(A free translation of the original in Portuguese)

Portobello S.A. and Subsidiaries

Report of Independent Accountants on Review of Quarterly Information (ITR)

June 30, 2008

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Al. Dr. Carlos de Carvalho, 417 10º
80410-180 Curitiba, PR - Brasil
Caixa Postal 699
Telefone (41) 3322-7911
Fax (41) 3222-6514
www.pwc.com/br

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Report of Independent Accountants on Review

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

1 We have reviewed the accounting information included in the individual and consolidated Quarterly Information (ITR) of Portobello S.A. for the quarter and periods ended June 30, 2008, comprising the balance sheet, the statements of operations and of cash flows (as presented in Note 26),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 accordance 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.

3 Based on our review, 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 standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information, including CVM Instruction 469/08.

PRICEWATERHOUSECOOPERS

Portobello S.A.

4 On June 30, 2008 the Company presents current liabilities in excess of current assets in the amount of R$ 56,391 thousand (R$ 57,284 thousand in consolidated). 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, supported by the effectiveness of the corporate projections.

5 As mentioned in Note 2, Law 11638 was enacted on December 28, 2007 and is effective as from January 1, 2008. This law amended, revoked and introduced new provisions to Law 6404 (Brazilian Corporation Law) and changed the accounting practices adopted in Brazil. Although this law is already effective, some of the changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented by the companies. Accordingly, during this phase of transition, the CVM, through its Instruction 469/08, did not require the implementation of all the provisions of Law 11638 in the preparation of Quarterly Information. As a result, the accounting information included in the Quarterly Information for the quarter and six-month period ended June 30, 2008 was prepared in accordance with specific CVM instructions and does not contemplate all the changes in accounting practices introduced by Law 11638.

6 The Quarterly Information (ITR) mentioned in the first paragraph also includes comparative accounting information for the quarter and periods ended June 30, 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 August 9, 2007, with an emphasis paragraph on the continuity of operations similar to paragraph 4 of this report. Also, we have reviewed the balance sheets of Portobello S.A. (individual and consolidated) at March 31, 2008, presented for comparison purposes, and issued a report thereon dated May 8, 2008, with an emphasis paragraph on the continuity of operations similar to paragraph 4 of this report.

Curitiba, July 30, 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
June 30, 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	2	4/1/2008	6/30/2008	1	1/1/2008	3/31/2008

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

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June 30, 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 6/30/2008	Prior quarter 3/31/2007	Same quarter in prior year 6/30/2007
Paid-up capital			
1 - Common	159,009	159,009	99,225
2 - Preferred	0	0	59,784
3 - Total	159,009	159,009	159,009
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

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
8/8/2008	

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FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
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Corporate Legislation
June 30, 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 - 6/30/2008	4 - 3/31/2008
1	Total assets	427,695	417,482
1.01	Current assets	144,971	148,505
1.01.01	Cash and banks	1,490	1,128
1.01.02	Receivables	85,643	83,902
1.01.02.01	Customers	80,888	78,769
1.01.02.02	Sundry receivables	4,755	5,133
1.01.02.02.01	Marketable securities	4,755	5,133
1.01.03	Inventories	51,329	54,695
1.01.04	Other	6,509	8,780
1.01.04.01	Advances to suppliers	3,274	4,631
1.01.04.02	Taxes recoverable	1,512	184
1.01.04.03	Dividends receivable	0	922
1.01.04.04	Prepaid expenses	723	979
1.01.04.05	Other	1,000	2,064
1.02	Non-current assets	282,724	268,977
1.02.01	Long- term receivables	109,002	99,426
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Receivables from related parties	93,400	92,280
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	845	828
1.02.01.02.03	Other related parties	92,555	91,452
1.02.01.03	Other	15,602	7,146
1.02.01.03.01	Judicial deposits	1,053	1,044
1.02.01.03.02	Deferred tax credits	5,394	5,434
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	Receivables from Eletrobrás	8,482	0
1.02.01.03.06	Other	517	512
1.02.02	Permanent assets	173,722	169,551
1.02.02.01	Investments	5,345	12,114
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	5,092	7,168
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other Investments	253	253
1.02.02.01.06	Compulsory loan	0	4,693
1.02.02.02	Property, plant and equipment	163,867	152,144
1.02.02.03	Intangible assets	193	550
1.02.02.04	Deferred charges	4,317	4,743

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

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
2	Total liabilities	427,695	417,482
2.01	Current liabilities	201,362	184,531
2.01.01	Loans and financing	92,345	78,995
2.01.02	Debentures	0	0
2.01.03	Suppliers	60,963	58,467
2.01.04	Taxes, fees and contributions	19,899	21,688
2.01.04.01	Taxes payable in installments	9,189	9,563
2.01.04.02	Taxes, fees and contributions	10,710	12,125
2.01.05	Dividends payable	0	0
2.01.06	Provisions	0	0
2.01.07	Debts with related parties	2,157	2,182
2.01.08	Other	25,998	23,199
2.01.08.01	Advances from customers	11,934	10,151
2.01.08.02	Labor and social security charges	9,286	7,440
2.01.08.03	Other	4,778	5,608
2.02	Non-current liabilities	194,450	205,519
2.02.01	Long-term liabilities	194,450	205,519
2.02.01.01	Loans and financing	23,687	35,727
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	9,270	4,570
2.02.01.04	Debts with related parties	5,674	9,526
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	155,819	155,696
2.02.01.06.01	Provision for income tax and social contribution on net income	17,980	18,114
2.02.01.06.02	Pension plan	3,808	3,529
2.02.01.06.03	Taxes payable in installments	25,182	26,487
2.02.01.06.04	Taxes payable	108,849	107,566
2.02.01.06.05	Other	0	0
2.02.02	Deferred income	0	0
2.04	Stockholders' equity	31,883	27,432
2.04.01	Paid-up capital	112,957	112,957
2.04.02	Capital reserves	267	267
2.04.03	Revaluation reserves	53,786	54,184
2.04.03.01	Own assets	53,786	54,184
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 - 6/30/2008	4 - 3/31/2008
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	(135,127)	(139,976)
2.04.06	Advance for future capital increase	0	0

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Corporate Legislation
June 30, 2008

01 - IDENTIFICATION		
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03.01 - Statement of Operations (R$ thousand)

1 - Code	2 - Description	3 - 4/1/2008 to 6/30/2008	4 - 1/1/2008 to 6/30/2008	5 - 4/1/2007 to 6/30/2007	6 - 1/1/2007 to 6/30/2007
3.01	Gross sales and/or service revenues	112,965	216,210	97,725	188,361
3.02	Deductions from gross revenues	(25,546)	(48,206)	(19,653)	(37,582)
3.03	Net sales and/or service revenues	87,419	168,004	78,072	150,779
3.04	Cost of sales and/or services rendered	(67,016)	(128,292)	(61,745)	(118,564)
3.05	Gross profit	20,403	39,712	16,327	32,215
3.06	Operating expenses/income	(15,014)	(30,155)	(21,887)	(42,172)
3.06.01	Selling	(10,975)	(21,155)	(10,524)	(18,675)
3.06.02	General and administrative	(3,760)	(7,173)	(2,464)	(5,426)
3.06.03	Financial	(3,624)	(8,728)	(2,609)	(10,115)
3.06.03.01	Financial income	3,775	5,248	6,087	8,952
3.06.03.01.01	Financial income	286	619	446	1,437
3.06.03.01.02	Foreign exchange variations, net	3,489	4,629	5,641	7,515
3.06.03.02	Financial expenses	(7,399)	(13,976)	(8,696)	(19,067)
3.06.04	Other operating income	10,692	15,618	805	1,669
3.06.05	Other operating expenses	(4,734)	(6,564)	(6,021)	(7,418)
3.06.05.01	Foreign exchange loss on Investments	656	604	(94)	(157)
3.06.05.02	Other operating expenses	(5,390)	(7,168)	(5,927)	(7,261)
3.06.06	Equity in the earnings (loss) of subsidiary and associated companies	(2,613)	(2,153)	(1,074)	(2,207)
3.07	Operating profit (loss)	5,389	9,557	(5,560)	(9,957)
3.08	Non-operating income, net	(399)	(397)	247	331
3.08.01	Income	0	2	275	475
3.08.02	Expenses	(399)	(399)	(28)	(144)
3.09	Profit (loss) before taxation/profit sharing	4,990	9,160	(5,313)	(9,626)
3.10	Provision for income tax and social contribution on net income	(631)	(1,006)	0	0
3.11	Deferred income tax	94	188	(10,655)	(10,655)
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	4,453	8,342	(15,968)	(20,281)
	Number of shares (thousand), excluding treasury stock	159,009	159,009	150,009	150,009
	Net income per share - R$	0.02800	0.05246		
	Loss per share - R$			(0.10042)	(0.12755)

1. OPERATIONS

Portobello S.A. ("Portobello" or the "Company") manufactures and sells ceramic tiles for interior walls, mosaics, external façades, 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 tile sector in terms of volume of production and sales, according to ANFACER data in 2007. We believe that the quality and innovative design of our products, together with the quality service that we provide, assure the recognition of our brand all over the country and also in the foreign markets in which we operate.

RECOVERING PROFITABILITY

Management has been focusing with absolute priority on the implementation of measures to increase the profitability and operating efficiency of the Company. For this reason, it is necessary to neutralize the negative effects of the exchange rate decline on the profitability of our exports, as well as the acute recession in the U.S. real estate market, resulting in significant losses at our U.S. subsidiary Portobello America, Inc. As a result, Management started a major restructuring of operations in the United States, including the closing of six existing warehouses, which resulted in non-recurring extraordinary losses of over R$ 2 million with the liquidation of inventories. The operations of a fourth warehouse were sold to one of the customers, with the transfer effective on August 1, and the fifth warehouse will be closed until September, concentrating all of the distribution in the last warehouse, located in Florida. With the conclusion of the restructuring in progress, the Company expects to return to profitability in that market up to the end of the year.

In the other export markets, the strategy implemented included increases in prices and the replacement of uncompetitive products with new more profitable ones.

The commercial strategy was adjusted to reduce temporarily the share of exports in our total revenues and, as a consequence, increase sales in the Brazilian domestic market, which is currently more profitable.

In this first half the Company implemented part of the capacity expansion program with the realization of R$ 22 million in capital investments. The total project, which was budgeted at about R$ 30 million for 2008, is driven towards the modernization of the production lines and will make possible a reduction in production costs and an increase in the manufacture capacity by about 31% as from the fourth quarter of 2008.

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

The program for rationalization of inventories had significant progress in the six-month period, with the reduction of R$ 14 million in relation to the beginning of the year. Comparing with the same date in the prior year, the reduction was 32%, representing a release of R$ 28 million of working capital.

The net financial expenses were reduced by 20% compared to the first half of the prior year, despite the 2% increase in the balance of loans and financing. The main factor for the drop in financial expenses for the six-month period was the lower average interest rate and the reduction of the Tax on Bank Account Outflows (CPMF), offset by the increase in the Tax on Financial Transactions (IOF). Even with lower foreign exchange gains the difference in the interest rate on loans in US dollars resulted in lower expense.

The Company has been endeavoring to reduce costs and expenses. As a result of this effort, it has been succeeding in achieving significant percentage reductions in its expenses every quarter.

	2nd quarter 2006	2nd quarter 2007	2nd quarter 2008
Commercial expenses	23,270	18,325	16,848
Administrative expenses	4,946	4,025	4,776
	28,216	22,350	21,624

2. PRESENTATION AND PREPARATION OF THE FINANCIAL STATEMENTS

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. Accordingly, during this phase of transition, the CVM, through its Instruction 469/08, did not require the implementation of all the provisions of Law 11638/07 in the preparation of the Quarterly Information (ITR).

We highlight below Management's evaluation of the impact of CVM Instruction,469/08 on the presentation of the Quarterly Information and the criteria for the calculation of the financial position and results for the period ended June 30, 2008:

(a) Management understands that the concept of present value is applicable in the preparation of the Quarterly Information, evaluated the situations in which there is the possibility of a difference, at the date of initial recognition, between the face value and the fair value of financial assets and liabilities, and concluded that the effects of the discount to present value of short-term assets and liabilities at June 30, 2008, or at any prior period are not significant. No long-term assets and liabilities that should be adjusted to present value were identified.

(b) Elimination of the possibility of revaluing Permanent Assets. The balances in the revaluation reserves shall be maintained up to their effective realization or reversed up to the end of the year in which the law is effective. The Company opted for maintaining the existing balances up to their effective realization.

(c) The investments in associated and subsidiary companies, in which the Company has significant influence or holds 20% or more of the voting capital, or in subsidiaries and in other companies of the same group or which are under common control, will be recorded on the equity method. The Company already adopts this accounting practice.

(d) The tax incentives will no longer be classified as capital reserve, and will be included as part of the result for the year. By management determination, the General Stockholders' Meeting may direct a portion of the profit corresponding to these incentives to the formation of a tax incentive reserve, created as part of the revenue reserves, and may exclude it from the calculation basis of the mandatory dividend. The Company does not have any tax incentive.

(e) Obligation to adjust the assets to market value, in the cases of merger or split-off involving the transfer of control. The adoption of this practice does not affect the Company's result.

The accounting information comprised in the Quarterly Information (ITR) has been prepared and is being presented in accordance with the regulations issued by the Brazilian Securities Commission applicable to the preparation of the Quarterly Information, including CVM Instruction 469/08.

In addition, we highlight below Management's evaluation of the impact of those items of Law 11,638/08 which CVM Instruction 469/08 did not require to be implemented in the preparation of the Quarterly Information, but which will be adopted upon the preparation of the financial statements for the year in course.

(a) The obligatory statement of changes in financial position (DOAR) was replaced with the statement of cash flows (DFC). In the case of listed companies, the statement of added value (DVA) has also been introduced as mandatory, but only on an annual basis. The Company already adopts these practices in the preparation and disclosure of its annual financial statements.

(b) The possibility of including the tax records in the commercial accounting records, with segregation between the commercial accounting and the tax statements. The adoption of this practice does not affect the Company's results.

(c) Property and equipment will include the rights over assets for the maintenance of the Company's activities, including those arising from arrangements that transfer to the Company the benefits, risks and control of these assets, such as leases with characteristics of financing. The adoption of this practice does not affect the Company's results.

(d) The recording of investments in financial instruments, including derivatives: (i) at market value or equivalent, when held for trading or available for sale; and (ii) at acquisition or issue cost, restated in accordance with the legal or contractual provisions, and adjusted to the probable realization value, when this is lower. The adoption of this practice does not affect the Company's results.

(e) The recoverable value of property and equipment, intangible assets and deferred assets will be periodically evaluated to record potential impairment losses or revise the criteria or rates for depreciation, amortization and depletion. At June 30, 2008, the application of this item will not create accounting effects for the Company.

(f) Creation of the caption "asset valuation adjustments" in stockholders' equity. This account will be used for certain asset valuation adjustments which, although not computed in the result for the year in compliance with the accrual basis, are necessary to record increases or decreases of value attributed to elements of assets and liabilities, based on market value. At June 30, 2008, the impact of these adjustments, in the parent company and consolidated balance sheet, would have reduced the result for the six-month period by R$ 604.

Accordingly, the changes provided by Law 11,638/07, if fully implemented in the first half of 2008, would have reduced the result for the six-month period by R$604.

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

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

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

	Net income (loss)		Stockholders' equity	
	06.30.08	06.30.07	06.30.08	06.30.07
Parent company	8,342	(20,281)	31,883	47,658
Unrealized profits in inventories	(609)	(1,870)	(609)	(1,870)
Reversal of unrealized profit	-	5,659	-	-
Consolidated	7,733	(16,492)	31,274	45,788

3. SIGNIFICANT ACCOUNTING PRACTICES

(a) Cash and banks

Includes cash and bank deposits with no restriction on 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, except for receivables from related parties. The allowance for doubtful accounts is recorded at an amount considered sufficient to cover eventual 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 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 11. 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) Intangible assets

Refer to trademarks and patents recognized at their acquisition cost.

(j) 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.

(k) Other current assets and long-term receivables

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

(l) 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 the rates listed in Note 13.

(m) Other current and long-term liabilities

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

(n) 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.

(o) Private defined contribution pension plan

The plan is recorded on the accrual basis of accounting, as described in Note 19.

(p) Transactions with related parties

These transactions are carried out under the conditions described in Note 18.

(q) 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 by the opinion of the Company's legal counsel, as stated in Note 17.

(r) 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

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

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. MARKETABLE SECURITIES

	Parent company and Consolidated	
	06.30.08	03.31.08
Restricted account	2,686	3,684
Financial investments	475	1,449
(a) Shares - Eletrobras	1,594	-
	4,755	5,133

Restricted account - a current account restricted in connection with a prepayment transaction with Banco ABN, and with remuneration of 2.76% p.a. in US$.

Financial investments - pledged as collateral for loans (See Note 13).

(a) The Company is already taking measures to sell the Eletrobrás preferred shares (See Note 8).

5. TRADE ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	06.30.08	03.31.08	06.30.08	03.31.08
Accounts receivable from third parties:				
Customers - Local market	53,624	47,712	59,168	49,890
Customers - Foreign market	8,593	14,280	26,957	28,976
	62,217	61,992	86,125	78,866
Accounts receivable from subsidiaries:				
Portobello America Inc. - (Foreign market)	26,887	21,521	-	-
PB Tech Ltda. - (Internal market)	2,244	2,111	-	-
	29,131	23,632	-	-

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

	Parent company		Consolidated	
	06.30.08	03.31.08	06.30.08	03.31.08
Allowance for doubtful accounts	(1,959)	(1,958)	(2,444)	(2,500)
Discounted trade bills	(2,009)	(1,040)	(2,009)	(1,040)
Advances on export contracts	(6,492)	(3,857)	(6,492)	(3,857)
	(10,460)	(6,855)	(10,945)	(7,397)
Total accounts receivable	80,888	78,769	75,180	71,469

The aging list of receivables is as follows:

	Parent company		Consolidated	
	06.30.08	03.31.08	06.30.08	03.31.08
Not yet due	46,993	49,484	65,173	62,294
Overdue up to 30 days	10,021	6,225	12,823	8,472
Overdue from 31 to 60 days	667	583	2,409	1,196
Overdue from 61 to 90 days	479	588	868	735
Overdue from 91 to 180 days	452	1,438	1,173	2,422
Overdue from 181 to 360 days	1,646	1,716	1,235	1,247
Overdue for more than 360 days	1,959	1,958	2,444	2,500
Total accounts receivable	62,217	61,992	86,125	78,866

The allowance for doubtful accounts is set up based on the analysis of amounts receivable in view of the risks involved, and 100% of the receivables due for more than 360 days is provided, excluding accounts receivable from related parties. The allowance for doubtful accounts is considered sufficient to cover eventual losses on their realization.

6. INVENTORIES

	Parent company		Consolidated	
	06.30.08	03.31.08	06.30.08	03.31.08
Finished products	38,287	43,122	48,450	57,629
Work in process	8,661	7,092	8,661	7,092
Raw and consumption materials	7,303	7,606	7,303	7,606
Provision for reduction of inventories to realizable value	(2,922)	(3,125)	(3,359)	(3,125)
Total	51,329	54,695	61,055	69,202

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

7. INCOME TAX AND SOCIAL CONTRIBUTION

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

Deferred income tax and social contribution assets were recorded at the current tax rates at June 30, 2008 and are as follows:

	Parent company		Consolidated	
	06.30.08	03.31.08	06.30.08	03.31.08
Deferred income tax assets				
On tax losses	5,818	5,818	6,932	7,043
On temporarily non-deductible provisions	6,136	6,136	6,136	6,136
(-) Valuation allowance for the amount with realization not currently assured.	(8,079)	(8,050)	(8,079)	(8,050)
	3,875	3,904	4,989	5,129
Deferred social contribution assets				
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 with realization not currently assured.	(2,737)	(2,726)	(2,737)	(2,726)
	1,519	1,530	1,519	1,530
	5,394	5,434	6,508	6,659

In compliance with CVM Instruction 371, the Company did not record tax assets on income tax and social contribution losses incurred as from July 1, 2002, which amount to R$ 39,662 in June 2008 (R$ 42,030 at March 2008), since economic feasibility studies indicate that realization of these assets is limited to the amounts already recorded.

(b) Analysis of the tax expense for the quarter

	2nd quarter 2008			
	Parent company		Consolidated	
	2008	2007	2008	2007
Income tax				
Provision for income tax - current	(463)	-	(975)	(355)
Reversal of deferred income tax on realization of the revaluation reserve	99	-	99	-

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

	2nd quarter 2008			
	Parent company		Consolidated	
	2008	2007	2008	2007
Valuation allowance for the deferred income tax with realization not currently assured	(30)	(7,961)	(30)	(7,961)
	(394)	(7,961)	(906)	(8,316)
Social contribution				
Provision for social contribution - current	(168)	-	(358)	(132)
Reversal of deferred social contribution on realization of revaluation reserve	35	-	35	-
Valuation allowance for the deferred social contribution with realization not currently assured	(10)	(2,694)	(10)	(2,694)
	(143)	(2,694)	(333)	(2,826)
Total	(537)	(10,655)	(1,239)	(11,142)

	1st half 2008:			
	Parent company		Consolidated	
	2008	2007	2008	2007
Income tax				
Provision for income tax - current	(737)	-	(2,236)	(614)
Reversal of deferred income tax on realization of the revaluation reserve	198	-	198	-
Valuation allowance for the deferred income tax with realization not currently assured	(60)	(7,961)	(60)	(7,961)
	(599)	(7,961)	(2,098)	(8,575)
Social contribution				
Provision for social contribution - current	(269)	-	(820)	(229)
Reversal of deferred social contribution on realization of revaluation reserve	70	-	70	-
Valuation allowance for the deferred social contribution with realization not currently assured	(20)	(2,694)	(20)	(2,694)
	(219)	(2,694)	(770)	(2,923)
Total	(818)	(10,655)	(2,868)	(11,498)

(c) Effective tax reconciliation:

	2nd quarter 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
Profit/(loss) before taxes	4,990	(5,313)	5,663	(3,158)
Tax rate	34%	34%	34%	34%
Tax credit (expense) at the standard rate	(1,697)	1,806	(1,925)	1,073
Tax effect of permanent (additions)				

04.01 - Notes to the Quarterly Information
(All amounts in thousands of Brazilian reais - R$ unless otherwise indicated)

	2nd quarter 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
exclusions:				
Equity in the results	(888)	(365)	-	-
Permanent differences:				
- Loss on investments in subsidiaries	223	(32)	223	(32)
- Other non-deductible expenses	(1,222)	(1,560)	(1,403)	(1,571)
Total permanent differences	(999)	(1,592)	(1,180)	(1,603)
Depreciation of revalued assets	(136)	(136)	(136)	(136)
Unrecorded tax credits on temporary differences and tax losses for the year	3,089	287	1,908	179
Subtotal	(631)	-	(1,333)	(487)
Valuation allowance for portion with realization not currently assured	94	(10,655)	94	(10,655)
Expense for the quarter	(537)	(10,655)	(1,239)	(11,142)

	1st Half 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
Profit/(loss) before taxation	9,160	(9,626)	10,604	(5,039)
Tax rate	34%	34%	34%	34%
Tax expense (credit) at the standard rate	(3,114)	3,273	(3,606)	1,713
Tax effects of permanent (additions) exclusions:				
Equity in the earnings (loss) of subsidiaries	(732)	(750)	-	-
Permanent differences:				
- Loss on investment in subsidiaries	205	(53)	205	(53)
- Other non-deductible expenses	(1,261)	(1,614)	(1,455)	(1,614)
Total permanent differences	(1,788)	(2,417)	(1,250)	(1,667)
Depreciation of revalued assets	(271)	(271)	(271)	(271)
Unrecorded tax credits on temporary differences and tax losses for the quarter	4,167	(585)	2,071	(600)
Subtotal	(1,006)	-	(3,056)	(825)
Valuation allowance for portion with realization not currently assured	188	(10,655)	188	(10,673)
Expense for the period	(818)	(10,655)	(2,868)	(11,498)

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

8. ELETROBRAS COMPULSORY LOAN

From 1977 to 1993, the Company paid, through invoices for 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 favorably on December 16, 2005.

After the decision, in February 2006, the Company filed an execution action against ELETROBRÁS and the Federal Government. ELETROBRÁS, upon its manifestation, recognized the undisputed portion of R$ 6,162 (amounts at 01/03/2008), comprising (i) a bank deposit in the amount of R$ 4,964, received by the Company on April 1, 2008 and (ii) 61,209 class B nominative preferred shares of Eletrobras, evaluated at R$ 1,322 (March 2008). These shares, according to the IBOVESPA quotation at June 30, 2008, had a market value of R$ 1,594.

The Judge of the 2nd Federal Court of Florianópolis, after the parties' manifestation presentation, determined the calculation of the amount due to Portobello, bearing in mind the limits of the courts decision. The accountant determined that the amount of R$ 12,064, at 01/02/2006, was due for the reimbursement of the compulsory loan, including legally defined charges.

The Company has updated the amount calculated by the legal experts, observing the same methodology and deducting the amount already recognized as undisputed, which results in a remaining balance of R$ 11,132 (R$ 8,482, net of IR and CSSL provision). Accordingly, this amount was recognized as Other Operating Income in the result for the quarter and period ended June 30, 2008.

9 OTHER LONG-TERM RECEIVABLES

	Parent company		Consolidated	
	06.30.08	03.31.08	06.30.08	03.31.08
Marketable securities (a)	6,186	6,186	6,185	6,186
Provision for loss	(6,186)	(6,186)	(6,185)	(6,186)
Escrow deposits	-	-	626	646
Value-added Tax on Sales and Services (ICMS) credits on property, plant and equipment	310	305	310	305

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

	Parent company		Consolidated	
	06.30.08	03.31.08	06.30.08	03.31.08
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	207	207
Other	-	-	14	13
Total	517	512	1,157	1,171

(a) The Company recorded a provision for loss on the full amount of 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 are still outstanding and the products have been shipped (Advances on Export Contracts - ACE - performed) and are classified as a reduction of long-term trade accounts receivable. In 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 possibly 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 at the same amount as the asset (see Note 16 b).

(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 06.30.08	Total 03.31.08	Total 06.30.07
Paid-up capital	15,123	167	3,337	400	-	-	-
Stockholders' equity/(net capital deficiency)	(8,608)	(296)	(1,781)	5,097	-	-	-
Net income (loss) for the quarter	(3,102)	(115)	(90)	692	-	-	-
Ownership interest %	100.00 %	99.76 %	99.94%	99.90%	-	-	-
Opening balance	-	-	-	7,168	7,168	4,618	3,008
Equity in earnings (loss)	(3,102)	(114)	(89)	692	(2,613)	460	(1,074)
Exchange gain (loss)	656	-	-	-	656	(52)	(94)
Transfer to net capital deficiency	2,446	114	89	-	2,649	2,142	1,711
Prior year adjustments	-		-	-	-	-	-
Proposed dividends	-	-	-	(2,768)	(2,768)	-	-
Total investment in the subsidiary	-	-	-	5,092	5,092	7,168	3,551
Goodwill in the subsidiary	-	-	-	-	-	-	35
Amortization of goodwill	-	-	-	-	-	-	
Balance at June 30, 2008	-	-	-	-	5,092	7,168	3,586

11 PROPERTY, PLANT AND EQUIPMENT

		Parent company				Consolidated	
		06.30.08			03.31.08	06.30.08	03.31.08
	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	(3,849)	85,347	85,990	85,796	86,520
Machinery, equipment and installations	15%	209,210	(165,453)	43,757	42,559	44,055	42,946
Furniture and fixtures	10%	7,568	(6,246)	1,322	1,388	1,669	1,784
Computers and systems	20%	11,158	(10,282)	876	991	909	1,056
Other	Various	266	(222)	44	86	122	170
Construction in progress	-	19,449	-	19,449	8,058	19,449	8,058
Total		349,919	(186,052)	163,867	152,144	165,460	153,994

(*) Weighted average

(a) In this first half, the Company implemented a large part of the Investment Project, which was budgeted for 2008 at about R$ 30,000. The investments are for the modernization of production lines and will permit the reduction of production costs and increase in the manufacturing capacity by about 31% as from the fourth quarter of 2008. According to the physical schedule of construction, we estimate that the items already recorded under Construction in Progress (R$ 19,000) will be totally concluded as follows:

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

Conclusion estimate	Amount
August/2008	8,000
September/2008	4,000
November/2008	7,000

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 became 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 composition of revalued assets in 2006 is as follows:

	Amounts before the Revaluation			Revaluation 12.31.2006	
	Acquisition cost	Accumulated depreciation	Balance 12.31.2006	Revaluation amount	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				(18,784)	
Net amount of revaluation				43,868	

The revaluation balance, recorded in 1990, 1991 and 2006, amounts to R$ 53,786 in June 2008 (R$ 54,184 in March 2008) and the depreciation of revaluation in June 2008 was R$ 799 (R$ 400 in March 2008).

12. DEFERRED CHARGES

	Parent company				Consolidated	
	06.30.08			03.31.08	06.30.08	03.31.08
	Cost	Accumulated Amortization	Net	Net	Net	Net
Pre-operating and implementation expenses	11,377	(11,114)	263	207	270	718
Management system implementation expenses	6,813	(4,058)	2,755	3,096	2,755	3,095
Leasehold improvements	783	(724)	59	73	59	73

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

	Parent company				Consolidated	
	06.30.08			03.31.08	06.30.08	03.31.08
	Cost	Accumulated Amortization	Net	Net	Net	Net
Studies, research and projects	4,757	(4,139)	618	679	668	729
Rights to use software	4,709	(4,087)	622	688	681	251
	28,439	(24,122)	4,317	4,743	4,433	4,866

13. LOANS AND FINANCING

	Parent company		Consolidated			
	06.30.08	03.31.08	06.30.08	03.31.08		Charges
Current						
Foreign currency						
Nuovafima	642	-	642	-		VC
IFC	1,766	2,038	1,766	2,038		VC+Libor+4.625% p.a
Advance on exchange contract	9,125	13,222	9,125	13,222		VC+8.13% p.a
Suppliers credit	5,682	7,882	5,682	7,882		VC+7.33% p.a
Banco ABN	19,899	21,893	19,899	21,893		VC+Libor+5.5% p.a
Banco ABC (1)	1,629	1,797	1,629	1,797		VC+Libor+3.90% p.a
Banco ABC (2)	545	601	545	601		VC+Libor+3.75% p.a
Banco SAFRA	1,548	1,503	1,548	1,503		VC+Libor+3.60% p.a
Working capital in USA	-	-	2,391	6,940		VC+7.75% p.a
Total foreign currency	40,836	48,936	43,227	55,876		
Local currency						
FINAME/POC	196	231	196	231		TJLP+8.20% p.a
Leasing	110	111	110	111		2.16% p.m
Working capital in Brazil	51,203	29,717	51,203	29,717		19.25% p.a (average)
Total local currency	51,509	30,059	51,509	30,059		
Total current liabilities	92,345	78,995	94,736	85,935		
Long-term					Maturity	
Foreign currency						
Nuovafima	790	-	790	-	Oct/2010	VC
IFC	879	1,932	879	1,932	Dec/2009	VC+Libor+4.625% p.a
Suppliers credit	2,792	5,314	2,792	5,314	Nov/2009	VC+7.33% p.a
Banco ABN	14,924	21,864	14,924	21,864	Mar/2010	VC+Libor+5.5% p.a
Banco ABC (1)	1,592	2,187	1,592	2,187	Apr/2010	VC+Libor+3.90% p.a
Banco ABC (2)	663	874	663	874	Jul/2010	VC+Libor+3.75% p.a
Banco SAFRA	1,592	2,186	1,592	2,186	Jun/2010	VC+Libor+3.60% p.a
Total foreign currency	23,232	34,357	23,232	34,357		
Local currency						
FINAME/POC	113	162	113	162	Jan/2010	TJLP+8.20% p.a
Leasing	151	177	151	177	Feb/2011	2.16% p.m
Working capital in Brazil	191	1,031	861	1,729	Mar/2009	14.85% p.a (average)
Total local currency	455	1,370	1,125	2,068		

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

04.01 - Notes to the Quarterly Information
(All amounts in thousands of Brazilian reais - R$ unless otherwise indicated)

	Parent company		Consolidated		
	06.30.08	03.31.08	06.30.08	03.31.08	Charges
Total current liabilities	23,687	35,727	24,357	36,425	
Total	116,032	114,722	119,093	122,360	

IFC International Finance Corporation
VC Exchange variation
TJLP Long-term Interest rate
IGPM General Market Price Index
LIBOR London Interbank Offered Rate

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 June 30, 2008, 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.

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 June 30, 2008, the Company had not fulfilled certain of these ratios; the Company requested and obtained a temporary waiver from the creditor retroactive from November 21, 2007 to September 30, 2008.

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;

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

- 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.

On the same date, the Company signed an agreement with Banco ABC Brasil S.A. for 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.

Long-term loans fall due as follows:

	Parent company		Consolidated	
Maturity	06.30.08	03.31.08	06.30.08	03.31.08
2009	13,847	27,866	13,847	28,564
2010	9,840	7,861	10,510	7,861
Total	23,687	35,727	24,357	36,425

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

14. TAXES PAYABLE IN INSTALLMENTS

	Tax Liabilities		Request for installment payment		06.30.08	03.31.08
			Date:	No. of installments		
Portobello S.A.	IPI *	(c)	Sep/06	120	20,724	20,885
	IPI	(d)	Sep/06	60	5,932	6,248
	CPMF		Mar/07	60	43	45
	INSS	(a)	Sep/06	16	1,585	2,127
	INSS	(b)	Sept/06	32	3,541	4,114
	INSS	(a)	Jul/07	60	2,546	2,631
				Total Parent Company	**34,371**	**36,050**

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

	Tax Liabilities	Request for installment payment Date:	 No. of installments	06.30.08	03.31.08
			Current	9,189	9,563
			Long-term	25,182	26,487
PBTech Ltda.	INSS	Sep/06	32	131	158
Portobello Shop S.A.	INSS	Sep/06	32	179	215
			Total	**310**	**373**
			Total Consolidated	**34,681**	**36,423**
			Current	9,475	9,843
			Long-term	25,206	26,580

(*) REFIS

(a) In September 2005, the Company filed an application for installment payment of the overdue National Institute of Social Security (INSS) 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 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 June 30, 2008 totaled R$ 2,546.

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

Accordingly, at June 30, 2008 the INSS installment payments though the REFIS became installment payments over 16 months totaling R$ 1,585.

(b) In September 2006, the Company filed an application for INSS installment payment for the period from January to July 2006, at the adjusted amount of R$ 5,939. The first of 32 installments was paid in March 2007. The balance of this installment payment at June 30, 2008 is R$ 3,541.

(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 for 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 June 30, 2008 is R$ 20,724.

(d) In September 2006, the Company filed an application for IPI installment payments for the period from January to July 2006, amounting to R$ 7,498, payable in 60 months and subject to the SELIC interest rate. The first installment was paid in October 2006. At June 30, 2008, the remaining balance of the installment payment is R$ 5,932.

15. TAXES, FEES AND CONTRIBUTIONS

		Parent company		Consolidated	
		06.30.08	03.31.08	06.30.08	03.31.08
IRRF on employee and management bonuses	(a)	6,539	8,236	6,539	8,236
IRRF		461	436	573	546
IRPJ/CSLL		1,004	375	3,007	1,693
ICMS		1,116	1,029	1,116	1,041
IPI		994	449	994	449
PIS		83	262	83	264
COFINS		380	1,215	380	1,225
Other		133	123	277	250
		10,710	12,125	12,969	13,704

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

(a) The Company granted bonuses up to June 2007 on which Management understood no taxes were due. Subsequently, management changed its understanding and, in June 2007, recorded liabilities related to unpaid taxes (IRRF - Withheld Income Tax), which are being paid, plus fine and interest.

16. TAXES PAYABLE

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

		Parent company		Consolidated	
		06.30.08	03.31.08	06.30.08	03.31.08
Taxes payable on credits acquired from related parties	(a)	92,555	91,452	92,938	91,829
Taxes payable on credits acquired from third parties	(b)	16,294	16,114	16,293	16,114
		108,849	107,566	109,231	107,943

(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 by 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 Processes (PAJ), and determined that the 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 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$ 92,555. In addition, the Company requested the refund of the taxes assessed from Refinadora Catarinense, as a guarantee (see Note 18).

The payment of taxes arising from lawsuit 11516.000745/2006-89, as well as that 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 indicated 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. totaling 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$ 16,294 at June 30, 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).

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.

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

17. 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	
	06.30.08	03.31.08	06.30.08	03.31.08
Provision for civil contingencies	2,081	1,979	2,081	1,979
(a) Provision for labor contingencies	6,072	2,386	6,118	2,432
(-) Judicial deposits	(245)	(201)	(245)	(201)
Provision for tax contingencies	1,422	1,393	1,422	1,393
(b) Provision for federal taxes	958	-	958	-
(-) Judicial deposits	(1,018)	(987)	(1,018)	(987)
Total long-term provision	9,270	4,570	9,316	4,616

(a) Since 1998 the Company is defendant in three labor claims, filed by former employees/representatives, and these cases were defended at first by outsourced legal counselors. Recently, the Company's legal department assumed the defense of these three lawsuits, revised the progress of the lawsuits and understands that the strategy adopted at the beginning was not the most adequate, thus considering the reversal of the outcome of these three lawsuits to be difficult. As a consequence, R$ 3,644 was provided for these lawsuits.

(b) At April 16, 2008, the Company obtained an injunction granted by the Federal Judge of the 9th Judiciary Section of the Federal District, Dr. Antonio Corrêa, through the Writ of Mandamus 2008.34.00.011286-4, to exclude the Value-added Tax on Sales and Services (ICMS) from the calculation basis of the PIS and COFINS federal contributions. As from this injunction, the Company calculates and pays PIS and COFINS not considering the ICMS in its calculation basis. Accordingly, it has constituted an accounting provision for the difference in its liabilities, with no impact on the result. At June 30, 2008 the amount provided is R$ 958.

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.

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

The changes in the provision for contingencies are as follows:

Parent company	03.31.08	Deposits	Provision	Reductions	06.30.08
Civil	1,979	-	157	(55)	2,081
Labor	2,386	-	3,986	(300)	6,072
(-) Judicial deposits	(201)	(53)	-	9	(245)
Tax	1,393	-	29	-	1,422
(a) Tax	-	-	958	-	958
(-) Judicial deposits	(987)	(31)	-	-	(1,018)
Total	4,570	(84)	5,130	(346)	9,270

Consolidated	03.31.08	Deposits	Provision	Reductions	06.30.08
Civil	1,979	-	157	(55)	2,081
Labor	2,432	-	3,986	(300)	6,118
(-) Judicial deposits	(201)	(53)	-	9	(245)
Tax	1,393	-	29	-	1,422
Tax (a)	-	-	958	-	958
(-) Judicial deposits	(987)	(31)	-	-	(1,018)
Total	4,616	(84)	5,130	(346)	9,316

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, with an adjusted balance at June 30, 2008 of R$ 649, relates to a tax assessment notice to prevent the expiration of the procedure of the Company to offset taxes with 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 regarding suspension of the payment*".

Administrative Process 10909.001.618/2002-97, with an adjusted balance at June 30, 2008 of R$ 500, relates to a tax assessment notice to prevent the expiration of the procedure of the Company to offset taxes with 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*".

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

Labor claims and social security contributions

The Company and its subsidiary Portobello Shop S.A. are defendants in 91 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 $ 4,272.

Also, a tax assessment relating to social security contributions on employee remuneration due by the Company, contributions for purpose of financing benefits from labor disability, and contributions to third parties (INCRA and SEBRAE), plus late payment interest and fine. The updated amount at June 30, 2008 is R$ 1,372.

Civil lawsuits

The Company and its subsidiaries are defendants in 106 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$ 4,057.

18. RELATED PARTY TRANSACTIONS

	Receivables		Loans (assets)		Customers		Advances to suppliers	
	06.30.08	03.31.08	06.30.08	03.31.08	06.30.08	03.31.08	06.30.08	03.31.08
Subsidiaries								
Mineração Portobello Ltda.	-	-	-	-	-	-	492	601
PBTech Ltda.	-	-	845	828	2,244	2,111	-	-
Portobello America Inc.	-	-	-	-	26,887	21,521	-	-
Provision for net capital deficiency in subsidiary	-	-	-	-	(10,388)	(7,852)	(296)	(182)
Subtotal Subsidiaries	-	-	845	828	18,743	15,780	196	419
Related parties:								
Refinadora Catarinense S.A.	92,555	91,452	-	-	-	-	-	-
Subtotal - related parties	92,555	91,452	-	-	-	-	-	-
Parent company	92,555	91,452	845	828	18,743	15,780	196	419

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

	Loans (liabilities)		Income		Expenses	
	06.30.08	03.31.08	06.30.08	06.30.07	06.30.08	06.30.07
Subsidiaries						
Mineração Portobello Ltda.	-	-	-	-	(130)	(129)
PBTech Ltda.	-	-	186	1,031	-	-
Portobello America Inc.	-	-	6,865	6,642	-	-
Portobello Shop S.A.	3,957	6,179	1,378	1,075	-	(74)
Subtotal subsidiaries	3,957	6,179	8,429	8,748	(130)	(203)
Related parties:						
Refinadora Catarinense S.A	3,874	5,529	-	-	-	-
Usati A.B.P.S. Ltda.	-	-	-	-	-	-
Subtotal - related parties	3,874	5,529	-	-	-	-
Parent company	7,831	11,708	-	-		
Current	2,157	2,182				
Long-term	5,674	9,526				
Consolidated balance	3,874	5,529				
Current	2,157	2,182				
Long-term	1,717	3,347				

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. ("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 16, 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, as 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 tangible 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.

19. 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 1,531 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 June 30, 2008, shows a surplus of R$ 798 (R$ 793 in March 2008).

At June 30, 2008, 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$ 3,808 (R$ 3,529 in March 2000) 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.

20. 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), comprising 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, resulting in a total of 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 11).

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

21. OTHER OPERATING INCOME AND EXPENSES

	2nd quarter of 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
Other operating income				
Related party services revenues	616	776	-	-
Eletrobras compulsory loan (Note 8)	10,076	-	10,076	-
Other income	-	29	-	29
Total other operating income	10,692	805	10,076	29
Other operating expenses				
Expense – Provision for taxes payable (Note 16)	-	(88,080)	-	(88,080)
Income - Reimbursement (Note 18)	-	88,080	-	88,080
Reversal/(provision) for contingencies (Note 17)	(4,348)	1,319	(4,353)	1,319
Tax assessment notice – INSS	-	(2,506)	(132)	(2,658)
Federal taxes on bonuses	-	(4,534)	-	(4,534)
Taxes on various income	(59)	-	(59)	-
Other expenses	(983)	(206)	(1,530)	(20)
Total other operating expenses	(5,390)	(5,927)	(6,074)	(5,893)
Total, net	5,302	(5,122)	4,002	(5,864)

	1st half of 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
Other operating income				
Tax credits	233	-	1,815	-
Related party services revenues	843	1,508	-	-
Reimbursement of municipal taxes and fess	170	-	170	-
Eletrobras compulsory loan (Note 8)	14,180	-	14,180	-
Other income	192	161	73	158
Total other operating income	15,618	1,669	16,238	158
Other operating expenses				
Expense - Provision taxes payable (Note 16)	-	(88,080)	-	(88,080)
Income - Reimbursement (Note 18)	-	88,080	-	88,080
Reversal/(provision) for contingencies (Note 17)	(5,733)	1,507	(5,744)	1,507
Idleness cost	(211)	(1,490)	(211)	(1,490)
Tax assessment notice – INSS	-	(2,506)	(132)	(2,658)
Federal taxes on bonuses	-	(4,534)	-	(4,534)

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

	1st half of 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
Taxes on various income	(59)	-	(59)	-
Other expenses	(1,165)	(238)	(1,713)	(88)
Total other operating expenses	(7,168)	(7,261)	(7,859)	(7,263)
Total, net	8,450	(5,592)	8,379	(7,105)

22. FINANCIAL INCOME AND EXPENSES

	2nd quarter of 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
Financial income				
Interest	109	161	238	249
Discounts received	174	253	176	255
Other	3	32	4	34
	286	446	418	538
Foreign exchange variations				
Exchange gains	6,835	6,956	6,835	6,956
Exchange losses	(3,346)	(1,315)	(3,346)	(1,315)
	3,489	5,641	3,489	5,641
Financial expenses				
Interest	(4,736)	(4,610)	(4,933)	(4,093)
Commissions and service fees	(798)	(1,090)	(803)	(1,107)
Financial charges on taxes	(232)	(1,084)	(232)	(1,093)
Discounts/bank expenses	(381)	(563)	(387)	(563)
Discounts granted	(964)	(628)	(965)	(627)
CPMF (Tax on Bank Account Outflows)	-	(606)	-	(658)
Other	(288)	(115)	(259)	(1,178)
	(7,399)	(8,696)	(7,579)	(9,319)
Financial expenses, net	(3,624)	(2,609)	(3,672)	(3,140)

	1st half of 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
Financial income				
Interest	299	352	578	520

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

	1st half of 2008			
	Parent company		Consolidated	
	06.30.08	06.30.07	06.30.08	06.30.07
Discounts received	307	1,008	308	1,010
Other	13	77	15	79
	619	1,437	901	1,609
Foreign exchange variations				
Exchange gains	13,937	9,345	13,937	9,345
Exchange losses	(9,308)	(1,830)	(9,308)	(1,830)
	4,629	7,515	4,629	7,515
Financial expenses				
Interest	(8,902)	(10,624)	(9,464)	(10,718)
Commissions and service fees	(1,025)	(2,117)	(1,031)	(2,144)
Financial charges with taxes	(1,071)	(2,227)	(1,076)	(2,264)
Discounts/bank expenses	(761)	(1,453)	(773)	(1,453)
Discounts granted	(1,696)	(1,140)	(1,715)	(1,440)
CPMF (Tax on Bank Account Outflows)	(36)	(1,086)	(36)	(1,158)
Other	(485)	(420)	(457)	(1,498)
	(13,976)	(19,067)	(14,552)	(20,375)
Financial expenses, net	(8,728)	(10,115)	(9,022)	(11,251)

23. INSURANCE COVERAGE (unaudited)

At June 30, 2008, the insurance coverage 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 06.30.08
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
Civil liability – Employer	2,500
Loss of Profits - Windstorm with Impact	12,000
Loss of Profits – Basic	12,000

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

24. DIRECTORS' COMPENSATION

Fees for the Board of Directors totaled R$ 450 in the second quarter of 2008 (R$ 319 in June 2007). The Annual General Meeting of stockholders held on April 2008 approved a maximum overall directors compensation of R$ 4,320 for the current year.

25. 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 13, 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 8 months of exports using the average for the year. Since most foreign currency loans have long-term maturities, the foreign exchange gain during the payment period is close to the debt service costs, with a natural hedge of the cash flow.

Exchange risk:

	Consolidated	
	06.30.08	03.31.08
Trade accounts receivable	26,957	28,976
Investments in subsidiaries	(8,608)	(2,057)
Suppliers	(6,100)	(4,063)
Loans and financing	(66,459)	(90,233)
Net exposure	(54,210)	(67,377)

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

26. STATEMENT OF CASH FLOWS (SUPPLEMENTARY INFORMATION)

FOR THE 2ND QUARTERS 2008 AND 2007

	Parent company		Consolidated	
	2nd Quarter 2008	2nd Quarter 2007	2nd Quarter 2008	2nd Quarter 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income/(loss) for the quarter	4,453	(15,968)	4,424	(14,281)
Adjustments to reconcile net income (loss) for the quarter to net cash from operating activities:				
Minority interest	-	-	-	(19)
Depreciation and amortization	4,468	4,651	4,582	4,854
Residual value of property, plant and equipment disposals	399	133	399	182
Allowance for doubtful accounts	1	134	1	187
Equity in the (earnings) loss of subsidiaries	2,613	1,074	-	-
Exchange gain or loss on investments	(656)	94	(656)	-
Provision (reversal) for reduction of inventories to market value	(204)	(27)	(204)	(27)
Other provisions	-	369	-	369
Financial charges and exchange variations on balances with related parties, financing, loans and tax liabilities	1,401	(4,609)	1,118	(2,920)
Deferred income tax and social contribution on net income	(94)	10,655	(94)	10,673
(Increase) decrease in operating assets:				
Trade accounts receivable	(2,119)	(14,137)	(3,710)	(15,963)
Inventories	3,162	184	7,943	4,687
Other current assets	2,647	(429)	1,405	(656)
Non-current assets	(8,477)	(1,079)	(8,327)	31
Increase (decrease) in operating liabilities:				
Suppliers	2,495	(7,947)	2,152	(8,448)
Taxes payable in installments	(1,678)	(729)	(1,821)	(740)
Taxes payable	(1,549)	5,924	(869)	5,871
Payroll and related charges	1,846	2,036	2,129	1,618
Other payables	10,029	1,945	11,262	2,195
Net cash provided by (used in) operating activities	**18,737**	**(17,726)**	**19,734**	**(12,387)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment and additions to deferred charges	(15,806)	(566)	(15,806)	(756)
Net cash used in investing activities	**(15,806)**	**(566)**	**(15,806)**	**(756)**

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

	Parent company		Consolidated	
	2nd Quarter 2008	2nd Quarter 2007	2nd Quarter 2008	2nd Quarter 2007
CASH FLOWS FROM FINANCING ACTIVITIES				
New loans and financing	41,348	25,075	52,099	41,698
Treasury stock	-	10,877	-	10,877
Payment of loans and financing	(40,040)	(46,719)	(54,397)	(66,524)
Payment of intercompany payables	(3,877)	142	(1,654)	(1,728)
Net cash provided by (used in) financing activities	**(2,569)**	**(10,625)**	**(3,952)**	**(15,677)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**362**	**(28,917)**	**(24)**	**(28,820)**
CASH AND CASH EQUIVALENTS				
Opening balance	1,128	36,699	1,833	34,560
Closing balance	1,490	7,782	1,809	5,740
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**362**	**(28,917)**	**(24)**	**(28,820)**
SUPPLEMENTARY INFORMATION				
Interest paid in the quarter	4,736	4,610	4,936	4,093
Income tax and social contribution on net income paid in the quarter	631	487	1,333	825

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

05.01 - Comments on Company Performance During the Quarter

See comment on the Consolidated performance for the 2nd quarter, since it substantially reflects the Parent Company performance.

(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
June 30, 2008

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

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
1	Total assets	433,775	424,225
1.01	Current assets	153,332	159,197
1.01.01	Cash and banks	1,809	1,833
1.01.02	Receivables	79,935	76,602
1.01.02.01	Customers	75,180	71,469
1.01.02.02	Sundry receivables	4,755	5,133
1.01.02.02.01	Marketable securities	4,755	5,133
1.01.03	Inventories	61,055	69,202
1.01.04	Other	10,533	11,560
1.01.04.01	Advances to suppliers	3,316	4,673
1.01.04.02	Taxes recoverable	5,333	3,244
1.01.04.03	Dividends receivable	0	0
1.01.04.04	Prepaid expenses	782	1,044
1.01.04.05	Other	1,102	2,599
1.02	Non-current assets	280,443	265,028
1.02.01	Long- term receivables	110,094	100,665
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Receivables from related parties	92,555	91,452
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related parties	92,555	91,452
1.02.01.03	Other	17,539	9,213
1.02.01.03.01	Judicial deposits	1,236	1,227
1.02.01.03.02	Deferred tax credits	6,508	6,659
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	Receivables from Eletrobrás	8,482	0
1.02.01.03.06	Other	1,157	1,171
1.02.02	Permanent assets	170,349	164,363
1.02.02.01	Investments	263	4,953
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	263	259
1.02.02.01.06	Compulsory loan	0	4,694
1.02.02.02	Property, plant and equipment	165,460	153,994
1.02.02.03	Intangible assets	193	550
1.02.02.04	Deferred charges	4,433	4,866

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

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
2	Total liabilities	433,775	424,225
2.01	Current liabilities	210,616	196,473
2.01.01	Loans and financing	94,736	85,935
2.01.02	Debentures	0	0
2.01.03	Suppliers	62,211	60,059
2.01.04	Taxes, fees and contributions	22,444	23,547
2.01.04.01	Taxes payable in installments	9,475	9,843
2.01.04.02	Taxes, fees and contributions	12,969	13,704
2.01.05	Dividends payable	0	0
2.01.06	Provisions	0	0
2.01.07	Debts with related parties	2,157	2,182
2.01.08	Other	29,068	24,750
2.01.08.01	Advances from customers	13,113	10,371
2.01.08.02	Labor and social security charges	10,490	8,361
2.01.08.03	Other	5,465	6,018
2.02	Non-current liabilities	191,888	200,905
2.02.01	Long-term liabilities	191,888	200,905
2.02.01.01	Loans and financing	24,357	36,425
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	9,316	4,616
2.02.01.04	Debts with related parties	1,717	3,347
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	156,498	156,517
2.02.01.06.01	Provision for income tax and social contribution on net income	17,980	18,114
2.02.01.06.02	Pension plan	3,808	3,529
2.02.01.06.03	Taxes payable in installments	25,206	26,580
2.02.01.06.04	Taxes payable	109,231	107,943
2.02.01.06.05	Other	273	351
2.02.02	Deferred income	0	0
2.03	Minority interest	(3)	(5)
2.04	Stockholders' equity	31,274	26,852
2.04.01	Paid-up capital	112,957	112,957
2.04.02	Capital reserves	267	267
2.04.03	Revaluation reserves	53,786	54,184
2.04.03.01	Own assets	53,786	54,184
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	(135,736)	(140,556)
2.04.06	Advance for future capital increase	0	0

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07.01 - Consolidated Statement of Operations (R$ thousand)

1 - Code	2 - Description	3 - 4/1/2008 to 6/30/2008	4 - 1/1/2008 to 6/30/2008	5 - 4/1/2007 to 6/30/2007	6 - 1/1/2007 to 6/30/2007
3.01	Gross sales and/or service revenues	125,649	241,272	124,473	243,765
3.02	Deductions from gross revenues	(26,604)	(50,017)	(20,212)	(39,159)
3.03	Net sales and/or service revenues	99,045	191,255	104,261	204,606
3.04	Cost of sales and/or services	(72,377)	(138,440)	(76,218)	(147,076)
3.05	Gross profit	26,668	52,815	28,043	57,530
3.06	Operating expenses/income	(20,638)	(41,925)	(31,448)	(62,899)
3.06.01	Selling	(16,848)	(32,792)	(18,325)	(35,930)
3.06.02	General and administrative	(4,776)	(9,094)	(4,025)	(8,456)
3.06.03	Financial	(3,672)	(9,022)	(3,140)	(11,251)
3.06.03.01	Financial income	3,907	5,530	6,179	9,124
3.06.03.01.01	Financial income	418	901	538	1,609
3.06.03.01.02	Foreign exchange variations, net	3,489	4,629	5,641	7,515
3.06.03.02	Financial expenses	(7,579)	(14,552)	(9,319)	(20,375)
3.06.04	Other operating income	10,076	16,238	29	158
3.06.05	Other operating expenses	(5,418)	(7,255)	(5,987)	(7,420)
3.06.05.01	Exchange loss on Investments	656	604	(94)	(157)
3.06.05.02	Other operating expenses	(6,074)	(7,859)	(5,893)	(7,263)
3.06.06	Equity in the earnings (loss) of subsidiaries	0	0	0	0
3.07	Operating profit (loss)	6,030	10,890	(3,405)	(5,369)
3.08	Non-operating income, net	(367)	(286)	247	330
3.08.01	Income	28	110	276	475
3.08.02	Expenses	(395)	(396)	(29)	(145)
3.09	Profit before taxation/profit sharing	5,663	10,604	(3,158)	(5,039)
3.10	Provision for income tax and social contribution on net income	(1,333)	(3,056)	(487)	(825)
3.11	Deferred income tax	94	188	(10,655)	(10,673)
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0

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07.01 - Consolidated Statement of Operations (R$ thousand)

1 - Code	2 - Description	3 - 4/1/2008 to 6/30/2008	4 - 1/1/2008 to 6/30/2008	5 - 4/1/2007 to 6/30/2007	6 - 1/1/2007 to 6/30/2007
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	(3)	19	45
3.15	Net income/loss for the period	4,424	7,733	(14,281)	(16,492)
	Number of shares (thousand), excluding treasury stock	159,009	159,009	150,009	150,009
	Net income per share - R$	0.02782	0.04863		
	Loss per share - R$			(0.08981)	(0.10372)

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08.01 - Comments on Consolidated Performance During the Quarter

Portobello S/A (BOVESPA code: PTBL3), one of the largest companies in the Brazilian ceramic tile sector, listed in the traditional segment of BOVESPA since 1991 and in the New Market since 04/30/2008, presents its results for the second quarter of 2008. The financial and operating information below is consolidated, in accordance with Brazilian Corporate Law, and the comparisons refer to the second quarter of 2007 (2Q07) and to the first half of 2007 (1H07) unless otherwise indicated.

MESSAGE FROM THE BOARD OF DIRECTORS

The second quarter of 2008 was a period marked by important advances in the strategy to recover the Company's profitability. The entrance in the New Market consolidated the adoption of the highest levels of corporate governance, and the Board of Directors elected in April comprises mainly independent members. Management has been focusing with absolute priority on the implementation of measures to increase the profitability and operating efficiency of the Company. The cash generation in the six-month period (EBITDA) exceeded R$ 29 million, increasing 86% in relation to the same prior year period despite the 1% decrease in the sales of R$ 241 million. The EBITDA margin on net income of R$ 191 million exceeded 15%, almost double the margin recorded in the first half of 2007. A more significant improvement was obtained in the net income of about R$ 8 million in the six-month period, against the prior loss of R$ 16 million.

The results for the six-month period were not better mainly due to the negative effect that the drop in the exchange rate had on the profitability of the Company's exports, affected by the acute recession in the American real estate market, in which the subsidiary Portobello America, Inc. incurred a major loss. As a consequence of this negative external scenario, Management has taken measures aiming at a large restructuring of the operations in that market, including the closing of three of the six previously existing warehouses, which resulted in extraordinary non-recurring losses over R$ 2 million from the liquidation of inventories. The operations of a fourth warehouse were sold to one of the customers, with the effective transfer on August 1, and the fifth warehouse will be closed until September, concentrating the entire distribution of the subsidiary in the last warehouse located in Florida. With the conclusion of the restructuring in progress, the Company expects to return to profitability in that market up to the end of the year. In the other export markets, the strategy included increases in prices and the replacement of uncompetitive products with new more profitable ones. The consequence was a decrease of 41% in consolidated export sales to R$ 54 million, corresponding to 28% of the consolidated net revenue.

The domestic market, on the other hand, presented strong growth and profitability, with sales of R$ 137 million growing 21% in the period, whereas the Brazilian market grew 17% according to ABRAMAT. We highlight the performance of the Portobello franchise network that increased sales by 26% in the six-month period and was responsible for 22% of the total, representing the most profitable sales channel. The billing of the multibrand resale channel increased 23%, also higher than the market growth, and was responsible for 28% of total sales. The sales to the construction and real estate development companies increased 10%, and represented 27% of total. This lower growth was mainly due to two factors: great competition for prices making some opportunities less attractive and priority in the production program to serve the demand of the retail channels that are more profitable.

The inventories rationalization program made significant progress in the six-month period, with the reduction of R$ 8 million in the second quarter and R$ 14 million in relation to the beginning of the year. Compared with the same prior year date, the reduction was 32%, representing a release of R$ 28 million of working capital.

In the first half, the Company implemented a large part of the capacity expansion program with the realization of about R$ 22 million of the R$ 30 million budgeted for the year. The production capacity of technical porcelain was expanded, consolidating Portobello's leadership in this type of product in the Brazilian market, and the wall tile capacity has been expanded with the installation in May of a third production line. The other equipment for the expansion program was shipped from Italy in June for the assembly of another production line of enameled porcelain in the third quarter.

Net financial expenses decreased 20% compared with the first half of the prior year despite the growth of 2% in the balance of loans and financing. The main factor for the drop in financial expenses in the six-month period was the lower average interest rate and the CPMF reduction, offset by the IOF increase. Even with lower exchange gains, the difference in the interest rate of loans in US dollars resulted in lower expense.

HIGHLIGHTS

Fairs and Launches

In March, the Company took part in Revestir, in São Paulo, the largest ceramic tile fair in Latin América and, in April, in Coverings, in the USA, the second largest world fair, in which several lines of products were launched. Among them, we highlight Ecoparquet, for ceramic tile, wood-appearance tiles that can even be used on ceilings, in 10X60 cm. format, that the Company has started marketing in an unprecedented manner. We also highlight Deck Ecowood, an extension of the Ecowood line, that faithfully imitates demolition materials and now appears with grooves to be used in external areas in a singular manner, in 10X90 cm format. Imitating natural stones, the Onyx line, with nuances similar to mother of pearl, and the Pietra di Belize line, with clear colors, varying from white to beige, merited public attention. Further, the Company showed that it bets on large formats, presenting in Revestir already established products, such as Carrara, in the 90X90 cm. size. Portobello has also strengthened its activity in the more competitive and

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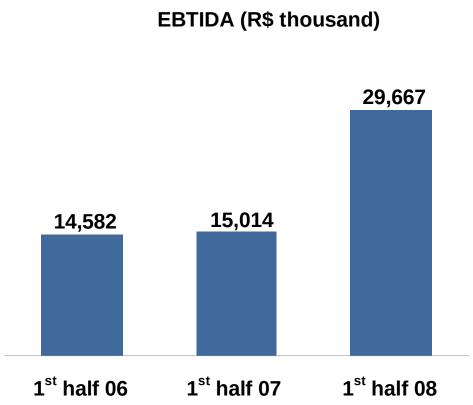
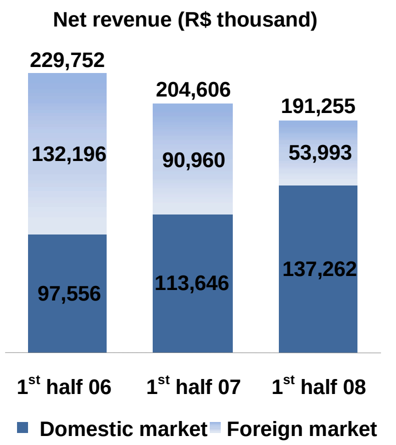
08.01 - Comments on Consolidated Performance During the Quarter

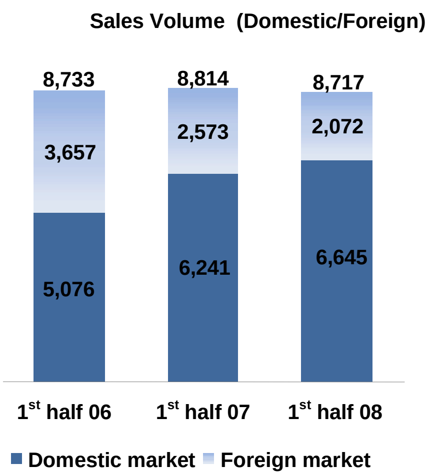
accessible Basic line, with the Play line, especially addressed for the B and C segments of the population, ideal for customers in the Engineering channel.

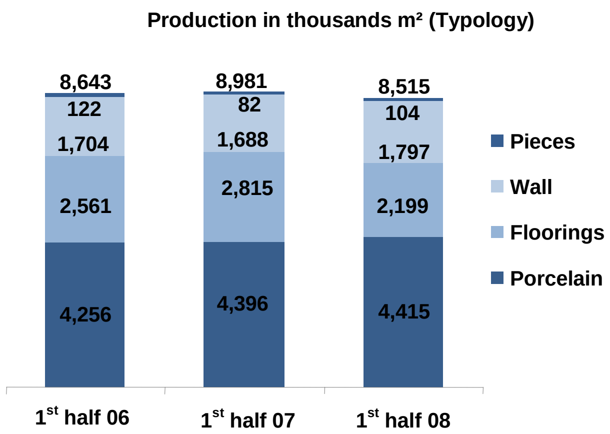
Awards

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









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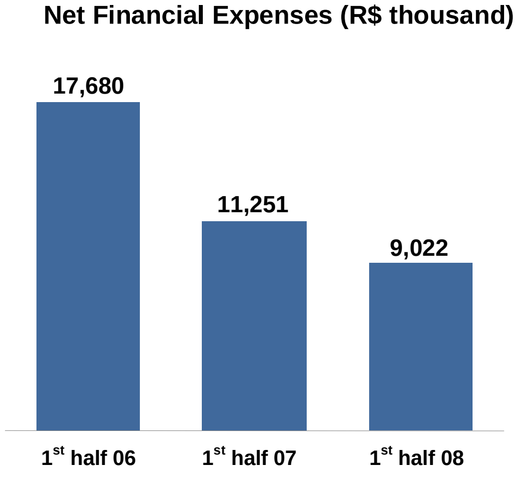
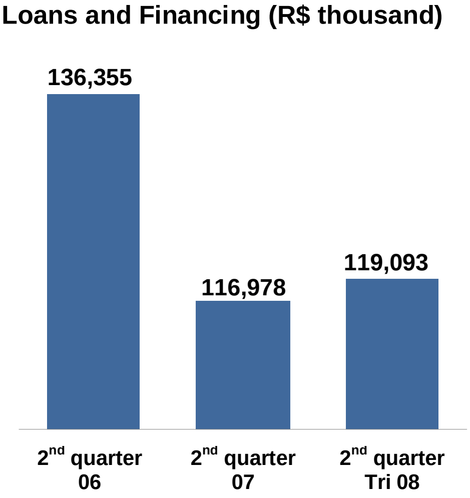
08.01 - Comments on Consolidated Performance During the Quarter





DISTRIBUTION

The distribution strategy is based on five distinct channels with specific characteristics of products, services and commercial policy. Three of these channels are for the domestic market and two for the foreign market, including the American wholly-owned subsidiary.

Domestic Market: the distribution channels are: (i) multi-brands resale, responsible for the customers service resellers of construction material that sell our products in the retail market; (ii) engineering, represented by specialized teams that serve civil construction companies and real estate development companies; and (iii) franchises that serve our customers in the retail market through franchised stores under the name Portobello Shop and Empório Portobello. With 101 stores located in 85 cities, it is the largest Brazilian network of stores specialized in ceramic tiles. The Company expects to close 2008 with 120 franchised stores. The domestic market recorded an 8% increase in volume, 18% in net revenue and 20% in gross profit in comparison to the second quarter of 2007. The participation of the channels in domestic market revenue is rather balanced and the three channels presented an increase in net revenue and in sales volume in comparison to the same 2007 period, with highlight on the Franchises channel, which is the most profitable one.

Foreign Market: comprises two channels, USA and Other Countries. In June 2007 the wholly-owned subsidiary Portobello America, Inc had a team with 120 employees that operated six warehouses spread over the United States. The Company decided to restructure/redimension the operation in the USA, selling one and closing three

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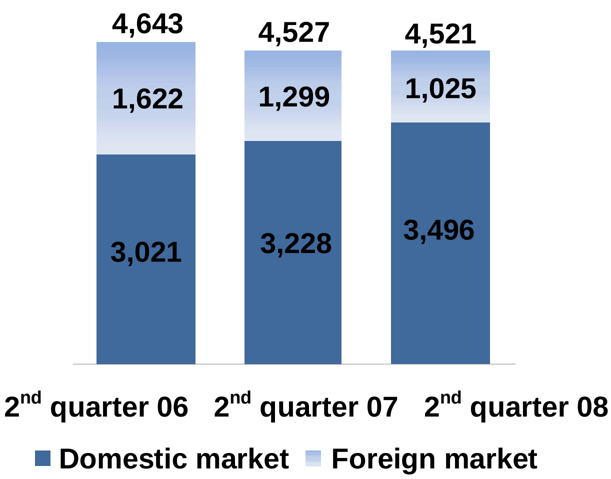
warehouses, and reducing the staff. At the end of the third quarter only one warehouse of reduced dimensions will be maintained, together with a team of about 20 employees. In the exports to Other Countries, the focus was on sales qualification through readjustment of prices in US dollars to compensate for the depreciation of the American currency, in order to recover the margins. This channel presented a 17% decrease in volume and 8% in net revenue, but an increase of 8% in gross profit in relation to the second quarter of 2007.

COMMERCIAL PERFORMANCE

The commercial strategy was adjusted to reduce temporarily the participation of exports in the Company revenue and as a consequence increasing the sales in the domestic market, which is presently more profitable. The domestic market sales decreased 5% whereas the net operating revenue increased 18% in the second quarter of 2008 if compared to the same 2007 period. The net revenue from exports that amounted to US$ 16 million in the quarter decreased 9% when compared to the same prior year period. The total consolidated billing reached R$ 126 million in the quarter, practicably stable in relation to the same prior year period, influenced by the US dollar devaluation against the Brazilian real.

The volume sold in the domestic market increased 8% in the second quarter, whereas in the foreign market it decreased 21%, reflecting the Company's strategic option. The total sales volume attained 4.5 million square meters, the same volume attained in the second quarter of 2007.

Sales in thousands m²



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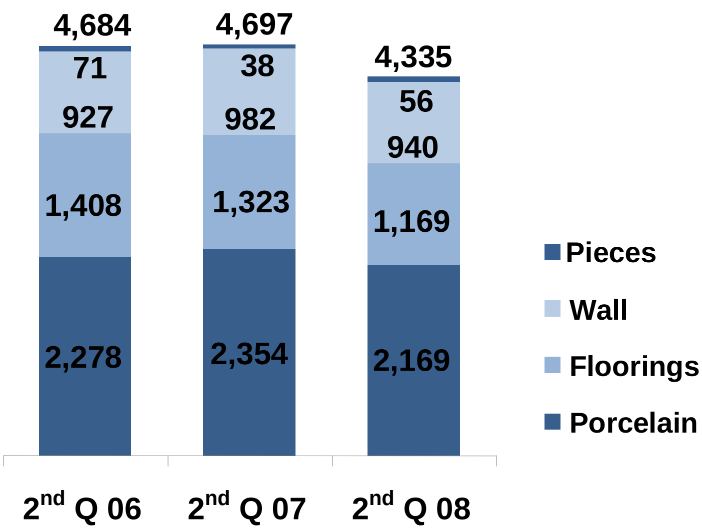
OPERATING PERFORMANCE

The production of ceramic tiles decreased 8% in relation to the second quarter of 2007. The decrease was due to the deactivation of old equipment that is being replaced by two new production lines, imported from Italy, and to the delay of about one month in the installation and assembly of one of these new lines.

The cost of products sold decreased 5% in the quarter in comparison to prior year due to the lower volume sold. In this same period the net revenue also presented a 5% reduction and the gross margin remained stable at 27%.

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 31% 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 coverings for properties for classes B and C.

Production in thousands m² (Typology)



ECONOMIC/FINANCIAL PERFORMANCE

The net revenue of R$ 99 million decreased 5% in relation to the same prior year period affected by the reduction in the exported volume and by the decrease in the exchange rate

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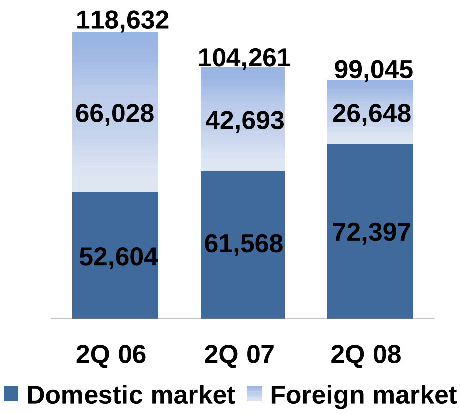
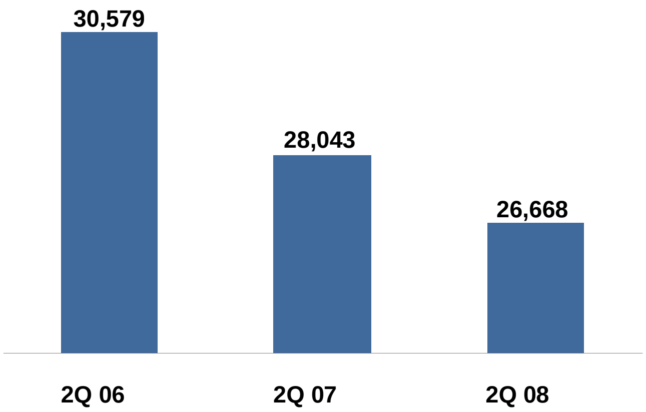
despite the growth of sales in the domestic market and the price increase in US dollars in the exports.

Development of Net Revenue (R$ thousand)



Gross Operating Profit (R$ thousand)



The gross profit of the second quarter of 2008 of R$ 27 million presented a 5% decrease in relation to the same prior year period, basically due to the 5% decrease in Net revenue, since the gross margin remained stable. The gross profit of operations in the domestic market for the quarter increased 20% compared to the same prior year period whereas the

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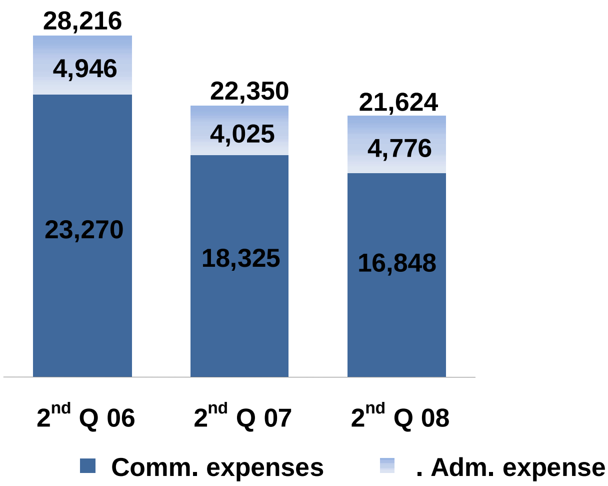
decrease in the foreign market was 57%, strongly affected by the restructuring of operations in the USA with the consequent liquidation of inventories for the closing of warehouses.

The Company has endeavored to reduce costs and expenses. As a result of this effort, the Company has succeeded in presenting significant percentage reductions in its expenses every quarter.

Administrative and Commercial Expenses (R$ thousand)



Selling expenses reached R$ 17 million in the second quarter of 2008, 8% below the second quarter of prior year. Despite part of the decrease being due to variable selling expenses because of lower sales, the percentage on net revenue was 17.0% in the second quarter of 2008 whereas in the same 2007 period it was 17.6%.

Administrative expenses totaled R$ 5 million, of which R$ 1 million refers to non-recurring expenses. Comparing the recurring expenses for the quarter, there has been a reduction of 5% in relation to the same 2007 period, mainly from lower personnel expense.

Other Operating Revenue amounted to R$ 10 million in the quarter due to the lawsuit filed against Eletrobrás for reimbursement of the compulsory loan, In the first quarter of this year the Company recorded income of R$ 4 million from this same lawsuit, as described in Notes 9 and 22.

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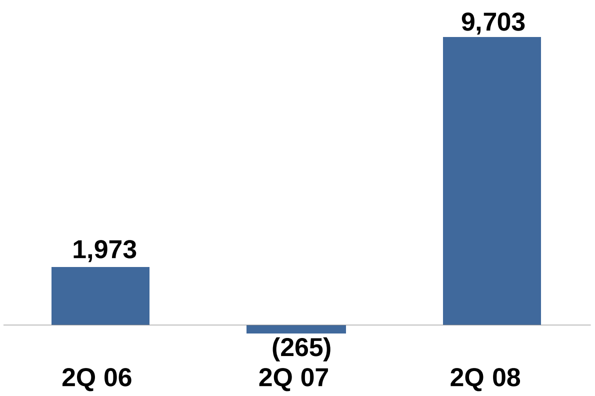
Other Operating expenses amounted to R$ 5 million in the quarter, with a 10% reduction, resulting from lower provisions for labor losses and the reversal of exchange losses on investments.

EBIT - The profit before interest and taxes of R$ 10 million in the quarter represented a great reversal of the loss recorded in the same prior year period, mainly due to the recovery of the Eletrobrás compulsory loan (Notes 9 and 22) and the reduction of selling expenses.

EBIT - Profit before interest and taxes (R$ thousand)



Operating Cash Generation (EBITDA)

R$'000	2Q 06	2Q 07	2Q 08	1half 06	1half 07	1 half 08
Net profit (loss) for the period	(9,451)	(14,281)	4,424	(14,916)	(16,492)	7,733
(+)Financial Result, net	10,183	3,140	3,672	17,680	11,251	9,022
(+) Depreciation, amortization and depletic	5,056	4,650	4,582	10,690	9,132	9,755
(+) Income tax and Social contribution	-	11,142	1,239	891	11,498	2,868
(+) Minority interest	4	(19)	0	16	(45)	3
(+) Non operating result	49	(247)	367	221	(330)	286
(=) EBITDA	6,283	4,385	14,284	14,582	15,014	29,667

The Operating Cash Generation ("EBITDA") of R$ 14 million increased 226% in relation to the prior year and represented 14% of net revenue. The EBITDA increase is a result of the EBIT increase already described in the previous paragraph.

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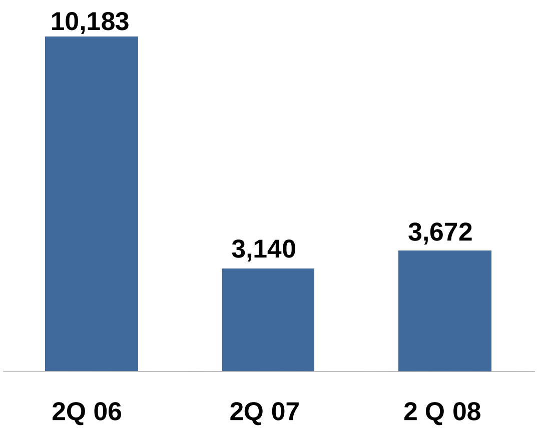
Financial Income and Expenses

The interest expense decreased 19% despite the 2% growth in the balance of loans and financing. The lower financial expense in 2008 is mainly explained by a lower interest rate and by the end of the CPMF, offset by the IOF increase. However, the financial income also decreased 37%, mainly due to the exchange rate variation in the period, which resulted in a net financial result in the second quarter of almost R$ 4 million negative, 17% higher than the same prior year period.

Net Financial expenses (R$ thousand)



Loans and Financing

The balance of R$119 million in loans and financing at June 30, 2008 presents a 3% reduction in relation to the balance at March 31, 2008 and an increase of 2% in relation to the balance at June 30 in the prior year. Even with investments of R$ 22 million in the first half of 2008, the Company has maintained the indebtedness almost stable in this period, mainly due to the reduction in inventories of R$ 28 million. The balance of US$ 46 million in loans and financing denominated in US dollars was 9% lower at June 30 in the prior year.

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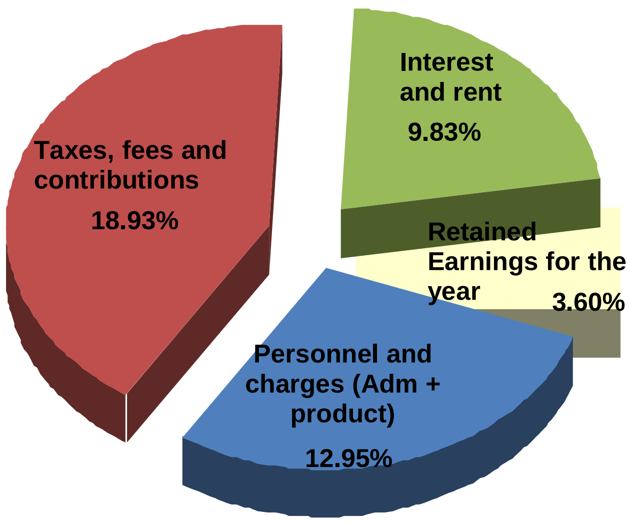
Added Value

The statement of the distribution of added value is as follows:

ORIGIN/DESTINATION	%
Sales price	100
Inputs	55
Added value	45
Depreciation/Amortization	(4)
Added value received in transfer (financial income)	4
Added value to be distributed	45
To Employees (salaries, benefits and charges)	13
To Government (taxes, fees and contributions)	19
To Third party capital (interest and rent)	9
To the Company (Profits)	4

Distribution of Added Value



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08.01 - Comments on Consolidated Performance During the Quarter

The Company Management comprises the following members:

Executive Board

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

Board of Directors

Name	Position	Observation
Cesar Bastos Gomes	Chairman	
Cesar Gomes Júnior	Vice-Chairman	Chief Executive Officer
Plínio Villares Musetti	Member	Independent
Fernando Marcondes de Mattos	Member	Independent
Glauco José Corte	Member	
Mailson Ferreira da Nóbrega	Member	Independent
Rami Naun Goldfajn	Member	Independent elected by minority shareholders
Cláudio Ávila da Silva	Member	Director
Francisco Amaury Olsen	Member	Independent

Accountant

Geraldo Leonel Estevam da Silveira - CRC PR 040698/O -9 T SC

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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, DOWN TO INDIVIDUAL HOLDINGS				
PORTOBELLO S. A			**Position at 06/30/2008 (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)	10,752	6.76	10,752	6.76
Eduardo Ramos Gomes	10,852	6.83	10,852	6.83
Paulo Bastos Gomes	11,210	7.05	11,210	7.05
Funds managed by Fama Fundo de Investimentos em Ações	15,743	9.90	15,743	9.90
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	40,246	25.31	40,246	25.31
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 06/30/2008				
PORTOBELLO S. A			**Position at 06/30/2008 (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 Market Arbitration Chamber 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 the Contract for Participation in the New Market.

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17.01 - REPORT ON THE SPECIAL REVIEW - WITHOUT EXCEPTIONS

Report of Independent Accountants on Review

To the Board of Directors and Stockholders
Portobello S.A.
Tijucas - SC

1 We have reviewed the accounting information included in the individual and consolidated Quarterly Information (ITR) of Portobello S.A. for the quarter and periods ended June 30, 2008, comprising the balance sheet, the statements of operations and of cash flows (as presented in Note 26),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 accordance 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.

3 Based on our review, 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 standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information, including CVM Instruction 469/08.

4 On June 30, 2008 the Company presents current liabilities in excess of current assets in the amount of R$ 56,391 thousand (R$ 57,284 thousand in consolidated). 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

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17.01 - REPORT ON THE SPECIAL REVIEW - WITHOUT EXCEPTIONS

being presented assuming that the Company will continue as a going concern, supported by the effectiveness of the corporate projections.

5 As mentioned in Note 2, Law 11638 was enacted on December 28, 2007 and is effective as from January 1, 2008. This law amended, revoked and introduced new provisions to Law 6404 (Brazilian Corporation Law) and changed the accounting practices adopted in Brazil. Although this law is already effective, some of the changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented by the companies. Accordingly, during this phase of transition, the CVM, through its Instruction 469/08, did not require the implementation of all the provisions of Law 11638 in the preparation of Quarterly Information. As a result, the accounting information included in the Quarterly Information for the quarter and six-month period ended June 30, 2008 was prepared in accordance with specific CVM instructions and does not contemplate all the changes in accounting practices introduced by Law 11638.

6 The Quarterly Information (ITR) mentioned in the first paragraph also includes comparative accounting information for the quarter and periods ended June 30, 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 August 9, 2007, with an emphasis paragraph on the continuity of operations similar to paragraph 4 of this report. Also, we have reviewed the balance sheets of Portobello S.A. (individual and consolidated) at March 31, 2008, presented for comparison purposes, and issued a report thereon dated May 8, 2008, with an emphasis paragraph on the continuity of operations similar to paragraph 4 of this report.

Curitiba, July 30, 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
June 30, 2008

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