(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.

In 2010, the Company's management has decided to discontinue the furniture businesses, as described under explanatory note number 34.

Also during 2010, an improvement of the operational activities was noticed, due to capturing of benefits from its investments project (Superacao Project), implemented during 2007/2008, as well as due to better market conditions. During this same year, the Company's debt was restructured by an issuance of debentures on April 12th, 2010, for BRL 100,000 and tenor of 5 years, and by an issuance of CRI – Certificates of Real Estate Receivables, on August 03rd, 2010, for BRL 40,833 and tenor of 3 years.

On April 12th, 2010 the Company had the first emission of simple debentures non convertible into company's shares with limited placement efforts subscribed and paid up, according to CVM Instruction 476/09, in the amount of R$ 100 million.

The operation has a 5-year period with 18 months of grace. The amount earned with debentures will be used by the Company to liquidate short term debts. The effects generated by these resources are measured in explanatory note 29 – Subsequent Events.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The present interim financial statements were approved by the Management Committee on April 29th, 2011.

The Controlling company's interim individual financial statements – ITRS are presented and disclosure according to CPC 21 – Interim Statements, according to according to Brazilian accounting practices and norms established by CVM – the Brazilian Securities and Exchange Commission, applicable to the preparation of Interim Financial Statements – ITR.

The consolidated interim financial statements were prepared according to IAS 34 Interim Financial Reporting issued by *International Accounting Standards Board (IASB*) and CPC 21 – Interim Statement, and presented according to norms established by CVM – the Brazilian Securities and Exchange Commission, identified as Consolidated.

The Company is presenting again the interim financial statements according to CVM Instruction no. 656, in order to show the effects of changes in accounting practices in each quarter comparing with the same periods of 2009. The effects of these changes are described in explanatory note 5.

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) Investments

The investments made in controlled companies are valued by the equity method in the 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.

f) 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.

g) 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.

h) 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.

i) 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.

j) Loans and financings

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.

k) 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.

l) 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 13.

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.

m) 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.

n) 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.

o) 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.

p) 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.

q) Basic and diluted earnings per share (EPS)

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

r) 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.

s) Norms, changes and interpretations that are not yet in force, not adopted in advance by the Company:

The following norms and changes in existing regulations were published and apply on financial years beginning on January 1st, 2011, after that date, or for subsequent periods.

However, the Company has not adopted such norms or changes in advance.

- **IFRS 9, "Financial Instruments"**, issued in November/2009. This norm is the first step of the replacement process of IAS 39 - "Financial Instruments: Accrual and Valuation". IFRS 9 introduces new requirements for classification and valuation of financial assets, and is likely to affect the Company's accounting of its financial assets. This norm is not applicable prior to January 1st, 2013, but it is available for advanced adoption. The Company is assessing the possible impacts that the adoption of it would bring to its financial statements.

- **Reviewed IAS 24 - "Disclosure of Related Parties"**, issued in November/2009. It replaces IAS 24 - "Disclosure of Related Parties" issued in 2003. IAS 24 (reviewed) is mandatory for financial years starting on or after January 1st, 2011. Its advanced adoption – in whole or in part – is allowed.

  The reviewed norm clarifies and simplifies the definition of related party, and strikes out the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company will adopt this reviewed norm starting on January 1st, 2011. When this reviewed norm is applied, the Company and the Controlling Company will be required to disclose all transactions between its controlled and related

companies. The Company is currently operating proper systems in order to capture the required information. Therefore, it is not possible, at this point in time, to disclose the impact – if any – that the reviewed norm will cause on the disclosure of related parties.

- **"Classification of Rights Issuances" (changes in IAS 32)**, issued in October/2009. The change applies to annual periods starting on or after February 1st, 2010. Prior adoption is allowed. This change concerns booking of shares rights denominated in other currencies than the issuer's operational currency. As long as certain conditions are met, such shares rights are currently classified as equity, regardless the currency in which the strike price is denominated. Previously, shares had to be booked as derivative liabilities. The change applies with retroactive effect, according to IAS 8 - "Accounting Policies, Changes in Accounting Estimations and Errors". The Company is not involved in transactions subject to such changes.

- **IFRIC 14 - "Prepayment of a Minimum Funding Requirement"**. IFRIC has issued changes to its interpretation number 14, which are applicable under limited circumstances, whenever an entity is subject to minimum funding requirements and prepays contributions to cover such requirements. These changes apply on annual periods started on or after January 1st, 2011. The Company understands that such changes will not impact its consolidated financial statements.

- **IFRS 7 - "Disclosures – Transfers of Financial Assets "**. IASB has issued a review of norm IFRS 7. It aims at adding disclosures that will allow users of financial statements to assess the exposure risks associated with the transfer of financial assets and the effects of such risks on the entity's financial position. The changes in IFRS 7 apply to financial years started on or after July 1st, 2011. The Company is assessing the effects that its adoption will have on its Consolidated Financial Statements.

- **IFRS Annual Improvements – May/2010**. In May/2010, IASB has issued a review of norms IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13. Changes in IFRS 3, IFRS 7 and IAS 27 apply to financial periods started on or after July 1st, 2010. The other changes apply to financial years started on or after January 1st, 2011. The Company is assessing the effects that the adoption of such norms and interpretation will have on its consolidated 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	06.30.10	12.31.09
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. INITIAL ADOPTION OF THE NEW ACCOUNTING PRACTICES

In the initial adoption of the new accounting practices, converging to the IFRS, the Company has followed the principles defined under CPC-37 (Initial Adoption of IFRS) and CPC-43 (Initial Adoption of Technical Announcements – CPC 15 to 40).

The Company has adopted the following mandatory exceptions and optional exemptions in adopting these new practices:

Based on CPC 37 (equivalent to IFRS 1), the initial adoption of new practices allows, according to CPC 37 (equivalent to IFRS 1 on the transition date):

(i) Measuring the fixed and intangible asset to fair value: the Company has opted to re-valuate its fixed assets at their fair value (deemed cost) as of the transition date, for the categories of land, buildings and machinery, as well as to keep the other asset categories forming the balances recorded at their historical acquisition costs;

(ii) Business combinations: the Company has chosen not to re-measure business combinations occurred prior to the transition date for the new practices;

(iii) Employees' benefit plans: the Company has no benefit plans to employees;

(iv) Initial adoption at controlled companies and joint ventures: the Company has no joint ventures, and to its controlled companies it adopted the new practices on the same date of its transitioning;

(v) Booking of payments based on shares: the Company has no transactions of payments based on shares, as of the transition date;

(vi) Concession Contracts and Insurance Policies: the Company does not participate in public services concession contracts and holds no insurance policies that qualify to the exemption scope, as of the transition date;

(vii) Estimations adjustments: save for the fixed assets' useful life review (explanatory note nr 15), the Company has not adjusted any estimation used prior to the transition date.

The new technical announcements adopted by the Company, which impacted its INTERIM financial statements due to changes in practices regarding norms valid prior to and until Dec 31st, 2008, are presented in the following notes:

a) CPC 32 (equivalent to IAS 12) – Income Tax

Balances for deferred income tax and social contribution shall be presented in the balance sheets as non-current assets and liabilities, even if there is a short-term perspective of utilization.

Adjustments of adopting the attributed costs and fair value of biological assets shall be corrected by the taxes effect, with the accrual of deferred income tax and social contribution.

b) CPC 39 (equivalent to IAS 32) – Financial Instruments: Disclosure

Previously, the Brazilian corporate laws required reporting the provision for risks of tax, labor and civil natures, net of the bonds placed in court regarding such booked provisions. The norm establishes that the set-off of financial assets and liabilities shall be made upon release of Interim financial statements, if certain requirements are met; however, the provision for risks of tax, social security, labor and civil natures are not regarded as financial liability, so gross amounts of court bonds and provisions for risks of fiscal, social security, civil and labor natures shall be reported.

c) CPC 29 (equivalent to IAS 41) – Biological Assets and Agricultural Products

The Company's biological assets, represented by its forests, were previously classified within fixed assets and have now been ported over to a specific group of non-current assets, named “biological assets”; they have also started to accrue by their fair value, net of sales costs, instead of simply by their historical value as before.

The effects of the initial adoption of accruing biological assets by their fair value have been recorded at the Company's shareholders' equity as an “unrealized reserve of profits”, transferable into accumulated profits upon their effective financial realization that will take place by exhausting them. In addition, the fair value corresponds to a temporary difference, recording applicable deferred taxes.

The Company holds investments into controlled companies who detain biological assets recorded in their interim financial statements. The adoption of the new regulations in the invested companies’ interim financial statements has taken place concurrently to such adoption at the controlling company.

d) ICPC10/CPC 27 (equivalent to IAS16) – Interpretation on the Initial Application of the new Technical Announcements CPCs 27, 28, 37 and 43, to the Fixed Assets and Real Estate Properties for Investments.

In the initial adoption of the new technical announcements, the Company opted to perform a deemed cost attribution to certain fixed assets categories. Therefore, costs were attributed to land, machinery and buildings, so that the assets would reflect their fair value at the date when the new procedures were adopted. The definition of such costs of lands, machinery and buildings was given based on appraisals performed by a specialized outsourced company, with their respective reports having been approved by

the Company's Management Committee.

e) ICPC09 – Individual, Separated, Consolidated Financial Statements, and Application of the Equity Method

The goodwill balance in controlled businesses acquired prior to the transition date was added to the investments' balance at the respective affiliate in the individual financial statement. Such differences were allocated to the respective accounts in the Interim Consolidated Financial Statements.

f) CPC 13 – Initial Adoption of Law Nr 11.638/07.

Law Nr 11.638/07 has restricted booking of expenses in the deferred assets, and the activated costs that cannot be reclassified into other assets' group shall be written-off from the opening balance sheet of the transition date, and their value shall be recorded against accumulated profits or losses.

g) CPC 38 (equivalent to IAS 39) – Financial Instruments: Recognition and Measuring

The balance of discounted bills, previously recorded under current assets deducted from the balance of customer accounts receivables, were re-classified to liabilities, within the financing group, due to its nature.

- Reconcilement of the effects of newly adopted announcements.

The table below presents the reconciliation of the effects in the Shareholders' Equity for December 31, 2009 and June 30, 2010 and Net Result for the periods of second quarter of 2009 and 2010.

Effects on Results

Profit & Loss Statement		Consolidated	
	Reference	Q2/09	Q2/10
Net Profits according to previous accounting practices		20,419	(4,117)
Variation of biological assets' fair value	c)	1,019	14.457
Cost of Goods Sold - exhaustion of biological assets' fair value	c)	(3,337)	(3,197)
Cost of Goods Sold - revaluation of fixed assets' useful life	d)	-	1.071
Other operating income / expenses	c), f)	97	97
Deferred IR/CSLL on adjustments	a)	115	(3.803)
Destination of the administrators' participation on the impacts		-	-
Total adjustments arising from adoption of new practices		(2,106)	8,625
Net Profits according to new practices adopted		18,313	4,508

Effects on Shareholders' Equity

Shareholders' Equity	Reference	Consolidated 12/31/09	Consolidated 06/30/10
Shareholders' Equity according to previous accounting practices		89,625	83,921
Fair value of biological assets	c)	120,983	117,594
IR/CSLL on the biological assets' fair value	a)	(35,819)	(34,924)
Fixed assets deemed cost	d)	415,220	414,925
IR/CSLL on fixed assets' deemed cost	a)	(140,740)	(140,640)
Deferred IR/CSLL on revaluation reserves	a)	(3,970)	(3,970)
Losses accumulated during the period	f)	(2,586)	17,831
Other		-	(480)
Total adjustments arising from adoption of new practices		353,088	370,336
Shareholders' equity according to new practices adopted		442,713	454,257

6. CASH AND CASH EQUIVALENTS

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

	Company		Consolidated	
	06.30.10	12.31.09	06.30.10	12.31.09
Fixed Fund	16	16	20	20
Banks	2,435	2,897	2,681	3,005
Financial applications	23,474	-	23,899	-
	25,925	2,913	26,600	3,025

Financial applications are adjusted by fixed income – CDB at average rate of 98.6% of CDI.

7. TRADE ACCOUNTS RECEIVABLE

	Controlling Company		Consolidated	
	06/30/10	12/31/09	06/30/10	12/31/09
Accounts Receivable from:				
Clients - Domestic Market	71,989	59,724	75,358	63,273
Clients - Overseas Market	5,477	4,158	5,533	4,241
Controlled Companies	1,475	671	-	-
	78,941	64,553	80,891	67,514
Allowances for bad debts	(5,432)	(5,326)	(6,144)	(6,042)
Bills discounted	-	-	-	(15)
	73,509	59,227	74,747	61,457

The distribution of accounts receivable by aging is the following:

	Controlling Company		Consolidated	
	06/30/10	12/31/09	06/30/10	12/31/09
Yet to Mature	69,464	54,522	69,863	55,979
Past due - up to 30 days	3,203	2,863	4,113	3,612
Past due - from 31 to 60 days	144	849	175	1,000
Past due - from 61 to 90 days	136	136	144	139
Past due - from 91 to 180 days	280	72	288	78
Past due - more than 180 days	5,714	6,111	6,308	6,706
	78,941	64,553	80,891	67,514

Average credit terms on product sales are 50 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.

8. INVENTORIES

	Company		Consolidated	
	06.30.10	12.31.09	06.30.10	12.31.09
Finished products	4,809	5,615	6,446	6,475
Production materials	20,582	16,684	20,588	16,684
Consumption materials	10,726	9,333	10,726	9,333
Other	372	129	3721	167
	36,489	31,761	38,132	32,659

9. TAXES RECOVERABLE

These are presented as follows:

	Company		Consolidated	
	06.30.10	12.31.09	06.30.10	12.31.09
ICMS (state VAT) on purchase of fixed assets	6,832	8,150	6,847	8,169
ICMS (state VAT)	1,197	984	1,197	984
IPI (federal VAT)	2,201	557	2,201	557
Income tax	455	1,528	455	1,529
Social contribution tax	159	559	159	559
Other	15	15	26	15
	10,859	11,793	10,885	11,813
Current	6,914	6,755	6,940	6,775
Noncurrent	3,945	5,038	3,945	5,038

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.

10. BANKS – PLEDGED ACCOUNT

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 August 2010.

Bank Credit Suisse Brazil – represented by amounts withheld as guarantee of a Cash Flow Swap. The rescue will happened in 8 half-year installments starting in September 2011 according to the contract. While withheld, it earns interest as a financial placement of private fixed income (CDB), at 108% of CDI (Brazilian Interbank Deposit Rate).

Liens on Plots of Land – As of December 31, 2009, the amount of R$ 8,399 accounted for 30% of lands sold in the city of Caçador – SC, which was released on February 12, 2010, when INCRA's geo-referencing for the plot of lands sold was approved.

	Controlling Company and Consolidated	
	06/30/10	12/31/09
Banco do Brasil - New York - a)	5,789	-
Banco Credit Suisse - Brazil - b)	4,541	3,803
Sale of Land Properties - c)	-	8,399
	10,330	12,202
Current portion	5,789	12,202
Non-current portion	4,541	-

11. OTHER RECEIVABLES

	Company		Consolidated	
	06.30.10	12.31.09	06.30.10	12.31.09
Carbon credits	4,132	3,726	4,132	3,726
Advances to suppliers	399	914	401	921
Employee reimbursements	515	619	529	619
Renegotiated receivables	2,709	3,092	2,741	3,123
Anticipated expenses	594	2,119	594	2,119
Other receivables	2,002	1,872	2,284	2,104
	10,351	12,342	10,681	12,612
Current	9,630	10,908	9,757	10,948
Noncurrent	721	1,434	924	1,664

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 October/2012, 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.

12. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION - ASSETS

	Controlling Company		Consolidated	
	06/30/10	12/31/09	06/30/10	12/31/09
Deferred credit Income Tax				
On temporary provisions	8,011	6,159	8,011	6,159
On tax losses	2,113	2,308	2,113	2,308
Deferred credit Social Contribution				
On temporary provisions	2,882	2,220	2,882	2,220
On negative tax-base	761	831	761	831
	13,767	11,518	13,767	11,518

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.

The Management considers that the deferred income and social contribution tax from temporary differences will be realized in proportion to the final solution of its contingencies and due to the difficulty in determining the period in which such differences are likely to be realized they are presented in non-current asset.

Related to deferred income and social contribution from fiscal loss and negative base of social contribution, in the amount of R$ 2,874, the realization of these credits will happen through future profits generation. 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 R$
2011	527
2012	1,891
2013	456
	2,874

13. INVESTMENTS

	Habitasul Florestal	Irani Trading	Meu Móvel de Madeira	HGE Geração de Energia	Total 06/30/2010	Total 12/31/2009
Paid-up capital	28,260	41,226	4,300	4,010		
Shareholders' equity	106,537	77,731	1,505	3,529		
Results for the financial year	3,228	186	40	-		
Equity share (%)	100.00	99.98	99.77	99.98		
Initial balance	103,308	77,535	-	3,529	184,372	144,613
Investment acquisition	-	-	-	-	-	9
Capital Increment	-	-	1.468	-	1.468	43,661
Equity results	3,228	186	40	-	3,454	(2,911)
Proposed dividends	-	-	-	-	-	(5,969)
Fixed assets' deemed cost	-	-	-	-	-	-
Total investment on subsidiary	106,536	77,721	1.508	3,529	189,294	179,403

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.

On June 23, 2010 the Company increased the capital of its subsidiary Meu Móvel de Madeira in the amount of R$ 3,000 and reverted for loss in the amount of R$ 1,532.

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. The Company is in stage of development and it is not operating.

The Company recorded in Other payables, at current liability, amounts to paid to HGE Geração de Energia Sustentável subsidiary of R$ 1,881 (R$ 2,963 as of March 2010) which shall be paid until December 2010 according to the by-laws changes registered at Junta Comercial do Rio Grande do Sul.

14. FIXED ASSETS

	06/30/10			12/31/2009
Controlling Company	Cost	Accumulated Depreciation	Net Value	Net Value
Plots of land - real estate property	124,053	-	124,053	124,053
Buildings and constructions	41,602	(9,178)	32,424	31,351
Equipments and fixtures	508,220	(155,506)	352,714	363,851
Vehicles and tractors	1,742	(1,352)	390	412
Other immobilizations	12,123	(7,067)	5,056	5,166
Ongoing immobilizations	5,897	-	5,897	3,291
Advance to fixed asset supplier	5,465	-	5,465	6,896
Hire-purchase - financial leasing	26,694	(8,272)	18,422	19,951
Immobilizations in third-parties' property	16,060	(1.070)	14,990	15,311
	741,856	(182,445)	559,411	570,282

	06/30/10			12/31/2009
Consolidated	Cost	Accumulated Depreciation	Net Value	Net Value
Plots of land - real estate property	169,184	-	169,184	169,184
Buildings and constructions	153,991	(28,683)	124,308	124,100
Equipments and fixtures	508,348	(155,527)	352,821	363,957
Vehicles and tractors	1,742	(1,352)	390	416
Other immobilizations	14,167	(7,196)	6,973	5,523
Ongoing immobilizations	6,146	-	6,146	4,071
Advance to fixed asset supplier	5,466	-	5,466	6,896
Hire-purchase - financial leasing	26,694	(8,272)	18,422	19,951
Immobilizations in third-parties' property	16,060	(1,070)	14,990	15,311
	901,798	(203,099)	698,700	709,409

Summary of fixed assets changes:

	Controlling Company		Consolidated	
	06.30.10	2009	06.30.10	2009
Opening Balance	570,282	696,063	709,409	744,133
Additions	6,635	19,857	8,448	20,297
Exclusions	(1.401)	(18,372)	(2.128)	(18,779)
Transfers for Capital Increase	-	-	-	-
of Controlled Companies	-	(91,406)	-	-
Deemed Cost	-	-	-	-
Depreciation	(16,105)	(35,860)	(17,029)	(36,242)
Closing Balance	559,411	570,282	698,700	709,409

a) Depreciation Method

The Company has reviewed the depreciation rates of its fixed assets at year-end 2009, and changed the estimated individual useful life of the assets categorized as buildings and constructions, machinery and equipments. The assets' useful life estimation was supported by an outsourced company that is specialized in this matter.

The table below shows the annual depreciation rates by the linear method that was applied during the 2009 financial year, and the corresponding reviewed rates of depreciation applicable from January 1st, 2010 onwards, set based on the assets' economic useful life. The reviewed rate for 2010 onwards is presented in weighed average basis:

	Rate 2009 %	Revalued Rate %
Buildings and constructions *	4	2.25
Equipments and fixtures **	10 a 20	6.45
Furniture, utensils and IT equipments	4 a 25	5.71
Vehicles and tractors	20	20

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

Changes in the depreciation calculation rates were handled as an estimation change, and its effects were recognized in a prospective manner.

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).

It is recorded at present value of payment dates, property, plant and equipment contracted under commercial lease (financial leasing).

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 June 30st, 2010, 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 Companhia Comercial de Imóveis, and the renovation's charges were fully undertaken by Celulose Irani S.A.

b) Adoption of Deemed Cost

As permitted under ICPC 10/CPC 27 (IAS 16), the Company has chosen – during the initial adoption of the new accounting practices issued by CPC – to deem costs of fixed assets under the following asset categories:

	As of January 1st, 2010					
	Controlling Company			Consolidated		
	Previously reported	Adjustments	Adjusted	Previously reported	Adjustments	Adjusted
Plots of land	13,220	111,716	124,936	28,164	142,241	170,405
Buildings and constructions	407	21,835	22,242	38,038	74,186	112,224
Equipments and fixtures	180,341	198,793	379,134	180,341	198,793	379,134
	193,968	332,344	526,312	246,543	415,220	661,763

Reports presented by specialists, dated from November/2010, which had as base-date January 1st, 2010, were approved by the Directors' Board and by the Management Committee, as required under the Company's By-laws.

The deemed valuations were determined by an appraisal opinion issued by a specialized company, and the respective adjustments of deemed costs generated liabilities regarding deferred income tax and social contribution. The shareholders' equity increased by BRL 415,220 and BRL 332,344, and the deferred income tax and social contribution liabilities increased by BRL 174,388 and BRL 186,527, due to the adoption of deemed cost, respective to Consolidated and Controlling Company.

The balance's countering entry is made against the shareholders' equity, under the group of “adjustments for assets revaluations”, net from applicable taxes.

c) Losses due to fixed assets' impairment

The Company has not identified indicators that could impair the attainable values of its assets, based on its discounted cash flow analysis prepared in accordance with the budget forecast approved by Management.

d) Assets transferred as warranty

The Company has certain fixed assets under lien to guarantee financial transactions.

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	
	06/30/10	12/31/09	06/30/10	12/31/09
Generation cost of biological assets	39,703	39,246	43,157	42,816
Difference of fair value	124,615	104,635	179,867	156,927
Biological assets at fair value	164,318	143,881	223,024	199,743

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.

b) Reconciliation of fair value variations

Changes during the period are shown below:

	Controlling Company	Consolidated
Initial Balance	158,057	221,342
Planting	3,950	4,079
Exhaustion	(7,603)	(14,798)
Forest sales	(14,576)	(14,576)
Fair value variation	4,053	3,696
Balance as of 12/31/09	143,881	199,743
Planting	1.533	1.653
Exhaustion	(3,566)	(7,374)
Fair value variation	22,470	29,002
Balance as of 06/30/10	164,318	223,024

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

16. LOANS AND FINANCINGS

	Controlling Company		Consolidated		
	06/30/10	12/31/09	06/30/10	12/31/09	
Current					
Brazilian Currency (BRL)					
FINAME	11,628	12,947	11,628	12,947	a)
Working Capital	28,902	50,301	29,110	50,301	b)
Financial Leasing	1,604	1,572	1,604	1,572	c)
Total Brazilian Currency - BRL	42,134	64,820	42,342	64,820	
Foreign Currency					
Financial Leasing	2,377	2,297	2,377	2,297	d)
FX Contract Advance (ACC)	4,507	7,339	4,507	7,339	e)
Banco Votorantim	2,873	3,122	2,873	3,122	f)
Banco Itaú BBA	10,060	11,511	10,060	11,511	
DF Deutsche Forfait s.r.o.	336	375	336	375	g)
Toronto Dominion Bank	335	324	335	324	h)
Banco Credit Suisse	35,480	34,273	35,480	34,273	i)
Banco C.I.T.	854	972	854	972	j)
Banco Santander (Brasil)	1,351	1,536	1,351	1,536	k)
Banco Santander	1,819	2,074	1,819	2,074	l)
Banco Santander Pré pagto.de exportação	4,755	6,132	4,755	6,132	m)
Total Foreign Currency	64,747	69,955	64,747	69,955	
Total Current	106,881	134,775	107,089	134,775	
Non-Current					
Brazilian Currency (BRL)					
FINAME	20,840	25,807	20,840	25,807	a)
Working Capital	29,718	37,900	29,718	37,900	b)
Financial Leasing	1,565	419	1,565	419	c)
Total Brazilian Currency - BRL	52,123	64,126	52,123	64,126	
Foreign Currency					
Financial Leasing	5,473	6,800	5,473	6,800	d)
Banco Votarantim	-	1,261	-	1,261	
Banco Itaú BBA	-	4,796	-	4,796	
DF Deutsche Forfait s.r.o.	168	375	168	375	g)
Toronto Dominion Bank	335	485	335	485	h)
Banco Credit Suisse	67,190	77,115	67,190	77,115	i)
Banco C.I.T.	1,281	1,944	1,281	1,944	j)
Banco Santander (Brasil)	2,728	4,609	2,728	4,609	k)
Banco Santander	2,703	4,148	2,703	4,148	l)
Banco Santander Pré Pagto.de exportação	-	3,066	-	3,066	m)
Total Foreign Currency	79,878	104,599	79,878	104,599	
Total Non-Current	132,001	168,725	132,001	168,725	
Total	**238,882**	**303,500**	**239,090**	**303,500**	

Long-term maturities:	06.30.10	12/31/09	06.30.10	12/31/09
2011	57,265	95,688	57,265	95,688
2012	55,098	54,326	55,098	54,326
2013	12,913	12,812	12,913	12,812
2014	2,496	896	2,496	896
2015	1,633	738	1,633	738
Beyond:	2,596	4,265	2,596	4,265
	132,001	168,725	132,001	168,725

Loans and financing in local currency:

a) Finame (equipment financing) - is subject to interest rates from 2.0% to 5.0% per year, plus TJLP (long-term interest rate) with final maturity in 2019.

b) Working capital loans are subject to interest rates from 120.0% and 180.00% of the CDI (interbank deposit rate) with final maturity in the first half of 2012.

c) Financial leasing is subjected to interest rates from 1.12% and 1.86% per month com final maturity in 2013.

Loans and financing in foreign currency:

As of June 30, 2010 foreign currency-denominated loans are adjusted based on exchange variation of Euro or US dollar and bear interest ranging from 3.25% p.y. to 12.28% p.y.

d) Financial leasing adjusted for dollar rate fluctuation and payable in quarterly installments with final maturity in 2013.

e) Advance on Exchange contract is adjusted for dollar or euro rate fluctuation and has fixed invoices to be paid until February, 2011.

f) Bank Votorantim S.A., adjusted for dollar rate fluctuation and payable in semiannual and quarterly installments with final maturity in 2011.

g) Bank Itaú BBA, adjusted based on US dollar exchange variation and repayable in monthly installments, starting on January 2010 and with final maturity in 2011.

h) DF Deutsche Forfait s.r.o, adjusted for euro rate fluctuation and payable in semiannual installments until 2011.

i) Toronto Dominion Bank, adjusted for dollar rate fluctuation and payable in semiannual installments until 2011.

j) Bank Credit Suisse, refers to export prepayment and is subject for dollar rate fluctuation and payable 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.

k) Bank C.I.T., adjusted based on euro exchange variation and repayable in quarterly installments until 2012.

l) Bank Santander (Brazil), adjusted based on euro exchange and repayable in annual installments with final maturity in 2013.

m) Bank Santander, adjusted based on euro exchange and repayable in semiannual installments with final maturity in 2012.

n) Bank Santander P.P.E. - Export prepayment – adjusted by dollar exchange variation and repayable in semiannual installments until 2011.

Loans and financing are guaranteed by controlling shareholders' collateral signatures or property mortgage

or financed asset or two of these according to each contract.

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.

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.

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

Bank Santander (Brazil) (verification performed at the end of each fiscal period).

a) EBITDA margin equal to or higher than 11% in 2007 and 17% from 2008 to 2013;
b) A net debt/EBITDA ratio of 6 times in 2007 and 3 times from 2008 to 2013;
c) Maximum financial leverage of 2 times the tangible shareholders' equity;

Banco Credit Suisse

a) Net Debt to EBITDA Ratio of 3.50 times for the first, second and third quarter of 2010; 3.25 times for the fourth quarter of 2010 and 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 2.0 times for the fiscal quarters of 2010; 2.25 times for the first quarter of 2011 and 2.50 times for the fiscal quarters until 2013;

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 50% of Depreciation added to Depletion and Amortization for the fiscal year of 2009 and not higher than 75% for the years 2010 to 2013. Exception is made when net debt towards EBITDA is equal or less to 2.5 times.

Bank Votorantim **(**indexes valid starting on December 31, 2009 with verification at the end of each period**).**

a) Investments in fixed assets will be limited to reversion of depreciation and depletion value for two years;
b) Net debt over EBITDA ratio should be equal or less than 4.0 times at the end of 2009, 3.5 times at the end of 2010 and 2.5 times at the end of 2011;
c) EBITDA Margin (EBITDA/ROL) should be at least 16.50% for fiscal periods of 2009 to 2013;

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

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 3,626, 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	143
2012	875
2013	850
2014	853
2015	905
	3,626

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, June 30th and September 30th/2010: 3.5 (three point five times); (ii) for quarters ending on December 31st/2010, March 31st and June 30th/2011: 3.25 (three point twenty five times); 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/2010: 2.0 (two times); for the quarter ended on March 31st/2011: 2.25 (two point twenty five times); and (iii) from the quarter ending on June 30th/2011 (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.

The chart below shows the chargeability per year of operation:

Year	Principal
2011	12,500
2012	25,000
2013	25,000
2014	25,000
2015	12,500
	100,000

18. TRADE ACCOUNTS PAYABLE

Payables to suppliers are as follows:

	Company		Consolidated	
CURRENT	06.30.10	12.31.09	06.30.10	12.31.09
Domestic				
Materials	28,648	28,721	28,926	28,077
Property, plant and equipment	209	658	209	658
Service provider	2,474	2,706	2,613	2,823
Carriers	4,884	4,728	4,900	4,735
Related parties	1,824	126	-	802
Foreign				
Materials	1.006	257	1.006	257
	39,045	37,196	37,654	37,352

19. TAXES IN INSTALLMENTS

In November 2009, the Company chose for withdrawal of special installments (also know as PAES) regulated by Law n° 10.684/030 and chose for REFIS 4 according to Law 11.941/09 and MP 470/09, which are monetarily adjusted by SELIC variation. The installments are 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	
	06/30/10	12/31/09	06/30/10	12/31/09
Rescheduling REFIS INSS	1,121	1,141	1,179	1,226
Rescheduling REFIS Federal Revenue	1,473	1,374	1,506	1,407
Rescheduling ICMS	1,173	970	1,173	970
Rescheduling CSLL	-	-	9	17
Rescheduling INSS Employer's share	610	-	610	-
	4,377	3,485	4,477	3,620

NONCURRENT

	Controlling Company		Consolidated		Maturity
	06/30/10	12/31/09	06/30/10	12/31/09	
Rescheduling REFIS INSS	-	475	656	1,137	June/2013
Rescheduling REFIS Federal Revenue	8,656	9,225	8,705	9,274	November/2025
Rescheduling ICMS	3,703	3,881	3,703	3,881	October/2014
Rescheduling INSS Employer's share	2,338	-	2,338	-	April/2015
	14,697	13,581	15,402	14,292	

Besides the adoption of Refis to convert installments from PAES (Law 10.684/03), the Company chose for installments of other IPI debts that had a probable expectation of loss according to its attorney's opinion. Management's decision is based on significant amount reductions related to fines, arrears and default interest, that reduce the installments, and still for the possibility of using the fiscal loss and negative base of social contribution over net profit to lower remaining balances of fines and interests after reductions from Law 11.941/09 and MP 470/09.

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$ 7,688 being R$ 3,252 nominal and R$ 4,436 in fines and interest. This amount will be paid in 180 installments and updated by SELIC.

INSS Employer – Related to installment from INSS of November, December and third salary of 2008.

20. INCOME TAX AND SOCIAL SECURITY TAX - LIABILITY

The Company, adopted for 2009 and 2010 the cash basis of accounting to record the income and social contribution tax over exchange variations and recorded deferred fiscal liability from the exchange variation to be realized.

	Controlling Company		Consolidated	
	06/30/10	12/31/09	06/30/10	12/31/09
Deferred Debit Income Tax				
Unrealized FX variation - cash regime	9,462	13,618	9,462	13,618
Biological assets' fair value	31,445	26,159	32,549	27,204
Fixed assets' deemed cost	82,781	82,543	103,776	103,484
Revaluation reserves	4,327	4,397	4,327	4,397
Deferred Debit Social Contribution				
Unrealized FX variation - cash regime	3,406	4,902	3,406	4,902
Biological assets' fair value	11,319	9,417	11,916	9,982
Fixed assets' deemed cost	29,803	29,716	37,360	37,253
Revaluation reserves	1,558	1,582	1,558	1,582
	174,101	172,334	204,354	202,422

21. RELATED-PARTY TRANSACTIONS

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

Controlling Company	Accounts Receivable		Accounts Payable		Assignment (Credit)		Assignment (Debit)		Income	Expenses
	06/30/10	12/31/09	06/30/10	12/31/09	06/30/10	12/31/09	06/30/10	12/31/09	06.30.10	06.30.10
					-	-				
Irani Trading S.A.	-	-	1,444	40	-	-	4,980	3,290	-	8,556
Habitasul Florestal S.A.	-	5,969	342	86	-	-	13,257	14,465	-	674
HGE - Geração de Energia	-	-	1,881	3,107	-	-	-	-	-	-
Meu Móvel de Madeira	1,475	671	-	-	-	2,730	-	-	2,248	1,962
Irani Participações	-	-	38	-	-	-	-	-	-	240
Fazenda São Clemente	-	-	149	149	-	-	-	-	-	810
Habitasul Desen.Imob.	-	-	-	-	-	-	-	306	-	-
Remuneração dos administradores	-	-		1,635	-	-	-	-	-	2,368
Total	1,475	6,640	3,854	5,017	-	2,730	18,237	18,061	2,248	14,610
Current portion	(1,475)	(6,640)	(3,854)	(5,017)	-	-	-	(306)		
Non-current portion	-	-	-	-	-	2,730	18,237	17,755		

Consolidated	Accounts Payable		Income	Expenses
	06/30/10	12/31/09	06/30/10	06/30/10
Irani Trading S.A.	38	-	-	240
Fazenda São Clemente	149	149	-	810
Remuneração dos administradores	-	1,635	-	2,530
Total	187	1,784	-	3,580
Current portion	(187)	(1,784)		
Non-current portion	-	-		

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 and consecutive.

Payable to HGE – Geração de Energia Sustentável is related to increase of shareholder equity from contract change to be paid in 2010.

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

Payables to Fazenda São Clemente are related to a rental contract of Packaging Unit in Indaiatuba –SP, signed on December 26, 2006 for a 20 year vintage extended, the monthly amount was R$ 125 thousand annually adjusted, according to Índice Geral de Preços do Mercado – IGPM, measured by Fundação Getúlio Vargas.

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

22. 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	
	06/30/10	12/31/09	06/30/10	12/31/09
Civil allowances	7,667	7,667	7,667	7,667
Labor allowances	426	1,915	619	2,158
Tax allowances	24,669	18,876	24,669	18,876
	32,762	28,458	32,955	28,701

Changes in allowances balance:

Controlling Company	12/31/09	Allowance	Exclusions	06/30/10
Civil	7,667	-	-	7,667
Labor	1,915	-	(1,489)	426
Tax	18,876	5,793	-	24,669
	28,458	5,793	(1,489)	32,762

Consolidated	12/31/09	Allowance	Exclusions	06/30/10
Civil	7,667	-	-	7,667
Labor	2,158	-	(1,539)	619
Tax	18,876	5,793	-	24,669
	28,701	5,793	(1,539)	32,955

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 June 30, 2010, a reserve of R$ 7,667 is recorded to cover potential losses arising from these contingencies. Escrow deposits made for the aforementioned lawsuits amount to R$ 7,122.

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$ 426 (R$ 619 consolidated) as of June 30, 2010, which they believe to be sufficient to cover potential losses arising from labor contingencies.

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$ 17,380 was offset from September 2006 to June 2010. Updated balance as of June 30, 2010 total is R$ 23,305.

Possible Contingencies

No reserves were recorded for contingencies whose likelihood of loss has been assessed by the legal counsel as possible. As of June 30, 2010, the amounts involved in labor, civil, environmental and tax lawsuits are as follows:

	Company and Consolidated	
	06.30.10	12.31.09
Labor	7,109	7,109
Civil	1,132	1,132
Environmental	876	876
Tax	44,390	44,390
	53,507	53,507

Labor claims:

The labor claims assessed by the legal counsel as possible losses total R$ 7,109 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$ 1,132 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$ 44,390 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 June 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 June 30, 2010 involves the amount of R$ 4,109. 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$ 4,373 as of June 30, 2010, that refers to contributions alleged by contracted companies for services of working labor force, being the Company responsible and solidarity.

- 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 June 30, 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$ 25,647 as of June 30, 2010 with fines and interest. The Company contests these proceedings administratively and considers good chances of success.

23. SHAREHOLDERS' EQUITY

a. Capital

The Company's capital as of June 30, 2010 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

The Company has 5,602 (five thousand, six hundred and two) ordinary shares in the amount of R$ 80, acquired from former directors who were dismissed and had acquired shares inside the Stock Option Program in previous fiscal periods.

c. Net profit of the period

Shareholders are entitled to minimum and mandatory dividends of 25% of the net profit, upon offsetting accumulated losses and providing for the legal reserves

d. Profits Reserves

Profits reserves comprise: Statutory Reserves; Unrealized Profits Reserves; Revaluation Adjustments; and Profits Retention Reserves.

The Statutory Reserve is formed by allotment of 5% of the year's net profit, and may be used to set-off losses or for capital increments.

Unrealized Profits Reserves were formed as the Company valued its biological assets at fair value in its opening balance-sheet, and they were not financially realized. Their realization will occur by effectively consuming such assets valued at fair value, when it will also impact the dividends' base value.

The Revaluation Adjustments Reserve was formed as the Company valued its fixed assets (land, machinery and buildings) at deemed cost, in its opening balance-sheet, and they were not financially realized. Their realization will occur by the depreciation of the deemed cost, when it will also impact the dividends' base value.

The Profits Retention Reserve is formed by the balance of remaining profits after setting-off of losses and contribution to the Statutory Reserve, as well as reduced from the portion of distributed dividends. These funds will be aimed at investments into fixed assets subject to prior approval by the Board of Directors.

24. 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.

	06.30.10		
	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 (*)	4,119	389	4,508
Basic & Diluted Earnings per share (BRL)	0.5523	0.6075	

	06.30.09		
	ON - Ordinary Shares	PN - Preferred Shares	Total ON & PN Shares
Number of shares - weighed average	7,460,906	640,513	8,101,419
Attributable financial year net profits for each type of shares (*)	16,733	1,580	18,313
Basic & Diluted Earnings per share (BRL)	2.2427	2.4671	

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

25. EXPENSES – BY NATURE

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

	Controlling Company		Consolidated	
	06.30.10	06.30.09	06.30.10	06.30.09
Variable costs (raw materials and consummables)	(59,845)	(49,046)	(57,949)	(50,827)
Personnel expenses	(19,576)	(16,075)	(19,835)	(16,398)
Variation of biological assets' fair value	11,267	1,063	14,457	1,019
Depreciation, amortization and exhaustion	(9,120)	(9,545)	(11,513)	(11,700)
Freight on sales	(4,148)	(3,911)	(4,279)	(3,981)
Contracted services	(2,942)	(2,671)	(2,983)	(2,695)
Sales expenses	(5,108)	(5,278)	(5,025)	(5,137)
	(89,473)	(85,462)	(87,128)	(89,718)
Other net expenses				
Cost of assets' sales	(542)	(111)	(1,273)	(111)
Sales of fixed assets	436	587	1,174	587
Other expenses	440	297	458	666
	334	773	359	1,142
Operating expenses	(89,139)	(84,689)	(86,769)	(88,576)

26. MANAGEMENT COMPENSATION

Management compensation expenses, without payroll charges, totaled R$ 2,945 until June 2010 (R$ 971 in the same period of last year). The Annual Shareholders' Meeting of April 30, 2010 approved a maximum overall management compensation of R$ 5,500 for this year.

The Board of Directors Meeting held on March 05, 2010 approved the maintenance of Management Compensation provisioned in the amount of R$ 1,635 that will be further distributed according to decision of the Board of Directors.

27. OTHER OPERATING INCOME AND EXPENSES

Income

	Controlling Company		Consolidated	
	06.30.10	06.30.09	06.30.10	06.30.09
Revenue from sold assets	951	688	1057	731
Other operating income	838	1495	853	1495
Untimely credits of PIS, COFINS and ICMS	-	639	-	639
	1,789	2,822	1,910	2,865

Expenses

	Controlling Company		Consolidated	
	06.30.10	06.30.09	06.30.10	06.30.09
Cost of and sold assets	(1,401)	(598)	(1,401)	(598)
Other operating expenses	(251)	(373)	(250)	(425)
Provision for losses at affiliated companies	(195)	(812)	-	-
	(1,847)	(1,783)	(1,651)	(1,023)

28. INCOME AND SOCIAL CONTRIBUTION TAXES

Reconciliation of the effective taxes:

	Controlling Company		Consolidated	
	06.30.10	06.30.09	06.30.10	06.30.09
Results prior to taxation	11,516	23,432	11,933	23,593
Basic rate	34%	34%	34%	34%
Tax credit (debit) at the basic rate	(3,915)	(7,967)	(4,057)	(8,022)
Tax impact of permanent (inclusions) exclusions:				
Equity	4,395	122	-	-
RTT - Adjustments of the transition tax regime	135	115	135	-
Other permanent differences	(587)	(37)	2,618	1,191
	28	(7,767)	(1,304)	(6,831)

29. FINANCIAL INCOME (EXPENSES)

	Controlling Company		Consolidated	
	06.30.10	06.30.09	06.30.10	06.30.09
Financial Income				
Yield from financial investments	747	-	747	-
Interest	540	566	546	570
Discounts obtained	47	168	47	186
	1,334	734	1,340	756
FX Variation				
Credit FX variation	17,443	48,906	17,445	48,906
Debit FX variation	(27,062)	(10,602)	(27,064)	(10,607)
Net FX Variation	(9,619)	38,304	(9,619)	38,299
Financial Expenses				
Interest	(20,156)	(23,006)	(20,358)	(23,309)
Discounts granted	(81)	(328)	(321)	(381)
Banking discounts / fees	(1,220)	(1,259)	(1,221)	(1,265)
Others	(475)	(509)	(487)	(526)
	(21,932)	(25,102)	(22,387)	(25,481)
Net financial results	(30,217)	13,936	(30,666)	13,574

30. 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 June 30, 2010, 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.	10/13/09 a 10/13/10	R$ 5,339
Corporate insurance, offices group and hotel, fire, lightning, explosion, electrical damages, windstorm.	10/16/09 a 10/16/10	R$ 2,500
Industrial insurance, plants group, fire, lightning and explosion on any kind, electrical damages, windstorm/smoke.	11/11/09 a 11/11/10	R$ 238,020
Industrial insurance, paper and packaging plants groups, civil liability and pain and suffering.	09/27/09 a 09/27/10	R$ 10,000
Residential and Industrial insurance, residential village and commercial facilities, fire, lightning, explosion, electrical damage and windstorm	09/27/09 a 09/27/10	R$ 14,555
Group life insurance – employees - 24 or 48 times the nominal salary, if due to natural or accidental death, respectively.	12/02/09 a 12/01/10	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.	08/14/09 a 08/14/10	Vehicles at market value e additional cover of R$ 370 per vehicle

31. 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.

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 June 30, 2010, these transactions represented a net liability exposure demonstrated in the table below.

Total net FX exposure denominated in foreign currency is equivalent to 28 months of export sales, considering the average exports for the year 2010. 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 cashflows to settle its long term liabilities denominated in non-domestic money.

	Controlling Company		Consolidated	
	06.30.10	03.31.10	06.30.10	03.31.10
Accounts receivable	5,477	5,202	5,533	5,285
Carbon credits receivable	4,132	3,471	4,132	3,471
Banks - pledged account	5,789	2,361	5,789	2,361
Advances from clients	(555)	(563)	(555)	(563)
Suppliers	(1,006)	(607)	(1,006)	(607)
Loans and Financings	(144,625)	(160,813)	(144,625)	(160,813)
Net Exposure	(130,788)	(150,949)	(130,732)	(150,866)

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 June 30th/2010 levels.

3 – Remote Scenario: 50% deterioration in the FX rate regarding its June 30th/2010 levels.

Consolidated

Operation	Balance 06.30.10 US$	Scenario I Gain (loss) Rate	R$	Scenario II Gain (loss) Rate	R$	Scenario III Gain (loss) Rate	R$
Assets							
Trade account receivables	8,578	1.77	(297)	2.21	3,492	2.65	7,282
Liabilities							
Trade account payables	(867)	1.77	30	2.21	(353)	2.65	(736)
Loans and financing	(80,280)	1.77	2,778	2.21	(32,684)	2.65	(68,146)
Net effect			2,511		(29,544)		(61,600)

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 06/30/2010 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.

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 Cashflow 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 cashflow from FX volatility.

As of June 30, 2010 and March 31, 2010, amounts contracted under these instruments and its fair values, as well as the accumulated effect in the period, are stated according to the chart below:

Object / Risk / Instrument	Notional value		Fair value (1)	
	06.30.10	03.31.10	06.30.10	03.31.10
Fair Value Hedge				
Foreign Currency Swaps	41,800	-	(4,787)	-
Foreign Currency NDF	-	7,124	-	(304)
Total Derivatives	41,800	7,124	(4,787)	(304)

(1)The financial instruments were appraised using the fair value method, using future dollar projections from BM&FBOVESPA on dates of counting. In the case of swaps, both the active part as the passive part are independent estimated and brought to present value by an interest market rate where the difference between two parts generate its market value.

These instruments, as of June 30, 2010, presented the following maturing schedules of Fair Value and Notional Value per instrument:

Object / Risk / Instrument	Fair Value						
	2010	2011	2012	2013	2014	2015	Total
Fair Value Hedge							
Foreign Currency Swaps	164	(571)	(1,046)	(1,222)	(1,381)	(731)	(4,787)

Object / Risk / Instrument	Notional Vaue						
	2010	2011	2012	2013	2014	2015	Total
Fair Value Hedge							
Foreign Currency Swaps	12,500	3,663	7,325	7,325	7,325	3,662	41,800

Some of these financial instruments of Swaps are linked to the restricted financial application, as described in explanatory note 9.

Cash and cash equivalents

Cash and cash equivalents have its values similar to accounting balances, considering liquidity and turnover represented.

Financial applications

These were categorized as investments until its maturing and registered according to the rates establish for the period applied.

Loans, financing and debentures

The Company decided to use the amortized cost method to measure its loans and financings.

32. 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 furniture 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

	Pulp & Paper	PO Packaging	RS Forestry & Rosin	Furniture	Corporate / Exclusions	Consolidated 06/30/10 Total
Net Sales:						
Domestic Market	24,777	64,975	4,238	1,197		95,187
Overseas Market	7,409	-	4,170	1,669	-	13,248
Revenue from sales to third-parties	32,186	64,975	8,408	2,866	-	108,435
Revenues between segments	5,293	158	-	-	(5,451)	-
Total net sales	37,479	65,133	8,408	2,866	(5,451)	108,435
Variation biological assets' fair value	11,267	-	3,190	-	-	14,457
Cost of goods sold	30,976	(45,857)	(6,458)	(2,766)	5,633	(80,424)
Gross profit	17,770	19,276	5,140	100	182	42,468
Operating Expenses	4,244	(8,966)	(1,045)	(1,040)	(5,507)	(20,802)
Operating results prior to financial results	13,526	10,310	4,095	(940)	(5,325)	21,666
Financial results	9,888	(6,643)	(251)	(300)	-	(17,082)
Net operating results	3,638	3,667	3,844	(1,240)	(5,325)	4,584

	Pulp & Paper	PO Packaging	RS Forestry & Rosin	Furniture	Corporate / Exclusions	Consolidated 06/30/09 Total
Net Sales:						
Domestic Market	23,022	46,876	3,904	881		74,683
Overseas Market	8,167	-	3,322	7,649	-	19,138
Revenue from sales to third-parties	31,189	46,876	7,226	8,530	-	93,821
Revenues between segments	1,485	284	-	-	(1,769)	-
Total net sales	32,674	47,160	7,226	8,530	(1,769)	93,821
Variation biological assets' fair value	1,063	-	(44)			1,019
Cost of goods sold	(26,610)	(34,317)	(5,023)	(8,301)	1,769	(72,482)
Gross profit	7,127	12,843	2,159	229	-	22,358
Operating Expenses	(3,682)	(7,234)	(620)	(1,564)	(4,013)	(17,113)
Operating results prior to financial results	3,445	5,609	1,539	(1,335)	(4,013)	5,245
Financial results	8,182	13,731	233	250	(7)	22,389
Net operating results	11,627	19,340	1,772	1,085	(4,020)	27,634

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 June 30, 2010 net sales revenues totaled BRL 108,435 (BRL 93,821 as of June 30, 2009).

The net sales revenues for the overseas markets as of June 30, 2010 summed BRL 13,248 (against BRL 19,138 as of June 30, 2009), distributed through various countries.

The net sales revenues for the domestic market as of June 30, 2010 summed BRL 95,187 (against BRL 74,683 as of June 30, 2009).

In the second quarter of 2010, a single client accounted for more than 10% of sales, responding for a share of 12.78% of net revenues in this market, within the PO Packaging Segment, amounting to BRL 8,304. 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.

33. REAL ESTATE LEASING CONTRACTS FOR PRODUCTION UNITS

As of June 30th, 2010, 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.

34. SUBSEQUENT EVENTS

a) On August 03, 2010 the subsidiary Irani Trading S.A., issued a Real Estate Credit Note Private Document (also known as ‘CCI’) – CCI linked to a Rent Agreement celebrated on October 20, 2009 between Irani Trading S.A. and Celulose Irani S.A.

   The subsidiary Irani Trading S.A. transferred these Real Estate Credits to Brazilian Securities Company. Because of this transfer, Brazilian Securities Company issued, in fiduciary scheme, Real Estate Credit Note (CRIs) and paid on August 06, 2010 to Irani Trading S.A the price of CCI in the amount of R$ 40,833 thousand.

This operation will be settled through the payment of 37 monthly and consecutive installments in the amount of R$ 1,364 thousand each, beginning on August 25, 2010 and finishing on August 25, 2013, due by Celulose Irani S.A. to Irani Trading S.A., according to the rent agreement.

These resources will be used by Irani Trading S.A. to integralized simple debentures of private issue by Celulose Irani S.A. that will use it to refinance its short term debt and other operating activities.

b) 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 June 30, 2010 and 2009, the results of the discontinued operation were the following:

Results of discontinued operation

	2Q10	2Q09
Net revenues	2,673	7,795
Cost of goods sold	(3,115)	(7,865)
Gross Profit (Loss)	(442)	(70)
Sales, general and administrative expenses	(630)	(1,345)
Financial results	(221)	377
Other operating income and expenses	13	(44)
Operating losses prior to taxes	(1,280)	(1,082)
Income tax and social contribution	435	368
Net loss of the discontinued operation	(845)	(714)

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

35. STATEMENT OF VALUE ADDED

	Controlling Company		Consolidated	
	06.30.10	06.30.09	06.30.10	06.30.09
1. REVENUES	135,554	117,205	140,920	122,080
1.1) Sales of goods, products and services	134,364	115,677	138,974	120,539
1.2) Other revenues	1,075	1,514	1,831	1,527
1.3) Allowances for bad debts - inclusions	115	14	115	14
2. INPUTS FOR PRODUCTION ACQUIRED FROM THIRD-PARTIES	83,547	89,978	82,358	91,059
2.1) Cost of goods and services sold	79,574	81,651	75,514	81,729
2.2) Materials, power, third-parties' services and others	3,973	8,328	6,844	9,330
3. GROSS ADDED VALUE (1-2)	52,007	27,226	58,562	31,021
4. DEPRECIATION, AMORTIZATION AND EXHAUSTION	10,112	11,300	12,517	13,499
5. VARIATION OF BIOLOGICAL ASSETS' FAIR VALUE	(11,267)	(1,063)	- (14,458)	(1,019)
6. NET ADDED VALUE PRODUCED BY THE ENTITY (3-4-5)	53,162	16,989	60,502	18,541
7. ADDED VALUE RECEIVED BY TRANSFER	14,695	37,534	8,377	37,135
7.1) Equity results	6,326	400	-	-
7.2) Financial income	8,369	37,134	8,377	37,135
8. TOTAL ADDED VALUE TO DISTRIBUTE (6+7)	67,857	54,523	68,880	55,675
9. DISTRIBUTION OF ADDED VALUE	67,857	54,523	68,880	55,675
9.1) Personnel	16,571	14,070	16,814	14,302
9.1.1 - Direct compensation	13,618	11,369	13,813	11,565
9.1.2 - Benefits	2,193	2,000	2,234	2,029
9.1.3 - F.G.T.S.	760	700	767	707
9.2) Taxes, levies and contributions	15,856	6,118	16,422	6,764
9.2.1 - Federal	10,724	4,637	10,988	5,061
9.2.2 - State	5,048	1,404	5,336	1,587
9.2.3 - Municipal	83	76	98	116
9.3) Remuneration of third-parties' capitals	30,923	16,023	31,136	16,295
9.3.1 - Interest	25,262	14,513	25,458	14,746
9.3.2 - Leasing	5,661	1,510	5,678	1,549
9.4) Remuneration of own capitals	4,508	18,313	4,508	18,314
9.4.1 - Retained Profits (Losses) of the financial year	4,508	18,313	4,508	18,313