(Amounts in thousands of BRL, unless as otherwise specified).

1. OPERATING CONTEXT

Celulose Irani S.A. (“Company”) is listed at the Sao Paulo Stock Exchange, and is headquartered in the city of Porto Alegre, RS (Brazil). The Company and its affiliates have as main activities those related to the industry of pulp & paper, corrugated cardboard packaging, industrialization of resinous products and its derivatives, as well as trading in furniture, predominantly made of timber. They act in the afforestation and reforestation segments, using the production chain of its planted forests as basis for its entire output.

The directly controlled companies are listed under explanatory note number 4.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The interim consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), as released by the International Accounting Standards Board (IASB) and to accounting practices adopted in Brazil, based on the technical opinions issued by the CPC – Committee for Accounting Opinions, fully convergent to IFRS, and norms established by CVM – the Brazilian Securities and Exchange Commission.

The interim Controlling Company's individual financial statements were prepared according to Brazilian accounting practices, which differ from the IFRS practices presented at the interim consolidated financial statements regarding the valuation of investments made in controlled companies by the equity methodology; in IFRS, they would be recorded at cost or fair value.

As there is no difference between the consolidated shareholders' equity and the results attributable to controlling shareholders, contained in the consolidated financial statements prepared according to IFRS and Brazilian accounting practices, and the shareholders' equity and results of the Controlling Company, contained in the individual financial statements prepared according to Brazilian accounting practices, the Company has chosen to present such individual and consolidated financial statements within a single set of information.

Interim information were prepared based on the historic cost, except by certain financial instruments and biological assets measured by its fair value and property, plant and equipment, as described in foregoing accounting practices. The historical cost usually is based on the fair value of counter installments paid in assets exchange.

3. KEY ACCOUNTING PRACTICES

a) Operational currency and conversion of foreign currencies

The interim financial statements are presented in BRL (Brazilian Reais), which is the operational currency, for presentation of the Company and affiliates.

Foreign currency denominated transactions are initially recorded at the exchange rate applicable at the respective transaction's date. Gains and losses resulting from differences in conversion of such foreign currencies into the operational currency are accrued and reflected in the profit & loss statement.

b) Cash and cash-equivalents

These include balances in cash, bank accounts and financial investments with immediate liquidity, with low risks of fluctuation in value, maturing within less than 90 days from the placement date, aimed at meeting short term obligations.

c) Accounts receivable and bad debt allowances

Client accounts receivables are recorded by the nominal value of drafts representing such credits, added by exchange rate fluctuations when applicable. The allowances for doubtful accounts are calculated based on estimated losses, according to an individual assessment of the receivables, and taking into consideration the track-record of losses; its amount is regarded as sufficient by the Company's management, to cover for eventual losses incurred to realize such credits.

d) Inventories

These are shown at the lowest between the average production or acquisition value and the net attainable value. The net attainable value corresponds to the estimated sale price of the inventories, deducting all estimated costs and necessary expenses to complete the sale.

e) Non-Current assets kept for sale

The Non-Current assets are classified as kept for sale if their book value is recovered mainly by a sale transaction and not by its continuous use. Such condition is only met when sale is highly probable and the non-current asset is available for immediate sale at its current condition. Management shall be committed with the sale, which is expected to be considered (when booked) as completed within one year following the date when it was classified as such.

The fixed assets classified as aimed at selling are valued at the lowest between the previously booked value and the fair value deducing the sales cost.

f) Investments

The investments made in controlled companies are valued by the equity method in the Interim Controlling Company's individual financial statements.

According to the equity methodology, investments in controlled companies are adjusted for purposes of accruing the Group's share in the controlled party profits or losses and other applicable results.

g) Fixed Assets

The fixed assets are valued at their acquisition cost, deducting accumulated depreciation and losses due to decreases in the attainable value, when applicable. The cost of capitalized financings is recorded as part of the ongoing immobilization, in cases of eligible assets. Such immobilizations are classified under the proper categories of fixed assets when they are completed and ready for the intended use. The depreciation of these assets begins when they are ready to be used on the same basis as other fixed assets.

The Company uses the linear depreciation method, based on the assessment of the estimated useful life of each asset, considering the expectation of future economic benefits generation, except for plots of land (real estate), which are not depreciated. The assessment of estimated useful life is reviewed on yearly basis, and adjusted if necessary, and may vary according to the technological updating of each unit.

h) Biological assets

The Company's biological assets are represented mainly by pine-tree forests, used for production of corrugated cardboard paper for packaging, boxes and boards, and also for sale to third parties and extraction of rosin. The pines forests are located near to the Pulp & Paper mill in the State of Santa Catarina, and in Rio Grande do Sul, where they are used for production of rosin and trade of pine tree logs.

The biological assets are valued at their respective fair value less sales expenses, for each quarter. The valuation for each period is reflected in the P&L as fluctuation of biological assets fair value.

i) Valuation of assets attainable value (“Impairment”)

The Company adopts as a procedure the review of its fixed assets valuation, to determine whether there are indications that such assets have incurred any impairment due to decreases in their attainable value, whenever events or changes in circumstances indicate that the book value of an asset or group of assets may not be attainable based on a future cash flow. Such reviews do not imply the need to book losses due to such impairments.

j) Income tax and social contribution (current and deferred)

Provisions for these items are made based on the taxable income determined in accordance with the applicable tax legislation, which differs from the result shown in the P&L Statement, because it excludes taxable income or expenses, or deductible in other financial years, apart from excluding items that are non taxable or non deductible in a permanent manner. The provision for income tax and social contribution is assessed individually for each company, based on the tax rates applicable at the end of the financial year. The Company adopts the current rate of 34% to assess its taxes.

Over these interim differences, for tax purposes, the amounts of tax losses, reserves for revaluations, adjustments of assigned cost, and fluctuation in the fair value of biological assets are subjected to assessment of deferred income tax and social contribution. The deferred tax liabilities are in general accrued on all interim taxable differences, while deferred tax receivables are accrued on all deductible interim differences, only when it is likely that the Company will have future profits in sufficient amounts to allow such differences to be utilized.

k) Loans and financings, debentures and real estate credit note - CRI

The original notional borrowed amounts are recorded, deducting the respective transactional costs (when existing), monetarily adjusted by the index contractually agreed with the lenders, added by interest calculated at the effective interest rate, and adjusted by the exchange rate fluctuation (when applicable) up to the balance-sheet date, as described under these explanatory notes.

l) Derivative financial instruments valued at fair value

The derivative financial instruments are valued by their fair value as of the balance-sheet date, against financial income or expenses for the period's P&L.

m) Leasing

Leased fixed assets where the Company substantially undertakes all of the property's risks and benefits are classified as financial leasing. All other leasing agreements are classified as operational ones and reflected in the financial year's results. Financial leasing is booked as if it was a financed purchase, recording – in its initial date – a fixed asset and a finance liability (leasing). The fixed assets acquired under financial leasing are depreciated according to the rates set under explanatory note number 14.

Financial leasing agreements where a substantial part of the property's risks and benefits remains with the lessor are classified as operating leasing.

Payments made in consideration for operating leasing (net of all allowances granted by the lessor) are accrued to P&L applying the linear method throughout the leasing agreement's tenor.

n) Provisions

A provision is booked when the Company has a present liability, legal or not formalized, arising from a past event, and it is likely that resources will be demanded in order to settle such obligation. The provided value is that regarded by management as sufficient to cover probable losses, updated until the balance-sheet's date, observing the nature of each risk, and supported by the Company's attorneys' opinion.

o) Relevant accounting judgments, estimations and assumptions

The preparation of the interim financial statements considered accounting judgments, estimations and assumptions for the booking of certain assets, liabilities and other transactions, as well as for the periods' income and expenses.

The definition of such accounting judgments, estimations and assumptions adopted by Management was prepared employing the best available information as of the date of the financial statements, including past experienced events, forecast of future ones, and support from specialists, when applicable.

Therefore, the interim financial statements include several estimations, such as (without being limited to these): determination of fixed assets' useful life; realization of deferred tax credits; provisions for doubtful receivables; fair value assessment of biological assets; provisions for taxes, social security, civil and labor litigations; assessment of the fair value for certain financial instruments; and decrease in the attainable value of assets.

The actual results of the amounts booked using accounting judgments, estimations and assumptions – at time of their effective realization – may differ from those reflected in the interim financial statements.

p) Assessment of results

Results are assessed using the accrual regime, including income, expenses and exchange rate variations at the official rates applicable on current and long term assets and liabilities, and – when applicable – also considering the revaluation of assets to their respective market value.

q) Income accrual

Income is accrued using the fair value of the received or receivable consideration, deducting any estimations related to returns, trade discounts and/or bonuses granted to buyers, and other similar deductions.

Income from products is accrued when all of the following conditions are met:

- The Company has transferred to the buyer all relevant risks and benefits concerning the proprietorship of the products;
- The Company is not continuously involved in managing products sold (to an extent usually related to ownership or effective control over such products);
- The income amount can be reliably assessed;
- It is likely that the economic benefits associated with the transaction at hand will be realized by the Company;
- Costs incurred or yet to incur regarding the transaction can be reliably assessed.

r) Basic and diluted earnings per share (EPS)

These are calculated based on the weighted average number of free floating shares during the financial year.

s) Value added statement (“VAS”)

The Brazilian corporate laws require the presentation of the Value Added Statement as part of the financial statements set produced by the Company. Such statement aims at portraying the wealth generated by the Company, and its respective distribution during the presented financial years.

The VAS was prepared according to the provisions contained under CPC 09 – Added Value Statement, and based on information gathered from the Company's book records, which served as basis for the preparation of the financial statements.

4. CONSOLIDATION OF INTERIM FINANCIAL STATEMENTS

The consolidated financial statements encompass Celulose Irani S.A. and its controlled companies, as follows:

Ownership Interest - (%)		
Subsidiaries - direct investment	03.31.11	12.31.10
Habitasul Florestal S.A.	100.00	100.00
Irani Trading S.A.	99.98	99.98
Meu Móvel de Madeira LTDA.	99.93	99.93
HGE - Geração de Energia Sustentável	99.98	99.98

The accounting practices adopted by the controlled companies are consistent with those adopted by the controlling Company. In the consolidated financial statements the investments in the controlled companies were disregarded, as well as the results from equity and the operations performed and profits unrealized between these companies. The accounting information of the controlled parties, used for consolidation, has the same base-date as that applying to the Controlling Company.

5. CASH AND CASH EQUIVALENTS

The balances for Cash and Cash Equivalents are presented as follows:

	Controladora		Consolidado	
	03.31.11	12.31.10	03.31.11	12.31.10
Fixed funds	17	17	20	21
Banks	828	2,195	1,904	2,445
Financial applications	27,979	36,979	28,919	37,896
	28,824	39,191	30,843	40,362

Financial investments (placements) are subject to fixed income yields (CDB), at an average interest rate of 100.5% of the CDI (Brazilian Interbank Deposits Rate).

6. TRADE ACCOUNTS RECEIVABLE

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
Accounts Receivable from:				
Clients - Domestic Market	78,935	77,572	83,789	82,357
Clients - Overseas Market	6,837	2,895	6,891	2,949
Controlled Companies	1,959	2,132	-	-
	87,731	82,599	90,680	85,306
Allowances for bad debts	(5,740)	(5,696)	(6,450)	(6,406)
	81,991	76,903	84,229	78,900

The distribution of accounts receivable by aging is the following:

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
Yet to Mature	74,854	73,687	76,723	75,644
Past due - up to 30 days	5,268	2,113	5,667	2,203
Past due - from 31 to 60 days	833	524	853	563
Past due - from 61 to 90 days	158	288	176	288
Past due - from 91 to 180 days	426	48	431	48
Past due - more than 180 days	6,193	5,939	6,831	6,560
	87,731	82,599	90,680	85,306

Average credit terms on product sales are 51 days. The Company books provisions for doubtful debts regarding accounts receivable due for longer than 180 days, based on the financial situation analysis of each debtor and on its past experience with bad debts. Provisions are also booked for receivable due for less than

180 days, in cases where amounts are deemed as unrecoverable, considering each debtor's financial status.

	Controlling Company		Consolidated	
	03.31.11	2010	2010	2010
Opening Balance	(5,696)	(5,326)	(6,406)	(6,042)
Allowances for recognized losses	(49)	(571)	(49)	(571)
Amounts recovered during the period	5	201	5	207
Balance at the end of the period	(5,740)	(5,696)	(6,450)	(6,406)

Part of the receivables (in an amount near to BRL 48,302) are pledged in guarantee of some financial transactions, amongst which a fiduciary Assignment of 25% of the principal outstanding balance of the debentures (explanatory note nr 17) as well as a fiduciary Assignment equivalent to 3 installments of the rent of the CRI operation (explanatory note nr 22).

7. INVENTORIES

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
Finished goods	6,765	6,237	8,596	7,975
Inputs for production	19,713	20,370	19,713	20,370
Consumption materials	10,926	10,340	10,928	10,340
Other inventories	363	280	363	322
	37,767	37,227	39,600	39,007

8. TAXES RECOVERABLE

These are presented as follows:

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
ICMS on fixed assets' acquisition	4,658	5,286	4,669	5,298
ICMS (state tax)	691	888	691	888
IPI (federal tax)	4,949	4,147	4,949	4,147
Income Tax	36	548	36	550
Social Contribution	-	152	-	153
Others	15	15	15	15
	10,349	11,036	10,360	11,051
Current portion	8,383	8,635	8,394	8,650
Non-current portion	1,966	2,401	1,966	2,401

The ICMS credits for the acquisition of fixed assets are created in regards to purchases of Company's assets, and are used in 48 monthly consecutive installments as foreseen under the applicable legislation.

The IPI credits are generated regarding to acquisitions of inputs used in production, and are utilized to set-off debits created by the sales operations of each production unit.

9. BANKS – PLEDGED ACCOUNT

	Controlling Company and Consolidated	
	03/31/11	12/31/10
Banco do Brasil - New York - a)	3,540	5,975
Banco Credit Suisse - Brazil - b)	4,557	4,509
	8,097	10,484
Current portion	4,663	6,419
Non-current portion	3,434	4,065

a) Banco do Brasil – New York – represented by amounts withheld to guarantee the payment of the quarterly installments of a pre-export loan granted by the bank Credit Suisse, referring to the installment due in May 2011.

b) Bank Credit Suisse Brazil – represented by amounts withheld from financial investments, equivalent to 17.2% of the Brazilian Reais value, as guarantee of a Cash Flow Swap. Such amount is categorized under short and long terms regarding its repayment installments as set under the contract, which are 8 semi-annual installments starting on September/2011. While withheld, it earns interest as a financial placement of private fixed income (CDB), at 108% of CDI (Brazilian Interbank Deposit Rate).

10. OTHER RECEIVABLES

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
Carbon credits	5,637	5,789	5,637	5,789
Advance to supplier	703	347	818	357
Employees' credits	614	833	619	835
Clients rescheduling	3,415	3,625	3,446	3,656
Advanced expenses	1,607	2,296	1,607	2,298
Other credits	270	520	297	628
	12,246	13,410	12,424	13,563
Current portion	7,453	8,319	7,604	8,445
Non-current portion	4,793	5,091	4,820	5,118

Carbon Credits – the Company holds carbon credits generating projects, originated by the reduction in greenhouse effect gases (such as carbon dioxide and methane), as consequence of setting up the Co-generation power-plant and the Effluents Treatment Station at the Pulp & Paper Unit at Vargem Bonita, SC – Brazil. Such credits are traded via contracts signed within the scope of the Kyoto protocol, having as counter-parties companies located in developed countries, obliged to reduce emissions. These credits are recognized according to the accrual system as a reduction in production costs, and are measured according to the methodology approved under the Kyoto Protocol for each project.

Re-negotiation with Clients – it refers to past due credits granted to clients, for which the Company has executed agreements of acknowledgement of debt, agreeing on its repayment. The final maturity of the monthly installments will be in November/2014, and the average applicable interest rate is 2% per month, accrued to the Company's results upon receipt. Some of these contracts have warranty clauses covered by machinery, equipments and real estate properties, guaranteeing the renegotiated debt's amount.

Prepaid Expenses – it refers mainly to insurance premiums paid when subscribing to insurance policies for all of the Company's units, and are accrued on the financial year's results on monthly basis, for the validity period of each of such policies.

11. ASSETS CATEGORIZED AS KEPT FOR SALE

As decided by the Company's Management Committee in October/2010, the furniture manufacturing activities at Rio Negrinho – SC (Brazil) were terminated. The assets from that unit were assessed by the Management, and categorized as “kept for sale” for their book residual value as of the balance-sheet's date, as the appraisals performed indicated a market value free from commissions and costs of sale which was higher than such residual book value. Inventories are categorized according to their respective acquisition book value, and Management deems them as attainable by market sales.

The aforementioned operation had no liabilities as of March 31st, 2011.

	Controlling Company		Consolidated	
	03.31.11	12.31.10	03.31.11	12.31.10
Inventories	519	530	519	530
Fixed Assets	6,560	6,560	6,560	6,560
Assets of discontinued operation	7,090	7,090	7,090	7,090

12. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION - ASSETS

	Controlling Company		Consolidated	
	12/31/10	12/31/10	12/31/10	12/31/10
Deferred credit Income Tax				
On temporary provisions	9,486	9,203	9,491	9,206
On tax losses	1,010	1,272	1,010	1,272
Deferred credit Social Contribution				
On temporary provisions	3,415	3,316	3,416	3,316
On negative tax-base	364	458	364	458
	14,275	14,249	14,281	14,252

Management has recognized, according to CVM Instruction 371 deferred income tax and social contribution over interim differences, tax losses and negative tax-base for social contribution. Based on a viability study, performed by Management and approved by the Board of Directors, the realization of these assets will be estimated in the following way:

Period	Amount (BRL)
2011	2,766
2012	2,273
2013	1,768
2014	7,468
	14,275

13. INVESTMENTS

	Habitasul Florestal	Irani Trading	Meu Móvel de Madeira	HGE Geração de Energia	Total
As of December 31st/2010	119,959	85,051	1,510	3,529	210,049
Equity results	297	3,007	39	-	3,343
As of March 31st/2011	120,256	88,058	1,549	3,529	213,392

Paid-up capital	28,260	41,226	4,300	4,010
Shareholders' equity	120,256	88,070	1,547	3,530
Results for the financial year	297	3,007	39	-
Equity share (%)	100.00	99.98	99.93	99.98

Controlled company Habitasul Florestal S.A. operates with planting, cropping and handling pine-trees forests and extraction of rosin.

Controlled company Irani Trading S.A. operates with brokerage of exports and imports of goods, exporting of merchandise acquired for such purpose, and real estate management and leasing.

Controlled company Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda operates with retailing of furniture and decoration articles, and furniture assembly services.

Controlled company HGE Geracão de Energia Sustentavel was acquired in 2009, having as its object the generation, transmission and distribution of electricity power from aeolian origin, aimed at commercialization in permanent basis, as an independent power producer, which shall be generated from Aeolian Plants.

14. FIXED ASSETS

a) Fixed assets breakdown

Controlling Company	Cost (03/31/11)	Accumulated Depreciation (03/31/11)	Net Value (03/31/11)	Net Value (12/31/2010)
Plots of land - real estate property	123,896	-	123,896	123,894
Buildings and constructions	34,763	(6,655)	28,108	28,136
Equipments and fixtures	506,240	(166,828)	339,412	344,035
Vehicles and tractors	1,792	(1,313)	479	513
Other immobilizations (*)	12,039	(7,352)	4,687	4,757
Ongoing immobilizations	5,792	-	5,792	5,216
Advance to fixed asset supplier	7,354	-	7,354	6,740
Hire-purchase - financial leasing	26,850	(9,497)	17,353	17,745
Immobilizations in third-parties' property	16,061	(1,553)	14,508	14,669
	734,787	(193,198)	541,589	545,705

Consolidated	Cost (03/31/11)	Accumulated Depreciation (03/31/11)	Net Value (03/31/11)	Net Value (12/31/2010)
Plots of land - real estate property	169,099	-	169,099	169,014
Buildings and constructions	146,570	(28,342)	118,228	118,624
Equipments and fixtures	506,335	(166,852)	339,490	344,115
Vehicles and tractors	1,889	(1,324)	565	603
Other immobilizations (*)	14,658	(7,517)	7,141	5,076
Ongoing immobilizations	6,167	-	6,160	7,736
Advance to fixed asset supplier	7,354	-	7,355	6,741
Hire-purchase - financial leasing	26,850	(9,497)	17,353	17,745
Immobilizations in third-parties' property	16,061	(1,553)	14,508	14,669
	894,983	(215,084)	679,899	684,323

(*) Balance related to the immobilization as furniture and fixtures, software and IT equipments.

Summary of fixed assets changes:

	Controlling Company		Consolidated	
	03.31.11	2010	03.31.11	2010
Opening Balance	545,705	570,282	684,323	709,409
Additions	5,267	19,926	5,463	20,882
Exclusions	(699)	(12,085)	(722)	(12,587)
Depreciation	(8,684)	(32,418)	(9,165)	(33,381)
Closing Balance	541,589	545,705	679,899	684,323

b) Depreciation Method

The table below shows the annual depreciation rates set based on the assets' economic useful life

The is presented in weighed average basis:

	Rate %
Buildings and constructions *	2.25
Equipments and fixtures **	6.45
Furniture, utensils and IT equipments	5.71
Vehicles and tractors	20

* include weighed rates of immobilizations in third-parties' propert
** include weighed rates of financial leasings

c) Other information

Ongoing immobilizations refer to improvement and maintenance works in the production processes of the Units Paper & Packaging at Vargem Bonita (SC), and Packaging at Indaiatuba (SP).

Advances made to suppliers refers to investments at the Unit Paper & Packaging at Vargem Bonita (SC).

The Company is liable for leasing contracts related to machinery, IT equipments and vehicles, which include call options, negotiated at a fixed rate and a guaranteed 1% residual value balloon or diluted (through the contract term) payment, having as warranty the fiduciary lien of the goods themselves. As of March 31st, 2011, the undertook obligations were recorded as Loans and Financings under current and non-current liabilities.

Immobilizations at third-parties' properties refer to the civil construction works at the Indaiatuba (SP) Packaging unit, which is depreciated by the linear methodology at a 4% (four percent) annual rate. The property belongs to Sao Clemente Farm, and the renovation's charges were fully undertaken by Celulose Irani S.A.

d) Losses due to fixed assets' impairment

The Company has not identified indicators that could impair the attainable values of its assets as of March 31, 2011

e) Assets transferred as warranty

The Company has certain fixed assets under lien to guarantee financial transactions, as stated in explanatory notes 16, 17 and 22.

15. BIOLOGICAL ASSETS

The Company's biological assets entail farming and planting of pine-trees and eucalyptus forests to provide raw-materials to produce pulp, which is used in the production process of paper, and sales of timber logs to third-parties.

The Company's biological assets' balance comprises the costs incurred in creating the forests and the difference between the fair value against the creation costs, so that the overall biological assets' balance is reported at its fair value, as follows:

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
Generation cost of biological assets	41,332	40,789	44,532	44,003
Difference of fair value	119,207	120,662	190,875	194,212
Biological assets at fair value	160,539	161,451	235,407	238,215

a) Assumptions to recognize the fair value deducting the cost of sale of biological assets:
The Company recognizes its biological assets at their fair value, according to the following calculation assumptions:

i. The methodology used to measure the biological assets' fair value corresponds to the future cash flows forecast, according to the projected productivity cycle of the forests, taking into account variations in their pricing and growth rates;
ii. The rate used to discount the cash flows was given by the Capital Asset Pricing Model (CAPM). It is based on return rates attained by investors in the market.
iii. The forests' projected productivity volumes were set by stratification of each specie, assorting the production plans, forests' age, production potential, and considering a production cycle for the forests. Alternatives are created for handling, in order to establish the ideal long-term production flow to maximize the forests' yield and provide the supplies demanded by the industry.
iv. The prices applied to biological assets are those valid for each analysis period, by researching the markets within the regions where such assets are located. Prices used are expressed in BRL / cubic meter, taking into account the costs required to prepare such assets for sale or consumption.
v. Expenses incurred for planting are based on the costs that the Company attributes to forming the biological assets.
vi. The assessment of biological assets exhaustion is done based on the fair value of such assets cropped within the respective period, compared to the production expectations applicable to each forest.
vii. The Company reviews the biological assets' fair value on quarterly basis, understanding that such gap is sufficient to prevent lagging of the fair values reported under its interim financial statements.

In this quarter the Company did not identify any variations in these assumptions that could indicate changes in the fair value of biological assets.

b) Reconciliation of fair value variations

Changes during the period are shown below:

	Controlling Company	Consolidated
Balance as of 12/31/10 - adjusted	161,451	238,215
Planting	3,343	3,412
Exhaustion	(1,946)	(3,911)
Forest sales	(2,309)	(2,309)
Balance as of 03/31/11 - adjusted	160,539	235,407

Exhaustion of biological assets during the period was accrued at production costs.

16. LOANS AND FINANCINGS

	Controlling Company		Consolidated		
	03.31.11	12/31/10	03.31.11	12/31/10	
Current					
Brazilian Currency (BRL)					
FINAME	9,816	10,252	9,816	10,252	a)
Working Capital	64,254	63,308	64,254	63,308	b)
Financial Leasing	589	602	589	602	c)
Total Brazilian Currency - BRL	74,659	74,162	74,659	74,162	
Foreign Currency					
Financial Leasing	2,149	2,199	2,149	2,199	d)
FX Contract Advance (ACC)	-	322	-	322	
Banco Votorantim	920	1,186	920	1,186	e)
DF Deutsche Forfait s.r.o.	181	347	181	347	f)
Toronto Dominion Bank	305	310	305	310	g)
Banco Credit Suisse	16,807	16,824	16,807	16,824	h)
Banco C.I.T.	896	863	896	863	i)
Banco Santander (Brasil)	1,471	1,400	1,471	1,400	j)
Banco Santander	1,890	1,840	1,890	1,840	k)
Banco Santander Pré pagto.de exportação	2,203	2,201	2,203	2,201	l)
Total Foreign Currency	26,822	27,492	26,822	27,492	
Total Current	101,481	101,654	101,481	101,654	
Non-Current					
Brazilian Currency (BRL)					
FINAME	12,662	15,066	12,662	15,066	a)
Working Capital	3,316	5,174	3,316	5,174	b)
Financial Leasing	845	694	845	694	c)
Total Brazilian Currency - BRL	16,823	20,934	16,823	20,934	
Foreign Currency					
Financial Leasing	2,822	3,601	2,822	3,601	d)
Toronto Dominion Bank	152	155	152	155	g)
Banco Credit Suisse	58,824	63,090	58,824	63,090	h)
Banco C.I.T.	672	863	672	863	i)
Banco Santander (Brasil)	2,941	2,800	2,941	2,800	j)
Banco Santander	946	1,840	946	1,840	k)
Total Foreign Currency	66,357	72,349	66,357	72,349	
Total Non-Current	83,180	93,283	83,180	93,283	
Total	**184,661**	**194,937**	**184,661**	**194,937**	

Long-term maturities:	12.31.10	12.31.09	12.31.10	12.31.09
2012	15,467	22,441	15,467	22,441
2013	21,997	20,509	21,997	20,509
2014	23,454	24,547	23,454	24,547
2015	19,078	22,600	19,078	22,600
Beyond	3,186	3,186	3,186	3,186
	83,180	93,283	83,180	93,283

Loans denominated in Brazilian currency:

a) Finame – the average interest rate is 9.50% p.a., and final maturity is set for 2019.

b) Working Capital – average interest rate is 10.09% p.a., final maturity in the second half of 2012.

c) Financial Leasing – average interest rate is 17.28% p.a., final maturity in early 2014.

Loans and financing in foreign currency:

As of March 31, 2011 foreign currency-denominated loans are adjusted based on exchange variation of Euro or US dollar and bear interest ranging of 9.45% p.y. for dollar operations and of 5.21% p.y. for Euro operations.

d) Financial leasing adjusted for dollar rate fluctuation and payable in quarterly installments with final maturity in 2013.
e) Bank Votorantim S.A., adjusted for dollar rate fluctuation and payable in semiannual and quarterly installments with final maturity in June 2011.
f) DF Deutsche Forfait s.r.o, adjusted for euro rate fluctuation and payable in semiannual installments until 2011.
g) Toronto Dominion Bank, adjusted for dollar rate fluctuation and payable in semiannual installments until the end of 2011.
h) Bank Credit Suisse, refers to export prepayment and is subject for dollar rate fluctuation and payable in quarterly installments until 2015. This financing was contracted as approved by the Board of Directors and will be used to fund exports extend debt payment and implement the 2007/2008 investment plan, with final maturing in 2015.
i) Bank C.I.T., adjusted based on euro exchange variation and repayable in quarterly installments until 2012.
j) Bank Santander (Brasil), adjusted based on euro exchange and repayable in annual installments with final maturity in 2013.
k) Bank Santander, adjusted based on euro exchange and repayable in semiannual installments with final maturity in 2012.
l) Bank Santander P.P.E. - Export prepayment – adjusted by dollar exchange variation and repayable in semiannual installments in May 2011.

Guarantees:

Loans and financing are guaranteed by controlling shareholders' collateral signatures or property mortgage or financed asset or two of these according to each contract, with an approximate amount of BRL 163,000.

The export prepayment financing from Bank Credit Suisse is collateralized by properties and forests of the subsidiary Habitasul Florestal S.A. some lands with its forests from Celulose Irani S.A., B.H.S. corrugated machine, from Packaging Unit of Indaiatuba – SP, boiler 11 HPB-Sermatec brand Mod. VS-500, the shares held by Irani Participações S.A. of Celulose Irani S.A, and liens of some equipment from Paper Unit. This guarantees have an estimated amount of BRL 184,000.

The loan from Bank Santander Real is collateralized by receivables from the sale of Kyoto Protocol carbon credits generated from the Electricity Co-Generation Project. The carbon credit sale contracts are effective until 2012.

Limiting Financial Clauses (Covenants):

Some financing agreements with financial institutions have restrictive covenants requiring the Company to maintain certain financial ratios, as described below:

Banco Santander Real (verificação realizada somente no final de cada exercício).

a) EBITDA margin equal to or higher than 17%;
b) A total debt/EBITDA ratio of 3 vezes times;
c) Maximum financial leverage of 2 times the tangible shareholders' equity.

Banco Credit Suisse

a) Net Debt to EBITDA Ratio of 3.25 times for the first and second quarter of 2011; 3.00 times for the third and fourth quarter of 2011 and for the first quarter of 2012; 2.75 times for the second and third quarter of 2012 and 2.50 times for the following quarters until 2013;

b) EBITDA to Net Interest Expense Ratio at least 2.25 times for the first quarter of 2011 and 2.50 times for the fiscal quarters until 2015;

c) Net debt at the end of each fiscal year shall not exceed US$ 170 million (one hundred and seventy million US dollars). Exception is made when the net debt towards EBITDA is equal or less than 2.5 times;

d) Capital Expenditures shall not be higher than 75% of Depreciation added to Depletion and Amortization. Exception is made when net debt towards EBITDA is equal or less to 2.5 times.

The Company achieved all mandatory indexes from Bank Credit Suisse for this quarter.

TJLP – Long-term interest rate.
CDI – Interbank deposit rate.
EBITDA - Operating result plus net financial income (loss) and depreciations, depletions and amortizations.
ROL - Net operating revenue

17. DEBENTURES

a) The Company has issued simple debentures on April 12th, 2010, non convertible into shares, which were placed by means of a public offer with limited distribution efforts, in the amount of BRL 100,000. These debentures are due after April 2015, and shall be repaid in eight semi-annual installments starting on September 2011, updated by the fluctuation of the CDI plus 5% p.a. Interests are due in semi-annual installments, without grace.

Transaction costs:

This transaction generated operational costs of BRL 3,483, and its effective interest rate cost (IRR) is 16%. Below, we present the transaction costs that shall be accrued to the results of each subsequent period:

Year	Principal
2011	108
2012	835
2013	818
2014	830
2015	892
	3,483

Warranties:

The debentures are backed by real warranties amounting to approximately BRL 164,500, as follows:

- Fiduciary lien favoring the Fiduciary Agent of Lands of Celulose Irani, according to the terms and conditions of the Private Agreement of Transfer of Irani Real Estate and other Matters, which shall guarantee the debt up to the limit of BRL 20 million.
- Fiduciary lien favoring the Fiduciary Agent of Lands and Buildings of Irani Trading, according to the terms and conditions of the Private Agreement of Transfer of Trading Real Estate and other Matters, which shall guarantee the debt up to the limit of BRL 40 million.
- Agricultural Pledge favoring the Fiduciary Agent of Forestry Assets from Celulose Irani, according to the terms and conditions of the Private Agreement of Agricultural Pledge and other Matters.
- Fiduciary Assignment favoring the Fiduciary Agent of credit rights from Celulose Irani, amounting to 25% of the Debentures' outstanding principal amount.

Limiting Financial Clauses (Covenants):

Certain limiting clauses were conveyed regarding the maintenance of some financial ratios, with quarterly assessment. Non compliance may result in acceleration of the debt. These limiting clauses have been fully met during this financial year, as follows:

- The latest 12 months ratio between Net Debt and EBITDA may not exceed: (i) for quarters ended on March 31st and June 30th/2011: 3.25 (three point twenty five times); (ii) for quarters ending on September 30, December 31st/2011, March 31st/2012: 3.0 (three times); (iv) for quarters ending on June 30th and September 30th/2012: 2.75 (two point seventy five times); and (v) from the quarter ending on December 30th/2012 onwards: 2.5 (two point five times). Provided, however, that if during a given Reference Quarter the ratio between Net Debt and EBITDA for the latest 12 months is not complied with on a period when the FX rate fluctuation has been positive and higher than 15% (fifteen percent), then it is established that – only in such events – the Issuer is waived from this covenant for that particular quarter. A new measurement of such ratio will be made based on the results of the immediate subsequent quarter (Subsequent Quarter), where the ratio between the latest 12 months net debt and EBITDA may not exceed the preset threshold related to the Reference Quarter.

- The latest 12 months EBITDA ratio against the same period's Net Financial Expenses may not be lower than: (i) for quarters ended on March 31st, June 30th and September 30th and December 31st/2011 and March 31, 2012: 2.0 (two times); (ii) for the quarter ended on June 30st/2012, September 30th/2012 and December 31th/2012, 2,25 times (two point twenty five times); and (iii) from the quarter ending on March 31th/2013 (inclusive) onwards, until the final settlement of all obligations under the Issuing

Documents: 2.5 (two point five times).

- Throughout the whole period of the transaction, the ratio between the latest 12 months EBITDA and Net Income (same period) may not be lower than 17% (seventeen percent), until the final and full settlement of all obligations under the Issuing Documents.

b) The Company has issued simple debentures on August 19th, 2010, non convertible into shares, which were subscribed by controlled company Irani Trading S.A., for an amount of BRL 40,000. These debentures are due on a balloon payment in August/2015, and are updated by the IPCA plus 6% p.a. Interest will be paid along with the single principal installment, in August/2015.

Transaction Costs:

This transaction generated operational costs of BRL 1,902, and its effective interest rate cost (IRR) is 9.62%. Below, we present the transaction costs that shall be accrued to the results of each subsequent period:

Year	Principal
2011	-
2012	-
2013	232
2014	588
2015	1,082
	1,902

This issue has no warranties neither limiting financial clauses (covenants).

The table below represents the yearly due amounts for the debentures issues:

	Controlling Company		Consolidated	
	03.31.11	12.31.10	03.31.11	12.31.10
2011	12,504	12,788	12,504	12,788
2012	24,310	25,445	24,310	25,445
2013	24,551	25,617	24,551	25,617
2014	24,510	25,503	24,510	25,503
2015	53,347	53,076	10,812	11,559
	139,222	142,429	96,687	100,912
Current portion	25,004	12,788	25,004	12,788
Non-current portion	114,218	129,641	71,683	88,124

18. TRADE ACCOUNTS PAYABLE

Payables to suppliers are as follows:

	Controlling Company		Consolidated	
CURRENT	03/31/11	12/31/10	03/31/11	12/31/10
Domestic				
Materials	28,892	32,114	29,712	32,695
Fixed Assets	96	291	96	291
Service Providers	2,150	2,100	2,208	2,160
Transport Carriers	4,076	4,267	4,120	4,287
Related Parties	2,549	1,390	-	(462)
Foreign				
Materials	452	661	452	661
	38,215	40,823	36,588	39,632

19. TAXES IN INSTALLMENTS

The Company chose for REFIS according to Law 11.941/09 and MP 470/09, for the installments of taxes, which are monetarily adjusted by SELIC variation and monthly amortized.

The state tax ICMS installment from São Paulo is adjusted by interest rate at 2% p.m, monthly amortized.

Figures are presented as follows:

CURRENT

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
Rescheduling REFIS INSS	288	580	383	673
Rescheduling REFIS Federal Revenue	942	1,409	953	1,420
Rescheduling ICMS	1,402	1,321	1,402	1,321
Rescheduling INSS Employer's share	663	700	663	700
	3,295	4,010	3,401	4,114

NONCURRENT

	Controlling Company		Consolidated		Maturity
	03/31/11	12/31/10	03/31/11	12/31/10	
Rescheduling REFIS INSS	-	-	595	609	June/2013
Rescheduling REFIS Federal Revenue	8,491	8,273	8,572	8,351	November/2025
Rescheduling ICMS	3,374	3,509	3,374	3,509	October/2014
Rescheduling INSS Employer's share	2,044	2,154	2,044	2,154	April/2015
	13,909	13,936	14,585	14,623	

Long-term maturities:	Controlling Company		Consolidated	
	03/31/11	12/31/09	03/31/11	12/31/09
2012	2,501	2,014	2,619	2,104
2013	2,501	2,014	2,619	2,104
2014	2,065	2,014	2,183	2,104
2015	779	1,687	897	1,777
Beyond	6,063	6,207	6,267	6,534
	13,909	13,936	14,585	14,623

INSS (Social Security Tax) – Refer to social security installment of Law 10.684/03 to which the Company joined Refis in November 2009.

Federal Revenue Service – Refer to Federal taxes installment of Law 10.684/03 to which the Company joined to Refis in November 2009.

Federal Revenue Service - IPI – Related to installment of other IPI debts in the amount of R$ 8,491 being R$ 3,252 nominal and R$ 5,239 in fines and interest. This amount will be paid in 180 installments and updated by SELIC.

Employers' Contribution to INSS – Refers to rescheduling of Social Security for the months of November and December, plus the thirteenth month of salary payable in 2008.

20. INCOME TAX AND SOCIAL SECURITY TAX - LIABILITY

For 2010 and 2011, the Company adopted a cash regime to assess Income Tax and Social Contribution on FX fluctuations, and recorded a deferred tax liability for unrealized FX variations.

Based on the fair value of biological assets, and on the deemed cost of its fixed assets, deferred tax liabilities were booked.

The effects of the deferred tax liabilities, as of March 31st/2011 and December 31st/2010, are:

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
Deferred Debit Income Tax				
Unrealized FX variation - cash regime	8,387	8,364	9,042	8,757
Biological assets' fair value	29,801	30,165	31,235	31,635
Fixed assets' deemed cost	83,546	83,457	104,555	104,439
Revaluation reserves	4,247	4,258	4,247	4,258
Deferred Debit Social Contribution				
Unrealized FX variation - cash regime	3,019	3,011	3,255	3,153
Biological assets' fair value	10,725	10,858	11,499	11,653
Fixed assets' deemed cost	30,081	30,047	37,644	37,599
Revaluation reserves	1,529	1,533	1,529	1,533
	171,335	171,693	203,006	203,027

21. RELATED-PARTY TRANSACTIONS

Refer to payables to subsidiaries and other related parties as shown below:

Controlling Company	Accounts Receivable		Accounts Payable		Debentures Payable		Assignment (Debit)		Income		Expenses	
	03/31/11	12/31/10	12/31/10	12/31/10	03/31/11	12/31/10	03/31/11	12/31/10	03/31/11	03/31/10	03/31/11	03/31/10
Irani Trading S.A.	-	-	1,422	1,389	42,535	41,516	3,785	4,345	-	-	4,248	4,314
Habitasul Florestal S.A.	4,369	4,369	1,133	456	-	-	13,258	13,258	-	-	851	325
HGE - Geração de Energia	-	-	1,285	1,387	-	-	-	-	-	-	-	-
Meu Móvel de Madeira	1,690	2,132	-	-	-	-	-	-	-	853	-	628
Irani Participações	-	-	-	-	-	-	-	-	-	-	120	120
Companhia Com.de Imóveis	-	-	-	-	-	-	-	-	-	-	-	405
Remuneração dos administradores	-	-	3,818	3,818	-	-	-	-	-	-	1,131	1,318
Total	6,059	6,501	7,658	7,050	42,535	41,516	17,043	17,602	-	853	6,350	7,110
Current portion	(6,059)	(6,501)	(7,658)	(7,050)	-	-	-	-				
Non-current portion	-	-	-	-	42,535	41,516	17,043	17,602				

Consolidated	Accounts Payable		Expenses	
	03/31/11	12/31/10	03/31/11	03/31/10
Irani Trading S.A.	-	-	120	120.00
Companhia Com.de Imóveis	-	149	447	405
Remuneração dos administradores	3,818	3,818	1,215	1,399
Total	3,818	3,967	1,782	1,927
Current portion	(3,818)	(3,967)		

Payables to subsidiaries Irani Trading S.A., Habitasul Florestal S.A. and Meu Móvel de Madeira LTDA. are related to intercompany business transactions, therefore free of charges and without established final maturity.

The subsidiary Irani Trading S.A. is the owner of Industrial Property, which is being leased to Celulose Irani S.A., as per the Contract of Lease signed by the parts on October 20, 2009 and amended on March 24, 2010. This contract has a 64 months period from the emission of the initial term that happened on January 01, 2010. The amount involved is R$ 1,364 monthly.

On August 19th/2010, the Company issued simple debentures, subscribed by affiliated Irani Trading S.A., updated by IPCA plus 6% p.a., maturing as described under note 17.

Payable to HGE – Geração de Energia Sustentável is related to increase of shareholder equity from contract change to be paid until the end of 2011.

Payable to Irani Participações is related to services taken by the Company.

Payables of management compensation refer to executive board fee, management participation and benefits paid to executives due to dissolution of labor contract.

Expenses with Managerial Fees, with no social contributions, have amounted to BRL 1,215 as of March 31, 2011 (BRL 5,003 in 2010). The global compensation of managers was approved during the Ordinary General Meeting held on April 29th, 2011, for a maximum amount of BRL 5,500.

The Administrators' Participation related to results of financial year 2010 is being earmarked, amounting to BRL 3,818 thousand, equivalent to 10% of the year's net profits, as provided in the Company's by-laws. Its distribution will be made to the administrators by a specific decision from the Management Committee.

22. REAL ESTATE CREDIT NOTE – CRI

In August 03rd/2010, affiliated Irani Trading S/A issued a Private Instrument of Real Estate Credits Note (CCI), backed by a leasing agreement signed on October 20th/2009 between Irani Trading S/A and Celulose Irani S/A.

Irani Trading S/A assigned the CCI to Brazilian Securities Companhia de Securitizacao. Due to such assignment, the Securitizer has issued, in fiduciary regime, Real Estate Receivables Notes (CRIs), and in August 06th/2010 it paid to Irani Trading S/A the amount of the CCI assigned, valued at BRL 40,833 – equivalent to the net present value of 37 future leasing installments at a rate of 14.70% p.a.

This transaction will be settled in 37 monthly and consecutive installments, amounting to BRL 1,364 each, beginning on August 25th, 2010 and maturing on August 25th, 2013, owed by the lessee Celulose Irani S/A to assigner Irani Trading S/A by force of their leasing agreement.

<u>Warranties:</u>

The Company has provided real warranties favoring the Securitizer, approximately valued at BRL 35,800, namely:

- Mortgage of properties from Celulose Irani S/A, with registration nrs 2,479, 2,481 and 8,535 at the Properties' Registry Office of Ponte Serrada – SC;
- Agricultural lien of forestry assets (pine-trees and eucalyptus) existing in the mortgaged areas aforementioned;
- Fiduciary Assignment of Assets and Rights represented by pledging of Receivables, amounting to 3 (three) monthly installments owed by lessee Celulose Irani S/A to assigner Irani Trading S.A. by force of the lease agreement.

Limiting Financial Clauses (Covenants):

Certain limiting clauses were conveyed regarding the maintenance of some financial ratios, with quarterly assessment. Non compliance may result in acceleration of the debt. These limiting clauses have been fully met during this financial year, as follows:

- The latest 12 months ratio between Net Debt and EBITDA may not exceed: (i) for quarters ending on March 31st and June 30th/2011: 3.25 (three point twenty five times); (ii) for quarters ending on September 30, December 31st/2011, March 31st/2012: 3.0 (three times); (iii) for quarters ending on June 30th and September 30th/2012: 2.75 (two point seventy five times); and (iv) from the quarter ending on December 30th/2012 onwards: 2.5 (two point five times). Provided, however, that if during a given Reference Quarter the ratio between Net Debt and EBITDA for the latest 12 months is not complied with on a period when the FX rate fluctuation has been positive and higher than 15% (fifteen percent), then it is established that – only in such events – the Issuer is waived from this covenant for that particular quarter. A new measurement of such ratio will be made based on the results of the immediate subsequent quarter (Subsequent Quarter), where the ratio between the latest 12 months net debt and EBITDA may not exceed the preset threshold related to the Reference Quarter.

- The latest 12 months EBITDA ratio against the same period's Net Financial Expenses may not be lower than: (i) for quarters ended on March 31st, June 30th and September 30th and December 31st/2011 and March 31, 2012: 2.0 (two times); (ii) for the quarter ended on June 30st/2012, September 30th/2012 and December 31st/2012: 2.25 (two point twenty five times); and (iii) from the quarter ending on March 31th/2013 (inclusive) onwards, until the final settlement of all obligations under the Issuing Documents: 2.5 (two point five times).

- Throughout the whole period of the transaction, the ratio between the latest 12 months EBITDA and Net Income (same period) may not be lower than 17% (seventeen percent), until the final and full settlement of all obligations under the Issuing Documents.

23. RESERVE FOR LABOR, CIVIL AND TAX 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 attorneys and legal counsel, believes that the reserve for contingencies is sufficient to cover possible losses in connection with such contingencies.

The opening balance of the reserve for contingencies is as follows:

	Controlling Company		Consolidated	
	03/31/11	12/31/10	03/31/11	12/31/10
Civil allowances	7,669	7,669	7,669	7,669
Labor allowances	508	508	575	575
Tax allowances	34,849	31,685	34,849	31,684
	43,026	39,862	43,093	39,928

Changes in allowances balance:

Controlling Company	12.31.10	Allowance	03.31.11
Civil	7,669	-	7,669
Labor	508	-	508
Tax	31,685	3,164	34,849
	39,862	3,164	43,026

Consolidated	12.31.10	Allowance	03.31.11
Civil	7,669	-	7,669
Labor	574	-	574
Tax	31,685	3,164	34,849
	39,928	3,164	43,092

The reserve for contingencies refers basically to:

a) The civil lawsuits are related, among others, to indemnity claims in connection with the termination of agreements with sales representatives, and, principally, to a bankruptcy proceeding filed by a party in relation to which the Company is a creditor. As of March 31, 2011, a reserve of R$ 7,669 is recorded to cover potential losses arising from these contingencies. Escrow deposits made for the aforementioned lawsuits amount to R$ 7,295.

b) Labor lawsuits are related, among others, to claims filed by former employees for payment of overtime, health hazard premium, hazardous duty premium, occupational illnesses and accidents. Based on their past experience and legal counsel's opinion, the Company and its subsidiaries accrued R$ 508 as of March 31, 2011, which they believe to be sufficient to cover potential losses arising from labor contingencies. Escrow deposits made for the aforementioned lawsuits amount to R$ 325.

c) Tax contingencies refer to:
i) a tax collection action filed by the State of Santa Catarina in which undue transfer of ICMS credits is alleged in the amount of R$ 1,305.

ii) the Company's Management offset federal taxes related to IPI credits on the acquisition of trimmings and other inputs. The amount of R$ 25,615 was offset from September 2006 to March 2011. Updated balance as of March 31, 2011 total is R$ 33,544.

Possible Contingencies

No reserves were recorded for contingencies whose likelihood of loss has been assessed by the legal counsel as possible. As of March 31, 2011, the amounts involved in labor, civil, environmental and tax lawsuits are as follows:

	Controlling Company and Consolidated	
	03/31/11	12/31/09
Labor contingencies	8,154	8,154
Civil contingencies	780	780
Environmental contingencies	876	876
Tax contingencies	46,097	46,097
	55,907	55,907

Labor claims:

The labor claims assessed by the legal counsel as possible losses total R$ 8,154 and include primarily indemnity claims (hazardous duty premium, health hazard premium, overtime, salary premiums, damage and losses arising from occupational accidents), for which the Company reasonably expects a favorable decision.

Civil contingencies:

The civil lawsuits assessed by the legal counsel as possible losses total R$ 780 and include primarily an indemnity claim related to the termination of a sale representation agreement, which is currently at an appeal stage.

Environmental contingencies:

The environmental lawsuits assessed by the legal counsel as possible losses total R$ 876 thousand and include primarily a lawsuit filed by the Federal Public Prosecution Office. Considering that this issue is difficult to measure, the Company Management believes as possible of loss and with goods changes of success it being understood that the maximum value estimated of indemnity will be less if condemned.

Tax contingencies:

The tax lawsuits assessed by the legal counsel as possible losses total R$ 46,097 and primarily include the following:

- Administrative Proceeding 10925.000172/2003-66 related to a tax delinquency notice for alleged irregularity in offsetting IPI credits, which as of September 30, 2010 involves the amount of R$ 7,099. The Company is beneficiary under a final administrative decision issued by means of Decision No. 203-03.459 dated 09/16/97, which declared the refund request as valid. The Federal Revenue Service filed an administrative appeal, which is awaiting judgment.

- Tax Collection No. 2004.72.03.001555-8 by the National Institute of Social Security (INSS) under a Debt Assessment Notice for payment of social contribution tax on gross revenue from the sale of agro industrial companies' production, which as of September 30, 2010 involves the amount of R$ 4,247. Said proceeding is under stay of execution awaiting decision on the motions filed by the Company.

- Tax collection n° 99.70.00325-9 from INSS – National Institute for Social Security related tax credit through NFLD n° 32.511.108-1, in the amount of R$ 4,471 as of December 31, 2010, that refers to contributions alleged by contracted companies for services of working labor force, being the Company responsible and solidarity. A ruling is pending for the bill of review filed by PFN, in light of the stay of execution pleas of the Company being upheld.

- Administrative Proceeding n° 11080.013972/2007-12 and n°11080.013973/2007-67 related to a tax delinquency notice for alleged irregularity in offsetting credits of PIS and COFINS, which as of December 31, 2010 involves the amount of R$ 3,161. The Company contests these proceedings administratively and considers good chances of success.

- Administrative Proceedings refer to a Debt Assessment Notice from the State of Santa Catarina for payment of said undue tax credit from ICMS (state VAT) crediting in the acquisition of Materials used in the productive process of plant units in this state in the amount of R$ 27,119 as of December 31, 2010 with fines and interest. The Company contests these proceedings administratively and considers good chances of success.

24. SHAREHOLDERS' EQUITY

a. Capital

The Company's capital as of March 31, 2011 is R$ 63.381, represented by 7,463,987 common shares and 640,513 preferred shares, totaling R$ 8,104,500 shares, without par value. Preferred shares carry no voting rights, are entitled to receive dividends 10% higher than those paid on common shares, have priority in the capital reimbursement without premium in the event of company liquidation. The Company may issue preferred shares, without par value and voting rights, up to the limit of 2/3 of the Company's total shares, and increase existing share types or classes without keeping proportion among the shares of each type or class.

b. Treasury shares

During a meeting held on November 24th, 2010, the Management Committee has authorized the Company to buyback shares issued by it, to be kept at treasury and for subsequent cancellation or sale, without decreasing its capital, according to CVM's (Brazilian SEC) Instruction 10/80 and amendments. The buyback plan aims at maximizing the value for shareholders, and is valid for execution during 365 days, expiring on November 23rd, 2011. Therefore, the repurchase of up to 62,356 ordinary and 18,646 preferred shares was authorized – all such shares being nominative, book-entry form with no nominal value.

As of December 31st, 2010, the Company purchased 9,100 shares for a total value of BRL 229 and until March 31, 2011 purchased more 21,900 for a total value of BRL 593, thus distributed:

The Company also keeps in treasury 5,602 (five thousand six hundred and two) ordinary shares in the amount of BRL 80, purchased from former directors who left during previous financial years, as it was determined under the stock options plan existing at such time.

Share purchase

	Controlling Company	
	03.31.11	12.31.10
Ordinary	485	199
Preferential	108	30
	593	229

7,900 ordinary shares and 1,200 preferential shares in 2010.

18,000 ordinary shares and 3,900 preferential shares until March 31, 2011.

As of December 31st, 2010, the trading quote of such shares at the Sao Paulo Stock Exchange was BRL 27.00 for ordinary and BRL 26.00 for preferred shares and as of March 31, 2011 the trading quote was BRL 28,00 for ordinary and BRL 28,80 for preferred shares.

The Company also keeps in treasury 5,602 (five thousand six hundred and two) ordinary shares in the amount of BRL 80, purchased from former directors who left during previous financial years, as it was determined under the stock options plan existing at such time.

25. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the continued operations profits attributable to the Company's shareholders by the weighted average number of shares available during the financial year. The Company is not subject to effects of potential shares (such as by debt-to-equity convertible obligations), thus the diluted profit is the same as the basic earnings per share.

	03.31.11		
	ON - Ordinary Shares	PN - Preferred Shares	Total ON & PN Shares
Number of shares - weighed average	7,438,818	636,513	8,075,331
Attributable financial year net profits for each type of shares (*)	3,688	347	4,035
Basic & Diluted Earnings per share (BRL)	0.4957	0.5453	

	03.31.10		
	ON - Ordinary Shares	PN - Preferred Shares	Total ON & PN Shares
Number of shares - weighed average	7,458,385	640,513	8,098,898
Attributable financial year net profits for each type of shares (*)	7,504	709	8,213
Basic & Diluted Earnings per share (BRL)	1.0061	1.1068	

(*) PN (preferred) shares are entitled to dividends 10% higher than those of ON shares

26. NET SALES REVENUES

The Company's net revenues are presented as follows:

	Controlling Company		Consolidated	
	03.31.11	03.31.10	03.31.11	03.31.10
Gross revenues from sales of products	139,576	116,530	147,431	121,300
Taxes on sales	(30,077)	(25,154)	(31,034)	(25,584)
Sales returned	(687)	(551)	(792)	(574)
Net sales revenues	108,812	90,825	115,605	95,142

27. EXPENSES – BY NATURE

The break-down of expenses by nature is presented as follows:

	Controlling Company		Consolidated	
	03.31.11	03.31.10	03.31.11	03.31.10
Variable costs - raw materials and consummables	(54,129)	(50,430)	(53,814)	(48,697)
Personnel expenses	(20,010)	(16,263)	(20,761)	(16,478)
Variation of biological assets' fair value	-	11,203	-	14,545
Depreciation, amortization and exhaustion	(8,312)	(8,268)	(10,720)	(10,599)
Freight on sales	(4,094)	(3,982)	(4,336)	(4,133)
Contracted services	(3,480)	(2,785)	(3,620)	(2,843)
Sales expenses	(5,720)	(4,969)	(5,729)	(4,825)
Other expenses	(4,105)	-	(4,105)	(5)
	(99,850)	(75,494)	(103,085)	(73,035)
Other net expenses				
Cost of assets' sales	(167)	(863)	(168)	(869)
Sales of fixed assets	454	296	454	305
Other expenses	147	205	153	494
	435	(362)	440	(70)
Operating expenses	(99,415)	(75,857)	(102,645)	(73,106)

28. OTHER OPERATING INCOME AND EXPENSES

Income

	Controlling Company		Consolidated	
	03.31.11	03.31.10	03.31.11	03.31.10
Revenue from sold assets	455.00	339	456	351
Other operating income	329	335	338	420
	784	674	794	771

Expenses

	Controlling Company		Consolidated	
	03.31.11	03.31.10	03.31.11	03.31.10
Cost of impaired and sold assets	(167)	(808)	(168)	(811)
Other operating expenses	(182)	(133)	(186)	(141)
Provision for losses at affiliated companies	-	(206)	-	-
	(349)	(1,147)	(354)	(952)

29. INCOME AND SOCIAL CONTRIBUTION TAXES

Reconciliation of the effective taxes:

	Controlling Company		Consolidated	
	03.31.11	03.31.10	03.31.11	03.31.10
Results prior to taxation	4,494	8,929	5,023	9,132
Basic rate	34%	34%	34%	34%
Tax credit (debit) at the basic rate	(1,528)	(3,036)	(1,708)	(3,105)
Tax impact of permanent (inclusions) exclusions:				
Equity	1,138	2,245	-	-
RTT - Adjustments of the transition tax regime	-	75	-	75
Differences in taxation of controlled companies	-	-	1,125	2,245
Other permanent differences	(70)	-	(405)	(134)
	(460)	(716)	(988)	(919)
Current Income Tax and Social Contribution	(811)	(441)	(1,361)	(561)
Deferred Income Tax and Social Contribution	351	(275)	373	(358)

30. FINANCIAL INCOME (EXPENSES)

	Controlling Company		Consolidated	
	03.31.11	03.31.10	03.31.11	03.31.10
Financial Income				
Yield from financial investments	903	96	903	96
Interest	228	270	262	269
Discounts obtained	62	9	62	9
	1,193	375	1,227	374
FX Variation				
Credit FX variation	2,874	9,720	2,874	9,721
Credit FX variation - derivatives at fair value	1,378	-	1,378	-
Debit FX variation	(1,075)	(13,456)	(1,075)	(13,457)
Debit FX variation - derivatives at fair value	(869)	-	(869)	-
Net FX Variation	2,308	(3,736)	2,308	(3,736)
Financial Expenses				
Interest	(11,446)	(8,500)	(11,164)	(8,627)
Discounts granted	(36)	(27)	(38)	(152)
Banking discounts / fees	-	(641)	(4)	(642)
Others	(265)	(116)	(266)	(122)
	(11,747)	(9,284)	(11,472)	(9,543)
Net financial results	(8,246)	(12,645)	(7,937)	(12,905)

31. INSURANCE (Unaudited)

The Company adopts a conservative policy regarding the contracting of insurance to cover various losses. The insurance coverage is determined according to the nature of the assets' risks, in an amount considered sufficient to cover possible losses arising from claims (unaudited). As of March 31, 2011, the coverage is as follows:

Company and consolidated data:

Coverage	Effective Period	Insured amount
Corporate insurance, plant group, fire, lightning, explosion, electrical damages and windstorm.	10/21/10 to 10/20/11	R$ 5,329
Corporate insurance, offices group and hotel, fire, lightning, explosion, electrical damages, windstorm.	10/09/10 to 10/08/11	R$ 1,900
Industrial insurance, plants group, fire, lightning and explosion on any kind, electrical damages, windstorm/smoke.	11/12/10 to 11/11/11	R$ 237,970
Industrial insurance, paper and packaging plants groups, civil liability and pain and suffering.	09/28/10 to 09/27/11	R$ 10,000
Civil liability insurance for managers	11/04/10 to 11/03/11	R$ 10,000
Residential and Industrial insurance, residential village and commercial facilities, fire, lightning, explosion, electrical damage and windstorm	09/27/10 a 09/27/11	R$ 13,060
Group life insurance – employees - 24 or 48 times the nominal salary, if due to natural or accidental death, respectively.	12/02/10 a 12/01/11	Coverage is limited to a minimum of R$ 10 and a maximum of R$ 500
Vehicle fleet insurance, property damage, bodily injury and pain and suffering.	08/15/10 a 08/14/11	Vehicles at market value e additional cover of R$ 370 per vehicle

Related to forests, the Company assessed the existing risks and decided not to hire insurance, due to several procedures adopted against fire and other forestry risks that have been effective. Management considers the risk management suitable for the continuing of Company's activity.

32. FINANCIAL INSTRUMENTS

Fatores de risco financeiro

The Company has exposure to several financial risks: market risks (including FX and interest rate risks), credit risks and liquidity risks.

Aiming at setting rules for the Company's financial management, the Management Committee approved, in October 20th, 2010, the Financial Management Policy, governing and establishing guidelines for the use of financial instruments.

The Company does not engage into investments with speculative character in derivatives or any other financial assets. The policy for the use of derivatives by the Company has as objective the mitigation of financial risks inherent to its operations, and to assure efficiency in management its financial assets and liabilities. Current derivative financial instruments were contracted to hedge loans borrowed in foreign currency or the Company's export sales, and were approved by the Management Committee.

Foreign Exchange Exposure

The Company has transactions with the foreign markets, exposed to changes in foreign currency quotes. As of December 31st, 2010 and March 31st, 2011, these transactions represented a net liability exposure demonstrated in the table below.

Total net FX exposure denominated in foreign currency is equivalent to 20 months of export sales, considering the average exports related to 2010 and equivalent to 17 months of export sales related to the first quarter of 2011. As most of foreign currency denominated loans and financings are due in the long term, the Company understands that it shall generate sufficient proceeds from overseas cash flows to settle its long term liabilities denominated in non-domestic money.

	Controlling Company		Consolidated	
	03.31.11	12.31.10	03.31.11	12.31.10
Accounts receivable	6,837	2,895	6,891	2,949
Carbon credits receivable	5,637	5,789	5,637	5,789
Banks - pledged account	8,097	10,484	8,097	10,484
Advances from clients	(388)	(325)	(388)	(207)
Suppliers	(452)	(661)	(452)	(661)
Loans and Financings	(93,179)	(99,841)	(93,179)	(99,841)
Net Exposure	(73,448)	(81,659)	(73,394)	(81,847)

The Company has identified the key risk factors that may cause losses to its operations with financial instruments. As such, we have developed a sensitivity analysis, as determined under CVM's (Brazilian SEC) Instruction 475, which requires producing two scenarios – one with a 25% and another with 50% deterioration of the considered risk variable – apart from a basic forecast. These scenarios may impact the

Company's future results and/or cashflows, as follows:

1 – Basic Scenario: FX rates are stable, near to market levels observed at the time when these statements were prepared.

2- Adverse Scenario: 25% deterioration in the FX rate regarding its March 31st/2011 levels.

3 – Remote Scenario: 50% deterioration in the FX rate regarding its March 31st/2011 levels.

Consolidated

Operation	Balance 03/31/11 USD	Rate	Basic Scenario Gain (Loss) BRL	Rate	Adverse Scenario Gain (Loss) BRL	Rate	Remote Scenario Gain (Loss) BRL
Assets							
Accounts Receivable	12,664	1.61	(223)	2.01	4,878	2.42	9,978
Liabilities							
Accounts Payable	(516)	1.61	9	2.01	(199)	2.42	(406)
Loans and Financings	(57,211)	1.61	1,007	2.01	(22,036)	2.42	(45,079)
Net Impact			793		(17,357)		(35,507)

This sensitivity analysis aims at measuring the impact of changes in the market variables on each of the Company's financial instruments. It is worth to note that we used balances as of 03/31/2011 as basis for future balance forecasts. The effective behavior of the debit balances and derivative instruments will follow their respective contracts, as well as the balances of accounts receivable and payable may vary according to the Company's and affiliates' regular activities. Nonetheless, settlement of transactions involving such estimates may result in different values from those foreseen, owing to the subjective nature of the process used to prepare such assessments. The Company seeks to keep its operations in loans, financings and derivative instruments exposed to FX volatility, with annual net payments being equivalent to inflows arising from export sales. Therefore, it tries to hedge its cash flow against FX fluctuations, and in case the above scenarios occur they shall impact its results economically.

Interest Rates Risks

The Company may be impacted by adverse changes in interest rates. The exposure to such risk mainly refers to changes in market interest rates that impact the Company's assets and liabilities subjected to the TJLP (Long Term Interest Rate, from BNDES), CDI (Interbank Certificate of Deposit), SELIC, TR (Reference Rate), EURIBOR (Euro Interbank Offered Rate) or LIBOR (London Interbank Offered Rate), however the impacts over loans and financings contracts are not meaningful.

The sensitivity analysis calculated for the basic, adverse and remote scenarios regarding the loans and financings contracted based on floating interest rates is represented below:

Consolidated

Operation	Index	Balance 03/31/11	Basic Scenario Rate	Basic Scenario Gain (Loss) BRL	Adverse Scenario Rate	Adverse Scenario Gain (Loss) BRL	Remote Scenario Rate	Remote Scenario Gain (Loss) BRL
Financial Investments								
CDB	CDI	41,139	10.64%	324	13.30%	(530)	15.96%	(1,384)
Financings								
Working Capital	CDI	18,038	10.64%	(201)	13.30%	329	15.96%	858
Debentures	CDI	100,253	10.64%	(1,013)	13.30%	1,654	15.96%	4,321
Working Capital	TR	14,174	0.13%	7	0.17%	12	0.20%	17
Finames	TJLP	21,858	6.00%	-	7.50%	328	9.00%	656
Foreign Currency Financings	Libor	7,619	0.43%	(2)	0.54%	6	0.65%	14
Foreign Currency Financings	Euribor	8,816	1.68%	12	2.10%	49	2.52%	86
Net Impact				(872)		1,848		4,568

Credit Risks

The Company's financed sales are managed through a policy of credit qualification and granting. Doubtful credits receivable are properly provisioned to face eventual losses at time of their realization.

Liquidity Risk

Management monitors the liquidity levels considering the expected cash flow, including cash, financial investments, flow of accounts payable/receivable, and payments of loans and financings. The liquidity management policy involves forecasting cash flows in the major currencies, and considering the level of necessary liquid assets to meet these projections, as well as monitoring the balance-sheet's liquidity ratios regarding the internal and external regulatory requirements, and the maintenance of plans for debt financing.

Derivative Financial Instruments

Derivative transactions are classified according to strategy, depending on their objective. These are transactions contracted aiming at protection the Company's net debt, or its respective exports and imports, against fluctuations in FX rates. The financial instruments were designated in their initial booking, classified as loans, and their results are measured by fair value and accrued on the date of each balance sheet in the financial results.

The Company has internal controls that the Management deems as sufficient to manage its risks. Monthly, the board analyzes reports regarding the financial costs of its debt, and information of Cash flow in Foreign Currency, including the Company's payments and receipts in foreign money, and assesses the needs to contract some hedge. Results achieved by such way of management have been protecting its cash flow from FX volatility.

As of March 31, 2011 the amounts contracted in these instruments and their respective fair values, as well as their effects accumulated within such period, are shown in the table below:

Purpose / Risk / Instrument	03/31/2011		12/31/10	
	Notional	Fair Value (1)	Notional	Fair Value (1)
Fair Value Hedging				
Foreign Currency *Swaps*	29,300	(1,966)	29,300	(2,534)
Total derivatives	29,300	(1,966)	29,300	(2,534)

(1)The derivative financial instruments were assessed by their fair value, by using future projections of the US Dollar from BM&F Bovespa at the assessment dates. For swaps, both the asset and the liabilities are estimated independently and discounted to present value at a market interest rate, where the difference between them generates their respective market value.

These instruments, as of March 31st, 2011, presented the following ranges of maturities of Fair and Notional values, by instrument:

Purpose / Risk / Instrument	2011	2012	2013	2014	2015	Total
Fair Value Hedging						
Foreign Currency *Swaps*	193	(325)	(595)	(787)	(452)	(1,966)

Purpose / Risk / Instrument	2011	2012	2013	2014	2015	Total
Fair Value Hedging						
Foreign Currency *Swaps*	3,663	7,325	7,325	7,325	3,662	29,300

Part of these financial instruments (Swap contracts) are linked to a pledged financial investment, according to explanatory note nr 9.

33. OPERATING SEGMENTS

a) Identification criteria for operating segments

The Company has segmented its operating structure following the way in which businesses are managed, as well as according to criteria of segmentation established under CPC 22 (IFRS 8) – Information by Segments.

Management has determined as operating segments: pulp & paper; packaging; forestry and rosin; and furniture, as described below:

Pulp & Paper Segment: production of Kraft papers of high and low grammage, and recycled papers, aimed at the domestic and overseas' markets, also driving some of the production towards the PO Packaging Segment.

PO Packaging Segment: this segment produces boxes and boards of corrugated paper, light and heavy, and has two production plants: one at the paper plant (pulp & paper segment) in Vargem Bonita (SC), and another one in Indaiatuba (SP).

RS Forestry and Rosin Segment: through this segment, the Company cultivates pine-trees for its own consumption and also trades in timber, and produces rosin extracted from the pine-trees, used as raw material to produce tar/pitch and turpentine.

Furniture Segment: this segment trades in furnitures for the domestic market, exclusively via online (Internet) sales, through controlled company Meu Movel de Madeira. The products' profile includes lines for bedroom, living room and support items.

b) Consolidated information of the operating segments

						Consolidated
						03/31/11
	Pulp & Paper	PO Packaging	RS Forestry & Rosin	Furniture	Corporate / Exclusions	Total
Net Sales:						
Domestic Market	23,540	69,644	4,734	2,183	-	100,102
Overseas Market	10,266	-	5,237	-	-	15,503
Revenue from sales to third-parties	33,806	69,644	9,971	2,183	-	115,605
Revenues between segments	6,444	100	-	-	(6,544)	-
Total net sales	40,250	69,744	9,971	2,183	(6,544)	115,605
Variation biological assets' fair value	-	-	-	-	-	-
Cost of goods sold	(26,402)	(56,245)	(6,512)	(1,119)	6,236	(84,042)
Gross profit	13,848	13,499	3,459	1,064	(307)	31,563
Operating Expenses	(2,560)	(7,280)	(978)	(995)	(6,790)	(18,603)
Operating results prior to financial results	11,287	6,220	2,481	69	(7,097)	12,960
Financial results	(4,735)	(3,526)	2	(2)	324	(7,937)
Net operating results	6,553	2,694	2,483	66	(6,773)	5,023
Total Assets	656,841	168,128	130,331	4,684	170,111	1,130,095
Total Liabilities	288,110	58,022	14,939	3,137	295,378	659,586
Shareholders' Equity	283,544	-	119,287	1,547	66,131	470,509

	Pulp & Paper	PO Packaging	RS Forestry & Rosin	Furniture	Corporate / Exclusions	Consolidated 03/31/10 Total
Net Sales:						
Domestic Market	23,341	54,135	3,930	441	-	81,847
Overseas Market	8,076	-	5,219	-	-	13,295
Revenue from sales to third-parties	31,417	54,135	9,149	441	-	95,142
Revenues between segments	3,963	406	-	-	(4,369)	-
Total net sales	35,380	54,541	9,149	441	(4,369)	95,142
Variation biological assets' fair value	11,203	-	3,342	-		14,545
Cost of goods sold	(27,228)	(38,583)	(6,326)	44	3,641	(68,452)
Gross profit	19,355	15,958	6,165	485	(728)	41,235
Operating Expenses	(4,901)	(8,948)	(738)	(361)	(4,250)	(19,198)
Operating results prior to financial results	14,454	7,010	5,427	124	(4,978)	22,037
Financial results	(5,598)	(6,890)	(306)	(125)	14	(12,905)
Net operating results	8,856	120	5,121	(1)	(4,964)	9,132
Total Assets	628,352	158,534	118,957	4,139	153,305	1,063,287
Total Liabilities	267,102	57,386	13,057	2,424	273,562	613,530
Shareholders' Equity	274,774	-	115,497	1,451	58,035	449,757

The balance shown in the column "Corporate/Exclusions" involves, substantially, expenses from the corporate unit that are not shared with the other segments; exclusions refer to adjustments of operations between the other segments, which are booked at usual market prices and conditions.

The information regarding financial results was divided by operating segments, taking into account the specific location of each financial income and expense to its segment, and the distribution of income and expenses common to the Company via NCG – Working Capital Needs of each segment.

The income tax and social contribution information were not released in the segmented information, due to the non utilization, by the Company's Management, of these data in a segmented manner.

c) Net Sales Revenues

As of March 31, 2011 net sales revenues totaled BRL 115,605 (BRL 95,142 as of March 31, 2010).

The net sales revenues for the overseas markets as of March 31, 2011 summed BRL 15,495 (against BRL 13,295 as of March 31, 2010), distributed through various countries, according to the chart below:

	03/31/11 Consolidated			03/31/10 Consolidated	
Country	Net Revenues Exports	% of Total Net Revenues	Country	Net Revenues Exports	% of Total Net Revenues
Netherlands	4,050	3.5%	Netherlands	2,517	2.6%
Argentina	2,713	2.3%	Argentina	2,051	2.2%
Saudi Arabia	2,213	1.9%	Saudi Arabia	1,629	1.7%
Paraguay	1,144	1.0%	France	1,368	1.4%
Germany	878	0.8%	United States	784	0.8%
France	808	0.7%	Chile	707	0.7%
Chile	673	0.6%	Peru	692	0.7%
Korea	502	0.4%	Paraguay	631	0.7%
Peru	498	0.4%	South Africa	492	0.5%
South Africa	309	0.3%	Norway	374	0.4%
Norway	291	0.3%	Spain	366	0.4%
Bolivia	243	0.2%	Bolivia	303	0.3%
Spain	220	0.2%	Germany	193	0.2%
Venezuela	213	0.2%	Colombia	182	0.2%
United States	161	0.1%	Venezuela	156	0.2%
Paquistan	141	0.1%	Austria	111	0.1%
Colombia	118	0.1%	Uruguay	107	0.1%
Other countries	320	0.3%	Other countries	634	0.7%
	15,495	13.4%		13,295	14.0%

The net sales revenues for the domestic market as of March 31, 2011 summed BRL 100,110 (against BRL 81,847 as of March 31, 2010), distributed through various countries.

In the first quarter of 2011, a single client accounted for more than 10% of sales, responding for a share of 13.7% of net revenues in this market, within the PO Packaging Segment, amounting to BRL 9,500. The other sales of the Company in the domestic and overseas' markets are broadly spread, without sales concentration higher than 10% for any other client.

34. DISCONTINUED OPERATION

The Company's Management Committee, on a meeting held on September 21st, 2010, approved the termination of activities related with furniture production at its own unit located in Rio Negrinho (SC), and authorized the board of Directors to dispose of its assets. Operations were effectively ended in October/2010, but the Company will continue with its strategy of selling furniture in the domestic market through its controlled company Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda. As of March 31st, 2011 and 2010, the results of the discontinued operation were the following:

Results of discontinued operation

	03.31.11	03.31.10
Net revenues	(73)	3,208
Cost of goods sold	(11)	(3,645)
Gross Profit (Loss)	(84)	(437)
Sales, general and administrative expenses	(261)	(637)
Financial results	(83)	(679)
Other operating income and expenses	333	(30)
Operating losses prior to taxes	(95)	(1,783)
Income tax and social contribution	32	606
Net loss of the discontinued operation	(63)	(1,177)

The financial results for discontinued operations mainly comprises income and expenses that are common to the other Company's units, which are shared with all segments via NCG – Working Capital Needs.

35. REAL ESTATE LEASING CONTRACTS FOR PRODUCTION UNITS

As of March 31st, 2011, the Company held 2 leasing agreements of production units, apart from other small leases of commercial and administrative units, all classified as operational leasing, accruing their respective expenses in each financial year in the accrual regime throughout the leasing period.

The production units leasing agreements are represented as follows:

a) Leasing agreement signed on October 20th, 2009 and amended on March 24th, 2010, with affiliated company Irani Trading S.A., who owns the industrial property located in Vargem Bonita (SC). The leasing is for a term of 64 months from the issuance of the initial document, which took place on January 1st, 2010, and the leasing amount (monthly and fixed) is BRL 1,364.
b) Leasing agreement signed on December 26th, 2006, regarding the rental of the Indaiatuba (SP) Packaging unit, valid for 20 years, with a monthly lease fee of BRL 125, with annual adjustments according to the IGPM fluctuation.

The leasing amounts accrued as expenses during the first quarter of 2011 and 2010 by the controlling company, net of taxes (when applicable), are:

- Production units' leasing = BRL 4,497 (against BRL 4,497 during 1Q10)
- Leases of commercial and administrative units = BRL 75 thousand (BRL 72 in 1Q10)

Future obligations regarding these agreements, calculated according to amounts applicable as of March 31st, 2011, represent a minimum total value of BRL 93,246.

	up to 1 year	from 1 to 5 years	after 5 years	Total
Minimum future lease fees	18,163	57,544	17,539	93,246