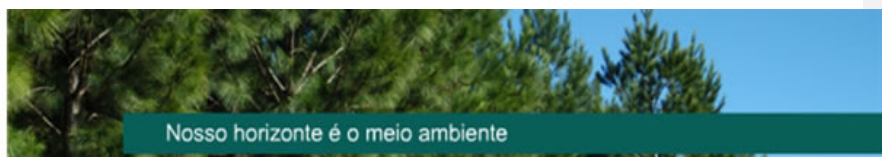




Celulose Irani S.A.



Comments on company performance – 1st Quarter of 2007

COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

The information below is presented on a consolidated basis, except when related to 1Q2006 since the financial statements were not consolidated at that date. The amounts are expressed in Reais and are in accordance with Brazilian accounting practices.

1 – FINANCIAL PERFORMANCE

The principal financial indicators for 1Q2007 and 1Q2006 are as follows:

MAIN FINANCIAL INDICATORS

(R\$ thousand)	1Q2007 Company	%	1Q2007 Consolidated	1Q2006 Company
Gross operating revenue	98,976	8.5	101,676	91,182
Net operating revenue	78,690	8.1	81,176	72,823
Gross profit	19,504	18.0	20,546	16,526
Gross margin	24.8%		25.3%	22.7%
Income (loss) from operations, net	3,721		4,539	(1,552)
Net income (loss)	2,692		2,692	(1,388)
EBITDA	11,876	54.0	12,621	7,713
EBITDA margin	15.1%		15.5%	10.6%

EBITDA - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

(R\$ thousand)	1Q2007 Company	%	1Q2007 Consolidated	1Q2006 Company
Net income (loss)	2,692		2,692	(1,388)
Income and social contribution taxes	(1,938)		(2,019)	-
Income (loss) before income and social contribution taxes	4,630		4,711	(1,388)
Depreciation, depletion and amortization	6,679	32	7,308	5,051
Financial income (expenses)	567	(86)	602	4,050
EBITDA	11,876	54.0	12,621	7,713

Variation (%) – Calculated based on comparison of 1Q2007 Company with 1Q2006 Company.



Celulose Irani S.A.



Comments on company performance – 1st Quarter of 2007

The Company gross revenue increased 8.5% this quarter compared to the same quarter of the prior year, totaling R\$ 98,976 (R\$ 101,676 consolidated). Net Operating Revenue and Gross Profit increased 8.1% and 18.0%, respectively, in 1Q2007 in relation to 1Q2006.

The Company reported Loss from Operations in the amount of R\$ 1,552 in 1Q2006, and Income from Operations in the amount of R\$ 3,721 in 1Q2007 (R\$ 4,539 consolidated), as well net loss of R\$ 1,388 in 1Q2006 and net income of R\$ 2,692 in 1Q2007.

EBITDA increased 54%, from R\$ 7,713 in 1Q2006 to R\$ 11,876 in 1Q2007 (R\$ 12,621 consolidated). EBITDA margin increased from 10.6% to 15.1% (15.5% consolidated) in 1Q2007.

The improvement of financial performance is a result of good sales performance and better production cost management.

Financial income (expenses)

The financial result this quarter was negative at R\$ 567 (R\$ 602 consolidated) compared to R\$ 4,050 negative in the same quarter of the prior year. The balances for 1Q2007 and 1Q2006 are as follows:

1Q2007 – Financial income R\$ 6,762 and Financial expenses R\$ 7,329

1Q2006 – Financial income R\$ 1,183 and Financial expenses R\$ 5,233

The main variations refer to the increase in financial income resulting principally from the exchange variation of the financing obtained from Crédit Suisse Bank in the amount of US\$ 60 million, which is being invested in the plants in 2007 and shall be concluded in 2008. Financial income also includes income from temporary cash investments for the period. The increase in financial expenses for 1Q2007 in relation to 1Q2006 is due to the increase in the Company's general indebtedness. Such indebtedness increased in relation to investments made in 2006 and those being implemented in 2007/2008.



Celulose Irani S.A.



Comments on company performance – 1st Quarter of 2007

2 – OPERATIONAL PERFORMANCE

a) Production and Sales

Production and sales volumes of the main products are as follows:

PRODUCTION AND SALES VOLUMES						
Products	1Q2007				1Q2006	
	Production	%	Sale	%	Production	Sale
Packaging paper (ton)	43,171.4	2.6	24,347.3	(3.6)	42,074.3	25,265.5
Packaging – São Paulo (ton)	10,933.9	6.5	11,503.6	10.6	10,262.8	10,398.1
Packaging – Santa Catarina (ton)	7,933.7	14.7	7,345.1	10.0	6,914.9	6,675.6
Furniture (m3)	4,855.1	45.3	4,928.0	46.7	3,342.0	3,358.2
Wood (m3)	2,486.2	(62.5)	884.3	(65.2)	6,622.7	2,543.3
Resins (ton)	2,053.9	(0.9)	2,022.0	3.1	2,073.5	1,960.5

Variation (%) – Calculated based on comparison of 1Q2007 with 1Q2006.

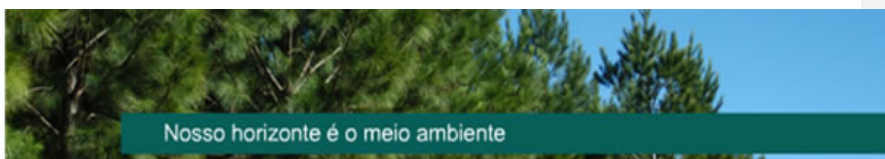
The paper production increased 2.6% this quarter in relation to 1Q2006, paper sales in physical volume showed a 3.6% decrease compared to 1Q2006. Transfers of paper to our São Paulo packaging plant for processing were 10,696.5 tonnes (10,278.2 tonnes in 1Q2006), and the sales volume of this Business Unit was 6,540.6 tonnes of boxes and 4,963.0 tonnes of sheets (6,070.3 tonnes of boxes and 4,327.8 tonnes of sheets in 1Q2006). This quarter there were also transfers of paper to our Santa Catarina packaging plant for processing in the amount of 8,167.6 tonnes (7,428.3 tonnes in 1Q2006), and the sales volume of this Business Unit was 5,708.7 tonnes of boxes and 1,636.4 tonnes of sheets (4,995.0 tonnes of boxes and 1,680.6 tonnes of sheets in 1Q2006).

The sales of the Woods Division decreased this quarter compared to 1Q2006. Of the wood production, 2,000.3 m3 (2,355.4 m3 in 1Q2006) was transferred to our furniture plant in the municipality of Rio Negrinho, state of Santa Catarina. For comparative purposes, the plant in São José do Norte, Rio Grande do Sul state, was in operation in 1Q2006 and was shut down during 2006.

The Furniture Division reported an increase in sales volume this quarter compared to 1Q2006. The furniture plant outsourced in 1Q2007 a volume of 3,623.0 m3 (1,402.0 m3 in 1Q2006), which contributed to sales for the quarter under analysis.



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Comments on company performance – 1st Quarter of 2007

Sales of the Resins Division increased 3.1% compared to 1Q2006, and expected sales volume for this year remain the same as for 2006.

b) Gross Average Prices

Gross average prices of the main products sold are as follows:

	1Q2007	1Q2006
Paper	R\$ 1,725.4	R\$ 1,662.5
Sheets	R\$ 1,913.2	R\$ 2,044.3
Boxes	R\$ 2,339.3	R\$ 2,449.7

Gross average prices for paper increased 3.78% in 1Q2007 compared to 1Q2006. The prices of corrugated cardboard sheets fell 6.41% and corrugated cardboard boxes fell 4.51%.

Although some prices in 1Q2007 are below the prices in 1Q2006, the market shows signs of improvements and part of decreases in the prior year has already been recovered.

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