PORTUCEL

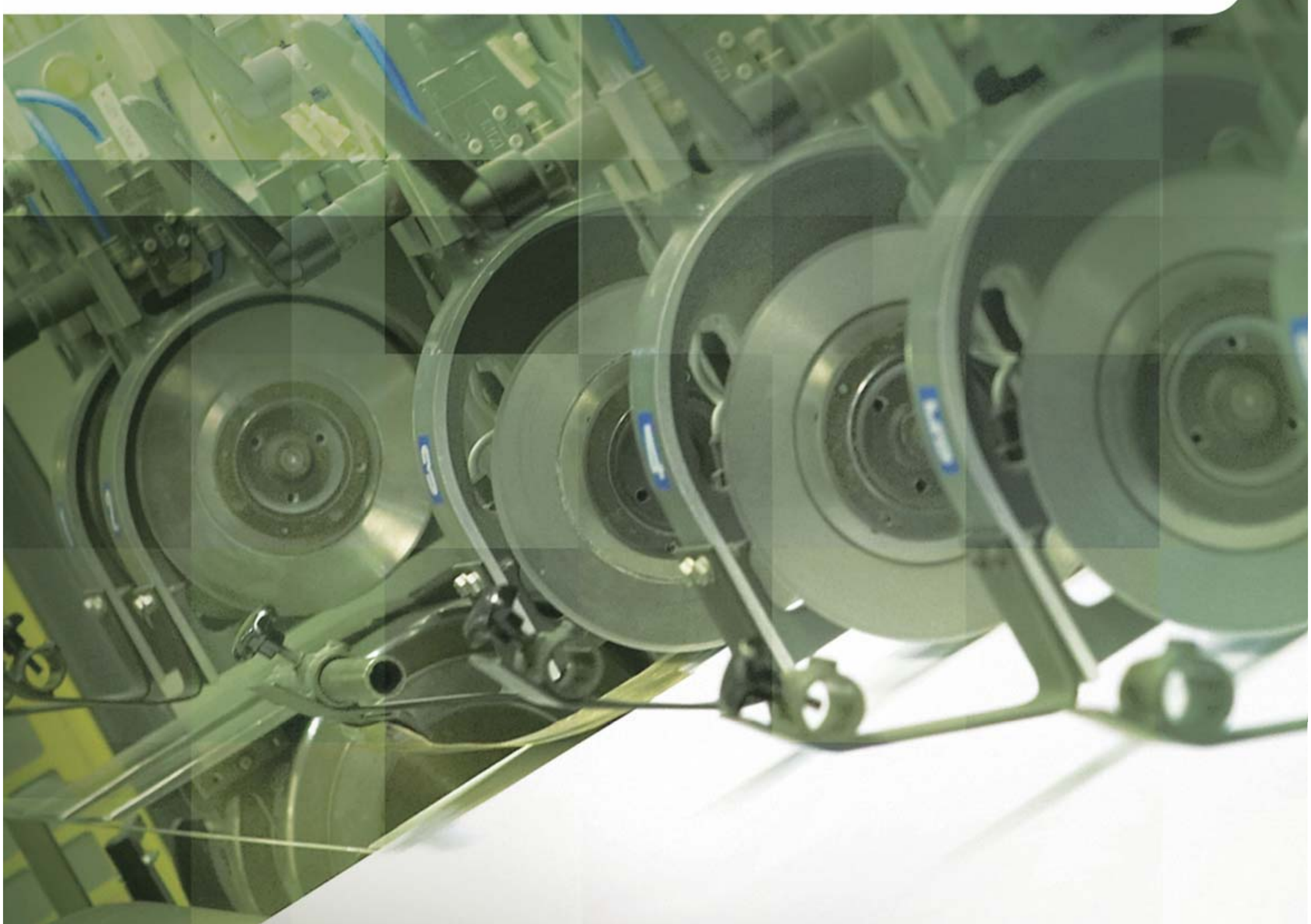
Empresa Produtora de Pasta e Papel, S.A.

Public Limited Company

Registered at the Setúbal Companies Registry / VAT number : 503 025 798

Share Capital: € 767 500 000

INTERIM REPORT
1ST HALF 2009



DIRECTORS´ REPORT

1ST HALF 2009

CONTENT

1st Half 2009

- Turnover: € 537.5 million
- EBITDA: € 99.1 million
- Operating results (EBIT): € 64.0 million
- Net profits: € 47.1 million
- Net Debt / EBITDA ratio: 2.8

Financial Highlights – IFRS

	1st Half 2009	1st Half 2008	Change (5) 1H 09 / 1H 08
Million euros			
Total sales	537.5	594.5	-9.6%
EBITDA (1)	99.1	150.1	-34.0%
Operating profits (EBIT)	64.0	107.2	-40.3%
Financial results	- 8.2	- 10.7	23.0%
Net earnings	47.1	75.9	-38.0%
Cash Flow (2)	82.2	118.8	-30.8%
Capex	248.4	105.5	135.4%
Net debt (3)	617.7	397.0	55.6%
EBITDA / Sales (%)	18.4%	25.2%	
ROS	8.8%	12.8%	
Equity ratio	48.6%	48.8%	
Net Debt / EBITDA (4)	2.8	1.3	
Employees (at the end of period)	2 279	2 112	

	Q2 2009	Q1 2009	Change (5) Q2 09 / Q1 09
Million euros			
Total sales	273.7	263.8	3.8%
EBITDA (1)	41.6	57.5	-27.8%
Operating profits (EBIT)	24.5	39.5	-37.8%
Financial results	- 2.4	- 5.8	57.9%
Net earnings	19.2	27.9	-31.1%
Cash Flow (2)	36.2	45.9	-21.2%
Capex	136.5	112.0	21.9%
Net debt (3)	617.7	529.7	16.6%

(1) Operating results + depreciation + provisions
(2) Net profits + depreciation + provisions
(3) Includes market value of treasury stock
(4) EBITDA corresponds to the last 12 months
(5) Percentage variation corresponds to figures before rounding up/down

ANALYSIS OF RESULTS

2nd Quarter 2009 vs 1st Quarter 2009

Sales in the second quarter of 2009 totalled € 273.7 million, which represents an increase of 3.8% over the first quarter of 2009, due largely to strong growth in pulp sales in the second quarter (up by 86.2 % over the first quarter), despite the continued downwards trend in pulp demand in Europe. As a result, the Group substantially cut its level of stocks in comparison with the first quarter, ending the first half with fourteen days' stocks, as compared with thirty three days for hardwood pulp producers worldwide.

This sharp increase in pulp sales was possible thanks to increased consumption in Asia, and especially in China, where pulp demand has growth significantly since the start of the year. Pulp sales to Europe were up by approximately 5% over the previous quarter.

The average price for pulp sales was lower than in the previous quarter, despite a degree of recovery from May onwards, meaning that figures for pulp sales in value failed to keep pace with growth in quantities sold, but were still up significantly – by 73.9% - in comparison with the first quarter.

In paper business, in the current market situation of a drop in apparent consumption in Europe of 3.9% in the second quarter, corresponding to a 16% year-on-year reduction during the first half of 2009, in Europe and the USA, the Group's main markets, it was possible to maintain positive performance throughout the period, with mills working at full capacity, diversification of export markets and an increase in the Group's market share in Europe. Paper sales in the second half were down by 2.9%, due to the planned annual maintenance stoppage at the Figueira da Foz and Setúbal mills. Even so, the drop in sales was smaller than the loss in production.

Despite the downwards adjustment in the prices of certain factors of production during the quarter, which has started to have a positive impact on production costs, this improvement was not yet sufficient to offset the effect of falling prices on the Group's margin.

In this context, consolidated EBITDA stood at € 41.6 million, down by 27.8% on the first quarter of 2009. Net financial costs in the quarter totalled € 2.4 million, representing an improvement on the previous quarter, despite the increase in net debt, due to the reversal in the allocation to periods of interest on additional tax assessments for previous periods that did not materialize.

Consolidated net profits for the second half of 2009 stood at € 19.2 million, down by 31.1% on the preceding quarter.

1st Half 2009 vs 1st Half 2008

Global sales in the first half totalled € 537,5 million, breaking down as follows between segments:

- UWF Paper 77%
- BEKP Pulp 15%
- Energy, forestry products and other 8%

Paper output in the first half stood at a level very close to that recorded in the first half of 2008, while pulp output was down by 5.8% on the first half of 2008. This reduction was due to maintenance stoppages at the Cacia and Figueira da Foz mills, which did not take place in the first half of 2008.

In terms of the volume of paper sales, performance in the first half of 2009 compares very favourably with that recorded in the same period in 2008, with the Group recording growth of 3.8%, in a particularly difficult market environment. Paper prices in Europe suffered a degree of erosion in the first half, and the leading indicator for gross prices of cut-size paper in Europe (Foex – Copy B) was down by 3.7% in relation to the same period in the previous year. The gross price for cut-size paper sold in Europe by the Group performed better than the index, and the price of premium products, which account for the bulk of the cut-size mix, fell significantly less than the average.

The performance of pulp business in the first half of 2009, when compared with the same period in the previous year, reflected the drop in demand which started in the first half of 2008 and gained pace in the final quarter of the year, due to the serious global economic and financial crisis, and which resulted most damagingly in a sharp downturn in prices. As a reflection of this, the value of the PIX index for hardwwod pulp in Euros declined approximately 27% in the first half of 2009, when compared to the same period in 2008. In terms of volume, the quantity placed on the market was down by approximately 5% on the previous year. However, in relation to the second half of 2008, the Group recorded a recovery in the quantity sold of around 20.6%.

The main cost factors came down during the first half, correcting the very high prices which had prevailed in the first half of 2008. However, the improvement was not sufficient to offset the drop in pulp and paper prices over the course of the period.

In this context, consolidated EBITDA for the first half totalled € 99.1 million, resulting in an EBITDA / Sales ratio of 18.4%.

Financial results in the first half were more favourable than in the same period in 2008, despite an increase of € 220.7 million in net debt. This improvement is explained essentially by the reversal in the allocation to periods of interest on additional tax assessments for previous periods that did not materialize.

Net profits for the first half were positively influenced by the reduction in corporation tax (IRC) for the period, due to reduction in the effective rate of tax, as a result of reversal of provisions which ceased to be necessary.

In this context, the consolidated net profits for the period of € 47.1 million represent a reduction of 38% in relation to the first half of 2008.

Development

The Group has pressed ahead with its development programme, keeping to its pre-established schedule. Capital expenditure totalled € 248.4 million in the first half, up by 135.4% over the first half of 2008.

Investment in the new Setúbal Paper Mill has naturally led the way, representing 71% of total investment. Investment in the energy sector accounted for 22% of expenditure, making this an important area in the Group's current development plans.

Work on the new plant is now at the final stages, and the mill is set to start operating in mid-August.

The new paper machine, which will have an annual production capacity of 500 thousand tons, a length of 200 metres, a maximum speed of 1800 metres per minute and a sheet width of 11.1 metres, will be the largest and most sophisticated paper machine in the world for the production of uncoated printing and writing paper.

The processing area is equipped with three printing format paper cutting machines and three cutting machines for office paper. Two of these, with the capacity to produce 16 reams simultaneously, are the largest ever made.

The paper reel store, wholly automated, is 93.2 m long and 28.4 m wide, with capacity for 6000 reels, corresponding to 12 days' output. It cates for an inflow of 186 reels/hour and an outflow of 164 reels/hour.

The paper pallets warehouse is also robot operated and managed by computer, occupying an area measuring 122 m in length and 28.4 m in height, with capacity for 32,000 pallets and a pallet inflow and outflow of 215 pallets/hour and 320 pallets/hour respectively.

The new mill has a container park with an area of 35,000 m2, with capacity for 1,000 containers, fitted with 20 loading platforms and a double track rail branch line with a length of 465 metres, providing a highly flexible, large capacity logistical platform.

In the energy sector, the investment projects underway consist of the construction of three new power plants and a new turbine for the biomass cogeneration plant at the Figueira da Foz industrial complex, representing total investment of approximately € 175 million. These projects will increase the Group's power generation capacity by more than 800 GWh/year.

Most significant amongst the new power plants is the combined cycle natural gas cogeneration plant, designed to generate and supply steam to the new paper machine and to supply power to the national grid. This plant will start up prior to the new mill.

The other two plants are biomass power plants, located at the Setúbal and Cacia industrial sites, designed to make use of forestry waste, generating power for the national grid. These two plants will start up during the fourth quarter of 2009.

Finally, the capital expenditure project in the new biomass cogeneration turbine at the Figueira da Foz industrial complex is due to come online during the third quarter of 2010.

Once up and running, these investment projects in the energy sector will result in an increase of around 80% in the power generation capacity of the Group, which will then account for approximately 5% of total power generation in Portugal.

Financial Situation

At 30 June 2009, interest-bearing net debt stood at € 617.7 million, up by € 158 million over the end of the year, due to dividend payments as well as payments relating to the investment plan.

The debt/equity ratio stood at 48.6% and the ratio of net debt / EBITDA stood at 2.8.

Although the Group is currently completing the most demanding part of its investment plan, with the new facilities due to come online as from the next quarter, it still presents a reasonably balanced financial position.

MARKET ANALYSIS

The Group’s main markets – Europe and the United States – recorded a significant economic downturn, with sharp reductions in employment and advertising budgets, key indicators for the evolution of the UWF paper market.

In this environment, apparent total consumption of UWF was down by 16% year-on-year in the first half of 2009, in both Europe and the United States.

During the first half of 2009, the industry continued to feel the impact of the process of closure of production capacity for this type of paper, with an estimated capacity of 500 thousand tons being shut down in Europe and 300 thousand tons in the USA, in relation to the same period in 2008.

As stated above, the Group’s total paper sales grew by 3.8% in the first half of 2009 in relation to the same period in 2008, corresponding to an increase of 20 thousand tons.

This increase in sales was sustained in markets outside Europe, which have represented an increasingly important component of the Group’s paper sales, with a mix of formats which compares very favourably with the European industry.

In terms of segmentation by quality, sales of premium products continued to represent more than two thirds of total sales in Europe, an unrivalled figure for a producer of the Group’s size and particularly relevant in the current economic situation. Despite the year-on-year reduction in sales, the Group’s performance in Europe was considerably better than the market average and enabled it to increase its European market share by a further 42,000 tons.

The Group’s own brands represent the bulk of its cut-size sales, and were up by one percentage point as a proportion of sales to European markets when compared year on year.

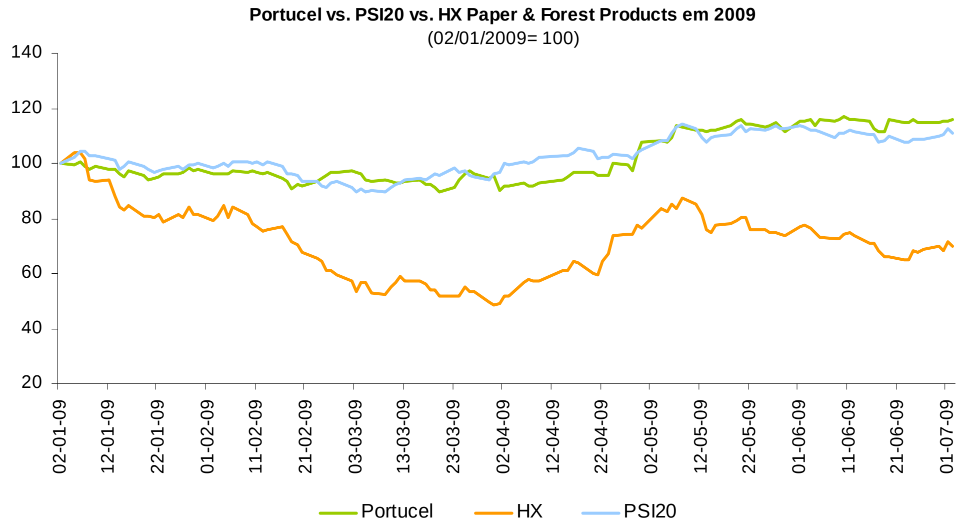
In particular, the Navigator brand, already world leader in the premium segment, made fresh gains, despite the difficult business environment, achieving growth of 10% in European markets over the same period in 2008.

In the pulp market, demand fell away in the European markets, and pulp consumption was down by 4.5% in the second quarter of 2009 in relation to the previous quarter, due directly to the slowdown in all segments and markets. Of all the main consumer markets, only the Chinese market managed to outperform the previous year, sustaining global growth in deliveries by hardwood producers of around 10%. Spot prices in China were up by approximately 100 USD from the start of April to the end of the first half.

During the first half of the year, no less than 5 million tons of pulp output was withdrawn from the market, corresponding to around 10% of capacity at year-end 2008. This and the healthy performance of the Chinese market contributed to a sharp drop in the abnormally high level of stocks recorded at the end of the first quarter.

CAPITAL MAKRETS

Portucel shares closed the month of June at € 1.745/share, up 16% on the start of the year, outperforming the 11% gain recorded by the PSI 20 index over the same period. This performance also compares very favourably with the rest of the industry: although paper and pulp companies saw their share prices rally at the start of the second quarter, they presented heavy accrued losses for the first six months of 2009, with the Helsinki HX Index (Paper & Forest Products Index) down by 32% over the period.



SUSTAINABILITY

Environment and Management Systems

All Group plants maintained or improved their good levels of environmental performance in the first half of 2009.

At the Cacia mill, with conversion to fluidized bed technology for the biomass boiler, starting up in March, significant improvements were achieved in atmospheric emissions and consumption of fossil fuels.

In the field of management systems, and external audit was conducted in the second quarter of the FSC Chain of Responsibility System, which was expanded to take in the company About the Future and the marketing company Portucel Soporcel Sales & Marketing NV, responsible for the production and distribution of paper from the New Mill.

The Group has stepped up its support for forestry producer organizations, with a view to enhancing the value

of their members' assets, through measures leading to forestry certification and increased productivity.

Wildfire prevention

In keeping with its consistent policy of woodlands conservation, the Group has planned to maintain its level of involvement in prevention and support for fire fighting in the 2009 season at the same level as previous years. Approximately 60% of the resources allocated are earmarked for prevention, and the remaining 40% is channelled to supporting fire fighting activities. The Portucel Group is by far the private entity which allocates the most resources to this important aspect of forestry protection.

In the field of prevention, important steps have been taken to raise the awareness of local communities in the areas of greatest risk, together with strategic management of forest fuel in critical landscape areas, pruning and thinning in more than 1200 hectares of softwood plantations, maintenance work in more than 10,000 hectares and conservation of approximately 5000 km of fire breaks and paths in the forests under Group management.

With regard to support for fire-fighting operations, the Group continues to participate in the national system for wildfire defence, through the work of AFOCELCA, the industry organization in which the Group is the main shareholder, which actively supports fire fighting efforts, mostly in woodlands not belonging to the Group.

The Group's concern for issues relating to the prevention and fighting of forest fires is clearly reflected by the fact that it has contributed, through Afocelca, to reintroducing in Portugal fire fighting techniques using manual equipment, which have become common practice in the theatre of operations.

The 2009 campaign involves more than 300 people, coordinated from an operational headquarters working round the clock, and a vast array of physical resources including 4 helicopters transporting special brigades, 6 watch towers, 35 light vehicles for primary intervention and 16 semi-heavy vehicles, with their respective teams of firemen, in addition to 40 employees in member companies mobilized in vehicles equipped with kits containing 600 litres of water.

For the third year running, the Portucel Soporcel Group has put its weight behind Movimento ECO – Industry against Fires. This is a private sector organization launched in 2007 as a partnership between companies/brands, the Ministry of Internal Administration and the Ministry of Agriculture, Rural Development and Fisheries. The organization’s main goal is to inform the public and to change attitudes in the area of forest fire prevention and fire fighting.

OUTLOOK

The second half of 2009 will undoubtedly post major challenges for the pulp and paper sector, and in particular for the Portucel Group.

Although the latest economic indicators show some signs of a recovery, there is still a strong element of uncertainty, and it is not possible to offer a reliable prediction for when a sustained economic recovery will take place. Demand for pulp and paper products remains sluggish, despite the existence of markets which have recorded a certain growth.

The Group has developed competitive advantages founded on a combination of factors which form the basis of its success: use of high quality raw materials, highly efficient large-scale industrial plant, a successful strategy of vertical integration and a customer-oriented policy, promoting innovation, quality, branding, service and distinctive products.

It is these factors, backed up by the high quality of its motivated workforce, combined with the efforts made to extend its sales to new countries and to increase its position in markets where its presence still has room for expansion, which have enabled to Group to operate at full capacity, well above the levels achieved by its competitors.

The Group is considered the most efficient paper producer in Europe. The start-up of the new Setúbal Paper

Mill, planned for August, will add even further to the Group's competitiveness, placing it clearly at the forefront of European UWF producers.

Investment in the energy sector also reflects out commitment to sustainable growth and will allow the Group to generate approximately 5% of all electricity produced in Portugal, most of it obtained from renewable resources (forestry biomass and operational by-products), bolstering its position as Portugal's leading producer of "green energy".

The Group continues to assess investment opportunities abroad, especially in Latin America and Africa, regions which are naturally suited to forestry operations.

The development opportunities currently being studied involve extremely demanding investment, both financially and technically, and it will be fundamental for them to meet a number of conditions in order to ensure they are viable. In connection with this the Group has undertaken a number of studies and held meetings with the authorities in the host countries of possible investment projects, in order to explore the possibilities for proceeding with the projects.

Any decision in this area will take into consideration the need to preserve the Group's sound financial structure, which has proved to be an important condition for riding the storm which has affected the entire global economy.

Setúbal, July 29th 2009

The Board of Directors

Pedro Mendonça de Queiroz Pereira

José Alfredo de Almeida Honório

Manuel Soares Ferreira Regalado

Adriano Augusto da Silva Silveira

António José Pereira Redondo

José Fernando Morais Carreira Araújo

Luís Alberto Caldeira Deslandes

Manuel Maria Pimenta Gil Mata

Francisco José Melo e Castro Guedes

MANDATORY DISCLOSURES

DECLARATION REFERRED TO IN ARTICLE 246.1 C) OF THE SECURITIES CODE

Article 246.1 c) of the Securities Code requires that each of the persons responsible for issuers should make a number of declarations as established in the Code. Portucel has for this purpose adopted a standard declaration, which reads as follows:

I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code, that, to the best of my knowledge, the condensed financial statements of Portucel – Empresa Produtora de Pasta e Papel S.A., for the first half of 2009, were drawn up in accordance with the applicable accounting rules, and provide and true and fair view of the assets and liabilities and the state of affairs of the said company and the companies included in the consolidated accounts, and that the interim management report faithfully sets out the information required by Article 246.2 of the Securities Code.

As required by the same provision, we list below the persons subscribing the declaration and the office they hold:

Name	Office
Pedro Mendonça de Queiroz Pereira	Chairman of the Board of Directors
José Alfredo de Almeida Honório	Director
Manuel Soares Ferreira Regalado	Director
Adriano Augusto da Silva Silveira	Director
António José Pereira Redondo	Director
José Fernando Morais Carreira Araújo	Director

Luís Alberto Caldeira Deslandes	Director
Manuel Maria Pimenta Gil Mata	Director
Francisco José Melo e Castro Guedes	Director
Duarte Nuno d´Orey da Cunha	Chairman of the Audit Board
Miguel Camargo de Sousa Eiró	Member of the Audit Board
Gonçalo Nuno Palha Gaio Picão Caldeira	Member of the Audit Board

DISCLOSURE REQUIRED BY ARTICLE 9.1 a) AND e) OF

CMVM REGULATIONS 5/2008

(with reference to the first half of 2009)

1. Securities issued by the company and held by company officers:

- Adriano Augusto da Silva Silveira: 2,000 shares
- António José Pereira Redondo: 6,000 shares
- Duarte Nuno d'Orey da Cunha: 16,000 shares

2. Securities issued by companies controlled by or belonging to the same group as Portucel, held by company officers:

- José Alfredo de Almeida Honório: 20,000 shares in Semapa – Soc. Investimentos e Gestão. SGPS, SA
- Duarte Nuno d'Orey da Cunha: 2,907 shares in Semapa - Soc. Investimentos e Gestão, SGPS, SA

3. Securities issued by the company and by controlled or controlling companies held by companies in which directors and members of the Audit Board hold corporate office:

- Cimigest, SGPS, S.A. – 1,669,253 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Cimo - Gestão de Participações, SGPS, S.A. – 107,204 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.
- Sociedade Agrícola da Quinta da Vialonga, S.A. – 61,696 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Sonagi, SGPS, S.A. – 96,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.

4. Acquisition, encumbrance or transfer of securities issued by the company or controlled, controlling or group companies during the first half:

- Semapa – Soc. Investimentos e Gestão. SGPS, SA acquired, in off-floor trading, on 12 February 2009, 4,600,000 shares in Portucel at a price of 1.46€/share;

- Seinpar Investments B.V. sold, in off-floor trading, on 12 February 2009, 4,600,000 shares in Portucel at a price of 1.46€/share;

- Semapa – Soc. Investimentos e Gestão. SGPS, SA acquired, in stock market trading, on 3 April 2009, 87.000 shares in Portucel at the following prices per share:

  (i) 7,000 shares acquired at a unit price of € 1.385

  (ii) 5,000 shares acquired at a unit price of € 1.386

  (iii) 6,003 shares acquired at a unit price of € 1.388

  (iv) 48,997 shares acquired at a unit price of € 1.39

  (v) 12,000 shares acquired at a unit price of € 1.391

  (vi) 5,100 shares acquired at a unit price of € 1.392

  (vii) 995 shares acquired at a unit price of € 1.394

  (viii) 1,905 shares acquired at a unit price of € 1.395

- Semapa – Soc. Investimentos e Gestão. SGPS, SA acquired, in stock market trading, on 6 April 2009, 125,000 shares in Portucel at the following prices per share:

  (i) 3,000 shares acquired at a unit price of € 1.387

  (ii) 5,000 shares acquired at a unit price of € 1.39

  (iii) 5,000 shares acquired at a unit price of € 1.393

  (iv) 11,933 shares acquired at a unit price of € 1.394

  (v) 10,000 shares acquired at a unit price of € 1.396

  (vi) 2,500 shares acquired at a unit price of € 1.397

(viii) 2,769 shares acquired at a unit price of € 1.399

(ix) 44,798 shares acquired at a unit price of € 1.4

(x) 10,000 shares acquired at a unit price of € 1.401

(xi) 10,000 shares acquired at a unit price of € 1.408

(xii) 20,000 shares acquired at a unit price of € 1.41

- Semapa – Soc. Investimentos e Gestão. SGPS, SA acquired, in stock market trading, on 7 April 2009, 75,000 shares in Portucel at the following prices per share:

(i) 14,329 shares acquired at a unit price of € 1.38

(ii) 1,235 shares acquired at a unit price of € 1.384

(iii) 5,000 shares acquired at a unit price of € 1.385

(iv) 8,765 shares acquired at a unit price of € 1.387

(v) 671 shares acquired at a unit price of € 1.389

(vi) 10,000 shares acquired at a unit price of € 1,39

(vii) 5,000 shares acquired at a unit price of € 1,391

(viii) 10,000 shares acquired at a unit price of € 1,392

(ix) 20,000 shares acquired at a unit price of € 1,393

- Semapa – Soc. Investimentos e Gestão. SGPS, acquired, in stock market trading, on 8 April 2009, 95,000 shares da Portucel at the following prices per share;

(i) 8,137 shares acquired at a unit price of € 1.364

(ii) 13,145 shares acquired at a unit price of € 1.379

(iii) 12,750 shares acquired at a unit price of € 1.384

(iv) 19,600 shares acquired at a unit price of € 1.385

(v) 10,000 shares acquired at a unit price of € 1.388

(vi) 31,368 shares acquired at a unit price of € 1.39

- Semapa – Soc. Investimentos e Gestão. SGPS, SA acquired, in off-floor trading, on 21 April 2009, 4.300.000 shares in Portucel at a price of 1.457€ /share;

- Seinpar Investments B.V. sold, in off-floor trading, on 21 April 2009, 4,300,000 shares in Portucel at a price of 1.457€/share.

5. List of holders of qualifying holdings, indicating the number of shares held and the percentage of corresponding voting rights, calculated under the terms of Article 20 of the Securities Code:

Entity	Nº of shares	% capital and voting rights	% of non-suspended voting rights
Semapa SGPS SA	**578.994.856**	**75,44%**	**76,95%**
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	88.156.723	11,49%	11,72%
Seinpar Investments B.V.	241.583.015	31,48%	32,11%
Seinpart - Participações, SGPS, S.A.	230.839.400	30,08%	30,68%
Semapa Inversiones S.L.	8.507.018	1,11%	1,13%
Seminv - Investimentos, SGPS, S.A.	590.400	0,08%	0,08%
Cimenstospar - Participações Sociais, SGPS, L.da	589.400	0,08%	0,08%
Credit Suisse International (*)	8.708.500	1,13%	1,16%
Duarte Nuno d'Orey da Cunha (**) (***)	16.000	0,00%	0,00%
António Paiva de Andrada Reis (**)	4.400	0,00%	0,00%
Bestinver Gestión, S.A. SGIIC	**15.443.547**	**2,012%**	**2,052%**
Bestinver Bolsa, F.I.	8.687.115	1,13%	1,15%
Bestinfond, F.I.	3.730.925	0,49%	0,50%
Bestinver Mixto, F.I,	1.738.263	0,23%	0,23%
Soixa Sicav	601.314	0,08%	0,08%
Texrenta Inversiones, SICAV	131.976	0,02%	0,02%
Rodaon Inversiones, SICAV	55.644	0,01%	0,01%
Tibest Cinco, SICAV, SA	41.723	0,01%	0,01%
Invers.en Bolsa Siglo XXI, SICAV	41.241	0,01%	0,01%
Loupri Inversiones	33.165	0,00%	0,00%
Aton Inversiones, SICAV, SA	31.053	0,00%	0,00%
Corfin Inversiones, SICAV	29.192	0,00%	0,00%
Tigres Inversiones, SICAV, SA	28.869	0,00%	0,00%
Mercadal de Valores,SICAV, SA	26.704	0,00%	0,00%
H202 Inversiones SICAV	24.283	0,00%	0,00%
Divalsa de Inversiones, SICAV, SA	24.168	0,00%	0,00%
Entrecar Inversiones, SICAV, SA	21.352	0,00%	0,00%
Pasgom Inversiones, SICAV	21.184	0,00%	0,00%
Cartera Millennium SICAV	18.236	0,00%	0,00%
Zamarron SICAV	17.287	0,00%	0,00%
Acciones, Cup.y Obli. Segovianas	17.165	0,00%	0,00%
Renvasa	16.590	0,00%	0,00%
Artica XXI, SICAV, SA	14.686	0,00%	0,00%
Campo de Oro, SICAV	13.318	0,00%	0,00%
Linker Inversiones, SICAV, SA	12.729	0,00%	0,00%
Trascasa	10.988	0,00%	0,00%
Tordesillas de Inversiones	10.728	0,00%	0,00%
Heldalin Inversiones, SICAV	9.920	0,00%	0,00%
Tawarzar 2-S2, Sicav	7.643	0,00%	0,00%
Mazquita de Inversiones	7.111	0,00%	0,00%
Opec Inversiones, SICAV	6.757	0,00%	0,00%
Jorik Investment	6.187	0,00%	0,00%
Iberfama SICAV, S.A.	6.031	0,00%	0,00%

(*) Shares which Semapa may acquire under an agreement with the holder
(**) Company officer at Semapa
(***) Company officer at Portucel

NB: Portucel is the holder (indirectly via Portucel Floresta) of 15 054 358 own shares, corresponding to 1.96% of the share capital.

6. Information on transactions in own shares
(under Article 66.5 d) of the Companies Code)

The company hereby discloses that, during the first half of 2009, it acquired, in stock market trading, through its subsidiary Portucel Florestal – Empresa Agro-Florestal S.A.., 1,567,411 own shares, insofar as it considered this a good use of the company's cash surplus. The dates, blocs and purchase prices are detailed below:

Date	Nº shares	Average price (€/share)
14-01-2009	15.000	1,4500
15-01-2009	70.000	1,4380
16-01-2009	39.073	1,4494
19-01-2009	40.000	1,4447
20-01-2009	32.500	1,4369
21-01-2009	95.000	1,4282
22-01-2009	61.000	1,4323
23-01-2009	55.000	1,4399
26-01-2009	29.823	1,4419
27-01-2009	116.422	1,4500
02-02-2009	30.000	1,4499
03-02-2009	26.888	1,4491
04-02-2009	145.000	1,4496
06-02-2009	44.107	1,4496
12-02-2009	20.000	1,4488
13-02-2009	66.000	1,4499
16-02-2009	140.000	1,4269
17-02-2009	80.000	1,4103
18-02-2009	80.000	1,3864
19-02-2009	61.000	1,3671
20-02-2009	50.000	1,3896
23-02-2009	139.662	1,4127
24-02-2009	61.000	1,4247
25-02-2009	63.605	1,4426
26-02-2009	6.331	1,4394
Total acquired	1.567.411	

As a result of these acquisitions, at 30 June 2009, Portucel held, directly or indirectly, 15,054,358 own shares.

CONSOLIDATED SEPARATE INCOME STATEMENT
AS OF JUNE 30, 2009 AND 2008

Amounts in Euros	Note	6 months 30-06-2009	6 months 30-06-2008	2nd Quarter 2009 (unaudited)	2nd Quarter 2008 (unaudited)
Revenues	4				
Sales		535.847.415	591.516.891	272.916.504	292.666.330
Services rendered		1.657.038	2.979.340	829.646	1.266.660
Other operating Income	5			0	
Gains on the sale of non-current assets		2.905.782	3.543.096	543.132	3.522.206
Other operating income		14.052.383	8.593.020	4.518.370	3.846.274
Change in fair value of biological assets	18	814.493	1.176.064	(47.258)	869.464
Costs	6			-	
Inventories sold and consumed		(244.444.338)	(248.249.623)	(124.960.466)	(121.948.108)
Increase/(decrease) in inventories (finished products)		(21.753.966)	(2.680.305)	(16.052.369)	(5.057.370)
Third party supplies and services		(133.873.976)	(137.625.943)	(68.449.249)	(69.355.119)
Payroll costs		(50.548.493)	(62.042.112)	(25.658.531)	(30.162.616)
Other operating costs		(5.571.437)	(7.150.078)	(2.086.559)	(3.666.259)
Provisions (net)		9.134.043	(19.170)	6.142.607	320.775
Depreciation, amortization and impairment losses	8	(44.185.928)	(42.816.715)	(23.146.124)	(27.190.300)
Operating Profit		**64.033.016**	**107.224.465**	**24.549.703**	**45.111.937**
Share of results of associated companies and joint ventures		-	-	-	-
Financial costs - net	10	(8.212.195)	(10.663.849)	(2.433.068)	(4.597.593)
Profit before income tax		**55.820.821**	**96.560.616**	**22.116.635**	**40.514.344**
Income tax	11	(8.749.383)	(20.665.061)	(2.936.720)	(3.972.643)
Net profit for the period		**47.071.438**	**75.895.555**	**19.179.915**	**36.541.701**
Non-controling interest	13	32.860	31.657	30.245	34.167
Net profit for the period attributable to equity holders		**47.104.298**	**75.927.212**	**19.210.160**	**36.575.868**
Earning per Share					
Basic earnings per share, Euros	12	0,063	0,099	0,026	0,047
Diluted earnings per share, Euros	12	0,063	0,099	0,026	0,047

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2009 AND DECEMBER 31, 2008

Amounts in Euros	Note	30-06-2009	31-12-2008
ASSETS			
Non-current assets			
Goodwill	15	376.756.384	376.756.384
Other intangible assets	16	2.520.856	4.601.021
Property, plant and equipment	17	1.439.029.448	1.220.047.686
Biological assets	18	123.641.543	122.827.050
Available-for-sale financial assets	19	130.074	130.074
Deferred tax assets	26	13.022.110	17.486.496
		1.955.100.415	**1.741.848.711**
Current Assets			
Inventories	20	193.332.951	240.317.883
Receivables and other current assets	21	186.730.475	199.553.225
State and other public entities	22	45.583.860	47.069.862
Cash and cash equivalents	29	111.596.517	222.548.686
		537.243.803	**709.489.656**
Total assets		**2.492.344.218**	**2.451.338.367**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	767.500.000	767.500.000
Treasury shares	24	(26.787.706)	(24.431.056)
Fair value reserve	25	1.809.026	5.244.545
Other reserves	25	42.330.224	89.928.852
Currency translation reserve	25	249.666	261.006
Retained earnings: prior years	25	376.035.018	276.449.376
Net profit for the period		47.104.298	131.074.223
		1.208.240.526	**1.246.026.946**
Non-controling interest	13	199.681	231.358
Total equity		**1.208.440.207**	**1.246.258.304**
Non-current liabilities			
Deferred tax liabilities	26	122.683.284	126.837.529
Post-employment benefit liabilities	27	27.251.942	24.500.548
Provisions	28	36.490.418	45.624.461
Interest-bearing liabilities	29	449.318.566	686.887.139
Other liabilities	29	15.864.784	17.522.406
		651.608.994	**901.372.083**
Current liabilities			
Interest-bearing liabilities	29	306.251.206	16.094.889
Payables and other current liabilities	30	281.290.620	248.701.554
State and other public entities	22	44.753.191	38.911.537
		632.295.017	**303.707.980**
Total liabilities		**1.283.904.011**	**1.205.080.063**
Total equity and liabilities		**2.492.344.218**	**2.451.338.367**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS OF JUNE 30, 2009 AND 2008

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008	2nd Quarter 2009 (unaudited)	2nd Quarter 2008 (unaudited)
Net profit for the period before minority interests	**47.071.438**	**75.895.555**	**19.179.915**	**36.541.707**
Fair value of derivative financial instruments	(4.674.176)	(469.207)	1.986.344	3.080.843
Currency translation reserve	(11.340)	(78.412)	(63.541)	(13.887)
Actuarial gains and losses	(91.428)	(7.691.337)	1.427.379	(4.287.040)
Tax effect on items above when applicable	1.250.850	2.058.553	(537.440)	232.979
Net profit/(loss) directly recognised in equity	**(3.526.094)**	**(6.180.403)**	**2.812.743**	**(987.105)**
Total recognised income and expense for the period	**43.545.344**	**69.715.152**	**21.992.658**	**35.554.602**
Attributable to:				
Portucel's shareholders	43.577.022	69.750.451	22.021.849	35.590.779
Non-controling interest	(31.677)	(35.299)	(29.191)	(36.177)
	43.545.345	**69.715.152**	**21.992.658**	**35.554.602**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

SIX-MONTH PERIOD ENDED JUNE 30, 2009 AND 2008

Amount in euros	**December 31, 2007**	Gains/losses recognised in the period	Dividends paid	Treasury shares acquisition	Application of the prior year net profit	**June 30, 2008**
Share capital	767.500.000	-	-	-	-	767.500.000
Treasury shares	(53.679)	(13.748.395)	-	-	-	(13.802.074)
Fair value reserve	7.755.024	(344.874)	-	-	-	7.410.150
Other reserves	80.732.063	-	-	-	9.196.789	89.928.852
Currency translation reserve	37.234	(78.413)	-	-	-	(41.179)
Retained earnings: prior years	166.084.377	(5.910.685)	(26.662.818)	-	144.755.273	278.266.147
Net profit for the period	153.952.062	75.927.212	-	-	(153.952.062)	75.927.212
Total	**1.176.007.081**	**55.844.845**	**(26.662.818)**	**-**	**-**	**1.205.189.108**
Non-controling interest	237.401	(36.825)	-	-	-	200.576
Total	**1.176.244.482**	**55.808.020**	**(26.662.818)**	**-**	**-**	**1.205.389.684**

Amount in euros	**December 31, 2008**	Gains/losses recognised in the period	Dividends paid	Treasury shares acquisition	Application of the prior year net profit	**June 30, 2009**
Share capital	767.500.000	-	-	-	-	767.500.000
Treasury shares	(24.431.056)	-	-	(2.356.650)	-	(26.787.706)
Fair value reserve	5.244.545	(3.435.519)	-	-	-	1.809.026
Other reserves	89.928.852	-	-	-	(47.598.628)	42.330.224
Currency translation reserve	261.006	(11.340)	-	-	-	249.666
Retained earnings: prior years	276.449.376	(80.417)	(79.006.792)	-	178.672.851	376.035.018
Net profit for the period	131.074.223	47.104.298	-	-	(131.074.223)	47.104.298
Total	**1.246.026.946**	**43.577.022**	**(79.006.792)**	**(2.356.650)**	**-**	**1.208.240.526**
Non-controling interest	231.358	(31.677)	-	-	-	199.681
Total	**1.246.258.304**	**43.545.345**	**(79.006.792)**	**(2.356.650)**	**-**	**1.208.440.207**

CONSOLIDATED CASH FLOW STATEMENT
JUNE 30, 2009 AND 2008

Amounts in Euros	Notes	6 months 30-06-09	6 months 30-06-08	2nd Quarter 2009 (unaudited)	1st Quarter 2009 (unaudited)
OPERATING ACTIVITIES					
Received from customers		572.273.693	631.463.385	296.590.170	288.509.336
Payments to suppliers		479.993.810	527.778.811	220.441.170	284.286.574
Payments to employees		42.512.589	55.598.583	24.900.490	32.224.192
Cash flow generated from operations		49.767.294	48.085.991	51.248.510	(28.001.430)
(Payments)/receipts of income tax		1.041.518	(19.629.425)	3.631.184	(18.483.234)
Other (payments)/receipts from operating activities		37.119.266	35.271.343	22.365.410	32.959.901
Cash flows from operating activities (1)		**87.928.079**	**63.727.909**	**77.245.103**	**(13.524.763)**
INVESTMENT ACTIVITIES					
Receipts relating to:					
Financial investments		-	-	-	-
Tangible assets		-	41.656	-	27.328
Intangible assets (CO2 licenses)		5.522.900	-	-	-
Investment grants received	21	6.009.539	12.888.916	6.009.539	(194.953)
Interest and similar income		6.713.089	8.779.861	2.234.839	596.208
Dividends received		-	-	-	-
Receipts from investment activities (A)		18.245.528	21.710.433	8.244.378	428.583
Payments relating to:					
Financial investments		-	-	-	-
Tangible assets		180.433.108	87.514.245	91.731.488	27.105.312
Intangible assets		-	-	-	-
Payments relating to investment activities (B)		180.433.108	87.514.245	91.731.488	27.105.312
Cash flows from investment activities (2 = A - B)		**(162.187.580)**	**(65.803.812)**	**(83.487.111)**	**(26.676.729)**
FINANCING ACTIVITIES					
Receipts relating to:					
Borrowings	29	65.000.000	31.926.000	65.000.000	31.926.000
Interests and similar costs		-	-	-	-
Receipts from financing activities (C)		65.000.000	31.926.000	65.000.000	31.926.000
Payments relating to:					
Borrowings		3.125.000	28.600.577	-	100.577
Lease contracts		-	91.785	-	34.875
Interest and similar expense		17.204.226	22.156.776	7.002.100	10.278.607
Treasury shares	24	2.356.650	13.748.395	17	13.748.395
Dividends	14	79.006.792	26.662.818	79.006.792	26.662.818
Payments relating to financing activities (D)		101.692.668	91.260.351	86.008.909	50.825.272
Cash flows from financing activities (3 = C - D)		**(36.692.668)**	**(59.334.351)**	**(21.008.909)**	**(18.899.272)**
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(110.952.169)	(61.410.254)	(27.250.917)	(59.100.764)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		222.548.686	385.164.849	138.847.435	382.855.359
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29	**111.596.517**	**323.754.595**	**111.596.517**	**323.754.595**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

(Amounts are expressed in euros unless indicated otherwise)

The Portucel Soporcel Group or the Group comprises Portucel – Empresa Produtora de Pasta e Papel, S.A. (hereafter referred to as the Company or Portucel) and its subsidiaries. Portucel is a public company with the capital represented by shares and was incorporated on May 31, 1993, in accordance with Decree-Law no. 39/93, February 13, following the restructuring of Portucel – Empresa de Celulose e Papel de Portugal, SA.

Registered Office:	Mitrena, 2901-861 Setúbal
Share Capital:	€767,500,000
ID number:	503 025 798

The main business of the Group is the production and sale of writing and printing paper and related products, and it is present in all of the value added chain from research and development of forestry and agricultural production, the purchase of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP and electric and thermal energy.

The consolidated financial statements were approved by the Board of Directors on July 29, 2009.

The Board of Directors that signed this report, declares that based on their knowledge, the information presented on it was prepared in conformity with applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the consolidated companies.

1. Summary of main accounting policies

The main accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 Basis of preparation

The interim consolidated financial statements for the six-month period ended June 30, 2009 were prepared in accordance with the IAS 34 – Interim Financial Reporting.

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS – formerly referred to as the International Accounting Standards - IAS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC) in force on the date of preparation of the mentioned financial statements.

The attached consolidated financial statements were prepared on a going concern basis, from the accounting books and records of the companies included in the consolidation (Note 39), and based on the historic cost convention, except for derivative financial instruments and biological assets that are presented at fair value (Notes 31 and 18).

The preparation of the financial statements requires the use of estimates and relevant judgments when implementing the Group's accounting policies. The main assertions, involving a higher degree of judgment or complexity, or the most significant assumptions and estimates used in the preparation of the underlying financial statements, are disclosed in Note 3.

1.2 Basis of consolidation

1.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power of decision on all financial and operating policies, which usually corresponds to a participation of more than 50% of voting rights.

The existence and the effect of potential voting rights, whether exercisable or convertible are taken into consideration when evaluating control by the Group over another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date on which such control ceases.

The shareholders' equity and net earnings of these companies that are attributable to the holdings of third parties are shown in shareholders' equity on the consolidated statement of financial position and on the consolidated income statement, respectively, under the non-controlling interest headings. Companies included in the consolidated financial statements are disclosed in Note 39.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets exchanged for the investment, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus all costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill, detailed in Note 15.

If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired (negative goodwill), the difference is recognised directly in the income statement.

Inter-company transactions, balances, unrealised gains on transactions and dividends paid between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The accounting policies of the Group's subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group.

1.2.2 Associates

Associates are all entities over which the Group has significant influence but not control, which usually corresponds to a participation between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method.

According to the equity method, financial investments in associates are recognised at acquisition cost, adjusted by the amount corresponding to the Group's share of changes in shareholders' equity (including net profit) of the associates, as an offset to the profits or losses of the period or to shareholders' equity, and by the dividends received.

The differences between the acquisition cost and fair value of the assets and liabilities attributable to the associate on acquisition date, if positive, are recognised as goodwill and are kept under the Investments in associates heading. If the differences are negative, they are recognised as income for the period under the Share of results of associated companies and joint ventures heading.

Investments in associated companies are subject to a valuation exercise when there are indications that the asset could be impaired; if impairment losses are identified they are recognised as a cost in the period they arise.

When the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains in transactions with associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

The accounting policies used by the associated companies in the preparation of their financial statements, have been changed when necessary to ensure consistency with the policies adopted by the Group.

1.3 Segmental Reporting

An *operating segment* is a group of assets and operations of the Group whose financial information is used in the decision making process developed by the Group's management.

Four operational segments have been identified by the Group: uncoated printing and writing paper – UWF, bleached eucalyptus kraft pulp – BEKP, forestry and power generation.

BEKP, electric energy and UWF paper are produced by the Group in two plants located in Figueira da Foz and Setúbal. BEKP and energy are produced also in another plant located in Cacia.

Eucalyptus and pine wood cork are produced from woodlands owned or leased by the Group in Portugal. The production of cork and pinewood are sold to third parties while the eucalyptus wood is mainly consumed in the production of BEKP.

A significant portion of the Group's own pulp production is consumed in the production of UWF paper. Sales of both products (pulp and paper) are destined to around 90 countries throughout the world.

Power generation, steam and electricity, is mainly produced from bio fuels in cogeneration.

The accounting policies for segmental reporting are consistent with the Group's overall accounting policies. All intersegmental sales and services rendered are marked-to-market and eliminated in the consolidation.

The segment information is disclosed in Note 4.

1.4 Foreign currency translation

1.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in euros, which is the Group's functional and reporting currency.

1.4.2 Balances and transactions expressed in foreign currencies

All Group assets and liabilities expressed in foreign currencies have been translated to euros at the rates of exchange prevailing on statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as gains and losses in the consolidated income statement for the year.

1.4.3 Group companies

The results and financial position of all Group entities that have a functional currency different from the Group presentation currency are translated into the reporting currency as follows:

(i) Assets and liabilities for each statement of financial analysis presented are translated at the closing rate at the date of the financial statements;

(ii) Income and expenses for each income statement are translated at the average exchange rate of the months of the reporting period (unless this average exchange rate is not a reasonable approximation of the cumulative effect of rates prevailing on transaction dates, in which case the income and expenses are translated at the dates of the transactions);

Exchange differences resulting from item (i) above are recognised as a separate equity component, under the currency translation reserve heading, and from item (ii) as financial costs.

1.5 Intangible assets

With the exception of CO2 emission licences, intangible assets are recognised at acquisition cost, less amortisation by the straight line method over a period varying between 3 and 5 years and impairment losses.

1.5.1 CO2 emission licences

CO2 emission licences attributed to the Group within the framework of the National Plan for the Attribution of CO2 Emission Licences on a free-hold basis, are recorded in accordance with Technical Interpretation no. 4 of the Portuguese Accounting Standard Committee; that is, as other intangible assets valued at their market value as of the date of the award, against a liability, deferred income – grants, in the same amount.

For the Group's CO2 emissions, an operating cost is recognised against a liability. The Government grant is recognised as Other operating income during the period of the awarded licences.

Sales of emission licences give rise to a profit or loss, representing the difference between the sales value and the respective purchase price, which is recorded as other operating income or other operating costs, respectively.

At the date of the statement of financial position, emission licences in hand are valued at their market value, when lower than the acquisition cost, and the corresponding liabilities recognised as accounts payable, by the emission licences to be returned as a result of the emissions in the period, are adjusted. Deferred income, which corresponds to the grants to be recognised in the income statement, is also adjusted.

1.5.2 Brands

Whenever brands are identified in a business combination, the Group recognises them separately in the consolidated financial statements as an asset valued at cost, which represents their fair value on acquisition date.

On subsequent valuation, brands are shown in the Group's consolidated financial statements at cost, they are not amortised, but are tested annually for impairment.

Own brands are not shown in the Group's financial statements, since they represent internally generated intangible assets.

1.6 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill on acquisitions of subsidiaries and associates is not amortised and is tested annually for impairment. Impairment losses relative to goodwill cannot be reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to that entity.

1.7 Property, plant and equipment

Property, plant and equipment are recorded at the acquisition cost or the revaluated acquisition cost, in accordance with the prevailing legislation, the accounting principles generally accepted in Portugal until January 1, 2004 (transition date to IFRS), deducted of depreciation and impairment losses.

Property, plant and equipment acquired after the transition date are shown at cost, less depreciation and impairment losses. The acquisition cost includes all expenditures directly attributable to the acquisition of the assets, their transport to the place where they are to be used and operations to put them in the desired operating conditions.

Subsequent costs (namely planned maintenance) are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the respective cost can be reliably measured.

All other repairs and maintenance costs, other than the planned maintenance, are charged to the income statement in the financial period in which they are incurred.

Depreciation is calculated on acquisition cost, mainly using the straight line method from the date the assets are ready to entry into service, at rates that best reflect their estimated useful lives, as follows:

	Average years of useful life
Buildings and other constructions	12 – 30
Equipment:	
Machinery and equipment	6 – 25
Transportation equipment	4 - 9
Tools and utensils	2 - 8
Administrative equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 - 10

The asset's residual values and useful lives are reviewed, and adjusted if appropriated, at each statement of financial position date.

If the assets' carrying amount exceeds its recoverable value, it is written down to the estimated recoverable value through impairment losses (Note 1.8).

Gains or losses arising from write-downs or disposals are calculated by the difference between the proceeds of disposals and the asset's book value and are recognised in the income statement as other operating income or costs.

1.8 Impairment of non-current assets

Non-current assets that have an undefined useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows (cash generating units), when such assessment is not possible for each asset on an individual basis.

Impairment losses recognised in prior periods are reversed when it is determined that the recognised impairment losses no longer exist or that they have reduced (except for impairment losses on goodwill – see Note 1.6). This analysis is made whenever there are indications that the impairment loss formerly recognised has been reversed or reduced.

The reversal of impairment losses is recognised in the income statement as other operating income, except for the available-for-sale financial assets (Note 1.10.4), unless the asset has been revalued, in which case the reversal will represent a portion or the total of the revaluation amount. However, an impairment loss is reversed only up to the limit of the amount that would be recognised (net of amortisation or depreciation) if it had not been recognised in prior years.

1.9 Biological Assets

Biological assets are measured at fair value, less estimated costs to sell at the time of harvesting. The Group's biological assets comprise the forests held for the production of timber, capable of incorporating the BEKP production, including other species like pine or cork oak.

When calculating the fair value of the forests, the Group uses the discounted cash flows method, based on a model developed in house, which considers assumptions about the nature of the assets being valued, namely, the expected yield of the forests, the timber selling price deducted by costs relating to harvest and transportation, and also plantation costs, maintenance costs and a discount rate.

The discount rate was determined on the basis of the Group's expected rate of return on its forests.

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognised as operating income/ costs.

At the time of harvest, wood is recognised at fair value less estimated costs at point of sale, in this case, the pulp mills.

1.10 Financial investments

The Group classifies its investments in the following categories: loans and receivables, financial assets at fair value through profit and loss, held-to-maturity investments, and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

All acquisitions and disposals of these investments are recognised on the date of signature of the respective sale and purchase contracts, regardless of the date of settlement.

Investments are first recognised at their acquisition cost; their fair value is equal to the price paid, including transaction costs (except in the case of financial assets at fair value through profit and loss). Thereafter, measurement will depend on the category in which the investment is placed, as follows:

1.10.1 <u>Loans and receivables</u>

Loans granted and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

They are included in current assets, except where their maturity exceeds 12 months after the statement of financial position date, in which case they are classified as non-current assets.

Loans granted and receivables are included in Receivables and other current assets in the statement of financial position (Note 21).

1.10.2 <u>Financial assets at fair value through profit or loss</u>

This category comprises two sub-categories: (i) financial assets held for trading, and (ii) assets designated at fair value through profit or loss at initial recognition. A financial asset is classified under this category if acquired primarily for the purpose of selling in the short-term or if so designated by management.

Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date. These investments are measured at fair value through the income statement.

1.10.3 <u>Held-to-maturity investments</u>

Held-to-maturity investments are non-derivative financial assets, with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Investments in this category are recorded at amortised cost using the effective interest rate method.

1.10.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that: (i) the Group has the intention of holding for an undefined period of time, (ii) are designated as available-for-sale at initial recognition or (iii) do not meet the conditions to be classified in any of the remaining categories, as described above.

These financial investments are recognised at market value, as quoted at the date of the statement of financial position.

If the market of a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash-flows analysis and option pricing models refined to reflect the issuer's specific circumstances.

Potential gains and losses arising from these investments are recorded directly in the fair value reserve until the financial investment is sold, received, or disposed of in any way, at which time the accumulated gain or loss formerly reflected in shareholders' equity is taken to the income statement.

If there is no market value or if it is not possible to determine one, these investments are recognised at acquisition cost.

At each reporting date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. If a prolonged decline in fair value of the available-for-sale financial assets occurs, then the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement.

An impairment loss recognised on available-for-sale financial assets is reversed if the loss was caused by specific external events of an exceptional nature that are not expected to recur but which subsequent external events have reversed; under these circumstances, the reversal does not affect the income statement and the asset's subsequent increase in value is thus taken to the fair value reserve.

1.11 Derivative financial instruments

Occasionally, when considered appropriate, the Group uses derivative financial instruments aimed at managing the financial risks to which it is exposed.

The use of these instruments occurs whenever expectations of changes in interest or exchange rates justify it, as the Group seeks to hedge against adverse movements through derivative instruments, such as interest rate swaps (IRS), caps and floors, forwards, options, collars, etc.

In the selection of derivative financial instruments, it is their economic aspects that are the main focus of assessment.

Transactions that qualify as cash-flow hedges are recognised in the statement of financial position at fair value.

To the extent that they are considered effective hedges, changes in the fair value of those instruments are initially recorded as an offset to shareholders' equity and subsequently reclassified under the financial costs heading, on the settlement date.

Accordingly, in net terms, costs associated with hedged items are accrued at the inherent hedging transaction rate contracted. Gains or losses arising from the premature cancellation of this type of instrument are taken to the income statement at the time they arise.

Although the derivatives contracted by the Group represent effective instruments to cover business risks, not all of them qualify as hedging instruments in accounting terms to satisfy the rules and requirements of IAS 39. Instruments that do not qualify as hedging instruments in accounting terms are stated on the statement of financial position at fair value and changes in same are recognised in financial costs.

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions.

The fair value of the derivatives financial instruments is included in Receivables and other current assets and Payables and other current liabilities.

1.12 Income tax

Income tax includes current and deferred taxes. Current income tax (IRC) is determined on the basis of net profit, adjusted in accordance with tax law prevailing on the statement of financial position; for interim periods the expected annual effective tax rate is used.

Deferred tax is calculated on the basis of the temporary differences between the book value of assets and liabilities and their respective tax base. To determine the deferred tax, the tax rate used is that expected to prevail in the period during which the temporary differences will reverse.

Deferred tax assets are recognised as assets whenever there is reasonable assurance that earnings will be generated in the future, against which they can be used. Deferred tax assets are reviewed periodically and revised downwards whenever it no longer appears probable that they can be used.

Deferred taxes are recorded as a cost or profit for the period, except if they arise from amounts recorded directly in the equity, in which case the deferred tax is also recorded under the same heading.

Tax benefits awarded in relation to investment projects that will be developed by the Group, are recognised in the income statement, considering the development stage of the project and when it is highly likely that the Group will fulfil the conditions required for its attribution.

The amounts to be included in the current tax and in the deferred tax, resulting from transactions and events recognised in reserves, are recorded directly in these same headings, not affecting the net profit for the period.

1.13 Inventories

Inventories are valued according to the following criteria:

i) <u>Goods for resale and raw materials</u>

Goods for resale and raw materials are valued at the lower of their acquisition cost and net realizable value. The acquisition cost includes expenses incurred up to the arrival of the goods at the warehouses, using the weighted average cost as its cost method.

ii) <u>Finished and intermediate products and work in progress</u>

Finished and intermediate products and work in progress are valued at the lower of their production cost (which includes the cost of raw materials, labour and general production costs, based on the normal production level) and the net realizable value.

The net realizable value represents the estimated selling price less estimated finishing and marketing costs. Differences between cost and the net realizable value, if the latter is lower, are recorded as operating costs.

1.14 Receivables and other current assets

Receivables and other current assets are recorded at nominal value less impairment losses necessary to place them at their expected net realizable value.

Impairment losses are recorded when there is objective evidence that the Group will not receive all amounts owed in accordance with the original conditions of the receivables and actual hedge instruments for credit risks.

1.15 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term investments with original maturities of 3 months or less, which can be mobilised immediately without any significant risk of fluctuations in value.

1.16 Share capital and treasury shares

Ordinary shares are classified as equity.

Incremental costs directly attributed to the issue of new shares or other equity instruments are shown in equity as a deduction, net of tax, from the amount received as a result of the issuance.

Costs directly imputable to the issuance of new shares or options, for the acquisition of a business are included in the acquisition cost, as a part of the value of the acquisition.

When a Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or disposed of.

When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is reflected in equity.

1.17 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred.

Interest-bearing liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the debt, using the effective interest rate method.

Interest-bearing liabilities are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.18 Financial costs on loans

Loan's related financial costs are usually recognised as financial costs, in accordance with the accrual principle and the effective interest rate method.

Financial costs on loans directly related to the acquisition, construction, or fixed assets production, are capitalised, to form part of the asset's cost. Capitalisation of these charges begins once preparations are started for the construction or development of the asset and is suspended after its utilisation begins or when the respective project is suspended.

Any financial income generated by loans that are directly associated with a specific investment is deducted from financial costs eligible for capitalisation.

1.19 Provisions

Provisions are recognised whenever the Group has a present legal or constructive obligation, as a result of past events, in which is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions for future operating losses are not recognised. Provisions are reviewed on the date of the statement of financial position and are adjusted to reflect the best estimate at that date.

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimizing energy consumption, atmospheric emissions, the production of residues and noise,) are capitalised when they are intended to serve the Group's business in a durable way, as well as those associated with future economic benefits and which serve to prolong life expectancy, increase capacity or improve the safety or efficiency of other assets owned by the Group.

1.20 Pensions and other post – employment benefits

1.20.1 Pension liabilities – defined benefit plans and retirement bonus

Some Group subsidiaries have undertaken to make payments to their employees under retirement pension supplement agreements covering old age, disability, early retirement and survivors' benefits and have set up defined benefit pension plans.

They have also assumed liabilities for pre-retirement payments, under the terms of agreements with various employees, up to the time of their entry into retirement by the social security. These monthly payments represent the portion of the employee's salary as of the pre-retirement date.

As mentioned in Note 27, the Group has set up autonomous pension funds as a way to finance nearly all of its liabilities for those payments.

Portucel assumed the obligation to pay a retirement bonus, equivalent to six-month salary, for employees that retire at the regular date of retirement, 65 years old. The present value of the liabilities for future retirement payments and bonuses are determined on an actuarial basis and recorded as a cost of the period in line with the services provided by the potential beneficiaries in their employment, in accordance with IAS 19.

As such, the total liability is estimated separately for each plan at least once every six months, on the date of closing of the interim and annual accounts, by a specialised and independent entity in accordance with the projected unit credit method.

Past service costs resulting from the implementation of a new plan, or increases in the benefits awarded are recognised immediately in situations where the benefits are to be paid or are past due.

The liability thus determined is stated on the statement of financial position, less the market value of the funds set up as a liability, under Post-employment benefit liabilities, when underfunded, and as an asset in situations of over-funding.

Actuarial variances arising from the differences between the assumptions used for the purpose of determining liabilities and those which effectively occurred (as well as of changes made to same and the difference between the expected return on the assets of the funds and their actual yield) are recognised directly in equity when incurred.

Gains and losses generated on a curtailment or settlement of a defined benefit pension plan are recognised in the income statement when the curtailment or settlement occurs.

A curtailment occurs when there is a material reduction in the number of employees or when the plan is modified in a way that the benefits are materially reduced, originating a reduction in the plan's liability.

1.20.2 Holidays, holiday allowances and bonus

In accordance with prevailing legislation, workers are entitled to 25 days holiday each year, as well as one month of holiday allowances, the right to which is acquired in the year preceding that of the payment.

In accordance with the Performance Management System in place, all employees and the board members are entitled to a compensation benefit defined in the annual objectives, the right to which is acquired in the year preceding that of the payment.

Hence, these liabilities are recorded in the period during which workers including the board of directors, acquire the respective right, irrespective of the date of payment, and the balance to be paid as of statement of financial position date is shown under the Payables and other current liabilities.

1.21 Payables and other current liabilities

The balances of Payables and other current liabilities are stated at their nominal value.

1.22 Government grants

Government grants are recognised only after it becomes certain that the Group will comply with the respective conditions, namely, the required capital expenditure, and that the grants will be received.

The investment government grants that the Group receives to compensate it for capital expenditures are included in Payables and other current or non-current liabilities, depending on the depreciation period, and are recognised in the income statement throughout the estimated useful life of the respective subsidised asset, as a deduction in depreciation costs.

Operating government grants, received for the purpose of compensating the Group for costs incurred, are recorded systematically on the income statement during the periods in which the costs that those grants are intended to cover are recognised, for the accumulated amount of the periods prior to the initial recognition of the grant.

Government grants related to biological assets carried at fair value, in accordance with IAS 41, are recognised in the income statement when the terms and conditions of the award of the government grant are met.

1.23 Leases

Property, plant and equipment acquired under financial leases, as well as the respective liabilities are booked by the financial method.

Under this method, the asset is recorded under the Property, plant and equipment heading, the respective liability is recorded in liabilities under Interest-bearing liabilities; the interest component of lease payments and depreciation of the asset, calculated as described in Note 1.7, are recognised as costs of the respective period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, the Group being the lessee, are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement over the period of the lease.

1.23.1 Leases included in arrangements as defined in IFRIC 4

The Group recognises an operating or financial lease whenever entering into an arrangement, comprising a transaction or a series of related transactions which may not assume the legal form of a lease, that transmits the right to use the asset in return for a payment or series of payments.

1.24 Dividend distribution

The distribution of dividends to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, up to the time of payment.

1.25 Revenue recognition and the accrual basis

Income from sales is recognised in the consolidated income statement when the risks and benefits inherent in the ownership of the respective assets are transferred to the purchaser and the income can be reasonably quantified. Thus, sales of products (pulp and paper) are recognised only when they are dispatched to the client.

Sales are recognised net of taxes, discounts and other costs inherent to their completion, at the fair value of the sum received or receivable.

Income from services rendered is recognised in the consolidated income statement by reference to the phase of fulfilment of service contracts at the statement of financial position date.

Dividend income is recognised when the owners or shareholders entitlement to receive payment is established.

Interest receivable is recognised according to the accrual principle, considering the amount owed and the effective interest rate during the period to maturity.

Group companies record their costs and income according to the accrual principle, so that costs and income are recognised as they are generated, irrespective of the time at which they are paid or received.

The differences between amounts received and paid and the respective costs and income are recognised in the Receivables and other current assets and Payables and other current liabilities headings (Notes 21 and 30, respectively).

1.26 Contingent assets and contingent liabilities

Contingent liabilities relative to which an outflow of funds that negatively affects future economic benefits is unlikely are not recognised in the consolidated financial statements; they are disclosed in the notes to the consolidated financial statements unless the possibility of an actual outflow of funds is remote, in which case they are not disclosed. Provisions for contingent liabilities that meet the conditions foreseen in Note 1.19 are recognised.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed in the notes to the consolidated financial statements when a future economic benefit is probable (Note 37).

1.27 Subsequent events

Events subsequent to the date of the statement of financial position that provide additional information of conditions existing at that date are reflected in the consolidated financial statements.

Events subsequent to statement of financial position date that provide information on conditions that arose after that same date are disclosed in the notes to the consolidated financial statement, if material.

1.28 New standards, amendments and interpretations of existing standards

The application of the interpretations and amendments to the standards mentioned below, are mandatory by IASB for the financial years that begin on or after January 1, 2009:

New Standards	Effective date *
IAS 1 (revised) - Presentation of Financial Statements	January 1, 2009
IAS 23 (amendment)- Borrowing costs	January 1, 2009
IAS 32 (amendment) -Financial instruments: Disclosure and subsequent amendment to IAS 1 - Presentation of Financial Statements	January 1, 2009
IFRS 1 (amendment) - First-time adoption of IFRS and subsequent amendment to IAS 27 - Consolidated and separate financial statements	January 1, 2009
IFRS 2 (amendment) - Share-based payments	January 1, 2009
IFRS 8 - Operating Segments	January 1, 2009
Annual improvement of standards in 2008 (to be applied on from January 1st on)	
IFRIC 13 - Costumer loyalty programmes	January 1, 2009
IFRIC 14 - The limit on a defined benefit asset minimum funding requirements and their interaction	January 1, 2009

** Periods beginning on or after*

The adoption of these new interpretations and the amendments to the standard above-mentioned did not have a material impact in the Group's financial statements.

New standards and interpretations not mandatory as at June 30, 2009:

There are new standards, interpretations and amendments of existing standards, despite having already been published, they are only mandatory for the periods starting after January 1, 2009 and the Group decided not to early adopt them.

New Standards approved by European Commission	Effective date *
IAS 27 (revised) - Consolidated and separate financial statements	July 1, 2009
IAS 39 (revised) - Financial Instruments: recognition and measurement	July 1, 2009
IFRS 3 (revised) - Business combinations	July 1, 2009
and discontinued operations	July 1, 2009
IFRIC 12 - Service concession arrangements	March 30, 2009
IFRIC 16 - Hedges of a net investment in a foreign operation	July 1, 2009

** Periods beginning on or after*

New standards not yet approved by the European Commission	Effective date *
IFRS 2 (amendment) - Share-based payments – Transactions paid ir	January 1, 2010
IFRS 7 (amendment) - Financial instruments: Disclosures	January 1, 2009
IFRIC 9 - Reassessment of Embedded Derivatives and IAS 39 - Financial Instruments: Recognition and Measurement	July 1, 2009
IFRIC 15 - Agreements for the construction of real estate	January 1, 2009
IFRIC 17 - Distributions of non-cash assets to owners	July 1, 2009
IFRIC 18 - Transfers of assets from customers	July 1, 2009
2009 Annual standards improvement project	
IAS 1 - Presentation of financial statements	January 1, 2010
IAS 7 - Statement of cash flows	January 1, 2010
IAS 17 - Leases	January 1, 2010
IAS 18 - Revenue	July 1, 2009
IAS 36 - Impairment of assets	January 1, 2010
IAS 38 - Intangible assets	January 1, 2010
IAS 39 – Financial instruments: Recognition and measurement	July 1, 2009
IFRS 2 - Share-based payments	July 1, 2009
IFRS 5 - Non-current assets held for sale and discontinued operations	January 1, 2010
IFRS 8 - Operating Segments	January 1, 2010

** Financial year beginning in or after*

Up to the date of completing this report, the Group had not concluded the analysis of the effects to the consolidated financial statements arising from the new pronouncements detailed above, and has therefore chosen not to early adopt them. However, no material effect is expected in the financial statements as a result of their adoption.

2. Risk Management

2.1 Financial risk factors

The Group's activities are exposed to a variety of financial risk factors: foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group maintains a risk management program which focuses on the financial markets and seeks to minimise the potential adverse effects on its financial performance.

Risk management falls within the domain of the finance department in accordance with policies approved by the Board of Directors. The financial department assesses and covers financial risks in close cooperation with the Group's operating units.

The Board of Directors provides the principles of risk management as a whole and policies covering specific areas, such as foreign exchange risk, interest rate risk, liquidity risk, credit risk, the use of derivatives and other non-derivate financial instruments and the investment of excess liquidity. The internal audit department follows the implementation of the risk management principles defined by the Board of Directors.

2.1.1 <u>Foreign exchange risk</u>

Fluctuations in the exchange rate of the Euro against other currencies can affect the Company's revenues in a number of ways.

On the one hand, it is customary to set the price of BEKP on the world market in US dollars, and, as such, the change of the Euro against the US dollar can have an impact on the Company's future sales regardless of the currency used (Euro or any other). On the other hand, a significant portion of UWF paper sales is priced in currencies other than the Euro, again with special emphasis on the US dollar. The change of the Euro *vis a vis* these currencies can also have an impact on the Company's future sales.

Furthermore, once a sale is made in a currency other than the Euro, the Company assumes an exchange rate risk up to the time it receives the proceeds of that sale, if no hedging instruments are in place, as it's been usual for the BEKP sales. Hence the Company's assets will always have a significant component of receivables subject to foreign exchange risk.

The Group does not hold investments in any materially relevant foreign operations whose net assets are exposed to foreign exchange risk.

Occasionally, when it is considered appropriate, the Group manages foreign exchange risks through the use of derivative financial instruments, in accordance with a policy that is subject to periodic review, the prime purpose of which is to limit the exchange risk associated with accounts receivable priced in currencies other than the Euro.

The table below shows the Group exposure to foreign exchange rate risk as of June 30, 2009, based on the balances of financial assets and liabilities, totalling €70,165,071, converted at the exchange rate of that date (December 31, 2008: €58,579,911).

Amounts	US Dollar	Sterling Pounds	Polish Zloti	Swedish Crown	Czech Crown	Swiss Franc	Danish Crown	Hungarian Florin	Australian Dollar	Total
June 30, 2009										
Assets										
Cash and equivalents	400,733	138,413	483	-	(92)	80,359	2,662	-	-	622,558
Accounts receivable	52,740,215	14,324,656	4,099,651	178,893	(165,194)	2,174,677	1,488,373	(571,764)	174,705	74,444,212
Available-for-sale financial assets	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	
Total financial assets	**53,140,948**	**14,463,069**	**4,100,134**	**178,893**	**(165,286)**	**2,255,036**	**1,491,035**	**(571,764)**	**174,705**	**75,066,770**
Liabilities										
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	
Accounts payable	(1,291,738)	(926,345)	(362,181)	(129,009)	(49,200)	(855,942)	(1,243,466)	(41,354)	(2,464)	(4,901,699)
Total financial liabilities	**(1,291,738)**	**(926,345)**	**(362,181)**	**(129,009)**	**(49,200)**	**(855,942)**	**(1,243,466)**	**(41,354)**	**(2,464)**	**(4,901,699)**
Statement of financial position net amount	**51,849,210**	**13,536,724**	**3,737,953**	**49,884**	**(214,486)**	**1,399,094**	**247,569**	**(613,118)**	**172,241**	**70,165,071**
December 31, 2008										
Total financial assets	43,764,015	18,896,074	1,007,745	27,105	9,784	748,948	509,497	32,282	-	64,995,450
Total financial liabilities	(4,104,837)	(1,472,331)	(65,580)	(15,356)	(1,197)	(627,069)	(128,936)	(233)	-	(6,415,539)
Statement of financial position net amount	**39,659,178**	**17,423,743**	**942,165**	**11,749**	**8,587**	**121,879**	**380,561**	**32,049**	**-**	**58,579,911**

A 5% decrease in the exchange rates used the translation of the foreign currencies balances as at June 30, 2009 would result in a negative impact in the net profit for the period of €3,508,254 (December 31, 2008: €2,928,995), excluding the effect of the hedging derivative financial instruments to cover foreign exchange risks (Note 31).

2.1.2 <u>Interest rate risk</u>

The cost of the Group's financial debt is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt) plus a negotiated risk premium. Hence, changes in interest rates can have an impact on the Company's earnings.

For around 32% of its debt, the Group resorted to derivative financial instruments to cover its interest rate risk, namely interest-rate swaps, the purpose of which is to fix the interest rate on the Group's borrowings within certain limits.

On June 30, 2009 and December 31, 2008, the detail of the financial assets and liabilities exposed to interest rate risk, considering the maturity or the next settlement date was as follows:

Amounts in Euros	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
July 30, 2009						
Assets						
Non-current						
Available-for-sale financial assets	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Current						
Cash and cash equivalents	111,596,517	-	-	-	-	111,596,517
Total financial assets	**111,596,517**	**-**	**-**	**-**	**-**	**111,596,517**
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	449,318,566	-	449,318,566
Other liabilities	-	-	-	-	-	-
Current						
Other loans and payables	3,126,206	-	303,125,000	-	-	306,251,206
Total financial liabilities	**3,126,206**	**-**	**303,125,000**	**449,318,566**	**-**	**755,569,772**
Net amount	**108,470,311**	**108,470,311**	**(194,654,689)**	**(643,973,255)**	**(643,973,255)**	

Amounts in Euros	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
December 31, 2008						
Assets						
Non-current						
Available-for-sale financial assets	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Current						
Cash and cash equivalents	222,548,686	-	-	-	-	222,548,686
Total financial assets	**222,548,686**	**-**	**-**	**-**	**-**	**222,548,686**
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	686,887,139	-	686,887,139
Other liabilities	-	-	-	-	-	-
Current						
Other loans and payables	12,969,889	-	3,125,000	-	-	16,094,889
Total financial liabilities	**12,969,889**	**-**	**3,125,000**	**686,887,139**	**-**	**702,982,028**
Net amount	**209,578,797**	**209,578,797**	**206,453,797**	**(480,433,342)**	**(480,433,342)**	

2.1.3 Credit risk

The Group is exposed to the risk of credit in the credit it grants to its customers and, accordingly, it has adopted a policy of managing the coverage of such risk within preset limits, through the negotiation of a credit insurance policy with a specialized independent company.

Sales that are not covered by credit insurance are subject to rules that ensure that they are made to customers with a satisfactory credit history and/or are total or partially covered by bank guarantees, and if such coverage is partial, the exposure has to be within reasonable limits.

As of June 30, 2009 and December 31, 2008, the accounts receivable from customers showed the following ageing structure, considering the due dates for the opening balances:

Amounts in Euros	30-06-2009	31-12-2008
Current	150,003,290	140,506,729
1 to 90 days	12,326,703	24,642,367
91 to 180 days	513,613	1,101,676
181 to 360 days	93,345	252,772
361 to 540 days	99,367	1,525,416
541 to 720 days	300,365	27,472
more than 721 days	680,155	1,052,192
	164,016,838	**169,108,624**
Litigation - doubtful debts	1,472,285	1,275,197
Impairments	(1,299,341)	(1,531,558)
Trade debtors (Note 21)	**164,189,782**	**168,852,263**
Limit of the negotiated credit insurance	284,493,869	384,206,601

The amounts shown above correspond to the open items according to the contracted due dates. Despite some delays in the liquidation of those amounts, that does not mean, according to our information, that impairment exists further than the ones considered through the respective losses. These are identified using the information periodically collected about the evolution of the financial situation of the Group’s clients, which allows, in conjunction with the experience gathered in the analysis of the client portfolio and from past credit defaults, in the share not imputable to the insurance company, to define the amount of losses to recognise in the period. The guarantees in place for a significant part of the open and old balances, justify the fact that no impairment has been recorded for those balances. The rules defined by the credit risk insurance policy applied by the Group, ensure a significant coverage of all open balances, for which the limit of the negotiated credit insurance shown above corresponds to the whole of the Group’s customers portfolio.

The table below represents the quality of the Group's credit risk, as of June 30, 2009 and December 31, 2008, for financial assets (cash and cash equivalents), whose counterparts are financial institutions (Credit rating by Standard & Poor's):

	Financial institutions	
	30-06-2009	31-12-2008
Rating	**Euros**	**Euros**
AA	-	337,061
AA-	1,524,943	352,807
A+	284,090	
A	104,318,444	219,022,562
Others	5,469,040	2,836,256
	111,596,517	**222,548,686**

Others relate to the financial institutions with which there are transactions of reduced relevance or relatively to which it was not possible to obtain the ratings with reference to the presented dates.

The next table shows an analysis of the quality of credit of the accounts receivable from customers relatively to which, considering the information available to the Group, no default or impairment was considered.

Amounts in Euros	30-06-2009		31-12-2008	
	Gross amount	**Fair value warranties**	**Gross amount**	**Fair value warranties**
Overdue accounts receivable not impaired				
Overdue - less than 3 months	12,326,703	11,168,395	24,642,367	17,032,157
Overdue - more than 3 months	1,686,845	53,679	3,959,528	11,859
	14,013,548	**11,222,074**	**28,601,895**	**17,044,016**
Impaired overdue accounts receivable				
Overdue - less than 3 months	-	-	-	-
Overdue - more than 3 months	1,299,341	-	1,531,558	-
	1,299,341	**-**	**1,531,558**	**-**

The maximum exposure to the credit risk in the balance sheet as at June 30, 2009 and December 31, 2008, is detailed in the following schedule. In accordance with the above-mentioned policies, the Group contracted a credit insurance policy for most of the accounts receivable from clients and selects as counterparts in its transactions financial entities that show solid financial ratings. This way, the Group's exposure to the credit risk is considered to have been mitigated and to be set within acceptable levels.

Amounts in Euros	Maximum exposure	
	30-06-2009	**31-12-2008**
Non-current		
Available-for-sale financial assets	130.074	130.074
Other non-current assets	-	-
Current		
Receivables and other current assets	232.314.335	246.623.087
Cash and cash equivalents	111.596.517	222.548.686
Off Balance sheet credit risk exposure garanties (Note 36.1)	24.760.509	11.871.904

2.1.4 Liquidity risk

The Group manages its liquidity risk in two ways: firstly by ensuring that its financial debt has a substantial medium and long-term component, with maturities appropriate to the characteristics of the industry in which it operates.

In addition, the Group has obtained credit facilities from financial institutions that are readily available and in such amounts as to ensure that it has sufficient liquidity.

The liquidity of the contracted and interest-bearing financial liabilities will give rise to the following non discounted cash-flows, including interest, considering the remaining period up to their contractual maturity, at the statement of financial position date:

Amounts in Euros	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As of June 30, 2009						
Liabilities						
Interest-bearing liabilities						
Bond loans	-	4.140.000	314.183.749	405.792.380	-	724.116.129
Commercial paper	-	-	-	-	-	-
Bank loans	3.529.647	-	4.775.449	57.674.077	28.596.066	94.575.239
Financial lease payables	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities	**3.529.647**	**4.140.000**	**318.959.198**	**463.466.457**	**28.596.066**	**818.691.368**
As of December 31, 2008						
Liabilities						
Interest bearing liabilities						
Bond loans	-	9.496.467	24.397.535	737.560.312	-	771.454.314
Commercial paper	-	-	-	-	-	-
Bank loans	13.649.068	-	3.454.420	16.509.478	-	33.612.966
Financial lease payables	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities	**13.649.068**	**9.496.467**	**27.851.955**	**754.069.790**	**-**	**805.067.280**

2.2 Operating risk factors

2.2.1 Supply of raw materials

The supply of wood, namely eucalyptus, is subject to price fluctuations and difficulties encountered in the supply of raw materials that could have a significant impact on the production costs of companies producing BEKP.

The planting of new areas of eucalyptus and pine is subject to the authorization of the relevant entities, so that increases in forest areas, or the replacement of some of the present areas, depend on forest owners which are estimated in some 400,000, on the applicable legislation and the speed of the responsible authorities. If domestic production proved to be insufficient, in volume and in quality, namely of certified wood, the Group could have to place greater reliance on the importation of wood.

Furthermore, and considering the unsurpassable National Value Added in the Portuguese Economy, direct and indirect, of the eucalyptus industry, as well as the significance of such industries for exports, the level of employment they provide and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group has been making the Government and the public opinion aware that it is necessary to guarantee that, whilst the internal production of this type of wood does not increase significantly on an economically viable basis, its use as bio fuels for energy purposes should not be put ahead of its use as a raw material, to be used to produce saleable goods.

2.2.2 UWF paper and BEKP market price

The market prices of BEKP and UWF paper are settled in the world global market in perfect competition and have a significant impact on the Group's revenues and on its profitability. Cyclical fluctuations in BEKP and in UWF Paper prices mainly arise from changes in the world supply and demand, the financial situation of each of the market players (producers, traders, distributors, clients, etc.) worldwide, creating imbalances in supply in the face of market demand raising market volatility.

2.2.3 Demand for the Group's products

Any decline in the demand for BEKP and UWF paper in the EU and US markets could have a severe impact on the Group's sales. Moreover, demand for BEKP produced by the Group depends on the growth of worldwide paper production capacity, since the paper producers are the Group's main pulp customers.

2.2.4 Competition

The increase in the various situations identified in 2.2.2, in the BEKP and UWF paper markets could have an important impact on prices and hence on the Group's profitability.

The BEKP and UWF paper markets are highly competitive, so that, in the present situation, significant variations on existing production capacity could have a strong influence on world market prices. These factors have encouraged the Group to follow a defined marketing and branding strategy and to invest in relevant capital expenditures to increase productivity and the quality of goods sold. The main threat to the competitiveness of the eucalyptus forest sector is the low productivity of the Portuguese forest and the worldwide search of certified products, as only a very small part of the forest is certified and a continuation of this competitive pressure is expected for the future. As an example, the forest area managed by the Group represents less than 3.5% of the Portuguese forest area and 54% of the Portuguese forest certified in accordance with the FSC Standard.

2.2.5 Environmental legislation

In recent years, environmental legislation in the EU has increased its constraints regarding the control of effluents. The companies of the Group conform to the prevailing legislation.

Although no significant changes in legislation are expected in the near future, if that was to happen there is always the possibility that the Group may need to incur in increased expenditure, in order to comply with any new requirements that may come into force.

2.2.6 Context costs

The lack of efficiency in the Portuguese economy, which exercises a negative effect on the Group's ability to compete, continues to require special attention, particularly, but not exclusively, in the following areas:

- i) Ports and railroads;
- ii) Roads particularly those providing access to the Group's producing units;
- iii) Rules regarding territory management and forest fires;
- iv) Low productivity of the country's forests;
- v) The majority of the Portuguese forest is not certified.

3. Important accounting estimates and judgements

The preparation of the consolidated financial statements requires the Group's management to make judgements and estimates impacting revenue, costs, assets, liabilities and disclosures on the statement of financial position date.

These estimates are determined through the judgment of the Group's management, based (i) on the best information and knowledge of present events and in some cases, on the reports of independent experts and (ii) on the actions that the Company believes it is able to carry out in the future. However, the impact of the actual transactions may differ from those estimates.

The estimates and assumptions that include a significant risk that a material adjustment to the book value of the assets and liabilities will be needed in the next year are shown below:

3.1 Impairment of goodwill

Each year, the Group tests whether its goodwill is impaired, in accordance with the accounting policy described in Note 1.8. The recoverable amounts from the cash generating units are determined on the basis of the calculation of the values in use. These calculations require the use of estimates.

As of June 30, 2009, an increase of 0.5% on the discount rate used in the impairment test of the subsidiary Soporcel would decrease the value of that investment by €81,593,000. Nevertheless, the result would still be above the net book value of this subsidiary.

3.2 Income tax

The Group recognises liabilities for additional tax assessments that may arise from reviews by the tax authorities. When the final result of these reviews differs from the amounts initially recorded, the differences will have an impact on the income tax and on the provisions for taxes during the period in which such differences are identified.

As of June 30, 2009, an increase of 0.5% in the effective income tax rate would result in an increase of the income tax expense of €279,104.

3.3 Actuarial assumptions

Liabilities for defined employee benefits are calculated based on certain actuarial assumptions. Changes in these assumptions may have a significant impact on those liabilities.

As of December 31, 2008 the Group changed the discount rate used to calculate its pension liabilities (see Note 27), from 5.25% to 5.5% on the valuation of the liabilities as of that date.

3.4 Fair value of biological assets

In determining the fair value of biological assets the Group used the discounted cash flows method considering assumptions about the nature of the assets being valued (Note 1.9). Changes in these assumptions may have an impact on those assets.

At June 30, 2009, an increase of 0.5% on the discount rate used in the calculation, 5.5%, would depreciate those assets by €4,776,348.

3.5 Credit risk

As mentioned before, the Group manages credit risks in its receivables through risk analysis when granting credit to new customers, and through regular review.

Due to the nature of the customers, the Group's receivables portfolio does not lend itself to general credit ratings based on classification and analysis in terms of a homogeneous population. Hence the Group collects data on its customers' financial performance through regular contact, as well as through contacts with other entities with whom the Group does business (e.g., sales agents).

Similarly, most of the Group's receivables are covered by an insurance policy it contracted that limits the exposure in these receivables – generally - to the retention portion to be paid in case of any incident, which varies based on the customer's geographical location. The insurer's acceptance of the Group's credit portfolio and the premiums that the Group pays for that coverage are a good proof of the average quality of the Group's portfolio.

3.6 Recognition of provisions and impairments

The Group is part in several lawsuits, for which, based in the opinion of its lawyers, judgment is made to determine the recognition of a provision for those contingencies.

The impairment adjustments in accounts receivable are calculated essentially based on the accounts receivable ageing, the risk profile of the clients and their financial situation. If it had been calculated through the criteria set by the Portuguese tax legislation, the impairment adjustments would have been increased by €546,327.

4. Segment Information

Segment information is shown in relation to the identified business segments, namely Forest, Pulp, Paper and Energy. The revenues, assets and liabilities of each segment correspond to those directly allocated to them, as well as to those that can be reasonably attributed to those segments.

Financial data by operational segment for the six-month period ended at June 30, 2009 and 2008 is shown as follows:

	6 months 30-06-2009					
	FOREST	PULP	PAPER	ENERGY	ELIMINATIONS	TOTAL
REVENUES						
Sales and services - external	2.470.034	81.908.621	416.645.085	36.480.712	-	537.504.452
Sales and services - intersegmental	58.921.368	108.357.685	-	25.685.252	(192.964.305)	-
Total revenue	**61.391.402**	**190.266.306**	**416.645.085**	**62.165.964**	**(192.964.305)**	**537.504.452**
PROFIT/(LOSS)						
Segmental profit	4.424.638	(44.835.818)	98.975.407	1.857.589	-	**60.421.816**
Unallocated costs	-	-	-	-	-	3.611.200
Operating profit	-	-	-	-	-	**64.033.016**
Financial costs - net	-	-	-	-	-	(8.212.195)
Income tax	-	-	-	-	-	(8.749.383)
Net profit before non-controlling interest	-	-	-	-	-	**47.071.438**
Non-controlling interest	-	-	-	-	-	32.860
Net profit	-	-	-	-	-	**47.104.298**
OTHER INFORMATION						
Segment assets	185.178.742	738.726.053	1.312.557.730	85.549.132	-	2.322.011.657
Financial investments	-	-	-	-	-	130.074
Unallocated assets	-	-	-	-	-	170.202.487
Total assets	**185.178.742**	**738.726.053**	**1.312.557.730**	**85.549.132**	**-**	**2.492.344.218**
Segment liabilities	3.612.677	566.142.614	706.136.697	7.738.180	-	1.283.630.168
Unallocated liabilities	-	-		-	-	273.843
Total liabilities	**3.612.677**	**566.142.614**	**706.136.697**	**7.738.180**	**-**	**1.283.904.011**
Capital expenditure	1.677.061	37.370.466	201.927.985	25.049.766	-	266.025.278
Depreciation	367.664	23.070.003	20.459.468	288.793	-	44.185.928
Provisions-unallocated	-	-	-	-	-	(9.134.043)

	6 months 30-06-2008					
	FOREST	PULP	PAPER	ENERGY	ELIMINATIONS	TOTAL
REVENUES						
Sales and services - external	4.162.962	133.423.025	413.901.216	43.009.028	-	594.496.231
Sales and services - intersegmental	55.819.962	164.574.600	-	24.960.211	(245.354.773)	-
Total revenue	**59.982.924**	**297.997.625**	**413.901.216**	**67.969.239**	**(245.354.773)**	**594.496.231**
PROFIT/(LOSS)						
Segmental profit	4.388.021	86.789.093	30.992.936	2.346.163	-	**124.516.212**
Costs unallocated	-	-	-	-	-	(17.291.747)
Operating profit	-	-	-	-	-	**107.224.465**
Financial costs	-	-	-	-	-	(10.663.849)
Income tax	-	-	-	-	-	(20.665.061)
Net profit before non-controlling interest	-	-	-	-	-	**75.895.555**
Non-controlling interest	-	-	-	-	-	31.657
Net profit	-	-	-	-	-	**75.927.212**
OTHER INFORMATION						
Segment assets	182.485.019	612.643.815	1.248.703.028	53.795.563	-	2.097.627.425
Financial investments	-	-	-	-	-	130.074
Unallocated assets	-	-	-	-	-	374.357.319
Total assets	**182.485.019**	**612.643.815**	**1.248.703.028**	**53.795.563**	**-**	**2.472.114.818**
Segment liabilities	59.925.492	627.990.109	564.906.901	12.454.351	-	1.265.276.853
Unallocated liabilities	-	-	-	-	-	1.448.281
Total liabilities	**59.925.492**	**627.990.109**	**564.906.901**	**12.454.351**	**-**	**1.266.725.134**
Capital expenditure	-	5.949.066	90.749.914	9.114.338	-	105.813.318
Depreciation	459.765	16.679.002	24.604.680	1.073.268	-	42.816.715
Provisions-unallocated	-	-	-	-	-	19.170

5. Other operating income

Other operating income is detailed as follows for the six-month period ended at June 30, 2009 and 2008:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Supplementary income	1,676,033	2,730,369
Grants - CO2 emission licences (Note 6)	3,069,013	3,352,287
Reversal of provisions (Note 23)	5,524,242	218,556
Gains on the sale of non-current assets	2,905,782	3,543,096
Gains on inventories	330,510	83,294
Operating grants	1,133,378	98,997
Other operating income	2,319,207	2,109,517
	16,958,165	12,136,116

Supplementary income mainly includes electricity, water and other forest products sold to other companies located in the Group's industrial sites.

Gains on the sale of non-current assets register the sales of CO2 emission licences.

6. Costs

Costs are detailed as follows for the six-month period ended at June 30, 2009 and 2008:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Cost of inventories sold and consumed	(244.444.338)	(248.249.623)
Increase/decrease in inventories	(21.753.966)	(2.680.305)
Third party supplies and services	(133.873.976)	(137.625.943)
Payroll costs		
Remunerations		
Corporate Bodies	(5.702.043)	(5.982.468)
Others remunerations	(34.598.593)	(38.901.933)
	(40.300.636)	(44.884.401)
Social charges and other payroll costs		
Pension costs - defined benefit plans (Note 27)	(2.809.155)	(2.803.855)
Other payroll costs	(7.438.702)	(14.353.856)
	(10.247.857)	(17.157.711)
	(50.548.493)	(62.042.112)
Other operating costs		
Own works capitalised	69.615	167.029
Fees	(630.622)	(441.829)
Losses on inventories	(236.980)	(223.048)
Impairment losses on receivables (Note 23)	(8.791)	(7.305)
Impairment losses on inventories (Note 23)	(10.686)	-
Indirect taxes	570.385	(986.336)
CO2 emission costs	(3.718.466)	(3.352.287)
Other operating costs	(1.605.892)	(2.306.302)
	(5.571.437)	(7.150.078)
Provisions (Note 28)	9.134.043	(19.170)
Total costs	(447.058.167)	(457.767.231)

Payroll expenses are detailed as follows for the six-month period ended at June 30, 2009 and 2008:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Remunerations	40,300,636	44,884,401
Social charges	7,217,822	7,241,379
Health costs	733,605	591,045
Employee training	447,748	483,738
Social activities	1,140,010	3,684,750
Insurance	538,006	468,654
Others	170,666	4,688,145
	50,548,493	**62,042,112**

For the six-month period ended June 30, 2009, research and investigation costs amounted to €1,511,511 (June 30' 2008: €1,702,325). Regarding 2008, the Group applied for tax benefits under the SIFIDE program, for which has declared a capital expenditure on investigation and development totalling €4,233,580 (2007: €4,500,034).

7. Remuneration of members of the corporate bodies

For the six-month period ended at June 30, 2009 and 2008, this heading refers to the fixed remuneration of the members of the corporate bodies and it is detailed as follows:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Board of Directors		
Portucel, S.A.	3,711,072	1,072,436
Board members of Portucel in other companies	1,749,006	4,701,252
Corporate bodies of other Group companies	106,037	75,355
Statutory Auditor (Note 34)	107,071	109,825
Fiscal Board	28,857	19,600
General Meeting	-	4,000
	5,702,043	5,982,468

In the six-month period ended at June 30, 2009 the Group recognised past services costs related with pensions of five Board members, as detailed in Note 27.

8. Depreciation, amortisation and impairment losses

In the six-month period ended at June 30, 2009 and 2008, depreciation, amortisation and impairment losses were as follows.

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Property, plant and equipment depreciation		
Land	-	(11.775)
Buildings and other constructions	(8.566.867)	(9.058.787)
Equipment	(34.440.428)	(31.940.796)
Other tangible assets	(946.423)	(1.573.147)
	(43.953.718)	(42.584.505)
Intangible assets' amortization		
Industrial property and other rights	(232.210)	(232.210)
	(232.210)	(232.210)
	(44.185.928)	**(42.816.715)**

Depreciation is net of investment government grants (Note 9) of €3,386,282 (June 30, 2008: €5,539,349).

In 2008, anticipating the impact that the launch of the new paper machine will have in the activities of the Group from 2009, the estimated useful lives of some equipment were revised.

9. Changes in government grants

Changes in government grants heading were as follows:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2009
Investment grants		
Opening balance	48,038,831	55,781,306
Decrease (Note 8)	(3,386,282)	(10,258,493)
Increase (Note 21)	-	2,516,017
Closing balance (Note 30)	**44,652,549**	**48,038,831**

On July 12, 2006, the Group and API – Agência Portuguesa para o Investimento (currently designated

AICEP) entered into four investment contracts. These contracts comprise financial and tax incentives amounting to €74,913,245 and €102,038,801, respectively, related to a global investment of €914,600,000.

As €64,028,211 was received up to June 30 2009, a financial incentive of €38,010,590 related to the investments to be made in the future will be received and a tax incentive of €54.265.206 will be recognised.

10. Financial costs (net)

Financial costs are detailed as follows for the six-month period ended June 30, 2009 and 2008:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Interest paid on loans	(17.357.241)	(22.020.113)
Interests earned	2.078.024	9.695.509
Foreign exchange differences	1.949.956	563.613
Gains/(losses) on financial instruments - trading	(1.958.290)	(867.736)
Gains/(losses) on financial instruments - hedging	1.891.559	8.205.018
Accrued contracting fee on options	-	(1.578.000)
Interest on deferred payments	5.353.475	(1.900.225)
Other financial costs	(169.678)	(2.761.915)
	(8.212.195)	**(10.663.849)**

In 2008, interest on deferred payments related to additional tax payments (due to payments over the years of 1998 to 2003) and to tax contingencies both Portuguese and foreign, have been reversed in 2009 as they were found not to be demandable.

11. Income Tax

Effective January 1, 2003, Portucel has been subject to the special tax regime applicable to groups of companies comprising all entities whose capital is held 90% or more and which meet the conditions foreseen in articles 63 and following of the Portuguese Corporate Income Tax Code (Código do Imposto sobre o Rendimentos de Pessoas Colectivas).

Companies included in the group of companies subject to this regime, calculate and recognise income tax (IRC) as though they were taxed on an individual basis. If gains are determined on the application of this regime, they are recorded as income of the holding company (Portucel).

In accordance with the relevant legislation, the gains and losses from Group companies and associates that arise from the application of the equity method are deducted or added, respectively, from or to the profit for the period when calculating the taxable income for the period.

Dividends are considered when determining the taxable income in the year in which they are received, if investments represent less than 10% of the share capital or if the assets are held for less than one year, unless the acquisition costs exceeds €20,000,000.

Income tax is detailed as follows for the six-month period ended June 30, 2009 and 2008:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Current tax (Note 22)	11,802,906	26,652,735
Provision for current tax	(4,614,514)	(18,718,330)
Deferred tax (Note 26)	1,560,991	12,730,656
	8,749,383	**20,665,061**

The provision for current tax is detailed as follows:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
(Excess)/shortage of the income tax estimate	(1,941,912)	(3,982,680)
Change in the estimate for additional payments	(4,752,941)	(14,735,650)
Other	2,080,339	-
	(4,614,514)	**(18,718,330)**

On June 30, 2008, the provision for current tax includes a decrease of €11,797,305 in liabilities resulting from the correction made by the tax authorities in previous years, totalling €17,300,599, which disregarded for tax purposes the deduction of the tax incentives awarded to Soporcel as an incentive for the construction of the second paper machine in the Figueira da Foz plant from 1998 through to 2000. In February 2008, a favourable decision was given regarding the claim made by Soporcel to this decision, so the cancellation of the liability related to this correction was recognised in the year (Note 22).

In the six-month period ended June 30, 2009 and 2008, the reconciliation of the effective income tax rate was as follows:

Amounts in Euros	6 months 30-06-2009		6 months 30-06-2008	
Profit before tax		55.820.821		96.560.616
Expected income tax	26,50%	14.792.518	26,50%	25.588.563
Differences (a)	(7,80%)	(4.353.281)	1,72%	1.658.742
Tax rate effect	9,49%	5.300.000	14,81%	14.300.000
Tax provision	(8,27%)	(4.614.514)	(19,39%)	(18.718.330)
Tax benefits	(4,26%)	(2.375.339)	(2,24%)	(2.163.914)
	15,67%	**8.749.383**	**21,40%**	**20.665.061**

(a) This amount is made up essentially of:	6 months 30-06-2009	6 months 30-06-2008
Capital gains/(losses) for tax purposes	259.952	(3.677.795)
Capital gains/(losses) for accounting purposes	(82.070)	(184.420)
Taxable provisions	(9.175.849)	3.221.027
Tax benefits	(258.213)	(119.297)
Compensatory interest	(5.488.016)	1.538.967
Pension funds	2.656.315	(256.343)
Other	(4.339.596)	5.737.264
	(16.427.477)	6.259.403
Tax effect 26.50%	(4.353.281)	1.658.742

In Portugal, the annual income tax returns are subject to review and potential adjustment by the tax authorities for a period of up to 4 years. However, if tax losses are utilised, these may be subject to review by the tax authorities for a period of up to 6 years.

In other countries where the Group operates, these periods are different and, in most cases, higher.

The Board of Directors believes that any reviews/ inspections by the tax authorities will not have a material effect on the consolidated financial statements as of June 30, 2009. The income tax returns of Portucel and Soporcel up to 2005 have already been reviewed and the review of the income tax returns for the years 2006 and 2007 are currently underway.

12. Earnings per share

Earnings per share were determined as follows:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Profit attributable to the Company's shareholders	47,104,298	75,927,212
Total number of issued shares	767,500,000	767,500,000
Treasury shares - period average	(14,693,182)	(1,151,870)
	752,806,818	**766,348,130**
Basic earnings per share	0,063	0,099
Diluted earnings per share	0,063	0,099

Since there are no convertible financial instruments over Group shares, its earnings are undiluted.

The fluctuation of the average number of treasury shares is as follows:

	2009		2008	
	Quantity	**Accumulated**	**Quantity**	**Accumulated**
Treasury shares held in January		13.406.947		60.500
Purchases				
January	633.818	14.040.765	1.650.000	1.710.500
February	943.657	14.984.422	1.150.161	2.860.661
March	69.936	15.054.358	2.841.699	5.702.360
April	-	15.054.358	-	5.702.360
May	-	15.054.358	-	5.702.360
June	-	15.054.358	1.269.360	6.971.720
Treasury shares held in June 30	**1.647.411**	**15.054.358**	**6.911.220**	**6.971.720**
Second half-year			6.435.227	13.406.947

The total shares mentioned above include 80.000 shares acquired through an additional purchase order made in December 2008, paid on 2 and 5 January 2009, totalling €115,118.

13. Non-controlling interest

The movements in non-controlling interest are detailed as follows for the six-month period ended June 30, 2009 and 2008:

Amounts in Euros	6 months 30-06-2009	2008
Opening balance	231,358	237,401
Other changes	1,183	(4,974)
Net profit for the period	(32,860)	(1,069)
Closing balance	**199,681**	**231,358**

Non-controlling interest relate to Raiz – Instituto de Investigação da Floresta e Papel (Forest and Paper Research Institute), in which the Group holds 94% of the capital and voting rights. The remaining 6% are held by shareholders who are external to the Group.

14. Application of the net profit of the preceding year and retained earnings

The application made in 2009 and 2008 of the 2008 and 2007 net profits was as follows:

Amounts in Euros	2008	2007
Distribution of dividends	79.006.792	80.383.583
Legal reserves	5.335.628	6.193.742
Retained earnings	46.731.803	67.374.737
	131.074.223	**153.952.062**

The resolution for the application of the 2008 net profit, passed at Portucel's General Meeting held on March 6, 2009, was based on the net profit for the year as defined by the accounting principles generally accepted in Portugal (Portuguese GAAP). The difference in net profit between the two standards, totalling €24,361,661 (2007: €30,077,228) was transferred to retained earnings.

On April 6, 2009, a dividend of €0.105 per share was distributed, totalling €80,585,500. This amount includes the dividends attributed to the subsidiary Portucel Florestal S.A., that owns the shares which are disclosed as treasury shares on these financial statements (Note 24).

15. Goodwill

Changes in Goodwill were as follows:

Amounts in Euros	30-06-2009	31-12-2008
Acquisition cost		
Opening balance	428,132,254	428,132,254
Acquisitions	-	-
Disposals	-	-
Adjustments	-	-
Closing Balance	**428,132,254**	**428,132,254**
Accumulated amortisation and impairment losses		
Opening balance	(51,375,870)	(51,375,870)
Amortizations and impairment losses	-	-
Disposals	-	-
Changes in exchange rate	-	-
Closing balance	**(51,375,870)**	**(51,375,870)**
Book value - opening balance	376,756,384	376,756,384
Book value - closing balance	376,756,384	376,756,384

Goodwill was determined following the acquisition of 100% of the share capital of Soporcel – Sociedade Portuguesa de Papel, S.A., for €1,154,842,000, representing the difference between the acquisition cost of the shares and the respective shareholders' equity as of the date of the first consolidation, retroactive to January 1, 2001, adjusted by the effect of attribution of the fair value to Soporcel's property, plant and equipment. On June 30, 2009 Soporcel's net equity amounted to €370,022,112.

The goodwill was amortised up to December 31, 2003 (transition date). As of that date, the accumulated depreciation amounted to €51,375,870. From that date on, depreciation was ceased and replaced by annual impairment tests. If this amortisation had not been interrupted, as of June 30, 2009 the net book value of the Goodwill would amount to €282,567,288 (December 31, 2008: €291,129,933).

Accordingly, every year the Group calculates the recoverable amount of Soporcel's assets (to which the goodwill recorded in the consolidated financial statements is associated), based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for next year and projected cash flows for the next 4 years, based on a constant sales volume. As a result of the calculations, no impairment losses have been identified.

The main assumptions for the above-mentioned calculation were as follows:

Inflation rate	2%
Discount rate	8.1%
Increase in production	0%

The discount rate presented above is a post-tax tax rate equivalent to a discount rate pre-tax of 9.24%, and has been calculated in accordance with the WACC (Weighted Average Cost of Capital) methodology, based in the following assumptions:

Risk-free interest rate	4.07%
Risk-premium of capital (market and entity)	5.54%
Tax rate	26.50%
Risk-premium of debt	3.25%

16. Other intangible assets

Over the 6 month period ended June 30, 2009, and during the year ended December 31, 2008, the changes in other intangible assets were as follows.

Amounts in Euros	Industrial property and other rights	CO2 emission licenses	Total
Acquisition costs			
Amount as of January 1, 2008	**4.161.829**	**5.580**	**4.167.409**
Acquisitions	-	12.176.954	12.176.954
Disposals	-	(12.176.954)	(12.176.954)
Adjustments, transfers and write-off's	(2.265.551)	(5.580)	(2.271.131)
Amount as of June 30, 2008	**1.896.278**	**-**	**1.896.278**
Acquisitions	-	3.651.700	3.651.700
Amount as of December 31, 2008	**1.896.278**	**3.651.700**	**5.547.978**
Acquisitions	-	6.181.410	6.181.410
Disposals	-	(6.346.800)	(6.346.800)
Adjustments, transfers and write-off's	-	(1.682.565)	(1.682.565)
Amount as of June 30, 2009	**1.896.278**	**1.803.745**	**3.700.023**
Accumulated depreciation and impairment losses			
Amount as of January 1, 2008	**(2.748.088)**	**-**	**(2.748.088)**
Amortization and impairment losses	(232.210)	-	(232.210)
Adjustments, transfers and write-off's	2.265.551	-	2.265.551
Amount as of June 30, 2008	**(714.747)**	**-**	**(714.747)**
Amortization and impairment losses	(232.210)	-	(232.210)
Amount as of December 31, 2008	**(946.957)**		**(946.957)**
Amortization and impairment losses	(232.210)		(232.210)
Amount as of June 30, 2009	**(1.179.167)**	**-**	**(1.179.167)**
Net book value as of January 1, 2008	1.413.741	5.580	1.419.321
Net book value as of June 30, 2008	**1.181.531**	**-**	**1.181.531**
Net book value as of December 31, 2008	949.321	3.651.700	4.601.021
Net book value as of June 30, 2009	**717.111**	**1.803.745**	**2.520.856**

Under the National Plan for the Allocation of CO2 Emission Licences (PNALE), the second period for the attribution of CO2 emission licenses (2008-2012) started in January 2008, under which the following licences were allocated to the Portucel Soporcel Group, through the joint publication nº 2836/2008 issued by the Ministry for Environment, Ministry for Planning and Regional Development as well as the Ministry of Economy and Innovation:

	Cacia		Figueira da Foz		Setúbal		Total		
	Energy	Pulp	Energy	Pulp/Paper	Energy	Pulp/Paper	Energy	Pulp/Paper	Global
PORTUCEL — Empresa Produtora de Pasta e Papel, S. A.	-	32,608	-	-	-	35,646	-	68,254	68,254
SOPORCEL — Sociedade Portuguesa de Papel, S. A.	-	-	-	56,467	-	-	-	56,467	56,467
ENERPULP — Cogeração Energética de Pasta, S. A.	98,590	-	85,807	-	65,832	-	250,229	-	250,229
SPCG — Sociedade Portuguesa de Cogeração Eléctrica, S. A.	-	-	-	-	156,099	-	156,099	-	156,099
	98,590	**32,608**	**85,807**	**56,467**	**221,931**	**35,646**	**406,328**	**124,721**	**531,049**

Over the first half-year of 2009, sales contracts were closed (with payments due March of 2009) of EUA licenses corresponding to 346.000 tons of CO2 (Note 30), as follows:

	Ton
ENERPULP - Cogeração energética de Pasta, S.A.	151,901
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	156,099
PORTUCEL - Empresa Produtora de Pasta e Papel, S.A.	22,000
SOPORCEL - Sociedade Portuguesa de Papel, S.A.	16,000
	346,000

17. Property, plant and equipment

Over the 6 month period ended June 30, 2009, and during the year ended December 31, 2008, the changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euros	Land	Buildings and other constructions	Equipment and other tangibles	Construction in progress	Total
Acquisition costs					
Amount as of January 1, 2008	**100.525.221**	**386.388.999**	**2.561.531.294**	**41.427.010**	**3.089.872.524**
Acquisitions	-	118.118	2.834.471	102.860.729	105.813.318
Disposals	-	-	(1.240.260)	-	(1.240.260)
Adjustments, transfers and write-off's	(42.495)	68.083	4.740.664	(3.951.506)	814.746
Amount as of June 30, 2008	**100.482.726**	**386.575.200**	**2.567.866.169**	**140.336.233**	**3.195.260.328**
Acquisitions	2.844.334	91.235	16.679.383	134.540.118	154.155.070
Disposals	-	(200)	(3.159.265)	-	(3.159.465)
Adjustments, transfers and write-off's	(352.049)	336.593	2.846.395	(4.079.328)	(1.248.389)
Amount as of December 31, 2008	**102.975.011**	**387.002.828**	**2.584.232.682**	**270.797.023**	**3.345.007.544**
Acquisitions	795.021	15.435	9.645.346	255.569.476	266.025.278
Disposals	-	(90.816)	(1.897.068)	-	(1.987.884)
Adjustments, transfers and write-off's	(28.350)	769.852	4.514.524	(5.351.650)	(95.624)
Amount as of June 30, 2009	**103.741.682**	**387.697.299**	**2.596.495.484**	**521.014.849**	**3.608.949.314**
Accumulated depreciation and impairment losses					
Amount as of January 1, 2008	**(294.203)**	**(242.831.905)**	**(1.793.514.340)**	**-**	**(2.036.640.448)**
Depreciation and impairment losses	(11.775)	(9.047.681)	(39.064.398)	-	(48.123.854)
Disposals	-	-	1.240.260	-	1.240.260
Adjustments, transfers and write-off's	-	198.937	653.346	-	852.283
Amount as of June 30, 2008	**(305.978)**	**(251.680.649)**	**(1.830.685.132)**	**-**	**(2.082.671.759)**
Depreciation and impairment losses	11.775	(8.194.266)	(36.400.411)	-	(44.582.902)
Disposals	-	200	3.104.765	-	3.104.965
Adjustments, transfers and write-off's	294.203	(493.140)	(611.224)	-	(810.161)
Amount as of December 31, 2008	**-**	**(260.367.855)**	**(1.864.592.002)**	**-**	**(2.124.959.857)**
Depreciation and impairment losses	-	(8.367.930)	(38.549.882)	-	(46.917.812)
Disposals	-	90.816	1.868.839	-	1.959.655
Adjustments, transfers and write-off's	-	-	(1.852)	-	(1.852)
Amount as of June 30, 2009	**-**	**(268.644.969)**	**(1.901.274.897)**	**-**	**(2.169.919.866)**
Net book value as of January 1, 2008	100.231.018	143.557.094	768.016.954	41.427.010	1.053.232.076
Net book value as of June 30, 2008	**100.176.748**	**134.894.551**	**737.181.037**	**140.336.233**	**1.112.588.569**
Net book value as of December 31, 2008	102.975.011	126.634.973	719.640.680	270.797.023	1.220.047.687
Net book value as of June 30, 2009	**103.741.682**	**119.052.330**	**695.220.587**	**521.014.849**	**1.439.029.448**

The Group applies IFRIC 4 – Determining whether an arrangement contains a lease. By following this interpretation Property, plant and equipment – equipment and other tangibles was increased by €44,003,950, from which the respective accumulated depreciation of €27,135,769 (December 31, 2008: €26,402,370), was deducted as of June 30, 2009. As of June 30, 2009, the net book value of these equipments was €16,868,181 (December 31, 2008: €17,601,580).

As of June 30, 2009 Construction in progress included €181,755,334 (2008: €112,945,861), related to advance payments and supplies of Property Plant and Equipment, obtained under the scope of the investment projects being developed by the Group. These amounts are fully guaranteed by first demand bank guarantees, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policy for the mitigation of credit risk.

18. Biological assets

During the six-month period ended June 30, 2009 and in the year ended December 31, 2008, changes in biological assets were as follows:

Amounts in Euros	6 months 2009	12 months 2008
Amount as of January 1	**122,827,050**	**122,924,753**
Changes in fair value		
Logging in the period	(7,158,247)	(16,011,898)
Growth	5,707,433	13,697,838
New plantations	1,225,966	1,509,033
Other changes in fair value	1,039,341	707,324
Total changes in fair value	**814,493**	**(97,703)**
Value as at June 30 and December 31	**123,641,543**	**122,827,050**

The amounts shown as Other changes in fair value correspond to changes (positive or negative) in the estimated volume of future wood harvests due to: new plantations, increase or decrease in the forest management efficiency and write-downs as result of fires.

During the six-month period ended June 30, 2009, around 262,000 m3 (December 31, 2008: around 847,000 m3) of wood were logged from the forests owned or managed by the Group for incorporation in the production of BEKP.

19. Available-for-sale financial assets

On June 30, 2009 and December 31, 2008, this heading was detailed as follows:

Investments	% held	30-06-2009	31-12-2008
Soporgen	8%	4.000	4.000
Liaison Technologies	2%	126.074	126.074
		130.074	**130.074**

20. Inventories

On June 30, 2009 and December 31, 2008, inventories comprised the following:

Amounts in Euros	30-06-2009	31-12-2008
Raw materials	138,030,574	158,094,184
Work in progress	12,655,901	12,693,155
Byproducts and waste	1,076,917	926,906
Finished and intermediate products	37,560,192	66,018,195
Goods for resale	1,923,352	1,666,835
Advances to inventories' suppliers	2,086,015	918,608
	193,332,951	**240,317,883**

21. Receivables and other current assets

As of June 30, 2009 and December 31, 2008, Receivables and other current assets were detailed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Trade debtors	164,189,782	168,852,263
Other receivables	10,944,887	16,921,497
Derivative financial instruments (Note 31)	6,589,108	9,998,120
Accrued income	283,780	1,535,066
Deferred costs	4,661,961	2,246,279
	186,730,475	**199,553,225**

The receivables showed above are net of impairment losses, in accordance with the policies described in Note 1.14, whose details are presented in Note 23.

As of June 30, 2009 and December 31, 2008, Other receivables were analysed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Shareholders and associated companies		
Related companies (Note 32)	319.992	322.735
	319.992	**322.735**
Other		
Advances to employees	58.091	158.216
AICEP - Investment grants receivable (Note 9)	9.831.244	15.840.784
Other debtors	735.560	599.762
	10.624.895	**16.598.762**
	10.944.887	**16.921.497**

The change in the balance with AICEP was as follows:

Amounts in Euros	30-06-2009	31-12-2008
Amount as of January 1	15,840,784	71,343,438
Received in the period	(6,009,540)	(58,018,671)
Increase	-	2,516,017
Amount as of June 30/December 31	**9,831,244**	**15,840,784**

The increase in 2008 corresponds to the part of the investments made in the year of which the Group will receive the respective financing.

As of June 30, 2009 and December 31, 2008, Accrued income and Deferred costs were analysed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Accrued income		
Discounts in purchases	122.634	114.766
Interest receivable	37.331	1.048.149
Grants (RAIZ)	-	352.069
Other	123.815	20.082
	283.780	**1.535.066**
Deferred costs		
Prepayment of insurance policies	3.648.955	-
Prepayments regarding the acquisition of timber	626.068	1.284.036
Other	386.938	962.243
	4.661.961	**2.246.279**
	4.945.741	**3.781.345**

22. State and other public entities

As of June 30, 2009 and December 31, 2008, there were no overdue debts to the State and other public entities. Balances with these entities were as follows:

Current assets

Amounts in Euros	30-06-2009	31-12-2008
State and other public entities		
Value added tax - refunds requested	31,141,827	36,905,939
Value added tax - to recover	8,032,514	7,591,222
Corporate income tax - IRC	5,169,368	2,572,701
Value added Tax - EU countries	1,240,151	-
	45,583,860	**47,069,862**

On June 30, 2009 and December 31, 2008, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euros	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Total
Enerpulp	729.993	802.215	816.579	740.147	782.038	**3.870.972**
Portucel	2.022.071	2.443.852	2.992.829	2.227.901	3.556.757	**13.243.410**
Soporcel	-	-	-	2.706.155	3.092.872	**5.799.027**
About The Future	-	-	6.292.458	926.163	-	**7.218.621**
SPCG	-	-	-	-	739.798	**739.798**
PortucelSoporcel Cogeração de Energia	-	-	-	-	270.000	**270.000**
	2.752.064	**3.246.067**	**10.101.865**	**6.600.366**	**8.441.466**	**31.141.827**

Up to the date of completing this report, €8,725,411 of these amounts had already been received.

Amounts in Euros	Mar/2008	Jul/2008	Aug/2008	Sep/2008	Oct/2008	Nov/2008	Dec/2008	Total
Enerpulp	-	-	1,018,776	784,091	581,313	675,444	875,654	**3,935,279**
Portucel	-	-	-	-	6,983,818	4,165,523	6,972,737	**18,122,078**
Soporcel	-	-	-	-	2,932,859	3,258,595	6,428,028	**12,619,482**
About The Future	-	2,147,033	-	-	-	-	-	**2,147,033**
Viveiros Aliança	-	-	-	-	-	-	71,416	**71,416**
Tecnipapel	10,651	-	-	-	-	-	-	**10,651**
	10,651	**2,147,033**	**1,018,776**	**784,091**	**10,497,990**	**8,099,562**	**14,347,835**	**36,905,938**

All these amounts have been received during the first-half of 2009.

Current liabilities

Amounts in Euros	30-06-2009	31-12-2008
State and other public entities		
Corporate income tax	11,320,403	-
Personal income tax - Withheld on salaries	2,498,773	1,205,070
Value added tax	795,565	3,472,637
Social security	3,238,418	1,940,774
Additional tax assessments	26,839,598	31,592,539
Others	60,434	700,517
	44,753,191	**38,911,537**

Corporate income tax is detailed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Corporate income tax	11,802,906	32,569,350
Other amounts to pay/(receive)	795,718	(867,455)
Withholding tax	(1,278,221)	(4,142,532)
Payments in advance (on corporate income tax)	-	(30,132,065)
Total	**11,320,403**	**(2,572,701)**

Changes in provisions for additional tax assessments over the 6 month period ended June 30, 2009 and the year ended December 31, 2008, were as follows (Note 11):

Amounts in Euros	6 months 31-06-2009	31-12-2008
Opening balance	31,592,539	47,681,236
Increase/transfer	1,569,078	10,041,442
Decrease	(6,322,019)	(26,130,139)
At June 30 / December 31	**26,839,598**	**31,592,539**

On June 30, 2009 and December 31, 2008, the additional tax assessments include interest on deferred payments and are detailed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Additional assessment 2005 - Portucel - IRC (RETGS)	11,641,948	10,060,358
IRC 2006 (RETGS)	9,056,518	8,888,581
IRC 2006 / 2007 - Portucel	94,134	122,984
Additional assessment 2003 - Portucel - IRC (RETGS)	-	3,000,333
Additional assessment 2005 - Soporcel - IRC	-	2,007,911
Others	6,046,998	7,512,372
	26,839,598	**31,592,539**

23. Impairment

During the 6 month period ended June 30, 2009 and the year ended December 31, 2008 the changes in impairment were as follows:

Amounts in Euros	Property, plant and equipment	Inventories	Trade debtors	Other receivables	Total
Balance as of January 1, 2008	(7.632.093)	(925.127)	(5.650.081)	(219.730)	(14.427.030)
Increases	-	(5.464.033)	(113.156)	(133.149)	(5.710.338)
Decreases	-	348.237	-	-	348.237
Write-downs	-	-	4.231.679	-	4.231.679
Transfers	-	(164.078)	-	(1.037.064)	(1.201.142)
Balance as of December 31, 2008	**(7.632.093)**	**(6.205.001)**	**(1.531.558)**	**(1.389.943)**	**(16.758.594)**
Increases (Note 6)	-	(10.686)	(8.791)	-	(19.477)
Decreases (Note 5)	150.000	5.133.234	241.008	-	5.524.242
Write-downs	-	-	-	-	-
Transfers	-	-	-	-	-
Balance as of June 30, 2009	**(7.482.093)**	**(1.082.453)**	**(1.299.341)**	**(1.389.943)**	**(11.253.829)**

* The details presented above are included under the respective heading as a deduction to the related acquisition cost

The total amount of tangible assets Impairment results from the replacement of several equipments, related to the production of energy, located at the three industrial sites held by the Group.

24. Equity and treasury shares

Portucel is a public company with its shares quoted on the Euronext Lisbon.

As of June 30, 2009, Portucel's share capital was fully subscribed and paid for; it is represented by 767,500,000 shares with nominal value of €1 each, of which 15,054,358 are held as treasury shares.

These shares were mainly acquired during 2008, and the change in 2009 was as follows:

Amounts in Euros	Quant.	Amount
Treasury shares held in December 08	**13,406,947**	**24,431,056**
Acquisitions		
January	633,818	913,170
February	943,657	1,342,513
March	69,936	100,967
April	-	-
May	-	-
June	-	-
	1,647,411	**2,356,650**
	15,054,358	**26,787,706**

The acquisition costs of the above-mentioned Treasury shares include the costs associated with the transactions of €13,405.

The market value of the treasury shares held as of June 30, 2009 was €26,269,855.

As of June 30, 2009, the shareholders with significant positions in the Company's capital were as follows:

Entities	Nr. of shares	% of Equity
Seinpar Investments, BV	241.583.015	31,48%
Seinpart - Participações, SGPS, S.A.	230.839.400	30,08%
Semapa, SGPS, S.A. (including call options)	96.865.223	12,62%
Other entities from the Semapa Group	9.686.818	1,26%
Bestinver Gestión, SA SGIIC	15.443.547	2,01%
Treasury shares	15.054.358	1,96%
Other shareholders	158.027.639	20,59%
Total shares	**767.500.000**	**100,00%**

As of December 31, 2008, the shareholders with significant positions in the Company's capital were as follows:

Entities	Nr. of shares	% of Equity
Seinpar Investments, BV	250.483.015	32,64%
Seinpart - Participações, SGPS, S.A.	230.839.400	30,08%
Semapa, SGPS, S.A. (including call options)	87.583.223	11,41%
Bestinver Gestión, SA SGIIC	15.443.547	2,01%
Other entities from the Semapa Group	9.686.818	1,26%
Treasury shares	13.406.947	1,75%
Other shareholders	160.057.050	20,85%
Total shares	**767.500.000**	**100,00%**

As of June 30, 2009 the shares representing the share capital were quoted at €1,745 each. This corresponds to a market capitalisation of €1,339,287,500.

25. Reserves

As of June 30, 2009 and December 31, 2008, the Fair value reserve and Other reserves were detailed as follows:

Amounts in Euros	**30-06-2009**	**31-12-2008**
Fair value reserve	1,809,026	5,244,545
Statutory reserve	-	52,934,256
Legal reserve	42,330,225	36,994,596
	42,330,225	**89,928,852**
Currency translation reserve	249,665	261,006
Retained earnings: prior years	376,035,018	276,449,376
	420,423,934	**371,883,779**

Fair value reserve

As of June 30, 2009, the Fair value reserve of €1,809,026, net of deferred taxes in the amount of €652,234, represents the fair value of financial hedging instruments of €2,461,260 (Note 31), recorded as described in Note 1.11.

The changes occurred in this reserve in the six-month period ended June 30, are detailed as follows:

Amounts in Euros	**6 months 30-06-2009**	**12 months 2008**
Fair value reserve		
Balance on January 1	5.244.545	7.755.024
Fair value revaluation	(4.825.814)	5.634.435
Transfer to the income statement due to the maturity of the instruments	1.390.296	(8.144.914)
Balance on June 30/December 31	**1.809.026**	**5.244.545**

Statutory Reserve

Up to 2006, in accordance with the Company's by-laws, at least 10% of the distributable annual net profit must be appropriated for the setting up, or increase of a special reserve intended to maintain dividends at an even level. In 2006, however, the Company's by-laws were changed and no longer require the setting or strengthening of the previously mentioned reserve. In 2009, the shareholders' general meeting decided to transfer this amount to retained earnings: prior years.

Legal reserve

Under Portuguese Commercial Law, at least 5% of each year's net profit must be used to increase the legal reserve until it reaches at least 20% of share capital. This reserve cannot be distributed unless Portucel is liquidated but can be drawn on to absorb losses, after other reserves are exhausted, or incorporated in the share capital.

Currency translation reserve

This heading includes the exchange differences arising as a result of the conversion of all assets and liabilities of the Group expressed in foreign currency to euros, at the rates of exchange prevailing at the statement of financial position date. It is detailed as follows:

Amounts in Euros	**30-06-2009**	**31-12-2008**
Currency translation reserve		
Soporcel UK (GBP)	(171,259)	(175,722)
Soporcel North America (USD)	420,924	436,728
	249,665	**261,006**

Other reserves and Prior years retained earnings

Under prevailing law, Portucel's individual financial statements are prepared in accordance with the accounting principles generally accepted in Portugal (PGAAP). However, for the preparation of the consolidated financial statements, the IFRS as adopted by European Union are used.

On June 30, 2009, the reconciliation between these two sets of accounts is analysed as follows:

Amounts in Euros	Equity/prior years retained earnings	Net profit for the period	Total
Individual financial statements (PGAAP)	1,073,940,133	39,136,193	1,113,076,326
Revaluation of property, plant and equipment	90,302,255	4,287,376	94,589,631
Other adjustments	(2,943,904)	3,680,729	736,825
Consolidated financial statements (IFRS)	1,161,298,484	47,104,298	1,208,402,782

On December 31, 2008, the reconciliation between these two sets of accounts was as follows:

Amounts in Euros	Equity/prior years retained earnings	Net profit for the year	Total
Individual financial statements (PGAAP)	1,051,354,630	106,712,562	1,158,067,192
Revaluation of property, plant and equipment	64,954,836	25,347,419	90,302,255
Other adjustments	(1,125,385)	(985,758)	(2,111,143)
Consolidated financial statements (IFRS)	1,115,184,081	131,074,223	1,246,258,304

As the individual financial statements are the relevant set of accounts for determining the Company's dividend distribution, that amount is determined considering the retained earnings and other reserves calculated in accordance with PGAAP.

On June 30, 2009, and December 31, 2008, the available amount for dividends was detailed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Other reserves	-	52,934,256
Prior years retained earnings	222,261,553	148,404,796
	222,261,553	**201,339,052**
Net profit for the period	39,136,193	106,712,562
Legal reserve	(1,956,810)	(5,335,628)
	37,179,383	**101,376,934**
	259,440,936	**302,715,986**

The differences between the individual financial statements (prepared in accordance with PGAAP) and the consolidated financial statements (prepared in accordance with IFRS) result from the fact that in the later the useful life of property, plant and equipment was based on an independent technical evaluation performed in previous years, which, comparing with the individual financial statements, has extended the useful life of those assets.

26. Deferred taxes

In the six-month period ended June 30, 2009 and in the year ended December 31, 2008, changes in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euros	January 1, 2009	Income Statement Increases	Income Statement Decreases	Equity	June 30, 2009
Temporary differences originating deferred tax assets					
Tax losses carried forward	56.498	-	-	-	56.498
Taxable provisions	11.367.863	122.518	(5.084.850)	-	6.405.531
Tangible fixed assets adjustments	13.149.229	5.733.287	(2.795.386)	-	16.087.130
Retirement benefit obligations	2.509.658	-	-	-	2.509.658
Gains in inter-group transactions	7.594.094	-	(2.398.563)	-	5.195.531
Forests valuation - eucalyptus	15.681.948	-	(2.440.557)	-	13.241.391
Depreciation of assets booked under IFRIC 4	3.842.014	-	(113.352)	-	3.728.662
Investment tax benefits	11.785.472	-	(9.869.834)	-	1.915.638
	65.986.776	5.855.805	(22.702.542)	-	49.140.039
Temporary differences originating deferred tax liabilities					
Revaluation of fixed assets	(28.751.256)	-	3.703.749	-	(25.047.507)
Retirement benefit obligations	(905.943)	(13.097)	-	46.016	(873.024)
Derivative financial instruments	(7.135.436)	-	-	4.674.176	(2.461.260)
Fair value of tangible fixed assets	(239.782.448)	-	1.753.019	-	(238.029.429)
Tax benefits	(1.181.592)	-	-	-	(1.181.592)
Extension of the useful life of tangible fixed assets	(118.800.677)	(11.689.681)	-	-	(130.490.358)
Deferred losses in inter-group transactions	(82.074.832)	(6.894.170)	24.622.495	-	(64.346.507)
Deferred tax on capital gains	-	(526.111)	-	-	(526.111)
	(478.632.185)	(19.123.059)	30.079.263	4.720.192	(462.955.789)
Amounts presented on the statement of financial position					
Deferred tax assets	17.486.496	1.551.788	(6.016.174)	-	13.022.110
Deferred tax liabilities	(126.837.529)	(5.067.611)	7.971.005	1.250.851	(122.683.284)

	January 1, 2008	Income Statement Increases	Income Statement Decreases	Equity	June 30, 2008	Income Statement Increases	Income Statement Decreases	Equity	December 31, 20
Temporary differences originating deferred tax assets									
Tax losses carried forward	-	-	-	-	**-**	56.498	-	-	**56.4**
Intangible assets adjustments	**799.755**	-	(799.755)	-	**-**	-	-	-	
Taxable provisions	**3.060.748**	814.683	(2.539.174)	-	**1.336.257**	10.278.373	(246.768)	-	**11.367.8**
Tangible fixed assets adjustments	**3.209.851**	10.082.724	(3.442.251)	-	**9.850.324**	3.587.473	(288.568)	-	**13.149.2**
Retirement benefit obligations	**16.984.612**	2.368.172	-	7.112.432	**26.465.216**	(2.364.186)	(23.037.756)	1.446.384	**2.509.6**
Gains in inter-group transactions	**2.394.419**	1.086.530	-	-	**3.480.949**	4.113.146	-	-	**7.594.0**
Forests valuation - eucalyptus	**43.885.262**	-	(27.387.981)	-	**16.497.281**	1.620.285	(2.435.619)	-	**15.681.9**
Depreciation of assets booked under IFRIC 4	**3.921.015**	-	(39.500)	-	**3.881.514**	-	(39.500)	-	**3.842.0**
Investment tax benefits	**14.522.414**	1.418.227	(6.851.332)	-	**9.089.309**	6.594.425	(3.898.262)	-	**11.785.4**
	88.778.075	15.770.336	(41.059.993)	7.112.432	**70.600.851**	23.886.014	(29.946.473)	1.446.384	**65.986.7**
Temporary differences originating deferred tax liabilities									
Revaluation of fixed assets	**(23.990.540)**	(7.271.430)	1.255.357	-	**(30.006.613)**	-	1.255.357	-	**(28.751.2**
Retirement benefit obligations	**(1.187.614)**	(30.734)	5.414	186.487	**(1.026.446)**	(38.321)	(5.414)	164.239	**(905.9**
Derivative financial instruments	**(10.551.043)**	-	-	469.207	**(10.081.836)**	-	-	2.946.400	**(7.135.4**
Fair value of tangible fixed assets	**(243.288.481)**	-	1.753.016	-	**(241.535.465)**	-	1.753.016	-	**(239.782.4**
Tax benefits	**-**	-	-	-	**-**	(1.181.592)	-	-	**(1.181.5**
Extension of the useful life of tangible fixed assets	**(90.156.785)**	(16.205.435)	-	-	**(106.362.220)**	(12.438.456)	-	-	**(118.800.6**
Deferred losses in inter-group transactions	**(53.151.223)**	(22.894.620)	12.896.854	-	**(63.148.989)**	(17.744.257)	(1.181.586)	-	**(82.074.8**
Deferred tax on capital gains	**(4.897.143)**	-	4.897.143	-	**-**	-	-	-	
	(427.222.829)	(46.402.219)	20.807.784	655.694	**(452.161.570)**	(31.402.626)	1.821.373	3.110.639	**(478.632.1**
Amounts presented on the statement of financial position									
Deferred tax assets	**23.526.190**	4.932.768	(10.880.898)	1.884.794	**19.462.854**	6.329.794	(8.689.444)	383.292	**17.486.4**
Deferred tax liabilities	**(113.214.050)**	(12.296.588)	5.514.063	173.759	**(119.822.816)**	(8.321.696)	482.664	824.319	**(126.837.5**

Reported tax losses with no deferred tax asset

Tax losses as of June 30, 2009 and December 31, 2008, for which no deferred tax was recognised are as follows:

Amounts in Euros	30-06-2009	31-12-2008	2009
Portucel Florestal, S.A.	**3,279,020**	**6,529,079**	
2003	3,279,020	6,529,079	3,279,020
	3,279,020	**6,529,079**	**3,279,020**

In 2008, deferred tax assets were recorded related to the tax losses for the year of RAIZ - Instituto de Investigação da Floresta e Papel, amounting to €56,498.

27. Post employment benefit liabilities

27.1. Introduction

Currently, there are several retirement and survival pension supplement plans, and retirement bonus, in force at the companies included in the consolidation. For some categories of employees there are plans in addition to the ones described below, for which independent funds were also created to cover these additional liabilities.

Under the prevailing Social Benefit Regulation, permanent employees of Portucel and its main subsidiaries with more than five years' service (ten years for Soporcel, Aliança Florestal and Raiz) are entitled after retirement or disability to a monthly retirement pension or disability supplement. This supplement is calculated according to a formula which considers the beneficiary's gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (25 years for Soporcel, Aliança Florestal and Raiz); survivors' pensions to spouse and direct descendants are also guaranteed.

To cover this liability, externally managed pension funds were set up, and the funds' assets are apportioned between each of the companies.

Furthermore, some Group companies assumed the liability of a retirement bonus payment, which is equal to 6 months of salary, if the employee retires on the regular retirement age (65 years).

As of June 30, 2009, and December 31, 2008, the coverage of the companies' liabilities by the assets of the funds was as follows:

Amounts in Euros	30-06-2009	31-12-2008
Past services liabilities		
- Active employees	103.168.681	101.086.113
- Early retirement	367.705	651.276
- Retired employees	41.975.453	39.021.853
Market value of the pension funds	(120.769.526)	(118.768.323)
	24.742.313	**21.990.919**
Retirement bonus liability	2.509.629	2.509.629
Unfunded liabilities	**27.251.942**	**24.500.548**

On June 30, 2009, the liability related with post-employment benefit plans for five members of Portucel's Board was €4,602,961 (December 31, 2008: €4,676,538).

27.2. Assumptions used in valuation of the liabilities

The actuarial studies carried out by an independent entity for the purpose of determining the accumulated liabilities as of June 30, 2009, and December 31, 2008 were based on the following assumptions:

	30-06-2009	31-12-2008
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Future salary increases	2,50%	2,50%
Discount rate	5,50%	5,50%
Future pensions increases	2,25%	2,25%

For the purpose of determining the cost with current services for the year ended December 31, 2008, the Company used a discount rate of 5.25%. However, following the analysis made to the capital markets and to its expectable future development and to the associated risks, at December 31, 2008, the Company measured its retirement benefit obligations by using a discount rate of 5.50%.

27.3. Retirement and pension supplements

The movements in liabilities with retirement and pensions plans in the 6 month period ended June 30, 2009 and in the year ended December 31, 2008 were as follows:

Amounts in Euros	30-06-2009	31-12-2008
Liabilities at the beginning of the period	140.759.242	138.472.987
Change in assumptions	-	(6.585.731)
Costs recognized in the income statement	5.910.148	11.404.065
Pensions paid	(1.408.836)	(2.786.516)
Actuarial losses	251.285	254.437
Total liabilities at the end of the period	**145.511.839**	**140.759.242**

The funds set up to cover the above mentioned liabilities had the following movement in the 6 month period ended June 30, 2009 and in the year ended December 31, 2008:

Amounts in Euros	30-06-2009	31-12-2008
Amount at the beginning of the period	118,768,323	124,711,410
Contributions made in the period	-	6,807,000
Expected return in the period	3,253,833	6,471,796
Actuarial gains/losses (differential between actual and expected return)	156,206	(16,435,367)
Pensions paid	(1,408,836)	(2,786,516)
Total assets at year-end	**120,769,526**	**118,768,323**

The amounts of the contributions made in the period correspond to the information received from the actuaries with whom the Group manages the funding needs of its several plans, for which a deficit recovery plan of the funding levels to the mandatory minimum defined by the applicable regulations was put in place and is being carried out.

The details of the fund's assets as at June 30, 2009, and December 31, 2008 were as follows:

Amounts in Euros	30-06-2009	31-12-2008
Liquidity	22,862,577	46,695,363
Bonds	73,008,587	32,320,360
Shares	24,963,989	21,821,769
Public debt	-	17,468,592
Other applications - short term	111	420,666
Index linked bonds	(215,452)	28,341
Real estate	149,714	13,232
	120,769,526	**118,768,324**

In the six-month period ended June 30, 2009 and 2008 the effect in the income statement of these plans was as follows:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Current services	2.029.405	1.997.642
Interest expenses	3.880.743	3.704.461
Return of the plan assets	(3.253.833)	(3.090.877)
Actuarial Gains/Losses	-	(17.975)
	2.656.315	**2.593.251**
Other costs with pensions (outside Portugal)	152.840	159.654
Costs for the period (Note 6)	**2.809.155**	**2.752.905**

Current services include €33,329 (June 30, 2008: €66,823) related with three members of the Board.

27.4. Retirement bonus

Some of the Group's companies assumed the liability of the payment of a retirement bonus, equal to 6 months of salary, if the employee retires at the regular age of retirement (65 years). The movements in this liability were as follows:

Amounts in Euros	30-06-2009	31-12-2008
Liabilities at the beginning of the period	2,509,629	2,547,555
Costs recognised in the income statement	-	94,625
Actuarial gains	-	(132,551)
Liabilities at the year end	**2,509,629**	**2,509,629**

28. Provisions

In the six-month period ended June 30, 2009 and in the year ended December 31, 2008 changes in provisions were as follows:

Amounts in Euros	Legal claims	Tax claims	Others	Total
Balance as of January 1, 2008	**363,442**	**31,397,391**	**6,173,842**	**37,934,675**
Increases	14,942	83,313	660,290	758,545
Decreases	(33,375)	(706,000)	-	(739,375)
Balance as of June 30, 2008	**345,009**	**30,774,704**	**6,834,132**	**37,953,845**
Increases	1,903,913	(83,313)	34,878,257	36,698,857
Decreases	(331,832)	(22,447,999)	(398,410)	(23,178,241)
Released	-	(5,850,000)	-	(5,850,000)
Balance as of January 1, 2009	**1,917,090**	**2,393,392**	**41,313,979**	**45,624,461**
Increases	14,860	-	122,517	137,377
Released	(69,977)	(2,393,392)	(6,808,051)	(9,271,420)
	-	-	-	-
Balance as of June 30, 2009	**1,861,973**	**-**	**34,628,445**	**36,490,418**

On December 31, 2008, the provisions for tax claims included VAT contingencies outside of Portugal, which have been closed in the period.

In addition, Other provisions are mainly related to liabilities with the State and other public entities.

29. Interest-bearing liabilities

As of June 30, 2009 and December 31, 2008, non-current interest-bearing debt comprised of the following:

Amounts in Euros	30-06-2009	31-12-2008
Non-current		
Bond loans	375,000,000	675,000,000
Bank loans	77,500,000	15,625,000
	452,500,000	**690,625,000**
Expenses with the issue of bond loans	(3,127,505)	(3,673,218)
Expenses with the issue of other loans	(53,929)	(64,643)
	(3,181,434)	**(3,737,861)**
	449,318,566	**686,887,139**

As of June 30, 2009 and December 31, 2008, current interest-bearing debt was as follows:

Amounts in Euros	30-06-2009	31-12-2008
Current		
Bond loans	300,000,000	-
Bank loans - short term	6,251,206	16,094,889
	306,251,206	**16,094,889**

As of June 30, 2009 and December 31, 2008, the Group's net debt was as follows:

Amounts in Euros	30-06-2009	31-12-2008
Interest-bearing liabilities		
Non-current	449,318,566	686,887,139
Current	306,251,206	16,094,889
	755,569,772	**702,982,028**
Cash and cash equivalents		
Cash in hand	43,820	45,756
Short-term bank deposits	11,952,697	4,652,930
Other treasury applications	99,600,000	217,850,000
	111,596,517	**222,548,686**
Treasury shares at their market value	**26,269,855**	**20,767,361**
Interest-bearing net debt	**617,703,400**	**459,665,981**

As of June 30, 2009 and December 31, 2008, the interest-bearing liabilities of the Group comprised the following:

	30-06-2009	
Amounts in Euros	**Non-current**	**Current**
Bond loans	371,872,495	300,000,000
Bank loans	77,446,071	6,251,206
	449,318,566	**306,251,206**

	31-12-2008	
Amounts in Euros	**Non-current**	**Current**
Bond loan	671,326,782	-
Bank loans	15,560,357	16,094,889
	686,887,139	**16,094,889**

Bond loans:

During 2005, the Group issued five bond loans totalling €700,000,000. The 2005/2008 loan amounting to €25,000,000 has been repaid during 2008. The loans outstanding as of June 30, 2009, were as follows:

Amounts in Euros	Amount	Maturity	Index	*Spread*
Portucel 2005 / 2010	300,000,000	March 2010	Euribor 6m	1.000%
Portucel 2005 / 2010 II	25,000,000	December 2010	Euribor 6m	0.950%
Portucel 2005 / 2012	150,000,000	October 2012	Euribor 6m	1.100%
Portucel 2005 / 2013	200,000,000	May 2013	Euribor 6m	0.875%
	675,000,000			

The loans amounting to €300 million and €150 million are quoted in the Euronext Lisbon under the heading “Obrigações Portucel 2005/2010” and “Obrigações Portucel 2005/2012”. As of June 30, 2009 the value of each bond was €99.00 and €99.60 respectively (December 31, 2008: €98.50 and €99.87, respectively).

Non-current bank loans

Portucel contracted a bank loan of €25,000,000 in January 2005 for a period of seven years. The loan will be repaid in 8 semi-annual instalments, the first of which will be due in July 2008. The loan bears interest at a rate corresponding to the Euribor for six months plus a spread of 0.95%.

In April 2009, Portucel has received €65,000,000 related to a credit line which had been contracted during 2008 with the European Investment Bank (EIB). The loan has a 14 year maturity and it will be repaid in 14 semi-annual instalments, the first of which will be due 3 years after the loan date. The loan bears interest at a rate corresponding to the Euribor for six months plus a variable spread associated to financial ratios.

The repayment terms related to the medium and long-term loans show the following maturity profile:

Amounts in Euros	30-06-2009	31-12-2008
Non-current		
1 to 2 years	31,250,000	331,250,000
2 to 3 years	10,892,857	6,250,000
3 to 4 years	359,285,714	153,125,000
4 to 5 years	9,285,714	200,000,000
More than 5 years	41,785,715	-
	452,500,000	**690,625,000**

As of June 30, 2009 and December 31, 2008 the Group has the following equipments under finance lease plans:

	30-06-2009		
Amounts in Euros	Acquisition cost	Accumulated depreciation	Net book value
Soporgen equipment	44,003,950	27,869,168	16,134,782
	44,003,950	**27,869,168**	**16,134,782**

	31-12-2008		
Amounts in Euros	Acquisition cost	Accumulated depreciation	Net book value
Soporgen equipment	44,003,950	26,402,370	17,601,580
	44,003,950	**26,402,370**	**17,601,580**

The liability related to the Soporgen equipment was detailed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Non-current	15,864,784	17,522,406
Current	760,890	760,891
	16,625,674	**18,283,297**

The Group holds an 8% investment in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. (Soporgen), whose main activity is the production of electricity and steam which is mainly sold to Soporcel. Soporcel has a call option for the remaining share capital of Soporgen until the end of the agreement to supply electric and steam power, signed between Soporgen and Soporcel.

As of June 30, 2009, the Group had contracted credit facilities, available but not used totalling €171,660,714 (2008: €281,660,714) of which €45,000,000 relate to long-term loans contracted with the EIB that have not been used.

30. Payables and other current liabilities

As of June 30, 2009 and December 31, 2008, Payables and other current liabilities were detailed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Accounts payable to trade creditors	99,292,874	123,255,675
Accounts payable to fixed assets suppliers	90,256,618	19,217,522
Accounts payable to fixed assets suppliers - Soporgen (Note 29)	760,890	760,891
Accounts payable to related companies (Note 32)	698,225	699,178
Derivative financial instruments (Note 31)	3,267,563	44,110
Other creditors - CO2 emission licences	1,813,257	3,734,916
Commissions for paper sales	143,363	2,269,194
Other creditors	1,606,405	545,205
Accrued costs	35,663,853	50,135,903
Deferred income	47,787,572	48,038,960
	281,290,620	**248,701,554**

As of June 30, 2009 and December 31, 2008 Accrued costs and Deferred income were detailed as follows:

Amounts in Euros	30-06-2009	31-12-2008
Accrued costs		
Payroll costs	16.379.910	20.759.687
Interest payable, including compensatory interest	9.541.606	18.506.401
Energy and maintenance costs	6.099.747	4.165.176
Acquisitions of timber	965.957	2.365.789
Other	2.676.633	4.338.850
	35.663.853	**50.135.903**
Deferred income		
Government grants (Note 9)	44.652.549	48.038.831
Grants - CO2 emission licences	3.112.398	-
Other	22.625	129
	47.787.572	**48.038.960**

As of June 30, 2009 and December 31, 2008 deferred income on government grants was detailed by company as follows:

Amounts in Euros	30-06-2009	31-12-2008
Portucel, S.A.	22,311,522	23,761,438
Soporcel, S.A.	21,815,658	23,665,440
Raiz	397,136	443,087
Enerforest, S.A.	76,126	86,261
Cofotrans, S.A.	52,107	79,889
Aflomec, S.A.	-	2,716
	44,652,549	**48,038,831**

During the six-month period ended June 30, 2009 and the year ended December 31, 2008, Grants – CO2 emission licences had the following movements:

Amounts in Euros	2009	2008
Grants - CO2 emission licences		
Opening balance	-	2,479
Increase	6,181,410	12,176,954
Decrease	(3,069,012)	(12,179,433)
Closing Balance	**3,112,398**	**-**

Units: CO2 Ton	2009	2008
Opening balance	22,473	15,049
Licences awarded (Note 16)	531,049	531,049
Licences sold (Note 16)	(346,000)	(266,049)
Consumption	(137,308)	(242,527)
Returned licences PNALE I	-	(15,049)
	70,214	**22,473**

As of June 30, 2009 the CO2 licences were quoted at €13.34 per ton (EUA), therefore the market value of the CO2 emission licences consumed in the first half of 2009 amounts to €1,831,689.

In April 2009, under the National Plan for the Allocation of Emission Licences, the company returned the licenses consumed in 2008 which amounted to 242,527 Tons (April 30, 2008: 263,964 Tons).

31. Financial assets and liabilities

Since its activities are exposed to a variety of financial and operational risk factors, the Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the risk arising from the price of pulp, foreign exchange risk and interest rate risk.

During the early months of 2008, contracts entered into in 2007 were in force for hedging the price of pulp for a small amount of sales and which permitted reducing the risk associated with price fluctuations.

In order to minimise the effects of exchange rate variations on the exports of pulp and paper to non-European countries, financial instruments were contracted in 2008 and 2009 to hedge nearly all statement of financial position items denominated in foreign currency, as well as for hedging a part of the projected sales subject to currency risk.

In addition and in order to hedge interest rate risk, interest rate swaps associated with bond loans have been contracted since 2005.

The reconciliation of the consolidated statement of financial position with the various categories of financial assets and liabilities included therein is detailed as follows:

Amounts in Euros	Finan. instruments - held for trading Note 31.1.	Finan. instruments - hedging derivatives Note 31.2.	Loans and receivables Note 31.3.	Available-for-sale financial assets Note 19.	Other financial liabilities Note 31.4.	Non financial assets /liabilities
30-06-2009						
Assets						
Available-for-sale financial assets	-	-	-	130,074	-	-
Other non-current assets	-	-	-	-	-	1,954,970,341
Current accounts receivable	899,975	5,689,133	291,737,884	-	-	238,916,811
Total assets	**899,975**	**5,689,133**	**291,737,884**	**130,074**	**-**	**2,193,887,152**
Liabilities						
Non-current interest-bearing liabilities	-	-	-	-	449,318,566	-
Other liabilities	-	-	-	-	15,864,784	186,425,644
Current interest-bearing liabilities	-	-	-	-	306,251,206	-
State and other public entities	-	-	-	-	-	44,753,191
Current accounts payable	39,690	3,227,873	-	-	278,023,057	-
Total liabilities	**39,690**	**3,227,873**	**-**	**-**	**1,049,457,613**	**231,178,835**
31-12-2008						
Assets						
Financial assets available for sale	-	-	-	130,074	-	-
Other non-current assets	-	-	-	-	-	1,741,718,637
Current accounts receivable	2,818,575	7,179,545	412,103,791	-	-	287,387,745
Total assets	**2,818,575**	**7,179,545**	**412,103,791**	**130,074**	**-**	**2,029,106,382**
Liabilities						
Non-current interest-bearing liabilities	-	-	-	-	686,887,139	-
Other liabilities	-	-	-	-	17,522,406	196,962,538
Current interest-bearing liabilities	-	-	-	-	16,094,889	-
State and other public entities	-	-	-	-	-	38,911,537
Current accounts payable	-	44,110	-	-	248,657,444	-
Total liabilities	**-**	**44,110**	**-**	**-**	**969,161,878**	**235,874,075**

31.1. Financial instruments held for trading

As of June 30, 2009 and December 31, 2008, the details of the fair value of derivative financial instruments (Note 1.11) were as follows:

	30-06-2009				31-12-2008
Amounts in Euros	Notional	Positive	Negative	Net	Net
Trading instruments					
Foreign exchange forwards	45,075,308	899,975	(39,690)	860,285	2,818,575
	45,075,308	**899,975**	**(39,690)**	**860,285**	**2,818,575**

The Group has a currency exposure on sales invoiced in US dollars (USD) and in pounds sterling (GBP) to the United States of America, the United Kingdom and to other countries outside the Euro zone. Since the

Group's financial statements are translated into Euro, it runs an economic risk on the conversion of these currency flows to the Euro. The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies and which for currency exposure purposes function as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of the statement of financial position items denominated in USD and GBP against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to the USD and to the GBP at the time the invoices are issued, for the same maturity dates and the same amounts of these documents in such a way as to fix the exchange rate associated with the sales. The nature of the risk hedged is the book exchange rate variation recorded on sales and purchases expressed in USD and GBP. At the end of each month, customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value of the forwards negotiated.

The fair value of trading instruments – forwards – at June 30, 2009 is €860,285. During the 6 month period ended June 30, 2009, the losses on the trading instrument amounted to €1,958,290, while foreign exchange gains for the same period were €1,949,956.

31.2. Financial instruments designated as hedging derivatives

As of June 30, 2009 and December 31, 2008, details of the fair value of financial instruments designated as hedging derivatives were as follows:

	30-06-2009				31-12-2008
Amounts in Euros	Notional	Positive	Negative	Net	Net
Hedging instruments					
Interest Rate Swaps	225,000,000	-	(3,227,873)	(3,227,873)	(44,110)
Hedgings (sales and pulp price)	72,520,164	5,689,133	-	5,689,133	7,179,545
	297,520,164	**5,689,133**	**(3,227,873)**	**2,461,260**	**7,135,435**

Interest Rate Swaps

The cost of virtually all of the borrowings contracted by the Group is indexed to short-term benchmark rates, in most cases to the 6 month Euribor. With the aim of reducing the exposure to unfavourable interest rate movements, the Group decided to enter into interest rate swap contracts for a part of its medium/long-term interest-bearing debt.

The risk hedged is the change in the cash flows associated with bond loans resulting from fluctuations in interest-rate benchmarks (6-month Euribor). The following bond issues were hedged:

Amounts in Euros	Amount	Beginning	Maturity
Bonds 2005/2010	300,000,000	29-Mar-05	29-Mar-10
Bonds 2005/2012	150,000,000	27-Oct-05	27-Oct-12

The financial underlying instrument to the interest rate hedging is Interest Rate Swaps (IRS), that were negotiated in order to cover the two above-mentioned loans:

Amounts in Euros	Amount	Beginning	Maturity
Bonds 2005/2010	150,000,000	29-Mar-06	29-Mar-10
Bonds 2005/2012	75,000,000	27-Apr-06	27-Oct-10

The fair value of the hedging instruments as at June 30, 2009, was negative by €3,227,873, recorded via shareholders' equity in the period.

Euro Call Option / US Dollar Put

In addition to safeguarding the above-mentioned statement of financial position items subject to foreign exchange risk, the Group has, since 2005, been hedging future sales budgeted for each financial year.

In order to hedge the sales budgeted for 2009 subject to the EUR/USD exchange rate, a number of hedging instruments (called zero-cost collars) were contracted at the end of 2008 and at the start of 2009 totalling USD 175 million. These collars have monthly checks in which there is only financial settlement in the event that the weighted average exchange rate is higher than the call's exercise price or lower than the put exercise price. This instrument did not entail the payment of a premium and at June 30, 2009 had a positive fair value recognised under assets of €5,689,133 (December 31, 2008: €7,179,545).

31.3. Loans and receivables

These amounts are recognised at fair value, which correspond to their nominal value, after deducting any impairment losses identified during the course of the credit risk analysis of the credit portfolios held (Note 23).

31.4. Other financial liabilities

These items are recognised at their amortised cost, corresponding to the value of the respective cash flows discounted at the effective interest rate associated with each of the liabilities (Note 29).

31.5. Net gains on financial assets and liabilities

The effect on net income for the period of the financial assets and liabilities held is detailed as follows:

Amounts in Euros	6 months 2009	6 months 2008
Gain /(loss) on loans and receivables	1,949,956	563,613
Gain /(loss) on financial instruments - hedging	1,891,559	5,361,135
Gain /(loss) on financial instruments - trading	(1,958,290)	(867,736)
Interest earned:		
Deposits and other accounts receivable	2,078,024	9,695,509
Interest paid:		
Financial liabilities measured at amortised cost	(17,357,241)	(22,020,113)
Others	5,183,797	(3,396,257)
Total net profit and loss	**(8,212,195)**	**(10,663,849)**

The fair value of derivative financial instruments is included in Receivables and other current assets (Note 21) and Payables and other current liabilities (Note 30).

The movement on the balances recognised in the statement of financial position (Notes 21 and 30) relating to financial instruments was as follows:

	Change in fair value (Trading)	Change in fair value (Hedging)	Total
Opening balance	2,818,575	7,135,435	9,954,010
Maturity (Note 10)	(1,958,290)	1,891,559	(66,731)
Decreases in Fair Value	-	(6,565,734)	(6,565,734)
Closing balance	**860,285**	**2,461,260**	**3,321,545**

At June 30, 2009 and December 31, 2008, the derivative financial instruments previously summarised present the following maturities:

		30-06-2009				31-12-2008
		Notional	Maturity	Type	Fair value	Fair value
Foreign exchange forwards	USD	9,025,000	14-Sep-09	Trading	103,177	475,594
	GBP	3,360,000	11-Sep-09	Trading	(142,867)	293,177
	USD	36,737,030	30-Oct-09	Trading	1,244,217	536,875
	GBP	7,460,000	12-Oct-09	Trading	(344,242)	1,512,929
					860,285	**2,818,575**
Foreign exchange options	USD	125,000,000	31-Dec-09	Hedging	5,689,133	7,179,545
Interest rate hedging	EUR	150,000,000	29-Mar-10	Hedging	(1,782,133)	2,193
Interest rate hedging	EUR	75,000,000	27-Oct-10	Hedging	(1,445,740)	(46,303)
					2,461,260	**7,135,435**
					3,321,545	**9,954,010**

32. Balances and transactions with related parties

The following is a breakdown of related parties' balances as of June 30, 2009 and December 31, 2008:

	30-06-2009		
	Assets		Liabilities
Amounts in Euros	Trade debtors	Other receivables	Accounts payable
Semapa	60,957	-	197,699
Soporgen	-	319,992	485,176
TASC	-	-	15,350
	60,957	**319,992**	**698,225**

	31-12-2008		
	Assets		Liabilities
Amounts in Euros	Trade debtors	Other receivables	Accounts payable
Semapa	-	-	161,280
Soporgen	-	319,992	523,988
TASC	-	2,743	13,910
	-	**322,735**	**699,178**

In the six-month period ended June 30, 2009 and December 31, 2008, transactions with related parties were as follows:

	30-06-2009	
Amounts in Euros	Sales and services rendered	Materials consumed and services acquired
Semapa	50.797	842.658
Soporgen	-	2.647.658
TASC	-	43.538
	50.797	**3.533.854**

	30-06-2008	
Amounts in Euros	Sales and services rendered	Materials consumed and services acquired
Semapa	43.036	907.686
Soporgen	-	2.020.525
TASC	-	40.268
	43.036	**2.968.479**

33. Expenditures on environmental safeguards

Environmental costs

In order to carry out its business, the Group incurred several environmental expenditure which, in accordance with their nature, are capitalised or recognised as costs in the operating profit for the period.

Environmental expenses incurred by the Group in order to preserve resources or to avoid or reduce future damages, are capitalised when they are expected to extend the useful life or to increase the capacity, safety or efficiency of other assets held by the Group.

The expenditures capitalised and expensed in the six-month period ended June 30, 2009 and 2008 were as follows:

Amounts capitalised in the period

Amounts in Euros	6 months 2009	6 months 2008
Recover boiler	5,650,786	1,384,205
Increase in the capacity of the effluents treatment equipment	59,253	354,955
Security infrastructure improvements	18,014	-
Other	106,275	2,227,580
	5,834,328	**3,966,740**

Costs recognised in the period

Amounts in Euros	6 months 2009	6 months 2008
Liquid effluent treatment	3,780,167	3,609,529
Expenditures with electro filters	210,770	-
Recycling of materials	658,323	830,185
Solid waste embankment	152,590	159,709
Sewage network	60,860	29,332
Others	405,650	241,548
	5,268,361	**4,870,303**

CO2 emission licences

As part of the Kyoto Protocol, the European Union has committed itself to reduce gas emissions which produce the greenhouse effect. Within this context, a EU Directive was issued that foresees the trade of CO_2 emission licences. This Directive has been transposed to the Portuguese legislation, with effect from January 1, 2005, and impacts, amongst other industries, on the pulp and paper industry (Note 30).

As a result of negotiations of the National Plan for the Allocation of CO_2 Emission Licences (PNALE), for the period 2008-2012, the Group was awarded licences corresponding to 531,049 tons for each year of the period (Note 16).

34. Audit fees

In the in the six-month period ended June 30, 2009 and 2008, expenses with statutory audits, other audits and tax consultancy, were as follows:

Amounts in Euros	6 months 30-06-2009	6 months 30-06-2008
Statutory auditor services	107.071	109.825
Tax consultancy services	69.574	54.623
Other assurance services	43.771	30.931
	220.416	**195.379**

The services described as tax consultancy and other, mainly comprise of the support in complying with tax obligations, in Portugal and abroad, as well as in services, surveys of operational business processes which did not result in any advice for redesign of existing practices, procedures or controls. The Board of Directors believes there are adequate procedures safeguarding the independence of auditors through the audit committee process analysis of the work proposed and careful definition of the work to be awarded to the auditors.

35. Number of employees

As of June 30, 2009 the number of employees working for the various Group companies was 2,279 (December 31, 2008: 2,164).

36. Commitments

36.1. Commitments in favour of third parties

As of June 30, 2009 and December 31, 2008, commitments assumed by the Group were as follows:

Amounts in Euros	30-06-2009	31-12-2008
Guarantees in favour of associated companies		
Guarantees		
Soporgen, S.A.	555.556	666.667
	555.556	666.667
Guarantees in favour of third parties		
Guarantees		
Custom duties with wood imports	3.324.250	3.159.496
DGCI - Portuguese tax authorities	19.271.349	6.158.327
IAPMEI /AICEP	524.745	524.745
Simria	514.361	514.361
Other	570.248	564.093
	24.204.953	10.921.022
	24.760.509	**11.587.689**

On May 3, 2000, Soporcel, entered into a guarantee with a bank under which it guarantees the full and timely compliance with all financial and monetary obligations to that bank assumed by Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A.. Accordingly, the bank can claim repayment of up to 8% of Soporgen's debt under that guarantee whenever it is enforced.

As of June 30, 2009, the amount to settle of this loan was €6,944,444, and the amount of the guarantee assumed by Soporcel was €555,556, having been reduced for the period as a result of the reduction in the underlying loan.

Guarantees granted to the Portuguese Tax Authorities (DGCI) are detailed as follows (Note 37).

Amounts in Euros	30-06-2009	31-12-2008
Income Tax 2005 - Additional Tax assessments	14.656.906	-
VAT - Refunds requested	2.153.529	3.697.413
Aggregated income tax 2003	1.032.317	1.032.317
Income tax 2007 - Municipal surcharge	852.727	852.727
Stamp duty 2004	575.870	575.870
	19.271.349	**6.158.327**

In 2008, guarantees granted to AICEP arise from the obligations related with the investment contracts signed with this agency (Note 36.2).

36.2. Investment contract – AICEP

On July 12, 2006, Portucel, Soporcel and AICEP – Agência para o Investimento e Comércio Externo de Portugal (Portuguese agency for investment and foreign trade) entered into contracts for investments in progress and to be completed which comprise tax incentives amounting to €22,480,095 and financial incentives amounting to €102,038,801, corresponding to a total of €124,518,896, of which €21,161,100 have already been used until the end of June 30, 2009.

Due to the stage of development of the projects, the Group recognised gains with financial incentives related with eligible investments up to June 30, 2009, of €30,446,418. Under these contracts Portucel and Soporcel will still have to invest a total of around €68,500,000.

Additionally, a contract was signed with the subsidiary About The Future, S.A., for investments initially estimated at €482 millions. This contract includes tax incentives of €52,433,150, of which €1,252,489 were used in 2008.

All contracts were approved by national and EU authorities. The last of which, related to Soporcel, was approved in June 2007.

36.3. Purchase commitments

In addition to the matter referred to in the preceding Note, purchase commitments assumed to suppliers at June 30, 2009 totalled €343,235,774 and referred to capital expenditure on factory plant and equipment (total commitments at December 31, 2008: €132,267,344). These figures include the commitments assumed to AICEP which contemplate overall capital investments of around €914,600,000.

At December 31, 2008, the commitments relating to operating lease contracts comprised the following:

Amounts in Euros	30-06-2009	31-12-2008
Due date		
2009	730,721	1,422,132
2010	1,376,658	1,154,285
2011	1,031,567	752,497
2012	549,397	273,934
2013	94,789	-
	3,783,132	**3,602,848**

37. Contingent assets

37.1. Public Debt Settlement Fund

According to the Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (November 25, 2006) are the responsibility of the Public Debt Settlement Fund. Portucel submitted an application to the Public Debt Settlement Fund on April 16, 2008 requesting the payment by the State of the tax debts raised by the tax authorities. In this context, the aforementioned Fund is liable for €27,697,972, detailed as follows:

	Period	Outstanding
Portucel		
VAT - Germany (Note 28)		5.850.000
Corporate Income Tax	2001	314.340
Corporate Income Tax	2002	625.033
VAT	2002	2.697
Corporate Income Tax	2003	1.573.165
Corporate Income Tax	2003	3.158.530
Withholding Tax	2004	3.160
Corporate Income Tax	2004	1.167.629
Corporate Income Tax	2005	11.773.112
		24.467.666
Soporcel		
Corporate Income Tax	2002	270.025
VAT	2003	2.509.101
Stamp duty	2004	451.180
		3.230.306
		27.697.972

37.2. Tax claims

37.2.1. Withholding tax in Spain – €516,729

From 2001 to 2004, ENCE – Empresa Nacional de Celulose, S.A., a company in which Portucel held a 8% share until 2004, paid dividends totalling €3,444,862, which were subject to withholding tax of €516,729.

Portucel challenged the amount withheld on the basis that it violated the right of free establishment foreseen in the Treaty of Rome (dividends paid to an entity resident in Spain are not be subject to withholding tax). The claim was rejected in February 15, 2008, and the Company appealed to court on April 29, 2008.

During 2007, the European Commission made a formal request to Spain to change the law regulating withholding tax for non-residents, specifically relative to dividends paid, since it violates EU law as a discriminatory practice in light of the tax treatment of income of the same nature when paid to a company resident for tax purposes in Spain. A claim was also made to the EU Courts. Finally, in 2007, the EU Court issued the Amurta Rulling, which backs the company's position.

37.2.2. Stamp duty on loans – Stamp duty on share capital – €77,000

On April 7, 2008 SPCG and PortucelSoporcel Cogeração de Energia S.A. lodged an appeal with the Almada Administrative and Tax Court against the stamp duty of €50,000 and €27,000, respectively, levied on the share capital increases made by the aforesaid companies, on the grounds that such act is contrary to the provisions of the EU Directive no. 69/335/EEC of the Council dated July 17, 1969, as amended by Directive 85/303/EEC of the Council dated June 10, 1985.

The above-mentioned companies are awaiting the court's decision.

38. Exchange rates

The assets and liabilities of the foreign subsidiaries and associated companies were translated to euros at the exchange rate prevailing on June 30, 2009. The income statement transactions were translated at the average rate for the period. The differences arising from the application of these rates as compared with the balance prior to the conversion were reflected under the Currency translation reserve heading in shareholders' equity.

The rates used in June 30, 2009 and December 31, 2008 against the Euro, were as follows:

	30-06-2009	31-12-2008	Increase/ (decrease)
GBP (Pound Sterling)			
Average rate for the period	0,8939	0,7963	(12,26%)
Exchange rate - end of period	0,8521	0,9525	10,54%
USD (American Dollar)			
Average rate for the period	1,3328	1,4708	9,38%
Exchange rate - end of period	1,4134	1,3917	(1,56%)

39. Consolidated companies

Company	Head office	Percentage of capital held by Group companies Directly	Indirectly	Total
Parent Company:				
Portucel – Empresa Produtora de Pasta e Papel, S.A.	Setúbal	-	-	-
Subsidiaries:				
Soporcel - Sociedade Portuguesa de Papel, S.A.	Figueira da Foz	100,00	-	100,00
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda	Setúbal	56,00	44,00	100,00
Soporcel España, S.A.	Spain	-	100,00	100,00
Soporcel International, BV	Netherlands	-	100,00	100,00
Soporcel France, EURL	France	-	100,00	100,00
Soporcel United Kingdom, Ltd	United Kingdom	-	100,00	100,00
Soporcel Italia, SRL	Italy	-	100,00	100,00
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100,00	100,00
Soporcel North America Inc.	USA	-	100,00	100,00
Soporcel Deutschland, GmbH	Germany	-	100,00	100,00
Soporcel Handels, GmbH	Austria	-	100,00	100,00
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, S.A.	Setúbal	-	100,00	100,00
Aliança Florestal – Sociedade para o Desenvolvimento Agro-Florestal, S.A.	Setúbal	-	100,00	100,00
Arboser – Serviços Agro-Industriais, S.A.	Setúbal	-	100,00	100,00
Enerforest - Empresa de Biomassa para Energia, S.A.	Setúbal	-	100,00	100,00
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Setúbal	-	100,00	100,00
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Palmela	-	100,00	100,00
Aflomec - Empresa de Exploração Florestal, S.A.	Setúbal	-	100,00	100,00
Cofotrans - Empresa de Exploração Florestal, S.A.	Figueira da Foz	-	100,00	100,00
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, S.A.	Setúbal	100,00	-	100,00
Enerpulp – Cogeração Energética de Pasta, S.A.	Setúbal	-	100,00	100,00
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100,00	100,00
Socortel - Sociedade de Corte de Papel, S.A.	Figueira da Foz	-	100,00	100,00
PortucelSoporcel Papel - Sales e Marketing, ACE	Figueira da Foz	50,00	50,00	100,00
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50,00	50,00
Raiz - Instituto de Investigação da Floresta e Papel	Eixo	43,00	51,00	94,00
PortucelSoporcel Floresta, SGPS, S.A.	Figueira da Foz	50,00	50,00	100,00
About the Future - Empresa Produtora de Papel, S.A.	Setúbal	0,01	99,99	100,00
Headbox - Operação e Contolo Industrial, S.A.	Setúbal	-	100,00	100,00
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Setúbal	-	100,00	100,00
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Cacia	-	91,15	91,15
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92,56	92,56
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91,47	91,47
ImpactValue - SGPS, S.A.	Setúbal	100,00	-	100,00
PortucelSoporcel Papel, SGPS S.A.	Setúbal	100,00	-	100,00
PortucelSoporcel Energia, SGPS S.A.	Setúbal	100,00	-	100,00
PortucelSoporcel Participações, SGPS S.A.	Setúbal	100,00	-	100,00
PortucelSoporcel Cogeração de Energia, S.A.	Setúbal	-	100,00	100,00
Atlantic Forests, S.A.	Setúbal	-	100,00	100,00
Portucel International GmbH	Germany	100,00	-	100,00
Afocelca - Agrupamento complementar de empresas para protecção contra incendios ACE	Portugal	-	64,80	64,80
Bosques do Atlantico, SL	Spain	-	100,00	100,00
PortucelSoporcel Sales & Marketing NV	Belgium	25,00	75,00	100,00
Portucel Papel Setúbal, S.A. *	Setúbal	-	100,00	100,00
PortucelSoporcel Pulp SGPS, S.A. *	Setúbal	100,00	-	100,00
EPFF - Empresa de Pasta de Figueira da Foz, S.A. *	Figueira da Foz	-	100,00	100,00
CELSET - Celulose de Setúbal, S.A. *	Setúbal	-	100,00	100,00
CELCACIA - Celulose de Cacia, S.A. *	Cacia	-	100,00	100,00

* Companies incorporated in March 2009

40. Contingent liabilities

On June 30, 2009, the process of liquidation and dissolution of the Group's subsidiary Portucel Brazil was nearing completion. The consolidated statement of financial position included the identified and quantifiable liabilities which resulted from this process. The Group could have additional costs with the conclusion of these procedures. However, these additional costs are not estimated to be material.

41. Explanation of English translation

The accompanying financial statements are a free translation of the financial statements originally issued in Portuguese language. In the event of discrepancies between the English and Portuguese versions, the Portuguese version prevails.

Board Meeting Members:

Pedro Mendonça de Queiroz Pereira
Chairman

José Alfredo de Almeida Honório

Manuel Soares Ferreira Regalado

Adriano Augusto da Silva Silveira

António José Pereira Redondo

José Fernando Morais Carreira de Araújo

Luis Alberto Caldeira Deslandes

Manuel Maria Pimenta Gil Mata

Francisco José Melo e Castro Guedes

Limited Review Report Prepared by an Auditor Registered in the Securities Market Commission (CMVM) of the Consolidated Half Year Information

(Free translation from the original in Portuguese)

Introduction

1 We hereby present our limited review report on the consolidated financial information for the six-month period ended June 30, 2009 of Portucel – Empresa Produtora de Pasta e Papel, SA included in the consolidated Report of the Board of Directors, consolidated statement of financial position (which shows total assets of €2,492,344,218 and a total shareholders' equity of €1,208,440,207, including minority interests of €199,681 and a net profit of €47,104,298), consolidated separate income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement for the six-month period then ended and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

Responsibilities

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present truly and fairly the financial position of the companies included in the consolidation and the consolidated results of its operations; (b) to prepare historical financial information in accordance with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and which is complete, true, timeliness, clear, objective and licit as required by the Portuguese Securities Market Code; (c) to adopt adequate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant facts that have influenced the operations, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely if it is complete, true, timeliness, clear, objective and licit as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our work.

Scope

5 Our work was performed with the objective of obtaining moderate assurance as to whether the financial information referred to above is free of material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Portuguese Institute of Statutory Auditors, planned according to that objective, and consisted: (a) primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the adequacy of the accounting policies adopted taking into account the circumstances and the consistency of their application; (iii) the applicability, or not, of the going concern concept; (iv) the presentation of the financial information; and (v) as to whether the consolidated financial

information is complete, true, timeliness, clear, objective and licit; and (b) in substantive tests to the unusual significant transactions.

6 Our work also covered the verification of the consistency of the consolidated financial information included in the Report of the Board of Directors with the remaining documents referred to above.

7 We believe that the work performed provides an acceptable basis for the issue of our limited review report in respect of the half year consolidated information.

Conclusion

8 Based on the work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the six-month period ended June 30, 2009 is not free of material misstatements that affect its conformity with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and the information contained therein is not complete, true, timeliness, clear, objective and licit.

Lisbon, August 7, 2009

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

[This is a translation, not to be signed]

Abdul Nasser Abdul Sattar, R.O.C.