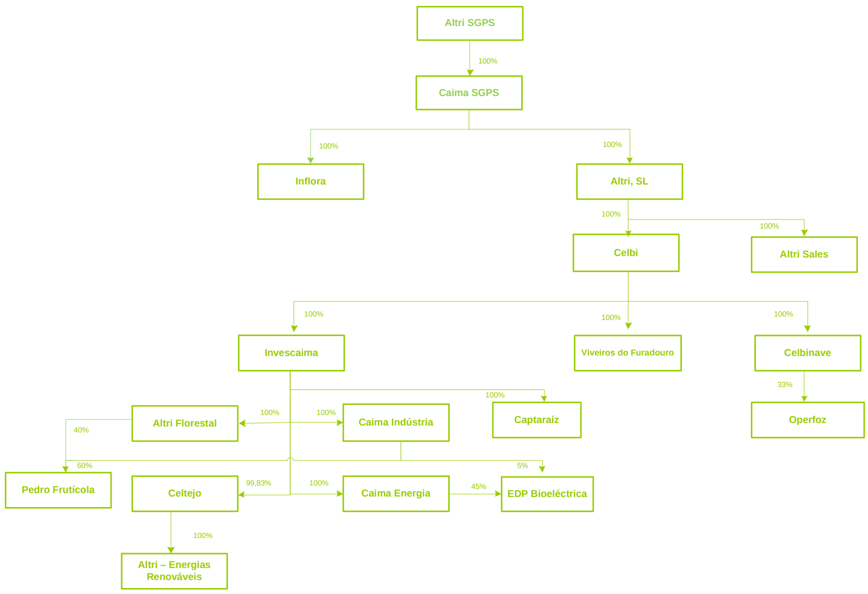
Location of the industrial units of the Group



Location of the centrals of energy production



Altri's complete structure of participation as of 31 December 2011 is as follows:



Paper pulp market

The market pulp, as in 2010, went through two distinct phases in 2011. After the general fall in price in USD, occurred during the second half of 2010, the market entered a period of stability that has marked the entire first half of 2011, which allowed prices to rise at the end of a quarter. The pulp demand by the Chinese market and the appreciation of the currencies of the major pulp's producing countries against the U.S. dollar supported the market and prices in USD.

This situation has changed considerably in the 2nd half with the deterioration in market conditions arising from the slowdown in demand and the decline in the prices. One of the factors that had more impact in this deterioration was the aggravation of the macroeconomic environment in the Euro Zone countries that led to declining the demand and to increase the exchange rate instability.

Over 2011, there have been some factors to stress related to the pulp market:

1. Consumption of bleached pulp: 52.6 million tonnes (+4.8%)
   a. Consumption of bleached eucalyptus pulp: 17.2 million tonnes (+8.0%)

2. Consumption of bleached pulp in Western Europe reached 16.2 million tonnes (-3.1%)
   b. Consumption of bleached *hardwood* pulp: 17.2 million tonnes (+0.7%)

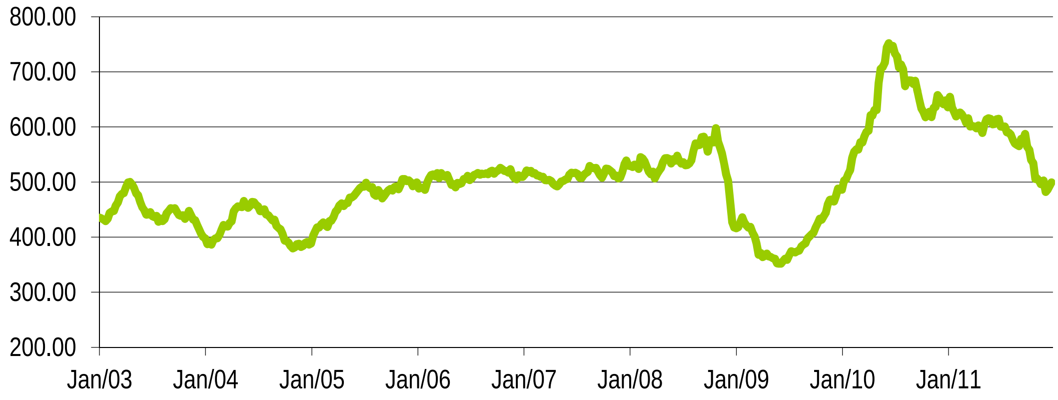
3. Consumption in China: 13.6 million tonnes (+30.5%)
   c. Consumption of *hardwood* pulp: 6.6 million tonnes (+31.3%)

In late December 2011, the market price of BEKP pulp was set at 651 USD/ton in Europe, which meant approximately 499 EUR/ton. On average, there was in the fourth quarter of 2011 an average price of 695 USD / ton (514 EUR / ton).The average price in 2011 stood at 748 usd / ton, which meant 582 Euro / ton.

In terms of supply, in 2011, the production of *hardwoodpulp,* according to information given by *Hawkins Wright,* have increased about 485 thousand tonnes. (+1.7%)

Evolution of BEKP pulp price since 2003 to 2011(€)

Source: FOEX



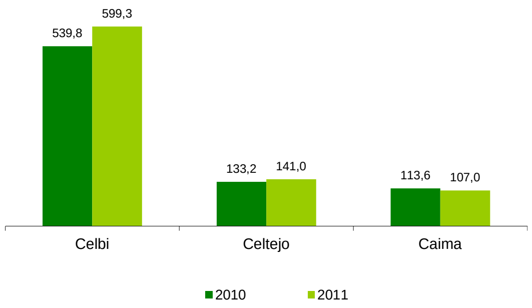
The beginning of the year 2012 was marked by an increase in consumption of hardwood bleached pulps in Europe, a movement of stocks increase by buyers. In this context, the market price announced by the producers for the month of March 2012 is 760 USD / tonnes.

During the first half of 2012 will be expected a rising trend in sales prices of the pulp.

In terms of production, during 2011, the three Altri's units pulp production amounted to about 847 thousand tonnes of pulp, it represents a production record for Altri and a growth of over 8% compared to 2010.

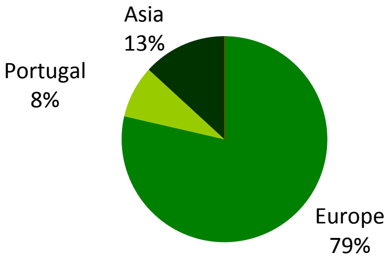
Evolution of the capacity of pulp production

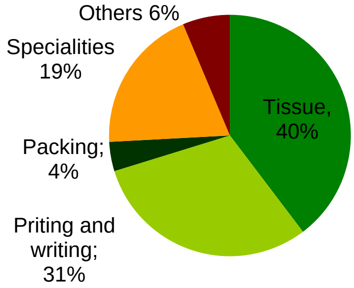
(Thousands of tonnes)



In terms of sales, during 2011 were sold 826 thousand tonnes of pulp, representing a 2,5% growth compared with last year. The gap of 22 thousand tonnes, recorded between total production (847,2 thousand tonnes) and sales was due to market conditions, manifested with particular emphasis in the second half of the year.

Pulp sales by region and detail by application





In 2011, Altri exported 758 thousand tonnes of pulp. In that year, Altri exported about 92% of its pulp sales, being Europe its main destination region for sales, amounting to 374,1 million.

In terms of pulp using, the tissue paper producers are the main clients of Altri, with a share of 40%.

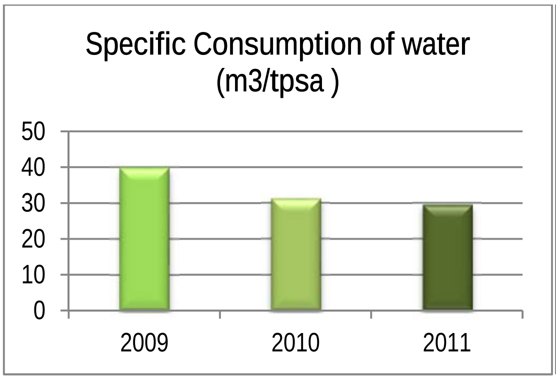
CORPORATE RESPONSIBILITY AND SUSTAINABILITY

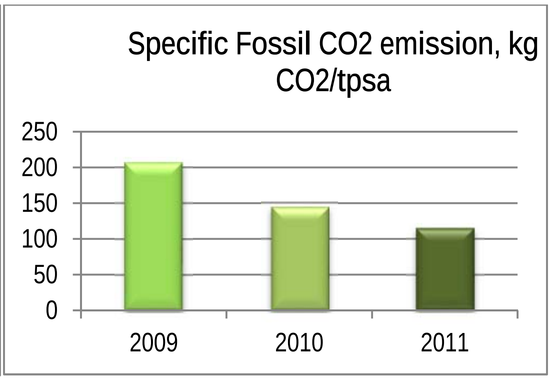
Sustainable development is one of the commitments of Altri. Respect for the environment, social responsibility and continuous increase in the return of shareholders' capital are the basis of the company's strategic planning.

In order to reinforce this commitment, in 2011, Altri joined the WBCSD (World Business Council for Sustainable Development).

Environment: renewable raw material from sustainably managed forests is the base for the production of Altri's pulp in Portugal, which manages, approximately, 85 thousand hectares of certified forest, and all the wood produced in these areas is to target their plants.

Altri is self-sufficient in electricity, using cogeneration systems where it is made a combined production of thermal energy and electrical power for industrial use. The excess of electricity is placed in the national network. Investment in new technologies and investing in best practices in energy efficiency have enabled to produce almost all the energy by the burning of biofuels. Since 2009 the dependence on fossil fuels has decreased and, consequently, the CO2 emissions, which, in the last three years, decreased over 46%. Water consumption recorded in the same time a reduction of approximately 26%.





The other indicators of eco-efficiency and environmental performance in the areas of water, air, waste and natural resources, have remained stable and in line with the best available techniques defined in the sector of pulp and paper reflected in the environmental certifications of the three plants of Altri.

Certification of Management Systems: All industrial units of Altri have its management systems certified in accordance with the requirements of ISO 9001, ISO 14001 and OHSAS 18001 and have their laboratories of support accredited by ISO / IEC 17025. Celbi and Caima are also registered under EMAS, a Community Eco-management and Audit of the European Union.

The responsibility's chains of wood supply are also certified by international standards of forest management (FSC - Forest Stewardship Council and PEFC - Programme for the Endorsement of Forest Certification Schemes), which demonstrates the commitment established in the supply policy of Altri to check the origin of the wood along the supply chain.

Human Resources: During 2011, the average of workers in Altri was 676 workers. Were given 16.200 hours of training which represents 1.3% of potential working hours, illustrating the commitment to continuous professional development.

With regard to accidents' indicators, their evolution has been very positive. The frequency rate (number of accidents with days lost per 1 million of worked hours) fell of 17 in 2009 to 13 in 2011 and the severity index (number of days lost due to accidents per thousand worked hours) a significant reduction from 0.35 in 2009 to 0.25 in 2011.

Altri also has a code of conduct that establishes a set of principles and values in matters of professional ethics and that is recognized and adopted by all company employees, including management bodies.

Social Responsibility: In its relationship with society, Altri streamlines the economy of the areas in which it operates, particularly in the creation of direct and indirect employment. It also has a policy of granting internships, whether professional or as a complement to the school curriculum, which allow young people the opportunity to have contact with a business reality.

In partnership with several local institutions, Altri try to develop and support initiatives and activities essential to the creation of relevant relationships with the surrounding community. Through donations and logistical support, the Group seeks to identify and support projects with merit and impact on the life's quality.

FINANCIAL REVIEW

The consolidated financial information of Altri for the year 2011 was prepared in accordance with the recognition and measurement principles defined by the International Financial Reporting Standards as adopted by the European Union.

In 2011 the group sold its subsidiary that operated in the market of production and commercialization of inerts. Consequently, this subsidiary is shown as a discontinued operation, being also presented in the income statement for the last year with the reclassification.

Therefore, the key data and Altri Group consolidated activity indicators can be summarized as follows:

thousand euros	2011*	2010*	2011*/2010* Var%
Sales	472.337	488.855	-3%
Services rendered	7.008	2.476	183%
Other income	7.257	9.045	-20%
Total revenues	**486.602**	**500.377**	**-2,8%**
Costs of sales	201.463	163.536	23%
External supplies and services	129.240	119.497	8%
Payroll expenses	33.229	34.859	-5%
Provisions and impairment losses	80	158	-49%
Other expenses	9.464	22.232	-57%
Total expenses (a)	373.477	340.281	9,8%
EBITDA (b)	**113.125**	**160.096**	**-29,3%**
Margin	**23,2%**	**32,0%**	**-8,7 pp**
Amortisation and depreciation	52.260	51.195	2,1%
EBIT (c)	**60.866**	**108.901**	**-44,1%**
Margin	**12,5%**	**21,8%**	**-9,3 pp**
Gains and losses in associated companies and joint ventures	1.178	1.387	-15,1%
Financial expenses	-43.885	-36.094	21,6%
Financial income	9.447	3.848	145,5%
Financial profit	-33.260	-30.859	7,8%
Profit before income tax	27.606	78.042	-64,6%
Income tax	-2.437	-16.627	-85,3%
Minority interests	-7	3	ss
Profit for the period from discountinued operations attributable to parent company's shareholders	**25.176**	**61.412**	**-59,0%**
Profit for the period from discountinued operations	-2.608	602	ss
Consolidates net profit attributable to parent company's shareholders	**22.568**	**62.014**	**-63,6%**

* Considering the subsidiary Socasca in descontinuation
(a) Operating costs excluding amortisation, financial expenses and income tax
(b) EBITDA = Earnings before interests, taxes, depreciation and amortisation
(c) EBIT = Earnings before interest and taxes

Total revenues for 2011 were approximately 487 million Euro, which represents a decrease of 3% compared to total revenue recorded in the previous year. This decrease was due to the negative evolution of the selling price of the pulp recorded during the year 2011 compared to 2010.

The total costs, excluding depreciation, financial results and taxes in 2011 amounted to 373.5 million euro, which corresponds to a growth of 9.8% over 2010. This increase is associated with the evolution of the production costs and with the expansion production.

Personnel costs decreased 5%, reflecting operational optimization measures that the Group has been developing. At the end of 2011 Altri had 665 employees.

In 2011, the EBITDA reached 113.1 million euro, which represents a decrease of 29% compared to 2010, with its margin reached 23.2%. The operating result (EBIT) amounted 60.9 million Euro (in 2010 was 108.9 million euro).

The net income, excluding results from discontinued operations, reached 25.2 million Euro.

The evolution of the Group's performance over the four quarters of 2011 was as follows:

thousand euros	1T 2011*	2T 2011*	3T 2011*	4T 2011*
Sales	122.064	121.694	114.759	113.820
Services rendered	1.041	1.430	2.209	2.328
Other income	2.629	1.879	1.831	918
Total revenues	**125.734**	**125.003**	**118.799**	**117.066**
Costs of sales	52.699	50.992	46.812	50.960
External supplies and services	29.695	31.740	33.120	34.686
Payroll expenses	7.540	8.389	8.543	8.757
Provisions and impairment losses	0	0	-44	125
Other expenses	3.494	3.130	2.305	534
Total expenses (a)	93.428	94.251	90.736	95.061
EBITDA (b)	**32.306**	**30.752**	**28.063**	**22.005**
Margin	**25,7%**	**24,6%**	**23,6%**	**18,8%**
Amortisation and depreciation	13.417	12.960	13.278	12.606
EBIT (c)	**18.889**	**17.792**	**14.785**	**9.399**
Margin	**15,0%**	**14,2%**	**12,4%**	**8,0%**
Gains and losses in associated companies and joint ventures	-251	608	515	306
Financial expenses	-9.243	-10.008	-11.581	-13.052
Financial income	1.831	1.537	2.857	3.222
Financial profit	-7.663,3	-7.862,6	-8.210,0	-9.524,1
Profit before income tax	11.226	9.929	6.575	-125
Income tax	-2.033	-1.336	-1.227	2.159
Minority interests	-2	3	-2	-6
Profit for the period from discountinued operations attributable to parent company's shareholders	**9.196**	**8.590**	**5.350**	**2.040**
Profit for the period from discountinued operations	20	-9	-48	-2.571
Consolidates net profit attributable to parent company's shareholders	**9.215**	**8.581**	**5.303**	**-531**

* Considering the subsidiary Socasca in descontinuation

(a) Operating costs excluding amortisation, financial expenses and income tax

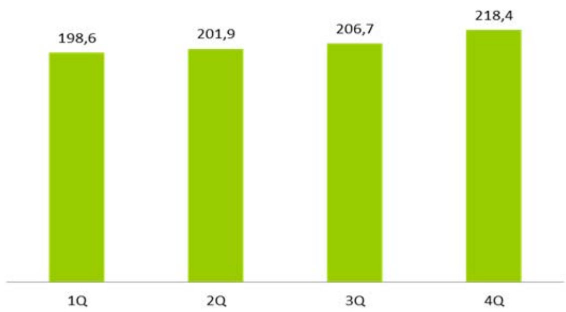
(b) EBITDA = Earning befora interests, taxes,depreciation and amortisation

(c) EBIT = Earnings before interest and taxes

Over 2011, the revenue reflects the evolution of the pulp's market price.

Total revenues recorded in the fourth quarter of 2011 amounted to 117.1 million Euro, a decrease of 1.5% compared to the previous quarter. The amount of pulp sold in the last quarter of the year amounted to 218 thousand tonnes, an increase of 5.6% compared to the third quarter of 2011.

Quarterly evolution of total pulp's sales in 2011 (thousand tonnes)



The decrease in revenues (QoQ) was driven by the price decrease and by increased sales to destinations outside Europe, particularly to China, where the market price is lower by about 100 USD / ton to the price in Europe.

Total investment (CAPEX) of 2011 was 13.4 million euro. The net variation from the investment in biological assets amounted to 10 million euro.

Altri's nominal remunerated net debt net of cash and investments available for sale as of December 31, 2011 was 678.3 million euro corresponding to a decrease of 40.4 million euro compared with 2010.

Detail of the remunerated net debt

million euro	31-Dec-2011	31-Dec-2010
Cash and cash equivalents	112,7	129,8
Investments available for sale	10,1	10,1
Bank loans and overdrafts	187,1	166,6
Other remunerated liabilities	-	22,5
Commercial paper	239,0	274,5
Bonds	375,0	395,0
Remunerated net debt	**678,3**	**718,7**

Financing needs are fully assured, holding the Group in cash and cash equivalents, as of 31 December 2011, 113 million euro. In addition, Altri Group holds 55 million euro in available financing lines not used.

ACTIVITY DEVELOPED BY NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

During 2011, the non-executive director of the company has developed regular and effectively the functions that are legally responsible and which consist of monitoring and evaluation the activities of the executive members.

During the year, the non-executive director regularly attended meetings of the Board of directors, discussing the matters under consideration and expressing their opinions on the strategic guidelines and the specific business areas. Where necessary, he maintained a close contact with the directors of Group's operating units. During the meetings of the Board of Directors, the Executive Directors have provided all information requested by the other members of the Board.

2012 OUTLOOK

The year of 2011 was marked by a dynamic drop in the bleached eucalyptus pulp (BEKP) sale price in the international market, driven by a fall in global demand. This trend has changed in the first quarter of 2012, the BEKP's sale price registered systematic increases.

It is expected that the BEKP's sale price remains at high levels during 2012.

However, the growth that has been recorded in world demand is motivated almost entirely by China, which increases the degree of uncertainty in terms of longer-term projections.

Altri is implementing a group of strategic measures in order to increase the competitiveness of the group, namely, a policy of fixed costs and investments optimization. In 2012, Altri intends to strengthen its competitive position in the global picture of the pulp industry as one of the lowest cost producers of this industry.

In terms of production, in 2012, Altri plans to increase the production of BEKP as well as its sales.

In this context, Altri will pursue a policy of sustained profitability and strengthen a central strategic focus on reducing the level of indebtedness of the Group.

PROPOSAL OF THE BOARD OF DIRECTORS FOR APPROPRIATION OF THE NON-CONSOLIDATED NET LOSS FOR THE YEAR

Altri, S.G.P.S., S.A., as holding company for the Group, recorded in its individual financial statements prepared in accordance with International Financial Reporting Standards, a net loss of 2.913.284,89 Euro which, in accordance with the applicable legislation and the Company's articles of association, the Board of Directors proposes to the Shareholders General Meeting its transfer to the caption "Retained earnings".

The Board of Directors also proposes the distribution of reserves amounting to 4.102.633,44 Euro, in dividends, which corresponds to a dividend of 0.02 Euro per share.

CORPORATE GOVERNANCE

0. Statement of compliance

0.1. Location where the public may find the Corporate Governance Codes to which the issuer is subject or those which the issuer voluntarily abides by, if applicable

This report was prepared in accordance with the CMVM Regulation no. 1 / 2010 of 7 January 2010 and the Code of Corporate Governance (*Código do Governo das Sociedades*), available at www.cmvm.pt, and aims to be the summary of the fundamental aspects of the management of the Company as regards the Board of Directors, considering the need for transparency on this issue and the need for communication with investors and other stakeholders. The reporting format adopted by the Company is laid down in Article 2 and in Annex I of that Regulation.

Are also fulfilled the duties of disclosure required by Law 28/2009 of 19 June , Articles 447 and 448 of the Commercial Companies' Code (*Código das Sociedades Comerciais)* and the CMVM Regulation No. 5 / 2008 of 2 October 2008.

0.2. A detailed list of recommendations that have or have not been adopted, which are set out in the CMVM Corporate Governance Code or another Code that the company has decided to adopt, in accordance with this Regulation whereof this Appendix is an integral part hereof

Altri, S.G.P.S., S.A. complies with the majority of recommendations of the Securities Market Commission (Comissão do Mercado de Valores Mobiliários – CMVM) as follows:

CMVM recommendations	Complies	Report
I. GENERAL MEETINGS		
I.1 GENERAL MEETING BOARD I.1.1. The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking into consideration the financial position of the Company.	Complies	I.1
I.1.2. The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual Corporate Governance Report.	Complies	I.3
I.2. PARTICIPATION AT THE MEETING I.2.1 The time period required for share deposit or blocking declarations for attendance at the general meeting to be received by the board of the shareholders' general meeting shall not exceed 5 working days.	Not applicable	I.4
I.2.2 Should the Shareholders' General Meeting be suspended, the Company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.	Not applicable	I.5
I.3. VOTING AND EXERCISING VOTING RIGHTS I.3.1 Companies should not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Complies	I.9 and I.12
I.3.2 The statutory advance deadline for receiving voting ballots by post shall not exceed three working days.	Complies	I.11
I.3.3 Companies shall ensure that voting rights and shareholder's attendance are proportional, ideally through the statutory provision that obliges the one share-one vote principal. Companies that: i) hold shares that do not confer voting rights; ii)establish that voting rights will not be taken into account above a certain number, when issued by a single shareholder or by shareholders related to him/her, do not comply with the proportionality principle.	Complies	I.6 and I.7
I.4. RESOLUTION FIXING QUORUM I.4.1 Companies shall not set a resolution-fixing quorum that is greater than that required by law.	Complies	I.8
I.5. MINUTES AND INFORMATION ON RESOLUTIONS ADOPTED I.5.1 Extracts from the minutes of the general meetings or documents with an equivalent content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall include the resolutions passed, the capital represented and the results of voting. Said information shall be kept on file on the company's website for no less than a 3 year period.	Complies	I.13 and I.14
I.6. MEASURES RELATING TO CHANGES IN COMPANY CONTROL I.6.1 Measures aimed at preventing the success of takeover bids, shall respect the interests of both the company and its shareholders. In accordance with this principle, any company that has Articles of Association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the continuation of such clauses must be ratified at a shareholders' general meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.	Complies	I.19 and I.21
I.6.2. Defensive measures that automatically lead to serious erosion in the value of the Company's assets, when there has been a change in control or a change in the composition of the Board management, should not be adopted, as this prevents the free transmission of shares and the ability of shareholders to freely assess the performance of those responsible for managing the Company.	Complies	I.20

CMVM recommendations	Complies	Report
II. MANAGEMENT AND AUDIT BOARDS		
II.1. GENERAL POINTS		
II.1.1. STRUCTURE AND DUTIES		
II.1.1.1 The Board of Directors in its Corporate Governance Report shall assess the governance model adopted by the Company, by identifying any restrictions that are holding back performance and by proposing actions to be taken that are judged to be appropriate to resolve them.	Complies	II.1
II.1.1.2 The company shall set up internal control and risk management systems to protect its assets and maintain the transparency of its corporate governance, which will allow risks to be identified and managed. These systems should include as a minimum the following: i) establishment of the company's strategic objectives relating to risk taking; ii) identification of the main risks related to its business and events that may be the source of risks; iii) the analysis and measurement of the impact and probability of the occurrence of each of the potential risks; iv) risk management, the goal of which is to align risks incurred with the company's strategic choice of direction in dealing with these risks; v) mechanisms for controlling the execution of the risk management measures taken and their effectiveness; vi) implementing internal mechanisms to provide information about the various components of the system and give warning of risks; vii) periodic assessment of the system implemented and the necessary changes introduced.	Fails	0.4, II.5 and II.9
II.1.1.3 The board of directors shall ensure the set up and proper functioning of the internal control and risk management systems. The supervisory board shall be responsible for assessing the functioning of said systems and proposing any relevant changes in accordance with the company's requirements.	Complies	II.6
II.1.1.4 The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its annual report on corporate governance.	Complies	II.5 and II.9
II.1.1.5 The board of directors and the supervisory board shall have internal operating regulations which must be disclosed on the company's website.	Complies	II.7
II.1.2. INCOMPATIBILITY AND INDEPENDENCE		
II.1.2.1 The board of directors shall include a sufficient number of non-executive members to ensure that there is effective supervision, auditing and assessment of the activities of the members of the executive board.	Fails	0.4 and II.14
II.1.2.2 Non-executive members shall include an adequate number of independent members, taking into account the size of the company and its shareholder structure, but this shall never be less than one quarter of the total number of board members.	Fails	0.4 and II.14
II.1.2.3 The assessment carried out by the board of directors of the independence of non-executive members shall take into account the legal and regulatory rules in force concerning independence requirements and the system of dealing with conflicts of interest applicable to members of other statutory entities, in order to ensure timely and consistent application of independence criteria across the entire company. An independent executive member shall not be considered as such, if, on another statutory entity and because of the rules applying to it, he/she is not considered to be independent.	Fails	0.4 and II.15
II.1.3. ELIGIBILITY CRITERIA FOR APPOINTMENT		
II.1.3.1 Depending on the governance model adopted, the chairman of the statutory audit board, or of the board audit committee or of the financial matters committee shall be independent and possess the necessary skills to perform his/her duties.	Complies	II.21 and II.22
II.1.3.2 The process for selecting candidates as non-executive members shall be designed to prevent interference by executive members.	Fails	0.4 and II.16
II.1.4. POLICY ON THE REPORTING OF IRREGULARITIES		
II.1.4.1 The company shall adopt a policy on reporting irregularities that allegedly occurred within the company, which includes the following: i) the means through which such irregularities may be reported internally, including the persons who are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the reporter.	Complies	II.35
II.1.4.2 General guidelines from this policy should be disclosed in the Corporate Governance Report.	Complies	II.35
II.1.5. REMUNERATION		
II.1.5.1 The remuneration of the members of the board of directors shall be structured so that their interests can be aligned with the long terminterests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage excessive risk taking. Remuneration should thus be structured as follows: i) The remuneration of the board of directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by competent bodies of the company, according to pre-established and quantifiable criteria. These criteria shall take into consideration the company's real growth and the actual return generated for shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's business. ii) The variable component of the remuneration shall be reasonable overall in relation to the fixed remuneration component and maximum limits shall be set for all components. iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's continued positive performance during said period. (iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company. (v) Until the end of their mandates, executive directors shall hold company shares that have been allotted to them by virtue of variable remuneration schemes up to a maximum value of twice their total annual remuneration, with the exception of those shares that are required to be sold for the payment of taxes on the gains made on said shares; (vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; (vii) The appropriate legal framework shall be established so that in the event of a director's dismissal without due cause, the established compensation shall not be paid out, if the dismissal or termination by agreement is due to his/hers unsatisfactory performance; (viii) The remuneration of non-executive board members shall not include any component the value of which depends on the performance or the value of the company.	Fails	0.4, II.30, II.32 and II.33

CMVM recommendations	Complies	Report
II.1.5.2 A statement on the remuneration policy of the board of directors and supervisory board referred to in article 2 of law no. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination of directors by mutual agreement.	Complies	II.30
II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the remuneration of directors, which contains a significant variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall in particular take into account the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks.	Complies	II.29
II.1.5.4 A proposal must be submitted to the shareholders' general meeting to approve plans to grant shares and/or share options or award compensation based on variations in share prices to members of the management and audit boards, as well as to other persons discharging managerial responsibilities ("dirigentes") as defined in Article 248 B, paragraph 3 of the Portuguese Securities Code. The proposal shall include all information necessary for a comprehensive assessment of the plan. The proposal shall be presented together with the rules that govern the plan or if these have not yet been prepared, the general conditions that will be applied. In the same way, the main features of any retirement benefit plan that benefits the board of directors and supevisory board, as well as other persons discharging managerial responsibilities ("dirigentes") as defined in Article 248 B, sub-paragraph 3 of the Portuguese Securities Code, shall also be approved at the shareholders' general meeting.	Not applicable	I.17, II.33 and II.10
II.1.5.6 At least one representative of the shareholders' remuneration committee must be present at the shareholders' annual general meeting.	Complies	I.15
II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance	Complies	II.31
II.2. BOARD OF DIRECTORS		
II.2.1 In accordance with the limits established by the Portuguese Companies Act for each board and supervisory entity, and unless the company is of sufficiently small size, the board of directors shall delegate the day-to-day running of the company, and the delegated powers and terms of this delegation should be set out in the corporate governance report.	Fails	0.4 and II.3
II.2.2 The board of directors shall ensure that the company acts in accordance with its stated objectives, and should not delegate its own responsibilities, including: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	Complies	II.3
II.2.3 Should the chairman of the board of directors have an executive role, the board of directors shall set up efficient mechanisms to coordinate the work of non-executive members, to ensure that they take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the corporate governance report.	Complies	II.8
II.2.4 The annual management report shall include a description of the activities carried out by non-executive board members and shall, in particular, report any restrictions that they have encountered.	Complies	II.17
II.2.5. The company should explain its policy of portfolio rotation on the board of directors, in particular the person responsible for financial matters, and report on same in the annual corporate governance report.	Fails	0.4 and II.11
II.3. CHIEF EXECUTIVE OFFICER ('CEO'), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS		
II.3.1 When Directors, who carry out executive duties are requested by other Board members to supply information, they shall provideanswers in a timely manner with information that adequately responds to the request made.	Complies	0.4 and II.13
II.3.2 The chairman of the executive committee shall send notices convening meetings and minutes of the respective meetings to the chairman of the board of the directors and, when applicable, to the chairman of the statutory audit board or the audit committee.	Not applicable	Not applicable because the Company hasn't general and supervisory board
II.3.3 The chairman of the executive board of directors shall send the notices convening meetings and minutes of the respective meetings to the chairman of the general and supervisory board and to the chairman of the financial matters committee.	Not applicable	Not applicable because the Company adopted the reinforced latin model
II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND STATUTORY AUDIT BOARD		
II.4.1 In addition to fulfilling its audit role, the general and supervisory board shall perform an advisory role, as well as monitor and continually assess the management of the company by the executive board of directors. among the other matters on which the general and supervisory board should give their opinion, are the following: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	Not applicable	Not applicable because the Company hasn't general and supervisory board
II.4.2 The annual reports on the activity of the general and supervisory board, the financial matters committee, the audit committee and the statutory audit board shall be disclosed on the company's website together with the financial statements.	Complies	II.4
II.4.3 The annual reports on the activity of the general and supervisory board, the financial matters committee, the audit committee and the statutory audit board shall include a description of the supervisory and audit work completed and shall, in particular, report any restrictions that they encountered.	Complies	II.4
II.4.4 The general and supervisory board, the audit committee or the statutory audit board (depending on the governance model adopted) shall represent the company, for all purposes, in dealings with the external auditor. this shall include proposing who will provide this service, their respective remuneration, ensuring that the company provides adequate conditions to allow them to provide their services, acting as the point of contact with the company and being the first recipient of their reports.	Complies	II.4
II.4.5 The general and supervisory board, the audit committee or the statutory audit board (depending on the governance model adopted), shall assess the external auditor on an annual basis and propose to the shareholders' general meeting that the external auditor should be discharged, should justifiable grounds exist.	Complies	II.24
II.4.6 the internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) should functionally report to the audit committee, the general and supervisory board or in the case of companies adopting the latin model, to an independent director or to the supervisory board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Fails	0.4 and II.5

CMVM recommendations	Complies	Report
II.5. SPECIALISED COMMITTEES		
II.5.1 Unless the company is restricted by its size, the board of directors and the general and supervisory board, depending on the governance model adopted, shall set up the necessary committees in order to: i) ensure that a robust and independent assessment of the performance of the executive directors is carried out, as well as of its own overall performance and including the performance of all existing committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to make improvements; iii) and identify in a timely manner potential candidates with the high level profile necessary to carry out the duties of a board director.	Complies	II.36
II.5.2 Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.	Complies	II.38 and II.39
II.5.3. Any person or company which provides or has provided over the last three years services to any organization reporting to the board of directors, to the board of directors itself or which has a relationship currently existing with the consultant to the company, shall not be recruited to assist the remuneration committee. this recommendation also applies to any person or company who is connected to the company through an employment contract or as a provider of services.	Complies	II.39
II.5.4 All Committees shall draw up minutes of the meetings held.	Complies	II.37
III. INFORMATION AND AUDITING		
III.1. GENERAL DISCLOSURE REQUIREMENTS		
III.1.1 companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. to achieve this, the company shall set up an investor relations office.	Complies	III.16
III.1.2 The following information disclosed on the company's internet website, shall be available in english: a) the company's name, its listed company status, the registered office and the remaining information set out in article 171 of Portuguese Companies Act; b) articles of association; c) identification of the members of the statutory governing bodies and of the representative for relations with the market; d) investor relations office — its functions and contact details; e) financial statements; f) half-yearly calendar of company events; g) proposals presented to shareholders' general meetings; h) notices convening shareholders' general meetings.	Complies	III.16
III.1.3. Companies shall rotate auditors after two or three mandates of four or three years respectively. If they are to continue beyond this period, the reasoning behind this decision should be written in a specific report prepared by the company's supervisory board in which is expressly considered the degree of independence of the auditors and the advantages and costs of replacing them.	Complies	III.18
III.1.4.The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.	Complies	II.4
III.1.5. The company shall not recruit the external auditor, nor any related company or other entity that is part of the same network, for services other than audit services. Where recruiting such services is called for, the services involved should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be explained in the annual Corporate Governance Report.	Complies	III.17
IV. CONFLICTS OF INTEREST		
IV.1. SHAREHOLDER RELATIONS		
IV.1.1 In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with Article 20 of the Securities Code, such business should be conducted on an arm's length basis.	Not applicable	III.11 and III.12
IV.1.2 Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which theseare related, in accordance with Article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.	Fails	0.4 and III.13

0.3. notwithstanding the preceding paragraph, the company may also make an overall assessment, provided that it is based on the degree of adoption of recommendation groups related to each other by topics.

Altri considers that, notwithstanding the failure to comply fully with the recommendations of CMVM, as explained in detail in the following chapters, the degree of adoption of the recommendations is very ample and complete.

0.4.When the corporate governance structure or practices differ from the CMVM's Recommendations or other Corporate Governance Codes to which the company is subject or has voluntarily acceded, the company shall explain which parts of each Code that have not been complied with or that the company considers not to be applicable, the reasons and other relevant remarks thereto and also a clear indication where a description of these circumstances may be found in the Report.

The recommendations II.1.1.2, II1.2.1, II.1.2.2, II.1.2.3, II.1.3.2, II.1.5.1, II.2.1, II.2.5, II.4.6 and IV.1.2 are not completely adopted by Altri, as explained below.

- Recommendation II.1.1.2: In the sections II.5. and II.9 of this report the most important aspects of risk management implemented by the Group are described. However, Altri does not have a system of internal control and risk management systematized and formalized, covering the components considered in the recommendation and, as such, it is not fully adopted.

- Recommendations II.1.2.1: The Board of Altri is composed by five members of whom, only one is non-executive, which does not complies the CMVM's understanding that the number of non-executive members shall correspond to at least one third of the total number of directors.

- Recommendations II.1.2.2 and II.1.2.3: The Board of Directors does not include any member who meets all the incompatibility's rules in nº1 of the article 414. º-A and with the independence's rules in nº5 of the article 414.º of the Commercial Companies' Code since the non-executive director is member of the Board of Director of Companies and member of the Board of Directors of more than five companies. As such, this recommendation is not fully adopted.

- Recommendation II.1.3.2: Altri, taking into account the size of the Company, has no defined rules for selecting candidates for non-executive directors and, as such, this recommendation is not fully adopted.

- Recommendation II.1.5.1: The current remuneration policy proposed by the Remuneration Committee and approved by the General Meeting fails to comply with this recommendation, once the period of deferral of variable remuneration is not consistent with the current mandate of the statutory bodies. This policy shall be subject to appreciation at the Annual General Meeting, containing the necessary modification to the recommendation fulfillment.

- Recommendation II.2.1: In general, Altri S.G.P.S., S.A. directors, acting as such, focus their activities primarily in the management of the Group's holdings and in the definition of lines for strategic development. The decisions regarding the strategic matters are adopted by Board of Directors as collegial body composed by all its members, executive and non-executive, in their normal duties prosecution. The daily management of operational companies is made by the Directors of each company, which also incorporates some of the directors of Altri SGPS, S.A.. Therefore, the recommendation is not fully fulfilled.

- Recommendation II.2.5: Altri has not defined a fixed general policy of rotation of the functions of the Board of Directors members, including the responsible for the financial area. Altri believes that a fixed general policy of rotation of functions does not allow serving its interests and, as such, the functions are determined and assigned at the beginning of each term in accordance with the abilities, qualifications and experience of each member. Altri understands that it is not admissible that all directors may exercise all the functions with equal ability and performance. Additionally, Altri promotes, where necessary or appropriate, according with business and strategy developments of the Company, a reflection on the distribution of functions within its Board of Directors.

- Recommendation II.4.6: Altri has no independent internal audit and compliance services, so the recommendation is not fully adopted.

- Recommendation IV.1.2: Currently, procedures or criteria are established for defining the relevant level of significance of businesses between the company and holders of qualified holdings or entities that are in a group or dominance relationship, from which the intervention is required from the Statutory Board. However, transactions with Altri directors or with companies that are in a group or dominance relationship, in which the actor is a director, regardless of the amount, are subject to prior approval of the Board of Directors, with a favorable opinion of the Statutory Board, under the terms of article 397º of the Commercial Companies' Code ("Código das Sociedades Comerciais").

I. General Meeting

I.1. Details of the members of the Presiding Board to the General Meeting

The General Meeting, is made up of all the shareholders with voting rights, who are responsible for approving changes in the articles of association, making a general assessment of the Management and monitoring the Company, approving the Directors' Report and financial statements for the year, electing the members of the corporate bodies of its competence and, in general, considering all the matters submitted to it by the Board of Directors.

The President of the General Meeting is Dr. Pedro Nuno Fernandes de Sá Pessanha da Costa and the Secretary is Dr. Fernando Eugénio Cerqueira Magro Ferreira.

The President of the Shareholders' General Meeting has the manpower and logistical support that are appropriate to his needs and fulfil his duties, including the support and collaboration provided by the secretariat of the company and the Secretary of the Company.

I.2. Indication of the start and end dates of mandates.

The current members of the Presiding Board of the Altri General Meeting were elected at the general meeting held on 26 May 2011 for the period 2011/2013.

I.3. Details of the remuneration of the Chairman of the Presiding Board to the General Meeting.

The remuneration of the Chairman of the Presiding Board of the General Meeting in the year ended in 31 December 2011 was 5.000 Euro.

I.4. Indication of the prior notice required for the blocking of shares for participation in the General Meeting.

Considering the publication of the Decree Law no. 49/2010 of the 19th of May, this recommendation is no longer applicable.

I.5. Indication of the rules for blocking shares in the event of the General Meeting being suspended.

Face to Decree Law no. 49/2010 of the 19th of May, this recommendation is no longer applicable.

I.6 Number of shares corresponding to one vote.

The General Meeting is composed by all shareholders with voting right, corresponding one vote to each share.

I.7. Indication of the articles of association rules which envisage the existence of shares that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related thereto.

There aren't articles of association rules which envisage the existence of shares that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related thereto.

I.8. The existence of articles of association rules on the exercise of voting rights, including constitutive and decision-making quorums or systems for equity rights.

Individual shareholders with voting rights and legal persons who are shareholders of the Company may be represented by the person who designated for that purpose. The representation should be communicated to the President of the General Meeting, in writing, until 5 p.m. of the fifth working day prior to the day assigned for the meeting of the General Meeting. The Company makes available at its headquarters and at its site before the date of each General Meeting, a draft of the appropriate form.

I.9. The existence of articles of association rules on the exercise of voting rights via postal voting.

The association rules on the exercise of voting rights via postal voting are as follows:

- the vote by correspondence should be exercised through a written declaration, with a signature recognized by a public notary or an attorney and accompanied by a document supporting the registration of shares on behalf of the shareholder;
- the declaration of intent to exercise the vote by and the supporting document of the quality of shareholder must be delivered in the Company's headquarters, until 5 p.m. of the third working day prior to the day assigned for the meeting, with identification of the remittent, addressed to the Chairman of the General Shareholders' Meeting;
- there must be a declaration of vote for each point of the Order of the Day for which the vote by correspondence is admitted and each declaration of vote will have to be sent in a closed and sealed envelope, inside the mentioned letter, which can only be opened by the Chairman of the General Shareholders' Meeting at the moment of the counting of the votes, for what each envelope will have to indicate in its exterior the point of the Order of the Day that it respects to;
- the votes by correspondence will be valid as negative votes in relation to the proposals of deliberation presented after to the emission of the vote;
- the presence of the shareholder in the General Meeting, or its representative, will be understood as revocation of its vote by correspondence.

I.10. Providing a model for the right to vote by mail.

To exercise of voting rights by mail, are available to shareholders at the Company headquarters ballot appropriate. They may also be obtained through the Company's website.

I.11. A deadline requirement for the receipt of the postal ballots and the date on which the General Meeting is held.

According with the association rules, the declaration of intent to exercise the vote by and the supporting document of the quality of shareholder must be delivered in the Company's headquarters, until 5 p.m. of the third working day prior to the day assigned for the meeting, with identification of the remittent, addressed to the Chairman of the General Shareholders' Meeting.

I.12 The exercise of voting rights by electronic means.

It isn't provided the possibility to exercise of voting rights by electronic means .

I.13. Possibility of shareholders gaining access to excerpts from the Minutes of the General Meetings in the company's website within five days after the general meeting was held.

Extracts of minutes of general meetings are made available to shareholders on the Altri' website within five days of meeting occurs.

I.14 Existence of a historical record on the company's website with the resolutions passed at the company's General Meetings, share capital and voting results referring to the previous three years.

The minutes of the General Meeting are available to shareholders on the Altri' website, being held there a historical record for at least three years, the main information regarding these meetings, including resolutions, the capital represented and the voting results.

I.15. Indication of the representative(s) from the remuneration committee present at General Meetings.

It is the practice of the Remuneration Committee to be represented in the General Assembly by its President and one of its members.

I.16. Information of the intervention by the General Meeting on matters concerning the company's remuneration policy and the assessment of the performance of members of the Board of Directors and other Directors.

According to the articles of association, the board members will have remunerations that will be set by the remuneration committee, composed by three elements, one of whom will be the president and will have casting vote, all elected by resolution of shareholders under Article 21 of the association rules. The Remuneration Committee submits this proposal for approval at the Annual General Meeting.

The remuneration policy is reviewed annually and submitted for approval at the Annual General Meeting where is present, at least, one representative of the remuneration committee.

At the General Meeting occurred on 26 May 2011, was submitted to the Shareholders of the Company a statement of the remuneration committee about the remuneration policy of the Altri and remaining group subsidiaries administration and supervision boards.

I.17. Information of the intervention by the General Meeting on matters concerning the proposal on the share allocation plan, and/or stock option plans, or based on share price fluctuations, the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B/3 of the Securities Code together with the details provided to the General Meeting for the purposes of correctly assessing said plans.

Altri, S.G.P.S., S.A. hasn't any plan to grant shares or options to purchase shares to members of Corporate Bodies, or employees.

I.18. Information of the intervention by the General Meeting on matters concerning the approval of the main features of the retirement benefit system as enjoyed by the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B/3 of the Securities Code.

Altri has no supplementary pension or early pension for members of the administrative, supervisory and other leaders. The director Laurentina Martins enjoys a plan assigned before his appointment to the Board of Directors because, at grant date, she was a collaborator of the subsidiary Caima - Indústria de Celulose S.A.

I.19. Existence of statutory provision that envisages for a duty to be subject, at least every five years, to a resolution by the General Meeting, for the maintenance or withdrawal of the statutory provision providing for the limitation of the number of votes capable of being held or exercised by a single shareholder individually or together with other shareholders.

There are no association rules that provide the limitation of the number of votes capable of holding or exercising by a single shareholder in an individually or in concert with other shareholders.

I.20. Indication of the defensive measures that have the effect of automatically causing a serious asset erosion of company assets in case of transfer of control or changes to the composition of the Board of Directors.

Altri didn't take any defensive measures that intended automatically serious erosion in the company's assets in case of change of control or of the composition of the Management Board.

I.21. Important agreements to which the company is a party and that come into force, are changed or terminated in cases such as a change in company control, and also related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company and except when the company is specifically obliged to disclose said information by virtue of other legal requirements.

There aren't other significant agreements concluded by Altri or its subsidiaries that include any clauses of control change (including following a takeover bid), that is, which take effect, be changed or finished, well as their effects.

There are no specific conditions that limit the exercise of voting rights by shareholders of the Company or other matters that may interfere with the success of takeover bid.

I.22. Agreements between the company and the Board of Directors, within the meaning of Article 248-B/3 of the Securities Code, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in company control.

There are no agreements, between the Company and members of the board of directors or other Altri directors, according with the meaning of paragraph 3 of Article 248. º-B of Cod. VM, which provide compensations in case of resignation, dismissal without cause or termination of employment contract because of a change in company control. There aren't also planned agreements with directors to ensure any compensation in case of non-renewal of the mandate.

II. Management and Audit Boards

II.1. Identification and composition of corporate bodies

The structure of the Company's Corporate Governance is based on the reinforced Latin model and is composed by the Board of Directors, Statutory Audit Board and by the Statutory Auditors, elected by the Shareholders General Assembly.

The corporate bodies of Altri, S.G.P.S., S.A. are:

- The Shareholders' General Assembly - made up of all the shareholders with voting rights, who are responsible for approving changes in the articles of association, making a general assessment of the Management and monitoring the Company, approving the Directors' Report and financial statements for the year, electing the members of the corporate bodies of its competence and, in general, deliberate on all the matters submitted to it by the Board of Directors;
- The Board of Directors - currently made up of 5 members who are responsible for carrying out all the management functions to implement the operations inherent in its corporate objectives, acting in the best interests of the Company, its shareholders and employees. On December 31, 2011 this corporate body was composed of the following members:
    - Paulo Jorge dos Santos Fernandes – President
    - João Manuel Matos Borges de Oliveira – Member
    - Domingos José Vieira de Matos – Member
    - Laurentina da Silva Martins – Member
    - Pedro Macedo Pinto de Mendonça – Member (non-executive)

  All the members of the Board of Directors were appointed at the General Meeting held on 26 May 2011, for the period 2011/13. One of the members of the Board of directors has non-executive functions.

- Statutory Audit Board – appointed by the General Assembly, composed of three members and one or two substitutes, responsible for the supervision of the company and the appointment of the Statutory Auditor. In the period 2011/2013 this corporate body was composed by the following members:
    - João da Silva Natária – President
    - Cristina Isabel Linhares Fernandes – Member
    - Manuel Tiago Alves Baldaque Marinho Fernandes – Member
    - Jacinto da Costa Vilarinho – Substitute
- The Statutory Auditor - who is responsible for the examination of Company's financial statements. In the period 2011/2013 this function was performed for Deloitte & Associados, SROC S.A. represented by António Manuel Martins Amaral.

Evaluation of the Board of Directors on corporate governance model

The Altri's Board of Directors considers that the governance model adopted is fully and effectively implemented, as well as rooted in the Company's culture and there were no constraints on its operation.

In addition, the current governance model has proved to be balanced and permeable to the adoption of national and international best practices on corporate governance.

Finally, it is understood also that this structure of government has allowed the smooth operation of the company, allowing also an appropriate and transparent dialogue between the various corporate bodies and, as well as between the Company, its shareholders and other stakeholders.

II.2. Identification and composition of specialized committees established with responsibilities in administration or supervision of the company.

The Board of Directors believes that the only committee to meet the essential needs of the Company, considering its size, is the Remuneration Committee.

Altri, SGPS, SA has set a Remuneration Committee for the period 2011/2013, whose composition is as follows:

- Pedro Nuno Fernandes de Sá Pessanha da Costa – President
- João da Silva Natária – Member
- Fernando Eugénio Cerqueira Magro Ferreira – Member

II.3. Organizational structure and functional chart relating to the division of powers among the various boards, committees and/or departments within the company, including information on the scope of the delegation of powers, particularly with regard to the delegation of day-to-day management of the company, or distribution of functions among the members of the Board of Directors or Supervisory Board, and a list of non-delegable matters and powers actually delegated.

The Board of Directors, elected in the Shareholders' General Meeting, develops its tasks on a collective basis with the functions of management and coordination of the Group companies and is currently made up of a president and four members, one of them being non-executive

Four of the five current members of the Altri's Board play executive functions.

The Board has been exercising their activity in constant dialogue with the Statutory Audit Board and the Statutory Auditor, providing the assistance requested to transparency and rigor in compliance with their operating regulations and best practices of corporate governance.

The structure and Altri's governance practices did not reveal no constraints on the normal functioning of the Board or committees constituted under it, nor did this court aware of constraints on the functioning of other corporate bodies.

Because Altri is an Open Society the Board of Directors and its employees have a great deal of attention in fulfilling the duties of confidentiality in dealings with third parties, protecting the position of Altri in conflict of interest situations.

There is no limit to the maximum number of duties that the Board members can accumulate in the Administration of other companies. The members of Altri's Board of Directors are part of the administration of the most significant group companies, so as to enable their activities to be more closely attended.

In terms of internal control, operating companies of Altri Group bodies have management control bodies that are active at all levels of companies, preparing monthly reports to each Board of Directors.

The distribution of functions among the several members of the Board of Directors may be presented as follows:

João Borges Oliveira *Chief Financial Officer*	Paulo Fernandes *Chairman*	Domingos Matos Pedro Pinto Mendonça Laurentina Martins *Members*

Generically, Altri SGPS directors focus their activities in managing the Group's participation and defining its strategic development. Altri didn't appoint an Executive Committee of the Board, and the strategic decisions are adopted by the Board as a body composed of all its members, executives and non-executives, in the normal performance of their duties.

The daily management of each operating company is a responsibility of its Board of Directors, which includes some of Altri's directors but also some other members with defined jurisdictions.

Thus, taking into consideration the activities developed by the Board Members, both in Altri SGPS and in the several group companies, the functional organization chart can be presented as follows:

ALTRI SGPS

Paulo Fernandes
João Borges de Oliveira
Domingos Matos
Laurentina Martins
Pedro Pinto Mendonça

CELBI	CAIMA INDÚSTRIA	CELTEJO
Paulo Fernandes João Borges de Oliveira Domingos Matos Pedro Mendonça Francisco Silva Gomes Agostinho Dolores Ferreira Joaquim Ferreira Matos	Paulo Fernandes João Borges de Oliveira Domingos Matos Agostinho Dolores Ferreira Joaquim Ferreira Matos	Paulo Fernandes João Borges de Oliveira Pedro Mendonça Agostinho Dolores Ferreira Francisco Silva Gomes

The qualifications, experience and positions held in other Companies by the members of the Board of Directors are presented in Annex I.

II.4. Reference to the annual reports on the activities undertaken by the General and Supervisory Board, the Financial Board, the Audit Board and the Supervisory Board including the description of the supervisory activity and indicating any restraints found, and being subject to disclosure on the website of the company, together with the financial statements.

The supervision of the Company is competence of the Statutory Audit Board and of the Statutory Auditors, the Statutory Audit Board comprise three members and one substitute. On the proposal of the Statutory Audit Board to General Assembly appoints the Statutory Auditor to examine the company accounts.

The Statutory Audit Board should also represent the Company for all purposes at its External Auditor and Statutory Auditor, responsible for proposing the provider for these services, their remuneration and to ensure that are guaranteed, within the company, suitable conditions to provide their services.

In 2011, the Statutory Audit Board has exercised its supervisory powers, having received the appropriate support of the Board for that purpose, namely to prepare its annual report on the supervision of the Company and an opinion on the Board of Directors report and proposals. The annual reports on the supervisory activity by the Statutory Audit Board are disclosed on the Company's website, together with the Company's accounts.

During 2011, the Statutory Auditors monitored the development of company activity and carried out the tests and inspections deemed necessary to review and legal certification of accounts, in interaction with the Statutory Audit Board and with full cooperation of the Board of Directors.

In addition, the Statutory Auditors pronounced them itself on the work it takes in year 2011 under its annual audit report subject to assessment of the Annual General Meeting of shareholders.

II.5. Description of the systems of internal control and risk management implemented in the company, particularly as regards the process of financial reporting, to the operation of this system and its effectiveness.

Risk management is a pillar of corporate governance, being present in all management processes, and a responsibility of all Group employees, at different levels of organization.

Risk management is undertaken with the objective of creating value through the management and control of opportunities and threats that may impact business goals and the Group companies considering the business continuity.

Altri have not autonomous internal audit services and compliance. Risk management is ensured by various Altri's operating units based on a preliminary identification and prioritization of critical risks, developing risk management strategies in order to implement control procedures considered appropriate to reduce the risk to an acceptable level. The Administration identify as essential the implementation of a system that allow:

- Identify the risks that the Group faces;
- Measure the impact on financial performance and the value of the Group;
- Compare the value at risk with the costs of hedging instruments, if available; and
- Monitor developments in the identified risks and the hedging instruments.

The risk management strategies adopted are intended to ensure that:

- Systems and control procedures and policies in place allow an appropriate response to the expectations of the management bodies, shareholders and other stakeholders;
- Systems and control procedures and policies are established in accordance with all applicable laws and regulations;
- The financial and operational information is complete, reliable, safe and reported on a regular and timely manner;
- Altri resources are used efficiently and rationally; and
- The shareholder value is maximized and operational management take the necessary measures to correct issues reported.

The methodology of risk management includes several steps:

- First, internal and external risks that may materially affect the Groups' strategic objectives are identified and prioritized;
- The operational management of the various business units identify risk factors and events that may affect the operations and activities of Altri, as well as any procedures and control mechanisms;
- Additionally, the impact and the probability of occurrence of each risk factor are weighted and according to the exposure level, the need to respond to the risk is evaluated; and
- The risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

In what refers to risk control in the process of disclosure of financial information, a form of control is the involvement of a very limited number of Group employees in the process.

All those involved in financial analysis of the Company are considered as having access to privileged information and is especially knowledgeable about the content of their obligations as well as the sanctions resulting from the misuse of such information.

The internal rules governing the disclosure of financial information aimed at securing their timing and stop the asymmetry of the market in their knowledge.

The existence of an effective internal control environment, particularly in the financial reporting process, is an objective of the Board of Directors, looking to identify and improve the processes most relevant in terms of preparation and dissemination of financial information, with the objectives of transparency, reliability and materiality. The purpose of the internal control system is to ensure the reliability of the preparation of financial statements in accordance with the accounting principles used and the quality of financial reporting result. The reliability of financial information is ensured by the separation between those who prepare and those who use and by various control procedures throughout the process.

The system of internal control in areas of accounting and preparation and disclosure of financial information based on the following key elements:

- The use of accounting principles, detailed throughout the notes to financial statements, is one of the bases of the control system;
- Plans, procedures and records of the Company and its subsidiaries provide reasonable assurance that transactions are recorded only properly authorized and that such transactions are recorded in accordance with generally accepted accounting principles;
- Financial information is analyzed in a systematic and regular basis for the management of operational units, ensuring a permanent monitoring and control its budget;
- During the process of preparing and reviewing financial information, is previously established a timetable for closure of accounts and shared with the different areas involved, and all documents are reviewed in depth;
- At the level of individual financial statements of the various group companies, the accounting records and preparing financial statements are provided by administrative and accounting services. The financial statements are prepared by official chartered of accounts and reviewed by the financial management of each subsidiary;
- The consolidated financial statements are prepared quarterly by staff of consolidation. This process is an additional element of monitoring the reliability of financial reporting, particularly by ensuring the uniform application of accounting principles and procedures for cut-off of operations as well as check balances and transactions between group companies;
- The consolidated financial statements are prepared under the supervision of the CFO. The documents forming the annual report are sent for review and approval by the Board of Directors. After approval, the documents are sent to the External Auditor, which issues its Legal Certification of Accounts and Audit Report; and
- The process of preparing the financial information and consolidated management report and is overseen by the Statutory Audit Board and by the Board of Directors. Each quarter, these corporate bodies gather and analyze the individual and consolidated financial statements of the Company.

As regards to risk factors that could materially affect the accounting and financial reporting, highlight the use of accounting estimates that are based on the best information available during the preparation of financial statements as well as knowledge and experience of past or present events. We stress also the balances and transactions with related parties: the Altri's Group balances and transactions with related parties relate essentially to the operational running of the group companies as well as the granting and obtaining loans at market rates.

II.6. Responsibility of the board and the supervisory body in the creation and operation of internal control and risk management in company, as well as evaluating the functioning and adjustment to company's needs.

The Statutory Audit Board is responsible for preparing an annual report on its activity and gives an opinion on the annual report and proposals presented by management and monitor the effectiveness of risk management and internal control.

The Board of Directors decides the level of exposure assumed by the group in its various activities and, without prejudice the delegation of tasks and responsibilities, sets overall limits of risk and ensures that policies and procedures for risk management are followed.

Process monitoring of risk management the Board of Directors as a body responsible for the Altri's strategy, has the following objectives and responsibilities:

- Be aware of the most significant risks affecting the group;
- Ensure the existence within the Group, of appropriate levels of knowledge of the risks affecting the operations and how to manage them;
- Ensure the dissemination of the risk management strategy at all levels;

- Ensure that the Group is able to minimize the likelihood and impact of risks in the business; and
- Ensure that the risk management process is adequate and that it maintains a close monitoring of risks with a probability of occurrence and impact in the group´s operations.

The subsidiaries manage their own risks, within the established criteria and delegations.

The Board of Dhirectors, in conjunction with the Statutory Audit Board, regularly reviews and oversees the preparation and disclosure of financial information in order to prevent access, improper and untimely, other persons to relevant information.

II.7. Indication of the existence of regulations on the functioning of the organs of society, or other rules relating to incompatibility and the maximum number of positions and the place where they can be consulted.

The Board of Directors and the Statutory Audit Board approved its regulations are available on the website of Altri.

The rules governing the appointment and replacement of members of the administration and supervision are the ones included in the Commercial Companies Code ("Código das Sociedades Comerciais"), there being no specific statutory rules on this matter. Additionally, there is no specific rule on the maximum number of cumulative duties.

II.8. In the event of the Board of Directors' Chairman carrying out an executive role, an indication of the mechanisms coordinating the tasks of non-executive members in order to ensure independence and notification of decisions.

To allow a non-executive independent and informed decision, the Company has the following mechanisms:

- Notices of meetings of the Board of Directors shall include the agenda, even tentatively, of the meeting, and accompanied by all the relevant information and documentation; and
- Directors have wide powers to obtain information on any aspect of the Company, to examine its books, records, documents and other records of operations. They can request relevant information directly to the directors and the heads of the various operational and financial companies of the Group, without requiring any intervention of executive administration in the process.

Additionally, the Company's practice is the presence of non-executive director in the meetings of the Board.

II.9. Identification of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

The Board of Directors consider that the Group is exposed to the normal risks associated with its operations, namely in its operating units. Therefore, the main risks considered by the Group are:

Credit Risk

Like any activity involving a commercial component, the Group's exposure to credit risk is attributable mainly to the accounts receivable resulting from the Group's operating activity.

This risk is monitored and controlled through a system for collecting financial and qualitative information, provided by entities that provide credible risk information, which allows customers to evaluate the feasibility of the fulfilment of their obligations, in order to minimize the risk associated with granting credit.

Credit risk evaluation is done in a regular basis, by analysing the current economic conjuncture conditions, in particular the credit situation of each company and, when necessary, adopting the corrective measures.

Credit risk is mitigated by the management of risk concentration of customer and by careful selection of counterparties and the credit insurance contracts with specialized institutions and covering a significant portion of credit granted.

Market Risk

Interest Rate Risk

Considering the Group's debt, possible variations on the interest rate may have an unwanted impact on the results. Therefore, the Group adopts a balanced position between the cost of the debt and its exposure to the interest rate variability. When the reasonable risk is exceeded, the Group engages interest rate swaps in order to reduce its exposure to risk and to restrict the potential volatility of results.

The Group's exposure to interest rates arises primarily from long-term loans which consist mostly of debt indexed to Euribor.

Exchange Rate Risk

Due to the great volume of transactions with non-resident entities and with different currencies, exchange rate instability might have a relevant impact on the Group's performance. Therefore, whenever the Group considers necessary to reduce the volatility of its results, the position is covered by contracting derivative instruments to reduce the volatility of its results.

Commodities Price variability Risk

By developing its activity in one commodities transactional industry (paper pulp), the Group is particularly exposed to its price fluctuations, with the correspondent impacts in their results. However, being in these industries allows the celebration of paper pulp price fluctuations hedging contracts' by the adequate amounts by the foreseen operations, reducing the volatility of its results.

Liquidity Risk

Liquidity risk can occur if the sources of financing, such as operating cash flows of disinvestment, credit lines and cash flows from operations obtained funding does not meet the financing needs, such as outputs cash for operating activities and financing, investment, return on shareholders and repay debt.

The main policy objective of liquidity risk management is to ensure that the Group is available at all times, the financial resources needed to meet its responsibilities and pursue the strategies outlined by honouring all commitments made to third parties when they become due, through proper management of the maturity of funding.

The Group adopts an active strategy so refinancing focused on maintaining a high level of immediately available funds to meet short term needs and the elongation or maintenance of debt maturities in line with the forecast cash flows and the ability to leverage its balance sheet.

Regulation Risk

The Company is subject to national and activity laws and rules of the market where it works, which aim to ensure: the security and protection of consumers, employees´ rights and the maintenance of an open and competitive market. This way, Altri is naturally exposed to the risk of several changes in law, which may affect the business rules and, consequently, harm or prevent them from reaching their strategic goals.

The Company's behavior is of permanent cooperation with the authorities regarding the respect and observance of the law.

Forest Risk

Altri, through its subsidiary Altri Forest, has the management of a forest assets of about 85,000 hectares, where 79% are eucalyptus. The forest is certified by FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification), entities that establish the principles and criteria for which is evaluated the sustainability of the forest's management in economic, environmental and social terms.

In this context, all forestry activity is directed towards the optimization of available resources while preserving the environmental stability and ecological values present in its assets and ensuring its development.

The risks associated with any forestry activity are also present in Altri Forest's management. Forest fires, pests and diseases that can occur in forests spread through the country are the biggest risks facing this sector. These threats, if they occur, depending on its intensity, affect the normal function of the forest's exploration and the production's efficiency.

In order to prevent and reduce the impact of forest fires, the Forest Altri participates, together with the Portucel Soporcel, in a company called AFOCELCA that has the goal of providing, coordinating and managing the resources available for fire-fighting. At the same time, are made large investments to clean forest areas in order to reduce the risk of spread of the fires as well as mitigate its losses.

Regarding pests and diseases, its emergence can significantly reduce the growth of the forest productivity causing irreversible damage. For combating these problems were established integrated fight procedures by releasing specific parasitoids from Australia or through the use of phytopharmaceuticals products to control populations of insects and reduce the negative effects of its presence. On the other hand, in the areas more affected, Altri Forest is using genetic material more suitable for new plantations which, by its characteristics, allow more resistance to these pests and diseases.

II.10. Powers of the Board of Directors, particularly with regard to resolutions concerning capital increase.

The Board of Directors has broad powers to manage and represent the company and carry out all operations relating to the implementation of objects, namely:

- To acquire, dispose of and encumber any movable asset, including vehicles and, considering the legal limits, property;
- To acquire participations in other companies;
- Sell participations in other companies;
- Take and give lease any movable asset and property;
- Appoint agents or attorneys to perform certain acts or categories of acts, defining the extent of their mandates;
- Appointing the Company Secretary and Deputy Secretary of the Company;
- Represent the Company and propose actions to follow, confess and desist the proceedings or the application and compromise, as well as engage in arbitration; and
- Decide with a previous opinion of the supervisory corporate body of the Company, increasing social capital by one or more occasions, up to 35 million euro by cash.

II.11. The information on the rotation policy of the Board of Directors' functions, namely as to the financial responsibility division and the rules applicable to the appointment and replacement of members of the board of directors and of the supervisory board.

The Members of the Board of Directors of the Company are elected by the General Assembly for a three years mandate and may be re-elected once or more.

The Board is composed of three to nine members, shareholders or not, elected by the General Assembly.

Altri promote, where necessary or appropriate in view of developments in business and strategy of the Company, a reflection on the distribution of functions within its Board of Directors.

However, Altri has not set a general policy of fixed rotation of portfolios of the members of the Board once understands that this policy does not allow best serve their interests and shareholders, so that the portfolios are determined and assigned at the beginning of each mandate according to the abilities, qualifications and experience of each member and is not to admit that all directors may exercise all the functions with equal ability and performance.

II.12. The number of meetings held by the board of directors and the supervisory board as well as reference to the minutes of said meetings.

The Board of Directors meets regularly, and their deliberations are only valid if the majority of present members. During 2011 the Board of Directors met 12 times with the corresponding records recorded in the minute book of the Board of Directors.

For the meetings of the Boards of Directors of subsidiaries of which Directors are also part of Altri, they occur as often as necessary to the proper monitoring of its operations.

During 2011 the Statutory Audit Board of the Company met five times, and the corresponding recorded in the minute's book of minutes of the Statutory Audit Board.

II.13. The number of meetings held by the Executive Committee or by the Executive Board of Directors, as well as reference to the drawing up of the minutes of those meetings and whenever applicable, the submission of same with the convening notices to the Chair of the Board of Directors, the Chair of the Supervisory Board or of the Audit Committee, the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee

The Company's Board of Directors meets regularly and the Boards of Directors of subsidiaries of which, Altri's administrators are also part of meet as often as necessary to the proper monitoring of its operations. Additionally, the Board of Directors meets periodically with the Statutory Audit Board providing him the necessary support, including for the preparation of its annual report on the supervision of the Company and an opinion on the report and proposals by the Board.

The meetings of the Board shall be marked and prepared in advance, and timely documentation relating to the matters contained in its agenda, to ensure all members of the Board of the conditions for the exercise of their functions on an informed. Similarly, minutes of meetings, once approved, and their calls are forwarded to the President of the Statutory Audit Board. During 2011 the Board of Directors met 12 times with the corresponding records recorded in the minute book of the Board.

II.14. Distinction between executive and non-executive members and among these, differentiating those members that would comply if the incompatibility rules were to be applied (Article 414-A/1 of the Commercial Companies Code, except for item /b and the independency criteria provided for in article 414/5, both of the Commercial Companies Code).

On December 31, 2011, the Board was composed of five members, of whom only one is non-executive director (Pedro Mendonça).

The Board of Directors does not include any executive member who complies with the rules of incompatibility within the meaning of paragraph 1 of Article 414º - A and the independence rules set out in paragraph 5 of Article 414. Of the Commercial Companies Code, once the non-executive director is a member of the Board of Directors of Companies related to the Group and member of the Board of directors of more than 5 Companies.

II.15. A description of the legal and regulatory rules and other criteria that have been used as a basis for assessing the independency of its members carried out by the board of directors.

There are not members of the Board of Directors which may be regarded as independent and therefore the recommendation II.1.2.3 is not followed.

II.16. A description of the selection rules for candidates for non-executive member positions and the way in which executive members refrain from interfering in the selection process.

Taking into account the size of the Company, means not be necessary to have a formal process for selecting candidates for non-executive directors. Candidates for non-executive management are elected by the General Assembly. General meetings are being held elective office that the names included in the lists for the election of governing bodies, in particular with regard to the board and its executive members, have been proposed by shareholders who tender in question.

II.17. Reference to the fact that the company's annual management report includes a description on the activity carried out by non-executive members and possible obstacles that may be detected.

The Director's report includes in its chapter "activity developed by the non-executive members of the Board," a description of the activity of the non-executive director during the year 2011.

II.18. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.

The mandate of the current members of the Board corresponds to the period 2011/2013. The Administrators Paulo Fernandes, João Borges de Oliveira, Pedro Domingos Mendonça and Domingos Matos were elected, for the first time, in 2005 and the administrator Laurentina Martins was elected in May 2009.

Annex I presents the qualifications and professional activities by members of the Board over the past five years.

Pursuant to and for the purposes of art. º 447 of the Companies Code states that on December 31, 2011, the directors of the Company held the following actions:

Paulo Jorge dos Santos Fernandes	14.001.492
Pedro Macedo Pinto de Mendonça	1.705.000
Domingos José Vieira de Matos	13.939.432
João Manuel Matos Borges de Oliveira [(a)]	18.693.320
Laurentina da Silva Martins	0

[(a)] - the 18.693.320 shares represent the total shares of Altri, SGPS, SA held by Caderno Azul - SGPS SA, of which the director João Manuel Matos Borges de Oliveira is also a director.

II.19. Duties that the members of the board of directors carry out in other companies and a description of duties carried out in other companies of the same holding.

Annex I shows the tasks that members of the Board of Directors in other companies, including companies in the group.

There is no limit on the maximum number of cumulative duties of directors in the management bodies of other companies trying members of the Altri's Board part of the administrations of most relevant subsidiaries of the group, to allow a closer monitoring of their activities.

II.21. Identification of the members of the supervisory board and statement indicating that same comply with the incompatibility rules provided for in article 414-A/1, and whether they comply with the independency criteria in article 414/5, both of the Commercial Companies Code. For said purpose, the audit board carries out the relevant self-assessment.

The Statutory Audit Board is composed by three members and one substitute. On 31 December 2011 this corporate body was composed by the following members:

- João da Silva Natária – President
- Manuel Tiago Alves Baldaque de Marinho Fernandes – Member
- Cristina Isabel Linhares Fernandes – Member
- Jacinto Costa Vilarinho – Substitute

As a collegiate body, the assessment of independence of the supervisory board is made to all those who compose it, given the application of Article 414/5 of the Commercial Companies' Code, considering independence in accordance with the definition that is given pursuant to the number 5 of article 414 and incompatibility according to definition of the number 1 of article 414-A, both of the Commercial Companies' Code. The three members that compose the Statutory Audit Board comply the rules of incompatibility and independence identified above.

II.22. Professional qualifications of supervisory board members, indication of the professional activities held by themselves, least the last five years, the number of company shares that they hold, date of the first appointment and date of the expiry of the mandate.

The Statutory Audit Board members were elected for the first time in March 2007 for the remainder period of triennium 2005/2007. Currently, Statutory Audit Board members are completing their third mandate corresponding to the period 2011/2013, for which they were elected in May 2011.

As regards the skills to exercise these functions, all members have appropriate skills to fulfil their duties and the chairman is adequately supported by the other members of the Statutory Audit Board. Annex I presents the qualifications and professional activities of the members of the Statutory Audit Board.

On 31 December 2011, the members of the Statutory Audit Board hadn't shares in the Altri' share capital.

II.23 Duties that the members of the supervisory board carry out in other companies and describing those which are carried out in other companies of the same holding.

Annex I shows the functions that the Statutory Audit Board members have in other companies, including companies of the same group.

II.24 Reference to the fact that the supervisory board assesses the external auditor on an annual basis and the possibility of proposing to the general meeting that the auditor be discharged whenever justifiable grounds are present.

As part of their powers and their duties, the Statutory Audit Board proposes to the General Meeting the appointment of the Statutory Auditor, oversees their independence, notably as regards the provision of additional services, the scope of their services and the review of the Company' financial statements. The Statutory Audit Board meets whenever necessary with the Statutory Auditor /External Auditor in accordance with its responsibilities.

Annually, the Statutory Audit Board shall evaluate the work of the Statutory Auditor / External Auditor, also overseeing the implementation of Article 54 of Decree-Law no. 487/99 of 16 November (amended by Decree-Law no. 224/2008, 20 November) for the rotation of the partner responsible to execute the work.

II.29. Description of the remuneration policy including that of the managers within the concept of article 248-B/3 of the Securities Code and of the other workers whose professional activity might have a relevant impact on the risk profile of the company and whose remuneration contains an important variable component.

The remuneration policy applicable to persons who are, under the law, considered leaders is equivalent to that adopted for the remuneration of other employees at the same level of duties and responsibilities, following by the guiding principles of the declaration submitted by the Remuneration Committee for consideration General Meeting and which is detailed in the paragraph below.

II.30. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009 of 19 June.

As provided in Law 28/2009 of 19 June, is submitted annually for consideration by the General Meeting a statement on the remuneration policy of the administration and supervision boards.

The policy on remuneration and compensation of the corporate bodies of Altri, adopted at the General Meeting of 26 May 2011, the following principles:

I. BOARD OF DIRECTORS :

In order to establish the value of individual remuneration of each director will be taken into account:

- The functions performed in Altri, SGPS, S.A, and its subsidiaries;
- The responsibility and the added value by individual performance;
- Knowledge and experience on the job;
- The economic situation of the Company; and
- The remuneration in the same sector companies and other companies listed on NYSE Euronext Lisbon.

The global fixed remuneration of the Board of Directors sets cannot exceed 2 million Euro per year.

i. Executive Management

- *Fixed component*, monthly amount paid 14 times a year

- *Variable Component of medium term*:

Intended to align more strongly the interests of executive directors with those of shareholders and will be calculated covering the years 2010, 2011 and 2012, based on:

- Total shareholder return (appreciation plus dividend distributed dividend)
- Sum of the net results of three years (2010, 2011, 2012)
- Company' business development

The total value of the medium term component may not exceed 50% of fixed remuneration earned during the period of 3 years.

At the Annual General Meeting in 2011, the Remuneration Committee will propose an amendment to the remuneration policy above in order to adapt it to the term of office of the Board.

ii. Non-executive management

The individual remuneration of any non-executive director may not exceed 120,000 Euro per year, being exclusively fixed.

II. SUPERVISORY BOARD

The remuneration of Members of the Statutory Audit Board will be based on yearly fixed values at levels considered adequate for similar functions.

III. GENERAL ASSEMBLY

The remuneration of the Board of the General Assembly will be exclusively fixed and will follow market practices.

IV. STATUTORY AUDITOR

The Statutory Auditor will have a fixed remuneration based on performance of his duties and in accordance with the market price, under the supervision of the Supervisory Board.

The remuneration policy described above is applicable to Altri and to all societies directly or indirectly controlled by it and the values and limits of remuneration, set by it to the remunerations of the Board of Directors, cover the totality of remunerations paid by Altri and by the companies directly or indirectly controlled by it to the members of the Board of directors.

There is no defined policy of compensation attributable to the members of the Board of directors in the case of dismissal or early termination of contract.

II.31. Indication on the amount concerning the annual remuneration paid individually to members of the board of directors and of the supervisory board of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same, the parts that has been deferred and paid.

<u>Board of Directors</u>

The compensation received by the Board of Directors of Altri during 2011, in the exercise of their functions, includes only fixed remuneration and amounted to 1.303.820 Euro allocated as follows: Paulo Fernandes – 391.860 Euro; João Borges de Oliveira – 391.860 Euro, Domingos Matos – 224.700 Euro; Laurentina Martins – 224.700 Euro; Pedro Mendonça – 70.700 Euro.

The remunerations received by the members of the Board of Directors were fully paid by the Group's subsidiaries were perform administration functions, and there is no administrators paid directly by Altri SGPS.

<u>Statutory Audit Board</u>

The remuneration of the Statutory Audit Board is composed of a fixed annual amount based on the Altri's situation and on the current market practices. In the year ended 31 December 2011, the remuneration of Statutory Audit Board members amounted to 32.970 Euro distributed as follows: João Natária – 16.350 Euro; Cristina Linhares – 8.310 Euro; Manuel Tiago Fernandes – 8.310 Euro.

II.32. Information on the way the remuneration is structured so as to allow aligning the interests of the members of the board of directors with the long-term interests of the company as well as how it is based on the performance assessment and how it discourages excessive risk assumption.

The remuneration policy for executive directors aims to ensure a proper and thorough hand of the performance and contribution of each director for the success of the organization, aligning the interests of the executive directors with those of the shareholders and of the company. Additionally, the remuneration policy provides for a variable component of deferred payment for the more strongly align the interests of the executive directors with those of the shareholders and the long-term interests of the company.

The proposal for remuneration of executive directors are drawn up taking into account the functions performed in Altri, SGPS, SA and in its subsidiaries, the responsibility and added value by individual performance, the knowledge and the experience on the job, the economic situation of the company, the remuneration earned in other companies from the same sector and other companies listed on NYSE Euronext Lisbon.

II.33. As regards the remuneration of the executive members:
a) Reference to the fact that the executive members' remuneration includes a variable component and information on the way said component relies of the assessment performance;

According to the Company's association rules, the board members receive remuneration that are set by the Remuneration Committee composed by three elements, one of whom will be president and will have the casting vote. In the General Meeting on 26 May 2011, was approved the remuneration policy as detailed in paragraph II.30 above, which provides a variable component depending on performance during the period between 2010 and 2012. The remuneration policy will be re-assessed in the 2011 Annual General Meeting, where will be proposed the adequacy of the clearance variable pay period to the term of office of the board.

b) The corporate bodies responsible for assessing the performance of executive members;

The performance assessment of executive directors belongs to the Remuneration Committee and is based on the functions performed by them in Altri and in companies at the same group as well as the responsibility and the added value by each one of the director and the accumulated and experience knowledge on the job.

c) The pre-established criteria for assessing the performance of executive members;

The remuneration of executive members of the Board of Directors includes a variable component of medium period (2010 to 2012) calculated with base on total shareholder return, on the sum of net income that period and on the evolution in the Company's business.

d) The relative importance of the variable and fixed components of the members' remuneration, as well as the maximum limits for each component;

The total fixed remuneration of the Board of Directors cannot exceed 2 million Euro per year and the total value of the variable component of medium-term may not exceed 50% of fixed remuneration earned during the period of three years (2010-2012). In 2011, members of the Board of Directors did not receive any variable remuneration.

e) The deferred payment of the remuneration's variable component and the relevant deferral period;

There is currently no variable compensation, whose payment was deferred in time.

f) An account of the way whereby the payment of the variable remuneration is subject to the company's continual positive performance during the deferral period;

The variable remuneration depends, among others, the sum of net income for the period (2010-2012).

g) Sufficient information on the criteria whereon the allocation of variable remuneration on shares is based, as well as on maintaining company shares that the executive members have had access to, on the possible share contracts, namely hedging contracts or risk transfer, the relevant limit and its relation apropos the value of the total annual remuneration;

Altri not has, neither plans, any form of compensation that may be due to the allocation of shares or other share incentive system.

h) Sufficient information on the criteria whereon the allocation of variable remuneration on options is based as well as its deferral period and exercising price;

Altri not has, neither plans, any form of compensation that may be due to the allocation of rights on options.

i) The main factors and reasons for any annual bonus scheme and any other non-financial benefits;

Altri hasn't any annual bonus scheme and any other non-financial benefits.

j) Remuneration paid in the form of a share in the profits and/or the payment of bonuses and the rationale behind the act of awarding such bonuses and/or share in profits;

During the year, it weren't paid any remunerations of a share in the profits or in bonuses.

l) Compensation paid or owed to former executive directors in relation to early contract termination;

During the year, have not been paid or owed any amounts relating to compensation to directors whose functions have ceased.

m) Reference to the envisaged contractual restraints for compensation owed for undue dismissal of executive directors and its relation apropos the remunerations' variable component;

There is no defined any policy on compensation attributable to members of the Board of Directors in case of dismissal.

n) Amounts paid on any basis by other companies in a group relationship or exercising control over the company;

The total remuneration received by directors referred to in paragraph II.31 above was paid by group companies.

o) A description of the main characteristics of the supplementary pensions or early retirement schemes set up for executive directors and whether said schemes were subject or not to the approval of the general meeting;

Altri has no supplementary pension scheme or early pension for members of the administrative and supervisory bodies and other leaders. The administrator Laurentina Martins enjoys a plan assigned before his appointment to the Board of Directors because, at grant date, she was a collaborator of the subsidiary Caima - Indústria de Celulose, SA. The main features and information about this plan is detailed in note 30 of the notes to the financial statements at 31 December 2011. On that date, the liabilities for past services related with this collaborator amounted to 332.121 Euro and has not been carried out in 2011 any contribution to the fund.

p) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above;

Altri does not give any non-financial benefits as remuneration.

q) Mechanisms for prevent executive directors from having employment contracts that questions the grounds of the variable remuneration;

There aren't mechanisms for prevent executive directors from having employment contracts that questions the grounds of the variable remuneration; However, the Remuneration Committee takes into account these factors in the criteria for determining the variable remuneration.

II.34. Reference to the fact that remuneration of non-executive members of the Board of Directors is not included in the variable component.

The individual remuneration of any non-executive director may not exceed 120.000 euro per year, being exclusively fixed, according to the remuneration policy adopted at the General Meeting of May 26, 2011.

II.35. Information on the reporting of irregularities adopted by the company (reporting means, persons entitled to receive said reports, how the reports are to be handled and the names of the persons or bodies that have access to the information and the relevant involvement in the procedure).

Altri has a conduct code that governs the ethical principles common to the whole Group. This code is applied to all Group employees, including its management bodies, and it was widely distributed. The guiding principles of that document are integrity, responsibility and confidence.

In the first line, workers must report to the hierarchy any suspicion or evidence of violation of the conduct code. The Chairman of the Board of Directors is responsible for enforcing that code in all Group units.

The defined mechanisms for reporting irregularities ensure confidentiality of the shares and, as well as, the anonymity of their authors, to who reports the irregularities.

II.36. Identification of members of those committees that have been constituted for the purposes of individual and overall performance assessment of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.

Altri, taking into account the size of the Company has no committees specifically designed to identify candidates for directors and to consider the governance system that has been adopted.

Candidates for the Board of Directors have been proposed by shareholders who submitted proposals at elective general meetings. The reflection and the evaluation of the adopted governance model by the Company have been made regularly by the Board of Directors.

The Board of Directors believes that the only specialized committee essential to meet the company' needs, taking into account its size, is the Remuneration Committee.

The members of the Board of Directors are not remunerated by Altri, SGPS, SA, but directly by the subsidiaries where they have functions, so that the existing powers of the Remuneration Committee also focus on setting on the remunerations of members of the Board of Directors of the company earned in other group companies.

The performance assessment of executive belongs to the Remuneration Committee and is based on the functions performed by them in Altri and in companies of the Group, as well as the responsibility and added value by each director and the accumulated knowledge and experience on the job.

II.37. Number of meetings held by the committees that have been constituted for management and supervision during the period concerned, as well as reference to the minutes of said meetings that have been held.

During 2011, the Company's Remuneration Committee met three times, and the corresponding minutes were recorded in the minute book of that body.

II.38. Reference to the fact that one member of the remuneration committee has knowledge and experience in remuneration policy issues.

Altri believes that the experience and professional careers of the members of the Remuneration Committee allow perform their duties accurately and effectively. In particular, Dr. João da Silva Natária has extensive experience and specific knowledge in matters of remuneration policy. Additionally, and when is necessary, these committee uses specialized resources, internal or external, to support its deliberations.

II.39. Reference to the independency of natural or legal persons with an employment contract or providing services to the remuneration committee, as regards the Board of Directors as well as, when applicable, to the fact that these persons have an existing relation with the company consultant.

All members of the Remuneration Committee are independent members of the Board of Directors.

III. Information and Audit

III.1. The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents.

On 31 December 2011, the Company's share capital was fully subscribed and paid up and was composed by 205.131.672 shares with a nominal value of 12.5 Euro cents each, which entitle them to dividends. Pursuant to and for the purposes of the article 66 of the Commercial Companies Code, we inform you that on that date, Altri, SGPS, S.A. and its subsidiaries did not hold own shares, not having acquired or sold own shares during the 2011.

III.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.

Pursuant to the requirements of articles 16º and 20º of the Securities Code (Código de Valores Mobiliários) and article 448 of the Commercial Companies Code, the Directors inform that, in accordance with the notifications received, the companies and/or individuals that hold qualified participations exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights, are as follows:

Exceeding 2% of the voting rights	Shares held	Direct % of the voting rights
Credit Suisse AG	10.190.874	4,97%
Pedro Miguel Matos Borges de Oliveira	9.781.582	4,77%
UBS AG – Zurique	8.594.920	4,19%
Norges Bank	4.149.572	2,02%

Exceeding 5% of the voting rights	Shares held	Direct % of the voting rights
CADERNO AZUL – SGPS, S.A. (a)	18.693.320	9,11%
PROMENDO – SGPS, S.A. (b)	16.324.000	7,96%
Paulo Jorge dos Santos Fernandes	14.001.492	6,83%
Domingos José Vieira de Matos	13.939.432	6,80%
Ana Rebelo Mendonça Fernandes (c)	13.463.782	6,56%
Bestinver Gestión S.A., SGIIC	11.498.693	5,61%

(a) 18.693.320 shares represent the total shares of Altri SGPS, SA owned by Caderno Azul - SGPS SA, which the administrator João Manuel Matos Borges de Oliveira is shareholder;

(b) 16.324.000 shares of Altri – SGPS, S.A. held by PROMENDO – SGPS, S.A., are attributable to Ana Rebelo Mendonça Fernandes, manager and shareholder, holder of 59,6% of the capital;

(c) it is also, due to Ana Rebelo Fernandes Mendonça, in addition to the 16.324.000 shares of Altri - SGPS, SA held by the company PROMENDO – SGPS, SA mentioned in (b). Thus, in legal terms, are considered attributable to Ana Rebelo Fernandes Mendonça, a total of 29.787.782 shares, representing 14.52% of the capital and voting rights of Altri - SGPS, SA.

Altri was not informed of any participation exceeding 10% of the voting rights.

III.3. Identification of the shareholders that hold special rights and a description of those rights.

There are no shareholders with special rights.

III.4. Possible restrictions on share-transfer i.e. consent clauses for their disposal or restrictions on share-ownership.

No restrictions on transferability or restrictions on the ownership of the shares.

III.5. Shareholder agreements that the company may be aware of and that may restrict the transfer of securities or voting rights.

To the knowledge of Altri, was not concluded any agreement regarding the exercise of social rights or the transfer of shares and not exist, to its' knowledge, any agreement to ensure or frustrate the success of takeover bids.

III.6. Rules applicable to the amendment of the articles of association;

There are no statutory rules relating to amendment of the articles of association, applying this matter the scheme under the Commercial Companies Code.

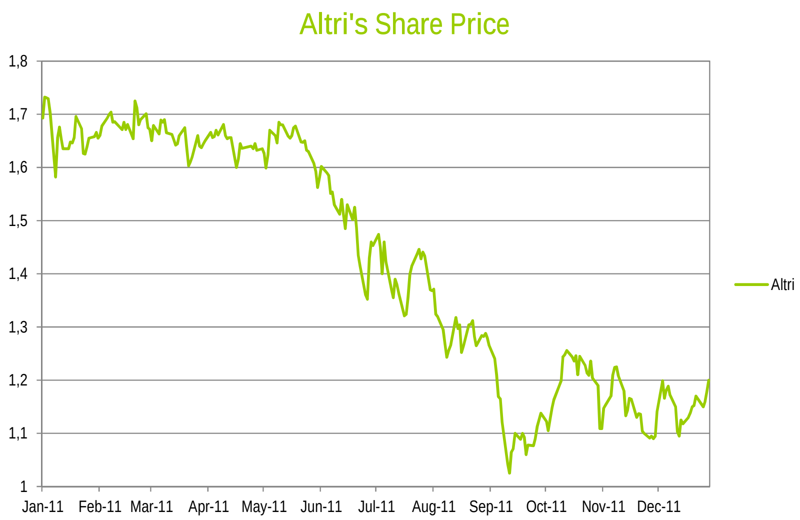
III.7. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by them.

There is no system of employee participation in the capital of the Company.

III.8. Description concerning the evolution of the issuer's share price and taking the following into account:
a) The issuance of shares or other securities that entitle the subscription or acquisition of shares;
b) The outcome announcement;
c) The dividend payment for each share category including the net value per share.

The share price of Altri closed the year 2011 at 1.20 Euro/per share, representing a depreciation of 29% over 2010.

The evolution of the share price of Altri throughout the year is illustrated in the following chart, where are also marked the major events of the year, such as presentation of results:



During 2011, the Altri' shares were traded at a maximum price of 1.732 Euro per share and the minimum of 1.025 Euro per share. In total, 62.7 million of Altri' shares were traded in 2011, equivalent to 31% of issued capital.

The chapter "Stock Evolution" of the Directors report includes more detailed information about the main events that marked the evolution of the share price of the Company in 2011.

III.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.

Having been formed in the course of 2005, Altri still hasn't a long history of dividend distribution perfectly defined. However, according to the policy set by the Board of Directors, the proposed distribution of dividends are intended to provide an adequate return on invested capital to shareholders, without ever losing sight of the needs of expansion / investment of the Group.

As regards the year 2005, 2.564.146 Euro were distributed corresponding to a dividend of 0.05 Euro per share for a total of 51.282.918 shares.

For 2006 and 2007, there was a dividend distribution in the amount of 5.128.292 Euro, representing a dividend of 0.05 euro per share for a total of 102.565.836 shares.

As for the years 2008 and 2009 there hasn't been dividend payments.

In 2010, there was a dividend distribution in the amount of 4.102.633 Euro, representing a dividend of 0.02 euro per share for a total of 205.131.672 shares.

III.10. A description of the main characteristics of the share and stock-option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be allocated, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan.

Details shall also include the following:
a) The number of shares required for the share allotment and the number of shares required for the exercise of the exercisable options at the start and end of the year in question;
b) The number of allotted, exercisable and extinct shares during the year;
c) The general meetings' appraisal of the plans adopted or in force during the period in question.

There are no plans or incentive systems related to the allocation of shares to members of the Board of Directors.

III.11. A description of the main data on business deals and transactions carried out between the company and between the members of the Management and Supervisory Board or companies in a control or group relationship, provided the amount is economically significant for any of the parties involved, except for those business deals or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.

There were no businesses or significant transactions between the Company and members of its corporate bodies (administration and supervision), owners of qualifying holdings or companies in a relation of domain or group, except that, as part of normal activity, were performed in normal market conditions for similar transactions.

III.12. A description of the vital data on business deals and transactions carried out in the absence of normal market conditions between companies and owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.

During 2011, there were no businesses or significant transactions between the Company and members of its corporate bodies (administration and supervision), owners of qualifying holdings or entities with who they are in any relationship, under Article 20 of the Securities Code, outside of normal market conditions.

III.13. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.

During the year 2011, there were no businesses between the Company and owners of qualifying holdings or entities with who they are in any relationship or group.

Currently, there are no established procedures or criteria for defining the relevant level of significance of business between the Company and owners of qualifying holdings or entities with whom they are in any relationship or group, from which is necessary the intervention of the supervisory board. However, transactions with Altri directors or with companies that are in relationship with that group or area in which the actor is a director, regardless of amount, are subject to prior approval of the Board of Directors with a favourable opinion of the Statutory Audit Board, under Article 397 of the Commercial Companies Code.

III.14. A description of the statistical data (number, average and maximum values) on the business deals subject to preliminary opinion by the supervisory board.

During 2011, there were no transactions between the Company and owners of qualifying holdings or entities with who they are in any relationship or group.

III.15. Indication of the availability on the company's website, of annual activity reports drawn up by the general and supervisory board, by the financial matters committee, the audit committee and the supervisory board, including constraints that might be encountered, as well as financial information documents.

The annual reports on the activities of the Statutory Audit Board are disclosed on the Company's website, with also are the documents of accountability.

III.16 Reference to an Investor Assistance Unit or a similar service, describing:
a) The role of said office;
b) Type of information made available;
c) Access means to said Office;
d) The company's website;
e) The market liaison officer's credentials.

The Company has an Assistance Office for Investors, where the market relation functions are performed by Alfredo Luís Portocarreto Teixeira and the investor relation functions are performed by Ricardo Mendes Ferreira.

The contact for investors to obtain information is as follows:

Rua do General Norton de Matos, 68 – r/c
4050-424 Porto
Tel: + 351 22 834 65 02
Fax: + 351 22 834 65 03
E-mail: sede@altri.pt

When need, he provides to the market all relevant information regarding the events, facts considered as the relevant facts, disclosure of quarterly results and answers to any requests for clarification by the investors or the general public on public financial information.

Altri provides financial information relating to its individual and consolidated operations, as well as that of its participated companies, through its official internet page (www.altri.pt). This site is also used by the Altri to provide information on press releases, as well as any relevant facts occurring in the life of the Company. This page also includes the Altri Group's documents of accounts related to the last years. All information is available in the site in Portuguese and in English.

In institutional relationship with regulatory entities, Altri gives preference, wherever possible, to give or to receive information the use of the email.

III.17. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services:
a) Statutory account review services;
b) Other audit reliability services;
c) Tax consulting services;
d) Other non-statutory auditing services.
A description of the auditor's independency safeguarding measures is required, should the auditor provide any of the services described in items c/ and d/. For the purposes of this text, the 'network' concept derives from the EC Recommendation No. C (2002) 1873 of 16 May.

Compensation paid to the Altri auditors and other single persons or companies belonging to the same network, by the companies in a control or group relationships, for the year 2011, amounted to 454.792 Euro and are distributed as follows:

	Amount	%
Statutory audit services	324.260	71%
Other audit reliability services	49.199	11%
Tax consulting services	28.489	6%
Other services	52.850	12%
	454.798	

Compensation for other services, reported in 2011, refers services related with the validation of benefit applications and government subsidies.

The other services and tax advisory services are provided by different teams of those involved in the audit process, so it enhances auditor's independence.

The above services referred, in addition to the statutory account review services were submitted for approval of the Statutory Audit Board.

In 2011, the fees charged by Deloitte to Altri group represented less than 1% of total annual turnover of Deloitte in Portugal. The quality system of the external auditor controls and monitors the potential risks of loss of independence and possible conflicts of interest with Altri.

The Statutory Audit Board, exercising its functions, carries out an annual evaluation of overall performance of the external auditor, as well as its independence. Additionally, the Statutory Audit Board receives, annually, the declaration of independence of the auditor where are described the services rendered by him and by other entities of the same network, their fees, possible threats to his independence and safeguard measures. All threats to the independence of the Auditor are evaluated and discussed with him as well as the respective measures.

The Board of Directors, at the request of the projects assigned to the group companies' auditors, ensures, before its award, that to them and to their network services are not contracted services that, in accordance with the recommendation of the European Commission no. C (2002) 1873 of 16 May, would threaten its independence.

The monitoring of the activity of the External Auditor is ensured by Statutory Audit Board, having the power to propose to the General Meeting also the election to that body. Additionally, the Statutory Audit Board reviews the External Auditor's independence, particularly with respect to the render of additional services. The Supervisory Board approves services to performed by the External Auditor and their remuneration.

III.18. Reference to the external auditor's rotation period.

As regards the period of rotation of the External Auditor, Altri has not set a fixed policy of rotation of the External Auditor. The Company adopted in 2007 the current model of governance of companies in which the Statutory Auditor is not part of the Statutory Audit Board. According to this model, the election for each mandate of Statutory Auditor / External Auditor is made in the General Assembly upon the proposal of the Statutory Audit Board. Additionally, the Statutory Audit Board undertakes an annual assessment of the work of the External Auditor verifying if the provisions of Article 54 of Decree-Law No. 487/99 of 16 November (amended by Decree-Law No. 224/2008, 20 November), concerning the rotation of the partner responsible to execute the work is completed.

The functions of the External Auditor and Statutory Auditor Altri are currently performed by Deloitte & Associados, SROC, which is currently in his second mandate (period 2011/2013) and is represented by António Manuel Amaral Martins since 2007.

The Statutory Audit Board, in exercising its functions, carries out an annual assessment of the independence of the External Auditor. Additionally, the Statutory Audit Board promotes as necessary or appropriate in light of developments in the Company's business or the configuration of the market in general, a reflection on the appropriateness of the External Auditor to carry out their duties.

LEGAL MATTERS

Own Shares

Pursuant to the requirements of article 66 of the Commercial Companies' Code (*Código das Sociedades Comerciais*), the Directors inform that as of 31 December 2011 Altri had no treasury stock and did not acquire or sell any own shares during the year.

Shares held by the governing bodies of Altri

Pursuant to the requirements of article 447 of the Commercial Companies' Code, the Directors inform that, as of 31 December 2011, they held the following shares:

Paulo Jorge dos Santos Fernandes	14.001.492
Pedro Macedo Pinto de Mendonça	1.705.000
Domingos José Vieira de Matos	13.939.432
João Manuel Matos Borges de Oliveira (a)	18.693.320
Laurentina da Silva Martins	0

(a) 18.693.320 shares represent the total shares of Altri SGPS, SA owned by Caderno Azul - SGPS SA, which the administrator João Manuel Matos Borges de Oliveira is administrator.

As of 31 December 2011, the Statutory Auditor, the members of the Statutory Audit Board and the members of the Board of the General Shareholders' Meeting held no shares of the Company.

Participation in the Company's share capital

Pursuant to the requirements of articles 16 and 20 of the Stock Exchange Code (Código de Valores Mobiliários) and article 448 of the Commercial Companies Code, the Directors inform that, in accordance with the notifications received, the companies and/or individuals that hold qualified participations exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights, are as follows:

Exceeding 2% of the voting rights	Shares held	Direct % of the voting rights
Credit Suisse AG	10.190.874	4,97%
Pedro Miguel Matos Borges de Oliveira	9.781.582	4,77%
UBS AG – Zurique	8.594.920	4,19%
Norges Bank	4.149.572	2,02%

Exceeding 5% of the voting rights	Shares held	Direct % of the voting rights
CADERNO AZUL – SGPS, S.A. (a)	18.693.320	9,11%
PROMENDO – SGPS, S.A. (b)	16.324.000	7,96%
Paulo Jorge dos Santos Fernandes	14.001.492	6,83%
Domingos José Vieira de Matos	13.939.432	6,80%
Ana Rebelo Mendonça Fernandes (c)	13.463.782	6,56%
Bestinver Gestión S.A., SGIIC	11.498.693	5,61%

(a) 18.693.320 shares represent the total shares of Altri SGPS, SA owned by Caderno Azul - SGPS SA, which the administrator João Manuel Matos Borges de Oliveira is shareholder;

(b) 16.324.000 shares of Altri – SGPS, S.A. held by PROMENDO – SGPS, S.A., are attributable to Ana Rebelo Mendonça Fernandes, manager and shareholder, holder of 59.6% of the capital;

(c) it is also, due to Ana Rebelo Fernandes Mendonça, in addition to the 16.324.000 shares of Altri - SGPS, SA held by the company PROMENDO – SGPS, SA mentioned in (b). Thus, in legal terms, are considered attributable to Ana Rebelo Fernandes Mendonça, a total of 29.787.782 shares, representing 14.52% of the capital and voting rights of Altri - SGPS, SA.

Altri was not informed of any participation exceeding 10% of the voting rights.

DECLARATION OF RESPONSIBILITY

The members of the Board of Directors of Altri, S.G.P.S., S.A. declare that they assume responsibility for this information and affirm that the items included herein are true and that, to the best of their knowledge, there are no omissions.

As required by article 21 of Decree-Law 411/91 of 17 October, the Board of Directors informs that there are no overdue debts to the State, namely with respect to Social Security.

CLOSING REMARKS

We don't want to conclude without thanking the External Auditor for the advice and assistance provided during 2011 and the Statutory Audit Board by the continued monitoring of our operations. We would also like to thank our suppliers, financial institutions and other partners in the group for their trust in our organization.

Finally, we wish to express our gratitude to all our employees for their dedication.

Oporto, 2 April 2012

The Board of Directors

Paulo Jorge dos Santos Fernandes
President of the Board of Directors

João Manuel Matos Borges de Oliveira
Member of the Board of Directors

Domingos José Vieira de Matos
Member of the Board of Directors

Laurentina da Silva Martins
Member of the Board of Directors

Pedro Macedo Pinto de Mendonça
Member of the Board of Directors

APPENDIX I

1. Board of Directors

Qualifications, experience and positions held in other companies by members of the Board of Directors:

Paulo Jorge dos Santos Fernandes

Was one of the founders of Cofina (company that led to the creation of Altri, by spin-off), and has been involved in the Group's management since its incorporation. Graduated from Porto University with a degree in Electronic Engineering, also has an MBA from the University of Lisbon.

He is shareholder of the Company since 2005 being also designated Director at the same date.

In addition to the Companies which currently exercise functions of administration, his professional experience includes:

- 1982/1984 Assistant Director of Production of CORTAL
- 1986/1989 General Director of CORTAL
- 1989/1994 President of the Board of CORTAL
- 1995 Administrator of CRISAL – CRISTAIS DE ALCOBAÇA, SA
- 1997 Administrator of the Group Vista Alegre, SA
- 1997 Chairman of the Board of ATLANTIS - Cristais de Alcobaça, SA
- 2000/2001 Administrator of SIC
- 2001 Administrator of V.A.A.

Throughout his career, also played roles in several associations:

- 1989/1994 President of FEMB (Fédération Européene de Mobilier de Bureau) for Portugal;
- 1989/1990 President of the General Assembly Assoc. Industr. Águeda
- 1991/1993 Member of the Advisory Board Assoc. Ind. Portuense

The other companies where he carries out management functions as of 31 December 2011, are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri – Energias Renováveis, SGPS, S.A.
- Caima – Indústria de Celulose, S.A.
- Caminho Aberto S.G.P.S, S.A. (a)
- Celbi – Celulose da Beira Industrial, S.A.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose do Caima, S.G.P.S., S.A.
- Cofina, S.G.P.S, S.A. (a)
- Cofina Media, S.G.P.S., S.A. (a)
- Edirevistas – Sociedade Editorial, S.A. (a)
- Edisport – Soc. de Publicações, S.A. (a)
- Efe Erre Participações, S.G.P.S., S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada – Produção e Comercialização de Estruturas Metálicas de Armazenagem, S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- F. Ramada, Aços e Indústrias, S.A. (a)
- Invescaima, S.G.P.S., S.A.
- Malva – Gestão Imobiliária, S.A. (a)
- Mediafin – S.G.P.S., S.A. (a)
- Presselivre – Imprensa Livre, S.A. (a)
- Prestimo – Prestígio Imobiliário, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)

- Torres da Luz – Investimentos imobiliários, S.A. (a)

(a) - Companies that, as of December 31, 2011 cannot be considered to be part of Altri, S.G.P.S., S.A. Group

João Manuel Matos Borges de Oliveira

Was also one of the founders of Cofina he has been involved in the Group's management since its incorporation. Graduated from the Porto University with a degree in Chemical Engineering, holds an MBA from INSEAD. Develops his activity in the media and industrial operations, as well as in the strategic definition of the Group. Is a shareholder of the company since 2005 has also been appointed administrator from the same date.

In addition to the Companies which currently exercise functions of administration, his professional experience includes:

- 1982/1983 Assistant Director of Production of Cortal
- 1984/1985 Production Director of Cortal
- 1987/1989 Marketing Director of Cortal
- 1989/1994 General Director of Cortal
- 1989/1995 Vice President of the Board of Cortal
- 1989/1994 Administrator of Seldex
- 1996/2000 Non-executive Director of Atlantis, SA
- 1997/2000 Non-executive Director of Vista Alegre, SA
- 1998/1999 Administrator of Efacec Capital, SGPS, SA

The other companies where he carries out management functions as of 31 December 2011, are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri – Energias Renováveis, SGPS, S.A.
- Base Holding, SGPS, S.A. (a)
- Caderno Azul, S.G.P.S., S.A. (a)
- Caima – Indústria de Celulose, S.A.
- Celbi – Celulose da Beira Industrial, S.A.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose do Caima, S.G.P.S., S.A.
- Cofina, SGPS, S.A. (a)
- Cofina Media, S.G.P.S., S.A. (a)
- Edirevistas – Sociedade Editorial, S.A. (a)
- Edisport – Soc. de Publicações, S.A. (a)
- Efe Erre Participações, S.G.P.S., S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada – Produção e Comercialização de Estruturas Metálicas de Armazenagem, S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- F. Ramada Serviços de Gestão, Lda. (a)
- F. Ramada, Aços e Indústrias, S.A. (a)
- Grafedisport – Impressão e Artes Gráficas, S.A. (a)
- Invescaima, S.G.P.S., S.A.
- Jardins de França – Empreendimentos Imobiliários, S.A. (a)
- Malva – Gestão Imobiliária, S.A. (a)
- Mediafin, SGPS, S.A. (a)
- Presselivre – Imprensa Livre, S.A. (a)
- Prestimo – Prestígio Imobiliário, S.A. (a)
- Storax Racking Systems, Ltd. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Torres da Luz – Investimentos imobiliários, S.A. (a)
- Universal Afir – Aços Especiais e Ferramentas, S.A. (a)

(a) - Companies that, as of December 31, 2011 cannot be considered to be part of Altri, S.G.P.S., S.A. Group

Pedro Macedo Pinto de Mendonça

It was one of the founders of Cofina (Society that created Altri, by division), has been directly involved in the management of the Group since its beginning. Attended the Faculty of Medicine in Porto for two years, and holds a degree in Mechanics from the École Superiore de L'Etat in Brussels. He is shareholder of the Company since 2005 and has been administrator since that date.

In addition to the Companies which currently exercise functions of administration, his professional experience includes:

- 1959 Director of Supply of Empresa de Metalurgia Artística Lisboa
- 1965 Production Director of Empresa de Metalurgia Artística Lisboa
- 1970 Administrator and sales responsible of Seldex
- 1986 Founding Partner of Euroeel
- 1986/1990 Administrator of Euroeel
- 1986 Chairman of the Board of Seldex
- 1989 Administrator of Cortal

The other companies where he carries out functions of administration as of 31 December 2011 are:

- Alteria, S.G.P.S., S.A. (a)
- Altri – Energias Renováveis, SGPS, S.A.
- Caima – Indústria de Celulose, S.A.
- Celbi – Celulose da Beira Industrial, S.A.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose do Caima, S.G.P.S., S.A.
- Cofina, SGPS, S.A. (a)
- Cofina Media, S.G.P.S., S.A. (a)
- Cofihold, S.G.P.S., S.A. (a)
- Efe Erre Participações, S.G.P.S., S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada – Produção e Comercialização de Estruturas Metálicas de Armazenagem, S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- F. Ramada, Aços e Indústrias, S.A. (a)
- Invescaima, S.G.P.S., S.A.
- Malva – Gestão Imobiliária, S.A. (a)
- Prestimo – Prestígio Imobiliário, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Torres da Luz – Investimentos imobiliários, S.A. (a)
- Universal Afir – Aços, Máquinas e Ferramentas, S.A. (a)

(a) - Companies that, as of December 31, 2011 cannot be considered to be part of Altri, S.G.P.S., S.A. Group

Domingos José Vieira de Matos

It was one of the founders of Cofina (Society that created Altri, by division), has been directly involved in the management of the Group since its beginning. Holds a degree in Economics from the Faculty of Economy of the University of Porto. Initiated his carrier in management in 1978. He is shareholder of the Company since 2005 and has been administrator since that date.

In addition to the Companies which currently exercise functions of administration, his professional experience includes:

- 1978/1994 Administrator of CORTAL, SA
- 1983 Founding Partner of PROMEDE – Produtos Médicos, SA
- 1998/2000 Administrator of ELECTRO CERÂMICA, SA

The other companies where he carries out management functions as of 31 December 2011 are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri Florestal, S.A.
- Base Holding, SGPS, S.A. (a)
- Caima – Indústria de Celulose, S.A.
- Celbi – Celulose da Beira Industrial, S.A.
- Celulose do Caima, S.G.P.S., S.A.
- Cofina, SGPS, S.A. (a)
- Efe Erre Participações, S.G.P.S., S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada – Produção e Comercialização de Estruturas Metálicas de Armazenagem, S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- F. Ramada Serviços de Gestão, Lda. (a)
- F. Ramada, Aços e Indústrias, S.A. (a)
- Jardins de França – Empreendimentos Imobiliários, S.A. (a)
- Livre Fluxo, S.G.P.S., S.A. (a)
- Malva – Gestão Imobiliária, S.A. (a)
- Prestimo – Prestígio Imobiliário, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Torres da Luz – Investimentos imobiliários, S.A. (a)
- Universal Afir – Aços, Máquinas e Ferramentas, S.A. (a)

(a) - Companies that, as of December 31, 2011 cannot be considered to be part of Altri, S.G.P.S., S.A. Group

Laurentina da Silva Martins

With formation in Finance and Administration from Instituto Superior do Porto and is connected with Altri Group since incorporation. She was designated Director of the Company since May 2009.

Her Professional experience includes:

- 1965 Finance Direction Assessor of Companhia de Celulose do Caima, S.A.
- 1990 Finance Director of Companhia de Celulose do Caima, S.A.
- 2001 Director of Cofina Media, SGPS, S.A.
- 2001 Director of Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- 2004 Director of Grafedisport – Impressão e Artes Gráficas, S.A.
- 2005 Director of Silvicaima – Sociedade Silvícola do Caima, S.A.
- 2006 Director of EDP – Produção Bioeléctrica, S.A.

The other companies where she carries out management functions as of 31 December 2011 are as follows:

- Altri Florestal, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Cofina – Eventos e Comunicação, S.A. (a)
- Cofina Media, SGPS, S.A. (a)
- Edirevistas – Sociedade Editorial, S.A. (a)
- Edisport – Sociedade de Publicações, S.A. (a)
- EDP – Produção Bioeléctrica, S.A.
- Grafedisport – Impressão e Artes Gráficas, S.A. (a)
- Mediafin, SGPS, S.A. (a)
- Metro News – Publicações, S.A. (a)

(a) – Companies that, as of December 31, 2011 cannot be considered to be part of Altri, S.G.P.S., S.A. Group

2. Statutory Audit Board

Qualifications, experience and positions held in other companies by members of the Statutory Audit Board:

João da Silva Natária

Academic curriculum:

Degree in Law from University of Lisbon

Professional Experience:

1979	Director-General Branch Luanda / Viana da F. Ramada, appointed jointly by the Administration and the Ministry of Industry of Angola
1983	Director of the Department of Polyester Buttons and F. Ramada, Steels and Industries, SA
1984/2000	Director of Human Resources F. Ramada, Steels and Industries, SA
1993/1995	Administrator of the Universal Steel, Machinery and Tools, SA
Since 2000	Lawyer specialized in Labour Law and Family Law

Other positions:

President of the Statutory Audit Board of Cofina SGPS SA (a)
President of the Statutory Audit Board of F. Ramada Investimentos, SGPS, SA (a)
President of the Statutory Audit Board of Caima, SGPS, SA
Member of the Remuneration Committee of Cofina SGPS SA (a)
Member of the Remuneration Committee of the F. Ramada Investimentos, SGPS, SA (a)

(a) - companies that, on 31 December 2011, cannot be considered as part of the group Altri, SGPS, SA

Cristina Isabel Linhares Fernandes

Academic curriculum:

1996	Degree in Economics - Faculty of Economics, University of Coimbra
2000	Postgraduate in Taxation – Instituto Superior de Administração e Gestão do Porto
2006	External Auditor certified by the Portuguese Association of Auditors
2007	Executive MBA at EGP - Escola de Gestão do Porto

Professional Experience:

1996/1998	Assistant in the audit division of Arthur Andersen in Porto
1999/2001	Senior of the audit division of Arthur Andersen in Porto
2002/2005	Manager of the audit division of Deloitte office in Porto
2006	Senior Manager of Deloitte's audit division in Luanda
Since 2007	External Auditor certified by the Portuguese Association of Auditors and consultant

Other positions:

Member of the Statutory Audit Board of Cofina SGPS SA (a)
Member of the Statutory Audit Board of F. Ramada Investimentos, SGPS, SA (a)
Member of the Statutory Audit Board of Caima, SGPS, SA
Statutory Auditor of Plastics Chemieuro Unipessoal Ltd. (a)
Statutory Auditor of Stemmatters S.A. (a)
Statutory Auditor of JJCPA S.A. (a)

(a) - companies that, on 31 December 2011, cannot be considered as part of the group Altri, SGPS, SA

Other positions:

Member of the Statutory Audit Board of Tertir - Terminais de Portugal, S.A.

Manuel Tiago Alves Baldaque de Marinho Fernandes

Academic curriculum:

1992 Bachelor in Business Administration and Management provided by the Faculty of Economics and Management of the Regional Centre of Porto, Portuguese Catholic University
2000 Postgraduate in Human Resource Management, taught by Catholic University
2002 Masters in Finance, taught by Catholic University
2007 International MBA taught by the School of Business Management / ESADE
2010 Postgraduate in Management Services, administered by the Portuguese Catholic University

Professional Experience:

1992 Auditor at Arthur Andersen SA

1995 Controller's Management Group SIPMA, SA (Saludães, SA; Lorisa, SA and SOTPA, S.A.)
Since 1998 Financial Director and People's Regional Centre of Porto, Portuguese Catholic University

Other positions:

Member of the Statutory Audit Board of Cofina SGPS SA (a)
Member of the Statutory Audit Board F. Ramada Investimentos, SGPS, SA (a)
Member of the Statutory Audit Board of Caima, SGPS, SA

(a) - companies that, on 31 December 2011, cannot be considered as part of the group Altri, SGPS, SA

Other positions:

Board Member of Financial Management, Portuguese Catholic University
President of the Statutory Audit Board of Tertir - Terminal de Portugal, SA
Non-executive director of Commercial Investvar, SGPS, SA

Article 447 of the Portuguese Companies Act and of Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nr. 05/2008

Disclosure of shares and other securities held by members of the Board of Directors and by those discharging managerial responsibilities, as well as by people closely connected with them (article 248 B of the Portuguese Securities Code), and disclosure of the respective transactions during the year involving such shares and other securities

Members of the Board of Directors	Shares held at 31-Dez-2010	Acquisitions	Disposals	Shares held at 31-Dez-2011
Paulo Jorge dos Santos Fernandes	14.001.492	-	-	14.001.492
João Manuel Matos Borges de Oliveira (imputation by CADERNO AZUL - SGPS, S.A.)	18.693.320	-	-	18.693.320
Domingos José Vieira de Matos	13.939.432	-	-	13.939.432
Pedro Macedo Pinto de Mendonça	1.705.000	-	-	1.705.000

Statement Under the terms of Article 245, paragraph 1, c) of the Securities Code

The signatories individually declare that, to their knowledge, the Management Report, the Individual and Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, and other accounting documents required by law or regulation, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Altri, SGPS, S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Oporto, 2 April 2012

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Paulo Jorge dos Santos Fernandes
Chairman of the Board

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João Manuel Matos Borges de Oliveira
Member of the Board

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Domingos José Vieira de Matos
Member of the Board

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Laurentina da Silva Martins
Member of the Board

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Pedro Macedo Pinto de Mendonça
Member of the Board

CONSOLIDATED FINANCIAL STATEMENTS

ALTRI, SGPS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 31 DECEMBER 2011 AND 2010

(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

ASSETS	Notes	31.12.2011	31.12.2010
NON CURRENT ASSETS:			
Biological assets	11	103,339,502	93,551,872
Tangible fixed assets	7	460,118,883	500,486,555
Investment property	8	534,226	214,213
Goodwill	9	265,531,404	269,593,886
Intangible assets	10	989,355	523,807
Investments in associated companies and joint ventures	4.2	7,034,600	10,721,629
Investments available for sale	4.3 and 6	10,093,935	10,101,484
Other non current assets	18	706,086	516,976
Deferred tax assets	12	13,699,322	14,712,478
Total non current assets		862,047,313	900,422,900
ACTIVOS CORRENTES:			
Inventories	11	61,728,889	49,548,856
Customers	6 and 13	66,672,815	92,068,214
Other debtors	6 and 14	9,087,406	4,569,242
State and other public entities	15	12,100,688	7,733,949
Other current assets	16	3,339,769	6,265,601
Cash and cash equivalents	6 and 17	112,746,939	129,867,635
Total current assets		265,676,506	290,053,497
Total assets		1,127,723,819	1,190,476,397

SHAREHOLDERS' FUNDS AND LIABILITIES		31.12.2011	31.12.2010
SHAREHOLDERS' FUNDS:			
Share capital	19	25,641,459	25,641,459
Legal reserve	19	2,862,981	2,862,981
Other reserves	19	89,585,006	24,531,445
Consolidated net profit / (loss)		22,567,762	62,014,069
Total shareholders' funds attributable to the parent company's shareholders		140,657,208	115,049,954
Non controlling interests	20	105,421	112,365
Total Shareholders' funds		140,762,629	115,162,319
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	6 and 21	11,875,000	139,152,447
Other loans	6 and 21	538,771,928	548,481,286
Other non current creditors	6, 23 and 31	699,819	373,396
Other non current liabilities	24	20,755,952	23,628,430
Deferred tax liabilities	12	444,167	777,344
Provisions	22	1,149,668	1,980,728
Total non current liabilities		573,696,534	714,393,631
CURRENT LIABILITIES:			
Bank loans	6 and 21	157,121,714	26,959,384
Other loans	6 and 21	136,442,543	154,668,303
Suppliers	6 and 25	66,608,803	82,686,678
Other current creditors	6, 26 and 32	8,233,010	39,869,439
State and other public entities	15	1,736,137	13,606,447
Other current liabilities	27	28,370,465	19,673,418
Derivatives	6 and 28	14,751,984	23,456,778
Total current liabilities		413,264,656	360,920,447
Total shareholders' funds and liabilities		1,127,723,819	1,190,476,397

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered of accounts

The Board of Directors

ALTRI, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

	Notes	31.12.2011	31.12.2010*	31.12.2010
Continuing operations				
Sales	39	472,337,405	488,855,277	494,813,894
Services rendered	39	7,007,559	2,476,426	2,476,426
Other income	34	7,257,085	9,045,109	9,623,741
Cost of sales	11 and 32	(201,463,043)	(163,535,679)	(166,476,778)
External supplies and services	31 and 32	(129,240,373)	(119,496,500)	(121,766,326)
Payroll expenses	40	(33,229,321)	(34,858,687)	(35,252,619)
Amortisation and depreciation	37	(52,259,768)	(51,194,657)	(51,690,906)
Provisions and impairment losses	22	(80,294)	(158,030)	(55,108)
Other costs	35	(9,463,750)	(22,231,945)	(22,571,645)
Gains and losses in associated companies and joint ventures	36	1,178,002	1,386,712	1,386,712
Financial expenses	36	(43,885,027)	(36,094,060)	(36,156,070)
Financial income	36	9,447,021	3,848,142	3,848,142
Profit before income tax		27,605,496	78,042,106	78,179,463
Income tax	12	(2,436,669)	(16,627,130)	(16,643,436)
Net profit		25,168,827	61,414,976	61,536,027
Attributable to:				
Parent company's shareholders	38	25,175,771	61,411,982	61,533,033
Non controlling interests	20	(6,944)	2,994	2,994
Discontinued operations				
Profit for the year from discontinued operations	4.4	(2,608,009)	602,087	481,036
Attributable to:				
Parent company's shareholders	4.4	(2,608,009)	602,087	481,036
Non controlling interests		-	-	-
Consolidated net profit		22,560,818	62,017,063	62,017,063
Attributable to:				
Parent company's shareholders	38	22,567,762	62,014,069	62,014,069
Non controlling interests	20	(6,944)	2,994	2,994
		22,560,818	62,017,063	62,017,063
Earnings per share:				
Continuing operations				
Basic	38	0.12	0.30	0.30
Diluted	38	0.12	0.30	0.30
Continuing and discontinued operations				
Basic	38	0.11	0.30	0.30
Diluted	38	0.11	0.30	0.30

* Assuming the subsidiary Sócasca - Recolha e Comércio de Recicláveis, S.A as discontinued (Note 4.4)

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered of accounts

The Board of Directors

ALTRI, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

	Notes	**31.12.2011**	**31.12.2010**
Net consolidated profit / (loss) for the year		22,560,818	62,017,063
Change in fair value of cash flow hedging derivatives	28	7,170,121	(4,649,970)
Other comprehensive income		7,170,121	(4,649,970)
Total comprehensive income for the year		29,730,939	57,367,093
Attributable to:			
Shareholders' of the parent company		29,737,883	57,364,099
Non controlling interests	20	(6,944)	2,994

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered of accounts

The Board of Directors

ALTRI, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

		Attributable to the parent company's shareholders								
				Other reserves						
	Notes	Share capital	Legal reserve	Hedging reserves	Others reserves and retained earnings	Total others reserves	Net profit	Total	Non controlling interests	Total shareholder's funds
Balance as of 1 January 2010	19	25,641,459	2,862,981	(10,205,900)	50,285,291	40,079,391	(10,910,016)	57,673,815	109,371	57,783,186
Appropriation of the consolidated net profit of 2009		-	-	-	(10,910,016)	(10,910,016)	10,910,016	-	-	-
Others		-	-	-	12,040	12,040	-	12,040	-	12,040
Total comprehensive income for the year		-	-	(4,649,970)	-	(4,649,970)	62,014,069	57,364,099	2,994	57,367,093
Balance as of 31 December 2010	19	25,641,459	2,862,981	(14,855,870)	39,387,315	24,531,445	62,014,069	115,049,954	112,365	115,162,319
Balance as of 1 January 2011	19	25,641,459	2,862,981	(14,855,870)	39,387,315	24,531,445	62,014,069	115,049,954	112,365	115,162,319
Appropriation of the consolidated net profit of 2010		-	-	-	62,014,069	62,014,069	(62,014,069)	-	-	-
Dividends distribution	4	-	-	-	(4,102,633)	(4,102,633)	-	(4,102,633)	-	(4,102,633)
Others		-	-	-	(27,996)	(27,996)	-	(27,996)	-	(27,996)
Total comprehensive income for the year		-	-	7,170,121	-	7,170,121	22,567,762	29,737,883	(6,944)	29,730,939
Balance as of 31 December 2011	19	25,641,459	2,862,981	(7,685,749)	97,270,755	89,585,006	22,567,762	140,657,208	105,421	140,762,629

The accompanying notes form an integral part of the consolidated financial statements.

The official chartered of accounts

The Board of Directors

ALTRI , SGPS, S.A.

CONSOLIDATED CASH-FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Translation of financial statements originally issued in Portuguese – Note 45)
(Amounts expressed in Euro)

	Notes	2011		2010	
Operating activities:					
Collections from customers		470,879,418		538,394,940	
Payments to suppliers		(340,627,624)		(353,416,110)	
Payments to personnel		(29,011,144)		(30,207,496)	
Other collections/payments relating to operating activities		(24,916,729)		(23,037,315)	
Income tax		(22,118,775)	54,205,146	(123,559)	131,610,460
Cash flow from operating activities (1)			54,205,146		131,610,460
Investment activities:					
Collections relating to:					
Investments	17	5,360,000		1,175,000	
Tangible assets		1,918,948		2,325,289	
Investment subsidies		117,659		902,075	
Interest and similar income		6,051,938	13,448,545	1,619,810	6,022,174
Payments relating to:					
Investments	17	(7,549)		(10,000,000)	
Intangible assets		(694,532)		(714,896)	
Tangible assets		(18,551,371)	(19,253,452)	(25,730,952)	(36,445,848)
Cash flow from investment activities (2)			(5,804,907)		(30,423,674)
Financing activities:					
Collections relating to:					
Loans obtained		55,796,033	55,796,033	22,445,620	22,445,620
Payments relating to:					
Lease contracts					
Interests and similar costs		(36,705,447)		(26,339,627)	
Distributed dividends		(4,102,633)		-	
Loans obtained		(81,508,483)	(122,316,563)	(45,272,209)	(71,611,836)
Cash flow from financing activities (3)			(66,520,530)		(49,166,216)
Cash and cash equivalents at the beginning of the year			129,653,370		77,632,800
Effect of change in the companies consolidated	4.4		(115,072)		-
Variation of cash and cash equivalents: (1)+(2)+(3)			(18,120,291)		52,020,570
Cash and cash equivalents at the end of the year	17		111,418,007		129,653,370

The accompanying notes form an integral part of the consolidated cash flow statement.

The official chartered of accounts

The Board of Directors

1. INTRODUCTORY NOTE

Altri, SGPS, S.A. ("Altri" or "Company") was incorporated as of 1 March 2005, has its head-office located at Rua General Norton de Matos, 68, r/c – Porto, Portugal and its shares are listed in the NYSE Lisbon Euronext Stock Exchange. Its main activity is the management of investments.

Altri was incorporated as a result of the reorganization process of Cofina, SGPS, S.A. through the demerger of the investment previously held by this group in Celulose do Caima, SGPS, S.A. (representing 97.23% of this company's share capital), under a simple demerger operation predicted in item 1.a), article 118 of the Commercial Companies Code ("Código das Sociedades Comerciais").

Altri is the parent company of a group of companies listed in Note 4 known as Altri Group. The current activity of Altri Group focuses on the production of bleached paper pulp of eucalyptus through three production units (Celbi in Figueira da Foz, Caima in Constância do Ribatejo and Celtejo in Vila Velha de Ródão).

Due to this new reality of Altri Group, the Board of Directors believe that there is only one business segment (production and commercialization of bleached paper pulp from eucalyptus) and the management information is also analyzed on this basis, for which the segmental information mentioned in Note 39 is limited by this.

The consolidated financial statements of Altri Group are presented in Euro rounded off to the unit, which is the currency used by the Group in its operations and considered as the functional currency. The operations of foreign companies whose functional currency isn't the Euro are not included in the consolidated financial statements in accordance with the policy set out in Note 2.2.e).

(Amounts expressed in Euro)

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the accompanying consolidated financial statements are as follows:

2.1 BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included on the consolidation, which were prepared according to the International Financial Reporting Standards ("IFRS") as adopted by the European Union and under the historical cost convention, except for some financial instruments which are stated at fair value. These standards include International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), International Accounting Standards ("IAS") issued by International Accounting Standards Committee ("IASC") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union. Standards and interpretations above mentioned will be generally presented as "IAS/IFRS".

The interim financial statements were presented quarterly, according to IAS 34 – "Interim Financial Reporting".

(i) Adoption of standards and new interpretations, changes and reviews

The following standards, interpretations, changes and reviews have been endorsed by European Union and with mandatory application in the financial years starting on or after January 1, 2011, were first time adopted in the year ended December 31, 2011:

Standard	Effective date (annual periods beginning on or after)	Observations
Amendments to IAS 24 - Related Party Disclosures and **IFRS 8** - Operating Segments	31-12-2010	IAS 24 (as revised in 2009) as been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities. Amendments to IFRS 8 arise from the IAS 24 amendment above referred.
Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement	31-12-2010	IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contribution.
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments and amendments to **IFRS 1** - First-time Adoption of International Financial Reporting Standards	30-06-2010	The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss. The First-time adopters can apply the transitory dispositions contained in IFRIC 19.
Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards and **IFRS 7** - Financial Instruments: Disclosures	30-06-2010	Comparative disclosures obligation's limited exemption in accordance with IFRS 7 for the first time adopters.
Amendments to several **IFRS: IFRS 1, IFRS 3 and IFRS 7 IAS 1, 32, 34, 39 and IFRIC 13**	IFRS 1, 3 and IAS 32, 39: 30-06-2010 and IFRS 7, IAS 1, 34 and IFRIC 13: 31-12-2010	Amendments in several international financial reporting standards, in order to simplify and clarify the international accounting standards.
IAS 32 - Financial instruments	31-01-2010	The presentation is modified accordingly to the regulation's appendix.

(Amounts expressed in Euro)

The effect in the consolidated financial statements of the Group for the year ended as of 31 December 2011, due to the adoption of the standards, interpretations, amendments and revisions mentioned above has not been significant.

(ii)Improvements of international financial reporting standards

This process included the revision of 8 standards end interpretations. The effect in the consolidated financial statements of the Group for the year ended as of 31 December 2011, due to the adoption of the standards and interpretations has not been significant.

(iii) New standards and interpretations, amended or reviewed not adopted

The following standards, interpretations, amendments and revisions, with mandatory application in futures year, were, until the approval date of the accompanying financial statements, endorsed by the European Union:

Standard	Effective date (annual periods beginning on or after)	Observations
Amendments to IFRS 7 - Financial Instruments: Disclosures	01-07-2011	The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

These standards, although endorsed by the European Union, were not adopted by the Group in the year ended as of 31 December 2011, because its application is not yet mandatory. No significant impacts are expected to arise in the financial statements as a result of the adoption of these standards.

The accounting policies and measurement criteria adopted by the Group as of 31 December 2011 are consistent with those used in the preparation of the consolidated financial statements as of 31 December 2010.

In the preparation of the consolidated financial statements, in accordance with the IAS/IFRS, the Board of Directors adopted certain assumptions and estimates that affect the reported assets and liabilities, as well as the income and expenses in relation to the reported periods. All the estimates and assumptions made by the Board of Directors were made on the basis of its better existing knowledge, with reference to the date of approval of the financial statements, of the events and transactions in progress.

The accompanying consolidated financial statements have been prepared for appreciation and approval by the General Shareholders Meeting. The Group's Board of Directors believes that they will be approved without changes.

2.2 CONSOLIDATION POLICIES

The consolidation policies adopted by the Group in the preparation of the consolidated financial statements are as follows:

a) Investments in group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at the Shareholders' General Meeting and is able to control the financial and operating policies so as to benefit from its activities (definition of control normally used by the Group), are included in the consolidated financial statements by the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption "Non-controlling interests", in the consolidated balance sheet and in the consolidated statement of profit and loss. Companies included in the consolidated financial statements by the full consolidation method are listed in Note 4.1.

The total integral income is attributed to the owners of the mother-company and to the non-controlling members even if by doing that, the company acquire a deficit balance at the level of non-controlling interests.

Under concentration processes, occurred after the transition date to International Financial Reporting Standards as adopted by the European Union (1 January 2004) the assets and liabilities of each subsidiary are measured at their fair value at the date of acquisition according to IFRS 3 - "Business Combinations". Any excess on the cost of acquisition over the fair value of the identifiable net assets and liabilities acquired is recognised as goodwill. Any excess of the fair value of the identifiable net assets and liabilities acquired over its cost is recognised as income in the profit and loss statement of the period of acquisition, after reassessment of the estimated fair value. Non-controlling interests are presented according to their share in the fair value of the identifiable assets and liabilities.

The results of subsidiaries acquired or disposed during the period are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, respectively.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt its accounting policies to those used by the Group. All intercompany transactions, balances and distributed dividends are eliminated during the consolidation process.

Whenever the Group has, in substance, control over other entities created for a specific purpose ("Special Purpose Entities"), even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method. As at 31 December 2011 did not exist these type of entities in the consolidated financial statement.

b) Investments in joint ventures

Investments in joint companies (companies where the Group has a jointly control over the financial and operating decisions - usually corresponding to holdings of 50% in a company's share capital) are accounted for in accordance with the equity method.

According to the equity method, the investments in joint companies are initially recorded at acquisition cost, which is adjusted proportionally to the Group's corresponding share capital, as at the acquisition date or as at the date of the first adoption of the equity method. On a yearly basis, investments are adjusted in accordance with the Group's participation in the associated company's net income. Additionally, the dividends of this companies are recorded as a reduction in the investment's book value and the Group's proportion in the changes occurred in the associated company's equity are recorded as a change in the Group's equity.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill, which is included in the caption "Investments in joint companies". If that difference is negative it is recorded as a gain in the caption "Gains and losses in joint companies" after reassessment of the fair value of the identifiable assets and liabilities acquired.

An evaluation of investments held in joint companies is performed whenever there are signs of impairment in those investments. Impairment losses are recorded in the statement of profit and loss for the period. When those losses recorded in previous periods vanish, they are reverted in the statement of profit and losses for the period.

Unrealised gains arising from transactions with joint companies are eliminated to the extent of the group's interest in the joint against the investment held. Unrealised losses are eliminated but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in joint companies are listed in Note 4.2.

c) Investments in associated companies

Investments in associated companies (companies where the Group has significant influence but has no control over the financial and operating decisions - usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

According to the equity method, the investments in associated companies are initially recorded at acquisition cost, which is adjusted proportionally to the Group's corresponding share capital, as at the acquisition date or as at the date of the first adoption of the equity method. On a yearly basis, investments are adjusted in accordance with the Group's participation in the associated company's net income. Additionally, the dividends of the subsidiary are recorded as a reduction in the investment's book value and the Group's proportion in the changes occurred in the associated company's equity are recorded as a change in the Group's equity.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill, which is included in the caption "Investments in associated companies". If that difference is negative it is recorded as a gain in the caption "Gains and losses in associated companies" after reassessment of the fair value of the identifiable assets and liabilities acquired.

An evaluation of investments held in associated companies is performed whenever there are signs of impairment in those investments. Impairment losses are recorded in the statement of profit and loss for the period. When those losses recorded in previous periods vanish, they are reverted in the statement of profit and losses for the period.

When the Group's share of losses of the associated company exceeds the investment's book value, the investment is recorded at nil value, except to the extent of the Group's commitments to the associate. In such case, the Group records a provision to cover those commitments.

Unrealised gains arising from transactions with associated companies are eliminated to the extent of the group's interest in the associate against the investment held. Unrealised losses are eliminated but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in associated companies are listed in Note 4.2.

d) Goodwill

The differences between the price of investments in subsidiaries companies added the value of non-controlling interests, and the amount attributed to the fair value of the identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Goodwill', and, when negative, after a re-appreciation of its calculation, are recorded directly in the profit and loss statement. The differences between the price of investments in associated companies and in joint ventures and the amount attributed to the fair value of the identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Investments in associated companies', and, when negative, after a re-appreciation of its calculation, are recorded directly in the profit and loss statement.

The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities as at the date of acquisition is calculated using the local currency of each of those companies. Translation to the Group's currency (Euro) is made using the exchange rate as at the balance sheet date. Exchange rate differences arising from this translation are recorded under the equity caption "Conversion reserves", include in the caption "Others reserves".

Goodwill transferred through the demerger process (Introductory Note) arising from acquisitions made prior to the date of transition to IFRS (1 January 2004) is stated using the carrying amounts in accordance with generally accepted accounting principles in Portugal and was subject to impairment tests. The impact of these adjustments was recorded in the caption "Other reserves", in accordance with IFRS 1. Goodwill arising from the acquisition of foreign companies was recalculated retrospectively using the local currency of each subsidiary.

The Group will chose, on an acquisition-by-acquisition basis, to measure non-controlling interests either at their proportionate interest on the fair value of the assets and liabilities acquired, or at the fair value of the non-controlling interests themselves. Until 1 January 2010, non-controlling interests were always measured at their proportionate interest on the fair value of the acquired assets and liabilities.

Contingent consideration is recognized as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the 'Goodwill', but only as long as they occur during the 'measurement period' (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances that existed at the acquisition date, otherwise these changes must be recognized in profit or loss.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional 'Goodwill' and without any gain or loss recognized.

The moment a sales transaction to generate a loss of control, should be derecognized assets and liabilities of the entity and any interest retained in the entity sold should be premeasured at fair value and any gain or loss calculated on the sale is recorded in results.

The Group tests on an annual basis the impairment of goodwill. The recoverable amount of the cash-generating unities is computed based on the value of use. This computation implies the use of assumptions based on estimates of future events which may occur differently from expected.

e) Translation of financial statements of foreign companies

Assets and liabilities in the financial statements of foreign entities are translated to Euro using the exchange rates in force at the balance sheet date. Profit and loss and cash flows are converted to Euro using the average exchange rate for the period. The exchange rate differences originated are recorded in the equity caption "Conversion reserves".

Goodwill and adjustments to the fair value arising from the acquisition of foreign subsidiaries are recorded as assets and liabilities of those companies and translated to Euro at the balance sheet date exchange rate.

Whenever a foreign company is sold, the accumulated exchange rate differences are recorded in the statement of profit and losses as a gain or loss associated with the sale.

2.3 MAIN ACCOUNTING POLICIES

The main accounting policies used in the preparation of the consolidated financial statements are as follows:

a) Intangible assets

Intangible fixed assets are recorded at cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognised if it is likely that future economic benefits will flow to the Group, are controlled by the Group and if its cost can be reliably measured.

Development costs are recognised as an intangible asset if the Group has proven technical feasibility and ability to finish the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development costs which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

Internal costs related with maintenance and development of software are recorded as expenses in the statement of profit and loss for the period in which they are incurred, except when these costs are directly attributable to projects for which the existence of future economic benefits is likely. Being this the case, they are capitalized as intangible assets.

Amortisation is calculated on a straight line basis, as from the date the asset is first used, over its expected useful life (usually 3 to 5 years).

b) Tangible fixed assets

Tangible fixed assets acquired until 1 January 2004 (IFRS transition date) are recorded at deemed cost, which corresponds to its acquisition cost, or its acquisition cost re-valued in accordance with generally accepted accounting principles in Portugal until that date, net of accumulated amortisation and accumulated impairment losses.

Tangible assets acquired after that date, are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

(Amounts expressed in Euro)

Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each group of assets.

The depreciation rates used correspond to the following estimated useful lives:

	Years
Land and natural resources	20 to 50
Buildings and other constructions	10 to 50
Plant and machinery	2 to 15
Vehicles	2 to 10
Tools	4 to 14
Office equipment	2 to 10
Other tangible assets	3 to 10

Maintenance and repair costs related to tangible assets which do not increase the useful life or result in significant benefits or improvements in tangible fixed assets are recorded as expenses in the period they are incurred.

Tangible fixed assets in progress correspond to fixed assets still in construction and are stated at acquisition cost, net of impairment losses. These assets are depreciated from the date they are concluded or ready to be used under the conditions and for the use established by the management.

Gains or losses arising from the sale or disposal of tangible assets are calculated as the difference between the selling price and the asset's net book value as at the date of its sale/disposal, and are recorded in the statement of profit and loss under the captions "Other income" or "Other expenses", respectively.

c) Investment Properties

Investment properties of the Group correspond to the properties (land or building or part of a building or both) that are not use in the Group's activities: in the production or supply of goods or services or for administrative purposes or held for sale in the ordinary course of business.

Initially, investment properties are recorded at acquisition cost (including transaction costs) and, subsequently, are recorded at acquisition or production cost, net of impairment losses.

d) Lease contracts

Classifying a lease as financial or as operational depends on the substance of the transaction rather than the form of the contract.

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Tangible fixed assets acquired under financial lease contracts and the corresponding liabilities are recorded in accordance with the financial method. Under this method, the cost of the fixed assets and the corresponding liability are reflected in the balance sheet. In addition, interests included in the lease installments and depreciation of the fixed assets, calculated as explained in Note 2.3.b), are recorded in the statement of profit and loss of the period to which they apply.

The operational lease installments on assets acquired under long-term rental contracts are recognized in full as expenses in the period to which they refer to.

e) Subsidies from Government or other public entities

Subsidies for personnel training programmes or production support are recorded in the statement of profit and loss caption "Other income" when attributed, independently of when they are received.

Non-repayable subsidies obtained to finance investment in tangible fixed assets are recorded as "Other non-current liabilities" and "Other current liabilities" corresponding to the installments repayable in the long and short term, respectively. These subsidies are recognized in the statement of profit and loss in accordance with the depreciation of the related tangible fixed assets.

f) Impairment of assets, except for goodwill

Assets are assessed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss under the caption "Provisions and impairment losses".

The recoverable amount is the higher of an asset's net selling price and its value of use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of the disposal. The value of use is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior years is recorded when the Group concludes that the impairment losses previously recognized for the asset no longer exist or has decreased. The reversal is recorded in the statement of profit and loss as "Other income". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

g) Borrowing costs

Borrowing costs are recognised as expense in the statement of profit and loss for the period in which they are incurred, in an accrual basis.

When the Company contracts loans to specifically finance capital assets, the corresponding interests are capitalized, being part of the cost of the asset. The capitalization of these interests starts after the beginning of the preparation of the activities of construction, and ceases when the asset is ready for use or in case the project is suspended.

h) Inventories

Raw, subsidiary and consumable materials are stated at acquisition average cost, deducted from quantity discounts granted by suppliers, which is lower than its market value.

Finished and intermediate goods, sub-products and work in progress are stated at production cost, which includes the cost of raw materials, direct labour and production overheads, which is lower than market value. Therefore, harvested wood owned by the Group is valued at production cost, which includes the costs incurred with the cutting, gathering and transport of harvested wood, as well as the accumulated cost of plantations, maintenance and administrative expenses in proportion to the harvested area.

When necessary the Group companies record impairment losses to reduce inventories to its net realisable or market value.

i) Biological assets

Part of Altri's activity consists in in the cultivation of several species of forestry, especially eucalyptus, which are used as raw material for paper pulp's production. At the end of the year, the plantations owned by the Group are classified in the caption "Biological assets". The forest lands owned by the Group are valued in accordance with accounting policy described in Note 2.3 b) and are classified in the caption "Tangible assets" of the consolidated financial statements.

Because of the inexistence of an active market of this forestry species in Portugal and given the impossibility of obtaining a reliable estimation of the present value of future cash flows generated by these biological assets, the Board of Directors opted to record biological assets at its historical cost, net impairment losses. This includes all the expenses incurred with plantation and with its development.

The cost of wood is transferred to production cost when the wood is harvested. The cost of wood harvested is determined based on the specific cost of each plantation attributed to each harvesting, which also includes the costs incurred on each plantation since the last harvesting.

It is not possible to estimate a reliable fair value of biological assets because of the reasons described above. However, the Board of Directors believes it value is bigger than it book value. The Board explain this by presenting the fact that the forest management activity is concentrated in Altri Florestal S.A., which has been generating a balanced exploitation's activity. In Altri Florestal or in others suppliers the industrial units of the Group purchase its raw material at the same price.

j) Provisions

Provisions are recognised when, and only when, the Group has an obligation (legal or constructive) arising from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at each balance sheet date to reflect the best estimate as of that date.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the involved parties.

k) Pension complements

Some Group companies have assumed commitments to provide pension complements to employees retiring due to age or disability. To cover these liabilities there have been created autonomous pension funds, which annual charges, computed in accordance with actuarial analysis, are recorded in the statement of profit and loss in accordance with IAS 19 – "Employee benefits".

Any insufficiency of coverage by the autonomous pension funds that happened in order of rendered services is recorded as a liability in the financial statements of the Group.

When the financial situation of autonomous pension funds is superior to past services' responsibilities, Altri records an asset in its financial statements because this difference corresponds to less appropriations' necessities for pension funds in the future.

These liabilities were calculated under the "Projected unit credit method" under the actuarial and financial assumptions deemed to be the most adequate (Note 30).

l) Financial instruments

i) Investments

Investments held by the Group are divided into the following categories:

Investments held to maturity, are classified as non-current assets unless they mature within 12 months of the balance sheet date. The investments classified as held to maturity are non-derivative assets with defined or determinable payment dates, have defined maturity and the Group has the intention and ability to maintain them until the maturity date.

Investments measured at fair value through profit and loss are classified as current assets. The purpose of these investments is to obtain short term profits.

Investments available for sale are all the other investments that are not classified as held to maturity or measured at fair value through profit and loss, being classified as non-current assets.

Investments are initially measured at cost, which is the fair value of the price paid, including transaction costs if related with held to maturity and available for sale investments.

Investments available for sale and investments measured at fair value through profit and loss are subsequently measured at fair value by reference to the market value at the balance sheet date without any deduction for transaction costs which may be incurred until its sale. Investments in equity instruments which are not listed on a stock exchange market and whose fair value cannot be reliably measured are stated at cost net of impairment losses. Investments held to maturity are recorded at amortised cost, using the effective interest method.

Gains or losses arising from a change in the fair value of available for sale investments are recognised under the equity caption “Fair value reserve” included in caption “Other reserves”, until the investment is sold or disposed, or until it is determined to be impaired, at which time the cumulative loss previously recognised in equity is transferred to profit and loss account for the period.

All purchases and sales of investments are recorded on its trade date, independently of the liquidation date.

ii) Accounts receivable

Receivables from “customers” and “other debtors” are stated at nominal value less impairment losses so that those receivables reflect its net realisable value. The current accounts receivable not include interests because discount’s impact is not considered immaterial.

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each group company takes into consideration market information which shows the client default in their responsibilities’, as well as historic information on outstanding debts not received.

Recognized Impairment losses equals to the difference between the nominal value of the receivable balance and the correspondent present value of future estimated discounted cash-flows at the initial effective interest rate; when the payment is expected to occur in a period less than a year, the rate is considered null.

iii) Loans and non-current payable accounts

Loans and non-current payable accounts are recorded in liabilities by amortised cost, using the effective interest rate method. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Assets and liabilities are compensated and presented for its net amount as long as there is the right for compulsory fulfilment of compensation and the Board of Directors intends to realise them on a net basis or realise the asset and simultaneously settle the liability.

iv) Accounts payable

Non-interest bearing accounts payable are stated at nominal value, once the discount effect is immaterial.

v) Derivatives

Altri Group uses hedge derivatives for the management and hedging of its financial risks not being used for the purpose of trading.

Derivatives classified as cash flow hedge instruments are used by the Group mainly to hedge interest rate fluctuation, exchange rate and to fix pulp price. The index, the computation conventions, the interest rate hedging instruments are similar to the ones established for the underlying loans and therefore are qualified as perfect hedging. The derivatives most used by the Group are the price indexations of pulp using future contracts.

The Group’s criteria for classifying a derivative instrument as a cash flow hedge instrument are:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the forecasted transaction that is being hedged is highly probable.

The cash flow hedge instruments are recorded at its fair value. Changes in the fair value of these instruments are recorded in assets or liabilities, against the corresponding entry under the equity caption “Hedging reserves”, and transferred to the statement of profit and loss when the operation subjected to hedging affects the net profit.

The determination of the fair value of these financial instruments is made with informatics systems of derivative instruments valuation and had, on its basis the actualization, for the balance sheet date, of the future fix and variable leg cash flows of the derivative instrument.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded and deferred in equity under the caption “Hedging reserves” are transferred to profit and loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract and when these are not stated at fair value with gains and losses not realizable are recorded in the profit and loss statement.

When derivative instruments, although specifically contracted to hedge financial risks, do not fulfil the requirements listed above to be classified and accounted as hedge instruments, the changes in fair value are directly recorded in the profit and loss statement, as financial results.

vi) Financial liabilities and Equity instruments

Financial liabilities and equity instruments are classified and accounted for based upon its contractual substance. Equity instruments are those that represent a residual interest upon the Group’s net assets and are recorded by the amount received, net of costs incurred with its issuance.

vii) Own shares

Own shares are recorded at acquisition cost as a deduction to equity captions. Gains or losses on its sale are recorded in the equity caption “Other reserves” not affecting the project and loss statement for the period.

viii) Discounted bills and accounts receivable transferred to factoring companies

Only when the assets´ cash flows contractual right has expired or when the risks and benefits inherent to those assets property are transferred to a third entity the Group derecognise the financial assets of its financial statements. If the Group retains substantially the risks and benefits inherent to the property of such assets, the Group continues to recognize them in its financial statements, by recording in the caption “Other loans” the monetary counterparty for the conceded assets.

In consequence, the costumers balances formed by non-outstanding discounted bills and accounts receivable transferred to factoring companies as of the balance sheet date, with exception of the non-appealing factoring operations are recognized in the Group’s financial statements until the moment of its collection.

ix) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks on demand and term deposits and other treasury applications which reach maturity within less than three months and may be mobilized without significant risk of change in value.

For purposes of the consolidated statement of cash flows, “Cash and cash equivalents” caption also includes bank overdrafts, which are included in the balance sheet caption “Bank loans”.

x) Assets classified as held for sale or in discontinuation

The assets and liabilities are classified as held for sale or in discontinuation, when their realization is made not by its use but by its sale. The Group classifies assets and liabilities in this caption when exists a high probability of its sale becomes effective and the assets and liabilities are available for immediate sale. The Board of Directors is committed in the sale of the assets and liabilities recorded in this caption, and is their understanding that this sale will be completed in the next twelve months.

The assets classified as held for sale or in discontinuation are valued at the lower of its accounting value at the date of the sale decision and its fair value deducted of their selling costs.

m) Contigent assets and liabilities

Contingent assets are possible assets arising from past events and whose existence will be confirmed, or not, by uncertain future events not controlled by the Company.

Contingent assets are not recorded in the consolidated financial statements but only disclosed when the existence of future economic benefits is likely.

Contingent liabilities are defined by the Company as (i) possible obligations that arise from past events and which existence will be confirmed, or not, by one or more occurrences of uncertain future events not controlled by the Company, or (ii) present obligations that arise from past events but that are not recorded because it is unlikely that an outflow of resources occurs to settle the obligation or the obligation amount cannot be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed, unless the probability of a cash outflow is remote, in which case no disclosure is made.

n) Income tax

Income tax for the period is determined based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is determined based on the taxable results of the companies included in the consolidation, in accordance with tax regulations in force at the location of the head office of each Group company, considering the annual estimated income tax rate.

For some of the companies included in the consolidation of Altri Group by the full consolidation method, the income tax is determined in accordance with article 69 of the Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas), under the special regime of taxation of groups of companies.

Deferred taxes are computed using the balance sheet liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the correspondent amounts for tax purposes. Deferred taxes are computed using the tax rate that is expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow such deferred tax assets to be used. At the end of each period the company reviews its recorded and unrecorded deferred tax assets which are reduced whenever its realization ceases to be likely, or recorded if it is likely that taxable profits will be generated in the future to enable its recovery.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in the same equity captions.

o) Income recognition and accrual basis

Revenue arising from the sale of goods is recognized in the consolidated income statement when (i) the risks and benefits have been transferred to the buyer, (ii) the company retains neither continued management involvement in a degree usually associated with ownership nor effective control over the goods sold, (iii) the amount of the revenue can be measured reasonably, (iv) it is likely that the economic benefits associated with the transaction will flow to the Company, and (v) the costs incurred or to be incurred related with the transaction can be reliably measured. Sales are recorded net of taxes, discounts and other expenses arising from the sale, and are measured at the fair value of the amount received or receivable.

Dividends are recognized as income in the period its distribution is approved.

All other income and expenses are recognized in the period to which they relate, independently of when the amounts are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in the captions “Other current assets”, “Other current liabilities”, “Other non-current assets” and “Other non-current liabilities”.

When the actual amount of income or expenses is yet unknown, these are recorded based on the best estimate of the Board of Directors of the Group companies.

p) Balances and transactions expressed in foreign currencies

All assets and liabilities expressed in foreign currencies were translated to Euro using the exchange rates in force on the balance sheet date.

Favorable and unfavorable exchange differences arising from changes in the exchange rates between those prevailing on the dates of the transactions and those in force on the dates of payment, collection or as of the balance sheet date are recorded in the consolidated statement of profit and loss, except the ones related to non-monetary values which fair value variation be directly recorded in equity.

q) Subsequent events

Post balance sheet date events that provide additional information about conditions that existed at the balance sheet data (“adjusting events”), are reflected in the consolidated financial statements. Post balance sheet date events that provide information about conditions that have only arise after the balance sheet date are considered “non-adjusting events” and are disclosed in the notes to the financial statements, if material.

r) Segment information

In each period, the Company identifies the most adequate segment division taking into consideration the business areas in which the Group is present.

At the moment, Altri Group has only one business segment (production and commercialization of bleached paper pulp from eucalyptus) for which the internal report of segmental information is analyzed under this assumption.

s) Jugments and estimates

In preparing the consolidated financial statements in accordance with IAS / IFRS, the Group's Board of Directors has adopted certain assumptions and estimates that affect the reported assets and liabilities and income and expenses incurred for the periods reported. All estimates and assumptions made by the Board were made based on your best knowledge existing at the date of approval of the financial statements, events and transactions in progress.
The most significant accounting estimates reflected in the consolidated income statements include:

a) Useful lives of the tangible and intangible fixed assets;
b) Impairment analysis of goodwill and of other tangible and intangible fixed assets;
c) Recognition of impairment on assets, namely inventory and account receivables, and provisions;
d) Pension Fund responsibilities calculation; and
e) Fair value of Derivative Financial Instruments.

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by the Group nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the date of these consolidated financial statements, will be recognised in net income, in accordance with IAS 8, using a prospective methodology.

2.4 FINANCIAL RISK MANAGEMENT

Altri´s Group is exposed essentially to the: (i) market risk; (ii) liquidity risk and (iii) credit risk. The main objective of the Board of Directors, on what risk management concerns, is to reduce these risks to a level considered acceptable for the development of the Group activities. The guiding lines of the risk management policy are defined by Altri´s Board of Directors, which determines the acceptable risk limits. The operational concretization of the risk management policy is made by the Board of Directors and by the management of each participated company.

a) Market risk

At this level of market risk, a particular importance is given to interest rate risk, exchange rate risk, variability of the commodities' price risk and forest management and production of eucalyptus risk.

The Group uses derivative instruments on the management of their market risks which is exposed as a way of ensure its hedging and does not use derivative instruments with the objective of negotiation or speculation.

i) Interest rate risk

The exposure of the Group to interest rate results of the long term loans constituted, mainly, by debt indexed to Euribor.

The Group uses derivative instruments or similar transactions for hedging interest rate considered significant. Three principles are used in the selection and determination of the hedging instruments of interest rate:

- For each derivative or hedging instrument used to protect the risk associated with a particular funding, there is coincidence between the dates of the flow of interests paid on loans to be hedged and the dates of liquidation under the hedging instruments;

- Perfect equivalence between the base rates: the indexing used in derivative or hedging instrument should be the same as that applicable to the financing or transaction that is being hedged; and

- Since the beginning of the transaction, the maximum cost of debt resulting from the hedging transaction undertaken, is known and limited, even in scenarios of extreme changes in interest rates market.

Since the entire indebtedness of Altri is indexed to floating rates, interest rate swaps are used when it is considered necessary as a mean of protection against changes in future cash flows associated with interest payments. The interest rate swaps agreed have the economic effect of converting the loans linked to variable rates to fixed rates. Under these contracts the Group agrees with other parties (banks) to exchange, in pre-determined periods of time, the difference between the amount of interest calculated at the fixed rate and variable rate contracted at that time, with reference to the respective amounts previously agreed.

The counterparts of the hedging instruments are limited to high credit quality financial institutions, since the Group policy priority is the hiring of these instruments with banks that are part of its financing operations. For purposes of determining the counterpart of specific operations, Altri requests proposals and indicative prices from a representative number of banks to ensure adequate competitiveness of these operations.

In determining the fair value of hedging transactions, the Group uses certain methods, such as valuation models of options and discounted future cash flows, as well as certain assumptions that are based on the interest rate market conditions prevailing at the date of the consolidated financial statement position. Quotes of comparative financial institutions, for specific instruments, are used as reference for evaluation.

The Board of Directors approves the terms and conditions of the relevant funding of the Group, analysing the structure of such debt, the risks and the different options available in the market, particularly regarding the type of interest rate (fixed / variable).

(Amounts expressed in Euro)

The Group objective is to limit the cash-flows and results volatility according to its operational activity through the utilization of an adequate combination of fix and variable tax debt. The Group policy allows the use of interest rate derivatives in order to obtain a reduction of the exposure to Euribor variations and not to speculative purposes.

Most derivative instruments used by the Group in interest rate management are defined as cash-flow hedging instruments as these configure perfect hedging relations. The index, the computation conventions, the interest rate hedging instruments are similar to the ones established for the underlying loans. Nevertheless, there are some derivative instruments which, although have been contracted with the hedging interest risk objective, do not match with the requirements above defined for the hedging instruments classification.

The sensitivity analysis of the results of Altri to the changes in interest rate is in the Note 21.

ii) Exchange rates risk

The Group is exposed to exchange rates risk in transactions related with the finished goods sales in international markets with different currency from Euro.

Whenever the Board of Directors considers necessary to reduce the volatility of their results to the variability of exchange rates the exposition is managed trough forwards programs or other exchange rates derivatives.

As of 31 December 2011 and 2010 the balances expresses in USD are as follow:

	31.12.2011	31.12.2010
Accounts receivable	15.233.383	8.023.736
Accounts payable	23.095	13.515.452
Bank deposits (Note 17)	5.679.053	11.802.497
	20.935.531	33.341.685

Additionally, as of 31 December 2011 and 2010 the balances in a currency different from Euro and USD are as follow:

	31.12.2011	31.12.2010
Accounts payable	215.962	-
	215.962	-

The Board of Directors considers that eventual changes in exchange rates do not have a significant effect in the consolidated financial statements.

iii) Variability risk on commodities price

By developing its activity in a commodity transactional industry (paper pulp), the Group is particularly exposed to its price fluctuations, with the correspondent impacts in their results. However, in order to manage this risk, paper pulp price fluctuations hedging contracts were celebrated by the adequate amounts by the foreseen operations, reducing the volatility of its results.

The increase/decrease of 5% in the pulp price commercialized by the Group during 2011 would have implied an increase/decrease on operational results, approximately of 20 million euro, without considering the effects of the pulp’s derivatives (Note 28) and keeping everything else constant.

iv) Forest management and eucalyptus production risks

Altri, through its subsidiary Altri Forest, has the management of a forest assets of about 85,000 hectares, where 79% are eucalyptus. The forest is certified by FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification), entities that establish the principles and criteria for which is evaluated the sustainability of the forest’s management in economic, environmental and social terms.

In this context, all forestry activity is directed towards the optimization of available resources while preserving the environmental stability and ecological values present in its assets and ensuring its development.

The risks associated with any forestry activity are also present in Altri Forest's management. Forest fires, pests and diseases that can occur in forests spread through the country are the biggest risks facing this sector. These threats, if they occur, depending on its intensity, affect the normal function of the forest's exploration and the production's efficiency.

In order to prevent and reduce the impact of forest fires, the Forest Altri participates, together with the Portucel Soporcel, in a company called AFOCELCA that has the goal of providing, coordinating and managing the resources available for fire-fighting. At the same time, are made large investments to clean forest areas in order to reduce the risk of spread of the fires as well as mitigate its losses.

Regarding pests and diseases, its emergence can significantly reduce the growth of the forest productivity causing irreversible damage. For combating these problems were established integrated fight procedures by releasing specific parasitoids from Australia or through the use of phytopharmaceuticals products to control populations of insects and reduce the negative effects of its presence. On the other hand, in the areas more affected, Altri Forest is using genetic material more suitable for new plantations which, by its characteristics, allow more resistance to these pests and diseases.

The increase/decrease of 5% in the wood price during 2011 would have implied an increase/decrease on operational results, approximately of 9 million euro, keeping everything else constant.

b) Liquidity risk

The purpose of liquidity risk management is to ensure, at all times, that the Group has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy trough an adequate financing maturities management.

The Group prosecutes an active refinancing policy distinguished by the maintenance of high free and immediate available resources to face short term necessities and the extension or sustenance of the debt maturity in accordance with the predicted cash flows and the Balance leverage capability.

The liquidity analysis' for financial instruments is disclosed next to the respective note to each financial liabilities class.

c) Credit risk

The Group is exposed to the credit risk in its current operational activity. This risk is controlled trough a collecting information system of financial and qualitative information provided by recognized entities that supply information of risks, which allow the assessment of the clients' viability in the fulfilment of their obligations in order to reduce the credit concession risk. The amounts presented in the balance sheet are net of accumulated impairment losses to doubtful debts which were estimated by the Group; as a result these assets are presented at fair value.

The evaluation of credit risk is made on a regular basis, taking into consideration the current conditions of economic conjuncture and the specific situation of credit rating of each debtor, adopting corrective measures whenever necessary.

The risk credit is limited by the risk concentration management and a strict selection of counterparts as well as the contracting of credit insurances' to specialized institutions which ensure a significant part of the conceded credit in result of the activity developed by the Group.

The adjustments to accounts receivable are calculated taking into consideration (i) the risk profile of the customer, (ii) the average collection period, and (iii) the customer's financial conditions.

The amounts included in the face of the consolidated statement of financial position are presented net of accumulated impairment losses, and therefore, at its fair value.

(Amounts expressed in Euro)

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISTAKES

During the year there were no changes in accounting policies and were identified no material mistakes related to previous years.

Additionally, considering the specific nature of each item, some reclassifications and redenominations were made at the consolidated financial statement as at 31 December 2010, which, although not distorting in a material way such consolidated financial statements, contribute to a better understanding of them, as follows:

i) The caption "Investments in associated companies" was renamed to "Investments in associated companies and joint ventures";
ii) The caption “Consolidation differences” was renamed to “Goodwill”;
iii) Payments associated to biological assets that were classified in 31 of December of 2010 in the Consolidated Statement of Cash Flows as investment activities were reclassified as payments of operational activities, given its nature; and
iv) Others reclassifications

	31-12-2010		
	Initial Version	Reclassification	Final Version
Tangible fixed assets	500.152.206	334.349	500.486.555
Investment property	-	214.213	214.213
Investments available for sale	10.650.046	(548.562)	10.101.484

4. INVESTMENTS

4.1 INVESTMENTS IN SUBSIDIARIES

The companies included in the consolidated financial statements by the full consolidation method, its headquarters, percentage participation held and main activity as of 31 December 2011 and 2010, are as follows:

Company	Head Office	Percentage Held		Activity
		2011	2010	
Mother-Company				
Altri, SGPS, S.A.	Porto			Investment management
Group Caima / Celtejo / Celbi:				
Celulose do Caima, SGPS, S.A.	Lisbon	100%	100%	Investment management
Caima Indústria de Celulose, S.A.	Lisbon	100%	100%	Production and commercialisation of pulp
Altri Florestal, S.A.	Lisbon	100%	100%	Sylvan exploration
Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.	Lisbon	100%	100%	Production of energy
Invescaima – Investimentos e Participações, SGPS, S.A.	Lisbon	100%	100%	Investment management
Inflora – Sociedade de Investimentos Florestais, S.A.	Lisbon	100%	100%	Sylvan exploration
Sócasca – Recolha e Comércio de Recicláveis, S.A. (a)	Águeda	-	100%	Commercialisation of recycled products
Celtejo – Empresa de Celulose do Tejo, S.A.	Vila Velha de Ródão	99,83%	99,83%	Production and commercialisation of pulp
Altri - Energias Renováveis, SGPS, S.A.	Lisbon	99,83%	99,83%	Investment management
Celulose Beira Industrial (Celbi), S.A.	Figueira da Foz	100%	100%	Production and commercialisation of pulp
Celbinave – Tráfego e Estiva SGPS, Unipessoal, Lda.	Figueira da Foz	100%	100%	Freightage of ships
Viveiros do Furadouro Unipessoal, Lda.	Óbidos	100%	100%	Production of plants in nurseries and services related with forests and landscapes
Altri, Participaciones Y Trading, S.L.	Madrid, Spain	100%	100%	Investment management
Altri Sales, S.A.	Nyon, Switzerland	100%	100%	Commercialisation of pulp
Pedro Frutícola, Sociedade Frutícola, Lda.	Constância	100%	100%	Agriculture production
Captaraíz Unipessoal, Lda.	Lisbon	100%	100%	Property bying and selling

(a) Company sold during 2011 (Note 4.4)

All the above companies were included in the consolidated financial statements in accordance with the full consolidation method, as established in Note 2.2.a).

(Amounts expressed in Euro)

4.2 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The associated companies and joint ventures, percentage of capital held and main activity as of 31 December 2011 and 2010 are as follows:

Company	Percentage held		Activity
	2011	2010	
Associated Companies:			
Operfoz – Operadores do Porto da Figueira da Foz, Lda.	33,33%	33,33%	Harbor operations
Joint Ventures:			
EDP – Produção Bioeléctrica, S.A.	50%	50%	Energy production and trading

These companies were included in the consolidated financial statements in accordance with the equity method, as explained in Note 2.2b) and Note 2.2.c).

The book value, share capital and net profit for the year ended on 31 December 2011 for these companies were as follows:

Company	Book value (a)	Asset	Equity	Net profit
Associated Companies:				
Operfoz – Operadores do Porto da Figueira da Foz, Lda.	376.642	3.497.092	1.133.015	155.378
Joint Ventures:				
EDP – Produção Bioeléctrica, S.A.	6.657.958	154.801.672	8.852.643	2.078.146
	7.034.600			

(a) – includes loans granted.

The accounting policies used by these companies do not differ significantly from those used by the Altri's Group, fact that led to no accounting policies harmonization.

4.3 INVESTIMENTS AVAILABLE FOR SALE

As of 31 December 2011 and 2010 the investments available for sale and their book value as of that date, were as follows:

	Book value	
	2011	2010
Rigor Capital - Produção de Energia, Lda.	10.000.000	10.000.000
Others investments	93.935	101.484
	10.093.935	10.101.484

The caption "Investment Available for sale" includes financial investments under 20%, in companies where Altri Group has no significant influence on its management and their cost is recorded in its acquisition cost, net impairments losses, according to the accounting policy of the Note 2.3 I) i).

Altri Group believes that there are no significant differences between book value and fair value of these investments available for sale. In the particular case of Rigor Capital- Produção de Energia Lda., this assumption is justified because in the date of its acquisition, in 2010, Altri Group obtained an external evaluation, which predictions and statements are still current this year, according to the Board of directors.

(Amounts expressed in Euro)

4.4 OPERATIONAL UNITS IN DISCONINUATION

During the year ended 31 December 2011 the Group sold the subsidiary Sócasca – Recolha e Comércio de Recicláveis,S.A. (“Socasca”).

As of 31 December 2011 and 2010 the detail of income generated by the discontinued operations, were as follows:

	31.12.2011	31.12.2010		
	Sócasca	Sócasca	CPK	Total
Sales and Services rendered	3.260.648	5.958.617	-	5.958.617
Other income	471.461	578.632	700.562	1.279.194
Cost of sales	(1.375.176)	(2.941.099)	(92.302)	(3.033.401)
External supplies and services	(1.771.332)	(2.269.826)	(59.666)	(2.329.492)
Payroll expenses	(260.679)	(393.932)	-	(393.932)
Other expenses	(49.938)	(339.700)	(18.500)	(358.200)
Amortisation and depreciation	(236.336)	(496.249)	-	(496.249)
Provisions and impairment losses	-	102.922	(50.000)	52.922
Financial income	-	-	3.175	3.175
Financial expenses	(71.679)	(62.010)	(2.233)	(64.243)
Profit before income tax	(33.031)	137.357	481.036	618.393
Income tax	(4.005)	(16.306)	-	(16.306)
Net profit	(37.036)	121.051	481.036	602.087
Loss generated by the sale of this investment	(2.570.973)	-	-	-
Assets net from liabilities in discontinuation	**(2.608.009)**	**121.051**	**481.036**	**602.087**

This investment was sold for an amount of 2.300.000 Euro (Note 17).Until 31 December 2011 were received 500.000 Euro, and are pending at that date 1.800.000 Euro (Note 14). Additionally, the opening balance of cash and its equivalents of this entity considered in the financial statements of 31 December 2010 amounted 115.072 Euros, so the impact on cash flows from the exit of consolidation perimeter of this entity are these two effects.

Additionally, in the end of December 2008 the industrial paper unit of CPK - Companhia Produtora de Papel *Kraftsack*, S.A was sold, which was dissolved with effects at 30 November 2010, because of this, the net profit of this company until the date of payment was presented in the Income Statement caption “Profit for the year from discontinued operations”. The settlement of this entity has not generated significant impacts on the cash flows statement.

5. CHANGES IN THE GROUP COMPANIES

During the year ended December 31, 2011, the only change recorded in the Group was the one refered in Note 4.4.

During the year ended December 31, 2010, the companies Sosapel - Sociedade Comercial de Sacos de Papel, Lda and CPK – Companhia Produtora de Papel Kraftsack, S.A. were dissolved, without significant impacts to the Group consolidated statements.

(Amounts expressed in Euro)

6. FINANCIAL INSTRUMENTS BY CLASS

Financial instruments, according to the policies described in Note 2.3.I), were classified as follow:

31 December 2011	Notes	Loans and receivables	Available for sale	Total
NON CURRENT ASSETS:				
Investments available for sale	4.3	-	10.093.935	10.093.935
		-	10.093.935	10.093.935
CURRENT ASSETS:				
Customers	13	66.672.815	-	66.672.815
Other debtors	14	9.087.406	-	9.087.406
Cash and cash equivalents	17	112.746.939	-	112.746.939
		188.507.160	-	188.507.160
		188.507.160	10.093.935	198.601.095

31 December 2010	Notes	Loans and receivables	Available for sale	Total
NON CURRENT ASSETS:				
Investments available for sale	4.3	-	10.101.484	10.101.484
		-	10.101.484	10.101.484
CURRENT ASSETS:				
Customers	13	92.068.214	-	92.068.214
Other debtors	14	4.569.242	-	4.569.242
Cash and cash equivalents	17	129.867.635	-	129.867.635
		226.505.091	-	226.505.091
		226.505.091	10.101.484	236.606.575

31 December 2011	Notes	Financial liabilities	Derivatives	Total
NON CURRENT LIABILITIES:				
Bank loans	21	11.875.000	-	11.875.000
Other loans	21	538.771.928	-	538.771.928
Other non current creditors	23	699.819	-	699.819
		551.346.747	-	551.346.747
CURRENT LIABILITIES:				
Bank loans	21	157.121.714	-	157.121.714
Other loans - short term	21	136.442.543	-	136.442.543
Suppliers	25	66.608.803	-	66.608.803
Other current creditors	26	8.233.010	-	8.233.010
Derivatives	28	-	14.751.984	14.751.984
		368.406.070	14.751.984	383.158.054
		919.752.817	14.751.984	934.504.801

31 December 2010	Notes	Financial liabilities	Derivatives	Total
NON CURRENT LIABILITIES:				
Bank loans	21	139.152.447	-	139.152.447
Other loans	21	548.481.286	-	548.481.286
Other non current creditors	23	373.396	-	373.396
		688.007.129	-	688.007.129
CURRENT LIABILITIES:				
Bank loans	21	26.959.384	-	26.959.384
Other loans - short term	21	154.668.303	-	154.668.303
Suppliers	25	82.686.678	-	82.686.678
Other current creditors	26	39.869.439	-	39.869.439
Derivatives	28	-	23.456.778	23.456.778
		304.183.804	23.456.778	327.640.582
		992.190.933	23.456.778	1.015.647.711

(Amounts expressed in Euro)

Financial instruments recognized at fair value

The following table details the financial instruments are measured at fair value after initial recognition, grouped into three levels according to the degree to which the fair value observable:

Level 1: fair value is measured based on quoted prices of assets;

Level 2: fair value is measured based on valuation techniques. The main inputs of the valuation models are observable in the market;

Level 3: fair value is measured based on valuation models, whose main inputs are not observable in the market.

	31.12.2011			31.12.2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities recorded at fair value						
Derivatives (Note 28)	-	14.751.984	-	-	23.456.778	-

In December 31, 2011 and 2010 did not exist financial assets whose terms have been renegotiated and if had not been renegotiated were past due or impaired.

7. TANGIBLE FIXED ASSETS

During the years ended 31 December 2011 and 2010, the movement occurred in tangible fixed assets and the corresponding accumulated depreciation, was as follows:

2011

Gross assets	Land	Buildings and other constructions	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advances on account of fixed assets	Total
Opening Balance	27.975.087	105.450.626	919.487.639	4.037.652	9.391.251	13.672.815	13.543.603	779.940	1.094.338.613
Changes in perimeter (Note 4.4)	(1.001.233)	(1.154.726)	(1.526.916)	(783.679)	(41.768)	(12.312)	(43.772)	-	(4.564.406)
Additions	19.310	229.241	7.048.928	587.900	68.695	211.110	7.229.440	-	15.394.624
Disposals	(1.698.148)	(367.048)	(1.614.266)	(340.956)	(73.232)	(51.414)	-	(16.722)	(4.161.786)
Transfers and write-offs	1.295.500	229.915	11.466.429	(34.275)	688.477	-	(13.183.927)	(180.006)	282.113
Closing balance	26.590.516	104.388.008	934.861.814	3.466.642	10.033.423	13.820.199	7.545.344	583.212	1.101.289.158

Accumulated deppreciation	Land	Buildings and other constructions	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advances on account of fixed assets	Total
Opening Balance	6.378.602	82.775.972	480.645.161	3.213.220	8.221.370	12.617.733			593.852.058
Changes in perimeter (Note 4.4)	-	(353.749)	(993.540)	(594.936)	(39.925)	(8.233)			(1.990.383)
Additions	463.453	1.884.324	47.859.097	391.556	719.231	267.235			51.584.896
Disposals	-	(284.625)	(1.432.937)	(312.959)	(73.231)	(51.414)			(2.155.166)
Transfers and write-offs	-	(5.865)	-	(34.275)	-	(80.990)			(121.130)
Closing balance	6.842.055	84.016.057	526.077.781	2.662.606	8.827.445	12.744.331			641.170.275
	19.748.461	20.371.951	408.784.033	804.036	1.205.978	1.075.868	7.545.344	583.212	460.118.883

2010

Gross assets	Land	Buildings and other constructions	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advances on account of fixed assets	Total
Opening Balance	27.902.383	107.257.175	727.229.634	4.099.749	11.620.313	12.707.640	182.855.994	3.269.305	1.076.942.193
Additions	1.288.679	29.607	16.029.148	390.631	375.135	362.652	13.028.392	16.323	31.520.567
Disposals	(221.435)	(1.530.506)	(4.357.537)	(884.881)	(79.047)	(83.081)	(27.100)	-	(7.183.587)
Transfers and write-offs	(994.540)	(305.650)	180.586.394	432.153	(2.525.150)	685.604	(182.313.683)	(2.505.688)	(6.940.560)
Closing balance	27.975.087	105.450.626	919.487.639	4.037.652	9.391.251	13.672.815	13.543.603	779.940	1.094.338.613

Accumulated deppreciation	Land	Buildings and other constructions	Plant and machinery	Vehicles	Office equipment	Other tangible assets	Work in progress	Advances on account of fixed assets	Total
Opening Balance	6.043.433	82.405.230	438.022.960	2.932.237	10.204.791	11.872.626			551.481.277
Additions	384.798	2.007.463	47.744.712	449.795	505.152	229.285			51.321.205
Disposals	-	(887.754)	(3.440.428)	(531.909)	(78.427)	(83.081)			(5.021.599)
Transfers and write-offs	(49.629)	(748.967)	(1.682.083)	363.097	(2.410.146)	598.903			(3.928.825)
Closing balance	6.378.602	82.775.972	480.645.161	3.213.220	8.221.370	12.617.733			593.852.058
	21.596.485	22.674.654	438.842.478	824.432	1.169.881	1.055.082	13.543.603	779.940	500.486.555

During the years ended of 31 December 2011 and 2010 the amortizations amounted to 51.584.846 Euro and 51.321.205 Euro, respectively, which were recorded in Profit and Losses Statement in caption "Amortizations and depreciations" (Note 37).

(Amounts expressed in Euro)

The net value of the caption "Transfers" at 31 December 2010 is related with the software transfer to intangible assets (Note 10).

The most significant values included in the caption "Tangible fixed assets in progress" as of 31 December 2011 and 2010 refer to the following projects:

	31-12-2011	31-12-2010
Improvement of the evaporation manufacturing facility	3.429.090	-
Renovation of parings silos	-	8.334.187
Other projects	4.116.254	5.209.416
Total	7.545.344	13.543.603

During the year ended of 31 December 2011, began the renovation project of plant for the evaporation process, especially in two subsidiaries: Caima Indústria de Celuloses, SA and Celtejo - Empresa de Celulose do Tejo, SA.

As of 31 December 2010 one major project was in progress: the increase and renovation of the parings silos in the subsidiary Celbi – Celulose da Beira Industrial, S.A., which was concluded in 2011.

8. INVESTMENT PROPERTIES

The amount registered in caption "Investment Properties" in December 31, 2011 and 2010 refers, essentially, to lands that are not used in the Group's activities.

The Board of Directors understand that the fair value of investment properties is superior to the net book value.

The movements in caption "Investment properties" during the year ended as of 31 December 2011 were as follows:

	2011	2010
	Gross Assets	
Opening balance	682.308	682.308
Additions	367.795	-
Transfers and write-offs	(36.964)	-
Closing balance	1.013.139	682.308
	Accumulated Amortisations	
Opening balance	468.094	457.276
Additions	10.818	10.818
Closing balance	478.913	468.094
Net amount	534.226	214.213

During the years ended as of 31 December 2011 and 2010 the amortizations amounted to 10,818 Euro and were recorded in caption "Amortizations and Depreciations" (Note 37).

(Amounts expressed in Euro)

9. GOODWILL

The movement occurred in goodwill and related impairment losses during the years ended as of 31 December 2011 and 2010 was as follows:

Opening Balance as of 01.01.2011	269.593.886
Decreases	(4.062.482)
Closing Balance as of 31.12.2011	265.531.404

Opening Balance as of 01.01.2010	269.401.310
Increases	192.576
Closing Balance as of 31.12.2010	269.593.886

The decreases recorded in 2011 are related to the sale of Sócasca – Recolha e Comércio de Recicláveis S.A. (Note 4.4) The increases recorded in 2010 are related to additional payments for the acquisition of Sócasca - Recolha e Comércio de Recicláveis, S.A., which were pending for the verification of certain events that were verified.

Goodwill is not amortised. Impairment tests to Goodwill are made on an annual basis and whenever an event or a change in circumstances that reveals the amount which the related asset is recorded could not be recoverable. Whenever the amount which the asset is recorded is superior to its recoverable amount impairment loss is recognized. The recoverable amount is the highest between the net sale price and the value of use. During 2011 and 2010, there were not recorded or reverted any impairment losses.

During 2011, in order to analyze the existence or not of impairment on the main goodwill amount that resulted from Celbi - Celulose Beira Industrial, SA acquisition, in the year 2006, amounting to 253,391,251 Euro, the Group evaluated this affiliated company, and concluded that there was no impairment at that goodwill level. That evaluation was based on Celbi's historical performance and an estimate of discounted cash flows based on a Celbi's 6 year business plan (since it is the Board's understanding that this is the most appropriate period given the cyclical nature of the operations of the Group) considering the long term price of paper pulp, not affect by the short term variations.

The main assumptions used in this calculation were:

Inflation rate	2,00%
Discount rate	10,43%
Growth rate in perpetuity	2,00%

The discount rate net of taxes (net of tax because the cash flow used in financial projections were also net of tax) used in 2011 was 10.43% and was calculated according to the WACC (Weigthed Average Cost of Capital), considering the following assumptions:

Risk-free interest rate	6,68%
Equity risk premium	6,00%
Debt risk premium	2,50%

The Group made a sensibility analysis of this evaluation to variations in key statements, having concluded that if considered a discount rate of 11.5% together with a null perpetual growth rate, the conclusion of no impairment to goodwill of the affiliate Celbi remained valid.

Regarding the remaining goodwill amounting to 12,140,153 Euro, in order to analyze the existence or not of impairment losses as of 31 December 2011, the Group made a comparison of net cash flows generated annually by company with the correspondent goodwill, and concluded that there was no impairment.

(Amounts expressed in Euro)

10. INTANGIBLE ASSETS

During 2011 and 2010, the movement in intangible assets, as well as in the corresponding accumulated depreciation, was as follows:

2011				
	Gross assets			
	Industrial property and other rights	Software	Other Intangible assets	Total
Opening balance	1.320	6.652.702	-	6.654.022
Additions	-	615.339	25.600	640.939
Disposals	-	-	-	-
Transfers and write-offs	-	456.467	-	456.467
Closing balance	1.320	7.724.508	25.600	7.751.428
	Accumulated depreciation			
	Industrial property and other rights	Software	Other Intangible assets	Total
Opening balance	1.320	6.128.895	-	6.130.215
Additions	-	655.521	8.533	664.054
Disposals	-	-	-	-
Transfers and write-offs	-	(32.196)	-	(32.196)
Closing balance	1.320	6.752.220	8.533	6.762.073
	-	972.288	17.067	989.355

2010						
	Gross assets					
	Installation expenses	Development expenses	Industrial property and other rights	Software	Intangible assets in progress	Total
Opening balance	50.193	2.809.900	84.983	-	120.022	3.065.098
Additions	-	-	-	87.027	-	87.027
Disposals	-	-	-	(37.251)	-	(37.251)
Transfers and write-offs	(50.193)	(2.809.900)	(83.663)	6.602.926	(120.022)	3.539.148
Closing balance	-	-	1.320	6.652.702	-	6.654.022
	Accumulated depreciation					
	Installation expenses	Development expenses	Industrial property and other rights	Software		Total
Opening balance	3.888	2.686.105	84.983	-		2.774.976
Additions	-	11.270	79	347.534		358.883
Disposals	-	-	-	(37.251)		(37.251)
Transfers and write-offs	(3.888)	(2.697.375)	(83.742)	5.818.612		3.033.607
Closing balance	-	-	1.320	6.128.895		6.130.215
	-	-	-	523.807	-	523.807

In 2011 and 2010 the amortizations amounted 664,054 Euro and 358,883 Euro, respectively, and were recorded in caption “Amortizations and Depreciations” (Note 37).

During 2010, the amounts included in “Transfers and write-offs” regards mainly with the write-off of development expenses that were totally depreciated and with the transfer of software expenses from the caption “Tangible fixed assets” (Note 7). Though this reclassification corresponds to a correction of inaccuracies in the classification of these assets in previous years, given its reduced net worth, approximately 500,000 Euro, this correction was not made retrospectively.

(Amounts expressed in Euro)

11. BIOLOGICAL ASSETS AND INVENTORIES

As of 31 December 2011 and 2010, the amount recorded in the caption "Biological assets" relates to the plantations and related charges held by the Group and can be detailed as follows:

	31.12.2011	31.12.2010
Biological assets	103.719.508	93.931.878
Accumulated impairment losses in biological assets (Note 22)	(380.006)	(380.006)
	103.339.502	93.551.872

As of 31 December 2011, the total area managed by Altri amounted 85.068 hectares. The eucalyptus' area had the following age distribution:

	31.12.2010	31.12.2011
0 - 5 years	36.955	34.489
6 - 10 years	25.139	28.301
> 10 years	4.644	4.998
	66.737	67.788

The rest of the area belongs to others forest residual species with minor importance.

As of 31 December 2011 and 2010 the caption "Inventories" was made up as follows:

	31.12.2011	31.12.2010
Raw , subsidiary and consumable materials	38.910.668	38.637.982
Work in progress	653.194	450.877
Finished and intermediate goods	27.051.183	15.346.153
	66.615.045	54.435.012
Accumulated impairment losses (Note 22)	(4.886.156)	(4.886.156)
	61.728.889	49.548.856

The cost of sales for the year ended 31 December 2011 amounted to 201,463,043 Euro and was computed as follows:

	Raw , subsidiary and consumable materials	Finished and intermediate goods	Work in progress	Biological assets	Total
Opening balance	38.637.982	15.346.153	450.877	93.931.878	148.366.890
Purchases	228.723.305	-	-	-	228.723.305
Inventory adjustment	(3.154.058)	(2.138.541)	-	-	(5.292.599)
Closing balance	(38.910.668)	(27.051.183)	(653.194)	(103.719.508)	(170.334.553)
	225.296.561	(13.843.571)	(202.317)	(9.787.630)	201.463.043

The values recorded in caption "Inventory adjustment" relate mostly to the effects in the caption of Sócasca exit of perimeter – Recolha e Comércio de Recicláveis S.A. (Note 4.4).

The cost of sales for the year ended 31 December 2010 amounted to 166,476,778 Euro and was computed as follows:

	Raw , subsidiary and consumable materials	Finished and intermediate goods	Work in progress	Biological assets	Total
Opening balance	23.006.154	19.080.657	390.629	80.866.853	123.344.293
Purchases	190.514.812	-	-	-	190.514.812
Inventory adjustment	73.005	295.804	-	615.754	984.563
Closing balance	(38.637.982)	(15.346.153)	(450.877)	(93.931.878)	(148.366.890)
	174.955.989	4.030.308	(60.248)	(12.449.271)	166.476.778

(Amounts expressed in Euro)

12. CURRENT AND DEFERRED TAXES

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a four-year period (five years for Social Security), except when there has been tax losses, there have been granted tax benefits, or tax inspections or claims are in progress, in which cases the periods may be extended or suspended. Therefore, the tax returns of Altri and its subsidiary and associated companies for the years 2008 to 2011 are still subject to review.

The Board of Directors of Altri believes that any potential corrections resulting from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of 31 December 2011 and 2010.

The movements occurred in deferred tax assets and liabilities in the years ended in 31 December 2011 and 2010 were as follow

	2011	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1 January 2011	14.712.478	777.344
Effects on income statement:		
Increases/(Decreases) in provisions not accepted for tax purposes	(220.231)	-
Harmonization of depreciation rates	1.650.525	-
Annulement of gains and transactions between group companies	29.503	-
Pension fund	(279.757)	(259.381)
Other effects	391.949	(73.796)
Total effect on income statement	1.571.989	(333.177)
Effect on shareholders' funds:		
Fair values of derivatives (Note 28)	(2.585.145)	-
Closing balance as of 31 December 2011	13.699.322	444.167

	2010	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1 January 2010	18.063.845	981.007
Effects on income statement:		
Increases/(Decreases) of tax losses carried forward	(5.969.632)	-
Increases/(Decreases) in provisions not accepted for tax purposes	(550.060)	-
Harmonization of depreciation rates	1.757.480	-
Annulement of gains and transactions between group companies	(392.648)	-
Pension fund	-	(135.091)
Other effects	126.972	(68.572)
Total effect on income statement	(5.027.888)	(203.663)
Effect on shareholders' funds:		
Fair values of derivatives (Note 28)	1.676.521	-
Closing balance as of 31 December 2010	14.712.478	777.344

(Amounts expressed in Euro)

As of 31 December 2011 and 2010 the detail of deferred tax assets and liabilities, in accordance with the timing differences that originated them, were as follows:

	31.12.2011		31.12.2010	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Provision and impairment losses not accepted for tax purposes	1.096.125	-	1.316.356	-
Fair value of derivatives	2.681.661	-	5.266.806	-
Pension fund	25.142	42.841	304.899	302.222
Harmonization of accounting principles	7.879.016	-	6.228.491	-
Annulement of gains and transactions between group companies	679.252	-	649.749	-
Other	1.338.126	401.326	946.177	475.122
	13.699.322	444.167	14.712.478	777.344

According to the legislation in force, the Group uses a deferred tax of 26.5% in those cases where there is a municipal income tax of 1.5%, except from deferred tax assets that result from tax losses carried forward, when it is used a rate of 25%. Was not considered the state pours because it wasn't understood as likely the taxation/deduction of a relevant part of the temporal differences in the estimated period of the rate application.

On December 31, 2011 were evaluated to recognize deferred taxes resulting from tax losses. In cases that originated deferred tax assets, these were only recorded to the extent that it is probable that taxable profits arising in future and that can be used to recover tax losses or deductible tax differences.

On December 31, 2011 there were tax losses carried forward amounting to approximately 19,100,000 Euro, of which the deferred tax assets prudently, they are not registered and amounted to approximately 4,700,000 Euro in case they were recorded.

Additionally, according to the legislation, pours state correspond to the application of an additional fee of 2.5% on the portion of taxable income exceeding 2,000,000 Euro.

Income taxes recorded in the profit and loss statement for the years ended 31 December 2011 and 2010 can be detailed as follows:

	31.12.2011	31.12.2010
Current income tax	4.341.835	11.819.211
Deferred income tax	(1.905.166)	4.824.225
	2.436.669	16.643.436

The reconciliation of the income before tax to the income tax is as follow:

	31.12.2011	31.12.2010
Profit before tax	27.605.496	78.179.463
Tax Rate (including municipal income tax)	26,50%	26,50%
	7.315.456	20.717.558
Other costs not accepted for tax purposes	31.137	322.545
Difference between tax and accounting capital gains	(656.606)	(751.586)
Update costs of forest holdings	(122.334)	(89.335)
Tax benefits	(2.708.502)	(5.200.580)
Local Tax	707.246	1.674.599
Other effects	(2.129.728)	(29.765)
Income tax	2.436.669	16.643.436

As of 31 December 2011 and 2010 the caption "Tax Benefits" is, essentially, composed by the utilization of the tax credit granted by the Portuguese State to Celbi – Celulose Beira Industrial (Celbi) S.A. under the tax incentive programme, in order to increase the investment in production's capacity (Note 21).

On December 31, 2011 the caption "Other effects" incorporate corrections to tax estmations of previous years in the amount of 1,926,376 Euro.

(Amounts expressed in Euro)

13. COSTUMERS

As of 31 December 2011 and 2010 this caption can be detailed as follows:

	31.12.2011	31.12.2010
Costumers, current accounts	66.931.140	92.315.798
Costumers, doubtful debts	528.394	379.394
	67.459.534	92.695.192
Accumulated impairment losses (Note 22)	(786.719)	(626.978)
	66.672.815	92.068.214

The Group's exposure to credit risk is attributable mainly to the accounts receivable resulting from the Group's operating activity. The amounts recorded in the balance sheet are presented net of accumulated impairment losses for doubtful accounts that were estimated by the Group, in accordance with its experience and based on the economic environment evaluation. The Board of Directors believes that the recorded net amounts are close to its fair value; once these accounts receivable do not pay interests and the discount effect is immaterial.

As of 31 December 2011 and 2010, the age of costumer's balances can be analysed as follow:

	31.12.2011	31.12.2010
Not due	57.560.895	82.836.594
Due with no impairment losses recorded		
0 - 30 days	4.500.245	2.938.765
30 - 90 days	4.243.653	4.135.899
> 90 days	368.022	2.156.956
	66.672.815	92.068.214

The Group contracted credit insurances to cover the recoverability risk from these accounts receivables as follow:

	31.12.2011	31.12.2010
With credit insurance	54.557.325	53.412.196
Without credit insurance	12.902.209	39.282.996
	67.459.534	92.695.192

The Group does not charge any interests as long as defined pay terms (in average 60 days) are respected. Once that period ends, interests are charged in accordance with the contract and the applicable law to each particular situation, which only occurs in extreme situations.

The Board of Directors understands that the receivable counts that are not overcome will be fully paid, taking into account the payment history and characteristics of the counterparties.

14. OTHER DEBTORS

As of 31 December 2011 and 2010 this caption can be detailed as follows:

	31.12.2011	31.12.2010
Advances to suppliers	327.012	682.285
Other debtors	9.559.190	4.784.925
	9.886.202	5.467.210
Accumulated impairment losses (Note 22)	(798.796)	(897.968)
	9.087.406	4.569.242

(Amounts expressed in Euro)

As of 31 December 2011 and 2010 the caption "Other debtors" is, mainly, composed by accounts receivable originated from the disposal of fixed assets and accounts receivable for which were constituted impairment losses. Additionally, on December 31, 2011 this caption also incorporate the receivable amount of 1,800,000 Euro due to the sell of Sócasca – Recolha e Comércio de Recicláveis, S.A. (Note 4.4).

As of 31 December 2011 and 2010, the age of the balances in “Other Debtors” can be analysed as follow:

	31.12.2011	31.12.2010
Not due	9.029.773	4.177.656
Due with no impairment losses recorded		
0 - 30 days	57.397	311.073
30 - 90 days	236	80.513
+ 90 days	-	-
	57.633	391.586
Total	9.087.406	4.569.242

The not due balances do not present any sign of impairment, the net accounting value of these assets is considered as being close to its fair value and its financial discount is not material.

The Board of Directors understands that the receivable counts that are not overcome will be fully paid, taking into account the payment history and characteristics of the counterparties.

15. STATE AND PUBLIC SECTOR

As of 31 December 2011 and 2010 this caption can be detailed as follows:

Debtor balances	31.12.2011	31.12.2010
Income tax	1.927.101	386.221
Retentions	984.552	535.800
Value added tax	9.187.553	6.806.183
Other taxes	1.482	5.745
	12.100.688	7.733.949
Creditor balances		
Income tax	-	(12.106.688)
Retentions - IRS dependent work	(784.914)	(926.521)
Social Security contributions	(630.618)	(530.551)
Value added tax	(160.201)	-
Other taxes	(160.404)	(42.687)
	(1.736.137)	(13.606.447)

16. OTHER CURRENT ASSETS

As of 31 December 2011 and 2010 this caption can be detailed as follows:

Accrued income:	31.12.2011	31.12.2010
Others	688.451	901.190
Deferred costs:		
Rents paid in advance	1.237.280	2.231.760
Pension fund (Note 30)	161.663	1.153.521
Insurances paid in advance	578.119	510.556
Other costs paid in advance	674.256	1.468.574
	3.339.769	6.265.601

(Amounts expressed in Euro)

17. CASH AND CASH EQUIVALENTS

As of 31 December 2011 and 2010 the caption "Cash and cash equivalents" can be detailed as follows:

	31.12.2011	31.12.2010
Cash	26.852	28.599
Bank deposits	112.720.087	129.839.036
	112.746.939	129.867.635
Bank overdrafts (Note 21)	(1.328.932)	(214.265)
Cash and cash equivalents	111.418.007	129.653.370

On bank overdrafts are considered credit balances in current accounts with financial institutions, included in the statement of financial position in the caption bank loans (Note 21).

According to Note 2.4) a) ii), on 31 December 2011 and 2010, the cash and cash equivalents balances in a non-euro currency amounted 5,679,053 Euro and 11,802,497 Euro, respectively. Since these amounts corresponds to bank deposits on demand that are constantly moved, the exchange rate effects on cash and cash equivalents held at the begging and ate the end of the years 2011 and 2010 are immaterial.

The amounts received related with financial investments during the year ended 31 December 2011 are as follow:

	Amount of transaction	Amount Received
EDP – Produção Bioeléctrica, S.A. (a)	4.860.000	4.860.000
Sócasca –Recolha e Comércio de Recicláveis, S.A. (Note 4.4)	2.300.000	500.000
	7.160.000	5.360.000

(a) – Reimbursement of loans

The amounts received related with financial investments during the year ended 31 December 2010 are as follow:

	Amount of transaction	Received Amount
EDP – Produção Bioeléctrica, S.A. (a)	1.175.000	1.175.000
	1.175.000	1.175.000

(a) - Reimbursment of loans

During 2010, the financial investment payments resulted of the acquisition of investment available for sale (Note 4.3).

18. OTHER NON CURRENT ASSETS

As of 31 December 2011 and 2010, this caption just includes rents paid in advance, that will be recorded as costs in the financial statements in the years that they belong.

(Amounts expressed in Euro)

19. SHARE CAPITAL AND RESERVES

Share Capital

As of 31 December 2011, the company's fully subscribed and paid up capital consisted of 205.131.672 shares with a nominal value of 12,5 cents of a Euro each.

On February 9, 2011, Altri was notified of the favorable decision of the administrative appeal brought by it, concerning the change in the nominal value of shares of 0.25 euro to 0.125 euro per share and the resulting change in the number of shares representing the capital stock to 205,131,672. On February 22, 2011, shares of Altri started to be traded on NYSE Euronext Lisbon with the new nominal value. Such restatement has been operationally completed on February 25, by splitting each share into two.

As of 31 December 2011 and 2010, there were no entities holding more than 10% of the subscribed share capital.

Legal reserves

The Portuguese commercial legislation provides that at least 5% of the annual net profit must be used to reinforce the "Legal reserve" until this caption represents at least 20% of the share capital.

As of 31 December 2011 and 2010, the Company presented the amount of 2,862,981 Euro of legal reserves, which cannot be distributed to shareholders unless the Company closes, although these reserves can be used to absorb losses after all other reserves are over, or incorporated in share capital.

Other Reserves

	31.12.2011	31.12.2010
Hedging reserves	(7.685.750)	(14.855.870)
Other reserves	97.270.756	39.387.315
	89.585.006	24.531.445

The caption "Hedging reserves" reflects the fair value of the derivative financial instruments classified as cash-flows hedging in the effective hedging component, net of the tax effect (Note 28).

Under Portuguese legislation, the amount of distributable reserves is determined based on the non-consolidated financial statements of the Company, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union.

20. NON CONTROLLING INTERESTS

The amounts of this caption during the years ended 31 December 2011 and 2010 are as follow:

	31.12.2011	31.12.2010
Opening balance	112.365	109.371
Net profit attributable to non controlling interests	(6.944)	2.994
Closing balance	105.421	112.365

(Amounts expressed in Euro)

21. BANK LOANS AND OTHER LOANS

As of 31 December 2011 and 2010, the captions "Bank loans" and "Other loans" can be detailed as follows:

	2011					
	Nominal Value			Book Value		
	Current	Non current	Total	Current	Non current	Total
Bank loans	155.806.954	11.875.000	167.681.954	155.792.782	11.875.000	167.667.782
Bank overdrafts (Note 17)	1.328.932	-	1.328.932	1.328.932	-	1.328.932
Bank loans	157.135.886	11.875.000	169.010.886	157.121.714	11.875.000	168.996.714
Commercial paper	111.000.000	128.000.000	239.000.000	110.629.490	127.831.518	238.461.008
Bonds	-	375.000.000	375.000.000	-	372.046.493	372.046.493
Other loans	26.870.888	38.893.917	65.764.805	25.813.053	38.893.917	64.706.970
Other loans	137.870.888	541.893.917	679.764.805	136.442.543	538.771.928	675.214.471
	295.006.774	553.768.917	848.775.691	293.564.257	550.646.928	844.211.185

	2010					
	Nominal Value			Book Value		
	Current	Non current	Total	Current	Non current	Total
Bank loans	26.968.039	139.420.756	166.388.795	26.745.119	139.152.447	165.897.566
Bank overdrafts (Note 17)	214.265	-	214.265	214.265	-	214.265
Bank loans	27.182.304	139.420.756	166.603.060	26.959.384	139.152.447	166.111.831
Commercial paper	130.500.000	144.000.000	274.500.000	130.267.617	143.764.128	274.031.745
Bonds	20.000.000	375.000.000	395.000.000	19.940.429	369.930.527	389.870.956
Other loans	4.460.257	34.786.631	39.246.888	4.460.257	34.786.631	39.246.888
Other loans	154.960.257	553.786.631	708.746.888	154.668.303	548.481.286	703.149.589
	182.142.561	693.207.387	875.349.948	181.627.687	687.633.733	869.261.420

Bank loans

(i) Altri SL Bank Loan

In August 2006, the subsidiary Altri, S.L. signed a loan agreement with a bank syndicate amounting to 400,000,000 Euro with the purpose of buying 99.96% of the share capital corresponding to 100% of the voting rights of Celbi, on the date of the acquisition was given as assurance the pledge of Celbi's shares. In 2007 this loan suffered an extraordinary amortization of 250,000,000 Euro, by that date the open debt amounted 150,000,000 Euro. Interests are payable half-yearly at the end of the period at an interest rate equal to Euribor 6 months plus a spread and capital will be repaid in 5 successive half-yearly instalments, beginning in August 2011 and ending in August 2012, by 31 December 2011 the debt of this bank loan amounted 139,112,500 Euro.

According to the contractual terms of this financing, banks can request the early repayment of the entire debt capital if there weren't achieved certain ratios of Net/EBITDA and EBITDA/Debt Service. According to this, on 31 December 2011 the ratio's values mentioned in the contractual terms of this loan have not been fully achieved, and although the Board of Directors is convinced that there will be no early terminations of this bank loan and consequently, the initial redemption date will be maintain, the Group, according with the accounting standards, and since the ability to request the early repayment of this loan is a Bank decision, and not a Altri's decision, classified not only the benefits that matures in 2012, amounting to 21.755.000 Euro, but also the other instalments that mature in 2013, amounting 117.337.500 Euro, as a current debt.

(ii) Celbi Bank Loan

In 2011, Celbi obtained a bank loan amounting to 15,000,000 Euro at an interest rate equal to Euribor 3 months plus a spread and capital will be repaid in 24 successive monthly instalments, beginning in August 2012, because of this the amount of 3,125,000 Euro is classified as current debt and the amount of 11.875.000 euro is classified as non-current debt.

(iii) Bank overdrafts

As of 31 December 2011, contracted bank overdrafts amounted to 62 million Euro (115 million Euro as of 31 December 2010) from which were being used 13,750,000 Euro (14,011,793 Euro as of 31 December 2010), classified in the caption "Bank Loans", interest are payable at a rate equal to Euribor between 3 to 6 months plus a spread.

Commercial paper

The Group has renewable commercial paper programs in the maximum amount of 239.000.000 Euro as of 31 December 2011 (275,000,000 Euro as of 31 December 2010), with collocation guarantees subscribed by the several companies, with interest payables at a rate equal to Euribor of 3 and 6 months plus spread. As of 31 December 2011 the amount in use was 239,000,000 Euro (274,500,000 Euro as of 31 December 2010). The amount of 70,000,000 Euro is classified as current liability because, according to the contracts, both parties can terminate the program with a pre-defined warning of 30 to 60 days, although, if the programs are not terminated before its maturity, they will only be repaid in years 2013, 2014 and 2015 in the amounts of 20,000,000 Euro, 10,000,000 Euro and 40,000,000 Euro respectively, and the Board of Directors is convinced that there will be no early terminations from any parts to these commercial paper program.

Bond loans

In August 2005 Celulose do Caima, SGPS, S.A. issued a bond loan amounting to 21,500,000 Euro repayable in 6 years. The due amount (20,000,000 Euro) is recorded as “current debt” because is maturity occurred in July 2011.

Celbi – Celulose da Beira Industrial, S.A. issued, in February 2007, a bond loan amounting to 300,000,000 Euro repayable in 8 years until 2015. Interests are payable half-yearly at the end of the period since the subscription date at a rate equal to Euribor 6 months plus a spread.

In the first semester of 2008 the Celbi – Celulose da Beira Industrial, S.A. issued two 10 year bond loans, amounting 50,000,000 Euro and 25,000,000 Euro, respectively. These loans have full repayment in 2018.

The expenses incurred with the issuance of loans are deducted to its nominal value and deferred and recognized as interest expenses during the period of the loan (Note 36).

Other Loans

(i) Factoring

In 2011, the group subscribed a one year factoring contract, according to which receivable accounts may transfer up to 60,000,000 Euro, which is automatically renewed for equal periods if not terminated by one of the entities with at least 60 contractual days. On discounted values the Group will pay an interest rate equal to Euribor 3 months plus spread, on 31 December 2011 the value used amounted 17.450.561 Euro.

The Group believes that the risks and benefits associated to the receivable accounts were not transmitted to the factoring entity, so they just remove the receivable accounts transferred in factoring when the original debtor pays, in accordance with accounting policy described in Note 2.3I) viii).

(ii) Subsidies

In February 2005, the application of the subsidiary Celtejo to the financial benefits granted by the ”Programa Operacional da Economia – POE” (Operating Economics Program) to finance the expansion and modernization of the industrial unity was approved. The main purpose of this project is to increase the production capacity and establish a better market differentiation of the pine and eucalyptus pulp. This represents an investment of, approximately, 49,464,000 Euro. The financial grant is made up as follows: (i) a repayable benefit up to 14,919,000 Euro; (ii) a success fee similar to a non-repayable benefit with a maximum amount of 14,919,000 Euro that will be deducted to the repayable benefit mentioned in (i); and (iii) a non-repayable grant related with personnel training programs. On December 31, 2011, the balance outstanding on this subsidy amounts to 4.293.529 Euros, which is classifies as current debt.

During 2006 it was submitted an application under the PRIME in the aim of the pulp bleaching on Celtejo unit. This investment had an estimated total amount of 72,000,000 Euro and was concluded in 2008. The financial grant is made up as follows: (i) a repayable benefit up to 15,323,000 Euro; (ii) a success fee similar to a non-repayable benefit with a maximum amount of 12,317,330 Euro that will be deducted to the repayable benefit mentioned in (i). The success fee will be awarded according to the fulfillment degree of the contract, determined in measurements to be made at the end of the years 2010, 2011 and 2013. The repayable financial benefit, 15,390,545 Euro, will be paid by Celtejo in 10 semiannual installments, the first of them at 18 January 2012, which explain the classification of 7.087.581 euro as current debt and 12.602.611 as non-current debt.

(Amounts expressed in Euro)

Additionally, in January 2007 Altri and Celbi signed a contract for granting financial and tax incentives under Decree-Law no. 203/2003 of 10 September, with AICEP (Agência para o Investimento e Comércio Externo de Portugal, E.P.E.) which the Portuguese Government considered of national interest PIN (Projecto de Interesse Nacional) this project to expand the productive capacity of Celbi. The investment project will run from 1 January 2007 to 30 June 2010 and the contract value is 320,000,000 Euro and the Portuguese Government will grant a financial incentive equal to 16.5% of the eligible expenses. If Celbi complies with the proposed objectives measured at the end of 2009, 2010, 2013 and 2016 the Portuguese Government will give a success fee which will correspond to the the non-repayment of up to 80% of the amount of the repayable incentive. The Portuguese Government will also grant a tax incentive, corresponding to a tax credit amounting to 12% of relevant applications. Until 31 December 2011 Celbi received the amount of 51.644.921 Euro concerning to the repayable incentive. During 2011, the achievement bonus was 60%, considering the objectives already achieved therefore the amount of 24,789,600 Euro was transferred to the captions “Other current liabilities” and “Other non-current liabilities”. (Notes 24 and 27)

During 2011, Caima Indústria obtained a financial repayable benefit of 8,815,500 Euro, under Decree nº287/2007 granted by Agency of Investment and External Commerce of Portugal. The period of this investment will be between 2010 and 2012. The granted benefit represents 45% of the eligible costs. During 2011, received two portions of this benefit of 521,126 Euro and 611,307 Euro.

In the years ended 31 December 2011 and 2010 the Group sensitivity to the change of the interest rate index of more or less 1 percentual point, measured as variation on Financial Profit, not considering the hedging effects of the derivative financial instruments (Note 28), may be analysed as follow:

	31.12.2011	31.12.2010
Interests (Note 36)	26.630.991	19.897.435
Decrease of 1 p.p. in the interest rate applied to the entire debt	(8.620.628)	(8.753.499)
Increase of 1 p.p. in the interest rate applied to the entire debt	8.620.628	8.753.499

The sensitivity analysis above was calculated based on the exposure to the interest rate existing as of the statement of financial position date. This analysis considered as a basic assumption that the structure of financing (remunerated assets and liabilities) has remained stable throughout the year and similar to that presented as of 31 December 2011.

(Amounts expressed in Euro)

The bank loans and other loans reimbursement plan as well as the associated interests are as follow:

	31-12-2011					
	2012	2013	2014	2015	>2015	Total
Bank loans						
Capital	155.806.954	7.500.000	4.375.000	-	-	167.681.954
Interests (a)	5.490.784	433.322	190.372			6.114.478
Bank overdrafts						
Capital	1.328.932	-	-	-	-	1.328.932
Interests (a)	36.207	-	-	-	-	36.207
Commercial paper						
Capital	111.000.000	46.000.000	46.000.000	36.000.000		239.000.000
Interests (a)	5.917.545	3.648.599	2.913.301	1.367.822		13.847.267
Bond loans						
Capital	-	-	-	300.000.000	75.000.000	375.000.000
Interests (a)	6.804.360	8.208.762	10.842.533	11.767.653	8.012.319	45.635.627
Factoring						
Capital	17.450.561	-	-	-	-	17.450.561
Interests (a)	405.638	-	-	-	-	405.638
Other loans						
Capital	9.420.327	11.244.400	12.674.010	14.348.144	627.363	48.314.244
Interests (a)	-	-	-	-	-	-
Total						
Capital	295.006.774	64.744.400	63.049.010	350.348.144	75.627.363	848.775.691
Interests	18.654.534	12.290.683	13.946.206	13.135.475	8.012.319	66.039.217
	313.661.308	77.035.083	76.995.216	363.483.619	83.639.682	914.814.908

	31-12-2010					
	2011	2012	2013	2014	>2014	Total
Bank loans						
Capital	26.968.039	21.951.246	117.469.510	-	-	166.388.795
Interests (a)	6.700.477	5.919.805	5.427.091	-	-	18.047.373
Bank overdrafts						
Capital	214.265	-	-	-	-	214.265
Interests (a)	6.700	-	-	-	-	6.700
Commercial paper						
Capital	130.500.000	36.000.000	36.000.000	36.000.000	36.000.000	274.500.000
Interests (a)	2.906.235	3.522.240	3.045.600	2.225.520	2.720.160	14.419.755
Bond loans						
Capital	20.000.000	-	-	-	375.000.000	395.000.000
Interests (a)	8.796.650	9.172.500	10.575.000	11.591.250	36.835.500	76.970.900
Other loans						
Capital	4.460.257	4.374.811	9.183.917	9.069.326	12.158.577	39.246.888
Interests (a)	-	-	-	-	-	-
Total						
Capital	182.142.561	62.326.057	162.653.427	45.069.326	423.158.577	875.349.948
Interests	18.410.062	18.614.545	19.047.691	13.816.770	39.555.660	109.444.728
	200.552.623	80.940.602	181.701.118	58.886.096	462.714.237	984.794.676

(a) Considering the available information related to the interest rates evolution and that the capital amortization occurs in the end of each year.

(Amounts expressed in Euro)

22. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses during the years ended 31 December 2011 and 2010 can be detailed as follows:

	31-12-2011			
	Provisions	Impairment losses in accounts receivable (Notes 13 and 14)	Impairment losses in inventories and biological assets (Note 11)	Total
Opening balance	1.980.728	1.524.947	5.266.162	8.771.837
Changes in perimeter	-	(11.945)	-	(11.945)
Increases	-	80.294	-	80.294
Utilizations	(794.202)	(60.511)	-	(854.713)
Transfers	(36.858)	52.730	-	15.872
Closing balance	1.149.668	1.585.515	5.266.162	8.001.345

	31-12-2010			
	Provisions	Impairment losses in accounts receivable (Notes 12 and 13)	Impairment losses in inventories and biological assets (Note 10)	Total
Opening balance	2.424.509	1.733.550	4.969.524	9.127.583
Increases	55.108	-	-	55.108
Utilizations	(498.889)	(208.603)	(132.163)	(839.655)
Transfers	-	-	428.801	428.801
Closing balance	1.980.728	1.524.947	5.266.162	8.771.837

The increases in impairment losses occurred in the years ended 31 December 2011 and 2010 were recorded against the caption “Provisions and impairment losses” of the profit and loss statement.

During 2011, the provision’s utilizations mainly respect to indemnities paid to workers.

The amount recorded under the caption “Provisions”, at 31 December 2011 and 2010, is the best estimate of the Administration in order to face all the losses that may be supported due to the law suits under trial.

23. OTHER NON CURRENT CREDITORS

As of 31 December 2011 and 2010 this caption is made up as follows:

	31.12.2011	31.12.2010
Suppliers of fixed assetes (Note 31.2)	699.819	373.396

24. OTHER NON CURRENT LIABILITIES

On 31 December 2011 and 2010 the caption refers totally to portions of investment subsidies to recognize as income in the medium and long term (Notes 21 and 27).

(Amounts expressed in Euro)

25. SUPPLIERS

As of 31 December 2011 and 2010 this caption is made up as follows:

		Payables		
	31.12.2011	0-90 days	90-180 days	>180 days
Suppliers, current account	54.230.104	54.019.501	186.122	24.481
Suppliers, invoices in conference	12.378.699	12.378.699	-	-
	66.608.803	66.398.200	186.122	24.481

		Payables		
	31.12.2010	0-90 days	90-180 days	>180 days
Suppliers, current account	72.460.611	45.313.142	573.019	26.574.450
Suppliers, invoices in conference	10.226.067	10.226.067	-	-
	82.686.678	55.539.209	573.019	26.574.450

As of 31 December 2011 and 2010 the caption "Suppliers" refers to accounts payable from the normal activities of the Group. Most of the balances with more than 180 days are with companies of F. Ramada Group (Note 32).

The Board of Directors understands that the book value of these debts is close to its fair value.

26. OTHER CURRENT CREDITORS

As of 31 December 2011 and 2010 the caption "Other current creditors" can be detailed as follows:

		Payables		
	31.12.2011	0-90 days	90-180 days	>180 days
Suppliers od fixed assets	2.969.730	2.852.650	91.424	25.656
Others debts	5.263.280	4.282.927	877.800	-
	8.233.010	7.135.577	969.224	25.656

		A Pagar		
	31.12.2010	0-90 days	90-180 days	>180 days
Suppliers od fixed assets	8.926.763	8.587.390	239.674	99.698
Others debts	30.942.676	7.711.038	731.638	22.500.000
	39.869.439	16.298.428	971.312	22.599.698

The caption "Other debts" includes, as of 31 December 2010, corresponds to the amount to pay to Parpública, SGPS, S.A. which, was paid in 2011.

(Amounts expressed in Euro)

27. OTHER CURRENT LIABILITIES

As of 31 December 2011 and 2010 the caption "Other current liabilities" can be detailed as follows:

	31.12.2011	31.12.2010
Accrued expenses:		
Amounts payable to employees	(4.186.900)	(3.804.290)
Interest payable	(7.818.354)	(5.291.085)
Pension Fund (Note 30)	-	(1.110.562)
Insurance	(701.341)	-
Rents	(1.551.927)	(1.071.862)
Costs with energy and gas	(4.400.366)	(932.834)
Others	(6.546.416)	(2.552.966)
Current deferred income:		
Investment subsidies (Notes 21 and 24)	(2.848.262)	(4.083.619)
Others	(316.900)	(826.200)
	(28.370.465)	(19.673.418)

"Others accrued expenses" in 2011 and 2010 corresponds to costs with incurred operational activities not settled.

28. DERIVATIVE FINANCIAL INSTRUMENTS

On December 31, 2011 and 2010 the companies of the Group operated with contracts for derivatives related to hedge pulp price's variations, interest and exchange rates (these only on 31 December 2010), which are recorded according to its fair value.

Altri Group's companies only use derivatives to hedge cash flows associated with operations created by their activities.

(i) Interest rate derivatives

In order to reduce the exposition to the interest rates volatility, the Group signed interest rates swap contracts and an interest rate collar. These contracts were evaluated by its fair value as of 31 December 2011 and 2010, and the correspondent amount has been recognized under the caption "Derivatives".

As of 31 December 2011 and 2010 there were established derivatives contracts which total amounts are as follow:

				Fair Value	
Type	Value	Maturity	Rate	31.12.2011	31.12.2010
Interest rate collar (c)	143.750.000	31-07-2013	Pays fixed interest rate and receives Euribor 6M	(4.710.860)	(7.359.834)
Interest rate swap (a)	25.000.000	08-02-2012	Pays a combination of several interest rates and receives Euribor 6M	(2.808.574)	(759.223)
Interest rate swap (b)	200.000.000	08-02-2011	Pays fixed interest rate and receives Euribor 6M	-	(943.398)
Interest rate swap (b)	130.000.000	08-08-2011	Pays fixed interest rate and receives Euribor 6M	-	(457.230)
Interest rate swap (b)	160.000.000	08-02-2012	Pays fixed interest rate and receives Euribor 6M	(483.074)	(630.089)
Interest rate swap (b)	20.000.000	08-08-2014	Pays fixed interest rate and receives Euribor 6M	(1.202.102)	(1.141.967)
Interest rate swap (b)	80.000.000	09-02-2015	Pays fixed interest rate and receives Euribor 6M	(5.244.440)	(3.429.759)
				(14.449.051)	(14.721.501)

(a) Although these contracts were made with the purpose of risk hedging (and not speculation), these contracts do not fulfill every necessary requirements so they can be classified as hedging (Note 2.3l) v)), and therefore, the variation of its fair value was recorded in the Statements of Profit and Losses (Note 36).

(b) In accordance with the accounting policies adopted, these derivatives fulfil every requirement to be designed as interest rate hedging instruments (Note 2.3l) v)).

(Amounts expressed in Euro)

(c) Although these contracts were made with the purpose of risk hedging (and not speculation), a part of this contract does not fulfill every necessary requirements so it can be classified as hedging (Note 2.3l) v)), and therefore, the variation of the fair value of the party that does not fulfill the necessity requirements to be classified as hedging was recorded in the Statements of Profit and Losses (Note 36).

The fair value of the Group's contracted derivatives is determined by the respective counterparts (financial institutions with who were signed such contracts). The derivative evaluation model, used by the counterparts is based on the Discounted Cash Flows Method, i.e., using the Swaps Par Rates, listed in the interbank market and available on the Reuters and Bloomberg, for the applicable periods where the forward rates and the discount factors used to discount the fixed cash flows (fix leg) and the variable cash-flows (variable leg) are computed. The sum of these two components results on the Net Present Value of the future cash flows or on the fair value of the derivatives.

The increase/decrease of 1 p.p. on the interest rate indexes verified during 2011 and estimated for the period of these derivatives duration would result in an increase/decrease of the financial results of the year ended 31 December 2011 of 3,870,000 Euro and of the equity's caption "Hedging reserves" of 4,500,000 Euro and of 4,800,000 Euro before considering the tax effects.

(ii) Paper pulp price hedging derivatives

In order to reduce its exposure to volatility of paper pulp price volatility, the Group signed paper pulp price hedging derivatives, which were evaluated according to its fair value as of 31 December 2011 and 2010; the correspondent amount was recognized under the caption "Derivatives".

As of 31 December 2011 and 2010 there were established the following paper pulp derivative contracts which total amounts are as follow:

		Fair Value	
Hedged Quantity	Maturity	31.12.2011	31.12.2010
2000 ton/month	31-12-2013	(509.407)	-
2000 ton/month	31-12-2012	(474.575)	(2.690.281)
2000 ton/month	31-12-2013	(296.828)	-
500 ton/month	31-12-2012	(117.029)	(373.932)
500 ton/month	31-12-2012	(78.252)	(320.786)
2000 ton/month	30-06-2013	122.469	(1.216.668)
2000 ton/month	31-12-2012	188.606	-
2000 ton/month	31-12-2013	270.031	-
2000 ton/month	30-06-2012	592.052	(459.532)
1000 ton/month	31-12-2010	-	(151.325)
750 ton/month	31-12-2010	-	(115.931)
1000 ton/month	31-07-2011	-	(1.055.903)
500 ton/month	31-07-2011	-	(527.952)
1000 ton/month	31-07-2011	-	(1.238.587)
500 ton/month	31-08-2011	-	(584.380)
		(302.933)	(8.735.277)

The fixes prices, for the contracts that end in 2012 and 2013, change between 510 and 565 euro per tonne of pulp.

The Derivative fair value valuation of the paper pulp price hedging, contracted by the Group was executed by the respective counterparts (financial institutions with which were signed such contracts). The derivative evaluation model, used by these counterparts is based on the Discounted Cash Flows Method, i.e., it's calculated the difference between the estimated paper pulp quotation (PIX) and the fixed price for the relevant periods, which is, afterwards, discounted to the evaluation date.

(Amounts expressed in Euro)

In accordance with the adopted accounting policies, these paper pulp derivatives fulfil with the requirements to be classified as hedging instruments; so the variation on its fair value was recorded in the equity's caption "Hedging reserves".

The increase/decrease of 5% on the paper pulp price indexes (PIX) during the year ended 31 December 2011 and estimated for the period of these derivatives duration would result in a decrease/increase of the operational result of the year ended 31 December 2011 of 2.000.000 Euro and an decrease/increase on the equity's caption "Hedging reserves" of 15.000 Euro before considering the tax effects.

(iii) Exchange rate derivatives

Altri uses derivatives exchange rate, mainly in order to hedge future cash flows. Thus Altri hired some exchange rate "forwards" of U.S. dollars in order to manage the risk of exchange rate to which is exposed.

On December 31, 2009, the fair value of exchange rate derivatives, which was considered hedging derivatives, calculated based on current market values of financial instruments equivalent exchange rate is (2,548,666) Euro, which were matured or prepaid during 2010.

Determining the fair value of financial instruments is based on the discount to the date of the statement of financial position of the amount that is estimated to be received / paid on the date of expiry of the contract. The settlement amount is considered in the assessment equal to the reference currency multiplied by the exchange rate and the market contracted for the settlement date given the date of valuation.

The movement occurred in the fair value of the financial instruments during the years ended 31 December 2011 and 2010 can be detailed as follow:

2011	Pulp price hedging derivatives	Interest rates derivatives	Total
Opening balance	(8.735.277)	(14.721.501)	(23.456.778)
Scope alteration	-	33.734	33.734
Derivatives fair value variation/cessation			
Effect on shareholders' funds (Note 19)	8.432.344	1.322.921	9.755.265
Effects on the profit and loss statement (Note 36)	-	(1.084.205)	(1.084.205)
Closing balance	(302.933)	(14.449.051)	(14.751.984)

2010	Pulp price hedging derivatives	Interest rates derivatives	Exchange rates derivatives	Total
Opening balance	(5.603.720)	(10.060.728)	(2.548.666)	(18.213.114)
Derivatives fair value variation/cessation				
Effect on shareholders' funds (Note 18)	(3.131.557)	(5.743.600)	2.548.666	(6.326.491)
Effects on the profit and loss statement (Note 35)	-	1.082.827	-	1.082.827
Closing balance	(8.735.277)	(14.721.501)	-	(23.456.778)

The gains and losses of the year associated to the fair value variation, during 2011, of the hedging instruments in the non-matured part (as described in IAS 39), in the amount of 9.755.264 Euro ((6.329.491) Euro as of 31 December 2010) were directly recorded under equity's captions net of the respective deferred tax, in the amount of 2.585.145 Euro (1.676.521 Euro as of 31 December 2010) (Note 12 and 19).

The gains and losses of the year associated to the fair value variation, during 2011, of the hedging instruments in the matured part and of the instruments which although had been contracted with a hedging purpose, do not gather the requirements to be classified as so, and their ineffective part was recorded directly in the Statement of Profit and Losses for the year 31 December 2011 (Note 36).

(Amounts expressed in Euro)

29. CONTINGENT LIABILITIES

As of 31 December 2011 and 2010, contingent liabilities have essentially included bank guarantees provided by Group companies, which can be detailed as follows:

	31.12.2011	31.12.2010
AICEP/API (Note 21)	22.996.313	23.065.780
Others	396.806	395.274
	23.393.119	23.461.054

30. FINANCIAL COMMITMENTS NOT INCLUDED IN THE CONSOLIDATED BALANCE SHEET

a) Pension Fund

Some of the Group companies have assumed commitments related with retirement pensions not included in the consolidated balance sheet, since these commitments are covered by autonomous pension funds as follows.

The Caima and Altri Florestal Pension Funds, managed by “BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.” was created by a public deed held 31 December 1987, and aims to provide the employees who (i) at its normal retirement age or (ii) at the end of its contract with the company have completed at least 10 years of continuous service and 57 years old, with a monthly pension complement based on their average gross salary for the two years preceding the date of their retirement, beginning in the usual year of retirement. Following a decision of Caima’s Board of Directors and after obtaining approval from “Instituto de Seguros de Portugal” (the Portuguese insurance institute), the Caima and Altri Florestal Pension Fund was divided into two independent funds in December 1998. During the year ended December 31, 2010, the Caima and Altri Florestal transferred their shares of the collective support that had in BPI Pensões for Celtejo’s plan, integrating the plan C. The transfer was requested to the Instituto de Seguros de Portugal, on September 23, 2010 and deliberated favorably on March 3, 2011. In April 2011, the pension fund of Altri Florestal and Caima was incorporated in Celtejo’s.

Under the set of laws of the Social Benefits Regulation, the employees of the permanent board of Celtejo with at least five years of continuous service, are entitled to a monthly pension complement after their retirement or if they become disabled. This complement is defined according with a formula that takes into consideration the net monthly salary applicable to the employee as of the retirement date and the number of years of continuous service, in a maximum of 30 years, also guarantying survival pensions to the employees’ spouses and direct descendants. To cover those responsibilities there is an autonomous pension fund named Tejo Pension Fund.

Celbi grants to its workers, with non-defined term labour contract, which retire while working for Celbi, a set of benefits in accordance with the company’s Rules for Pension Funds, published in the Republic Newspaper (“Diário da República”) number 221-III serie, dated 21 September 1999.

In accordance with those rules, the Company grants the following benefits:

i) Retirement by age limit:
The participants that retire in the normal timing will be entitled to an annual pension, equal to 11.5% of the pensionable annual salary;

ii) Retirement due to disability:
Plan A – If the participant retires himself permanently due to disability by the normal regime of social security, or is accepted as so by the medical services of the company and the management entity, the Fund secures the payment of a pension calculated in accordance with the following formulas:

Pension 1:
1. With less than 10 years of service – 50% of the annual pensionable salary;
2. With 10 or more years of service – 80% of the annual pensionable salary.

The amount of the annual pension is deducted to the annual pension computed as described above.

(Amounts expressed in Euro)

Pension 2:
The participants will be entitled to an amount equal to one fifth of the monthly salary earned at the retirement date by each year of service.

Pension 3:
If the disability happens when the participant is more than 55 years old, to the amount referred to in Pension 2 is added 50% of the annual pensionable salary.

Plan B - If the participant retires himself permanently due to disability by the normal regime of social security, or is accepted as so by the medical services of the company and the management entity, the Fund secures the payment of an annual pension equal to 11.5% of the pensionable annual salary.

Only the participants working for the company when the present change took place can benefit from Plan A. In relation to these workers and in relation to plans A and B the most favourable will be applicable. To the other participants is applicable the Plan B.

This regime applies to all Celbi’s workers.

In accordance with the latest actuarial valuation prepared by the funds’ managers, the present value of the past service liabilities with retired and current employees as of 31 December 2011, 2010, 2009 and 2008 as well as the funds’ patrimonial situation were as follows:

	2011				
	Caima Indústria	**Altri Florestal**	**Celtejo**	**Celbi**	**Total**
Current responsibilities for past services	4.587.569	663.085	9.634.061	6.933.935	21.818.650
Assets of pension funds	4.587.569	568.211	9.634.061	7.095.598	21.885.439

	2010				
	Caima Indústria	**Altri Florestal**	**Celtejo**	**Celbi**	**Total**
Current responsibilities for past services	3.641.021	293.781	10.019.354	6.771.450	20.725.606
Assets of pension funds	2.530.459	381.762	11.172.875	7.667.099	21.752.195

	2009				
	Caima Indústria	**Altri Florestal**	**Celtejo**	**Celbi**	**Total**
Current responsibilities for past services	3.235.516	262.670	10.398.330	6.716.221	20.612.737
Assets of pension funds	2.676.315	389.324	12.067.463	7.751.915	22.885.017

	2008				
	Caima Indústria	**Altri Florestal**	**Celtejo**	**Celbi**	**Total**
Current responsibilities for past services	2.989.026	226.679	14.903.246	7.397.736	25.516.687
Assets of pension funds	2.680.365	378.449	11.955.771	7.767.535	22.782.120

(Amounts expressed in Euro)

The detail of the amounts recorded in the Statement of Profit and Losses related with the benefit Pension plans defined in the year ended 31 December 2011 and 2010 is as follow:

	2011	2010
Current services cost	(338.240)	(467.167)
Interest on obligation	(734.304)	(994.566)
Actuarial gains/(losses)	(966.281)	448.584
Return on plan assets	(499.290)	(182.312)
Others	1.661.719	-
	(876.396)	(1.195.461)

The caption “Others” corresponds to the incorporation of Altri Florestal and Caima pension funds in Celtejo pension fund, with this alteration it changed the situation where the value of Celtejo pension fund was higher than its total services responsibilities.

The movement in the present value of responsibilities for past services during the years ended 31 December 2011 and 2010 is as follow:

	2011	2010
Responsibilities in the beginning of the year	20.725.606	20.612.737
Benefits paid by the Pension Funds	(972.481)	(1.021.330)
Current service cost	338.240	467.167
Interest costs	734.304	994.566
Actuarial (gains)/losses	966.281	(448.584)
Others	26.700	121.050
Responsibilities in the end of the year	21.818.650	20.725.606

The movement verified on Pension Funds patrimonial situation during the years ended 31 December 2011 and 2010 is as follow:

	2011	2010
Pension funds value at the beginnig of the year	21.752.195	22.885.017
Paid pensions	(972.481)	(1.024.229)
Return on plan assets	(499.290)	(182.312)
Others	1.605.015	73.719
Pension funds value at the end of the year	21.885.439	21.752.195

It is recorded in caption "Provisions” (Note 22) the necessary liability to face the positive difference between the present value of the past service and the assets of pension funds of 94,874 Euro.

Additionally, is recorded, in 2011, under "Other current assets” (Note 16) the amount of 161,663 Euro for the excess of assets of pension funds in relation to current liabilities for past services to the extent that this represents reduction future reinforces to be made to the pension funds by the Altri Group companies.

The caption “Others” in 2011 corresponds especially to the incorporation of Altri Florestal and Caima pension funds in Celtejo pension fund, as mentioned before.

(Amounts expressed in Euro)

The responsibilities of Celtejo Pension Plan are based in the following assumptions:

(i) Calculation method "Projected Unit Credit"
(ii) Mortality Tables TV 88/90;
(iii) Disability Tables EKV-80;
(iv) Income/discount Rate 4.75%;
(v) Growth Wage Rate 2.5%

Characteristics of Celtejo Pension Fund:

(i) Portfolio composition:
a.11.2% shares;
b.75.9% bonds at fixed rates;
c.7.5% bonds at variable rates;
d.5.4% liquidity and other assets.

(ii) Expected return of the assets of the Plan in the long run 4.75%

The responsibilities of Celbi Pension Plan are based in the following assumptions:

(i) Calculation method "Projected Unit Credit"
(ii) Mortality Tables GKF95;
(iii) Disability Tables SR 2001;
(iv) Income/discount Rate - until the retirement age 4% and after the retirement age 3%;
(v) Growth Wage Rate 2.5%

Characteristics of Celbi Pension Fund:

(i) Portfolio composition:
a.24.8% shares;
b.33.9% bonds at fixed rates;
c.31.7% bonds at variable rates;
d.9.6% liquidity and other assets.

(ii) Expected return of the assets of the Plan in the long run 4%

b) Other commitments

As of 31 December 2011, the contractual obligations for the acquisitions of fixed assets assumed by the Group companies amounted to, approximately, 3.560.177 Euro (5.400.000 Euro as of 31 December 2010) (Note 7).

31. LEASE CONTRACTS

31.1 OPERATIONAL LEASES

During the years ended at of 31 December 2011 and 2010 it was recognized in the Statement of profit and Losses an amount of, proximately, 9.646.464 euro (8.250.000 euro during the year ended at 31 December 2010) of operational leases paid rents, essentially, related with explored lands by the Group.

Additionally, as of 2011 and 2010, at the balance sheet date the Group held as lessee, operational lease contracts, which minimal lease payments present the following maturity:

Ano	2011	2010
Until 1 year	9.441.417	8.459.797
Betw een 1 and 5 years	34.458.502	35.727.434
More than 5 years	90.087.203	93.569.721
	133.987.122	137.756.952

(Amounts expressed in Euro)

31.2 FINANCIAL LEASES

As of 31 December 2011 and 2010, the responsibilities reflected in the statement of financial position related to financial leases had the following maturity:

Year	2010	2011
Until 1 year	338.108	196.838
Betw een 1 and 5 years	663.716	341.351
More than 5 years	36.103	32.045
	1.037.927	570.234

As at December 31, 2011 and 2010, Altri estimate that the fair value of financial obligations in leasing contracts corresponds to approximately its book value.

Obligations under finance lease contracts are guaranteed by the reserve of ownership of the leased assets.

32. RELATED PARTIES

The participated companies of the Group realize between them and at market prices, transactions that classifies as transactions with related parties.

In the consolidation procedures the transactions between the companies included in consolidation by the full consolidation method are eliminated, once the consolidated financial statements present the owner and its subsidiaries information as one single company, therefore they are not disclosed in this note.

As of 31 December 2011 and 2010 the balances and transactions with related parties are as follow:

	Purchases and services obtained		Sales and services rendered		Interest income	
Transactions	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Associated companies and joint ventures (a)	46.236	1.343.797	6.459.147	4.987.438	541.925	645.042
Other related parties (b)	5.805.189	5.722.322	-	-	-	-
	5.851.425	7.066.119	6.459.147	4.987.438	541.925	645.042

	Accounts payable		Accounts receivable		Loans Granted	
Balances	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Associated companies and joint ventures (a)	408.962	6.078	257.685	596.623	16.975.392	21.667.905
Other related parties (b)	5.834.344	4.523.203	172.806	10.360.416	-	-
	6.243.306	4.529.281	430.491	10.957.039	16.975.392	21.667.905

(a) All entities consolidated by the equity method as of 31 December 2011 and 2010 (Note 4.2);
(b) Were considered as related parties Group Ramada companies and CPK – Companhia Produtora de Papel Kraftsack, S.A. (Note 4.4)

Besides the transactions identified above, there are no other transactions with related companies.

During the years ended 31 December 2011 and 2010, there were no transactions with the Directors of the Group and were no granted loans.

Besides the companies included in consolidation (Note 4), entities considered as related parties as of 31 December 2011 can be detailed as follow:

Adcom Media Anúncios e Publicidade, S.A.
Alteria, S.G.P.S., S.A.
Storax – Equipements, S.A.
Caderno Azul, S.G.P.S., S.A.
Caminho Aberto, S.G.P.S., S.A.
Cofihold, S.G.P.S., S.A.
Cofina, SGPS, S.A.
Cofina B.V.
Cofina Media, SGPS, S.A.
Cofina Eventos e Comunicação, S.A.
Destak Brasil – Editora de Publicações, S.A.
Destak Brasil – Empreendimentos e Participações, S.A.

(Amounts expressed in Euro)

Edisport – Sociedade de Publicações, S.A.
Edirevistas – Sociedade Editorial, S.A.
Efe Erre Participações, S.G.P.S., S.A.
Elege Valor, S.G.P.S., S.A.
F. Ramada – Investimentos, SGPS, S.A.
F. Ramada – Aços e Indústrias, S.A.
F. Ramada – Produção e Comercialização de Estruturas Metálicas de Armazenagem, S.A.
F. Ramada II, Imobiliária, S.A.
F. Ramada Serviços de Gestão, Lda.
Grafedisport – Impressão e Artes Gráficas, S.A.
Livre Fluxo, S.G.P.S., S.A.
Malva – Gestão Imobiliária, S.A.
Mediafin, SGPS, S.A.
Metronews – Publicações S.A.
Mercados Globais – Publicação de Conteúdos, Lda.
Presselivre – Imprensa Livre, S.A.
Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
Storax Racking Systems, Ltd.
Storax Benelux
Transjornal – Edição de Publicações, S.A.
Torres da Luz – Investimentos Imobiliários, S.A.
Universal Afir – Aços, Máquinas e Ferramentas, S.A.
VASP – Sociedade de Transportes e Distribuições, Lda
Web Works – Desenvolvimento de Aplicações para Internet, S.A.
Valor Autêtntico, SGPS, S.A.

33. KEY MANAGEMENT COMPENSATIONS

The compensations attributed to key managers, the Board of Directors in Altri´s case due to its governance model, during the years ended 31 December 2011 and 2010 amounted to 1.303.820 Euro and 1.322.510 Euro, respectively, corresponding only to fixed remuneration and were totally paid by subsidies.

On December 31, 2011, there are not: (i) plans or incentive systems related to grant of shares to members of the Board, (ii) paid or payable to former directors in relation to the transfer of functions during the year (iii) supplementary pensions or early retirement for directors, or (iv) non-cash benefits considered as remuneration.

The director Laurentina Martins enjoys a plan assigned before his appointment to the Board of directors because, at grant date, she was being a collaborator of the subsidiary Caima - Indústria de Celulose, SA. The main features and information about the referred plan are detailed in Note 30. On that date, the liabilities for past services related with this director amounted to -332.121 Euro and has not been carried out in 2011 any contribution to the fund.

Altri, SGPS, SA does not have any plan to grant shares or options to purchase shares to members of governing bodies or to their employees.

34. OTHER INCOMES

As of 31 December 2011 the caption “Other income” can be detailed as follows:

	31.12.2011
Subsidies to investments and to exploitation	3.224.135
Gains on disposal of fixed assets	2.024.769
Others	2.008.181
	7.257.085

(Amounts expressed in Euro)

35. OTHER EXPENSES

As of 31 December 2011 the caption “Other expenses” can be detailed as follows:

	31.12.2011
Direct taxes and fees	(1.729.137)
Losses on commodities contracts (Note 28)	(6.638.936)
Others	(1.095.677)
	(9.463.750)

36. NET FINANCIAL PROFIT

Consolidated net financial profit for the years ended 31 December 2011 and 2010 are made up as follows:

	31.12.2011	31.12.2010
Financial expenses:		
Interest (Note 21)	(26.630.991)	(19.897.435)
Exchange losses	(3.799.950)	(1.138.862)
Losses in derivatives	(6.988.334)	(11.660.010)
Other financial expenses	(6.465.752)	(3.459.763)
	(43.885.027)	(36.156.070)
Financial income:		
Interest	5.472.007	1.475.472
Exchange gains	3.705.866	2.349.576
Other financial income	269.148	23.094
	9.447.021	3.848.142

As of 31 December 2011, the caption "Losses on derivatives" corresponds to the losses originated by the fluctuation of the derivatives’ fair value in the amount of 1.084.205 euro (Note 28) and the loss on interest rate derivatives instruments that matured or were paid until that date in the amount of 5.904.129 Euro.

As of 31 December 2010, the caption "Losses on derivatives" corresponds to the net amount between the gains resulting from changes in fair value of derivatives in force at these date in the amount of 1,082,827 Euro (Note 28) and the loss on interest rate derivatives instruments that matured or were paid until that date in the amount of 12,742,847 Euro.

The caption “Other financial expenses” includes, mainly, expenses with the loans settlement, which are recognized in the Statement of Profit and Losses through the period of life of those loans (Note 21).

The caption “Gains and losses in associated companies” correspond, mainly, to the appropriation of the Group quote of the results in the investments in associated companies (Note 4.2).

37. AMORTISATION AND DEPRECIATION

As of 31 December 2011 and 2010 the caption “Amortisation and Depreciation” can be detailed as follows:

	31-12-2011	31-12-2010
Tangible assets (Note 7)	51.584.896	51.321.205
Investment Property (Note 8)	10.818	10.818
Intangible assets (Note 10)	664.054	358.883
	52.259.768	51.690.906

(Amounts expressed in Euro)

38. EARNING PER SHARE

Earnings per share for the years ended 31 December 2011 and 2010 were determined taking into consideration the following amounts:

	31-12-2011	31-12-2010*	31-12-2010
Share number considered for the computation of basic and diluted earning	205.131.672	205.131.672	102.565.836
Net profit considered for the computation of basic and diluted earning for continuing operations	25.175.771	61.411.982	61.411.982
Continuing operations earnings per share			
Basic	0,12	0,30	0,60
Diluted	0,12	0,30	0,60
Net profit considered for the computation of basic and diluted earning for continuing and non-continuing activities	22.567.762	62.014.069	62.014.069
Continuing and non-continuing operations earnings per share			
Basic	0,11	0,30	0,60
Diluted	0,11	0,30	0,60

* Pro-form simulating that Altri SGPS, S.A. number of shares as of 30 September 2010 was already 205.131.672.

As of 31 December 2011 and 2010 there are no diluted effects of the circulation shares number.

39. SEGMENTAL INFORMATION

On 16 April 2008 was signed the Altri SGPS, S.A. demerger public deed. Under the terms of the project, the planned reorganization implies the split of Altri's two business units that manage equity holdings in the pulp and paper sector and in the steel and storage systems sector. This reorganization aimed a bigger focus and transparency on ALTRI's business, and giving each of the areas an opportunity to be better seen and better evaluated by the market.

In the end of 2008 ALTRI decided to shut down its Kraft paper industry unit. This decision was based on the declining Kraft paper business perspectives and on the poor contribute that this unit was giving to Group Altri's EBITDA.

Additionally, during 2011 it was sold Sócasca – Recolha e Comércio de Reciclévais, S.A. (Note 4.4).

Therefore, the contributes of this the units mentioned above, on the income statement, was recorded as "Operational units in discontinuation" (Note 4.5).

This decision allows Altri Group to focus its activity on its core business, production and commercialization of bleached paper pulp form eucalyptus, so the Board of Directors believe that there is only one business segment and the management information is reported and analyzed on this basis.

Sales and services rendered in 2011 and in 2010 by the Group, according to the geographic segments, were as follows:

	31.12.2011	31.12.2010
Domestic market	146.588.125	109.070.864
International market	332.756.839	388.219.456
	479.344.964	497.290.320

40. NUMBER OF PERSONNEL

During the years ended 31 December 2011 and 2010, the average number of employees of the companies included in the consolidated financial statements by the full consolidation method was of 691 and 687, respectively.

(Amounts expressed in Euro)

41. FEES OF STATUTORY AUDITOR

The remuneration paid to auditors of the Group and other individuals or entities belonging to the same network, by the companies in relations of domain or of group, for 2011, were as follows:

	31.12.2011
Audit and statutory audit	324.260
Other assurance services	49.199
Consulting Services	28.489
Other services	52.850
	454.798

42. APPLICATION OF THE NET INCOME

As regards the year 2010, the Board proposed in its annual report that the individual net loss of Altri, SGPS, S.A. amounting to 2,000,082.96 Euro be transferred to retained earnings, this proposal was approved by the General Meeting on May 26, 2011.

The Board of directors also approved the distribution of reserves amounting to 4,102,633.44 Euro in dividends (0.02 euro per share).

As regards the year 2011, the Board proposed in its annual report that the individual net loss of Altri, SGPS, S.A. amounting to 2,913,284.89 Euro be transferred to retained earnings.

The Board of directors also proposes the distribution of reserves amounting to 4,102,633.44 Euros in dividends (0.02 euro per share).

43. ENVIRONMENTAL INFORMATION

Following the Kyoto Protocol, the European Union committed herself to reduce the emission of greenhouse gases. Therefore, it has issued a Directive that predicts the commercialisation of carbon dioxide emission licenses. This directive was transposed to the Portuguese legislation and became mandatory since 1 January 2005, namely, for the pulp and paper industry.

Following the ministerial dispatch number 2836/2008 dated 5 February 2008, the Portuguese government distributed to the companies the carbon dioxide emission licenses. The Group companies received a free license for the emission of 173,052 tons of carbon dioxide in 2011. If the Group exceeds that amount it will have to buy in the market the remaining licenses. The distribution of the carbon dioxide emission licenses is made in the beginning of the following year, being the emission amounts presented subject to a certification made by an independent entity.

Bearing in mind that these licenses refer to the period 2008-2012, in accordance with the estimates for the year 2011, the Group does not expect this new legislation to carry significant additional costs.

As of 31 December 2011 the Group has not recorded any liability concerning environmental issues, nor has disclosed any environmental contingency, since the Board of Directors believes that, as of that date, no obligations and responsibilities arising from past events have occurred that lead to significant costs to the Group.

44. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in 2 April 2012. The final approval depends on the agreement of the General Shareholders Meeting.

45. EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IFRS/IAS), some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Board of Directors,

Paulo Jorge dos Santos Fernandes

João Manuel Matos Borges de Oliveira

Pedro Macedo Pinto de Mendonça

Domingos José Vieira de Matos

Laurentina da Silva Martins

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(Translation of a report originally issued in Portuguese – Note 45)

To the Shareholders of
Altri, SGPS, S.A.

1. Report

In compliance with the applicable legislation and our mandate, we hereby submit our Report and Opinion, which covers the Board of Director's Report and the individual and consolidated Financial Statements of Altri, SGPS, S.A. ("Company") for the year ended 31 December 2011, which are the responsibility of the Company's Board of Directors.

During the year under analysis, the Statutory Audit Board accompanied the operations of the Company and its affiliates, the timely writing up of accounting records, compliance with statutory and legal requirements and the effectiveness of the risk management and internal control systems, having held meetings with the periodicity and length considered appropriate and having always obtained, from the Board of Directors and personnel of the Company and its affiliates, all the information and explanations required.

As part of its duties, the Statutory Audit Board examined the individual and consolidated statement of financial position as of 31 December 2011, the individual and consolidated statements of profit and loss, comprehensive income, cash flow, and changes in shareholders' funds for the year then ended, and the corresponding notes. Additionally, the Statutory Audit Board examined the Report of the Board of Directors for the year 2011, and fulfilled its duties concerning the review of the qualifications, independence and work of the Statutory Auditor, and reviewed the Statutory Audit and Auditor's Report and was in agreement with its content.

2. Opinion

Considering the above, in the opinion of the Statutory Audit Board, the Board of Director's Report and the individual and consolidated Financial Statements are in accordance with accounting, legal and statutory requirements and consequently may be approved by the General Shareholders' Meeting.

3. Responsibility Statement

In accordance with paragraph a), number 1 of article 8 of the Regulation of CMVM 5/2008, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the Management Report and the individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, giving a true and fair view, in all material respects, of the assets and liabilities, financial position and the results of the Company and companies included in the consolidation perimeter as of 31 December 2011. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of the Company and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

We wish to thank the Company's Board of Directors and the departments of the Company and its affiliates involved for the assistance provided to us.

Porto, 2 April 2012

The Statutory Audit Board

João da Silva Natária
President of the Statutory Audit Board

Manuel Tiago Alves Baldaque de Marinho Fernandes
Member of the Statutory Audit Board

Cristina Isabel Linhares Fernandes
Member of the Statutory Audit Board

STATUTORY AUDIT AND AUDITOR'S REPORT

(This is a translation of a report originally issued in Portuguese in the event of discrepancies, the Portuguese language version prevails – Note 45)

Introduction

1. In compliance with the applicable legislation we hereby present our Statutory Audit and Auditor's Report on the consolidated and individual financial information contained in the Board of Directors' Report, and on the accompanying consolidated and individual financial statements of Altri, SGPS., S.A. ("Company") and subsidiaries for the year ended 31 December 2011 which comprise the Consolidated and Individual Statements of Financial Position as of 31 December 2011 (that present a total consolidated and individual net assets of 1,127,723,819 Euro and 120,946,647 Euro, respectively, and consolidated and individual equity of 140,762,629 Euro and 54,546,949 Euro, respectively, including a consolidated net profit attributable to the Company's shareholders of 22,567,762 Euro and an individual net loss of 2,913,285 Euro), the Consolidated and Individual Statements of profit and loss, comprehensive income, changes in equity and cash-flows for the year then ended and the corresponding Note.

Responsibilities

2. The Board of Directors is responsible for: (i) the preparation of consolidated and individual financial statements that present a true and fair view of the financial position of the Company and of the group of companies included in the consolidation, the consolidated and individual results of their operations, comprehensive income, changes in equity and their consolidated and individual cash-flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards as adopted by the European Union and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control; and (iv) informing on any significant facts that have influenced the operations of the Company and of the group of companies included in the consolidation, their financial position or their results and comprehensive income.

3. Our responsibility is to examine the consolidated and individual financial information contained in the documents referred to above, includind verifying that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the Technical/Audit Standards (*"Normas Técnicas e as Directrizes de Revisão/Auditoria"*) issued by the Portuguese Institute of Statutory Auditors (*"Ordem dos Revisores Oficiais de Contas"*), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Such an examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Such an examination also includes verifying the consolidation procedures, the application of the equity method and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated and individual financial statements and assessing that, in all material respects, the consolidated and individual financial information is complete, true, up-to-date, clear, objective and licit. Our examination also comprises verifying that the financial information contained in the Board of Directors' Report is in accordance with the consolidated and individual financial statements, as well to perform the verifications established in the numbers 4 and 5 of the article 451º of the Portuguese Company Law ("*Código das Sociedades Comerciais*"). We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly in all material respects, the consolidated and individual financial position of Altri, SGPS, S.A. as of 31 December 2011, the consolidated and individual results of their operations, consolidated and individual comprehensive income, changes in consolidated and individual equity and their consolidated and individual cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and the information contained therein is, in terms of the definitions included in the technical and audit standards referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Report on other legal requirements

6. It is also our opinion that the financial information included in the Board of Directors' Report is in accordance with the consolidated and individual financial statements of the year and that the Corporate Governance Report includes the information required to the Company, as established by the article 245º- A of the Securities Market Code.

Porto, 2 April 2012

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Deloitte & Associados, SROC S.A.
Represented by António Manuel Martins Amaral