



RELATÓRIO DO 1º TRIMESTRE DE 2011

INTERIM REPORT 1Q 2011

PORTUCEL

EMPRESA PRODUTORA DE PASTA E PAPEL S.A.

SOCIEDADE ABERTA

PUBLIC LIMITED COMPANY

MATRICULADA SOB O Nº 0588/20001204
NA CONSERVATÓRIA DO REGISTO COMERCIAL DE SETÚBAL
N.I.P.C. 503 025 798 | CAPITAL SOCIAL € 767 500 000

*REGISTERED UNDER N.º 0588/20001204 AT SETÚBAL COMPANIES REGISTRY,
CDR# PERSON N.º 503 025 798 / SHARE CAPITAL € 767 500 000*

DIRECTORS' REPORT

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1st Quarter 2011 Highlights (vs 1st Quarter 2010):

- Group turnover grows by 25.5%
- EBITDA of € 103.8 million, up by 43.3%
- Net profits of € 51.4 million, up by 59.6%
- Net debt down by € 75 million
- Net Debt / EBITDA ratio of 1.4

Financial Highlights – IFRS

	Q1	Q1	Q4	% Change ⁽⁵⁾	% Change ⁽⁵⁾
	2011	2010	2010	11Q1 / 10Q1	11Q1 / 10Q4
Million euros					
Total sales	369.2	294.3	381.8	25.5%	-3.3%
EBITDA ⁽¹⁾	103.8	72.4	111.5	43.3%	-6.9%
Operating profits	66.7	41.2	65.5	62.0%	1.8%
Financial results	- 6.5	- 6.3	- 3.0	2.4%	na
Net earnings	51.4	32.2	56.3	59.6%	-8.6%
Cash Flow ⁽²⁾	88.5	63.5	102.3	39.4%	-13.5%
Capex	4.7	24.4	28.8	-19.7	-24.1
Net debt ⁽³⁾	586.2	661.1	652.7	-75.0	-66.6
EBITDA / Sales (%)	28.1%	24.6%	29.2%		
ROS	13.9%	11.0%	14.7%		
Equity ratio	50.7%	48.4%	48.8%		
Net Debt / EBITDA ⁽⁴⁾	1.4	2.8	1.6		

(1) Operating results + depreciation + provisions

(2) Net profits + depreciation + provisions

(3) Includes market value of treasury stock

(4) EBITDA corresponds to the last 12 months

(5) Percentage variation corresponds to figures before rounding up/down

1. ANALYSIS OF RESULTS

1st quarter 2011 vs. 1st quarter 2010

The Portucel Group recorded consolidated sales in the first quarter of 2011 of €369.2 million, representing growth of 25.5% on the same period in 2010. This growth resulted from positive performance in all the Group's business areas, in terms of both quantities sold and sales prices.

Output of uncoated woodfree (UWF) printing and writing paper from the new paper mill in Setúbal has risen as expected, resulting in a significant increase in the quantities placed on the market. This growth in sales of UWF paper combined with a recovery in sales prices – the benchmark index for the European market, PIX Copy B, published by Foex, was up by an average of 11.9% on the same period in 2010 – resulted in an increase of approximately 20.6% in the value of paper sales in relation to the first quarter of 2010.

Despite increased integration of bleached eucalyptus kraft pulp (BEKP) into production at the new UWF paper mill in Setúbal, as planned, the Group still recorded an increase in pulp sales in relation to the first quarter of the previous year, when BEKP output had been hit by difficulties in wood supply to the Group's plants, due to the adverse weather conditions prevailing at the time. The sale price also improved in the period, in line with an increase of approximately 15.7% in the PIX index for hardwood pulp in Euros, meaning that sales of BEKP grew by 28.9% in relation to the first quarter of 2010.

The start-up of the new steam turbine for the biomass cogeneration plant in Figueira da Foz in the 3rd quarter of 2010 enabled the Group to achieve an increase in energy sales of 11.3%.

On the costs side, evolution was unfavourable in relation to the same period in 2010, due to rising costs for certain factors of production, in particular chemicals and wood.

Consolidated EBITDA stood at € 103.8 million, up by 43.3% on the same period in 2010, resulting in an EBITDA / Sales margin of 28.1%. Operating income totalled € 66.7 million, representing growth of 62.0%.

The Group recorded a negative financial result of € 6.5 million, in line with a similarly negative result of € 6.3 million in the first quarter of 2010. This reflects the combined effect of a reduction in net

debt and a slight increase in the average borrowing rate, together with the reclassification for accounting purposes of a foreign exchange hedge.

Net consolidated income for the period accordingly totalled € 51.4 million, representing growth of 59.6% over the first quarter of 2010.

1st quarter 2011 vs. 4th quarter 2010

In comparison with the final quarter of 2010, the Group's consolidated sales were down by 3.3%. This slight reduction was due to a decrease in the quantities sold, of both UWF paper and BEKP pulp, and to a small drop in average sales prices for pulp. Sales prices for UWF paper remained at appreciably the same level as in the previous quarter. Energy sales held steady, recording modest growth in relation to the final quarter of 2010.

The reduction in UWF paper sales was due fundamentally to planned maintenance stoppages at the Group's mills during the period, whilst the reduction in BEKP pulp sales was due to normal seasonal factors in the markets and a gradual increase in the quantity of pulp integrated into paper.

On the cost side, the upward trend in wood and chemicals costs continued.

In this context, EBITDA was down on the preceding quarter by 6.9%, whilst operating income grew by 1.8% and net income dropped by 8.6%.

2. MARKET ANALYSIS

2.1 UWF Paper

After a period of strong demand for uncoated woodfree (UWF) paper in Europe and overseas markets in the first half of 2010, demand dropped back to normal levels in the second half of the year. At the start of 2011, the market continued to present moderately lively growth in Europe and a slight dip in quantities placed on overseas markets. In comparison with the first quarter of the previous year, apparent consumption in Europe is estimated to have rallied by 3% for cut-size, while dropping back in the folio segment.

Deliveries by European manufacturers of UWF paper to European markets held steady in relation to the same period in 2010, whilst presenting growth of 5% for cut-size.

This performance, combined with a further net reduction in capacity in the European market, despite increased output from the new UWF mill in Setúbal, led to continued improvement in the operating indicators for the industry over the first three months of the year.

The appreciation of the Euro against the US dollar penalized manufacturers with significant exposure to sales on overseas markets, but has not yet been reflected in substantial increases in imports.

The prices of the main factors of production continued to exert pressure on manufacturers, severely undermining the sustainable profitability of certain companies in the sector.

The combination of these factors led to an increase in prices in the European market in April, which the Group anticipated and put into effect at the end of the first quarter.

In this context, as reported above, the Portucel Group achieved substantial growth in quantities of UWF paper sales in relation to the first quarter of 2010, recording overall growth of 10% in the quantities sold, once again augmenting its share of the European market.

The Group's UWF sale price in Europe evolved in line with the benchmark index, which, combined with the growth in quantities sold, resulted in a significant increase in turnover.

The Group continues to make extremely good progress in sales of premium products and mill brands, especially on the European market, which is the Group's principal market, where premium products experienced double-digit growth and accounted for more than 60% of total sales in this market. Mill brands grew by 25% in quantity and by 6 percentage points as a proportion of total sales in sheeted products, which similarly represent an excess of 60%.

2.2 BEKP Pulp

Listed prices in the BEKP pulp market held steady over the first quarter at USD 850 / ton CIF Europe.

The continued health of the pulp market was sustained essentially by the exchange rate against the USD of the currencies of the main pulp producing countries (short and long fibre), by the still

relatively low level of stocks at manufacturers, users and ports and by a recovery in demand from China. Significantly, demand was strong for long fibre pulp, also from China, substituting dissolving pulp, with prices soaring and generating a degree of shortage of this type of fibre, which also helped to sustain short fibre pulp prices.

The Group's BEKP pulp sales in the 1st quarter of 2011 were slightly above the target for the period, representing an increase of 12% in relation to the same period in 2010.

The breakdown of BEKP pulp sales by paper manufacturer segments shows that the Group continues to enjoy success in focussing on segments with greater value added – speciality papers – where the Group recorded the vast majority of its sales.

Sales figures by destination show that nearly all sales were made on European markets, which is home to manufacturers of higher quality papers with more technical requirements, where the intrinsic qualities of the globulus pulp manufactured by the Group offers significant gains in value.

3. DEVELOPMENT

In relation to development opportunities in the southern hemisphere, specifically in Uruguay, Brazil and Mozambique, the current state of progress is as follows:

3.1 Uruguay

As duly disclosed, the Group has signed a memorandum of understanding with the Government of Uruguay, setting out the terms and requirements regarded as essential for an investment project in the country. The future of this agreement will depend on developments in the logistical field, and especially the construction of a deep water port. No development occurred during the first quarter.

3.2 Brazil

After the signing of a cooperation agreement with the State of Mato Grosso do Sul, the Group is pressing ahead with studies regarding an integrated project for forestry, pulp and energy. This project has recently run into a legal obstacle, insofar as the plan to acquire 200 000 hectares of land cannot be implemented due to severe restrictions introduced in August 2010 on the purchase of

rural property by foreign investors. The Group is committed to making the efforts needed to find a way around these difficulties.

3.3 Mozambique

The Group has started field work and forestry plantation trials with a view to implementing over time a vertically integrated business model involving forestry, power production and manufacture of cellulose pulp. This is another large-scale project, consisting of various stages, to be implemented over the time scale normal for undertakings of this kind.

4. FINANCIAL

At 31 March 2011, interest bearing net debt stood at € 586.2 million, down by € 66.6 million from year-end 2010. This reduction in debt reflects the Group's excellent capacity for generating cash flow and also the reduction in the level of capital expenditure, after conclusion of the current phase in the major projects for Group expansion and modernization of its assets.

Financial autonomy stood at 50.7% at the end of March and the Net Debt / EBITDA ratio at 1.4, representing an improvement from year-end 2010 (1.6), situated at very comfortable levels.

At 31 March 2011, the Group's gross long term debt stood at € 726.9 million, whilst debt maturing at less than 1 year totalled € 6.25 million. With liquid assets in excess of € 100 million, the Group presents a very high level of liquidity, and has no plans for recourse to the debt market over the current financial year.

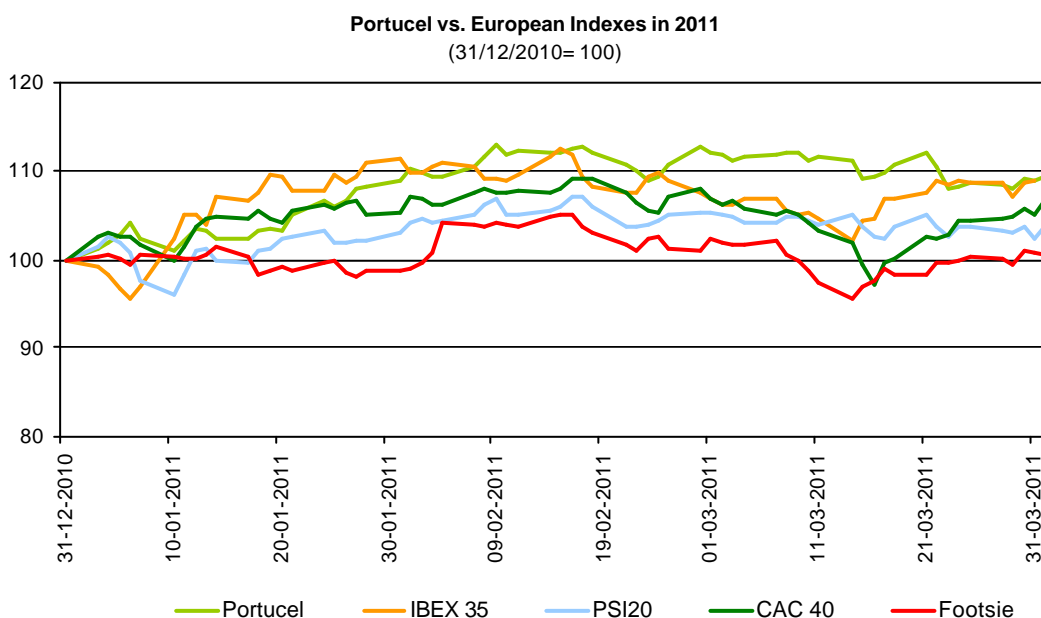
With its current level of net debt and strong cash flow generation capacity, the Group enjoys a robust financial situation, standing amongst the world's leading companies in this sector and giving it the capacity to launch a fresh cycle of development.

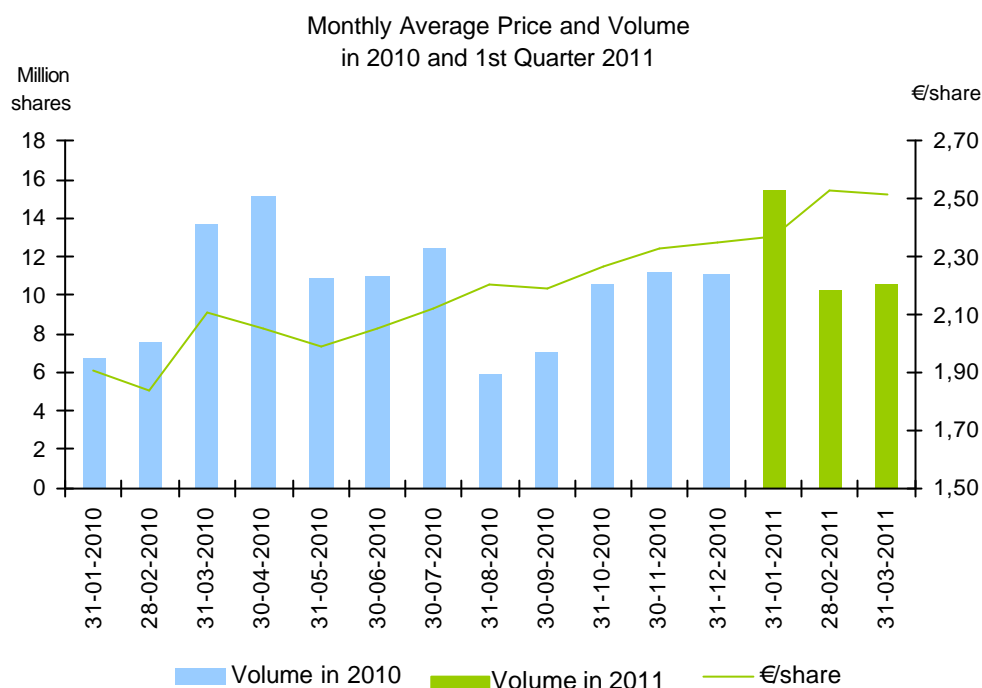
5. CAPITAL MARKETS

The shares of companies in the pulp and paper sector performed positively overall during the first quarter of 2011, especially in the case of Scandinavian manufacturers, whose share prices rose significantly. The HX Paper & Forest index, based on the shares of the three main Scandinavian companies in the sector, recorded a gain of approximately 12%. The shares of leading manufacturers in North America also presented excellent performance, with the listed share prices for Latin American companies ending the quarter with more modest gains.

The main European stock markets also recorded gains over the period, with the indexes for the Madrid and Paris markets enjoying the highest growth (up by 7.3% and 4.8% respectively), whilst the Lisbon and London stock market indexes – PSI20 and FTSE30 – presented more moderate growth of 2.2% and 1.8%.

Portucel's shares were traded at the end of the period at € 2.48, representing a gain of 8.9% over the period, clearly outperforming the PSI20 index.





6. OUTLOOK

Overall expectations for growth in the world economy in 2011 remain generally positive, albeit with a number of factors inducing uncertainty, such as the sharp rise in commodity prices, especially for oil, as a result of current geopolitical tensions, and unresolved macro-economic imbalances in some of the world's leading economies.

In the Euro Zone, the main indicators point to positive economic performance. Exports from this area continued to be sustained by the global economic recovery, especially in emerging countries, whilst internal demand has made an increasingly significant contribution to growth, thanks to monetary policies which remain expansionist. Negative factors include the evolving euro exchange rate against the dollar, the effect of budgetary consolidation measures underway in many European countries (important consumers of Group exports), the financial crisis in the outlying countries of the zone and high levels of unemployment.

Growth in the US is expected to be more robust, fuelled by stronger internal demand and sustained by expansionist macro-economic policies, despite fears of persisting foreign and budget deficits.

In this context, demand for UWF paper in the Group's main markets is expected to display moderate growth, with prices holding firm, thanks largely to the healthy prices currently prevailing for eucalyptus cellulose pulp.

The main factors of uncertainty are the continuing high rates of unemployment in Europe and the US, and the economic difficulties currently being experienced in the outlying countries of the Euro zone, which are important markets for the Portucel Group; these factors could have a negative impact on consumption. In addition, the ongoing appreciation of the euro against the dollar, a possible drop in the pulp price in euros, which could undermine the sustainability of paper prices, and growing logistical costs, as a consequence of soaring oil prices, are all factors which could have a negative effect on the Group's business.

Expectations also remain moderately positive in the pulp market, sustained by recovering demand from China, appreciation of the currencies of the main producer countries, and the continuing low level of stocks at producers, users and ports, as well as robust demand for long fibre pulp, all of which tend to increase demand and prices for short fibre pulp. At the same time, growing production capacity for paper in Asia, and in China in particular, and the closure of obsolete capacity currently underway in that country could also add to the sustainability of demand over the medium term.

The main risk factors include the return to operation of capacity temporarily taken off the market and evolution of the EUR/USD exchange rate, which could have a negative effect on Group business.

It should nonetheless be stressed that the Group's decision to move further along the value chain, significantly increasing its paper output, integrating an increasing quantity of pulp in paper and expanding its energy output, reduces Portucel's exposure to the volatility of the pulp market.

In the energy sector, the Group completed in 2010 its investment programme in new facilities, reflecting its commitment to sustainable growth in this area. With its current capacity, the Group is set to produce the equivalent of approximately 5% of all electricity generated in Portugal, obtaining the vast majority of this from renewable resources – forestry biomass and operating by-products.

As detailed above, the Group is also pressing ahead with analysis of possibilities for international expansion in the southern hemisphere, so as to be able to take the relevant decisions with the necessary degree of security.

Setúbal, 20 April 2011

**CONSOLIDATED FINANCIAL
STATEMENTS**

31 MARCH 2011

CONSOLIDATED SEPARATE INCOME STATEMENT FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2011 AND 2010

Amounts in Euro	Notes	1st Quarter 31-03-2011 (unaudited)	1st Quarter 31-03-2010 (unaudited)
Revenue	3		
Sales		368,955,788	292,551,388
Services rendered		280,120	1,728,318
Other operating income			
Gains on the sale of non-current assets		-	836,579
Other operating income		6,117,858	5,988,203
Change in the fair value of biological assets	10	1,673,130	(951,302)
Costs			
Cost of inventories sold and consumed		(129,781,666)	(114,498,917)
Variation in production		(20,348,971)	6,353,639
Cost of materials and services consumed		(86,017,380)	(85,041,959)
Payroll costs		(31,457,364)	(30,863,434)
Other costs and losses		(5,639,005)	(3,664,991)
Provisions	17	(3,699,505)	6,958,441
Depreciation, amortization and impairment losses		(33,346,359)	(38,191,134)
Operating results		66,736,646	41,204,831
Group share of (loss) / gains of associated companies and joint ventures	11	232,591	-
Net financial results	4	(6,461,637)	(6,307,235)
Profit before tax		60,507,600	34,897,596
Income tax	5	(9,075,131)	(2,691,743)
Net Income		51,432,469	32,205,853
Non-controlling interests		15,825	33,053
Net profit for the period		51,448,294	32,238,906
Earnings per share			
Basic earnings per share, Eur	6	0.068	0.043
Diluted earnings per share, Eur	6	0.068	0.043

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2011 AND DECEMBER 31, 2010

Amounts in Euro	Notes	31-03-2011 (unaudited)	31-12-2010
ASSETS			
Non-Current Assets			
Goodwill		376,756,384	376,756,384
Other intangible assets	8	12,723,657	94,486
Plant, property and equipment	9	1,577,523,943	1,604,129,728
Biological assets	10	112,175,746	110,502,616
Available-for-sale financial assets	11	126,074	126,074
Investment in associates	11	1,504,101	516,173
Deferred tax assets	15	29,665,532	22,963,945
		2,110,475,437	2,115,089,406
Current Assets			
Inventories		162,505,627	172,899,681
Receivable and other current assets	12	229,962,428	212,839,536
State and other public entities	13	58,399,148	32,228,030
Cash and cash equivalents	18	106,753,721	133,958,910
		557,620,924	551,926,157
Total Assets		2,668,096,361	2,667,015,563
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	14	767,500,000	767,500,000
Treasury shares	14	(29,711,216)	(26,787,706)
Fair value reserves		1,976,334	78,040
Other reserves		47,005,845	47,005,845
Currency translation reserves		218,010	881,575
Retained earnings		514,434,423	304,020,378
Net profit for the period		51,448,294	210,588,080
		1,352,871,690	1,303,286,212
Non-controlling interests		200,091	216,755
		1,353,071,781	1,303,502,967
Non-current liabilities			
Deferred taxes liabilities	15	164,071,397	164,998,958
Pensions and other post-employment benefits	16	14,024,285	13,713,756
Provisions	17	28,912,883	25,213,377
Interest-bearing liabilities	18	726,882,751	729,696,907
Other non-current liabilities	18	22,333,056	24,471,153
		956,224,372	958,094,151
Current liabilities			
Interest-bearing liabilities	18	6,250,000	91,250,000
Payables and other current liabilities	19	280,701,272	264,839,433
State and other public entities	13	71,848,936	49,329,012
		358,800,208	405,418,445
Total liabilities		1,315,024,580	1,363,512,596
Total equity and liabilities		2,668,096,361	2,667,015,563

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2011 AND 2010

Amounts in Euro	1st Quarter 31-03-2011	1st Quarter 31-03-2010
Retained earnings for the year without non-controlling interests	51,432,469	32,205,853
Fair value in derivative financial instruments	2,207,201	1,038,918
Currency translation differences	(663,563)	1,236,315
Actuarial gains / (losses)	(271,491)	215,943
Tax on items above when applicable	(308,619)	(287,958)
Profit directly recognized in equity	963,528	2,203,218
Total recognized income and expense for the period	52,395,997	34,409,071
Attributable to:		
Portucel's shareholders	52,412,661	34,441,035
Non-controlling interests	(16,664)	(31,964)
	52,395,997	34,409,071

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2011 AND 2010

	31 December	Gains/losses	Dividends paid and	Treasury shares	Application of prior	31 March
Amounts in Euro	2010	recognized in the year	distributed reserves	acquisition	year's net profit	2011
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
Currency translation reserve	881.574	(663.563)	-	-	-	218.011
Retained earnings	304.116.706	(270.364)	-	-	210.588.080	514.434.422
Net profit for the period	210.588.080	51.448.294	-	-	(210.588.080)	51.448.294
Total	1.303.382.538	52.412.661	-	(2.923.510)	-	1.352.871.689
Non-controlling interests	216.755	(16.664)	-	-	-	200.091
Total	1.303.599.293	52.395.997	-	(2.923.510)	-	1.353.071.780

	31 December	Gains/losses	Dividends paid and	Treasury shares	Application of prior	31 March
Amounts in Euro	2009	recognized in the year	distributed reserves	acquisition	year's net profit	2010
Share capital	767.500.000	-	-	-	-	767.500.000
Treasury shares	(26.787.706)	-	-	-	-	(26.787.706)
Fair value reserve	(1.456.243)	763.604	-	-	-	(692.639)
Other reserves	42.330.224	-	-	-	4.675.620	47.005.844
Currency translation reserve	241.567	1.236.315	-	-	-	1.477.882
Retained earnings	383.418.964	202.211	(62.076.765)	-	100.403.940	421.948.350
Net profit for the period	105.079.560	32.238.906	-	-	(105.079.560)	32.238.906
Total	1.270.326.366	34.441.036	(62.076.765)	-	-	1.242.690.636
Non-controlling interests	230.003	(31.964)	-	-	-	198.039
Total	1.270.556.369	34.409.072	(62.076.765)	-	-	1.242.888.676

CONSOLIDATED CASH FLOW STATEMENT

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2011 AND 2010

Amounts in Euro	Notes	1st Quarter 31-03-2011 (unaudited)	1st Quarter 31-03-2010 (unaudited)
OPERATING ACTIVITIES			
Payments from customers		384,532,159	333,946,330
Payments to suppliers		296,678,179	279,207,036
Payments to personnel		17,135,815	22,718,881
Cash flow from operations		<u>70,718,165</u>	<u>32,020,413</u>
Income tax received / (paid)		(7,752,680)	(2,564,887)
Other receipts / (payments) relating to operating activities		2,761,663	(5,418,660)
Cash flow from operating activities (1)		<u>65,727,148</u>	<u>24,036,866</u>
INVESTING ACTIVITIES			
Inflows			
Intangible assets (CO2 emission rights)		-	4,552,360
Interest and similar income		1,097,981	6,317,115
Inflows from investment activities (A)		<u>1,097,981</u>	<u>10,869,475</u>
Outflows			
Property, plant and equipment		-	25,860,570
Outflows from investment activities (B)		<u>-</u>	<u>25,860,570</u>
Cash flows from investment activities (2 = A - B)		<u>1,097,981</u>	<u>(14,991,094)</u>
FINANCING ACTIVITIES			
Inflows			
Borrowings		-	315,000,000
Inflows from financing activities (C)		<u>-</u>	<u>315,000,000</u>
Outflows			
Borrowings		88,125,000	300,000,000
Interest and similar costs		2,981,808	6,308,946
Acquisition of treasury shares		2,923,510	-
Outflows from financing activities (D)		<u>94,030,318</u>	<u>306,308,946</u>
Cash flows from financing activities (3 = C - D)		<u>(94,030,318)</u>	<u>8,691,054</u>
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(27,205,189)	17,736,826
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		133,958,910	52,549,252
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>106,753,721</u>	<u>70,286,078</u>

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF MARCH 31, 2011

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

The Portucel Soporcel Group ("Group") comprises Portucel – Empresa Produtora de Pasta e Papel, S.A. (hereafter referred to as the Company or Portucel) and its subsidiaries. Portucel is a public company with the capital represented by shares and was incorporated on 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.

Head Office: Mitrena, 2901-861 Setúbal
Share Capital: Euro 767,500,000
Registration No: 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 added chain from research and development of forestry and agricultural production, the purchase of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP and electric and thermal energy.

These consolidated interim financial statements were approved by the Board of Directors on 20 April 2011.

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 Group's consolidated interim financial statements for the three months period ended March 31, 2011 were prepared in accordance with the International Accounting Standard nº 34 – Interim Financial Reporting.

These consolidated financial statements were prepared on a going concern basis, from the accounting books and records of companies included in the consolidation scope (Note 22), herein, and under the historic cost convention, except for biological assets and derivative financial instruments which are recorded at fair value (Notes 20 and 10).

2. Accounting Policies

The accounting policies adopted of in the preparation these consolidated interim financial statements are consistent to those used in the preparation of the financial statements as of December 31, 2010, which are described in the notes.

3. Segmental information

Segment information is presented for identified business segments, namely Forestry, Pulp, Paper and Energy. Revenues, assets and liabilities of each segment correspond to those directly allocated to them, as well as to those that can be reasonably attributed to those segments.

The financial data by operating segment for the 3 month periods ended 31 March 2011 and 2010 is shown as follows:

	1st Quarter 31-03-2011					TOTAL
	FORESTRY	PULP STAND ALONE	PULP AND PAPER FOR PRODUCTION	ENERGY	ELIMINATIONS / UNALLOCATED	
REVENUE						
Sales and services - external	739,886	35,797,728	294,407,126	37,906,976	384,192	369,235,908
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
PROFIT/(LOSS)						
Segmental profit	4,009,867	6,387,139	59,492,105	3,117,738	(6,270,201)	66,736,646
Operating profit	-	-	-	-	(6,461,637)	(6,461,637)
Group share of (loss) / gains of associated companies	-	-	-	-	232,591	232,591
Income tax	-	-	-	-	(9,075,131)	(9,075,131)
Net profit before non-controlling interests	-	-	-	-	-	51,432,469
Non-controlling interest	-	-	-	-	15,825	15,825
Net profit	-	-	-	-	-	51,448,294
OTHER INFORMATION						
Segment assets	179,790,906	175,079,517	1,965,208,648	181,234,246	165,152,869	2,666,466,186
Financial investments	-	-	126,074	1,504,101	-	1,630,175
Total assets	179,790,906	175,079,517	1,965,334,722	182,738,347	165,152,869	2,668,096,361
Segment liabilities	4,671,152	19,147,080	1,166,489,330	23,955,199	100,761,819	1,315,024,580
Total liabilities	4,671,152	19,147,080	1,166,489,330	23,955,199	100,761,819	1,315,024,580
Capital expenditure	42,064	-	4,687,864	-	-	4,729,928
Depreciations	71,888	2,229,639	26,613,225	3,055,466	1,376,141	33,346,359
Provisions	-	-	-	-	3,699,505	3,699,505

	1st Quarter 31-03-2010					TOTAL
	FORESTRY	PULP STAND ALONE	PULP AND PAPER FOR PRODUCTION	ENERGY	ELIMINATIONS / UNALLOCATED	
REVENUE						
Sales and services - external	1,753,562	27,780,233	230,716,115	34,029,796	-	294,279,706
Sales and services - intersegment	42,550,520	-	-	16,918,208	(59,468,728)	-
Total revenue	44,304,082	27,780,233	230,716,115	50,948,004	(59,468,728)	294,279,706
PROFIT/(LOSS)						
Segmental profit	4,396,406	3,383,554	28,716,760	4,595,056	113,055	41,204,831
Financial costs - net	-	-	-	-	(6,307,235)	(6,307,235)
Income tax	-	-	-	-	(2,691,743)	(2,691,743)
Net profit before non-controlling interests	-	-	-	-	-	32,205,853
Non-controlling interests	-	-	-	-	33,053	33,053
Net profit	-	-	-	-	-	32,238,906
OTHER INFORMATION						
Segment assets	188,582,370	180,504,908	1,809,167,094	242,481,714	147,612,353	2,568,348,439
Financial investments	-	-	126,074	4,000	-	130,074
Total assets	188,582,370	180,504,908	1,809,293,168	242,485,714	147,612,353	2,568,478,513
Segment liabilities	7,060,219	20,017,728	1,216,067,238	18,684,879	63,759,771	1,325,589,835
Total liabilities	7,060,219	20,017,728	1,216,067,238	18,684,879	63,759,771	1,325,589,835
Capital expenditure	-	18,925,334	12,951,462	291,828	-	32,168,624
Depreciations	132,094	2,441,707	31,770,295	3,847,038	-	38,191,134
Provisions	-	-	-	-	(6,958,441)	(6,958,441)

4. Net financial costs

As of 31 March 2011 and 2010, Net financial results comprise:

Amounts in Euro	1st Quarter 31-03-2011 (unaudited)	1st Quarter 31-03-2010 (unaudited)
Interest paid on borrowings	(5,261,451)	(4,920,996)
Interest earned on investments	969,903	188,449
Exchange rate differences	(2,475,279)	(413,131)
Gains / (losses) on financial instruments - trading (Note 20)	624,368	325,078
Gains / (losses) on financial instruments - hedging (Note 20)	46,551	(1,164,703)
Compensatory interest	14,659	21,801
Other financial costs	(380,388)	(343,733)
	(6,461,637)	(6,307,235)

5. Income Tax

As of 31 March 2011 and 2010, Income tax is detailed as follows:

Amounts in Euro	1st Quarter 31-03-2011 (unaudited)	1st Quarter 31-03-2010 (unaudited)
Current tax (Note 13)	17,529,629	8,481,300
Provision for current tax	(516,729)	(242,681)
Deferred tax (Note 15)	(7,937,769)	(5,546,876)
	9,075,131	2,691,743

The provision for current tax is detailed as follows:

Amounts in Euro	1st Quarter 31-03-2011 (unaudited)	1st Quarter 31-03-2010 (unaudited)
Change in the estimate for additional payments	(516,729)	(1,075,645)
Other	-	832,964
	(516,729)	(242,681)

In the 3 month periods ended 31 March 2010 and 2009, the reconciliation of the effective income tax rate was as follows:

Amounts in Euro	1st Quarter 31-03-2011 (unaudited)	1st Quarter 31-03-2010 (unaudited)
Profit before tax	60,507,600	34,897,596
Expected tax	25.00%	25.00%
Municipal surcharge	1.50%	1.50%
State Surcharge	2.50%	0.00%
Differences (a)	(9.78%)	(14.89%)
Provision for current tax	(0.85%)	(0.70%)
Tax benefits	(3.37%)	0.00%
	15.00%	7.71%
	9,075,131	2,691,743

(a) This amount is made up essentially of:

Amounts in Euro	1st Quarter 31-03-2011 (unaudited)	1st Quarter 31-03-2010 (unaudited)
Capital gains / (losses) for tax purposes	12,240	2,385
Capital gains / (losses) for accounting purposes	3,441	(2,980)
Taxable provisions	(17,356,864)	(14,720,599)
Tax benefits	(111,422)	(129,930)
Effect of pension funds	(993,420)	1,042,475
Other	(3,881,812)	(5,794,071)
	(22,327,838)	(19,602,720)
Tax Effect 26.50%	(5,916,877)	(5,194,721)

The annual tax returns in Portugal are subject to review and possible adjustment on the part of the tax authorities during a period of 4 years. However, where there are tax losses, these may be subject to review and additional assessment by the tax authorities for a period of 6 years.

In the other countries in which the Group carries on its operations, the periods differ, as a general rule, they are longer.

The Board of Directors is of the opinion that any corrections to those tax returns as a result of assessments by the tax authorities will not have a material impact on the consolidated financial statements at 31 March 2011. Additionally, the annual tax returns, namely of Portucel, Soporcel and ATF, up to 2008, were already reviewed. The inspection of the annual tax return of 2009 is currently underway.

6. Earnings per share

Amounts in Euro	1st Quarter 31-03-2011	1st Quarter 31-03-2010
Profit attributable to the Company's shareholders	51,448,294	32,238,906
Total number of issued shares	767,500,000	767,500,000
Treasury shares - yearly average (Note 14)	(16,043,035)	(15,054,358)
	751,456,965	752,445,642
Basic earnings per share	0.068	0.043
Diluted earnings per share	0.068	0.043

There are no convertible financial instruments over the Group's shares, and, as such, there is no dilution of earnings.

7. Application of prior year's net profit and retained earnings

The General Assembly for approval of financial statements and results for the year ended December 31, 2010 is scheduled for 19 May 2011.

As such, no decision concerning to the application of results for 2010 has been taken. Those results are shown as net income from prior years.

The appropriation made in 2010 over the 2009 net profits were as follows:

Amounts in Euro	2009
Distribution of dividends (excluding treasury shares)	26,662,818
Legal reserves	6,193,742
Net income from prior years	72,223,000
	105,079,560

The resolution for the appropriation of the 2009 net profit, passed at Portucel's General Meeting held on 15 March 2010, 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 33,623,766 (2008: Euro 24,361,661) was transferred to retained earnings.

8. Other intangible assets

The movements registered during the three months period ended March 31, 2011 and the year ended December 31, 2010, under the caption "Other intangible assets", as well as on the respective amortisation and impairment losses accounts, were as follows:

Amounts in Euro	Industrial property and other rights	CO2 emission licenses	Total (unaudited)
Acquisition costs			
Amount as of 1 January 2010	1,896,278	1,856,237	3,752,515
Acquisitions	-	12,808,389	12,808,389
Disposals	-	(3,173,185)	(3,173,185)
Adjustments, transfers and write-off's	-	(744,735)	(744,735)
Amount as of 31 March 2010	1,896,278	10,746,706	12,642,984
Disposals	-	(11,418,188)	(11,418,188)
Adjustments, transfers and write-off's	-	744,735	744,735
Amount as of 31 December 2010	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
Accumulated depreciation and impairment losses			
Amount as of 1 January 2010	(1,411,377)	-	(1,411,377)
Amortizations and impairment losses	(116,105)	-	(116,105)
Amount as of 31 March 2010	(1,527,482)	-	(1,527,482)
Amortizations and impairment losses	(349,626)	-	(349,626)
Amount as of 31 December 2010	(1,875,044)	-	(1,875,044)
Amortizations and impairment losses	(1,492)	-	(1,492)
Amount as of 31 March 2011	(1,876,546)	-	(1,876,546)
Net book value as of 1 January 2010	484,901	1,856,237	2,341,138
Net book value as of 31 March 2010	368,796	10,746,706	11,115,502
Net book value as of 31 December 2010	21,234	73,252	94,486
Net book value as of 31 March 2011	19,732	12,703,925	12,723,657

The acquisitions during the three month periods ended March 31, 2011 and 2010, relate to the free allocation of CO2 emission under the National Plan for the Allocation of CO2 Emission Rights (PNALE), valued at their market value at the date of the grant.

9. Property, plant and equipment

The movements registered during the three months period ended March 31, 2011 and the year ended December 31, 2010, under the caption "Property, plant and equipment", as well as on the respective amortisation and impairment losses accounts were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and Other tangibles	Assets under construction	Total
Acquisition costs					
Amount as of 1 January 2010	108,207,782	477,978,350	3,100,516,304	175,172,051	3,861,874,487
Acquisitions	15,255	7,837	7,541,689	24,603,843	32,168,624
Disposals	-	-	(821)	-	(821)
Adjustments, transfers and write-off's	(34,309)	99,000	5,216,979	(10,135,264)	(4,853,594)
Amount as of 31 March 2010	108,188,728	478,085,187	3,113,274,151	189,640,630	3,889,188,696
Acquisitions	385,298	22,571,489	(210,993,787)	251,766,457	63,729,457
Disposals	-	-	(1,246,676)	-	(1,246,676)
Adjustments, transfers and write-off's	335,442	(2,373,394)	421,026,654	(414,827,727)	4,160,975
Amount as of 31 December 2010	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
Accumulated depreciation and impairment losses					
Amount as of 1 January 2010	-	(278,365,867)	(1,957,117,152)	-	(2,235,483,019)
Amortizations and impairment losses	-	(406,180)	(38,615,667)	-	(39,021,847)
Disposals	-	-	821	-	821
Adjustments, transfers and write-off's	-	-	(45)	-	(45)
Amount as of 31 March 2010	-	(278,772,047)	(1,995,732,043)	-	(2,274,504,090)
Amortizations and impairment losses	-	(22,625,824)	(55,818,923)	-	(78,444,747)
Disposals	-	-	1,246,676	-	1,246,676
Adjustments, transfers and write-off's	-	-	(565)	-	(565)
Amount as of 31 December 2010	-	(301,397,871)	(2,050,304,855)	-	(2,351,702,726)
Amortizations 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)
Net book value as of 1 January 2010	108,207,782	199,612,483	1,143,399,152	175,172,051	1,626,391,468
Net book value as of 31 March 2010	108,188,728	199,313,140	1,117,542,108	189,640,630	1,614,684,606
Net book value as of 31 December 2010	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

During the year ended December 31, 2010, the Group made a technical evaluation of its industrial assets aiming to assess its remaining useful life. This analysis, carried out by an international firm of independent evaluators concluded that the useful lives of major assets of the Group are greater than the ones hitherto considered for purposes of their depreciation, with the respective depreciation rate being revised accordingly, with effect from July 1, 2010.

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, a Precipitated Calcium Carbonate production unit was installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new paper mill. 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 34,829,640 (31 December 2010: Euro 34.161.456), was deducted as of 31 March 2011. As of 31 March 2011, the net book value of these equipments was Euro 23,174,310 (31 December 2010: Euro 23,842,494).

As of 31 March 2011 "Assets under construction" included Euro 1,022,329 (31 December 2010: Euro 485,321), 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.

10. Biological Assets

The movements registered during the three months period ended March 31, 2011 and the year ended December 31, 2010 under biological assets, were as follows:

Amounts in Euro	2011	2010
	(unaudited)	
Amount as of 1 January	110,502,616	118,289,970
Changes in fair value		
Logging in the period	(1,817,053)	(5,324,293)
Growth	1,737,525	1,047,057
New plantations	796,007	339,151
Other changes in fair value	956,651	2,986,783
	1,673,130	(951,302)
Amount as of 31 March	112,175,746	117,338,668
Remaining quarters		(6,836,052)
Amount as of 31 December		110,502,616

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, write-downs as result of fires and price changes.

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

11.1. Available-for-sale financial assets

As of March 31, 2011 and December 31, 2010, "Available-for-sale financial assets" comprised:

Subsidiaries	% Held	31-03-2011	31-12-2010
		(unaudited)	
Liaison Technologies	2%	126,074	126,074
		126,074	126,074

The participation in Liaison Technologies is recorded at cost, as the difference (gain) to its fair value is not material as at 31 March 2011.

11.2. Investments in associates

As of March 31, 2011 and December 31, 2010, the movements in "Investments in associates" were as follows:

Amounts in Euro	2011	2010
	(unaudited)	
Amount as of 1 January 2010	516,173	-
Acquisitions	755,337	-
Appropriate outcome	232,591	-
Amount as of 31 March	1,504,101	-
Remaining quarters		516,173
Amount as of 31 December		516,173

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 9, considers to be a finance lease and recognises 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:

- Two of the five directors of the company are nominated in representation of the Group.
- A significant part of Soporgen's sales is made to the Group (at least 10% of the associate's revenues), and the rest, corresponding to electric energy, is sold to the EDP Group.
- The Group, as well as the remaining shareholders, is responsible for Soporgen's contracted bank loan, in the same proportion as its share (note 21).

12. Receivables and other current assets

As of March 31, 2011 and December 31, 2010, Receivables and other current assets comprised the following:

Amounts in Euro	31-03-2011	31-12-2010
	(unaudited)	
Accounts receivable	176,315,264	164,102,453
Other receivables	42,256,847	45,450,689
Derivative financial instruments (Note 20)	2,913,862	240,379
Accrued income	1,259,134	1,752,337
Deferred costs	7,217,321	1,293,678
	229,962,428	212,839,536

The receivables showed above are net of impairment losses, Euro 2.029.339 on March 31, 2011 and Euro 1.999.809 on December 31, 2010.

As of March 31, 2011 and December 31, 2010, "Other receivables" were detailed as follows:

Amounts in Euro	31-03-2011	31-12-2010
	(unaudited)	
Other		
AICEP - Incentivos financeiros a receber	38,199,792	38,199,792
Advance to employees	94,233	127,051
Other	3,962,822	7,123,846
	42,256,847	45,450,689

During the three months period ended 31 March 2011, the group companies that concluded their AICEP co-financed investment projects (Portucel SA and Soporcel SA), completed the procedures for submission of the eligible expenses, for the effect of receiving the amounts contracted.

Following will occur the validation procedures performed by AICEP that will allow the conclusion of the process and the receivable of the amounts contracted.

As of March 31, 2011 and December 31, 2010, "Accrued income" and "Deferred costs", were detailed as follows:

Amounts in Euro	31-03-2011	31-12-2010
	(unaudited)	
Accrued income		
Discounts in purchases	116,863	118,550
Interest receivable	481,844	882,643
Other	660,427	751,144
	1,259,134	1,752,337
Deferred costs		
Insurance	5,579,390	1,721
Other	1,637,931	1,175,405
	7,217,321	1,293,678
	8,476,455	3,046,015

13. State and other public entities

As of 31 December 2010 and 2009, 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	31-03-2011 (unaudited)	31-12-2010
State and other public entities		
Value added tax - refunds requested	54,737,410	29,994,482
Value added tax - to recover	3,661,738	2,233,548
	58,399,148	32,228,030

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

Amounts in Euro	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Total
Enerpulp	-	1,363,167	1,384,153	1,083,666	3,830,986
Portucel	1,412,015	-	-	-	1,412,015
PortucelSoporcel Fine Paper, S.A.	-	15,385,442	13,614,643	16,634,855	45,634,940
Bosques do Atlântico	-	-	-	3,859,469	3,859,469
	1,412,015	16,748,609	14,998,796	21,577,990	54,737,410

Up to the date of completion of this report, Euro 1,363,167 of these amounts had already been received.

As of December 31, 2010, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euro	Oct 2010	Nov 2010	Dec 2010	Total
Enerpulp	1,048,382	1,008,966	1,751,737	3,809,084
Portucel	3,404,917	6,443,233	1,412,015	11,260,166
Soporcel	-	4,258,429	6,749,682	11,008,111
About The Future	-	-	3,056,878	3,056,878
PortucelSoporcel Cogeração de Energia	-	436,733	-	436,733
Bosques do Atlântico	-	-	423,510	423,510
	4,453,299	12,147,362	13,393,822	29,994,482

Current Liabilities

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
State and other public entities		
Corporate income tax	28,099,366	10,929,868
Personal income tax - Withheld on salaries	1,153,131	5,526,025
Value added tax	19,230,795	7,475,821
Social Security	2,552,353	1,983,113
Additional tax assessments	20,681,765	21,198,494
Other	131,526	2,215,692
	71,848,936	49,329,013

As of March 31, 2011 and December 31, 2010, the detail of VAT was as follows

Amounts in Euro	31-03-2011	31-12-2010
Soporcel Pulp	7,228,724	-
Logística Papel, ACE	3,204,845	2,609,219
Soporcel	2,786,237	-
Portucel	2,145,137	88,537
ATF	1,869,541	1,284,293
Portucel Florestal	-	1,044,811
Portucel Papel Setúbal	748,960	1,032,934
PortucelSoporcel Florestal	599,946	568,405
EMA21	268,573	43,215
SPCG	121,175	131,651
Headbox	91,567	92,712
Aflomec	166,090	580,044
	19,230,795	7,475,821

The changes in provisions for additional tax assessments during the three months period ended March 31, 2011 and the year ended December 31, 2010, were as follows:

Amounts in Euro	2011 (unaudited)	2010
Amount as of 1 January	21,198,494	23,369,527
Increase	-	-
Decrease	(516,729)	(1,075,645)
Amount as of 31 March	20,681,765	22,293,882
Remaining quarters	-	(1,095,388)
Amount as of 31 December		21,198,494

The amounts related with the additional tax assessments include compensatory interest. The decrease in the period results from reimbursement by the Spanish State of the withholding tax on the dividends paid by ENCE from 2001 to 2004 following the decision of the competent administrative court.

As at March 31, 2011 and December 31, 2010, the additional tax assessments are detailed as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Additional assessment 2005- Portucel - IRC (RETGS)	11,467,446	11,467,446
Additional assessment 2006- Portucel - IRC (RETGS)	9,279,414	9,279,414
Other	(65,095)	451,634
	20,681,765	21,198,494

14. Share capital and treasury shares

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

As of 31 March 2011, 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 16,221,970 are held as treasury shares.

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

	2011		2010	
	Quant.	Amount	Quant.	Amount
Treasury shares held in January	15,054,358	26,787,706	15,054,358	26,787,706
Acquisitions				
January	-	-	-	-
February	188,000	469,490	-	-
March	979,612	2,454,020	-	-
	1,167,612	2,923,510	-	-
Treasury shares held in 31 March	16,221,970	29,711,216	15,054,358	26,787,706
Remaining quarters	-	-	-	-
Treasury shares held in 31 December			15,054,358	26,787,706

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

Entities	31-03-2011	
	Nº of Shares	% Equity
Seinpar Investments, BV	241,583,015	31.48%
Seinpart - Participações, SGPS, S.A.	230,839,400	30.08%
Semapa, SGPS, S.A.	108,369,294	14.12%
Other Semapa Group entities	18,000	0.00%
Bestinver Gestión, SA SGIIC	14,976,262	1.95%
Treasury shares	16,221,970	2.11%
Other Shareholders	155,492,059	20.26%
Total	767,500,000	100.00%

As of 31 December 2010, the shareholders with significant positions in the Company's capital were as follows:

Entities	31-12-2010	
	Nº of Shares	% Equity
Seinpar Investments, BV	241,583,015	31.51%
Seinpart - Participações, SGPS, S.A.	230,839,400	30.11%
Semapa, SGPS, S.A.	105,522,241	13.76%
Other Semapa Group entities	1,179,800	0.15%
Bestinver Gestión, SA SGIIC	15,443,547	2.01%
Treasury shares	15,054,358	1.96%
Other Shareholders	157,107,259	20.49%
Total	766,729,620	100.00%

The market value of the treasury shares held on 31 March 2011 amounted to Euro 1,902,632,500, corresponding to an unitary value of Euro 2,479.

15. Deferred Taxes

The movements in Deferred tax assets and liabilities during the three months period ended March 31, 2011 were as follows:

Amounts in Euro	As of 1 January 2011	Income Statement		Equity	As of 31 March 2011 (unaudited)
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Tax losses carried forward	408,173	-	-	-	408,173
Taxed provisions	1,333,951	4,215,685	(5,376,315)	-	173,321
Fixed assets adjustments	52,478,380	34,369,769	-	-	86,848,149
Retirement benefits	3,171,632	-	-	-	3,171,632
Deferred accounting gains on inter-group transactions	10,692,933	1,859,655	-	-	12,552,588
Valuation of biological assets	8,157,968	-	(8,157,968)	-	-
Depreciation of assets recognised under IFRIC 4	3,631,551	-	(3,601,003)	-	30,548
	79,874,588	40,445,109	(17,135,286)	-	103,184,411
Temporary differences originating deferred tax liabilities					
Revaluation of fixed assets	(19,973,300)	-	379,596	-	(19,593,704)
Retirement benefits	(994,026)	(11,544)	-	1,906	(1,003,664)
Derivative Financial Instruments	(109,529)	-	-	(1,075,363)	(1,184,892)
Adjustments POC/SNC	(29,745,883)	-	5,911,610	-	(23,834,273)
Tax Benefits	(62,087,933)	(21,424,550)	-	-	(83,512,483)
Extension of the useful life of the tangible fixed assets	(356,185,011)	-	9,891,103	-	(346,293,908)
Valuation of biological assets	-	-	(7,286,926)	-	(7,286,926)
Deferred accounting losses on inter-group transactions	(104,813,742)	-	16,840,469	-	(87,973,273)
	(573,909,424)	(21,436,094)	25,735,852	(1,073,457)	(570,683,123)
Amounts presented on the balance sheet					
Deferred tax assets	22,963,944	11,627,983	(4,926,395)	-	29,665,532
Deferred tax liabilities	(164,998,959)	(6,162,877)	7,399,058	(308,618)	(164,071,397)
	(164,998,959)	(6,162,877)	7,399,058	(308,618)	(164,071,397)

In the measurement of deferred taxes as at 31 March 2011, the corporate income tax rate used was 28.75%. This rate includes the impact of the state tax surcharge introduced as part of the temporary austerity measures under the Stability and Growth Plan (Plano de Estabilidade e Crescimento - PEC), and passed in Law 12-A/2010, notwithstanding the fact that it is the company's understanding that the reversal of the majority of the existing deferred taxes passed will take place in a period subsequent to that covered by the PEC, that is, after 2013.

Amounts in Euro	As of 1 January 2010	Income Statement		Equity	As of 31 March 2010 (unaudited)	Income Statement		Equity	As of 31 December 2010
		Increases	Decreases			Increases	Decreases		
Temporary differences originating deferred tax assets									
Tax losses carried forward	218,900	-	-	-	218,900	189,273	-	-	408,173
Taxed provisions	6,228,018	-	(178,782)	-	6,049,236	-	(4,715,285)	-	1,333,951
Fixed assets adjustments	36,986,656	33,125,082	(5,157,226)	-	64,954,512	(17,633,358)	5,157,226	-	52,478,380
Retirement benefits	2,778,500	-	-	-	2,778,500	451,688	(58,557)	-	3,171,632
Derivative Financial Instruments	1,981,284	-	-	(1,038,918)	942,366	-	-	(942,366)	-
Deferred accounting gains on inter-group transactions	4,725,573	2,389,905	-	-	7,115,478	3,577,456	-	-	10,692,933
Valuation of biological assets	10,127,671	-	(1,615,524)	-	8,512,147	-	(354,179)	-	8,157,968
Depreciation of assets recognised under IFRIC 4	3,983,424	126,875	(95,412)	-	4,014,887	(126,875)	(256,462)	-	3,631,551
	67,030,027	35,641,862	(7,046,944)	(1,038,918)	94,586,027	(13,541,816)	(227,257)	(942,366)	79,874,588
Temporary differences originating deferred tax liabilities									
Revaluation of fixed assets	(23,336,634)	-	380,179	-	(22,956,455)	-	2,983,155	-	(19,973,300)
Retirement benefits	(1,000,187)	(7,238)	-	(47,692)	(1,055,117)	(56,509)	-	117,601	(994,026)
Derivative Financial Instruments	-	-	-	-	-	-	-	(109,529)	(109,529)
Adjustments POC/SNC	-	-	4,337,106	-	4,337,106	(29,745,883)	(4,337,106)	-	(29,745,883)
Fair Value of tangible fixed assets	(232,991,369)	-	8,696,740	-	(224,294,629)	-	224,294,629	-	-
Tax Benefits	(89,442,118)	(38,424,533)	13,834,526	-	(114,032,125)	38,424,533	13,519,659	-	(62,087,933)
Extension of the useful life of the tangible fixed assets	(147,045,954)	-	-	-	(147,045,954)	(209,139,056)	-	-	(356,185,011)
Deferred accounting losses on inter-group transactions	(28,603,983)	(582,456)	4,102,335	-	(25,084,104)	(75,627,303)	(4,102,335)	-	(104,813,742)
	(522,420,245)	(39,014,227)	31,350,886	(47,692)	(530,131,278)	(276,144,219)	232,358,002	8,071	(573,909,424)
Amounts presented on the balance sheet									
Deferred tax assets	17,762,957	9,445,093	(1,867,440)	(275,313)	25,065,297	(1,627,734)	(223,893)	(249,726)	22,963,945
Deferred tax liabilities	(138,441,365)	(10,338,770)	8,307,985	(12,638)	(140,484,789)	(92,083,913)	67,508,320	61,423	(164,998,958)

16. Pensions and other post-employment 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. For some categories of employees there are plans in addition to the ones described below, for which independent funds were also created to cover these additional liabilities.

Under the prevailing Social Benefits Regulation, permanent employees of Portucel and its main subsidiaries with more than five years' service (ten years for Soporcel, Portucel Soporcel Florestal and Raiz) are entitled to a monthly retirement pension or disability supplement after retirement or disability.

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, Aliança Florestal and Raiz), including a survivor pensions 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 March 31, 2011 and December 31, 2010, the coverage of the companies' liabilities by the assets of the funds was as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Past services liabilities		
- Active employees	69,493,330	69,670,296
- Retired employees	44,891,719	43,784,857
Market value of the pension funds	(103,473,868)	(102,854,501)
	10,911,181	10,600,652
Retirement bonuses' liabilities	3,113,104	3,113,104
Unfunded liabilities	14,024,285	13,713,756

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 2011 and 31 December 2010 were based on the following assumptions:

	31-03-2011	31-12-2010
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	1.50%	1.50%

For the year ended 31 December 2010 the Group used a technical rate of 5.50% to calculate the costs related to current services. However, due to the behavior of the capital markets in this year and its future expectations, liabilities with wages and pensions were measured using a technical rate of 2.00% and 2.25% respectively.

These assumptions were changed at the end of the year but only for the direct measurement of liabilities at 31 December 2010 and have not affected the costs recognized in the year.

16.3. Retirement and pension supplements

The movements were registered during the three months period ended March 31, 2011 and the year ended December 31, 2010, under the caption "retirement and pension plans", were as follows:

Amounts in Euro	2011 (unaudited)	2010
Opening balance	113,455,153	146,483,533
Costs recognised in the Income Statement	2,028,027	3,037,370
Pensions paid	(791,203)	(726,915)
Actuarial (gains)/losses	(306,928)	99,791
Closing balance	114,385,049	148,893,779
Remaining quarters		(35,438,626)
Closing balance	113,455,153	

The funds set up to cover the above mentioned liabilities had the following movement during the three months period ended March 31, 2011 and the year ended December 31, 2010:

Amounts in Euro	2011 (unaudited)	2010
Opening balance	102,854,501	129,743,758
Contributions made in the period	200,000	689,000
Expected return in the period	1,247,682	1,763,773
Actuarial gains/(losses) (difference between actual and expected returns)	(37,112)	315,737
Actuarial (gains)/losses	(791,203)	(726,915)
Assets at end of period	103,473,868	131,785,353
Remaining quarters		(28,930,852)
Liabilities at end of period	102,854,501	

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.

During the three months period ended March 31, 2011 and the year ended December 31, 2010, the effect in the income statement of these plans was as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-03-2010 (unaudited)
Defined Benefit Plans		
Current services	607,284	990,855
Interest expenses	1,420,743	2,046,514
Return of the plan assets	(1,247,682)	(1,763,773)
	780,345	1,273,596
Defined Contribution Plans		
Defined contribution	329,049	70,267
Costs for the period	1,109,394	1,343,863

During the year ended 31 December 2009, Portucel SA presented to his employees a proposal to revise the pension plan in force, reshaping it from a defined benefit plan to a defined contribution plan.

This proposal was the acceptance of almost active collaborators.

On 1 November 2010, this amendment went into force, with effect from 1 January 2009.

Current service costs include Euro 17,826 (31 March 2010: Euro 16,780) related with three members of the Board.

16.4. Retirement bonuses

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

Amounts in Euro	2011 (unaudited)	2010
Opening balance	3,113,104	2,778,472
Liabilities at end of period	3,113,104	2,778,472
Remaining quarters	-	334,632
Liabilities at end of period	3,113,104	

17. Provisions

During the three months period ended March 31, 2011 and the year ended December 31, 2010 changes in provisions were as follows:

Amounts in Euro	Legal claims	Fiscal claims	Other	Total
As of 1 January 2010	2,096,956	-	22,063,494	24,160,450
Increases	-	-	-	-
Direct utilisations	(249)	-	(6,958,192)	(6,958,441)
As of 31 March 2010	2,096,707	-	15,105,302	17,202,009
Increases	2,361	10,966,340	13,615,713	24,584,414
Direct utilisations	(667,361)	-	(15,793,580)	(16,460,941)
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
Direct utilisations	-	-	(102,062)	(102,062)
As of 31 March 2011	1,532,439	10,966,340	16,414,103	28,912,882

18. Interest-bearing liabilities

As of March 31, 2011 and December 31, 2010, non-current interest-bearing liabilities were as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Non-current	(unaudited)	
Bond loans	550,000,000	550,000,000
Bank Loans	180,000,000	183,125,000
	730,000,000	733,125,000
Expenses with the issue of bond loans	(3,100,820)	(3,392,308)
Expenses with the issue of other loans	(16,429)	(35,785)
	(3,117,249)	(3,428,093)
	726,882,751	729,696,907

As of March 31, 2011 and December 31, 2010, current interest-bearing liabilities were as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Current	(unaudited)	
Bank loans - short-term	6,250,000	91,250,000
	6,250,000	91,250,000

As of 31 March 2011 and 31 December 2010, the Group's net debt was detailed as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Interest-bearing liabilities		
Non-current	726,882,751	729,696,907
Current	6,250,000	91,250,000
	733,132,751	820,946,907
Cash and cash equivalents		
Cash	39,189	45,562
Short term bank deposits	9,264,532	9,463,348
Other	97,450,000	124,450,000
	106,753,721	133,958,910
Treasury shares at their market value	40,214,264	34,263,719
Interest-bearing net debt	586,164,766	652,724,278

As of 31 March 2011 and 31 December 2010, Group's net debt was detailed as follows:

Amounts in Euro	31-03-2011		
	Non-current	Current	Total
			(unaudited)
Bond loans	546,899,180	-	546,899,180
Bank Loans	179,983,571	6,250,000	186,233,571
	726,882,751	6,250,000	733,132,751

Amounts in Euro	31-12-2010		
	Non-current	Current	Total
			(unaudited)
Bond loans	546,607,692	-	546,607,692
Bank Loans	183,089,215	91,250,000	274,339,215
	729,696,907	91,250,000	820,946,907

The movements in the Group's Net debt during the three months period ended March 31, 2011 and the year ended 31 December 2010 were as follows:

Amounts in Euro	3 months 2011 (unaudited)	3 months 2010 (unaudited)	Remaining quarters (unaudited)	12 months 2010 (unaudited)
As of January 1	652,724,278	669,954,905	-	669,954,905
Changes in the value of treasury shares held and accumulated currency translation effects	(2,716,191)	(1,972,121)	(5,876,827)	(7,848,948)
Interest paid	2,981,808	6,308,946	15,949,794	22,258,740
Dividends paid and reserves distributed	-	-	179,759,263	179,759,263
Receipts related to investment activities	-	(4,552,360)	(6,082,130)	(10,634,490)
Interest receivable	(1,097,981)	(6,317,115)	(725,092)	(7,042,207)
Payments related to investment activities	-	25,860,570	24,674,657	50,535,227
Net receipts of operating activities	(65,727,148)	(28,137,768)	(216,120,444)	(244,258,212)
	586,164,766	661,145,057		652,724,278

The repayment terms for non-current loans are detailed as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Non-current	(unaudited)	
1 to 2 years	160,952,381	164,077,381
2 to 3 years	219,702,381	219,702,381
3 to 4 years	59,702,381	59,702,381
4 to 5 years	179,702,381	179,702,381
Over 5 years	109,940,476	109,940,476
	730,000,000	733,125,000

As of 31 March 2011 and 31 December 2010 the Group has the following equipments recognised under finance lease (note 9):

Amounts in Euro	31-03-2011		
	Acquisition value	Acumulated depreciation	Net book value
			(unaudited)
Equipment - Soporgen	44,003,950	33,002,963	11,000,987
Equipment - PCC	14,000,000	1,826,677	12,173,323
	58,003,950	34,829,640	23,174,310

Amounts in Euro	31-12-2010		
	Acquisition value	Acumulated depreciation	Net book value
			(unaudited)
Equipment - Soporgen	44,003,950	32,269,564	11,734,386
Equipment - PCC	14,000,000	1,891,892	12,108,108
	58,003,950	34,161,456	23,842,494

The non-current and current liabilities related to those equipments are detailed as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Non-current	22,333,056	24,471,153
Current (Note 18)	3,644,523	2,115,500
	25,977,579	26,586,653

As of March 31, 2011, the Group had available but unused credit lines amounting to Euro 82,450,714.

19. Payables and other current liabilities

As of March 31, 2011 and December 31, 2010 the caption Payables and other current liabilities were detailed as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Accounts payable to suppliers	122,319,371	119,182,565
Accounts payable to fixed assets suppliers	29,620,304	38,107,662
Accounts payable to fixed assets suppliers - leases (Note 19)	3,644,523	2,115,500
Accounts payable - related parties	-	143,086
Financial instruments derivatives (Note 20)	31,270	189,617
Other creditors - CO2 Emission allowances	10,081,227	6,316,312
Sales commissions	357,043	403,551
Other creditors	5,032,934	2,581,605
Accrued costs	39,944,416	33,856,509
Deferred income	69,670,184	61,943,025
	280,701,272	264,839,433

As of March 31, 2011 and December 31, 2010, "Accrued costs" and "Deferred income", were detailed as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Accrued costs		
Payroll expenses	23,628,321	18,539,655
Interests payable, including compensatory interest	5,825,054	4,057,165
Energy, Gas and maintenance	6,516,995	5,656,207
Other	3,974,046	5,603,482
	39,944,416	33,856,509
Deferred income		
Government grants	59,502,141	60,694,725
Grants - CO2 Emission allowances	8,919,710	-
Other	1,248,333	1,248,300
	69,670,184	61,943,025

As of March 31, 2011 and December 31, 2010, "Deferred income" on government grants was detailed per company as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
AICEP under investment contracts		
Portucel, S.A.	33,791,015	34,954,669
SoporcelPulp, S.A.	18,061,207	18,061,207
Soporcel, S.A.	7,154,495	7,154,495
	59,006,717	60,170,371
Other		
Portucel, S.A.	62,727	66,966
Raiz	366,630	388,393
Enerforest, S.A.	55,630	58,558
Cofotrans, S.A.	10,437	10,437
	495,424	524,354
	59,502,141	60,694,725

During the three months period ended 31 March 2011 and the year ended 31 December 2010, the grants regarding CO2 emission allowances had the following movements:

Amounts in Euro	2011 (unaudited)	2010
Grants - CO2 Emission allowances		
Opening balance	-	-
Increase	12,630,672	12,808,389
Utilisation	(3,710,962)	(3,674,813)
As of 31 March	8,919,710	9,133,576
Remaining quarters	-	(9,133,576)
As of 31 December	-	-

As at 31 March 2011 Ton of CO2 were traded at Euro 16.48 (USA) (2010: Euro 13.75), so the market value of emission allowances consumed during the three months ended 31 March 2011 is Euro 1,936,054.

20. Derivate Financial Instruments

As of 31 March 2011 and 31 December 2010, the fair value of derivative financial instruments designated as hedging and trading instruments was as follows:

Amounts in Euro	31-03-2011			31-12-2010	
	Notional	Positive	Negative	Net	Net
Hedging					
Swaps interest rate	-	-	-	-	-
Foreign exchange hedging - Future sales	33,010,853	1,216,162	1,100,829	2,316,991	109,529
	33,010,853	1,216,162	1,100,829	2,316,991	109,529
Trading					
Operations about CO2 licenses	-	(1,132,099)	-	(1,132,099)	-
Foreign exchange forwards	40,613,649	1,897,700	-	1,897,700	(58,767)
	40,613,649	565,601	-	565,601	(58,767)
	73,624,502	1,781,763	1,100,829	2,882,592	50,762

The fair value of derivative financial instruments is included in Payables and other current liabilities (Note 19).

The movement of the balances shown in the Statement of Financial Position (Notes 12 and 19) relating to financial instruments in the period, is detailed as follows:

	Changes in fair value (Trading)	Changes in fair value (Hedging)	Total
As of 1 January 2010	(1,379,160)	(1,981,284)	(3,360,444)
Maturity	325,078	(1,164,703)	(839,625)
Increase in fair value	-	2,203,621	2,203,621
As of 31 March 2010	(1,054,082)	(942,366)	(1,996,448)
Maturity	995,315	3,351,618	4,346,933
Decrease in fair value	-	(2,299,723)	(2,299,723)
As of 1 January 2011	(58,767)	109,529	50,762
Maturity	624,368	46,551	670,919
Increase in fair value	-	1,028,812	1,028,812
As of 31 March 2011	565,601	1,184,892	1,750,493

As at 31 March 2011, the derivative financial instruments previously summarised presented the following maturities:

	Nominal value	Maturity	Type	31-03-2011	31-12-2010	
				Fair value	Fair value	
Foreign exchange forwards	USD	32,777,000	26-May-11	Trading	410,887	123,396
	GBP	3,900,000	12-Jul-11	Trading	135,604	7,455
	USD	40,057,000	3-Aug-11	Trading	833,082	(268,405)
	GBP	11,267,000	12-Jul-11	Trading	318,127	78,787
					565,601	(58,767)
Foreign exchange forwards - investments	USD	25,050,000	26-Nov-10	Hedging	84,063	109,529
In subsidiaries	CHF	20,000,000	31-Dec-11	Hedging	(31,270)	-
					52,793	109,529
					618,394	50,762

21. Commitments

21.1. Commitments towards third-parties

As of March 31, 2011 and December 31, 2010, commitments assumed by the Group were as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Guarantees in favour of associated companies		
Guarantees		
Soporgen, S.A.	333,333	333,333
	333,333	333,333
Guarantees in favour of third parties		
Guarantees		
Portuguese Tax Authorities	27,064,473	27,917,200
Duties with wood imports	3,596,378	3,531,019
Simria	327,775	340,005
Other	3,135,959	792,590
	34,124,585	32,580,814
	34,457,918	32,914,147

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

As of 31 March 2011, the amount to settle of this loan was Euro 4,166,667, and the amount of the guarantee assumed by Soporcel was Euro 333,333, which was reduced in the year as a result of the reduction in the underlying loan.

Under the agreement for the purchase of an additional 10% stake in Soporgen, Soporcel undertook to the seller against the bank guarantee to ensure that the company, in the same way that Soporcel side presented to the share of that loan, the date on which it was contractually.

The guarantees granted to the Portuguese Tax Authorities were detailed as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Income Tax 2005 - Additional Tax assessments	14,656,907	14,656,907
Income Tax 2006 - Additional Tax assessments	11,831,696	11,831,696
Income Tax 2007 - Municipal surcharge	-	852,727
Stamp duty 2004	575,870	575,870
	27,064,473	27,917,200

The guarantees granted to customs and foreign tax authorities mainly regarding wood imports were detailed as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Beneficiaries		
Portuguese Customs	2,434,250	2,434,250
Setubal Customs	780,000	780,000
Customs control	110,000	110,000
Switzerland Tax Authorities	272,128	206,769
	3,596,378	3,531,019

21.2. Purchase commitments

In addition to the commitments described in the preceding Note, purchase commitments assumed with suppliers as at 31 March 2011 amounted to Euro 20,040,753 and referred to capital expenditure on Property, plant and equipment (total commitments at 31 December 2010: Euro 14,501,106).

As of March 31, 2011 and December 31, 2010, the commitments relating to operating lease contracts were as follows:

Amounts in Euro	31-03-2011 (unaudited)	31-12-2010
Due date		
2011	991,349	1,044,374
2012	1,160,898	1,060,712
2013	1,083,567	409,428
2014	629,193	112,280
2015	319,346	-
	4,184,353	2,626,794

As of March 31, 2011 and December 31, 2010, commitments relating to rents on forest land were as follows:

	31-03-2011	31-12-2010
2011	3,413,138	2,196,627
2012	2,767,585	1,990,593
2013	2,621,066	1,876,164
2014	2,298,258	1,690,656
2015	2,150,772	1,544,779
After 2015	23,540,803	18,103,905
	36,791,622	27,402,724

22. Contingent assets

Municipal surcharge (RETGS) 2008 / 2009 – Euro 1,062,068

In 2008 and 2009 Portucel presented the Income Tax form with a Municipal surcharge corresponding to the sum of the individual municipal surcharge of the companies included in the special tax regime applicable to groups of companies (RETGS) in accordance with the interpretation of the tax authorities (Circular Letter No. 20132 as of 14 April 2008).

Nevertheless, Portucel believes this municipal surcharge should correspond to 1.5% of the Group's taxable income, as stated by the Law nº2/2007 (Local Finance Law).

Due to this, Portucel presented a claim in order to collect the excess amounts paid, amounting to Euro 173,868 and Euro 888,200.

Following the initial rejection of the claim, Portucel appealed to the Court on 14 May 2010 and 6 January 2011.

On 2 February 2011 the Supreme Administrative Court decided in favour of Portucel's views, in a similar case. Therefore, a successful outcome is expected for this claim.

For 2010 it is estimated that the amount payable in excess will amount to Euro 2,579,155, which will also be subject to administrative appeal.

Investment contract - AICEP

Regarding the contracts signed with AICEP and up to 31 March 2011, a total amount of Euro 36,877,034 of tax incentives is yet to be recognized (31 December 2010: Euro 38,915,501).

Tax regime of Investment support (RFAI) 2009 and 2010

In 2009 the Group benefited from the tax regime of Investment Support established in Law No. 10/2009 of 10 March. A total amount of Euro 12,718,475 is yet to be recognized, of which the group estimates to use around 7 million Euros in the 2010 income tax statement.

23. Subsequent events

Through stock market operations on 1, 5, 6, 12, 13, 18 and 19 April 2011, Portucel acquired several lots of treasury shares, amounting to 267.906 titles, which are detailed as follows:

	2011	
	Quant.	Euro
01 April	11,812	29,181
05 April	70,000	173,036
06 April	1,094	2,693
12 April	50,000	124,286
13 April	60,000	148,898
18 April	60,000	147,633
19 April	15,000	37,054
	267,906	662,780

Following these acquisitions, Portucel now holds directly and indirectly through its subsidiaries, 16,310,941 shares representing 2.125% of its share capital.

24. Companies included in the consolidation

Company	Head office	Percentage of capital held by Group companies		
		Directly	Indirectly	Total
Parent Company:				
Portucel – Empresa Produtora de Pasta e Papel, 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
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
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 Florestal, SA				
	Setúbal	-	100.00	100.00
Cofotrans - Empresa de Exploração Florestal, SA				
	Figueira da Foz	-	100.00	100.00
Raiz - Instituto de Investigação da Floresta e Papel				
	Aveiro	-	94.00	94.00
PortucelSoporcel Floresta, SGPS, SA				
	Figueira da Foz	50.00	50.00	100.00
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA				
	Setúbal	-	100.00	100.00
Naturfungi, ACE				
	Setúbal	-	50.00	50.00
PortucelSoporcel Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA				
	Setúbal	-	100.00	100.00
Afoelca - Agrupamento complementar de empresas para protecção contra incêndios ACE				
	Portugal	-	64.80	64.80
Bosques do Atlantico, SL				
	Spain	-	100.00	100.00
PortucelSoporcel Pulp SGPS, S.A.				
	Setúbal	100.00	-	100.00
EPFF - Empresa de Pasta de Figueira da Foz, S.A.				
	Figueira da Foz	-	100.00	100.00
CELSET - Celulose de Setúbal, S.A.				
	Setúbal	-	100.00	100.00
CELCACIA - Celulose de Cacia, S.A.				
	Aveiro	-	100.00	100.00
Portucel International GmbH				
	Germany	-	100.00	100.00
PortucelSoporcel Papel, SGPS SA				
	Setúbal	100.00	-	100.00
Portucel Soporcel North America Inc.				
	USA	-	100.00	100.00
About the Future - Empresa Produtora de Papel, SA				
	Setúbal	0.01	99.99	100.00
Portucel Papel Setúbal, S.A.				
	Setúbal	-	100.00	100.00
PortucelSoporcel Sales & Marketing NV				
	Belgium	25.00	75.00	100.00
PortucelSoporcel Fine Paper , S.A.				
	Setúbal	-	100.00	100.00
PortucelSoporcel España, SA				
	Spain	-	100.00	100.00
PortucelSoporcel International, BV				
	Netherlands	-	100.00	100.00
PortucelSoporcel France, EURL				
	France	-	100.00	100.00
PortucelSoporcel United Kingdom, Ltd				
	United Kingdom	-	100.00	100.00
PortucelSoporcel Italia, SRL				
	Italy	-	100.00	100.00
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda				
	Figueira da Foz	-	100.00	100.00
PortucelSoporcel Deutschland, GmbH				
	Germany	-	100.00	100.00
PortucelSoporcel Handels, GmbH				
	Austria	-	100.00	100.00
PortucelSoporcel Afrique du Nord				
	Morocco	-	100.00	100.00
PortucelSoporcel Poland SP Z O *				
	Poland	-	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				
	Lisbon	-	100.00	100.00
Socortel - Sociedade de Corte de Papel, SA				
	Figueira da Foz	-	100.00	100.00
Cutpaper - 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
Ema Cacia - Engenharia e Manutenção Industrial, ACE				
	Aveiro	-	91.15	91.15
Ema Setúbal - Engenharia e Manutenção Industrial, ACE				
	Setúbal	-	92.56	92.56
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE				
	Figueira da Foz	-	91.47	91.47
EucaliptusLand, SA *				
	-	-	100.00	100.00
ImpactValue - SGPS, SA				
	Setúbal	100.00	-	100.00
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda				
	Mozambique	25.00	75.00	100.00
Portucel Florestal Brasil - Gestão de Participações, Ltda				
	Brazil	25.00	75.00	100.00
PortucelSoporcel Papel - Sales e Marketing, ACE				
	Figueira da Foz	50.00	50.00	100.00
PortucelSoporcel Logística de Papel, ACE				
	Figueira da Foz	33.33	66.67	100.00

* Companies incorporated in 2010

The subsidiary Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda was dissolved and liquidated during the three months period ended 31 March 2011.

BOARD OF DIRECTORS

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