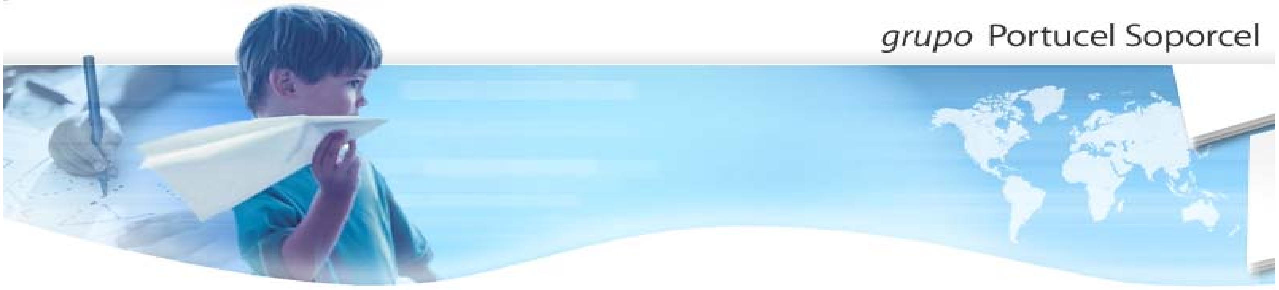
Portucel

Empresa Produtora de Pasta e Papel, S.A.

Public limited company

Registered under no. 05888/20001204 at the Setúbal Companies Registry
Share capital: € 767 500 000
Corporate person no. 503 025 798

Interim Report
1st Quarter 2008
(unaudited)



In the 1^{st} Quarter of 2008 (as against 1^{st} Quarter 2007):

- Turnover of € 300.6 million (+7.5%)
- EBITDA of € 78.1 million (-9.7%)
- Operating result of € 62.1 million (-5.5%)
- Net profit of € 39.4 million (0.0%)

Key Indicators – IFRS

(10^3 tons)	Q1 2008	Q1 2007	% Change 08/07
Production			
Uncoated woodfree papers (UWF)	259,9	255,6	1,7%
Eucalyptus bleached pulp	343,8	333,0	3,2%
Sales			
Uncoated woodfree papers (UWF)	261,9	255,7	2,4%
Eucalyptus bleached pulp	144,9	139,4	4,0%
Average selling prices (2007=100)			
Pulp	104	100	3,6%
Paper	102	100	2,4%

(10^6 Euros)	Q1 2008	Q1 2007	% Change 08/07
Total sales	300,6	279,7	7,5%
EBITDA (1)	78,1	86,5	-9,7%
EBITDA / Sales (%)	26,0%	30,9%	- 4,9 pp
Operating results	62,1	65,7	-5,5%
Financial results	- 6,1	- 7,5	19,3%
Net earnings	39,4	39,4	0,0%
Cash Flow (2)	55,3	60,1	-8,0%
Net debt	339,3	424,6	-20,1%
Capex	51,2	2,4	+ 48,8

(1) Operating result + depreciation + provisions
(2) Net profit + depreciation + provisions

(+) Percentage variation calculated for figures not rounded up/down

Results

In the first quarter of 2008, turnover stood at € 300.6 million, up by 7.5% over the 1st quarter of 2007. Paper accounted for 70% of turnover, and pulp 23%. The remaining 7% related essentially to energy sales.

This positive performance was achieved thanks to increased sales, of both paper and pulp, and to positive evolution in the respective prices.

Nonetheless, EBITDA was down by 9.7% on the same period in 2007 and the EBITDA / sales margin stood at 26%.

The fall in EBITDA was due to sharp increases in certain factors of production, especially timber and chemicals. Rising timber costs were exacerbated by the need to import significant quantities of this raw material, with the corresponding impact on transport operations.

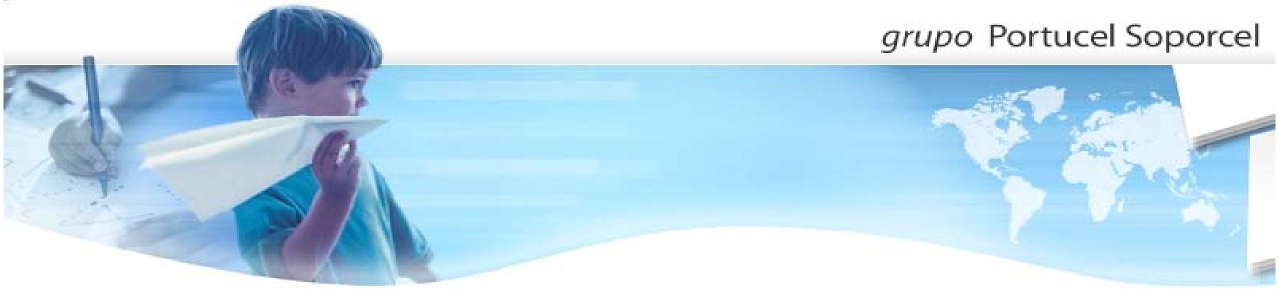
In this context, operating results stood at € 62.1 million, 5.5% down on the same period in 2007.

The company recorded negative financial results of € 6.1 million, representing an improvement of 19.3% over the first quarter of the previous year, due to a considerable reduction in net debt, which more than offset the significant increase in interest rates. Another positive influence was the positive result on a number of exchange rate and interest rate hedges taken out by the Group.

As a result, consolidated net profits for the period stood at € 39.4 million, identical to the figure recorded in the previous year.

Capital expenditure in the first quarter of 2008 totalled approximately € 51.2 million, as compared with € 2.4 million in 2007. The sharp increase is explained by the pace of spending on the investment plan that was approved and disclosed in due time, which includes construction of a new paper mill in Setúbal.

Despite increasing investment, the Group’s net debt was down by € 28.4 million from the



end of the year. The faster pace of capital expenditure will have the natural consequence of increasing the level of borrowing currently recorded, which is perfectly compatible with continued soundness in financial indicators.

Sales

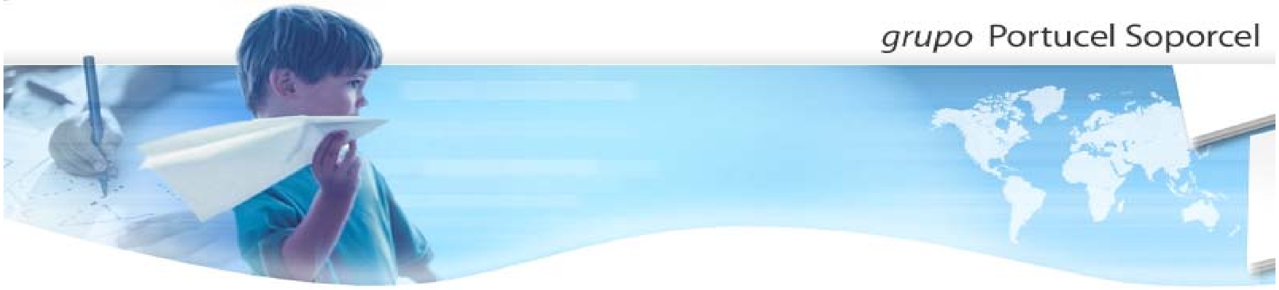
Paper Sales were up by 2.4% in the first quarter of 2008 over the same period in 2007, standing at a total of 261.9 thousand tons, whilst the Group's average sales price grew by 3.6% over the 1st quarter of 2007, in line with the PIX A4 B-Copy price index. Significantly, sales have continued to grow at a healthy pace in segments with greater value added.

Thanks to this positive trend in both sales quantities and average prices, paper sales were up by 6.1% year on year.

At the same time, output of bleached eucalyptus pulp totalled 343.8 thousand tons, representing an increase of 3.2% over the 1st quarter of 2007. The Group placed 144.9 thousand tons of pulp on the market, 4.0% more than in 2007.

The PIX index for eucalyptus pulp in USD recorded an increase of 17.6% in relation to the 1st quarter of 2007. However, this positive trend was not reflected to an equivalent extent in the pulp price in euros, due to the depreciation of the USD against the euro, with the result that the Group's average sale price for pulp rose by only 2.4% over that recorded in the 1st quarter of the previous year.

As a result, pulp sales grew by 6.5% in value in comparison with the 1st quarter of the previous year.



Future Prospects

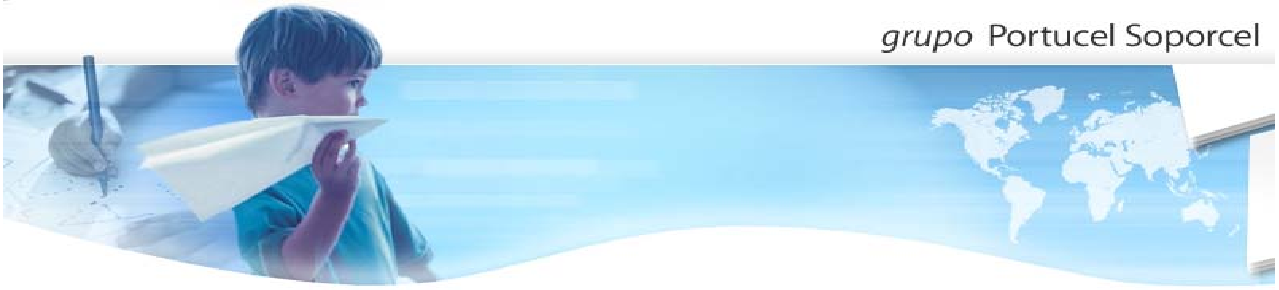
Prospects for the pulp market in 2008 are marked by uncertainty as to how exchange rates will evolve, effective growth in capacity worldwide and whether growth will continue to grow at the current pace. The sector also faces adverse trends in its main cost factors – timber, chemicals, energy and logistical costs.

The European market for uncoated fine paper is expected to record a further cooling in demand, which will be partly offset by a net reduction in production capacity. At the same time, the USD devaluation will continue to attract growing imports to the region and to hinder exports, increasing internal competition.

The Group's performance will therefore continue to be influenced by some of these adverse factors, including persistently high timber costs, aggravated by the need to import significant quantities. Costs will also remain high for other factors of production, notably chemical products. We should also point to the negative impact of permanently rising energy costs, affecting operational logistics in particular.

The Group will continue in 2008 to pursue a large-scale capital expenditure programme, headed by the construction of a new paper mill at its industrial complex in Setúbal, which will have nominal capacity of 500 thousand tons and corresponds to investment estimated at approximately € 500 million.

Mention should also be made of investment projects currently underway in the energy sector, including the new natural gas co-generation plan, which will supply the new Setúbal paper mill, and two new biomass plants to be installed at the Cacia and Setúbal industrial sites.



The Group is therefore pursuing a coherent policy of bolstering its industrial base, which will be crucial for maintaining and enhancing the factors of competitiveness underpinning its long-term strategy.

Setúbal, 30 April 2008