(A free translation of the original in Portuguese)

Portobello S.A. and Subsidiaries

Report of Independent Accountants on Limited Review of Quarterly Information (ITR)
March 31, 2008

PricewaterhouseCoopers
Rua Alexandre Döhler, 129 6º Cj. 605
89201-260 - Joinville, SC - Brasil
Caixa Postal 389
Telefone (47) 422-7848
Fax (47) 422-6771

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Report of Independent Accountants on Limited Review

To the Board of Directors and Stockholders
Portobello S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) of Portobello S.A. (the "Company") for the quarter ended March 31, 2008, comprising the (parent company and consolidated) balance sheet, the statement of income, the performance report and the explanatory notes. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in conformity with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON) in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 As mentioned in Note 2, up to the approval of this Quarterly Information, Company management had not completed its studies on the impacts of the changes in accounting practices introduced by Law 11638/07 in order to record the possible effects, or to disclose an estimate of the possible effects, of the changes introduced by the Law on stockholders' equity and on the results of operations for the periods presented.

4 Based on our review, except for the matter mentioned in the previous paragraph, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the rules issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information.

PRICEWATERHOUSECOOPERS

Portobello S.A.

5 The Company has incurred recurring losses, mainly arising from its financial indebtedness, taxes payable in installments, working capital deficit and low liquidity. As described in Note 1, management has been implementing actions to modify the operating and financial conditions in order to improve profit margins, extend debt payments, reduce interest rates and obtain grace periods for payment. The Quarterly Information has been prepared and is being presented assuming that the Company will continue as a going concern, and that the business projections for the next year will be achieved and that the current negotiations with financial institutions will be successfully finalized.

6 Our review was conducted in order to issue a limited review report on the accounting information included in the Quarterly Information (ITR), taken as a whole. The statements of cash flows (parent company and consolidated) that are being presented to provide additional information on the Company and its subsidiaries are not required as an integral part of the basic Quarterly Information, prepared in accordance with accounting practices adopted in Brazil. The statements of cash flows have been submitted to the same review procedures described in paragraph 2 and, based on this review, we are not aware of any material modifications that should be made for them to be fairly presented, in all material respects, in relation to the Quarterly Information (ITR) for the quarter ended March 31, 2008, taken as a whole.

7 The Quarterly Information (ITR) mentioned in the first paragraph also includes comparative accounting information for the quarter ended March 31, 2007. The limited review of the Quarterly Information (ITR) for the quarter then ended was conducted by other independent accountants who issued a report thereon dated May 4, 2007, with an emphasis paragraph on the continuity of operations similar to paragraph 5 of this report. Also, the balance sheets of Portobello S.A. (individual and consolidated) at December 31, 2007, presented for comparison purposes, were audited by other independent accountants who issued a report thereon dated March 12, 2008, with an emphasis paragraph on the continuity of operations similar to paragraph 5 of this report.

Curitiba, May 8, 2008

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "S" SC

Carlos Biedermann
Contador CRC 1RS029321/O-4 "S" SC

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FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
March 31, 2008

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number - CNPJ
01377-3	PORTOBELLO S.A.	83.475.913/0001-91
4 - State Registration Number - NIRE		
42300030201		

01.02 - HEAD OFFICE

1 - ADDRESS			2 - SUBURB OR DISTRICT	
BR 101 KM 163			Centro	
3 - POSTAL CODE	**4 - MUNICIPALITY**		**5 - STATE**	
88200-000	Tijucas		SC	
6 - AREA CODE	**7 - TELEPHONE**	**8 - TELEPHONE**	**9 - TELEPHONE**	**10 - TELEX**
048	3279-2201	-	-	
11 - AREA CODE	**12 - FAX**	**13 -FAX**	**14 -FAX**	
048	3279-2223	-	-	
15 - E-MAIL				
dri@portobello.com.br				

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME				
Mario Augusto de Freitas Baptista				
2 - ADDRESS		**3 - SUBURB OR DISTRICT**		
BR 101 KM 163		Centro		
4 - POSTAL CODE	**5 - MUNICIPALITY**			**6 - STATE**
88200-000	Tijucas			SC
7 - AREA CODE	**8 - TELEPHONE**	**9 - TELEPHONE**	**10 - TELEPHONE**	**11 - TELEX**
048	3279-2201	-	-	
12 - AREA CODE	**13 - FAX**	**14 - FAX**	**15 - FAX**	
048	3279-2223	-	-	
16 - E-MAIL				
dri@portobello.com.br				

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	**2-END**	**3-QUARTER**	**4-BEGINNING**	**5-END**	**6-QUARTER**	**7-BEGINNING**	**8-END**
1/1/2008	12/31/2008	1	1/1/2008	3/31/2008	4	10/1/2007	12/31/2007

9 - INDEPENDENT ACCOUNTANT	10 - CVM CODE
PricewaterhouseCoopers Auditores Independentes	00287-9
11 - PARTNER RESPONSIBLE	**12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE**
Carlos Biedermann	220.349.270-87

(A free translation of the original in Portuguese)

Unaudited

FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Legislation
March 31, 2008

01.01- IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number - CNPJ
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

01.05- CAPITAL COMPOSITION

Number of shares (Thousands)	Current Quarter 3/31/2008	Prior quarter 12/31/2007	Same quarter in prior year 3/31/2007
Paid-up capital			
1 - Common	159,009	99,225	99,225
2 - Preferred	0	59,784	50,784
3 - Total	159,009	159,009	150,009
Treasury Stock			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

01.06- CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY
Commercial, Industrial and Other

2 - SITUATION
Operating

3 - NATURE OF OWNERSHIP
Local Private

4 -ACTIVITY CODE
1110 - Civil Construction, Construction Material and Decoration

5 - MAIN ACTIVITY
Manufacture and Sale of ceramic tiles

6 - TYPE OF CONSOLIDATION
Full

7 - TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT
Without exceptions

01.07- COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 - CNPJ	3 - NAME

01.08- DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - DATE APPROVED	4 - AMOUNT	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE

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FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
March 31, 2008

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number - CNPJ
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 -NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (THOUSANDS)	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE	2 - SIGNATURE
5/9/2008	

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

02.01 - Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2008	4 - 12/31/2007
1	Total assets	417,482	397,059
1.01	Current assets	148,505	137,892
1.01.01	Cash and banks	1,128	1,280
1.01.02	Receivables	83,902	71,825
1.01.02.01	Customers	78,769	67,486
1.01.02.02	Sundry receivables	5,133	4,339
1.01.02.02.01	Marketable securities	5,133	4,339
1.01.03	Inventories	54,695	59,205
1.01.04	Other	8,780	5,582
1.01.04.01	Advances to suppliers	4,631	1,690
1.01.04.02	Taxes recoverable	184	510
1.01.04.03	Dividends receivable	922	922
1.01.04.04	Prepaid expenses	979	263
1.01.04.05	Other	2,064	2,197
1.02	Non-current assets	268,977	259,167
1.02.01	Long- term receivables	99,426	97,776
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Receivables from related parties	92,280	91,087
1.02.01.02.01	Associated and similar companies	91,452	90,304
1.02.01.02.02	Subsidiaries	828	783
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	7,146	6,689
1.02.01.03.01	Judicial deposits	1,044	785
1.02.01.03.02	Deferred tax credits	5,434	5,475
1.02.01.03.03	Loans to employees	0	0
1.02.01.03.04	Properties for sale	156	156
1.02.01.03.05	Other	512	273
1.02.02	Permanent assets	169,551	161,391
1.02.02.01	Investments	12,114	5,498
1.02.02.01.01	In associated and similar companies	0	0
1.02.02.01.02	In associated and similar companies - goodwill	0	0
1.02.02.01.03	In subsidiaries	7,168	4,618
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other Investments	253	290
1.02.02.01.06	Compulsory loan	4,693	590
1.02.02.02	Property, plant and equipment	152,144	150,170
1.02.02.03	Intangible assets	550	549
1.02.02.04	Deferred charges	4,743	5,174

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01377-3	PORTOBELLO S.A.	83.475.913/0001-91

02.02 - Balance Sheet - Liabilities and Stockholders' Equity (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2008	4 - 12/31/2007
2	Total liabilities	417,482	397,059
2.01	Current liabilities	184,531	162,772
2.01.01	Loans and financing	78,995	55,366
2.01.02	Debentures	0	0
2.01.03	Suppliers	58,467	60,039
2.01.04	Taxes, fees and contributions	21,688	21,329
2.01.04.01	Taxes payable in installments	9,563	9,535
2.01.04.02	Taxes, fees and contributions	12,125	11,794
2.01.05	Dividends payable	0	0
2.01.06	Provisions	0	0
2.01.07	Debts with related parties	2,182	2,226
2.01.08	Other	23,199	23,812
2.01.08.01	Advances from customers	10,151	10,345
2.01.08.02	Labor and social security charges	7,440	7,630
2.01.08.03	Other	5,608	5,837
2.02	Non-current liabilities	205,519	210,744
2.02.01	Long-term liabilities	205,519	210,744
2.02.01.01	Loans and financing	35,727	42,348
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	4,570	2,849
2.02.01.04	Debts with related parties	9,526	9,356
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	155,696	156,191
2.02.01.06.01	Provision for income tax and social contribution on net income	18,114	18,249
2.02.01.06.02	Pension plan	3,529	3,604
2.02.01.06.03	Taxes payable in installments	26,487	28,097
2.02.01.06.04	Taxes payable	107,566	106,241
2.02.01.06.05	Other	0	0
2.02.02	Deferred income	0	0
2.04	Stockholders' equity	27,432	23,543
2.04.01	Paid-up capital	112,957	112,957
2.04.02	Capital reserves	267	267
2.04.03	Revaluation reserves	54,184	54,584
2.04.03.01	Own assets	54,184	54,584
2.04.03.02	Subsidiary/associated and similar companies	0	0
2.04.04	Revenue reserves	0	0
2.04.04.01	Legal	0	0
2.04.04.02	Statutory	0	0
2.04.04.03	For contingencies	0	0

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1 - Code	2 - Description	3 - 3/31/2008	4 - 12/31/2007
2.04.04.04	Unrealized profits	0	0
2.04.04.05	Profit retention	0	0
2.04.04.06	Special for undistributed dividends	0	0
2.04.04.07	Other revenue reserves	0	0
2.04.05	Retained earnings/Accumulated deficit	(139,976)	(144,265)
2.04.06	Advance for future capital increase	0	0

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03.01 - Statement of Income (R$ thousand)

1 - Code	2 - Description	3 - 1/1/2008 to 3/31/2008	4 - 1/1/2008 to 3/31/2008	5 - 1/1/2007 to 3/31/2007	6 - 1/1/2007 to 3/31/2007
3.01	Gross sales and/or service revenues	103,245	103,245	90,636	90,636
3.02	Deductions from gross revenues	(22,660)	(22,660)	(17,929)	(17,929)
3.03	Net sales and/or service revenues	80,585	80,585	72,707	72,707
3.04	Cost of sales and/or services rendered	(61,276)	(61,276)	(56,819)	(56,819)
3.05	Gross profit	19,309	19,309	15,888	15,888
3.06	Operating expenses/income	(15,142)	(15,142)	(20,286)	(20,286)
3.06.01	Selling	(10,180)	(10,180)	(8,151)	(8,151)
3.06.02	General and administrative	(3,413)	(3,413)	(2,961)	(2,961)
3.06.03	Financial	(5,105)	(5,105)	(7,506)	(7,506)
3.06.03.01	Financial income	1,473	1,473	2,865	2,865
3.06.03.01.01	Financial income	333	333	991	991
3.06.03.01.02	Foreign exchange variations, net	1,140	1,140	1,874	1,874
3.06.03.02	Financial expenses	(6,578)	(6,578)	(10,371)	(10,371)
3.06.04	Other operating income	4,926	4,926	861	861
3.06.05	Other operating expenses	(1,830)	(1,830)	(1,398)	(1,398)
3.06.05.01	Foreign exchange loss on Investments	(52)	(52)	(63)	(63)
3.06.05.02	Other operating expenses	(1,778)	(1,778)	(1,335)	(1,335)
3.06.06	Equity in the earnings (loss) of subsidiary and associated companies	460	460	(1,131)	(1,131)
3.07	Operating profit (loss)	4,167	4,167	(4,398)	(4,398)
3.08	Non-operating income, net	2	2	83	83
3.08.01	Income	2	2	199	199
3.08.02	Expenses	0	0	(116)	(116)
3.09	Profit before taxation/profit sharing	4,169	4,169	(4,315)	(4,315)
3.1	Provision for income tax and social contribution on net income	(375)	(375)	0	0
3.11	Deferred income tax	94	94	0	0
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on own capital	0	0	0	0
3.15	Net income/loss for the period	3,888	3,888	(4,315)	(4,315)
	Number of shares (thousand), excluding treasury stock	159,009	159,009	150,009	150,009
	Net income per share - R$	0.02445	0.02445		
	Loss per share - R$			(0.02876)	(0.02876)

1. OPERATIONS

Portobello S.A. ("Portobello" or the "Company") manufactures and sells ceramic tiles for the coating of walls, mosaics, floors, technical porcelain, enameled porcelain, decorated objects and special objects, and provides supplementary services for the civil construction industry in Brazil and abroad.

The Company started operations in 1979 and is currently one of the largest Brazilian companies in the ceramic tiles sector in terms of volume of production and billing, according to ANFACER data in 2007. We believe that the quality and innovator design of our products, together with the quality service rendered, assure the recognition of our brand all over the country and also in the foreign markets in which we operate.

Distribution

We are continuously searching for the development of the distribution network and our strategy is based on five distinct channels, three of them for the domestic market and two for the foreign market, with specific characteristics of products and service portfolios and commercial policy. The distribution channels for the domestic market are: (i) "multi-brand sales", responsible for the service to customers who resell our construction material products in the retail market; (ii) "engineering", represented by specialized teams that serve civil construction and real estate development companies; and (iii) "franchises" that serve our retail customers through franchised stores under the name Portobello Shop and Portobello Emporium. We currently have 100 stores located in 82 cities, that we believe have the largest consumption of ceramic tiles in Brazil, representing about 40% of the Brazilian GDP, according to the Brazilian Institute of Geography and Statistics (IBGE). In the foreign market, our product is sold in more than 60 countries over the six continents. The US market is served through the subsidiary Portobello America, Inc, which currently operates three warehouses with inventories of products for prompt delivery, and the other countries are served by commercial representatives.

At the beginning of 2007, the Company developed a new franchise model, referred to as Portobello Emporium, which is less sophisticated than the Portobello Shop model, and requires less investment and sales to reach a breakeven point. This model currently has five stores. Since it opens up new markets not served by the standard stores and is more accessible, this measure aims at increasing sales of the highest value-added and profitable products, without affecting the sales in other points of sale.

Production
Several measures are being taken to reduce the manufacturing costs of the Company, amongst which, the highlight is the purchase of new equipment to increase productivity and eliminate production bottlenecks, that are already being installed in the first quarter of 2008, in the approximate amount of R$ 5 million. Further, the Company is analyzing other industrial investments to increase the installed capacity and the productivity of its plant in Tijucas, and has also been discussing with long-term financing sources the conditions for their contracting. Total estimated investments for 2008 amount to approximately R$ 30 million, to be mostly financed by the equipment suppliers.

Sales
The sales strategy has been adjusted to temporarily reduce the export share of Company revenues, consequently increasing sales in the domestic market which are currently more profitable.

The Brazilian market continues to be a priority, and management expects the growth in domestic sales to more than offset the voluntary reduction in exports. To achieve this goal, the Portobello Shop and Portobello Emporium network will speed up the opening of stores in new markets, which should increase significantly their sales volumes in less sophisticated and more price sensitive markets. By the end of 2008, the network is expected to have 120 franchise stores. The sales channel through multi brand shops will continue to be strengthened with the implementation of new showrooms and displays at larger-sized customers, and the launch of new, more accessible product lines, in an effort to increase sales volumes.

Perspectives
In 2008, management expects the civil construction activity growth to accelerate in Brazil due to the capitalization of the largest Brazilian construction and real estate development companies, and to the increased real estate supply and better cost and financing conditions for available housing. The measures to reduce expenses and rationalize processes over last two years, besides the reduction in production costs that will be obtained with the installation of new equipment in the coming months, are likely to help recover the profit margins that had been decreased due to the unfavorable foreign exchange rates.

The modernization of the production lines will not only help to reduce costs and prices of products, but will also increase the production capacity by about 30% as from the fourth quarter of 2008. The increased capacity will allow the Company to launch new lines of products at more competitive prices to meet the construction companies' demand for coatings for class B and C properties. The financial liabilities structure, already extended in 2007, is to be restructured again so that financial costs are reduced and payment terms are extended in relation to those of financing agreements made in the year. With the Company joining the New Market of the São Paulo Stock Exchange, to be formalized in the first half of 2008, the Company will enhance its communication with the capital market, thus facilitating the monitoring of its performance.

2. PRESENTATION AND PREPARATION OF THE FINANCIAL INFORMATION

The financial information included in the Quarterly Information (ITR) was prepared and is being presented in accordance with accounting practices adopted in Brazil, which include the accounting practices established by Brazilian Corporate Law and the additional rules issued by the Brazilian Securities Commission (CVM).

Law No. 11638 was enacted on December 28, 2007, effective as from January 1, 2008. This Law amended, revoked and introduced new provisions to Law 6404/76 (Brazilian Corporate Law) and changed the accounting practices adopted in Brazil. Although this law is already effective, the main changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented by companies.

At present, until there is a greater clarification of the Law, especially on its practical application, including its regulation, management believes that it is not possible to analyze and quantify with reasonable assurance the possible effects on the Company's financial statements. As a result, the accounting information included in the Quarterly Information (ITR) for the quarter ended March 31, 2008 was prepared in accordance with specific CVM instructions and does not contemplate the changes in accounting practices introduced by Law 11638/07.

The balance sheet accounts, sales, costs and expenses arising from transactions between consolidated companies have been eliminated on consolidation. The investment balances maintained by the Company have also been eliminated.

The reconciliation of the stockholders' equity and net income (loss) for the quarters in the parent company and consolidated information, is as follows:

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

	Net income (loss)		Stockholders' equity	
	3.31.08	3.31.07	3.31.08	3.31.07
Parent company	3,888	(4,315)	27,432	52,615
Unrealized profit in inventories	(580)	(3,557)	(580)	(3,557)
Reversal of unrealized profit	-	5,662	-	-
Consolidated	3,308	(2,210)	26,852	49,058

3. SIGNIFICANT ACCOUNTING PRACTICES

(a) Cash and banks

Includes cash and bank deposits with no restriction for their use.

(b) Marketable securities

These are stated at cost plus income accrued up to the balance sheet date, less provision for loss. These securities have been pledged as collateral for loans and financing.

(c) Allowance for doubtful accounts

The allowance is recorded based on an analysis of receivables to cover risks involved and 100% of receivables past due for more than 360 days is provided, other than intercompany receivables. The allowance for doubtful accounts is recorded at an amount considered sufficient to cover possible losses on realization of the trade accounts receivable.

(d) Inventories

Inventories are stated at the average cost of purchase or production less a provision for adjustment to realizable value, when applicable.

(e) Advances on foreign exchange contracts and export contracts

These are stated at cost plus foreign exchange variations and interest calculated up to the balance sheet date. Advances related to credit sales already made are deducted from the accounts receivable.

(f) Deferred income tax and social contribution on net income

These arise from tax losses, temporary differences and revaluations of property, plant and equipment. Deferred taxes are calculated based on the tax rates established in current tax legislation and up to the amount considered realizable based on the Company's estimates of future taxable income.

(g) Investments

Investments in subsidiaries are recorded on the equity method of accounting. The other investments are stated at cost less a provision for adjustment to realizable value, when applicable.

(h) Property, plant and equipment

Property, plant and equipment is stated at purchase or construction cost plus revaluations, less depreciation on the straight-line method at the rates listed in Note 12. The contra entries to these revaluations are recorded in a specific stockholders' equity account and in deferred taxes in long-term liabilities.

The Company adopts the procedure of reviewing property, plant and equipment for losses that may be considered permanent whenever events or changes in circumstances indicate that the book value of an asset or group of assets might not be recovered based on future cash flows. Based on the reviews to date, there is no need to record provisions for any permanent impairments.

(i) Deferred charges

These are recorded at cost less amortization calculated as from the start of generation of benefits, or over a minimum of five years.

(j) Other current assets and long-term receivables

These are stated at realizable values including, when applicable, income and monetary and foreign exchange rates variations.

(k) Loans and financing

These are monetarily restated by the indices established in the contracts plus interest accrued up to the balance sheet date, in accordance with rates listed in Note 14.

(l) Other current and long-term liabilities

These are stated at known or estimated amounts including, when applicable, charges on a pro rata daily basis.

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

(m) Determination of the results of operations

Income and expenses are recorded on the accrual basis of accounting. Sales revenue is recognized at the time goods are delivered or services rendered, upon transfer of ownership and when all the following conditions are fulfilled: a) the customer assumes all significant risks and benefits of ownership; b) the amount of the revenue can be reliably determined; c) the receipt of the trade account receivable is probable; and d) the costs incurred or to be incurred related to the transaction can be reliably determined.

(n) Private defined contribution pension plan

The plan is recorded on the accrual basis of accounting, as described in Note 20.

(o) Transactions with related parties

These transactions are carried out under the conditions described in Note 19.

(p) Provision for contingencies

The provision is recorded at an amount considered sufficient by management to cover probable losses, updated through the balance sheet date, based on the nature of each contingency and supported on the opinion of the Company's legal counsel, as stated in Note 18.

(q) Use of estimates

The preparation of Quarterly Information requires the use of estimates to record certain assets, liabilities and other transactions. The Company's Quarterly Information therefore includes various estimates related to the selection of useful life of property, plant and equipment, provisions necessary for contingent liabilities, among others. Actual results may differ from such estimates.

4. CASH AND BANKS

	Parent Company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
Cash and banks	1,128	1,280	1,833	2,362

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

5. MARKETABLE SECURITIES

	Parent company and Consolidated	
	3.31.08	12.31.07
Restricted account	3,684	2,661
Financial investments	1,449	1,678
	5,133	4,339

Restricted account - a current account restricted to a prepayment transaction with Banco ABN, and with remuneration of 3.15% p.a. in US$.

Financial investments - pledged as collateral for loans (See Note 14).

6. TRADE ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
Accounts receivable from third parties:				
Customers - Local market	47,712	46,118	49,890	48,317
Customers - Foreign market	14,280	13,268	28,976	26,698
	61,992	59,386	78,866	75,015
Accounts receivable from subsidiaries:				
Portobello America Inc. - (ME)	21,521	21,128	-	-
PB Tech Ltda. - (MI)	2,111	1,940	-	-
	23,632	23,068	-	-
Allowance for doubtful accounts	(1,958)	(2,011)	(2,500)	(2,622)
Discounted trade bills	(1,040)	(1,722)	(1,040)	(1,722)
Advances on export contracts	(3,857)	(11,235)	(3,857)	(11,235)
Total accounts receivable	78,769	67,486	71,469	59,436

At March 31, 2008, 11.06% of the local trade accounts receivable relates to one single customer whose history of payment to the Company is normal. 60.11% of the foreign trade accounts receivable relates to the subsidiary Portobello America Inc., with R$ 5,907 overdue for more than 180 days.

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

The aging list of receivables is as follows:

	Parent company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
Not yet due	49,484	46,101	62,294	57,987
Overdue up to 30 days	6,225	7,453	8,472	8,901
Overdue from 31 to 60 days	583	1,042	1,196	1,622
Overdue from 61 to 90 days	588	687	735	818
Overdue from 91 to 180 days	1,438	1,639	2,422	1,918
Overdue for more than 180 days	3,674	2,464	3,747	3,769
Total accounts receivable	61,992	59,386	78,866	75,015

7. INVENTORIES

	Parent company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
Finished products	43,122	45,846	57,629	62,250
Work in process	7,092	7,310	7,092	7,310
Raw and consumption materials	7,606	8,542	7,606	8,542
Provision for reduction of inventories to realizable value	(3,125)	(2,493)	(3,125)	(2,493)
Total	54,695	59,205	69,202	75,609

8. INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME

(a) Deferred income tax and social contribution on net income

Deferred income tax and social contribution credits were recorded at the current tax rates at December 31, 2007 and are as follows:

	Parent company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
Deferred income tax credits				
On tax losses	5,818	5,818	7,043	7,058
On temporarily non-deductible provisions	6,136	6,136	6,136	6,136

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

	Parent company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
(-) Valuation allowance for the amount whose realization is not currently assured.	(8,050)	(8,020)	(8,050)	(8,020)
	3,904	3,934	5,129	5,174
Deferred social contribution credits				
On tax losses	2,149	2,149	2,149	2,149
On temporarily non-deductible provisions	2,107	2,107	2,107	2,107
(-) Valuation allowance for the amount whose realization is not currently assured.	(2,726)	(2,715)	(2,726)	(2,715)
	1,530	1,541	1,530	1,541
	5,434	5,475	6,659	6,715

In compliance with CVM Instruction 371, the Company did not record tax credits on income tax and social contribution losses incurred as from July 1, 2002, which amount to R$ 42,030 in March 2008 (R$ 41,070 at December 2007), since economic feasibility studies indicate that realization of these credits is limited to the amounts already recorded.

(b) Analysis of the tax expense for the quarter

	Parent company		Consolidated	
	2008	2007	2008	2007
Income tax				
Provision for income tax - current	(274)	-	(1,261)	(258)
Reversal of deferred income tax on realization of the revaluation reserve	99	-	99	-
Valuation allowance for the deferred income tax whose realization is not currently assured	(30)	-	(30)	-
	(205)	-	(1,192)	(258)
Social contribution				
Provision for social contribution - current	(101)	-	(462)	(97)
Reversal of deferred social contribution on realization of revaluation reserve	35	-	35	-
Valuation allowance for the deferred social contribution whose realization is not currently assured	(10)	-	(10)	-
	(76)	-	(437)	(97)
Total	(281)	-	(1,629)	(355)

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

(c) Calculation of the tax expense for the quarter:

	Parent company		Consolidated	
	3.31.08	3.31.07	3.31.08	3.31.07
Profit/(loss) before taxation	4,169	(4,315)	4,416	(1,882)
Tax rate	34%	34%	34%	34%
Tax expense (credit) at the standard rate	(1,417)	1,467	(1,501)	640
Tax effects of permanent (additions) exclusions:				
Equity in the earnings (loss) of subsidiaries	157	(385)	-	-
Permanent differences:				
- Loss of investment in subsidiaries	(18)	(21)	(18)	(21)
- Other non-deductible expenses	(39)	(54)	(52)	(43)
Total permanent differences	(56)	(75)	(70)	(64)
Depreciation of revalued assets	(136)	(60)	(136)	(60)
Unrecorded tax credits on temporary differences and tax losses for the quarter	1,078	(947)	(16)	(871)
Subtotal	(375)	-	(1,723)	(355)
Valuation allowance for the amount whose realization is not currently assured	94	-	94	-
Expense for the quarter	(281)	-	(1,629)	(355)

9. OTHER LONG-TERM RECEIVABLES

	Parent company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
Marketable securities (a)	6,186	6,186	6,186	6,186
Provision for loss	(6,186)	(6,186)	(6,186)	(6,186)
Escrow deposits	-	-	646	652
Value-added Tax on Sales and Services (ICMS) credits on property, plant and equipment	305	273	305	273
Transactions with Banco Santos (a)	1,041	1,041	1,041	1,041
(-) ACE long-term	(1,041)	(1,041)	(1,041)	(1,041)
receivables - SIMAB (b)	4,535	4,535	4,535	4,535
(-) Provision for loss	(4,535)	(4,535)	(4,535)	(4,535)
Municipal taxes and fees (c)	207	-	207	-
Other	-	-	13	15
Total	512	273	1,171	940

(a) The Company recorded a provision for loss on the total marketable securities related to transactions with Banco Santos S.A., a bank that was declared bankrupt in 2005. The Company received three advances on foreign exchange contracts (ACC) from Banco Santos in the total amount of US$ 2,200 thousand. R$ 1,041 of this amount is still outstanding and the products have been shipped (Advances on Export Contracts - ACE - performed) and is classified in Long-term receivables as a reduction of the trade accounts receivable related to the same transaction and recorded in the same caption. As reciprocity, the Company acquired debentures from companies of the Banco Santos group (SANTOSPAR Investimentos e Participações S.A. and SANVEST Participações S.A.), in the total amount of R$ 5,577. Following the intervention of Banco Santos by the Brazilian Central Bank, several actions were taken to protect the Company's interests. Having been unsuccessful in the administrative proceedings, the Company filed litigation seeking to offset the liabilities (ACC contracts), of R$ 3,454, against the receivables (Debentures), of R$ 5,577. The Judge of the Civil Court of Tijucas granted a preliminary injunction "*finding that the offset requested in the declaratory action relating to the funds received and applied in the debentures offered by Banco Santos was valid, and suspending for the present the effectiveness of the contract signed on October 20, 2004 (ACC 9398)*."

(b) On September 30, 2007, the Company recorded R$ 4,535 as a long-term account receivable relating to the transfer of tax credits (Excise Tax (IPI) premium credits) to SIMAB S.A. On the same date, the Company recorded a provision for loss of the same amount as the asset (see Note 17b).

(c) In March 2008, the Company requested the reimbursement of municipal taxes paid to the Municipality of Tijucas, of R$ 207, according to Municipal Decree 078/2001.

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

10. INVESTMENTS IN SUBSIDIARIES

	Portobello America	Mineração Portobello	PBTech Ltda.	Portobello Shop S.A.	Total 3.31.08	Total 12.31.07	Total 3.31.07
Paid-up capital	(16,616)	167	(3,337)	400	-	-	-
Stockholders' equity/(net capital deficiency)	(6,161)	(182)	(1,691)	7,176	-	-	-
Net income (loss) for the quarter	(1,780)	44	(129)	2,550	-	-	-
Ownership interest %	100.00 %	99.76 %	99.94%	99.90%	-	-	-
Opening balance	-	-	-	4,618	4,618	4,042	4,042
Equity in earnings (loss)	(2,005)	44	(129)	2,550	460	(3,881)	(1,131)
Exchange loss	(52)	-	-	-	(52)	(281)	(63)
Transfer to net capital deficiency	2,057	(44)	129	-	2,142	5,660	156
Prior year adjustments	-	-	-	-	-	-	4
Proposed dividends	-	-	-	-	-	(922)	-
Total investment in the subsidiary	-	-	-	7,168	7,168	4,618	3,008
Goodwill in the subsidiary	-	-	-	-	-	35	35
Amortization of goodwill	-	-	-	-	-	(35)	-
Balance at March 31, 2008	-	-	-	7,168	7,168	4,618	3,043

11. ELETROBRAS COMPULSORY LOAN

From 1977 to 1993, the Company paid, through invoices of electrical energy, the compulsory loan created by Law 4156/62 with the purpose of financing the expansion of the Brazilian electrical sector.

With the objective of obtaining reimbursement of this compulsory loan, the Company filed litigation against Centrais Elétricas Brasileiras S.A. - ELETROBRÁS, which was judged as valid and can so longer be appealed.

The original amount of the compulsory loan of R$ 590 recorded in the Company's permanent assets, in the account "Other Investments", was restated to R$ 4,694 (see Note 22), representing the disputed portion of the lawsuit. This amount was received on April 1, 2008.

The Execution process was accordingly filed, awaiting the presentation of defense by Eletrobrás of the disputed portion. The remaining balance of the process, of R$ 13,770, will be recorded when the receipt of this amount is judged favorably.

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

12. PROPERTY, PLANT AND EQUIPMENT

		Parent company				Consolidated	
		3.31.2008			12.31.07	3.31.08	12.31.07
	Annual depreciation rate %	Cost	Accumulated depreciation	Net	Net	Net	Net
Land	-	13,072	-	13,072	13,072	13,460	13,460
Buildings and improvements	2.88% (*)	89,196	(3,206)	85,990	86,569	86,520	87,152
Machinery, equipment and installations	15%	204,896	(162,337)	42,559	45,096	42,946	45,542
Furniture and fixtures	10%	7,564	(6,176)	1,388	1,450	1,784	1,867
Computers and systems	20%	11,137	(10,146)	991	1,006	1,056	1,085
Other	Various	305	(219)	86	89	170	178
Construction in progress	-	8,058	-	8,058	2,888	8,058	2,888
Total		334,228	(182,084)	152,144	150,170	153,994	152,172

(*) Weighted average

At the Extraordinary General Meeting held on December 29, 2006, the stockholders approved the recording of the revaluation of land, buildings and improvements, based on the appraisal report prepared by Bretas & Associados Engenharia e Consultoria Ltda., an independent appraisal company. This report established the revalued amount of the assets, as well the remaining useful lives, which will be the new basis of depreciation. The revaluation of R$ 62,652 was credited to revaluation reserve, in the amount of R$ 43,868, less tax effects of R$ 18,784, which were recorded in long-term liabilities.

The revalued assets in 2006 are as follows:

	Amounts before 2006 revaluation			Revaluation 12.31.2006	
	Cost and prior revaluations	Accumulated depreciation	Balance 12.31.2006	Revaluation	Balance after revaluation
Land	5,803	-	5,803	7,402	13,205
Buildings	63,047	(33,566)	29,481	47,656	77,137
Improvements	8,190	(3,189)	5,001	7,594	12,596
	77,040	(36,755)	40,285	62,652	102,938
(-) Deferred income tax and social contribution on net income				(18,784)	
Total revaluation, net				43,868	

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

The revaluations recorded in 1990, 1991 and 2006 amount to R$ 54,184 at March 2008 (R$ 54,584 at December 2007) and the revaluation depreciation expense in March 2008 amounted to R$ 400 (R$ 402 in March 2007).

13. DEFERRED CHARGES

	Parent company				Consolidated	
	3.31.08			12.31.07	3.31.08	3.31.07
	Cost	Accumulated Amortization	Net	Net	Net	Net
Pre-operating and implementation expenses	11,321	(11,114)	207	133	718	145
Management system implementation expenses	6,813	(3,717)	3,096	3,436	3,095	3,436
Leasehold improvements	782	(709)	73	68	73	68
Studies, researches and projects	4,748	(4,069)	679	775	729	825
Right to use software	4,701	(4,013)	688	762	251	832
	28,365	(23,622)	4,743	5,174	4,866	5,306

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

14. LOANS AND FINANCING

	Parent company		Consolidated			
	3.31.08	12.31.07	3.31.08	12.31.07	Maturity	Charges
Current						
Foreign currency						
IFC	2,038	1,971	2,038	1,971	(a)	VC+Libor+4,625% p.a.
Advance on exchange contract	13,222	10,171	13,222	10,171	(a)	VC+6.33% p.a.
Suppliers' credit	7,882	8,995	7,882	8,995	(a)	VC+6.33% p.a.
Banco ABN	21,893	16,644	21,893	16,644	(a)	VC+Libor+5.5% p.a.
Banco ABC (1)	1,797	1,840	1,797	1,840	(a)	VC+Libor+3.90% p.a.
Banco ABC (2)	601	1,773	601	1,773	(a)	VC+Libor+3.60% p.a.
Banco SAFRA	1,503	614	1,503	614	(a)	VC+Libor+3.75% p.a.
Working capital in USA	-	-	6,940	8,282	(a)	VC+7.75% p.a.
Total foreign currency	48,936	42,008	55,876	50,290		
Local currency						
FINAME/POC	231	292	231	292	(a)	TJLP+8.20% p.a.
Leasing	111	116	111	116	(a)	2.16% p.m.
Working capital in Brazil	29,717	12,950	29,717	12,950	(a)	14.85% p.a. (Average)
Total local currency	30,059	13,358	30,059	13,358		
Total current liabilities	78,995	55,366	85,935	63,648		
Long-term						
Foreign currency						
IFC	1,932	1,956	1,932	1,956	Dec/2009	VC+Libor+4,625% p.a.
Suppliers' credit	5,314	5,381	5,314	5,381	Nov/2009	VC+7.33% p.a.
Banco ABN	21,864	27,676	21,864	27,676	Mar/2010	VC+Libor+5.5% p.a.
Banco ABC (1)	2,187	2,657	2,187	2,657	Apr/2010	VC+Libor+3.90% p.a.
Banco ABC (2)	874	2,657	874	2,657	Jul/2010	VC+Libor+3.60% p.a.
Banco SAFRA	2,186	1,033	2,186	1,033	Jun/2010	VC+Libor+3.75% p.a.
Total foreign currency	34,357	41,360	34,357	41,360		
Local currency						
FINAME/POC	162	210	162	210	Jan/2010	TJLP+8.20% p.a.
Leasing	177	203	177	203	Feb/2011	2.16% p.m.
Working capital in Brazil	1,031	575	1,729	1,240	Mar/2009	14.85% p.a. (Average)
Total local currency	1,370	988	2,068	1,653		
Total long-term liabilities	35,727	42,348	36,425	43,013		
Total	114,722	97,714	122,360	106,661		

Abbreviations

IFC	International Finance Corporation
FINAME/POC	Government Agency for Machinery and Equipment Financing/Joint Operations Program
VC	Exchange variation
TJLP	Long-term Interest rate
IGPM	General Market Price Index
LIBOR	London Interbank Offered Rate

(a) Current loans and short-term portions of long-term loans mature up to March 2009.

The loan contracts with IFC have restrictive covenants that require the Company to comply with certain financial ratios, as follows:

1) Current ratio > = 1.20
2) Indebtedness ratio < = 0.50
3) Interest coverage ratio > = 1.50

At December 31, 2007, the Company was not in compliance with certain of these ratios. At October 25, 2007, the Company obtained a waiver on ratios as of March 31, 2007 valid through December 31, 2008.

On March 30, 2007, the Company entered into an export prepayment contract of US$ 25 million with Banco ABN Amro Bank, subject to LIBOR plus interest of 5.5% p.a., to be amortized in 36 months, with a 15-month grace period. The funds were used principally to repay short-term financing with higher costs. Part of the debt was paid on the same day and R$ 33,217 on the first days of April 2007.

This contract contains the following restrictive covenants:

1) Total indebtedness divided by EBITDA <= 5
2) Operating cash generation over the last 12 months divided by financial expenses over the last 12 months > = 1.5
3) Total indebtedness divided by stockholders' equity > = 8.0

At December 31, 2007, the Company had not fulfilled obligations under items 1 and 2 above. The Company requested and obtained a temporary waiver from the creditor retroactive to November 21, 2007, to avoid prepayment of the debt.

The transaction was guaranteed by:

- Trade bills receivable in the domestic market equivalent to 50% of the transaction amount;
- Finished product inventories equivalent to 25% of the transaction amount;
- Deposits of receivables in the foreign market into an account at the financial institution equivalent to 150% of the next quarterly amount due.
- Guarantee of the controlling stockholders (individuals).

In May 2007, the Company entered into a prepayment transaction with Banco Safra S.A. of US$ 3 million subject to LIBOR plus interest of 3.75% p.a., payable over 3 years. There are no restrictive covenants for this loan, which is guaranteed personally by the Company's Chief Executive Officer.

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

On the same date, the Company signed an agreement with Banco ABC Brasil S.A. of US$ 3 million subject to LIBOR plus interest of 3.9% p.a., payable over 3 years. There are no restrictive covenants for this loan which is collateralized by receivables of Portobello Shop S.A.

In June 2007, as described in Note 21(a), the International Finance Corporation made a capital contribution of R$ 9.5 million with part of the loan balance.

Long-term loans fall due as follows:

	Parent company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
2009	27,866	34,487	28,564	35,152
2010	7,861	7,861	7,861	7,861
Total	35,727	42,348	36,425	43,013

These loans are mainly guaranteed by mortgages on properties, by equipment and receivables, reciprocity with financial investments and guarantees by the controlling stockholders.

(All amounts in thousands of Brazilian reais – R$ unless otherwise indicated)

15. TAXES PAYABLE IN INSTALLMENTS

	Tax liabilities		Request for installment payment Date:	Number of installments	3.31.08	12.31.07
Portobello S.A.	IPI *	(c)	Sept/06	120	20,885	21,027
	IPI	(d)	Sept/06	60	6,248	6,548
	CPMF		Mar/07	60	45	46
	INSS	(a)	Sept/06	16	2,127	2,640
	INSS	(b)	Sept/06	32	4,114	4,660
	INSS	(a)	Jul/07	60	2,631	2,711
				Total parent company	**36,050**	**37,632**
				Current	9,563	9,535
				Long-term	26,487	28,097
PBTech Ltda.	INSS		Sept/06	32	158	184
Portobello Shop S.A.	INSS		Sept/06	32	215	250
				Total	**373**	**434**
				Total Consolidated	**36,423**	**38,066**
				Current	9,843	9,810
				Long-term	26,580	28,256

(*) REFIS

(a) In September 2005, the Company filed an application for installment payment of the National Institute of Social Security (INSS) overdue debts relating to the period from February 2005 to August 2005. On that date, the adjusted amount was R$ 4,344, payable in 24 installments.

The balance of the installment payment was R$ 2,350 in September 2006, when the Company filed an application for the Federal Tax Recovery Program (REFIS), as allowed by Provisional Measure 303 of June 29, 2006, for INSS installment payments previously granted, extending the payment term to 120 months,. While waiting for the installment payment approval, the Company made monthly payments of R$ 2.

Concurrently, in October 2006, the Company received a tax assessment of R$ 2,506 from the National Institute of Social Security. In July 2007, with all the appeals at the administrative level exhausted, the Company filed an application

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1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

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with the Federal Revenue Secretariat for installment payment of this debt. In October 2007, the request was denied because the Company had debts not included in the REFIS. Based on the denial of the REFIS relating to the INSS for 2005, the Company immediately filed a new application for installment payment in 60 months, which was accepted. The first installment of R$ 47 was due on October 31, 2007. The balance of this installment payment at March 31, 2008 totaled R$ 2,631.

Accordingly, at March 31, 2008 the INSS installment payments though the REFIS became installment payments in 16 months of R$ 2,127.

(b) In September 2006, the Company filed an application for INSS installment payment for the period from January to July 2006, in the adjusted amount of R$ 5,939. The first of 32 installments was paid in March 2007. The balance of this installment payment at March 31, 2008 is R$ 4,114.

(c) In November 2005, the Company filed an application for IPI installment payment for the period from December 2004 to October 2005. On that date, the adjusted amount was R$ 20,660, payable in 60 months.

The balance of this installment payment was R$ 19,327 in September 2006, when the Company filed an application to the REFIS, as allowed by Provisional Measure 303 of June 29, 2006, for the IPI installment payments previously granted. The payment term is 120 months, including monthly interest based on the SELIC (Special System for Settlement and Custody) interest rate. The remaining debt at March 31, 2008 is R$ 20,885.

The present value of this liability, adjusted at the current market interest rate (based on the CDI interest rate) is approximately R$ 16,362. The balance remained recorded based on the original amount plus interest applicable to the transaction (SELIC), and no adjustment for reduction based on the present value calculated at the current market interest was recorded.

(d) In September 2006, the Company filed an application for IPI installment payment for the period from January to July 2006, of R$ 7,498, payable in 60 months and subject to the SELIC interest rate. The first installment was paid in October 2006. At March 31, 2008, the remaining balance of the installment payment is R$ 6,248.

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16. TAXES, FEES AND CONTRIBUTIONS

		Parent company		Consolidated	
		3.31.08	12.31.07	3.31.08	12.31.07
IRRF on employee and management bonuses	(a)	8,236	8,118	8,236	8,118
IRRF		436	561	546	763
IRPJ/CSLL		375	-	1,693	346
ICMS		1,029	978	1,041	995
IPI		449	401	449	401
PIS		262	289	264	315
COFINS		1,215	1,334	1,225	1,491
Other		123	113	250	215
		12,125	11,794	13,704	12,644

(a) The Company, based on an assessment notice received from the INSS in October 2006, recognized that the payments of IRRF on the amounts being inspected could be demanded by the Federal Revenue Service. At March 31, 2008, the provision for IRRF is R$ 8,236 (see Note 22).

17. TAXES PAYABLE

Based on final and unappealable decisions and/or court approval and on legal counsel's opinion, management offset federal taxes payable on its transactions against IPI premium credits acquired from third and related parties between 2001 and 2003, as follows:

		Parent company		Consolidated	
		3.31.08	12.31.07	3.31.08	12.31.07
Taxes payable on credits acquired from related parties	(a)	91,452	90,304	91,829	90,677
Taxes payable on credits acquired from third parties	(b)	16,114	15,937	16,114	15,937
		107,566	106,241	107,943	106,614

(a) Taxes payable on credits acquired from related parties

The lawsuits filed by the Company can be summarized as follows: (i) lawsuit V-286/84 (substitution of plaintiff - Refinadora Catarinense, a related party), in which it was ultimately determined by a final and unappealable decision rendered on July 3, 1995, that the Company had the right to a refund of the IPI premium credit for the period from December 7,1979 to March 31, 1981; (ii) lawsuit 472-G/87, on which a final and unappealable decision was rendered on May 8, 1995, referring to the computation period of the IPI premium credit from April 1, 1981 to April 30, 1985. Both lawsuits were filed at the Federal Regional Court (TRF) of the 1st Region.

Also, taxes were offset against credits assigned by Refinadora Catarinense, by virtue of the injunction 2001.51.01.006335-5, of Rio de Janeiro, which was denied by the TRF of the 2nd Region. The lawsuit is pending decision on the admissibility of the special and extraordinary appeals filed and the tax payment is suspended by a court order issued on December 21, 2006 (Lawsuit 2006.02.01014847-2).

In March 2006, the Federal Revenue Service in Florianópolis issued assessment notices, disallowing the amounts offset against the IPI premium credit up to 2004, in two processes (11516.000745/2006-89, of R$ 89,622 and 11516.000744/2006-34, of R$ 31,855), in which the tax offsets were contested.

The Federal Revenue Service initiated two processes arising from the procedure called Judicial Follow up Process (PAJ), and determined that amounts offset against PIS, COFINS, IRPJ and CSLL, totaling approximately R$ 25,000, should be registered as debt to the federal government, without allowing defense by the Company. Regarding the two lawsuits in which the Company is the plaintiff (V-286/84 merit - 1998.34.029022-4 calculation of award and 472-G/87 merit - 87.00.00645-9 calculation of award), management, based on the opinion of its internal and external legal counsel, believes that there is a remote possibility that the Company will be held liable to pay the amount required by the assessment notices and to register it as a debt to the federal government, as described above, mainly because the decisions are final and unappealable and the calculation schedules presented in the award calculation process show that the amounts determined are sufficient to cover those offset. As regards lawsuit V-286/84 merit - 1998.34.029022-4 calculation of award, submitted to review by the law firm Felsberg e Associados, the firm concluded that, "*In view of the foregoing, although PORTOBELLO has offset a significant amount of IPI premium credits to which it was entitled, there is still a remaining credit of R$ 28,720,625.19, restated up to*

August 2007.", which definitely indicates not only the existence of the balance reported but also the possibility of offsetting it against future taxes payable.

As regards the lawsuit 20015101006335-5 in which IPI premium credits were transferred (assignment of credits), with express judicial order, the law firm that deals with the injunction request filed by Refinadora Catarinense, is of the opinion that the risk of the tax payment being required is remote, in spite of the Federal Regional Court (TRF) of the 2nd Region decision that granted an injunction to the National Treasury and overturned the injunction granted by the original judge. However, the securitization of this transaction was established and the credit assignment agreement made between Refinadora Catarinense and the Company determines that the assignor (Refinadora) must reimburse the assignee (Portobello) for any financial losses resulting from the tax offset made by Portobello.

Despite this opinion on the possibility of the tax payment, the Superior Court of Justice has issued a recent decision on the IPI premium credit (REsp 652.379-RS and EREsp 738.689-PR), ruling that the tax benefit ended on October 4, 1990, according to paragraph 1 of article 41 of the Act of Transitory Constitutional Provisions (ADCT). Thus, considering that the credits transferred from Refinadora Catarinense are subsequent to that date, the Company decided to record a provision of R$ 91,452. In addition, the Company requested the refund of the taxes assessed from Refinadora Catarinense, as a guarantee (see Note 19).

The payment of taxes arising from lawsuit 11516.000745/2006-89, as well as those arising from judicial follow-up process 10983.72003/2006-02, has been suspended by the Federal Regional Court of the 1st region on March 28, 2007.

The National Treasury has already initiated the tax collection (administrative proceeding 11516.002.480/2006-53) and the Company has granted assets on which a lien is to be placed as guarantee for the amount claimed. The judge of the Civil Court of Tijucas ruled on July 4, 2007 ordering the removal of the Company's name from CADIN (a database containing the names of individuals and legal entities that have overdue and unpaid debts owed to federal government agencies and entities) and granted a stay of execution (Decision 72.07.002482-2).

(b) Taxes payable on credits acquired from third parties

In October 2000 and February 2001, the Company entered into three agreements for assignment of tax credits (IPI premium credit) with SIMAB S.A. of R$ 6,847. These credits were offset against federal taxes in 2000 and 2001. Since these credits were generated after 1990, considering the recent decision rendered by the Superior Court of Justice (STJ) already stated, the Company recorded a provision for the credits acquired from SIMAB in the adjusted amount of R$ 16,114 at March 31, 2008. In accordance with the agreements of assignment of tax credits entered into with SIMAB, the assignor remains financially liable for the transaction, up to R$ 4,535 (nominal value less discount of the credits assigned), until the lawsuits related to these credits are rendered final and unappealable. Accordingly, as of September 30, 2007 the Company recorded a long-term account receivable of R$ 4,535 and, should an unfavorable decision in these lawsuits relating to the IPI premium credit be rendered to SIMAB S.A., management will seek indemnity as agreed at the time of transfer of the credits. In accordance with accounting principles, management decided to record a provision in the same amount as the asset (see Note 9).

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The Company and its legal counsel will continue to implement the necessary actions to defend the Company's interests regarding these tax credits, at the administrative and court levels, in order to ensure the regularity and legality of the tax offset procedures, either by means of approval of the administrative tax authority or court decision.

18. PROVISIONS FOR CONTINGENCIES

The Company and its subsidiaries are parties to tax, civil and labor lawsuits and in administrative tax proceedings. Management, based on the opinion of its legal counsel, believes that the provision for contingencies is sufficient to cover probable losses in connection with such contingencies.

The analysis of the provision for contingencies is as follows:

	Parent company		Consolidated	
	3.31.08	12.31.07	3.31.08	12.31.07
Provision for civil contingencies	2,132	1,279	2,132	1,279
Provision for labor contingencies	2,233	1,487	2,279	1,533
(-) Judicial deposits	(201)	(319)	(201)	(319)
Provision for tax contingencies	1,393	1,365	1,393	1,365
(-) Judicial deposits	(987)	(963)	(987)	(963)
Total long-term provision	4,570	2,849	4,616	2,895

The balances of the provisions are adjusted based on the following criteria: tax contingencies are adjusted based on the SELIC interest rate for the year; civil and labor contingencies are assessed on an individual basis, with 30% of the amounts involved, on average, being provided. This criterion has proved sufficient over recent years.

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The changes in the provision for contingencies are as follows:

Parent company	12.31.07	Deposits	Provisions	Reversals	3.31.08
Civil	1,279	-	955	(102)	2,132
Labor	1,487	-	1,027	(281)	2,233
(-) Judicial deposits	(319)	(33)	-	151	(201)
Tax	1,365	-	28	-	1,393
(-) Judicial deposits	(963)	(24)	-	-	(987)
Total	2,849	(57)	2,010	(232)	4,570

Consolidated	12.31.07	Deposits	Provisions	Reversals	3.31.08
Civil	1,279	-	955	(102)	2,132
Labor	1,533	-	1,027	(281)	2,279
(-) Judicial deposits	(319)	(33)	-	151	(201)
Tax	1,365	-	28	-	1,393
(-) Judicial deposits	(963)	(24)	-	-	(987)
Total	2,895	(57)	2,010	(232)	4,616

Possible loss - no provision has been recorded for contingencies for which the likelihood of loss was assessed by the Company's legal counsel as possible. These contingencies involve, tax, civil and labor lawsuits, as summarized below:

Taxes

Administrative Process 10909.000.666/2002-68, whose adjusted balance at March 31, 2008 amounts to R$ 640, relates to a tax assessment notice to prevent the prescription of the procedure of the Company offsetting taxes against credits acknowledged by injunction 01.51.01.006335-5 (IPI premium credit). The administrative decision considered "*the tax assessment valid, however, the tax payment will remain suspended until a final decision is issued suspension of the payment*".

Administrative Process 10909.001.618/2002-97, whose adjusted balance at March 31, 2008 amounts to R$ 493, relates to a tax assessment notice to prevent the prescription of the procedure of the Company offsetting taxes against credits acquired from third parties (SIMAB S.A. and Refinadora Catarinense S.A.). The administrative decision considered "*the tax assessment valid and authorized tax authorities to proceed with the collection of amounts due in the event they conclude that the causes justifying the tax credit suspension were eliminated*".

Labor claims and social security contributions

The Company and its subsidiary Portobello Shop S.A. are defendants in 109 labor claims brought by employees, former employees and third parties. The claims refer to the payment of termination amounts, premiums, overtime, salary equalization, monetary adjustment of FGTS, compensation for pain and suffering and property damage from occupational accidents/disease. The unprovided amount is $ 5,122.

Also, a tax assessment relating to social security contributions on employee remuneration due by the Company, contributions for purpose of financing benefits from labor incapacity, and contributions to third parties (INCRA and SEBRAE), plus late payment interest and fine. The updated amount at March 31, 2008 is R$ 1,372.

Civil lawsuits

The Company and its subsidiaries are defendants in 113 civil lawsuits in common courts and special civil courts. Most of the lawsuits have been brought by customers and are for compensation for alleged pain and suffering and property damage. The unprovided amount is R$ 3,737.

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19. RELATED PARTY TRANSACTIONS

	Receivables		Loans (assets)		Customers		Advances to suppliers	
	3.31.08	12.31.07	3.31.08	12.31.07	3.31.08	12.31.07	3.31.08	12.31.07
Subsidiaries:								
Mineração Portobello Ltda.	-	-	-	-	-	-	601	676
PBTech Ltda.	-	-	828	783	2,111	1,940	-	-
Portobello America Inc.	-	-	-	-	21,521	21,128	-	-
Provision for net capital deficiency in subsidiary	-	-	-	-	(7,852)	(5,669)	(182)	(226)
Subtotal - subsidiaries	-	-	828	783	15,780	17,399	419	450
Related parties:								
Refinadora Catarinense S.A.	91,452	90,304	-	-	-	-	-	-
Subtotal - related parties	91,452	90,304	-	-	-	-	-	-
Parent company	91,452	90,304	828	783	15,780	17,399	419	450

	Loans (liabilities)		Income		Expenses	
	3.31.08	12.31.07	3.31.08	3.31.07	3.31.08	3.31.07
Subsidiaries:						
Mineração Portobello Ltda.	-	-	-	-	(102)	(128)
PBTech Ltda.	-	-	221	1,005	-	(7)
Portobello America Inc.	-	-	6,893	7,376	-	-
Portobello Shop S.A.	6,179	4,831	1,050	1,050	-	(63)
Subtotal - subsidiaries	6,179	4,831	8,164	9,431	(102)	(198)
Related parties:						
Refinadora Catarinense S.A	5,529	6,751	-	-	-	(290)
Usati A.B.P.S. Ltda.	-	-	-	-	-	(5)
Subtotal - related parties	5,529	6,751	-	-	-	(295)
Parent company	11,708	11,582	8,164	9,431	(102)	(493)
Current	2,182	2,226				
Long-term	9,526	9,356				
Consolidated balance	5,529	6,751				
Current	2,182	2,226				
Long-term	3,347	4,525				

Intercompany transactions relate to purchase and sales, services provided and loans under conditions agreed upon between the parties.

Intercompany loans earn interest at 100% of the CDI (Bank Deposit Certificate) interest rate.

Refinadora Catarinense

From 2001 to 2003, the Company acquired from the related party Refinadora Catarinense S.A. or "Refinadora", tax credits against the National Treasury. These Refinadora credits are derived from an injunction against the National Treasury, seeking refund of the IPI premium credits for the period from July 24, 1991 to July 23, 2001. In the period from January 2001 to January 2003, the Company utilized these credits, totaling R$ 42,102, to pay federal taxes incurred and owed by the Company, expressly supported by the judicial decision in the injunction. According to the terms of the agreement between the parties, if such credits are not validated by the National Treasury, Refinadora must reimburse the Company for the amount it will disburse to pay definitively the federal taxes that were previously offset against the credits.

In 2007, Company management and its legal counsel assessed the possible final outcome of the lawsuit concerning the tax credits acquired from Refinadora and, based on a recent decision by the Superior Court of Justice ("STJ") in a similar case, concluded that it was necessary to record a liability in the amount of the federal taxes that were previously paid, supported by a judicial decision, using the tax credits acquired from Refinadora. Accordingly, in the second quarter of 2007, the Company recorded a liability in the amount of R$ 88,080 (as described in Note 17, the Company received, as part of an inspection process, tax assessment notices for payment of these taxes and, through its legal counsel, is presently defending itself at the administrative level). Since there is a guarantee from the related party Refinadora in the event the Company loses the suit, the same amount was recorded as a long-term receivable from Refinadora. The amount to be reimbursed by Refinadora is collateralized by a bank letter of guarantee signed by Refinadora and its stockholders, with the following characteristics:

Guarantor: Banco Itaú BBA S.A.

In Favor of: Portobello S.A.

Term: 90 days, from October 3, 2007, renewable automatically for a further 4 equal consecutive periods of 90 days. If, during this period, after all available administrative means having been exhausted, an installment payment arrangement is made to pay the debt, the guarantor agrees to make the subsequent payments up to the limit of the letter of guarantee. This letter of guarantee may be replaced at any time with a real guarantee in favor of the Company.

Amount: R$ 90,618, monetarily updated based on the Selic interest rate in the period from the date of issue to that of payment.

Additionally, the Company's management continues discussing with Refinadora the existence of other assets that can be considered collateral for the realization of this tax credit.

In view of these conditions, the Company's management decided to maintain the amount receivable from Refinadora.

20. PRIVATE DEFINED CONTRIBUTION PENSION PLAN

The Plano de Benefícios Portobello Prev (the Portobello Prev Benefit Plan), managed by BB Previdência - Fundo de Pensão Banco do Brasil, was started in 1997 with the participation of 1,615 employees. The plan has the characteristics of a defined contribution plan, however it offers a minimum retirement benefit for length of service or age. The actuarial valuation of this portion of the plan, considered as a defined benefit, updated to March 31, 2008, shows a surplus of R$ 793 (R$ 753 in December 2007).

At December 31, 2007, the balance of the special contributions relating to past service to be deposited in the individual accounts of the participants who meet the conditions established by the regulations of the plan, amounts to R$ 3,529 (R$ 3,604 in 2007) and is provided in long-term liabilities. The Company will pay the related special reserve amount when each participant in these conditions becomes eligible.

All the plan's benefits will be granted to the participants who are eligible in accordance with the Regulations of the Plan. The costing of each plan will be determined by an independent actuary once a year, or whenever there are significant changes in the plan's costs.

21. STOCKHOLDERS' EQUITY

(a) Capital

On November 27, 2007, the Extraordinary General Meeting of stockholders, in conformity with art. 136 of Law 6.404/76, approved the conversion of all preferred shares into common shares at the ratio of one common share for each preferred share. This occurred on January 10, 2008, when the Company's subscribed and paid-up capital totaled R$ 112,957 (R$ 112,957 in December 2007), represented by 159,008,924 common shares with no par value.

Each common share is entitled to one vote in Stockholder Meetings, pursuant to the rights and privileges established by Brazilian corporate legislation and by the Company's by-laws.

The Company is authorized to increase capital up to 1,000,000,000 (one billion) new registered common shares without par value, totaling a capital represented by up to 1,159,008,924 shares. The issue of preferred shares or beneficiary parties is not permitted.

Stockholders are entitled to a mandatory minimum dividend equivalent to 30% of net income of each year, adjusted as determined by article 202 of Law 6.404/76.

(b) Revaluation reserve

This reserve was recorded in 1990, 1991 and 2006 based on independent appraisal reports and is transferred to retained earnings/accumulated deficit in the same proportion as the depreciation or disposal of the revalued assets (see Note 12).

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22. OTHER OPERATING INCOME AND EXPENSES

	Parent company		Consolidated	
	3.31.08	3.31.07	3.31.08	3.31.07
Other operating income				
Tax credits	233	-	1,815	-
Related party services revenues	227	732	-	-
Reimbursement of municipal taxes and fees	170	-	170	-
Eletrobras compulsory loan (Note 11)	4,104	-	4,104	-
Other income	192	129	73	129
Total other operating income	4,926	861	6,162	129
Other operating expenses				
Reversal/(provision) for contingencies	(1,385)	188	(1,391)	188
Idleness cost	(211)	(1,490)	(211)	(1,490)
Other expenses	(182)	(33)	(183)	(68)
Total other operating expenses	(1,778)	(1,335)	(1,785)	(1,370)
Total, net	3,148	(474)	4,377	(1,241)

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23. FINANCIAL INCOME AND EXPENSES

	Parent company		Consolidated	
	3.31.08	3.31.07	3.31.08	3.31.07
Financial income				
Interest	190	191	340	271
Discounts received	133	755	132	755
Other	10	45	10	45
	333	991	482	1,071
Foreign exchange variations				
Exchange gains	7,102	398	7,102	398
Exchange losses	(5,962)	1,476	(5,962)	1,476
	1,140	1,874	1,140	1,874
Financial expenses				
Interest	(4,166)	(6,014)	(4,531)	(6,625)
Commissions and service fees	(839)	(1,143)	(844)	(1,171)
Financial charges with taxes	(227)	(1,027)	(228)	(1,037)
Discounts/bank expenses	(380)	(890)	(386)	(890)
Discounts granted	(732)	(512)	(750)	(513)
CPMF (Tax on bank outflows)	(36)	(480)	(36)	(500)
Other	(198)	(305)	(198)	(320)
	(6,578)	(10,371)	(6,973)	(11,056)
Financial expenses, net	(5,105)	(7,506)	(5,351)	(8,111)

24. INSURANCE COVER (unaudited)

At March 31, 2008, the insurance cover against fire, robbery, collision and sundry risks for property, plant and equipment, inventories and loss of profits is considered sufficient by management to cover any losses.

Cover	Parent company and Consolidated 3.31.08
Fire/Lightning/Explosion of any type	85,000
Electrical damages	1,000
Riots	1,000
Windstorm/Smoke with Vehicle Impact	3,000
Civil liability - Operations	2,500

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	Parent company and Consolidated
Civil liability - Employer	2,500
Loss of Profits - Windstorm with Impact	12,000
Loss of Profits - Basic	12,000

25. MANAGEMENT COMPENSATION

Management fees totaled R$ 674 in the first quarter of 2008 (R$ 281 in 2007). The Annual General Meeting of stockholders held on April, 2008 approved a maximum overall management compensation of R$ 4,320 for the current year.

26. FINANCIAL INSTRUMENTS

The Company does not have any swap agreements or any transactions with characteristics of financial derivatives.

The method and assumptions used by the Company in the calculation of the fair value of its financial instruments are as follows:

Cash and cash equivalents - the carrying amounts approximate market values;

Loans and financing - as shown in Note 14, the transactions are subject to various indexes and interest rates. Management does not believe that unexpected gains or losses could arise on such transactions as they were contracted under conditions similar to market conditions.

The foreign currency debt is equivalent to approximately 11 months of exports using the average for the year. Since most foreign currency loans have long-term maturities, the foreign exchange gains during the payment period is close to the debt service costs, with a natural hedge in the cash flow.

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Exchange risk:

	Consolidated	
	3.31.08	12.31.07
Trade accounts receivable	28,976	26,698
Investments in subsidiaries	(2,057)	(4,107)
Suppliers	(4,063)	(3,021)
Loans and financing	(90,233)	(91,650)
Net exposure	(67,377)	(72,080)

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27. STATEMENT OF CASH FLOWS (SUPPLEMENTARY INFORMATION)

FOR THE QUARTERS ENDED MARCH 31, 2008 AND 2007

	Parent company		Consolidated	
	3.31.08	3.31.07	3.31.08	3.31.07
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income/(loss) for the quarter	3,888	(4,315)	3,308	(2,210)
Adjustments to reconcile net income (loss) for the quarter to net cash from operating activities:				
Minority interest	-	-	3	(27)
Depreciation and amortization	4,497	4,676	4,644	4,926
Residual value of property, plant and equipment disposals	163	168	165	168
Allowance for doubtful accounts	(53)	93	(53)	93
Equity in the (earnings) loss of subsidiaries	(460)	1,131	-	-
Exchange gain or loss on investments	52	63	52	63
Provision (reversal) for reduction of inventories to market value	634	(370)	634	(370)
Other provisions	-	164	-	164
Financial charges and exchange variations on balances with related parties, financing, loans and tax liabilities	289	(772)	463	(785)
Deferred income tax and social contribution on net income	94	-	94	-
(Increase) decrease in operating assets:				
Trade accounts receivable	(11,283)	(5,211)	(12,057)	(6,689)
Inventories	3,876	2,938	5,292	6,922
Other current assets	(3,992)	1,459	(4,446)	1,488
Non-current assets	(500)	111	(268)	23
Increase (decrease) in operating liabilities:				
Suppliers	(1,571)	298	(1,404)	(3,289)
Taxes payable in installments	(1,582)	358	(1,645)	357
Taxes payable	(178)	798	(421)	879
Payroll and related charges	(190)	63	(486)	473
Other payables	15,744	(215)	17,210	137
Net cash provided by operating activities	**9,428**	**1,437**	**11,085**	**2,325**
CASH FLOWS FROM INVESTING ACTIVITIES				
Eletrobrás compulsory loan	(4,104)	-	(4,104)	-
Purchases of property, plant and equipment and additions to deferred charges	(6,166)	(589)	(6,186)	(552)
Net cash used in investing activities	**(10,270)**	**(589)**	**(10,290)**	**(552)**

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	Parent company		Consolidated	
	3.31.08	3.31.07	3.31.08	3.31.07
CASH FLOWS FROM FINANCING ACTIVITIES				
New loans and financing	23,596	82,717	35,434	51,142
Treasury stock	-	-	(262)	-
Payment of loans and financing	(22,862)	(50,621)	(36,452)	(19,645)
Payment of intercompany payables	(44)	(46)	(44)	(575)
Net cash provided by (used in) financing activities	**690**	**32,050**	**(1,324)**	**30,922**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(152)**	**32,898**	**(529)**	**32,695**
CASH AND CASH EQUIVALENTS				
Opening balance	1,280	3,801	2,362	4,332
Closing balance	1,128	36,699	1,833	37,027
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(152)**	**32,898**	**(529)**	**32,695**
SUPPLEMENTARY INFORMATION				
Interest paid in the quarter	1,706	1,105	2,019	1,645
Income tax and social contribution on net income paid in the quarter	375	-	1,722	355

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05.01 - Comments on Company Performance During the Quarter

CORPORATE ASPECTS

On April 30, 2008, the shares of Portobello S.A started being traded in the BOVESPA New Market, the highest level of the Stock Exchange Corporate Governance. Listed in the traditional segment of BOVESPA since 1991, the Company trades its common shares under the code PTBL3.

SALES PERFORMANCE

Domestic market sales increased 23% whereas exports decreased 19% in relation to the same prior year period, reflecting the Company's option to direct a larger proportion of its sales to the domestic market. Exports amounted to US$ 12 million and the overall billing of the parent company reached R$ 103 million, 14% higher than the same 2007 period. Sales volumes totaled 4 million square meters of ceramic tiles, 75% of which in the domestic market and 25% in for export, a reduction of 18% in the quantity exported and 2% in total sales volume.

The Company refined its strategy of multi-channel retail, unique in the Brazilian market, with an increase in the share of the franchise store model under the name Portobello. The stores network increased from 92 in March of the prior year to 100 in March of this year, consolidating it as the largest Brazilian store network for specialized ceramic tiles. This distribution channel increased 19% in volume and 35% in net revenues for the first quarter of 2008 in comparison to the same prior year period. The Company expects to close 2008 with 120 Portobello Shop / Portobello Emporium stores.

In March, the Company participated in the International Ceramica tile fair Revestir, in São Paulo, the largest in Latin América, and in April, in Coverings, in the USA, the second largest world fair of ceramic tiles, in which several lines of products were presented. Among them, Ecoparquet was highlighted, referring to the wood exposed even in the ceiling, in 4”X24” size, that the Company has started exploiting in a brand new concept, and the Deck Ecowood, as an upgrade of the Ecowood line, that represent the demolition wood and now appears with grooves to compose the external areas in a particular way, in the 4”X36” size. As regards the stones, the lines Onyx, with nuances similar to mother-of-pearl and Pietra di Belize, with clear colors, varying from white to beige, called the public attention. Furthermore, the Company presented its investment in large formats, taking to Revestir already established products, such as Carrara, in the 36”X36” size. Portobello also strengthened its presence in the more competitive and accessible Basic line market, with Line Play, especially addressed to the B and C segments of the population, ideal for the customers of the Engineering market.

INDUSTRIAL PERFORMANCE

The production of ceramic tiles decreased 2% in relation to the first quarter of 2007. There has been an increase in the production of porcelain and wall tiles and a reduction in the floor tile production. This reduction is partially due to the discontinuation of old equipment that is being replaced by two lines of new production, imported from Italy, that is being installed and assembled in the industrial plant. The modernization of the production lines, an investment project budgeted at R$30 million, besides enabling product cost reduction, will also increase production capacity by approximately 30% as from the fourth quarter of 2008. This increased capacity will allow the Company to launch new lines of products with more competitive prices to meet the construction demand for coating for properties for classes B and C.

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05.01 - Comments on Company Performance During the Quarter

Industrial Activity	1st quarter 2008	1st quarter 2007
Floorings	1,030	1,492
Wall tiles	857	706
Special items + 3rd firing	48	44
Porcelain tiles (Technical and enameled)	2,246	2,042
Total Production in 1,000 m2	**4,181**	**4,284**

Sales Activity	1st quarter 2008	1st quarter 2007
Domestic market	3,149	3,013
Foreign market	1,047	1,274
Total Sales in 1,000 m2	**4,196**	**4,287**

FINANCIAL ECONOMIC PERFORMANCE

Net revenues of R$ 81 million increased 11% in relation to the same prior year period, despite the reduction in the exchange rate that affected exports. The gross profit of R$ 19 million increased 22% from the combination of higher average prices and sales volumes, and rationalization of production costs. The margin increased 2 percentage points and reached 24%, against 22% in the first quarter of the prior year. The administrative and selling expenses increased 22%, mainly from the costs of restructuring that the Company continued implementing as part of its efforts to reduce expenses to improve its competitiveness and increase sales.

The operating profit before financial results of R$ 9 million increased 200% when compared to the R$ 3 million for the same prior year period, mainly because of the R$ 4 million gain arising from the Eletrobrás compulsory loan (Notes 11 and 22) and by the increase in sales with a better gross margin. The cash generation ("EBITDA") of R$ 14 million increased 77% in relation to the prior year, reaching 17% of net revenue. Net financial expenses of R$ 5 million decreased 32% compared to the same quarter of the prior year, as a result of the reduction of 37% in financial expenses. The balance of R$ 115 million of loans and financing increased 17% in relation to the prior quarter due to the greater need for working capital arising from the increase in sales, and advances to suppliers of the investment program in progress at the industrial plant. The capital applied in inventories, however, decreased approximately R$ 5 million, equivalent to 8%.

OPERATING RESULT - EBTIDA

Reconciliation of EBITDA (Supplementary Information)

	Parent company		Consolidated	
	1st quarter 2008	1st quarter 2007	1st quarter 2008	1st quarter 2007
Net income (loss) for the quarter	3,888	(4,315)	3,308	(2,210)
Financial expenses, net	5,105	7,506	5,351	8,111
Depreciation, amortization and depletion	4,497	4,676	4,644	4,926
Income tax and social contribution on net income	281	-	1,629	355
Minority interest	-	-	3	(27)
Non-operating expenses, net	(2)	(83)	(81)	(82)
(=) EBITDA	**13,769**	**7,784**	**14,854**	**11,073**
Other non-recurring operating expenses:				
Tax credits (Note 22)	(233)		(1,815)	
Reimbursement of municipal taxes and fees (Note 22)	(170)		(170)	
Eletrobrás compulsory loan (Note 22)	(4,104)	-	(4,104)	-
	(4,507)	-	(6,089)	-
(=)ADJUSTED EBITDA	**9,262**	**7,784**	**8,765**	**11,073**

Adjusted EBITDA - the Adjusted EBITDA comprises the net income (loss) plus net financial expenses and depreciation and amortization and excludes non-recurring effects since we understand that such results are not linked to the Company's business cycle. The non-recurring expenses are explained in Note 22 and relate to tax assessments and recognition of tax liabilities from prior years. The Adjusted EBITDA is not a measure of financial performance according to Accounting Practices Adopted in Brazil, nor should it be considered separately, or as an alternative to net Income, as a measure of operating performance, or alternative to the operating cash flows, or as a liquidity measure. The Adjusted EBITDA is not affected by restructuring of debt, fluctuations in interest rates, changes in the tax burden or in the depreciation and amortization levels.

ADDED VALUE (Not reviewed)

The statement of distribution of added value is as follows:

05.01 - Comments on Company Performance During the Quarter

ORIGIN/DESTINATION	%
Sales price	100
Inputs	57
Added value	43
Depreciation/Amortization	(4)
Added value received in transfer (financial income)	7
Added value to be distributed	46
To Employees (salaries, benefits and charges)	15
To Government (taxes, fees and contributions)	14
To Third party capital (interest and rents)	13
To the Company (Profits)	4

AWARDS

The Company received the following awards in the quarter: "Corporate Reputation Award", from Revista Amanhã; and "Top Marcas 2008 - Category Ceramic Tiles", from Design Project and the ARCOWeb portal.

The Company Management comprises the following members:

BOARD OF DIRECTORS

Cesar Bastos Gomes	President
Cesar Gomes Júnior	Vice-President
Plínio Villares Musetti	Member
Fernando Marcondes de Mattos	Member
Glauco José Corte	Member
Mailson Ferreira da Nóbrega	Member
Rami Naun Goldfajn	Member
Cláudio Ávila da Silva	Member
Francisco Amaury Olsen	Member

EXECUTIVE BOARD

Cesar Gomes Júnior	Chief Executive Officer
Cláudio Ávila da Silva	Vice-President
Mário A. F. Baptista	Chief Financial and Investors Relation Officer
Nilton Torres de Bastos Filho	Industrial Director

Geraldo Leonel Estevam da Silveira — **Contador - CRC/PR 040698/0-9-T-SC**

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06.01 - Consolidated Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2008	4 - 12/31/2007
1	Total assets	424,225	406,031
1.01	Current assets	159,197	147,919
1.01.01	Cash and banks	1,833	2,362
1.01.02	Receivables	76,602	63,775
1.01.02.01	Customers	71,469	59,436
1.01.02.02	Sundry receivables	5,133	4,339
1.01.02.02.01	Marketable securities	5,133	4,339
1.01.03	Inventories	69,202	75,609
1.01.04	Other	11,560	6,173
1.01.04.01	Advances to suppliers	4,673	1,731
1.01.04.02	Taxes recoverable	3,244	1,510
1.01.04.03	Dividends receivable	0	0
1.01.04.04	Prepaid expenses	1,044	269
1.01.04.05	Other	2,599	2,663
1.02	Non-current assets	265,028	258,112
1.02.01	Long- term receivables	100,665	99,066
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Receivables from related parties	91,452	90,304
1.02.01.02.01	Associated and similar companies	91,452	90,304
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	9,213	8,762
1.02.01.03.01	Judicial deposits	1,227	951
1.02.01.03.02	Deferred tax credits	6,659	6,715
1.02.01.03.03	Loans to employees	0	0
1.02.01.03.04	Properties for sale	156	156
1.02.01.03.05	Other	1,171	940
1.02.02	Permanent assets	164,363	159,046
1.02.02.01	Investments	4,953	1,018
1.02.02.01.01	In associated and similar companies	0	0
1.02.02.01.02	In associated and similar companies - goodwill	0	0
1.02.02.01.03	In subsidiaries	0	0
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other Investments	259	428
1.02.02.01.06	Compulsory loan	4,694	590
1.02.02.02	Property, plant and equipment	153,994	152,172
1.02.02.03	Intangible assets	550	550
1.02.02.04	Deferred charges	4,866	5,306

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06.02 - Consolidated Balance Sheet - Liabilities and Stockholders' Equity (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2008	4 - 12/31/2007
2	Total liabilities	424,225	406,031
2.01	Current liabilities	196,473	174,921
2.01.01	Loans and financing	85,935	63,648
2.01.02	Debentures	0	0
2.01.03	Suppliers	60,059	61,463
2.01.04	Taxes, fees and contributions	23,547	22,454
2.01.04.01	Taxes payable in installments	9,843	9,810
2.01.04.02	Taxes, fees and contributions	13,704	12,644
2.01.05	Dividends payable	0	0
2.01.06	Provisions	0	0
2.01.07	Debts with related parties	2,182	2,226
2.01.08	Other	24,750	25,130
2.01.08.01	Advances from customers	10,371	10,538
2.01.08.02	Labor and social security charges	8,361	8,847
2.01.08.03	Other	6,018	5,745
2.02	Non-current liabilities	200,905	207,508
2.02.01	Long-term liabilities	200,905	207,508
2.02.01.01	Loans and financing	36,425	43,013
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	4,616	2,895
2.02.01.04	Debts with related parties	3,347	4,525
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	156,517	157,075
2.02.01.06.01	Provision for income tax and social contribution on net income	18,114	18,249
2.02.01.06.02	Pension plan	3,529	3,604
2.02.01.06.03	Taxes payable in installments	26,580	28,256
2.02.01.06.04	Taxes payable	107,943	106,614
2.02.01.06.05	Other	351	352
2.02.02	Deferred income	0	0
2.03	Minority interest	(5)	62
2.04	Stockholders' equity	26,852	23,540
2.04.01	Paid-up capital	112,957	112,957
2.04.02	Capital reserves	267	267
2.04.03	Revaluation reserves	54,184	54,584
2.04.03.01	Own assets	54,184	54,584
2.04.03.02	Subsidiary/associated and similar companies	0	0
2.04.04	Revenue reserve	0	0
2.04.04.01	Legal	0	0
2.04.04.02	Statutory	0	0
2.04.04.03	For contingencies	0	0
2.04.04.04	Unrealized profits	0	0
2.04.04.05	Profit retention	0	0
2.04.04.06	Special for undistributed dividends	0	0
2.04.04.07	Other revenue reserves	0	0
2.04.05	Retained earnings/Accumulated deficit	(140,556)	(144,268)
2.04.06	Advance for future capital increase	0	0

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07.01 - Consolidated Statement of Income (R$ thousand)

1 - Code	2 - Description	3 - 1/1/2008 to 3/31/2008	4 - 1/1/2008 to 3/31/2008	5 - 1/1/2007 to 3/31/2007	6 - 1/1/2007 to 3/31/2007
3.01	Gross sales and/or service revenues	115,623	115,623	119,292	119,292
3.02	Deductions from gross revenues	(23,413)	(23,413)	(18,947)	(18,947)
3.03	Net sales and/or service revenues	92,210	92,210	100,345	100,345
3.04	Cost of sales and/or services	(66,063)	(66,063)	(70,858)	(70,858)
3.05	Gross profit	26,147	26,147	29,487	29,487
3.06	Operating expenses/income	(21,288)	(21,288)	(31,451)	(31,451)
3.06.01	Selling	(15,944)	(15,944)	(17,605)	(17,605)
3.06.02	General and administrative	(4,318)	(4,318)	(4,431)	(4,431)
3.06.03	Financial	(5,351)	(5,351)	(8,111)	(8,111)
3.06.03.01	Financial income	1,622	1,622	2,945	2,945
3.06.03.01.01	Financial income	482	482	1,071	1,071
3.06.03.01.02	Foreign exchange variations, net	1,140	1,140	1,874	1,874
3.06.03.02	Financial expenses	(6,973)	(6,973)	(11,056)	(11,056)
3.06.04	Other operating income	6,162	6,162	129	129
3.06.05	Other operating expenses	(1,837)	(1,837)	(1,433)	(1,433)
3.06.05.01	Exchange loss on Investments	(52)	(52)	(63)	(63)
3.06.05.02	Other operating expenses	(1,785)	(1,785)	(1,370)	(1,370)
3.06.06	Equity in the earnings (loss) of subsidiaries	0	0	0	0
3.07	Operating profit (loss)	4,859	4,859	(1,964)	(1,964)
3.08	Non-operating income, net	81	81	82	82
3.08.01	Income	82	82	199	199
3.08.02	Expenses	(1)	(1)	(117)	(117)
3.09	Profit before taxation/profit sharing	4,940	4,940	(1,882)	(1,882)
3.1	Provision for income tax and social contribution on net income	(1,723)	(1,723)	(355)	(355)
3.11	Deferred income tax	94	94	0	0
3.12	Statutory profit sharing and contributions	(3)	(3)	27	27
3.12.01	Profit sharing	(3)	(3)	27	27

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07.01 - Consolidated Statement of Income (R$ thousand)

1 - Code	2 - Description	3 - 1/1/2008 to 3/31/2008	4 - 1/1/2008 to 3/31/2008	5 - 1/1/2007 to 3/31/2007	6 - 1/1/2007 to 3/31/2007
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on own capital	0	0	0	0
3.14	Minority interest	0	0	0	0
3.15	Net income/loss for the period	3,308	3,308	(2,210)	(2,210)
	Number of shares (thousand), excluding treasury stock	159,009	159,009	150,009	150,009
	Net income per share - R$	0.02080	0.02080		
	Loss per share - R$			(0.01473)	(0.01473)

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08.01 - Comments on Consolidated Performance During the Quarter

Total consolidated billings were R$ 116 million, 76% of which arising from sales in Brazilian reais and 24% from sales in foreign currency, including the sales of the US subsidiary. This distribution in the share of sales in reais and in foreign currency occurred as a result of the adjustment in Company strategy arising from the appreciation of the real against the US dollar. The negative scenario of the real estate market in the USA forced the Company to carry out a restructuring of its subsidiary Portobello America, Inc, reducing its staff as a result of the decision to close four of the five warehouses operated by that subsidiary.

Net revenues of R$ 92 million showed a reduction of 8%, while the gross profit of R$ 26 million decreased 11% in relation to the same prior year period, at the same time that the gross margin decreased from 29% to 28%. This variation was due to the reduction of exported volumes and to the reduction in the exchange rate upon consolidating the revenues in foreign currency. Administrative and selling expenses decreased 8% in the amount of R$ 2 million and represented 22% of net revenues. Net financial expenses were R$ 5 million, a 34% reduction due to the new financing structure. Net income of R$ 3 million was R$ 5 million better than the result for the first quarter of the prior year. Loans and financing increased 15% in the quarter a result of the greater need for working capital. The consolidated "EBITDA" of R$ 15 million in the quarter increased 34 % in relation to the same prior year period and exceeded 16% of net revenues.

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16.01 - OTHER INFORMATION CONSIDERED RELEVANT BY THE COMPANY

STOCKHOLDERS WITH MORE THAN 5% OF EACH TYPE AND CLASS OF SHARE - ITR

HOLDING OF STOCKHOLDERS WITH MORE THAN 5% OF EACH TYPE AND CLASS OF SHARE, UP TO INDIVIDUAL HOLDINGS				
PORTOBELLO S. A			**Position at 3/31/2008 (In thousand shares)**	
STOCKHOLDER	**COMMON SHARES**		**TOTAL**	
	NUMBER	**%**	**NUMBER**	**%**
Eleonora Ramos Gomes	27,330	17.19	27,330	17.19
Cesar Gomes Junior	24,412	15.35	24,412	15.35
International Finance Corporation - IFC	15,728	9.89	15,728	9.89
Eduardo Ramos Gomes	12,662	7.96	12,662	7.96
Paulo Bastos Gomes	12,552	7.89	12,552	7.89
Funds managed by Fama Fundo de Investimentos em Ações	10,022	6.30	10,022	6.30
Valério Gomes Neto	9,477	5.96	9,477	5.96
Maria Gertrudes da Luz Gomes	8,987	5.65	8,987	5.65
Other	37,839	23.81	37,839	23.81
Total	**159,009**	**100.00**	**159,009**	**100.00**

1 - The stockholder International Finance Corporation is based overseas.
2 - The funds managed by Fama Fundo de Investimentos em Ações comprise several funds, none with a holding in excess of 5% of the total shares.

HOLDINGS OF MAJORITY STOCKHOLDERS, MANAGEMENT AND OUTSTANDING SHARES

CONSOLIDATED STOCKHOLDING POSITION OF THE MAJORITY STOCKHOLDERS MANAGEMENT AND OUTSTANDING SHARES Position at 3/31/2008				
PORTOBELLO S. A			**Position at 3/31/2008 (In thousand shares)**	
STOCKHOLDER	**COMMON SHARES**		**TOTAL**	
	NUMBER	**%**	**NUMBER**	**%**
Controlling stockholder	55,256	34.75	55,256	34.75
Management				
Board of Directors	55	0.03	55	0.03
Executive Board	34	0.02	34	0.02
Audit Committee	-	-	-	-
Other stockholders	103,664	65.20	103,664	65.20
Total	**159,009**	**100.00**	**159,009**	**100.00**
Outstanding shares	**103,664**	**65.20**	**103,664**	**65.20**

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16.01 - OTHER INFORMATION CONSIDERED RELEVANT BY THE COMPANY

COMMITMENT CLAUSE

The Company's by-laws establish that the Company, its stockholders, management and members of the Audit Committee (when installed), are committed to solve, through arbitration before the Chamber of Market Arbitration of BOVESPA - the São Paulo Stock Exchange, in accordance with its related Arbitration Regulations, any dispute that may arise between them, related or originated, especially from the application, validity, efficiency, interpretation, violation, and their effects, of the provisions comprised in Corporate Law, in the Company's by-laws, in the regulations issued by the National Monetary Council, by the Brazilian Central Bank and by the Brazilian Securities Commission, as well as in other regulations applicable to the capital markets in general besides those comprised in the Regulations of the New Market, the Regulations of the Chamber of the Market Arbitration and of the Contract for Participation in the New Market.

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17.01 - REPORT ON THE SPECIAL REVIEW - WITHOUT EXCEPTIONS

To the Board of Directors and Stockholders
Portobello S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) of Portobello S.A. (the "Company") for the quarter ended March 31, 2008, comprising the (parent company and consolidated) balance sheet, the statement of income, the performance report and the explanatory notes. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in conformity with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON) in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 As mentioned in Note 2, up to the approval of this Quarterly Information, Company management had not completed its studies on the impacts of the changes in accounting practices introduced by Law 11.638/07 in order to record the possible effects, or to disclose an estimate of the possible effects, of the changes introduced by the Law on stockholders' equity and on the results of operations for the periods presented.

4 Based on our review, except for the matter mentioned in the previous paragraph, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the rules issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information.

5 The Company has incurred recurring losses, mainly arising from its financial indebtedness, taxes payable in installments, working capital deficit and low liquidity. As described in Note 1, management has been implementing actions to modify the operating and financial conditions in order to improve profit margins, extend debt payment, reduce interest rates and obtain

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17.01 - REPORT ON THE SPECIAL REVIEW - WITHOUT EXCEPTIONS

grace periods for payment. The Quarterly Information has been prepared and is being presented assuming that the Company will continue as a going concern and that the business projections for the next year will be achieved and that the current negotiations with financial institutions will be successfully finalized.

6 Our review was conducted in order to issue a limited review report on the accounting information included in the Quarterly Information (ITR), taken as a whole. The statements of cash flows (parent company and consolidated) that are being presented to provide additional information on the Company and its subsidiaries are not required as an integral part of the basic Quarterly Information, prepared in accordance with accounting practices adopted in Brazil. The statements of cash flows have been submitted to the same review procedures described in paragraph 2 and, based on this review, we are not aware of any material modifications that should be made for them to be fairly presented, in all material respects, in relation to the Quarterly Information (ITR) for the quarter ended March 31, 2008, taken as a whole.

7 The Quarterly Information (ITR) mentioned in the first paragraph also includes comparative accounting information for the quarter ended March 31, 2007. The limited review of the Quarterly Information (ITR) for the quarter then ended was conducted by other independent accountants who issued a report thereon dated May 4, 2007, with an emphasis paragraph on the continuity of operations, similar to paragraph 5 of this report. Also, the balance sheets of Portobello S.A. (individual and consolidated) at December 31, 2007, presented for comparison purposes, have been audited by other independent accountants who issued a report thereon dated March 12, 2008, with an emphasis paragraph on the continuity of operations similar to paragraph 5 of this report.

Curitiba, May 8, 2008

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "S" SC

Carlos Biedermann
Contador CRC 1RS029321/O-4 "S" SC

(A free translation of the original in Portuguese)
FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
March 31, 2008

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