



grupo Portucel Soporcel

**INTERIM FINANCIAL INFORMATION
(UNAUDITED)
3RD QUARTER 2005**

PORTUCEL - EMPRESA PRODUTORA DE PASTA E PAPEL, S.A.
Sociedade Aberta
Capital Social: 767.500.000 Euros
NIPC: 503.025.798
Matriculada na Conservatória do
Registo Comercial de Setúbal com o nº05888
Sede: Mitrena, Apartado 55, 2901-861 Setúbal

Consolidated Quarterly Information (Unaudited)

Company: PORTUCEL - EMPRESA PRODUTORA DE PASTA E PAPEL,S A (SOCIEDADE ABERTA)

Head office: MITRENA - APARTADO 55 - 2901 - 861 SETÚBAL

Corporate tax #: 503.025.798

Reference Period:

In Euros

1st Quarter 3rd Quarter

Beginning : 01/01/2005 End : 30/09/2005

Balance Sheet Summary	Consolidated			
	30-Set-05	31-Dez-04	31-Dez-04	Var. (%)
	IFRS	IFRS	POC	
Assets				
Fixed assets, net				
Tangible assets	1.153.291.380,17	1.215.107.985,28	1.232.336.647,08	
Intangible assets	376.892.440,78	377.541.220,09	372.503.374,14	
Financial investments	356.655,68	815.593,69	3.813.750,64	
Accounts receivable, net				
Non current	-	-	-	
Current	225.875.588,49	278.387.592,49	256.858.231,20	
EQUITY				
Share capital	767.500.000,00	767.500.000,00	757.500.000,00	
Number of ordinary shares	-	-	-	
Number of other shares	-	-	-	
Own shares	53.679,13	53.679,13	53.679,13	
Number of voting shares	60.500	60.500	60.500	
Minority interest	174.757,14	204.874,62	-	
LIABILITIES				
Provisions	1.788.001,06	1.118.417,88	19.827.678,48	
Accounts payable, net				
Non current	622.765.732,35	825.506.528,33	827.034.700,04	
Current	355.734.843,15	346.025.100,68	282.639.725,57	
TOTAL ASSETS, net	2.119.994.588,35	2.296.787.888,05	2.326.206.317,94	
TOTAL EQUITY	1.017.946.397,69	1.008.797.388,74	1.047.058.257,60	
TOTAL LIABILITIES	1.102.048.190,66	1.287.990.499,31	1.279.148.060,34	

Profit & Loss Account Summary	Consolidated			
	30-Set-05	30-Set-04	30-Set-04	Var. (%)
	IFRS	IFRS	POC	
Sales	744.306.242,66	725.693.787,98	726.630.542,69	3
Cost of goods sold & services rendered	(476.001.522,22)	(505.728.309,51)	(479.137.773,74)	(6)
Operating result	92.822.064,38	68.408.180,08	59.533.849,08	36
Financial result, net	(33.802.587,66)	(15.075.537,70)	(19.748.050,62)	(124)
Pre-tax result	59.019.476,72	53.332.642,38	39.785.798,46	11
Extraordinary	-	-	-	
Income tax ⁽²⁾	16.448.096,25	13.659.895,16	12.108.253,97	20
Minority interest	30.117,48	13.422,42	-	
Net profit	42.601.497,95	39.686.169,64	27.677.544,49	7
Earnings per share	0,06	0,05	0,04	7
Self financing ⁽³⁾	135.262.544,55	126.705.541,83	131.286.641,54	7

⁽²⁾ Income tax estimate

⁽³⁾ Operating cash-flow = Net profit + Amortization + Provisions

Results

In the first nine months of 2005, net profit was € 42.6 million, up 7,3% on the same period in the previous year.

Total consolidated turnover reached € 744.3 million, up 2,6% on the first nine months of 2004. Paper sales accounted for 68,3% of total revenues, pulp sales weighed 24,0%, the remaining 7,7% resulting mostly from the production and sale of renewable energy, mainly extracted from biomass.

There was great improvement at the Group's operating performance year-on-year: operating results were up 35,7%, EBITDA rose by 19,3% up to € 185.5 million, with EBITDA margin growing 4 percentage points from 21% to 25%.

Net financial were minus € 33.8 million in the first nine months of 2005, worse than in the same period of last year, what is explained by non-recurring gains in 2004 and negative fluctuations of exchange rates in 2005.

The Group maintains a high ability to generate funds, reflected in a € 135.3 million operating cash-flow, up 6,8% year-on-year. At the end of September, the Group's net debt stood at € 779.2 million, down € 91,7 million from start of the year, € 43.2 million of which during the 3rd quarter. This, together with an increase in equity, led to marked improvement in the net debt ratio: 0,77 at the end of September 2005, compared with 0,95 at the end of September last year and 0,82 at the end of June 2005.

The Group's capital expenditure totalled € 36.6 million, less 21% than in the first nine months of 2004, the later being strongly impacted by the non-recurring investment in the new recovery boiler at Figueira da Foz pulp mill.

Consolidated financial statements now conform to International Financial Reporting Standards (IFRS). For comparative purposes, numbers for the first nine months of 2004 were restated to reflect the adoption of those standards.

Sales

In the first nine months of 2005, consolidated paper sales volume totalled 703.0 thousand tonnes, less 15.7 thousand tonnes (-2,2%) than in the same period of 2004.

The weight of sheeted products in paper volume sold was up from 81% to 83%, year-on-year. Sales of premium products represented 62% of the total, compared with 61% in the first nine months of 2004.

The Group's paper prices were still below those of the preceding year, in line with market conditions; our average selling price was down approximately 2,6%, compared with the 5,2% drop in the market price index over the same period.

In the first nine months of 2005, a total of 428.1 thousand tonnes of pulp were sold, less 23.4 thousand tonnes (-5,2%) than in the same period of the last year. To enhance is the fact that, during the 3rd quarter, a surplus of 24.2 thousand tonnes were sold (+22,1%) over the 3rd quarter of 2004. The average selling price was 7,5% higher than in the first nine months of 2004.

Production

Pulp and paper output from the Portucel Soporcel Group's mills was 946.5 and 730.4 thousand tonnes, respectively, during the first nine months of the year, a growth of 0,5% and a fall of 0,6% year-on-year.

Perspectives for the year end

The concern involving worldwide economies turned uncertainty factors in the pulp and paper sector more evident.

The growing belief that interest rates could enter a long rising period was added to two other major concerns: the maintenance of oil prices at unthinkable high levels and the money volatility.

On the other hand, globalization effects require increased competitiveness, once there are asymmetric conditions among different producers determined, namely, by the cost of raw materials.

Within this context, some pulp and paper companies are experiencing growing difficulties to get minimum returns on investment. Deficient competitiveness caused an unprecedented strategic movement, with mills' closures and divestments in industrial assets, mainly in Europe and North America, the consequences of which is still to soon to fully anticipate.

Therefore, to guarantee Portucel Soporcel Group's sustainable development, the continued positive progress of its main indicators is required.

The Group believes that this will only be possible with permanent competitiveness improvement, namely through growing efficiency and lowering costs, these being indispensable to minimize structural disadvantages against companies located in regions better suited for forest.

The Group does not anticipate significant changes in demand for fine paper and pulp.

Setúbal, November 28, 2005