

RELATÓRIO DO 1º TRIMESTRE 2012

INTERIM REPORT 1ST QUARTER 2012

O PAPEL DE PORTUGAL NO MUNDO É MAIS IMPORTANTE DO QUE IMAGINA
PORTUGAL: PAPERMAKERS TO THE WORLD



PORTUCEL, S.A.
SOCIEDADE ABERTA
PUBLIC LIMITED COMPANY



DIRECTORS' REPORT**CONTENT**

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Highlights 1st Quarter 2012 (vs 1st Quarter 2011):

- Turnover of € 353 million
- Exports of € 288.8 million to 95 countries
- EBITDA of € 93.6 million
- Net profits up 1.6%
- Net debt down by € 188.5 million
- Net Debt / EBITDA ratio improves from 1.4 to 1.1
- Increased share in European paper market
- Own brands accounted for 62% of paper sales

Leading indicators – IFRS

	Q1 2012	Q1 2011	Q4 2011	% Change ⁽⁵⁾ Q1 12/Q1 11	% Change ⁽⁵⁾ Q1 12/Q4 11
Total sales	353.0	369.2	392.0	-4.4%	-9.9%
EBITDA ⁽¹⁾	93.6	103.8	97.1	-9.8%	-3.6%
Operating profits	70.4	66.7	75.6	5.5%	-6.8%
Financial results	- 3.7	- 6.5	- 1.1	-42.4%	245.8%
Net earnings	52.3	51.4	52.2	1.6%	0.1%
Cash Flow ⁽²⁾	75.5	88.5	73.8	-14.7%	2.3%
Capex	6.1	4.7	16.0	1.4	-9.9
Net debt ⁽³⁾	397.7	586.2	422.8	-188.5	-25.1
EBITDA / Sales (%)	26.5%	28.1%	24.8%	-1,6 pp	+ 1,7 pp
ROS	14.8%	13.9%	13.3%	+0,9 pp	+ 1,5 pp
ROE	13.9%	15.5%	15.0%	- 1,6 pp	- 1,1 pp
ROCE	14.7%	13.7%	15.7%	+1,0 pp	- 1,0 pp
Equity ratio	53.2%	50.7%	52.4%	+2,4 pp	+ 0,8 pp
Net Debt / EBITDA ⁽⁴⁾	1.1	1.4	1.1		

(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

1. RESULTS ANALYSIS

1st Quarter 2012 vs 1st Quarter 2011

In a particularly harsh economic environment, the Portucel Group recorded turnover of € 353.0 million in the first quarter of 2012. This figure compares with turnover of € 369.2 million in the first quarter of 2011 and represents a decline of 4.4%, due essentially to a substantial fall in pulp prices and to the reduction in pulp available for sale.

Despite rising prices for hardwood pulp over the first three months of the year, the average price recorded during the period was lower than in the same period in 2011. The average figure for the market index, PIX BHKP, stood at 534 €/ton, down from 622€/ton and representing a drop of 14.2%. The value of pulp sales was also hit by maintenance stoppages at two of the Group's production units and by increased integration of pulp in paper products.

On the paper side, the market remained fairly stable, reflecting an improved balance between supply and demand, now that several previously announced closures have taken place. The paper benchmark index – PIX B-Copy – remained unchanged in relation to the 1st quarter of 2011, at an average of 861€/ton. Paper sales held relatively steady, in terms of both quantity and value, despite a sharp drop in apparent consumption in Europe in comparison with the same period in the previous year.

Gross power output in the first quarter of 2012 stood at 474 GWh, up by 6% on the same period in 2011, thanks to strong performance and stability in the Group's various industrial facilities, despite the planned stoppages mentioned above. Electricity sales to the national grid totalled 425 GWh, up by 7% on the first quarter of 2011.

A degree of stability was also enjoyed on the costs side over the quarter, in particular with regard to the average supply prices for timber and chemicals.

In this context, consolidated EBITDA stood at € 93.6 million, representing a reduction of 9.8% in relation to the

same period in the previous year, producing an EBITDA / Sales margin of 26.5%, down by 1.6 percentage points from the ratio recorded in the previous year.

Operating income stood at € 70.4 million, comparing favourably with the results for 2011, having benefited from a reversal of provisions of approximately € 2.8 million and also from a reduction in the value of depreciation in the period.

Financial results presented a negative figure of € 3.7 million, comparing favourably with a similarly negative figure of € 6.5 million in 2011. This was due in part to a significant reduction in net debt and also to the reclassification for accounting purposes of a currency hedge operation of a net investment in a foreign subsidiary, which had held down financial results in the previous year.

Consolidated net income for the period accordingly stood at € 52.3 million, representing an improvement of 1.6% in relation to the previous year.

1st Quarter of 2012 vs 4th Quarter of 2011

When compared with the previous quarter, the Group's turnover was down by approximately 10%, explained above all by the high level of paper sales in the 4th quarter, in line with normal seasonal trends, and also by a reduction in pulp sales on the market. Performance in the period was also affected, as already indicated, by planned maintenance stoppages at two of the Group's industrial facilities.

Paper sales progressed steadily over the quarter, and some manufacturers were forced to shut down capacity, given their inability to compete in the demanding conditions currently prevailing in the market.

Performance in BEKP pulp was in line with expectations, with a reduction in quantities placed on the market, offset in part by rising pulp prices over the quarter. Nonetheless, pulp sales were down by 7% in comparison with the previous quarter.

In this setting, first-quarter EBITDA was down by 3.6% on the previous quarter, although the EBITDA/Sales margin improved from 24.8% to 26.5%.

Operating income was lower than in the previous quarter; nonetheless, operating income in Q4 2011 was positively influenced by a reversal of provisions with a value of approximately € 10 million.

2. MARKET ANALYSIS

2.1 UWF Paper

Demand in the first quarter of 2012 was slightly stronger than in the final quarter of 2011, and the market was affected by the impact of the capacity closures made during 2011 by a number of competitors in the sector. The industry as a whole operated at 95% of total capacity.

Despite this, demand in Europe for UWF paper fell by a further 5% in relation to the same period in 2011. In the office paper segment, the reduction was less marked, at approximately 3%, once again demonstrating its resilience to the difficult environment prevailing in European markets.

Incoming orders and the reduction in capacity allowed order books in the industry to recover from the low levels recorded in late 2011 to above the historical average.

In this context, the Portucel Group recorded a maximum of quantities sold, when comparing first quarters, and an absolute record for quantities sold in Europe, increasing its market share in the continent by 32 000 tons, largely due to sales of sheeted products, where its market share expanded by more than 20 000 tons.

The Group has over the years developed a geographically diverse export base. Europe nonetheless remains the Group's main market, for reasons of physical proximity and a long-established tradition of sales in the region. This of course means that the Group is exposed, to some extent, to countries experiencing severe economic contraction. Despite this, the Group has succeeded in place around 60% of its total output in premium products, achieving a market share in these products, in Europe, of 45%. The Group's own brands represented 62% of its total sales during the period.

The main European benchmark index for UWF paper (PIX A4 Copy-B) stabilized over the period at the same level as in the first quarter of 2011, whilst the Group price for standard quality products (comparable products) rose by 1%. However, the Group's average price was hit by rising sales in economy products in European

markets, and by expansion into new sales markets, requiring a higher proportion of sales to be made in geographical regions where the returns are lower.

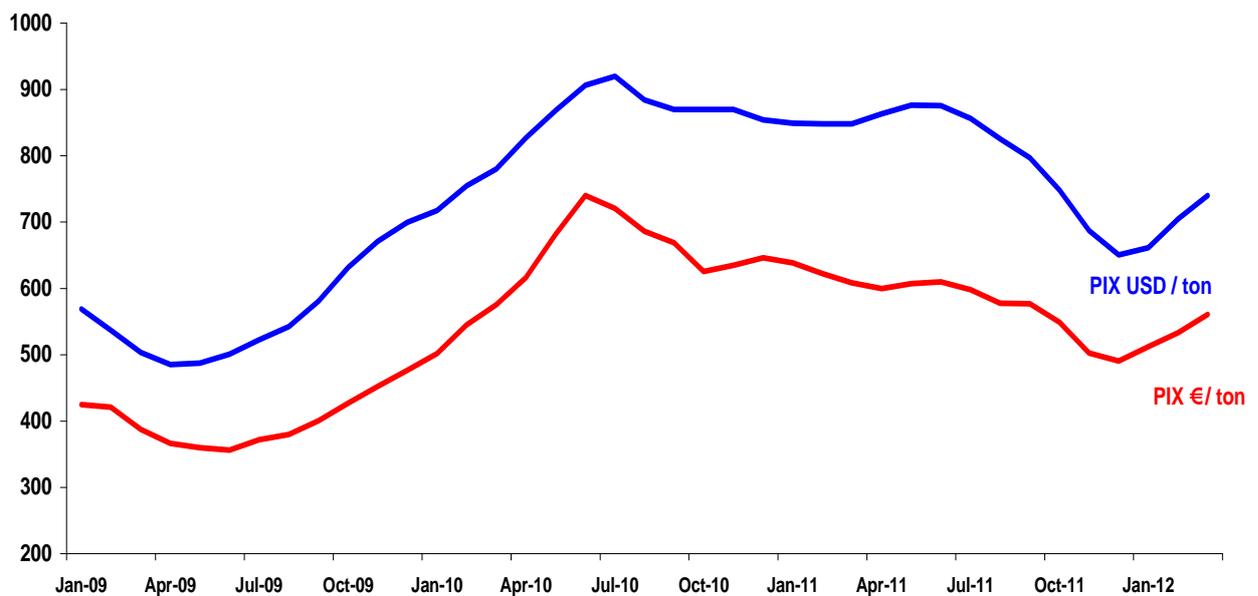
2.2 PULP

2.2 BEKP Pulp

In the first quarter of the year, the BEKP market experienced a degree of recovery in listed prices, which rose to USD 760 / ton CIF Europe in March, in line with expectations in the sector, pointing to a turnaround in the market in December 2011.

This recovery in the pulp market was supported essentially by excellent performance in the Chinese market, which once again acted as the main factor on the supply side. After record imports of pulp in 2011, the first two months of 2012 point to this trend continuing, with an all-time high for pulp imports in February.

Monthly price for PIX - BHKP



In stark contrast, the economic situation in the Euro Zone has caused not only a slowdown in the paper industry but also a certain amount of volatility on the foreign exchanges, generating instability in the industry, as it affects the capacity to compete of manufacturers in different regions.

As mentioned above, the Group's BEKP sales in the 1st quarter of 2012 were affected by planned maintenance stoppages.

A breakdown of pulp sales by paper segment shows that the Group continues to focus successfully on segments with higher value added, and in particular on the special papers segment, which accounted for practically 65% of all sales in quantity.

An analysis of sales by destinations shows that all pulp sales went to European markets, home to manufacturers of higher quality paper where technical demands are more stringent and where the intrinsic qualities of the *eucalyptus globulus* pulp produced by the Group generate substantial added value,

3. DEVELOPMENT

The Group has pressed ahead with its investment plans in Mozambique, in terms of field work, plantations and study of logistical alternatives, in keeping with the project schedule.

4. FINANCIAL

At 31 March 2012, interest-bearing net debt stood at € 397.7 million, down by € 25.1 million from year-end 2011. Cash generation in the quarter was hampered by the policy of increased support to wood suppliers and by disbursement of the final payments on capital projects implemented in previous periods. The Group also experienced the negative impact of delays in VAT rebates which it ought, as an exporter, to receive in 30 days, with receivables in excess of € 70 million.

Approximately 83% of the goods and services incorporated by the Group have a local origin. Aware of the impact in national suppliers and service providers, the Company adjusted its payment conditions so as to

compensate the difficulties experienced by suppliers in access to finance. It is important to enhance that the Portucel Group is an important source of wealth for the country, creating an extremely high National Value Added, translated by the fact that its products are made using almost exclusively national raw-materials and resources.

The increase in taxes paid in the period is due not only to the higher level of pre-tax-results, but also to the increase in the State income tax surcharge, from 2.5% to 5%.

Financial autonomy stood at 53.3% at the end of March and the ratio of Net Debt to EBITDA remained at a conservative level at 1.1.

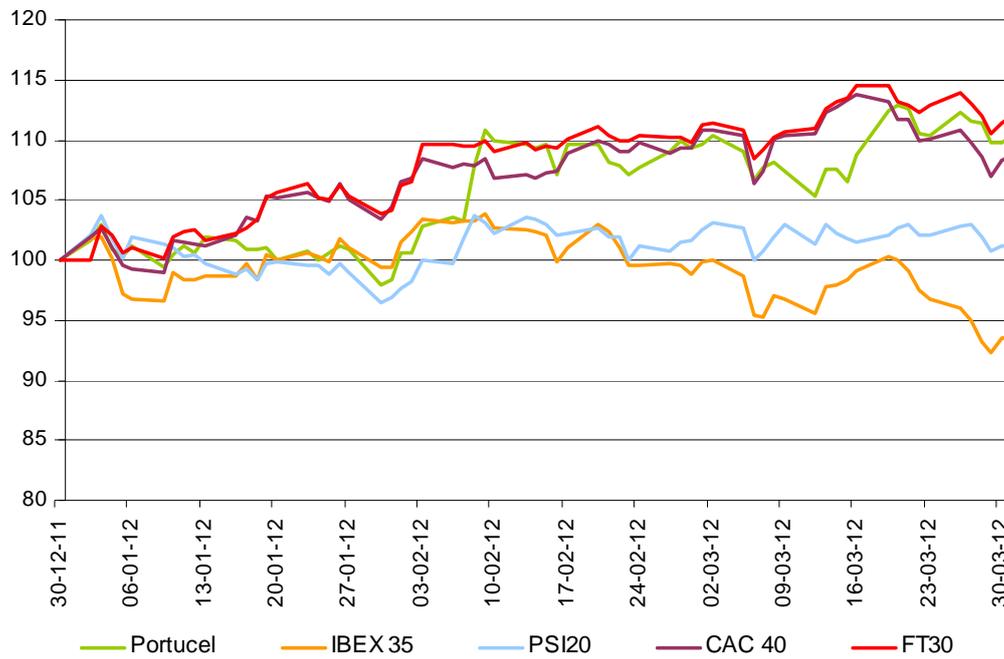
The Group's gross long term debt stood at € 567.1 million at 31 March 2012, with debt maturing in less than 1 year at € 174.1 million. With its excellent capacity to generate cash flow, cash position of € 298.9 million and credit facilities contracted of € 80 million, the Group presents a level of liquidity which will allow it to honour its liabilities as currently accepted without requiring significant recourse to the debt market.

5. CAPITAL MARKETS

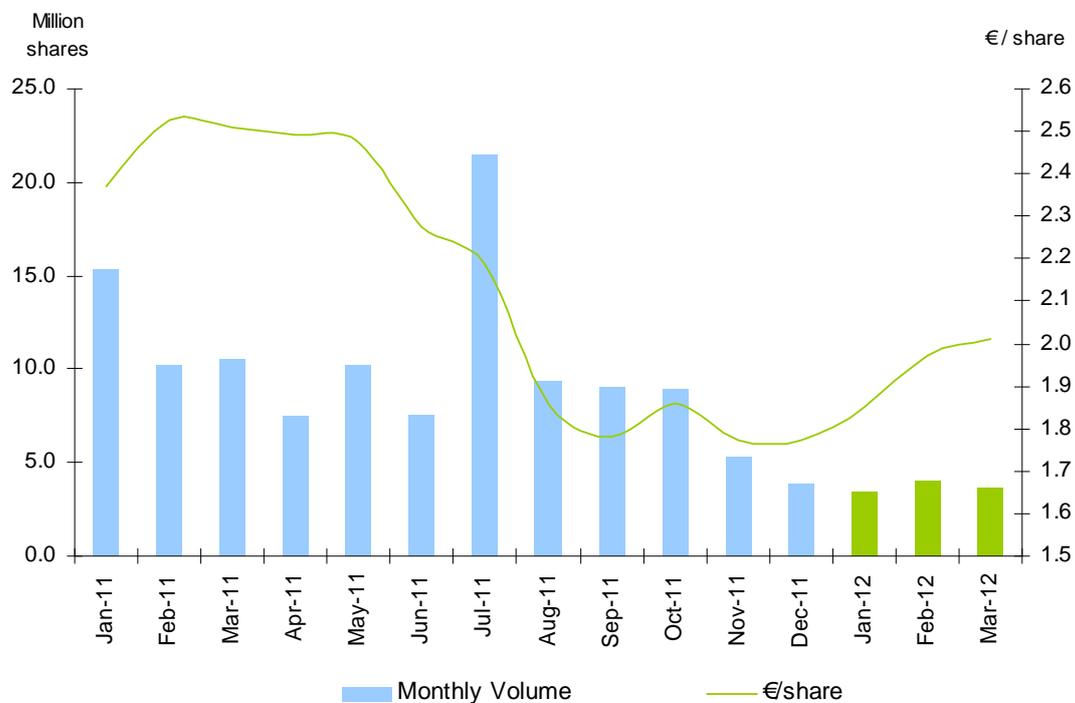
Portucel shares enjoyed very positive performance over the 1st quarter of 2012, with the listed price rising by approximately 10%. Over the same period, the PSI20 index rose by around 1%, whilst performance by other European indexes was varied: the indexes for the London and Paris stock exchanges recorded gains of 11.4% and 8.4% respectively, whilst the IBEX35 index, for the Madrid exchange, was down by 6.5% at the end of March in relation to year-end 2011.

Worldwide, pulp and paper industry shares performed extremely well during the first quarter of 2012. The largest gains were in Scandinavia, with North American companies also experiencing average increases of more than 20%. Shares from Latin American pulp manufacturers also ended the quarter with positive performances.

Portucel vs. European Indexes - Q1 2012
(30/12/2011= 100)



Portucel Average Share Price and Volume in 2011 and in Q1 2012



6. OUTLOOK

Expectations for the world economy in 2012 remain extremely uncertain.

The Euro Zone is expected to stabilize or experience a moderate recovery over the course of 2012, albeit with a marked difference in performance between the centre and peripheral regions. This recovery will be achieved on the strength of external demand and very low interest rates. Nevertheless, the sovereign debt market will remain under severe strain, causing sharp contraction of business and consumer credit, despite substantial measures to step up financial support for countries facing greater difficulties and increased intervention by the European Central Bank as lender of last resort. This strain, combined with the budget consolidation measures underway in most European countries and the high levels of unemployment throughout the region, are risk factors which could stall any economic progress.

In the US, the economy has showed signs of recovery, with the main economic indicators evolving positively as a whole, thanks to stronger than expected consumer spending and investment and signs that the labour market is beginning to improve. However, serious doubts also remain concerning the budget consolidation policies which will be required in the long term due to worsening public debt, as a result of continuing foreign and budget deficits, only expected to improve after the presidential elections due to be held this year.

The economies of emerging markets, and of China in particular, are also tending to cool, as a result of slacker demand from developed economies. Although a hard landing is not forecast for the emerging economies, there are still a number of risks associated with rapid growth in lending and in the price of assets in recent years, which could make these economies financially vulnerable.

The future course of the euro exchange rate against the dollar and the currencies of the countries of our main competitors is similarly difficult to forecast, in view of the economic expectations outlined above, and could have a significant impact on the Group's business.

Despite this difficult environment, the cut-size paper market in Europe has proved fairly resilient, with demand falling more slowly than for UWF paper as a whole. The impact of the significant capacity closures which took place in 2011, whose full effects will only be felt in 2012, and the prospects for a possible recovery in pulp prices, which should keep non-integrated manufacturers under strong pressure, are factors which may help to

support the market over the course of 2012.

In the US, the economic outlook, increased consolidation in the sector, reflected in an improved capacity to adjust supply to demand, and the likely increase in paper consumption associated with the presidential campaign due to take place this year, could all help to keep the market buoyant.

Significantly, the Group continues to operate at full capacity, thanks to recognition of the quality of its products, strong penetration and the awareness ratings of its own brands, as well as its capacity to extend the range of countries to which it sells its products.

The BEKP pulp market will be supported by strong demand from Asian markets, and in particular from China. Nonetheless, increasing supply, with the start-up of new capacity in Brazil, as from the end of this year, could undermine the balance between supply and demand in subsequent years.

Setúbal, 20 April 2012

CONSOLIDATED SEPARATE INCOME STATEMENT

Amounts in Euro	Note	3 months March 2012	3 months March 2011
		(unaudited)	(unaudited)
Revenues	3		
Sales		352.529.498	368.955.788
Services rendered		468.888	280.120
Other operating income	5		
Gains on the sale of non-current assets		160.350	-
Other operating income		8.627.022	6.117.858
Change in the fair value of biological assets	10	(1.618.470)	1.673.130
Costs			
Cost of inventories sold and consumed		(145.711.404)	(129.781.666)
Variation in production		7.689.506	(20.348.971)
Cost of materials and services consumed		(90.729.567)	(86.017.380)
Payroll costs		(34.235.901)	(31.457.364)
Other costs and losses		(3.602.583)	(5.639.005)
Provisions	17	2.806.261	(3.699.505)
Depreciation, amortization and impairment losses		(25.986.002)	(33.346.359)
Operational results		70.397.599	66.736.646
Group share of (loss) / gains of associated companies and joint ventures	11	108.335	232.591
Net financial results	4	(3.723.034)	(6.461.637)
Profit before tax		66.782.900	60.507.600
Income tax	5	(14.496.770)	(9.075.131)
Net Income		52.286.129	51.432.469
Non-controlling interests		4.360	15.825
Net profit for the year		52.290.490	51.448.294
Earnings per share			
Basic earnings per share, Eur	6	0,070	0,068
Diluted earnings per share, Eur	6	0,070	0,068

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	31-Mar-12 (unaudited)	31-Dec-2011
ASSETS			
Non-Current Assets			
Goodwill		376.756.383	376.756.383
Other intangible assets	8	9.804.880	2.776.759
Property, plant and equipment	9	1.518.580.021	1.529.709.225
Biological assets	10	109.150.835	110.769.306
Available-for-sale financial assets	11	126.032	126.032
Investment in associates	11	1.632.065	1.778.657
Deferred tax assets	15	46.375.310	46.271.758
		2.062.425.527	2.068.188.120
Current Assets			
Inventories		206.719.320	188.690.926
Receivable and other current assets	12	245.404.433	242.257.094
State and other public entities	13	71.290.133	54.684.123
Cash and cash equivalents	18	298.904.432	267.431.715
		822.318.318	753.063.858
Total Assets		2.884.743.845	2.821.251.978
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	14	767.500.000	767.500.000
Treasury shares	14	(42.175.553)	(42.154.975)
Fair value reserves		979.364	(523.244)
Other reserves		57.546.582	57.546.582
Translation reserves		(2.164.085)	(485.916)
Other reserves		700.156.261	499.721.012
Net profit for the period		52.290.490	196.331.389
		1.534.133.059	1.477.934.848
Non-controlling interests		216.781	220.660
		1.534.349.840	1.478.155.508
Non-current liabilities			
Deferred tax liabilities	15	188.867.933	193.236.695
Pensions and other post-employment benefits	16	12.486.966	16.682.785
Provisions	17	16.796.331	19.602.592
Interest-bearing liabilities	18	567.107.460	566.813.031
Other non-current liabilities	18	17.236.496	18.109.324
		802.495.185	814.444.427
Current liabilities			
Interest-bearing liabilities	18	174.115.091	164.085.292
Payables and other current liabilities	19	281.884.676	284.893.379
State and other public entities	13	91.899.053	79.673.372
		547.898.820	528.652.043
Total liabilities		1.350.394.005	1.343.096.470
Total equity and liabilities		2.884.743.845	2.821.251.978

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

Amounts in Euro	3 months 31-03-2012	3 months 31-03-2011
	(unaudited)	(unaudited)
Retained earnings for the year without non-controlling interests	52.286.129	51.432.469
Fair value in derivative financial instruments	2.193.589	2.207.201
Currency translation differences	(1.678.169)	(663.563)
Actuarial gains / (losses)	4.143.625	(271.491)
Tax on items above when applicable	(730.266)	(308.619)
Profit directly recognized in equity	3.928.780	963.528
Total recognized income and expense for the year	56.214.909 [▼]	52.395.997
Attributable to:		
Portucel's shareholders	56.218.789	52.412.661
Non-controlling interests	(3.879)	(16.664)
	56.214.909	52.395.997

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	31 December 2011	Gains/losses recognized in the year	Dividends paid and reserves distributed (Note 25)	Treasury shares	Application of prior year's net profit (Note 7)	31 March 2012
						(unaudited)
Share capital	767.500.000	-	-	-	-	767.500.000
Treasury shares	(42.154.975)	-	-	(20.578)	-	(42.175.552)
Fair value reserve	(523.245)	1.502.608	-	-	-	979.364
Other reserves	57.546.582	-	-	-	-	57.546.582
Translation reserve	(485.916)	(1.678.169)	-	-	-	(2.164.085)
Retained earnings	499.721.013	4.103.859	-	-	196.331.389	700.156.261
Net profit for the period	196.331.389	52.290.490	-	-	(196.331.389)	52.290.490
Total	1.477.934.848	56.218.789	-	(20.578)	-	1.534.133.059
Non-controlling interests	220.660	(3.879)	-	-	-	216.781
Total	1.478.155.509	56.214.909	-	(20.578)	-	1.534.349.840

Amounts in Euro	31 December 2010	Gains/losses recognized in the year	Dividends paid and reserves distributed (Note 25)	Treasury shares	Application of prior year's net profit (Note 7)	31 March 2011
						(unaudited)
Share capital	767.500.000	-	-	-	-	767.500.000
Treasury shares	(26.787.706)	-	-	(2.923.510)	-	(29.711.216)
Fair value reserve	78.040	1.898.294	-	-	-	1.976.334
Other reserves	47.005.844	-	-	-	-	47.005.844
Translation reserve	881.574	(630.757)	-	-	-	250.817
Retained earnings	304.083.934	(270.364)	-	-	210.588.080	514.401.650
Net profit for the period	210.588.080	51.448.294	-	-	(210.588.080)	51.448.294
Total	1.303.349.766	52.445.467	-	(2.923.510)	-	1.352.871.723
Non-controlling interests	216.755	(16.664)	-	-	-	200.091
Total	1.303.566.521	52.395.997	-	(2.923.510)	-	1.353.071.814

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in Euro	3 months 31-03-2012	3 months 31-03-2011
	(não auditado)	(não auditado)
OPERATING ACTIVITIES		
Payments from customers	378.467.302	384.532.159
Payments to suppliers	334.470.769	296.678.179
Payments to personnel	16.879.360	17.135.815
Cash flow from operations	27.117.173	70.718.165
Income tax received / (paid)	(8.496.716)	(7.752.680)
Other receipts / (payments) relating to operating activities	5.086.454	2.761.663
Cash flow from operating activities (1)	23.706.911	65.727.148
INVESTING ACTIVITIES		
Inflows		
Investment grants	23.953.028	-
Interest and similar income	1.084.801	1.097.981
Inflow s from investment activities (A)	25.037.829	1.097.981
Outflows		
Tangible assets	10.751.616	-
Outflow s from investment activities (B)	10.751.616	-
Cash flows from investment activities (2 = A - B)	14.286.213	1.097.981
FINANCING ACTIVITIES		
Inflows		
Borrow ings	-	-
Inflow s from financing activities (C)	-	-
Outflows		
Borrow ings	3.125.000	88.125.000
Interest and similar costs	3.374.829	2.981.808
Acquisition of treasury shares	20.578	2.923.510
Dividends paid and distributed reserves	-	-
Outflow s from financing activities (D)	6.520.407	94.030.318
Cash flows from financing activities (3 = C - D)	(6.520.407)	(94.030.318)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)	31.472.717	(27.205.189)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	267.431.715	133.958.910
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	298.904.432	106.753.721

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of 31 March 2012

(In these notes, unless indicated otherwise, all amounts are expressed in Euro.)

The Portucel Group ("Group") comprises Portucel, 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 31 May 1993, in accordance with Decree-Law no. 39/93, 13 February, following the restructuring of Portucel – Empresa de Celulose e Papel de Portugal, SA.

Headquarters: Mitrena, 2901-861 Setúbal

Share Capital: Euros 767.500.000

Registry code: 503 025 798

The Group's main business is the production and sale of writing and printing paper and related products, and it is present in all of the value 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.

These consolidated interim financial statements were approved by the Board of Directors on 20 April 2012.

The Group's senior management, that is the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in conformity with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the companies included in the Group's consolidation scope.

1. Basis of preparation

The consolidated interim financial statements for the three month period ended 31 March 2012 were prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting.

The accompanying consolidated financial statements were prepared on a going concern basis, from the accounting books and records of the companies included in the consolidation (Note 24), and under the historic cost convention, except for derivative financial instruments and biological assets which are recorded at fair value (Notes 20 and 10).

2. Main accounting policies

The accounting policies applied in the preparation of these consolidated interim financial statements are consistent to those used in the preparation of the financial statements as of 31 December 2011 and stated in the respective notes.

3. Segment information

Segment information is presented for business segments, identified by management, namely Forestry, Pulp, Paper and Energy. Revenue, 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.

The financial information by operating segment for the three month period ended 31 March 2012 and 31 March 2011 is shown as follows:

	3 months 31-03-2012					TOTAL
	FORESTRY	PULP STAND ALONE	PULP AND PAPER INTEGRATED	ENERGY	ELIMINATIONS /	
					UNALLOCATED	
REVENUE						
Sales and services - external	704.760	26.101.938	279.950.561	45.376.596	404.376	352.538.231
Other	1.646	316.586	133.349	8.575	-	460.156
Sales and services - intersegment	47.126.782	-	-	10.380.171	(57.506.954)	-
Total revenue	47.833.188	26.418.524	280.083.910	55.765.342	(57.102.578)	352.998.387
RESULTS						
Segmental profit	(531.306)	2.947.388	60.619.443	3.973.622	3.388.452	70.397.599
Operating profit	-	-	-	-	-	70.397.599
Financial costs	-	-	-	-	(3.723.034)	(3.723.034)
Gains (losses) in subsidiaries and associated companies	-	-	-	-	108.335	108.335
Income tax	-	-	-	-	(14.496.770)	(14.496.770)
Net profit before non-controlling interest	-	-	-	-	-	52.286.130
Non-controlling interests	-	-	-	-	4.360	4.360
Net profit	-	-	-	-	-	52.290.490
OTHER INFORMATION						
Capital Expenditure	473.914	6.058.202	5.071.150	-	360.178	11.963.444
Depreciation	171.333	529.720	22.549.259	2.664.254	71.436	25.986.002
Provisions	-	-	-	-	(2.806.261)	(2.806.261)
Other information - 31 March of 2012						
Segment assets	271.914.619	466.242.984	1.517.925.585	318.561.935	308.340.625	2.882.985.747
Financial investments	-	-	126.032	1.632.065	-	1.758.097
Total assets	271.914.619	466.242.984	1.518.051.617	320.194.000	308.340.625	2.884.743.845
Segment liabilities	9.024.553	170.216.135	760.397.305	391.032.516	19.723.496	1.350.394.005
Total liabilities	9.024.553	170.216.135	760.397.305	391.032.516	19.723.496	1.350.394.005

	3 months 31-03-2011					TOTAL
	FORESTRY	PULP STAND ALONE	INTEGRATED PULP AND PAPER	ENERGY	ELIMINATIONS /	
					UNALLOCATED	
REVENUE						
Sales and services - external	739.886	35.797.728	294.407.126	37.906.976	384.192	369.235.908
Other	-	-	-	-	-	-
Sales and services - intersegment	37.041.366	-	-	14.575.209	(51.616.575)	-
Total revenue	37.781.252	35.797.728	294.407.126	52.482.185	(51.232.383)	369.235.908
RESULTS						
Segmental profit	4.009.867	6.387.139	59.492.105	3.117.738	(6.270.201)	66.736.648
Operating profit	-	-	-	-	-	66.736.648
Financial costs	-	-	-	-	(6.461.637)	(6.461.637)
Gains (losses) in subsidiaries and associated companies	-	-	-	-	232.591	232.591
Income tax	-	-	-	-	(9.075.131)	(9.075.131)
Net profit before non-controlling interest	-	-	-	-	-	51.432.471
Non-controlling interests	-	-	-	-	15.825	15.825
Net profit	-	-	-	-	-	51.448.296
OTHER INFORMATION						
Capital Expenditure	42.064	-	4.687.864	2.313.443	-	7.043.371
Depreciation	71.888	2.229.639	26.613.225	3.055.466	1.376.141	33.346.359
Provisions	-	-	-	-	3.699.505	3.699.505
Other information - 31 de December de 2011						
Segment assets	232.200.618	496.988.481	1.406.834.851	361.199.892	322.123.447	2.819.347.290
Financial investments	-	-	126.032	1.778.657	-	1.904.689
Total assets	232.200.618	496.988.481	1.406.960.883	362.978.549	322.123.447	2.821.251.978
Segment liabilities	23.208.803	302.492.529	816.042.647	166.832.121	34.520.369	1.343.096.469
Total liabilities	23.208.803	302.492.529	816.042.647	166.832.121	34.520.369	1.343.096.469

4. Net financial costs

Financial costs are detailed as follows for the three month periods ended 31 March 2012 and 2011:

Amounts in Euro	3 months 31-03-2012	3 months 31-03-2011
Interest paid on borrowings	(6.040.249)	(5.261.451)
Interest earned on investments	2.141.077	969.903
Exchange rate differences	(2.125.475)	(2.475.279)
Gains / (losses) on financial instruments - trading (Note 20)	2.660.470	624.368
Gains / (losses) on financial instruments - hedging (Note 20)	(13.652)	46.551
Compensatory interest	23.135	14.659
Other financial income / (expenses)	(368.340)	(380.388)
	(3.723.034)	(6.461.637)

Other financial expenses relate to guarantees provided to the European Investment Bank (BEI).

5. Income tax

Portucel is taxed under 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 69 and following of the Portuguese Corporate Income Tax Code (Código do Imposto sobre o Rendimentos de Pessoas Colectivas), since 1 January 2003.

The companies included in the scope of this regime calculate and recognise income tax (IRC) as though they were taxed on an individual basis. If gains are determined on the use of this regime, they are recorded as income of the parent company (Portucel).

In accordance with the prevailing legislation, gains and losses from Group companies and associates arising from the application of the equity method are deducted or added, respectively, from or to the net income 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 the assets are held for less than one year or if investments represent less than 10% of the share capital.

Income tax is detailed as follows for the year ended 31 March 2012 and 2011:

Amounts in Euro	3 months 31-03-2012	3 months 31-03-2011
Current tax (Note 13)	19,592,570	17,529,629
Provision / (reversal) for current tax	106,771	(516,729)
Deferred tax (Note 15)	(5,202,570)	(7,937,769)
	14,496,770	9,075,131

The provision for current tax is detailed as follows:

Amounts in Euro	3 months 31-03-2012	3 months 31-03-2011
(Excess)/understatement in the estimate for income tax	67,946	(516,729)
Corporate Income Tax 2008 (settlement)	44,240	-
Corporate Income Tax 2003 (settlement)	(5,415)	-
	106,771	(516,729)

The excess in the estimate for income tax mainly results from the calculation of tax benefits with SIFIDE and RFAI, which have only been made upon delivery of the income tax statement.

From 2001 to 2004, ENCE – Empresa Nacional de Celulose, S.A., a company in which Portucel held a 8% share until 2004, paid dividends totaling Euro 3,444,862, which were subject to withholding tax of Euro 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 subject to withholding tax). The claim was rejected in February 15, 2008, and the Company appealed to court on April 29, 2008. Through a court ruling of 26 October 2010, and following the decision of 3 June 2010 – case C-487/08 (European Commission vs. Kingdom of Spain) – the EU court of Justice concluded in favour of Portucel's views. This amount was repaid to Portucel on 8 April 2011.

In the three month periods ended 31 March 2012 and 2011, the reconciliation of the effective income tax rate was as follows:

Amounts in Euro	3 months 31-03-2012		3 months 31-03-2011	
Profit before tax	66.782.900		60.507.600	
Expected tax rate	25,00%	16.695.725	25,00%	15.126.900
Municipal surcharge	1,50%	1.001.744	1,50%	907.614
State Surcharge	5,00%	3.339.145	2,50%	1.512.690
Differences (a)	(2,49%)	(1.660.367)	(9,78%)	(5.916.877)
Tax provision	0,16%	106.771	(0,85%)	(516.729)
Tax benefits	(7,47%)	(4.986.247)	(3,37%)	(2.038.467)
	21,71%	14.496.770	15,00%	9.075.131

(a) This amount is made up essentially of :

	31-03-2012	31-03-2011
Capital gains / (losses) for tax purposes	160.350	12.240
Capital gains / (losses) for accounting purposes	(160.350)	3.441
Taxable provisions	(2.806.261)	(17.356.864)
Tax benefits	-	(111.422)
Compensatory interest	916.060	(993.420)
Other	(3.380.805)	(3.881.812)
	<u>(5.271.006)</u>	<u>(22.327.837)</u>
Tax Effect (2012: 31,5%; 2011: 26,50%)	<u>(1.660.367)</u>	<u>(5.916.877)</u>

In Portugal, the annual 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 utilized, 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 tax authorities will not have a material impact on the consolidated financial statements as of 31 December 2011. The income tax returns up to 2009 have already been reviewed.

6. Earnings per share

Earnings per share were determined as follows:

Amounts in Euro	3 months 31-03-2012	3 months 31-03-2011
Profit attributable to the Company's shareholders	52.290.490	51.448.294
Total number of issued shares	767.500.000	767.500.000
Treasury shares - period average (Note 25)	(22.111.382)	(16.043.035)
	<u>745.388.618</u>	<u>751.456.965</u>
Basic earnings per share	0,070	0,068
Diluted earnings per share	0,070	0,068

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

7. Appropriation of previous year's profits and retained earnings

The appropriation made in 2011 over the 2010 net profit was as follows:

Amounts in Euro	2010
Legal reserves	10,540,737
Net income from prior years	200,047,343
	<u>210,588,080</u>

The resolution for the appropriation of the 2010 net profit, passed at Portucel's General Meeting held on 19 May 2011, 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 Euro 226,653 was transferred to retained earnings.

8. Other intangible assets

Over the three months period ended 31 March 2012 and 2011, changes in other intangible assets were as follows:

Amounts in Euro	Industrial property and other rights	CO2 emission rights	Total
Acquisition costs			
Amount as of 1 January 2011	1.896.278	73.252	1.969.530
Acquisitions	-	12.630.673	12.630.673
Disposals	-	-	-
Adjustments, transfers and write-off's	-	-	-
Amount as of 31 March 2011	1.896.278	12.703.925	14.600.203
Acquisitions	-	-	-
Disposals	-	-	-
Adjustments, transfers and write-off's	(1.311)	(7.009.512)	(7.010.823)
Amount as of 31 Decemeber 2011	1.894.967	5.694.413	7.589.380
Acquisitions	-	7.016.048	7.016.048
Disposals	(2.451)	-	(2.451)
Adjustments, transfers and write-off's	(1.833.637)	-	(1.833.637)
Amount as of 31 March 2012	58.879	12.710.461	12.769.340
Accumulated depreciation and impairment losses			
Amount as of 1 January 2011	(1.875.044)	-	(1.875.044)
Amortization and impairment losses	(1.492)	-	(1.492)
Disposals	-	-	-
Adjustments, transfers and write-off's	-	-	-
Amount as of 31 March 2011	(1.876.536)	-	(1.876.536)
Amortization and impairment losses	(19.742)	(2.917.654)	(2.937.396)
Disposals	1.311	-	1.311
Adjustments, transfers and write-off's	-	-	-
Amount as of 31 Decemeber 2011	(1.894.967)	(2.917.654)	(4.812.621)
Amortization and impairment losses	-	12.073	12.073
Disposals	-	-	-
Adjustments, transfers and write-off's	1.836.088	-	1.836.088
Amount as of 31 March 2012	(58.879)	(2.905.581)	(2.964.460)
Amount as of 1 January 2011	21.234	73.253	94.487
Amount as of 31 March 2011	19.742	12.703.926	12.723.668
Amount as of 31 Decemeber 2011	-	2.776.759	2.776.759
Amount as of 31 March 2012	-	9.804.880	9.804.880

The acquisitions in the three months periods ended 31 March 2012 and 2011 are related to the free allocation of CO2 allowances, valued at their market value at the grant date, under the National Plan for the Allocation of CO2 Emission Rights (PNALE).

On 31 December 2011 and 31 March 2012, these licenses were valued at their market value, as it was below the value at which they were initially recognized when awarded.

9. Property, plant and equipment

Over the three months period ended 31 March 2012 and the year ended 31 December 2011, changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Building and other constructions	Equipments and other tangible assets	Assets under construction	Total
Acquisition costs					
Amount as of 1 January 2011	108.909.468	498.283.282	3.322.060.342	26.579.360	3.955.832.452
Acquisitions	-	1.237.483	133.742	3.358.703	4.729.928
Disposals	-	-	(58.291)	-	(58.291)
Adjustments, transfers and write-off's	-	-	(583.695)	696.667	112.972
Amount as of 31 March 2011	108.909.468	499.520.765	3.321.552.098	30.634.730	3.960.617.061
Acquisitions	5.096.772	(711.116)	28.075.245	16.605.722	49.066.623
Disposals	-	(1.338.671)	(100.415.227)	-	(101.753.898)
Adjustments, transfers and write-off's	-	711.540	27.316.877	(27.652.753)	375.664
Amount as of 31 December 2011	114.006.240	498.182.518	3.276.528.993	19.587.699	3.908.305.450
Acquisitions	-	-	7.550.431	4.413.012	11.963.444
Disposals	-	-	(929.208)	-	(929.208)
Adjustments, transfers and write-off's	-	789.549	1.231.743	(1.988.465)	32.828
Amount as of 31 March 2012	114.006.240	498.972.067	3.284.381.959	22.012.246	3.919.372.514
Accumulated depreciation and impairment losses					
Amount as of 1 January 2011	-	(301.397.871)	(2.050.304.855)	-	(2.351.702.726)
Amortization and impairment losses	-	(2.436.047)	(29.125.608)	-	(31.561.655)
Disposals	-	-	58.291	-	58.291
Adjustments, transfers and write-off's	-	-	112.972	-	112.972
Amount as of 31 March 2011	-	(303.833.918)	(2.079.259.200)	-	(2.383.093.118)
Amortization and impairment losses	-	(7.374.792)	(84.983.218)	-	(92.358.011)
Disposals	-	836.642	96.610.379	-	97.447.021
Adjustments, transfers and write-off's	-	-	(592.117)	-	(592.117)
Amount as of 31 December 2011	-	(310.372.068)	(2.068.224.157)	-	(2.378.596.225)
Amortization and impairment losses	-	(2.489.139)	(20.248.820)	-	(22.737.958)
Disposals	-	-	914.781	-	914.781
Adjustments, transfers and write-off's	-	-	(373.089)	-	(373.089)
Amount as of 31 March 2012	-	(312.861.207)	(2.087.931.285)	-	(2.400.792.491)
Net book value as of 1 January 2011	108.909.468	196.885.411	1.271.755.487	26.579.360	1.604.129.726
Net book value as of 31 March 2011	108.909.468	195.686.847	1.242.292.898	30.634.730	1.577.523.943
Net book value as of 31 December 2011	114.006.240	187.810.450	1.208.304.836	19.587.699	1.529.709.225
Net book value as of 31 March 2012	114.006.240	186.110.860	1.196.450.675	22.012.246	1.518.580.021

The figures above have been restated to adjust the values of cost and accumulated depreciation and impairment losses, without any impact on the net book value shown in the statement of financial position.

The Group holds a stake of 18% on Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A., whose main activity is the production of steam and electric power, exclusively sold to Soporcel.

In 2009, with the start of operations in the new paper mill, the Group recognized as a finance lease contract the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new factory. This contract foresees the transfer of the ownership of the assets upon the end of the contract.

Following the above-mentioned agreements, 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 Euro 58,003,950, from which the respective accumulated depreciation of Euro 39,065,117 was deducted, regarding the three month period ended 31 March 2012 (31 December 2011: Euro 37,999,683). In the three month period ended 31 March 2012 the net book value of these items amounted to Euro 18,938,833 (31 December 2011: Euro 20,004,267) (Note 18).

As of 31 March 2012, Assets under construction included Euro 1,860,161 (31 December 2011: Euro 898,876), related to advance payments and supplies of Property Plant and Equipment, 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 policies for the mitigation of credit risk.

As of 31 March 2012, Land included Euro 77,679,484 regarding forest land where the Group has installed part of its forestry assets, the remainder being installed on leased land.

10. Biological assets

Over the three month periods ended 31 March 2012 and 2011, changes in biological assets were as follows:

Amounts in Euro	2012	2011
Amount as of 1 January	110,769,306	110,502,616
Changes in fair value		
Logging in the period	(3,370,776)	(1,817,053)
Growth	1,085,572	1,737,525
New plantations	722,623	796,007
Other changes in fair value	(55,889)	956,651
Total changes in fair value	(1,618,470)	1,673,130
Amount as of 31 March	109,150,835	112,175,746
Remaining Quarters		(1,406,440)
Amount as of 31 December		110,769,306

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.

11. Available-for-sale financial assets and investments in associates

11.1 Available-for-sale financial assets

As at 31 March 2012 and 31 December 2011, this heading was detailed as follows:

Subsidiaries	% Held	31-03-2012	31-12-2011
Liaison Technologies		126,032	126,031
		126,032	126,031

The participation in Liaison Technologies is recorded at cost, as the difference (gain) to its fair value is not material as at 31 March 2012.

11.2 Investments in associates

In the 3 month period ended 31 March 2012 and 2011, the movements in Investments in associates were as follow:

Amounts in Euro	2012	2011
Amount as of 1 January	1.778.657	516.173
Acquisitions	-	755.337
Appropriated profits	108.335	-
Dividens received	-	-
Other changes in associates' equity	(254.926)	232.591
Amount as of 31 March	1.632.065	1.504.101
Remaining Quarters		274.555
Amount as of 31 December		1.778.657

This caption includes the 18% stake in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. This company holds a gas power plant at the Figueira da Foz site that the Group, as mentioned in note 18, considers to be a finance lease and recognizes as such in the consolidated financial statements.

Although the share represents only 18% of the company's equity and respective voting rights, the Group recognizes this as an associated company as it can influence Soporgen's management decisions:

- 1 Two of the five directors of the company are nominated in representation of the Group.
- 2 A significant part of Soporgen's sales is made to the Group (at least 18% of the associate's revenues), and the rest, corresponding to electric energy, is sold to the EDP Group.
- 3 Up to 2011, the Group, as well as the remaining shareholders, is responsible for Soporgen's contracted bank loan, in the same proportion as its share.

12. Receivables and other current assets

As of 31 March 2012 and 31 December 2011, Receivables and other current assets were detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Accounts Receivable	217,667,425	204,281,311
Other Accounts Receivable	13,304,797	36,036,227
Derivative financial instruments (Note 20)	486,129	-
Accrued income	6,400,467	750,959
Deferred costs	7,545,616	1,188,597
	245,404,433	242,257,094

As of 31 March 2012 and 31 December 2011, Other receivables were detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Advances to employees	578.424	570.709
AICEP - Financial grants receivable	8.924.019	32.877.046
Other	3.802.354	2.588.472
	13.304.797	36.036.227

As of 31 March 2012 and 31 December 2011, Accrued income and costs were detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Accrued income		
Discounts in purchases	223	223
Interest receivable	633,844	40,150
Other	5,766,400	710,586
	6,400,467	750,959
Deferred costs		
Maintenance and repairs	269,246	53,992
Prepayment of insurance policies	6,704,128	781,229
Other	572,242	353,376
	7,545,616	1,188,597
	13,946,082	1,939,556

13. State and other public entities

As of 31 March 2012 and 31 December 2011, there were no overdue debts to the State and other public entities. The balances relating to these entities were as follows:

Current Assets

Amounts in Euro	31-03-2012	31-12-2011
State and other public entities		
Value added tax - refunds requested	68,450,223	49,454,940
Value added tax - to recover	2,839,910	5,229,183
	71,290,133	54,684,123

As of 31 March 2012, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euro	Oct/2011	Dec/2011	Jan/2012	Feb/2012	Mar/2012	Total
Viveiros Aliança, S.A.	-	-	291,474	-	-	291,474
PortucelSoporcel Fine Paper, S.A.	-	-	20,228,961	19,668,814	23,367,444	63,265,219
Bosques do Atlântico, S.L.	625,347	1,562,161	622,561	723,879	1,359,582	4,893,530
	625,347	1,562,161	21,142,996	20,392,693	24,727,026	68,450,223

As of 31 December 2011, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euro	Nov/2011	Dec/2011	Total
PortucelSoporcel Fine Paper, S.A.	20.950.815	25.797.822	46.748.637
Bosques do Atlântico, S.L.	-	2.706.303	2.706.303
	20.950.815	28.504.125	49.454.940

Current liabilities

Amounts in Euro	31-03-2012	31-12-2011
State and other public entities		
Corporate income tax	34,984,803	16,560,420
Personal income tax - withheld on salaries	360,796	635,873
Value added tax	20,012,412	26,369,168
Social security	2,308,545	1,967,632
Additional tax assessments	34,108,266	34,040,320
Other	124,231	99,959
	91,899,053	79,673,372

Corporate Income Tax is detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Corporate income tax (Note 5)	19,592,570	43,489,969
Payments on account of corporate income tax	-	(25,954,596)
Withholding tax	(126,694)	(990,375)
Corporate income tax from previous years	15,136,838	-
Other receivables / (payables)	382,088	15,422
Saldo final	34,984,803	16,560,420

The changes in the provisions for additional tax assessments during the three month period ended 31 March 2012 and the year ended 31 December 2011, were as follows:

Amounts in Euro	2012	2011
Amount as of 1 January	34.040.320	21.198.494
Increase	67.946	-
Decrease	-	(516.729)
Amount as of 31 March	34.108.266	20.681.765
Remaining Quarters		13.358.556
Amount as of 31 December		34.040.320

The increase in 2011 was due both to the inclusion of additional tax assessments for 2007, 2008 and 2010, as well as to the inclusion of interest on the amounts assessed, for which a bank guarantee as been presented, in light of the change in the calculation of interest introduced by the State Budget for 2012.

On 31 March 2012 and 31 December 2010 the additional tax assessments include interest on deferred payments and are detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Additional tax assessment 2005 - Portucel - IRC (RETGS)	15,137,029	15,137,029
Additional tax assessment 2006 - Portucel - IRC (RETGS)	11,407,001	11,407,001
Additional tax assessment 2007 - Portucel - IRC (Municipal Surcharge)	686,257	686,257
Additional tax assessment 2008 - Portucel - IRC (RETGS)	44,613	44,613
Additional tax assessment 2010 - Portucel - IRC (Municipal Surcharge)	3,027,407	3,027,407
Additional tax assessment 2010 - Portucel - IRC (State Surcharge)	1,227,951	1,227,951
Other	2,578,008	2,510,062
	34,108,266	34,040,320

14. Share capital and treasury shares

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

As of 31 March 2012, Portucel's share capital was fully subscribed and paid for; it is represented by 767,500,000 shares with nominal value of 1 Euro each, of which 22,111,382 are held as treasury shares.

These shares were mainly acquired during 2008, and the changes in 2012 and 2011 were as follows:

Amounts in Euro	2012		2011	
	Quant.	Amount	Quant.	Amount
Treasury shares held in January	22.099.932	42.154.975	15.054.358	26.787.706
Acquisitions				
January	11.450	20.578	-	-
February	-	-	188.000	469.490
March	-	-	979.612	2.454.020
	11.450	20.578	(15.054.358)	15.367.269
Treasury shares held on 31 March	22.111.382	42.175.553	16.519.876	30.449.123
Remaining Quarters			(16.519.876)	11.705.852
Treasury shares held on 31 December			-	42.154.975

The market value of the treasury shares held on 31 March 2012 amounted to Euro 40,662,831 (31 December 2011: Euro 37,599,238), corresponding to an unit value of Euro 2.019 (31 December 2011: Euro 1.839). The market capitalization as of 31 March 2012 amounted to Euro 1,411,432,500 compared to an equity, net of non controlling interests, of Euro 1,477,934,848.

As of 31 March 2012 the shareholders with significant positions in the Company's capital were as follows:

Entities	31-03-2012	
	Nº of Shares	% Equity
Seinpar Investments, BV	241,583,015	31.48%
Semapa, SGPS, S.A.	340,571,392	44.37%
Group Semapa - other entities	2,000	0.00%
Bestinver Gestión, SA SGIC	15,407,418	2.01%
Zoom Investment	12,295,308	1.60%
Treasury shares	22,111,382	2.88%
Other shareholders	135,529,485	17.66%
Total	767,500,000	100.00%

As of 31 December 2011, the shareholders with significant positions in the Company's capital were as follows:

Entities	31-12-2011	
	Nº of Shares	% Equity
Seinpar Investments, BV	241,583,015	31.48%
Seinpart - Participações, SGPS, S.A.	340,571,392	44.37%
Semapa, SGPS, S.A.	2,000	0.00%
Group Semapa - other entities	15,407,418	2.01%
Bestinver Gestión, SA SGIC	12,295,308	1.60%
Treasury shares	22,099,932	2.88%
Other shareholders	135,540,935	17.66%
Total	767,500,000	100.00%

15. Deferred Taxes

Over the three month period ended 31 March 2012 and the year ended 31 December 2011, changes in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euro	As of 1 January 2012	Income Statement		Equity	As of 31 March 2012
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Tax losses carried forward	248.456	6.932.086	-	-	7.180.542
Taxed provisions	1.922.901	-	(25.381)	-	1.897.520
Adjustments in fixed assets	103.359.379	-	(5.663.033)	-	97.696.346
Retirement benefits	3.250.572	-	-	-	3.250.572
Derivative Financial Instruments	763.861	-	-	(763.861)	-
Deferred accounting gains on inter-group transactions	20.050.099	748.743	(535.116)	-	20.263.726
Valuation of biological assets	696.814	-	-	-	696.814
Depreciation of assets recognised under IFRIC 4	-	724.350	(724.350)	-	-
Investment grants	16.602.389	-	(364.705)	-	16.237.685
	146.894.471	8.405.179	(7.312.584)	(763.861)	147.223.205
Temporary differences originating deferred tax liabilities					
Revaluation of fixed assets	(16.714.370)	-	377.259	-	(16.337.111)
Retirement benefits	(905.738)	(5.067)	7.025	(124.714)	(1.028.494)
Derivative Financial Instruments	-	-	-	(1.429.728)	(1.429.728)
Adjustments in the conversion of PGAAP	(19.067.418)	-	1.588.952	-	(17.478.467)
Fair Value of tangible fixed assets	(3.179.438)	-	532.899	-	(2.646.539)
Tax Benefits	(75.946.947)	-	10.689.306	-	(65.257.641)
Extension of the useful life of the tangible fixed assets	(281.244.871)	(1.017.652)	2.945.069	-	(279.317.454)
Investment incentives	-	-	305.739	-	-
Deferred accounting losses on inter-group transactions	(216.085.307)	-	-	-	(216.085.307)
	(613.449.828)	(1.022.719)	16.446.249	(1.554.442)	(599.580.740)
Amounts presented on the statement of financial position					
Deferred tax assets	46.271.758	2.647.631	(2.303.464)	(240.616)	46.375.309
	46.271.758	2.647.631	(2.303.464)	(240.616)	46.375.309
Deferred tax liabilities	(193.236.696)	(322.156)	5.180.568	(489.649)	(188.867.933)
	(193.236.696)	(322.156)	5.180.568	(489.649)	(188.867.933)

In the measurement of the deferred taxes as at 31 March 2012 and 31 December 2011, the corporate income tax rate used was 31.50%.

Amounts in Euro	As of 1 January 2011	Income Statement		Equity	As of 31 March 2011	Income Statement		Equity	As of 31 December 2011
		Increases	Decreases			Increases	Decreases		
Temporary differences originating deferred tax assets									
Tax losses carried forward	408.173	-	-	-	408.173	-	(159.717)	-	248.456
Taxed provisions	1.333.951	4.215.685	(5.376.315)	-	173.321	(3.626.735)	5.376.315	-	1.922.901
Adjustments in fixed assets	52.478.380	34.369.769	-	-	86.848.149	16.511.230	-	-	103.359.379
Retirement benefits	3.171.632	-	-	-	3.171.632	78.940	-	-	3.250.572
Derivative Financial Instruments	-	-	-	-	-	-	-	763.861	763.861
Deferred accounting gains on inter-group transactions	10.692.933	1.859.655	-	-	12.552.588	7.560.320	-	(62.809)	20.050.099
Valuation of biological assets	8.157.968	-	(8.157.968)	-	-	-	696.814	-	696.814
Depreciation of assets recognised under IFRIC 4	3.631.551	-	(3.601.003)	-	30.548	-	(30.548)	-	-
Investment grants	-	-	-	-	-	16.602.389	-	-	16.602.389
	79.874.588	40.445.109	(17.135.286)	-	103.184.411	37.126.144	5.882.864	701.052	146.894.471
Temporary differences originating deferred tax liabilities									
Revaluation of fixed assets	(19.973.300)	-	379.596	-	(19.593.704)	-	1.140.878	1.738.456	(16.714.370)
Retirement benefits	(994.026)	(11.544)	-	1.906	(1.003.664)	(59.526)	-	157.452	(905.738)
Derivative Financial Instruments	(109.529)	-	-	(1.075.363)	(1.184.892)	-	-	1.184.892	-
Adjustments in the conversion of PGAAP	(29.745.883)	-	5,911.610	-	(23.834.273)	-	4,766.855	-	(19,067,418)
Fair Value of tangible fixed assets	-	-	-	-	-	(3,179,438)	-	-	(3,179,438)
Tax Benefits	(62,087,933)	(21,424,550)	-	-	(83,512,483)	7,565,536	-	-	(75,946,947)
Extension of the useful life of the tangible fixed assets	(356,185,011)	-	9,891,103	-	(346,293,908)	-	65,049,037	-	(281,244,871)
Investment incentives	-	-	(7,286,926)	-	(7,286,926)	-	7,286,926	(305,739)	(305,739)
Deferred accounting losses on inter-group transactions	(104,813,742)	-	16,840,469	-	(87,973,273)	(111,271,565)	(16,840,469)	-	(216,085,307)
	(573,909,424)	(21,436,094)	25,735,852	(1,073,457)	(570,683,123)	(106,944,993)	61,403,227	2,775,061	(613,449,828)
Amounts presented on the statement of financial position									
Deferred tax assets	22,963,944	11,627,983	(4,926,395)	-	29,665,532	10,673,252	1,691,323	201,552	42,231,660
Effect of the change in tax rate	-	-	-	-	-	4,042,372	-	(2,274)	4,040,098
	22,963,944	11,627,983	(4,926,395)	-	29,665,532	14,715,624	1,691,323	199,278	46,271,758
Deferred tax liabilities	(164,998,959)	(6,162,877)	7,399,057	(308,618)	(164,071,397)	(30,746,685)	17,653,428	797,830	(176,366,825)
Effect of the change in tax rate	-	-	-	-	-	(16,712,295)	-	(157,575)	(16,869,871)
	(164,998,959)	(6,162,877)	7,399,057	(308,618)	(164,071,397)	(47,458,980)	17,653,428	640,255	(193,236,696)

16. Pensions and other postemployment benefits

16.1 Introduction

There are currently several retirement and survival pension supplement plans, and retirement bonus, in place in the companies included in the consolidation scope. For some categories of employees there are plans in addition to the ones described below, for which independent funds were also set up to cover these additional liabilities.

Under the prevailing Social Benefits Regulation, permanent employees of Portucel and its main subsidiaries with more than 5 years in the Company (10 years for Soporcel, Portucel Soporcel Florestal and RAÍZ) that opted not to move to the Defined Contribution plan as well as the retired employees at the date of transition (1 January 2009) are entitled, after retirement or if put on disability leave, to a retirement or disability supplement pay. This 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 (limit of 25 to Soporcel, Portucel Soporcel Florestal and Raíz), including a survivor pension to the spouse and direct descendants

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, which is equal to 6 months of salary, if the employee retires on the regular retirement age (65 years).

As of 31 March 2012 and 31 December 2011, the coverage of the companies' liabilities by the assets of the funds was as follows:

Amounts in Euro	31-03-2012	31-12-2011
Past services liabilities		
- Active Employees	69.500.118	69.500.118
- Retired Employees	48.905.620	48.652.860
Market value of the pension funds	(109.165.483)	(104.716.904)
	9.240.254	13.436.074
Liabilities with retirement bonuses	3.246.711	3.246.711
Unfunded liabilities	12.486.965	16.682.785

On 31 March 2012, the liability related with post employment benefit plans for five members of Portucel's Board was Euro 4,637,281 (31 December 2011: Euro 4,629,593).

16.2 Assumptions used in the valuation of liabilities

The actuarial studies carried out by an independent entity for the purpose of determining the accumulated liabilities as of 31 March 2012 and 31 December 2011, were based on the following assumptions:

	31-03-2012	31-12-2011
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate	2.00%	2.00%
Technical interest rate	5.00%	5.00%
Pensions growth rate	1.75%	1.75%

The discount rates used in this study were selected over the return rates of a bonds' portfolio, namely Markit iBoxx *Eur Corporates AA 10+* From the portfolio, bonds with adequate maturity and rating were selected according to the amount and period cash outflows that will occur in connection to the payment of the benefits to the employees.

The expected return on assets was determined based on the historical monthly returns over the last 20 years for the different types of assets integrating the strategic allocation of the pension's fund.

16.3 Retirement and pension supplements

The movements in liabilities with retirement and pension plans in the three month period ended 31 March 2012 and the year ended 31 December 2011, were as follows:

Amounts in Euro	31-03-2012	31-12-2011
Opening balance	118,152,978	113,455,153
Costs recognized in the income statement	2,085,161	8,145,114
Pensions paid	(886,545)	(3,580,235)
Actuarial gains / (losses)	(945,856)	132,946
Closing balance	118,405,738	118,152,978

The funds set up to cover the above mentioned liabilities had the following movement in the three months period ended 31 March 2012 and the year ended 31 December 2011:

Amounts in Euro	31-03-2012	31-12-2011
Opening balance	104,716,904	102,854,501
Contributions made in the period	500,000	5,948,000
Expected return in the period	1,098,587	5,089,484
Actuarial gains/(losses) (difference between actual and expected returns)	3,736,537	(5,594,846)
Pensions paid	(886,545)	(3,580,235)
Closing balance	109,165,483	104,716,904

The contributions made in the period considered the information received from the actuaries with whom the Group manages the funding needs of its several plans. A deficit recovery plan of the funding levels to the mandatory minimum defined by the applicable regulations is being carried out as applicable.

The detail of the fund's assets as at 31 March 2012 and 31 December 2011 was as follows:

Amounts in Euro	31-03-2012	31-12-2011
Bonds	54,721,823	53,455,465
Shares	23,047,509	19,448,253
Liquidity	31,181,849	31,280,114
Real estate	14,267	14,177
Other applications - short term	200,035	518,895
	109,165,483	104,716,904

In the three months period ended 31 March 2012 and the year ended 31 December 2011 the effect in the income statement of these plans was as follows:

Amounts in Euro	3 months 31-03-2012	3 months 31-03-2011
Defined Benefit Plans		
Current services	607.448	607.284
Interest expenses	1.477.712	1.420.743
Return of the plan assets	(1.098.587)	(1.247.682)
Return of the plan assets	(70.513)	-
Other	2.556	-
	918.616	780.345
Defined Contribution Plans		
Contribution to the plan	284.426	329.049
	284.426	329.049
Costs for the period	1.203.042	1.109.394

Current service costs include Euro 19,066 related with three members of the Board (31 March 2011: Euro 16,780).

16.4 Retirement bonuses

Portucel assumed the liability for 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 Euro	31-03-2012	31-12-2011
Opening balance	3,246,711	3,113,104
Costs recognized in the income statement	-	129,921
Bonuses paid	-	(54,842)
Other changes	-	58,528
Closing balance	3,246,711	3,246,711

17. Provisions

In the three month period ended 31 March 2012 and the year ended 31 December 2011, the changes in provisions were as follows:

Amounts in Euro	Legal claims	Tax claims	Other	Total
As of 1 January 2011	1.431.707	10.966.340	12.815.330	25.213.377
Increases	100.732	-	3.700.835	3.801.567
Reversals	-	-	(102.062)	(102.062)
As of 1 March 2011	1.532.439	10.966.340	16.414.103	28.912.882
Increases	282.629	15.761.880	(3.700.835)	12.343.674
Reversals	(460.842)	(21.295.184)	102.062	(21.653.964)
As of 1 January 2012	1.354.226	5.433.036	12.815.330	19.602.592
Increases	-	-	187.392	187.392
Reversals	-	-	(2.993.653)	(2.993.653)
As of 31 March 2012	1.354.226	5.433.036	10.009.069	16.796.331

The amount shown as "Others" relates to provisions for risks with other public entities which may originate cash outflows in the future.

18. Interest-bearing liabilities

As of 31 March 2012 and 31 December 2011, non-current interest-bearing debt comprised the following:

Amounts in Euro	31-03-2012	31-12-2011
Non-current		
Bond loans	400,000,000	400,000,000
Bank Loans	169,047,619	169,047,619
	569,047,619	569,047,619
Expenses with the issue of bond loans	(1,940,159)	(2,234,231)
Expenses with the issue of other loans	-	(357)
	(1,940,159)	(2,234,588)
	567,107,460	566,813,031

As of 31 March 2012 and 31 December 2011, current interest-bearing debt was detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Current		
Bond loans	150,000,000	150,000,000
Bank loans - short-term	24,115,091	14,085,292
	174,115,091	164,085,292

As of 31 March 2012 and 31 December 2011, the Group's net debt was as follows:

Amounts in Euro	31-03-2012	31-12-2011
Interest-bearing liabilities		
Non-current	567,107,460	566,813,031
Current	174,115,091	164,085,292
	741,222,551	730,898,323
Cash and cash equivalents		
Cash	58,154	48,230
Short term bank deposits	6,946,278	7,103,485
Other	291,900,000	260,280,000
	298,904,432	267,431,715
Treasury shares at their market value	44,642,880	40,641,775
Interest-bearing net debt	397,675,239	422,824,833

As of 31 March 2012 and 31 December 2011, the interest-bearing liabilities of the Group comprised the following:

Amounts in Euro	31-03-2012		
	Non current	Current	Total
Interest-bearing liabilities			
Bond loans	398,059,841	150,000,000	548,059,841
Bank Loans	169,047,619	24,115,091	193,162,710
	567,107,460	174,115,091	741,222,551
Amounts in Euro	31-12-2011		
	Non current	Current	Total
Interest-bearing liabilities			
Bond loans	397,765,769	150,000,000	547,765,769
Bank Loans	169,047,262	14,085,292	183,132,554
	566,813,031	164,085,292	730,898,323

The evolution of the Group's net debt in the three months period ended 31 March 2012 and year ended 31 December 2011 was as follows:

Amounts in Euro	31-03-2012	31-03-2011	Other quarters	12 months 2011
As of 1 January	422.824.833	652.724.278	-	652.724.278
Changes in the value of treasury shares held and accumulated exchange rate adjustments	9.468.701	(2.716.191)	6.656.569	3.940.378
Interest paid	3.374.829	2.981.808	18.706.570	21.688.378
Dividends paid and reserves distributed	-	-	-	-
Receipts related to investment activities	(23.953.028)	-	(5.474.411)	(5.474.411)
Interest received	(1.084.801)	(1.097.981)	(5.427.784)	(6.525.765)
Payments related to investment activities	10.751.616	-	62.144.852	62.144.852
Dividends paid	-	-	-	-
Net receipts of operating activities	(23.706.911)	(65.727.148)	(239.945.729)	(305.672.877)
	(25.149.594)	(66.559.512)		(229.899.446)
	397.675.239	586.164.766		422.824.833

In the three months period ended 31 March 2012 and year end 31 December 2011, the changes in Group's net debt were as follows:

Amounts in Euro	3 months 31-03-2012	3 months 31-03-2011	Remaining quarters	31-12-2011
Net profit for the period	52.286.129	51.432.470	144.913.385	196.345.855
Depreciation, amortization and impairment losses	25.986.002	33.346.359	91.181.045	124.527.404
Net changes in provisions	(2.806.261)	3.699.505	(9.310.291)	(5.610.786)
	75.465.870	88.478.334	226.784.140	315.262.474
Change in working capital	(28.564.765)	(1.475.344)	(16.727.368)	(18.202.712)
Acquisitions of fixed assets	(11.963.444)	4.729.928	(58.526.479)	(53.796.551)
Dividends and reserves distributed	-	-	-	-
Other changes in equity	-	(16.583.139)	10.267.653	(6.315.486)
Other	(14.649.135)	(5.643.348)	(1.404.933)	(7.048.281)
Change in net debt (Free Cash Flow)	20.288.525	69.506.431	160.393.013	229.899.444

Bond Loans

The bond loans outstanding as of 31 March 2012 were as follows:

Amounts in Euro	Amount	Maturity	Index
Bond loans			
Portucel 2005 / 2012	150,000,000	October 2012	Euribor 6m
Portucel 2005 / 2013	200,000,000	May 2013	Euribor 6m
Portucel 2010 / 2015 - 2nd emission	100,000,000	February 2015	Euribor 6m
Portucel 2010 / 2015	100,000,000	January 2015	Euribor 6m
	550,000,000		

The loan amounting to Euro 150,000,000 is listed in the Euronext Lisbon under the heading "Obrigações Portucel 2005/2012". As of 31 March 2012 the unit value of this bond was Euro 99.8 (31 December 2011: Euro 99.40).

Bank loans

The repayment terms related to bank loans show the following maturity profile:

Amounts in Euro	31-03-2012	31-12-2011
To 1 year	43.817.472	14.085.292
1 to 2 years	19.702.381	19.702.381
2 to 3 years	19.702.381	19.702.381
3 to 4 years	19.702.381	19.702.381
4 to 5 years	90.238.095	109.940.476
	193.162.710	183.132.911

Other credit lines

As of 31 March de 2012, the Group has a total of credit lines amounting to Euro 82,450,714 (31 December 2011: Euro 82,450,714), and had used the amount of Euro 13,162,710.

IFRIC 4 – Finance Leases

As of 31 March 2012 and 31 December 2011, in accordance with IFRIC 4, the Group has the following equipments recognized as finance leases:

Amounts in Euro	31-03-2012		
	Acquisition cost	Accumulated depreciation	Net book value
Equipments - Soporgen	44.003.950	(35.936.560)	8.067.390
Equipments - Omya	14.000.000	(3.128.557)	10.871.443
	58.003.950	(39.065.117)	18.938.833

Amounts in Euro	31-12-2011		
	Acquisition cost	Accumulated depreciation	Net book value
Equipments - Soporgen	44.003.950	(35.203.160)	8.800.790
Equipments - Omya	14.000.000	(2.796.523)	11.203.477
	58.003.950	(37.999.683)	20.004.267

The non-current and current liabilities related to those equipments are recorded under "Other liabilities" and "Payables and other current liabilities", respectively, and are detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Non current	17.236.496	18.109.324
Current (Note 14)	3.693.013	4.584.418
	20.929.509	22.693.742

The Group holds a stake of 18% on Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A., whose main activity is the production of steam and electric power, exclusively 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. The settlement date of this option is on January 1st of each year between 2010 and 2015, by pre-determined amounts.

In 2009, with the launch of the new paper mill, the Group recognized as a finance lease contract the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new mill. This contract foresees the transfer of the assets' ownership to About The Future, S.A., upon its termination.

19. Payables and other current liabilities

As of 31 March 2012 and 31 December 2011, Payables and other current liabilities were detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Accounts payable to suppliers	130.509.966	143.591.215
Accounts payable to fixed assets suppliers	31.252.391	32.845.993
Accounts payable to fixed assets suppliers - leases (Note 18)	3.693.013	4.584.418
Accounts payable - related parties	-	1.452.665
Derivative financial instruments (Note 20)	93.891	4.448.169
Other creditors - CO2 emissions	5.578.711	4.433.430
Sales commissions	67.769	67.844
Other creditors	2.348.354	1.864.581
Accrued costs	50.138.844	36.993.781
Deferred income	58.201.738	54.611.282
	281.884.676	284.893.378

As of 31 March 2012 and 31 December 2011, accrued costs and deferred income were detailed as follows:

Amounts in Euro	31-03-2012	31-12-2011
Accrued costs		
Accrual payroll costs	38.255.980	31.016.633
Interests payable, including compensatory interest	6.142.761	3.997.370
Other	5.740.103	1.979.778
	50.138.844	36.993.781
Deferred income		
Government grants	52.720.246	54.103.383
Grants - CO2 emission allowances	4.973.594	-
Other	507.898	507.899
	58.201.738	54.611.282

20. Derivative financial instruments

As of 31 March 2012 and 31 December 2011 the fair value of the derivative financial instruments in place was detailed as follows:

Amounts in Euro	31-03-2012			31-12-2011	
	Notional	Positive	Negative	Net	Net
Trading					
Foreign exchange forwards	54,605,532	192,531	-	192,531	(2,467,939)
	54,605,532	192,531	-	192,531	(2,467,939)
Amounts in Euro	31-03-2012			31-12-2011	
	Notional	Positive	Negative	Net	Net
Hedging					
Hedging (net investment)	18,755,615	-	(93,891)	(93,891)	(614,563)
Hedging (future sales)	70,043,426	293,598	-	293,598	(1,365,667)
	88,799,041	293,598	(93,891)	199,707	(1,980,230)

The movement in the balances recognized in the statement of financial position relating derivative financial instruments was as follows:

	Change in fair value (trading)	Change in fair value (hedging)	Total
As of 1 January 2011	(58.767)	109.529	50.762
Maturity (Note 4)	624.368	46.551	670.919
Decreases in fair value	-	2.160.911	2.160.911
As of 31 March 2011	565.601	2.316.991	2.882.592
Maturity (Note 4)	(3.033.541)	(3.482.482)	(6.516.023)
Decreases in fair value	-	(814.739)	(814.739)
As of 1 January 2012	(2.467.940)	(1.980.230)	(4.448.170)
Maturity (Note 4)	2.660.471	(13.652)	2.646.819
Decreases in fair value	-	2.193.589	2.193.589
As of 31 March 2012	192.531	199.707	392.238

21. Commitments

21.1 Commitments towards third-parties

As of 31 March 2012 and 31 December 2011, the commitments assumed by the Group were as follows:

Amounts in Euro	31-03-2012	31-12-2011
In favour of third parties		
Guarantees		
Portuguese Tax Authorities	33.296.619	32.995.209
Duties with imports	3.428.859	3.593.131
Simria	341.113	327.775
Other	524.856	639.101
	37.591.447	37.555.215
	37.591.447	37.555.215

The guarantees granted to the Portuguese Tax Authorities are detailed as follows (Note 13):

Amounts in Euro	31-03-2012	31-12-2011
Additional tax assessment - Corporate Income Tax 2005	14,764,906	14,656,907
Additional tax assessment - Corporate Income Tax 2006	11,908,199	11,823,199
Self liquidation - Corporate Income Tax 2010	5,194,621	5,086,210
Municipal surcharge - Corporate Income Tax 2007	853,023	853,023
Stamp tax duty - 2004	575,870	575,870
	33,296,619	32,995,209

21.2 Purchase commitments

In addition to the commitments described in the preceding Note, purchase commitments assumed with suppliers at 31 March 2012 amounted to Euro 32,904,829 and referred to capital expenditure on Property, plant and equipment (total commitments at 31 December 2011: Euro 14,501,506).

As of 31 March 2012 and 31 December 2011, the commitments relating to operating lease contracts were as follows:

Amounts in Euro	31-03-2012	31-12-2011
2012	1.788.928	1.646.206
2013	1.208.828	1.157.765
2014	773.676	664.999
2015	161.962	190.006
2016	34.735	-
	3.968.129	3.658.975

22. Contingent assets

22.1 Tax matters

22.1.1. Stamp Duty on loans – Stamp Duty on capital – 77.000 Euros

On 7 April 2008, SPCG and PortucelSoporcel Cogeração de Energia, S.A. presented a Judicial Appeal to the Administrative Court of Almada, regarding stamp duty settlements on the capital increase of these companies amounting to Euro 50,000 and Euro 27,000, respectively, as the charge is contrary to the European Council Directive No. 69/335/EEC, of 17 July 1969, as amended by the Council Directive 85/303/EEC of 10 June 1985.

Regarding PortucelSoporcel Cogeração de Energia, S.A., a favourable decision was issued on 27 October 2011.

As for SPCG, the constitution of an Arbitration Court was requested on 9 August 2011, and produced a favourable decision on 11 November 2011.

The tax authorities appealed against the decision of the arbitration court.

22.1.2. Value Added Tax (VAT) – 2.509.101 Euro

On 19 September 2006, Soporcel was subject to an additional VAT settlement amounting Euro 2,509,101 including compensatory interest of Euro 227,759. According to the Company's understanding, the additional tax is undue as it regards VAT deducted in forestry plantations, to which the article 24 of the VAT does not apply as it does not qualify as a tangible asset. Based on these arguments, a Judicial Appeal was presented on 26 December 2007. On 12 January 2012, a favourable decision was issued, to which the tax authorities presented an appeal on 24 January.

22.1.3. Investment contracts with AICEP

Regarding the contracts signed with AICEP and up to 31 March 2012, a total amount of Euro 20,744,302 of tax incentives is yet to be recognized until 2016.

22.1.4. Tax relief on investment activities (RFAI) 2009 and 2010

In 2009 and 2010, the Group benefited from the tax relief mechanism for relevant investments as set by Law No. 10/2009 of 10 March. Under this regime, the Group has unused benefits amounting to Euro 10,780,989, which can be used until 2015. The Group expects to use some Euro 3,300,000 in 2011.

22.1.5. Proceedings in the Arbitration Courts

Following the approval of Decree-Law No. 10/2011 of 20 January, which introduced in the Portuguese legal system, arbitration courts to rule on tax matters, the Group submitted to these courts a number of tax cases totaling Euro 5,369,861, detailed as follows:

<u>Amounts in Euro</u>	<u>Year</u>	<u>Amount</u>
Stamp duty	2008	50,000
Corporate Income Tax	2002	157,656
Corporate Income Tax - Municipal Surcharge	2007	682,182
Corporate Income Tax - Municipal Surcharge	2010	2,829,353
Corporate Income Tax - Municipal Surcharge	2008	173,868
Corporate Income Tax - Municipal Surcharge	2009	888,200
Corporate Income Tax	2003	24,315
Corporate Income Tax	2004	111,543
IRC - RETGS - Self liquidation	2008	138,404
Corporate Income Tax	2001	314,340
		<u>5,369,861</u>

23. COMPANIES INCLUDED IN THE CONSOLIDATION

Company	Head Office	Percentage of capital held by Group companies		
		Directly	Indirectly	Total
Parent-Company				
Portucel, SA	Setúbal	-	-	-
Subsidiaries				
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100,00	-	100,00
Soporcel Pulp - Sociedade Portuguesa de Celulose, SA	Figueira da Foz	100,00	-	100,00
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50,00	50,00	100,00
Portucel Floresta - Empresa de Desenvolvimento Agro-Floresta, SA	Setúbal	100,00	-	100,00
CountryTarget SGPS SA	Setúbal	100,00	-	100,00
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100,00	100,00
PortucelSoporcel Floresta - Sociedade para o Desenvolvimento Agro-Floresta, SA	Setúbal	-	100,00	100,00
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios ACE	Portugal	-	64,80	64,80
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100,00	100,00
Atlantic Forests, SA	Setúbal	-	100,00	100,00
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100,00	100,00
Aflomec - Empresa de Exploração Floresta, SA	Setúbal	-	100,00	100,00
Cofotrans - Empresa de Exploração Floresta, SA	Figueira da Foz	-	100,00	100,00
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94,00	94,00
Bosques do Atlantico, SL	Espanha	-	100,00	100,00
PortucelSoporcel Pulp SGPS, S.A.	Setúbal	100,00	-	100,00
CELSET - Celulose de Setúbal, S.A.	Setúbal	-	100,00	100,00
CELCACIA - Celulose de Cacia, S.A.	Aveiro	-	100,00	100,00
Portucel International Trading GmbH	Alemanha	-	100,00	100,00
PortucelSoporcel Papel, SGPS SA	Setúbal	100,00	-	100,00
Portucel Soporcel North America Inc.	EUA	-	100,00	100,00
About the Future - Empresa Produtora de Papel, SA	Setúbal	-	100,00	100,00
Portucel Papel Setúbal, S.A.	Setúbal	-	100,00	100,00
PortucelSoporcel Sales & Marketing NV	Bélgica	25,00	75,00	100,00
PortucelSoporcel Fine Paper, S.A.	Setúbal	-	100,00	100,00
PortucelSoporcel Espanha, SA	Espanha	-	100,00	100,00
PortucelSoporcel International, BV	Holanda	-	100,00	100,00
PortucelSoporcel France, EURL	França	-	100,00	100,00
PortucelSoporcel United Kingdom, Ltd	Reino Unido	-	100,00	100,00
PortucelSoporcel Italia, SRL	Itália	-	100,00	100,00
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100,00	100,00
PortucelSoporcel Deutschland, GmbH	Alemanha	-	100,00	100,00
PortucelSoporcel Handels, GmbH	Austria	-	100,00	100,00
PortucelSoporcel Afrique du Nord	Marrocos	-	100,00	100,00
PortucelSoporcel Poland SP Z O	Polónia	-	100,00	100,00
PortucelSoporcel Switzerland	Switzerland	-	100,00	100,00
PortucelSoporcel Energia, SGPS SA	Setúbal	100,00	-	100,00
SPCG - Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	-	100,00	100,00
Enerpulp - Cogeração Energética de Pasta, SA	Setúbal	-	100,00	100,00
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100,00	100,00
PortucelSoporcel Participações, SGPS SA	Setúbal	100,00	-	100,00
Arboser - Serviços Agro-Industriais, SA	Setúbal	-	100,00	100,00
Empremédia - Corretores de Seguros, Lda	Lisboa	-	100,00	100,00
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100,00	100,00
Outpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50,00	50,00
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100,00	100,00
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100,00	100,00
Emacacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91,15	91,15
Emasetúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92,56	92,56
Emafigueira da Foz - Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91,47	91,47
EucaliptusLand, SA	-	-	100,00	100,00
PortucelSoporcel Serviços Partilhados, SA	Figueira da Foz	-	100,00	100,00
PortucelSoporcel Internacional SGPS SA	Setúbal	100,00	-	100,00
Portucel Moçambique - Sociedade de Desenvolvimento Floresta e Industrial, Lda	Moçambique	25,00	75,00	100,00
Portucel Floresta Brasil - Gestão de Participações, Ltda	Brasil	25,00	75,00	100,00
PortucelSoporcel Logística de Papel, ACE	Figueira da Foz	33,33	66,67	100,00
PortucelSoporcel Abastecimento de Madeira, ACE	Setúbal	60,00	40,00	100,00

24. COMPANIES EXCLUDED FROM THE CONSOLIDATION

Company	Head Office	Percentage of capital held by Group companies		
		Directly	Indirectly	Total
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda	Setúbal	56,00	44,00	100,00
PortucelSoporcel Papel - Sales e Marketing, ACE	Figueira da Foz	50,00	50,00	100,00
Naturfungi, ACE	Setúbal	-	50,00	50,00

Board of Directors

Pedro Mendonça de Queiroz Pereira

Presidente

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

José Miguel Pereira Gens Paredes

Paulo Miguel Garces Ventura