(Amounts in thousands of Brazilian reais – R$, unless otherwise stated).

1. OPERATIONS

Celulose Irani S/A (the "Company") and its subsidiaries are mainly engaged in manufacturing paper, corrugated cardboard packaging, furniture in general and wood furniture in particular, and gum rosin and turpentine extracted from wood resins. The Company is also engaged in forestation and reforestation and uses the wood from it own reforestation areas in its entire manufacturing chain.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements have been prepared and are presented in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM).

3. SIGNIFICANT ACCOUNTING PRACTICES

(a) Cash and cash equivalents

Include cash, banks and highly liquid cash investments. .

(b) Allowance for doubtful accounts

Based on a credit risk assessment, which considers the history of losses, the individual position of each customer, and the opinion of the legal counsel, and is recorded in an amount considered sufficient by Management to cover possible losses on the realization of receivables.

(c) Inventories

Stated at the lower of average acquisition or production cost and market price or net realizable value.

(d) Investments

Investments in subsidiaries are accounted for under the equity method. Other investments are stated at cost, less a provision for adjustment to realizable value, if applicable.

(e) Property, plant and equipment

Stated at acquisition or construction cost plus revaluation cost, less depreciation and depletion. Depreciation is calculated under the straight-line method, based on the estimated useful lives of the assets. Depletion of forests is calculated based on the wood extraction.

(f) Deferred charges

Refer to preoperating expenses of the furniture division project and preoperating and implementation expenses of the packaging division, which will be amortized according to the expected periods of future benefits.

(g) Income and social contribution taxes

The provision for income and social contribution taxes is calculated and recorded at the tax rates prevailing at September 30, 2007.

(h) Loans and financing

Stated at cost plus monetary adjustment and interest accrued through the balance sheet date, on an accrual basis.

(i) Results of operations

Income and expenses are recorded on an accrual basis.

(j) Reserve for contingencies

Recorded in an amount considered sufficient by Management to cover probable losses, and is monetarily adjusted through the balance sheet date, based on the nature of each contingency and the attorneys' opinion.

(k) Use of estimates

The preparation of financial statements requires Management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities and other transactions, such as determination of depreciation rates for property, plant and equipment, reserves for contingencies, among others. Actual results could differ from those estimates.

4. CONSOLIDATION OF INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements include the accounts of Celulose Irani S/A and the following subsidiaries:

	Ownership interest - %	
	2007	2006
Irani Trading S/A (direct investment)	99.98	99.98
Habitasul Florestal S/A (direct and indirect investment)	100.00	100.00

The accounting practices adopted by the subsidiaries are consistent with those adopted by the Company, and the quarter end of all consolidated companies is September 30, 2007.

Intercompany balances and investments and equity in subsidiaries have been eliminated in consolidation. The financial statements of Irani Trading S/A and Habitasul Florestal S/A used in consolidation are as of the same date as the Company's financial statements.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	Company		Consolidated	
	09/30/2007	06/30/2007	09/30/2007	06/30/2007
Cash	16	16	18	18
Banks	646	1,136	699	1,167
Temporary cash investments	54,075	64,995	54,075	64,995
	54,737	66,147	54,792	66,180

Temporary cash investments are represented by investment funds. Interest rate as of September 30, 2007 is 118.09% of CDI (interbank deposit rate).

Funds are derived from the export prepayment transaction contracted with Credit Suisse Bank and are being used in investment projects for 2007 and 2008.

6. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	09/30/07	06/30/07	09/30/07	06/30/07
Trade accounts receivable:				
Domestic market	48,166	48,172	49,547	49,831
Foreign market	10,667	11,541	10,741	11,623
Subsidiaries	19	14	-	-
	58,852	59,727	60,288	61,454

Allowance for doubtful accounts	(2,679)	(2,128)	(3,182)	(2,632)
Sales financing (vendor)	(6,627)	(5,079)	(6,627)	(5,079)
Delivered exchange bills	-	(123)	-	(123)
Total	49,546	52,397	50,479	53,620

	Company		Consolidated	
	09/30/07	06/30/07	09/30/07	06/30/07
Current	49,934	51,128	50,340	51,950
Up to 30 days past-due	3,398	2,940	3,679	3,201
31 to 60 days past-due	608	607	662	658
61 to 90 days past-due	524	501	524	501
91 to 180 days past-due	954	422	954	422
Over 180 days past-due	3,434	4,129	4,129	4,722
Total	58,852	59,727	60,288	61,454

7. INVENTORIES

	Company 09/30/2007	Consolidated 09/30/2007	Company and Consolidated 06/30/2007
Finished products	8,923	8,923	6,391
Work in process	1,589	1,589	1,504
Production materials	13,211	13,211	11,488
Consumption materials	4,506	4,506	4,422
Other	1,328	1,351	1,198
	29,557	29,580	25,003

8. RECOVERABLE TAXES

	Company		Consolidated	
	09/30/2007	06/30/2007	09/30/2007	06/30/2007
ICMS (state VAT) on purchase of fixed assets	6,055	6,095	6,056	6,096
ICMS	448	445	642	639
IPI (federal VAT)	580	498	713	631
Other	175	130	735	690
	7,258	7,168	8,146	8,056
Current	4,134	3,952	4,462	4,280
Noncurrent	3,124	3,216	3,684	3,776

9. INVESTMENTS

	Habitasul Florestal	Irani Trading	Other investments	Total 09/30/2007	Total 06/30/2007	Total 09/30/2006
Capital	28,260	3,054	-	-	-	-
Shareholders' equity	30,245	3,287	-	-	-	-
Net income for the quarter	535	108	-	-	-	-
Ownership interest - %	95.36	99.98	-	-	-	-
Beginning balance	28,333	3,179	59	31,571	31,026	3,294
Equity in subsidiaries	510	108	-	618	661	(75)
Investment adjustment	-	-		-	(116)	-
Total investments in subsidiaries	28,843	3,287	59	32,189	31,571	3,219

	Habitasul Florestal	Irani Trading	Other investments	Total 09/30/2007	Total 06/30/2007	Total 09/30/2006
Goodwill on subsidiaries						
Beginning balance	39,833	-	-	39,833	40,881	-
Realization of goodwill	(1,048)	-	-	(1,048)	(1,048)	-
Ending balance	38,785	-	-	38,785	39,833	-
Investment balance	67,628	3,287	59	70,974	71,404	3,219

On June 18, 2007, Habitasul Trading S/A changed its name to Irani Trading S/A. This subsidiary acts as an intermediary in export and import of goods and export of goods acquired for this purpose.
In December 2006, Celulose Irani S/A acquired from Companhia Habitasul de Participações and its subsidiaries 11,122,356 registered common shares equivalent to 95.36% of total capital of Habitasul Florestal S/A.

The subsidiary Habitasul Florestal S/A is engaged in the planting, cutting and upkeep of pine forests and extraction of rosin.

The goodwill on the acquisition of Habitasul Florestal is based on expected future earnings and is being amortized under the straight-line method over a 10-year period.

10. PROPERTY. PLANT AND EQUIPMENT

	Annual Depreciation rates	09/30/2007			06/30/2007
Company	%	Cost	Accumulated depreciation and depletion	Net	Net
Land	-	14,576	-	14,576	14,576
Buildings and improvements	4	51,815	(22,307)	29,508	29,877
Machinery. equipment and installations	10 to 20	166,090	(97,024)	69,066	70,628

Forestation and reforestation	(*)	69,643	(24,557)	45,086	44,269
Vehicles and tractors	20	1,641	(1,236)	405	417
Other	10 to 20	2	-	2	2
Property. plant and equipment in progress	-	30,230	-	30,230	23,662
Advance to suppliers	-	30,516	-	30,516	14,878
Subtotal		364,513	(145,124)	219,389	198,309

	Annual depreciation rates	09/30/2007			06/30/2007
Consolidated	%	Cost	Accumulated depreciation and depletion	Net	Net
Land	-	28,033	-	28,033	28,033
Buildings and improvements	4	55,561	(23,677)	31,844	32,253
Machinery. equipment and installations	10 to 20	166,242	(97,105)	69,137	70,738
Forestation and reforestation	(*)	86,853	(37,277)	51,576	51,250
Vehicles and tractors	20	1,650	(1,239)	411	423
Other	10 to 20	86	(31)	55	55
Property. plant and equipment in progress	-	30,756	-	30,756	23,989
Advance to suppliers	-	30,516	-	30,516	14,878
Subtotal		401,697	(159,329)	242,368	221,619

(*) Depletion is calculated based on the wood extraction.
The advance to suppliers refers to new investments in the Indaiatuba Division , São Paulo State, and the Vargem Bonita Paper Division, Santa Catarina State, in machines I and V.

In 1994, the company revalued the property, plant and equipment above:

	Company and Consolidated 09/30/2007			Company and Consolidated 06/30/2007
	Revaluation	Realization	Residual value	Residual value
Land	11,677	-	11,677	11,677
Buildings and constructions	13,490	(6,745)	6,745	6,880
Forestation and reforestation	27.135	(17,578)	9,557	10,259
Subtotal	52,302	(24,323)	27,979	28,816

Income tax and social contribution in the amount of R$5,543 (R$5,827 as of June 30, 2007) was accrued on the residual value, except lands.

11. DEFERRED CHARGES

	Company and Consolidated 09/30/2007	Company and Consolidated 06/30/2007
Furniture Division	2,728	2,018
Indaituba Packaging Division, SP	785	627
	3,513	2,645

Includes preoperating expenses of the Furniture Division projects named "My Wood Furniture" and "Furniture USA" (BRASTILO); and implementation and preoperating expenses of the new Packaging Division – Indaiatuba – São Paulo.

12. LOANS AND FINANCING

	Company and consolidated 09/30/07	Company and consolidated 06/30/07
Current		
Local currency		
FINAME (equipment financing)	9,653	9,201
Working capital loan	14,489	11,543
APV - South American LTDA	1,503	1,967
Total local currency	25,645	22,711
Foreign currency		
Advance on exchange contract	11,856	10,422
Banco Votorantim S.A.	2,662	2,719
Banco ABN Amro Real	-	672
DF Deutsche Forfait s.r.o.	353	350
Toronto Dominion Bank	350	408
Banco Credit Suisse	13,110	9,374
Banco Itaú S/A	4,265	-
Banco Santander	1,072	-
Total foreign currency	33,668	23,945
Total current assets	59,313	46,656
Noncurrent		
Local currency		
FINAME	18,785	21,289
Working capital loan	8,978	10,486
Total local currency	27,763	31,775
Foreign currency		
Banco Votorantim S.A.	2,662	2,719
Banco ABN Amro Real	8,029	3,369
DF Deutsche Forfait s.r.o.	1,060	1,225
Toronto Dominion Bank	1,401	1,429
Banco Credit Suisse	98,033	107,020
Banco Santander	8,573	-
Total foreign currency	119,758	115,762
Total noncurrent	147,521	147,537
Total	206,834	194,193

Long-term maturities:

2008	10,199
2009	39,310
2010	33,678
2011	29,505
2012	27,973
2013	6,856
	147,521

Loans and financing in local currency:

a) Finame (equipment financing) is subject to interest rates from 2.0% to 8.5% per year, plus TJLP (long-term interest rate), with final maturity in 2012.

b) Working capital loans are subject to interest rates from 100.0% to 120.0% of the CDI (interbank deposit rate), with final maturity in the second half of 2011.

c) APV – South American Ltda. - refers to the purchase of machinery and equipment bearing interest of 15% per year, with final maturity in 2008.

Loans and financing in foreign currency:

As of September 30, 2007, foreign currency-denominated loans are adjusted based on exchange variation of euro or US dollar and bear interest ranging from 6.00% to 11.36% p.a.

a) Advances on foreign exchange contracts - adjusted based on US dollar exchange variation and repayable until June 2008.

b) Banco Votorantim S/A - adjusted based on US dollar exchange variation and repayable in semiannual installments until 2009.

c) Banco ABN Amro Real - adjusted based on euro exchange variation and repayable in annual installments until 2013.

d) DF Deutsche Forfait s.r.o - adjusted based on euro exchange variation and repayable in semiannual installments until 2011.

e) Toronto Dominion Bank - adjusted based on euro exchange variation and repayable in semiannual installments until 2011.

f) Credit Suisse Bank - refers to export prepayment and is adjusted based on euro exchange variation and repayable in quarterly installments until 2013. 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.

g) Banco Itaú S/A - adjusted based on US dollar exchange variation and repayable in a single installment, maturing in December 2007.

h) Banco Santander - adjusted based on euro exchange variation and repayable in semiannual installments, with final maturity in 2012.

Loans and financing are guaranteed by controlling shareholders' collateral signatures, property mortgage or financed asset or both of these guarantees according to each contract. The export prepayment financing from Banco Credit Suisse is collateralized by properties and forests of the subsidiary and the shares held by the Company in Celulose Irani S/A. The loan from Banco ABN Amro 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 2013.

13. RELATED-PARTY TRANSACTIONS

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

Company	Asset		Suppliers		Intercompany loans		Revenue	Expense
	09/30/07	06/30/07	09/30/07	06/30/07	09/30/07	06/30/07	09/30/07	09/30/07
Irani Trading S.A.	19	-	221	434	1,586	1,275	-	(235)
Habitasul Florestal S.A.	-	14	170	270	6,500	5,736	-	(185)
Irani Participações	-	-	-	-	-	-	-	(120)
Cia Habitasul de Partic.	-	-	-	-	685	685	-	-
Habitasul Emp. Imob.	-	-	-	-	6,101	6,101	-	-
Laje de Pedra Village	-	-	-	-	1,460	1,460	-	-
Habitasul Desen. Imob.	-	-	-	-	12,015	12,015	-	-
Total	19	14	391	704	28,347	27,272	-	(540)
Current	(19)	(14)	(391)	(704)	(3,940)	(2,251)		
Noncurrent	-	-	-	-	24,407	25,021		

Consolidated	Assets		Suppliers		Intercompany loans	
	09/30/07	06/30/07	09/30/07	06/30/07	09/30/07	06/30/07
Koch Metalúrgica	-	432	-	-	-	-
Irani Participações	-	-	-	-	-	-
Cia Habitasul de Partic.	-	-	-	-	685	685
Habitasul Emp. Imob.	-	-	-	-	6,101	6,101
Laje de Pedra Village	-	-	-	-	1,460	1,460
Habitasul Desen. Imob.	-	-	-	-	12,015	12,015
Total	-	432	-	-	20,261	20,261
Current	-	(432)	-	-	(3,940)	(2,251)
Noncurrent	-	-	-	-	16,321	18,010

Payables to subsidiaries Irani Trading S/A and Habitasul Florestal S/A are related to intercompany business transactions, therefore free of charges and without established final maturity.
Payables to Cia. Habitasul de Participações. Habitasul Empreendimentos Imobiliários Ltda., Laje da Pedra Mountain Village Ltda. and Habitasul Desenvolvimentos

Imobiliários S.A. will be paid in 50 monthly, successive installments, with final maturity in February 2011, monetarily adjusted based on TJLP (long-term interest rate) plus interest of 6% per year, according to the terms of the contract for the purchase of Habitasul Florestal S/A shares entered into in December 2006.

There was no monetary adjustment in the second quarter of 2007 because of the early payment of 11 installments in March 2007, when interest and discount on such payment were recognized.

14. NONCURRENT OBLIGATIONS

a) Taxes in installments

Refer mainly to taxes payable in installments, in accordance with Law No. 10684/2003, which are monetarily adjusted based on the variation of the TJLP (long-term interest rate). The installments are amortized monthly and mature as follows:

	Company		Consolidated		Maturity
	09/30/07	06/30/07	09/30/07	06/30/07	
Special installment plan - INSS (social security contribution)	5,701	5,933	5,701	5,933	June 2013
Special installment plan – Federal Revenue Service	9,246	9,619	9,246	9,619	July 2013
INSS in installments	-	-	778	789	May 2018
Income tax in installments	-	-	1	2	December 2008
Special installment plan - INSS (social security contribution)	-	-	38	62	January 2009
	14,947	15,552	15,764	16,405	

Long-term maturities:	Company	Consolidated
2008	935	971
2009	3,079	3,159
2010	3,079	3,159
2011	3,079	3,159
2012	3,077	3,157
2013	1,698	1,850
Thereafter	-	309
	14,947	15,764

b) Reserve for contingencies

Refers to labor contingencies, net of related escrow deposits in the amount of R$59 (R$18 as of June 30, 2007) and tax contingencies related to ICMS (state VAT) and IPI (federal VAT) untimely used credits in the amount of R$ 6,249.

15. SHAREHOLDERS' EQUITY

Capital

The Company's capital as of September 30, 2007 and June 30, 2007 is R$ 63,381, represented by 7,463,987 common shares and 640,513 preferred shares, totaling 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.

On March 21, 2007, the Board of Directors authorized the Company to acquire 22,500 common shares of its stock in the amount of R$321. These shares were issued at the time of the capital increase on February 8, 2007, and were acquired at the subscription price determined at the Board's Meeting that approved the capital increase. The shares will be held in treasury for subsequent use in the Stock Option Plan to be submitted to the Shareholders' Meeting for approval.

16. OTHER OPERATING EXPENSES

	Company	Consolidated	Company
	09/30/07	09/30/07	09/30/06
Amortization of Habitasul Florestal goodwill	(3,144)	(3,144)	-
Intermediation of the carbon credit sale	-	-	(756)
Other operating expenses	(424)	(450)	(187)
	(3,568)	(3,594)	(943)

The Company sold carbon credits in the nine-month period ended September 30, 2006, in the amount of R$ 2,581, recorded as "Other operating income".

17. INCOME AND SOCIAL CONTRIBUTION TAXES

Reconciliation of income and social contribution taxes:

	Company	Consolidated	Company

	09/30/07	09/30/07	09/30/06
Income before taxes	20,290	20,494	(1,591)
Statutory rate	34%	34%	34%
Expense at statutory rate	(6,899)	(6,968)	541
Tax effect of permanent (additions) deductions:			
Goodwill amortization	(1,069)	(1,069)	-
Equity in subsidiaries	685	-	(25)
Realization of revaluation reserve	(275)	(275)	(543)
Interest on capital	935	935	-
Other permanent differences	116	666	(135)
Income and social contribution taxes in the statement of operations	(6,507)	(6,711)	(162)

18. LEASE

The Company has lease agreements for machinery, IT equipment and vehicles, with purchase option, negotiated at a fixed rate and 1% of guaranteed residual values at the end of the agreement, collateralized by the financed assets.
As of September 30, 2007, lease commitments are as follows:

Year	Company and Consolidated
2007	898
2008	1,775
2009	1,042
2010	865
2011	59
	4,639

Expenses on lease agreements incurred as of September 30, 2007 amount to R$2,820 (R$2,128 as of September 30, 2006).

19. FINANCIAL INCOME AND EXPENSES

	Company 09/30/07	Consolidated 09/30/07	Company 09/30/06
Financial income			
Investment yield	4,811	4,811	-
Interest	592	606	486
Discounts obtained	713	717	127
	6,116	6,134	613

Exchange variation			
Exchange gain	28,073	28,115	4,444
Exchange loss	(9,069)	(9,109)	(4,355)
Exchange variation, net	19,004	19,006	89
Financial expenses			
Interest	(17,284)	(17,342)	(11,801)
Discounts granted	(126)	(139)	(56)
Discounts/bank expenses	(604)	(607)	(537)
CPMF (tax on banking transactions)	(1,833)	(1,868)	(1,102)
Other	(628)	(628)	(8)
	(20,475)	(20,584)	(13,504)
Financial income (expenses)	4,645	4,556	(12,802)

20. INSURANCE

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. As of September 30, 2007, the coverage is as follows:

Company and consolidated data:

Coverage	Effective period	Insured amount (*)
Corporate insurance, offices group, fire, lightning, explosion, recovery of documentation, vehicle impact, aircraft crash, electrical damages, windstorm.	09/27/07 to 09/27/08	R$1,022
Industrial insurance, plants group, Fire (including as a result of riots), lightning and explosion on any kind, electrical damages, windstorm/smoke (except aircraft crash).	09/27/07 to 09/27/08	R$126,100
Industrial insurance, paper and packaging plants groups, civil liability and pain and suffering.	09/27/07 to 09/27/08	R$1,200
Group life insurance – employees – 24 or 48 times the nominal salary, if due to natural or accidental death, respectively.	12/01/06 to 12/01/07	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.	08/15/07 to 08/15/08:	R$350 per vehicle

(*) Information not reviewed by Independent Accountants.

21. MANAGEMENT COMPENSATION

Management compensation expenses, without payroll charges, totaled R$514 in the third quarter of 2007 (R$492 in the same period of the prior year). The Annual Shareholders' Meeting held on March 21, 2007 approved for this year a maximum overall management compensation of R$4,000.

22. INTEREST ON CAPITAL

The Company accrued interest on capital as interim payment of mandatory minimum dividends from the profits earned in the first half of 2007.

On July 19 and August 14, 2007, the Executive Board proposed and the Board of Directors approved the payment of interim interest on capital for the first half of 2007 in the amount of R$2,750. Withholding income tax of R$413 was levied on this amount, as established by art. 9, paragraph 2, of Law 9249/95. The payment was made in September 2007 and deposited in the account of each shareholder, net of 15% related to the withholding income tax, within the dividend limits set forth in the bylaws.

23. FINANCIAL INSTRUMENTS

Pursuant to CVM Instruction No. 235/95, the financial instruments listed below are recorded at amounts that approximate fair values, based on amounts applicable to similar transactions at corresponding dates. The main financial instruments at the balance sheet date were:

Cash and cash equivalents: The carrying amounts reflect the fair values due to the short-term maturity of these financial instruments.

Trade accounts receivable and trade accounts payable: The carrying amounts approximate fair values, considering the recorded allowances and short-term maturity.

Interest rates: The Company may be impacted by changes in interest rates. This interest rate risk exposure refers mainly to changes in market interest rates affecting the Company's assets and liabilities indexed by the TJLP (long-term interest rate)), CDI (interbank deposit rate), EURIBOR (Euro Interbank Offered Rate) or LIBOR (London Interbank Offered Rate).

Credit risk: The Company's financed sales are managed by means of a strict credit analysis and approval program. Doubtful receivables are adequately covered by an allowance for losses.

Exchange risk: The Company does not conduct derivative transactions for speculative purposes.

Foreign exchange risk:

	Company		Consolidated	
	09/30/07	06/30/07	09/30/07	06/30/07
Cash and cash equivalents	217	297	217	297
Trade accounts receivable	10,667	11,541	10,741	11,623
Delivered exchange bills	0	(123)	0	(123)
Advances from customers	(66)	(385)	(66)	(385)
Trade accounts payable	(334)	(14)	(334)	(14)
Loans and financing	(153,426)	(139,707)	(153,426)	(139,707)
Net amount	(142,942)	(128,391)	(142,868)	(128,309)

The net foreign exchange exposure is equivalent to 25 months of exports, considering the yearly average. As most of the loans and financing is repayable in six years, the Company has a natural hedge on its cash flows.