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

1. OPERATIONS

Celulose Irani S.A. (the "Company") and its subsidiaries manufacture paper, corrugated cardboard packaging, wood furniture, timber and gum rosing and turpentine extracted from wood resins. The Company is also engaged in forestation and reforestation and use the wood from their own reforestation areas.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

On March 10th, 2009, the Company's Executive Board authorized the conclusion of these financial statements, which will be submitted to the Board of Directors for approval.

The financial statements were elaborated and are being submitted pursuant to the accounting procedures adopted in Brazil and upon standards set by the Brazilian Securities and Exchange Commission - also known as CVM and orientations and interpretations issued by the Committee of Accounting Pronouncement - also known as CPC.

In 2008, Law No.11.638/07 and changes introduced by MP n°.449 of December 3, 2008, were enacted, altering, revoking and adding new provisions to the Brazilian Corporate Law, especially with respect to chapter XV, about accounting subject. This Law was designed primarily to update the Brazilian Corporate Law, so as to enable the convergence of Brazilian accounting practices with international accounting standards (IFRS) and allow the Brazilian Securities Commission (CVM) to issue new accounting standards and procedures, in conformity with such international accounting standards.

As part of this convergence process with international accounting Standards (IFRS) and accounting practices regulation changed with Law n°. 11.638/07 and MP 449/08, some Pronouncements and technical orientations were issued with mandatory application for the fiscal period ended starting on December 2008. Below, we summarize the main Pronouncements which impacted the financial statements and explanatory notes of the Company:

CPC 01 (CVM Resolution nº. 527/08) – Reduction of Impairment of Assets – The Company assessed the impairment of assets and concluded that no adjustment is required.

CPC 02 (CVM Resolution nº. 534/08) – Effects of Exchange Rate Changes and Financial Statements Converting – The Company established the Brazilian Real as functional currency and performed the transactions records in foreign currency, according to explanatory note 11.

CPC 03 (CVM Resolution nº. 547/08) – Cash flow Statements – The Company released the Cash Flow of 2008 in a comparative way with 2007.

CPC 04 (CVM Resolution nº. 553/08) – Intangible Assets – The Company reclassified the goodwill in the acquisition of Habitasul Florestal S.A. (subsidiary) as intangible asset, according to explanatory note 13.

CPC 05 (CVM Resolution nº. 560/08) – Third Parties Disclosures – The Company released the balances and transactions with third parties as required by this Pronouncement, according to explanatory note 18.

CPC 06 (CVM Resolution nº. 554/08) – Operations of Commercial Lease – The Company recognized in fixed asset the contracts of commercial lease at the date of the balance sheet as well as new contracts of 2008, according explanatory note 12.

CPC 08 (CVM Resolution nº. 556/08) – Transactions Costs and Premium in the issuance of securities - Do not apply to the Company.

CPC 09 (CVM Resolution nº. 557/08) – Value Added Statement – The Company released the Value Added Statement in a comparative way with 2007.

CPC 10 (CVM Resolution nº. 562/08) – Payment Based on Shares – Do not apply to the Company.

CPC 12 (CVM Resolution nº. 564/08) – Present Value adjustment – The Company concluded that it does not apply since long-term assets are not subject to adjustment, as well as the short-term effects are not relevant.

CPC 13 (CVM Resolution nº. 565/08) – Initial adoption of Law 11.638/07 – The Company performed the required adjustments and chooses to prepare its opening balance with transition date of January 1st, 2008 according to Explanatory Note 20 b) Prior Year adjustments.

CPC 14 (CVM Resolution nº. 566/08) – Financial Instruments: Recognition, Measurement and Evidencing according to CVM Resolution n°. 475/08. The Company adjusted Swap operations at fair value, and released all information related to financial instruments, including the chart of sensitivity analysis, according to explanatory note 26.

3. MAIN ACCOUTING PRACTICES

a) Cash and cash equivalents

This comprises cash balance, bank deposits and financial applications of immediate liquidity. Cash investments are stated at nominal values plus income earned up to the balance date, not exceeding market value, as described in explanation note # 5.

b) Allowance for doubtful accounts

This is reckoned upon the risk analysis of credits that contemplates the history of losses, individual situation of customers and appraisal by business consultants and is deemed as sufficient by Management to cover possible losses in the realization of credits. The Company does not make provision in operations with related parties.

c) Inventories

These are demonstrated at the smaller rate between average production or acquisition cost, and the market price or net rate of payment.

d) Investments

The investments in affiliate companies are appraised by the equity method. The remaining investments are appraised at the cost of acquisition less the provision to adjust them to the likely realization rates, as applicable.

e) Property, plant and equipment

This is recorded at cost of acquisition or construction added to revaluation and deducted by depreciation and depletion. The counterpart of revaluations is recorded in a proper net worth account by its net value and among the deferred taxes under long term liabilities. Depreciation is reckoned by the linear method based upon rates determined in function of the estimated useable life of assets. Installation and maintenance expenses for development of forests are constructed assets while in formation and are depleted in function of the timber extraction carried out.

f) Intangible

This relates to goodwill from the acquisition of Habitasul Florestal S.A. and it is based on the future profits expectations and during this year 2008 was amortized in the straight method, calculated for a 10-year-period. Starting on 2009 it will suffer evaluations to measure its recoverable value.

g) Deferred Liabilities

This relates to pre-operating expenses of the furniture plant project, as well as implementation and pre-operating expenses for the packaging plant, which can be amortized in the linear form for 10 years in function of the expected terms of future benefits.

h) Income tax and social security tax

These are provisioned pursuant to the actual profit determined as per the tax law in force.

Over the temporary differences for fiscal purposes and revaluation reserve, the deferred income tax and social security are recorded, bearing in mind determinations from Directive # 371 of the Securities and Exchange Commission – aka CVM.

i) Loans and financing

These are recorded by the original capturing values, updated for currency by the indexers contractually agreed upon with the creditors, plus the proper interest up to the balance sheet dates, as described in explanation remark # 15.

j) Reserve for contingencies

Recorded in an amount considered enough by Management to cover possible losses, updated until the balance sheet dates, under observance of each contingency's nature and supported by the Company lawyers' opinion.

k) Use of estimates

The preparation of financial statements in accordance with the accounting practices adopted in Brazil requires the Management to apply assumptions and judgments in determining the value and record of accounting estimates. Significant assets and liabilities subject to these estimates include the

definition of the lifetime of assets of fixed and deferred assets, provision for bad debts, obsolescence of inventory, deferred income tax assets and provisions for contingencies. The settlement of transactions involving these estimates may result in values different from estimation due to assumptions used inherent to their determination process. The Company reviews the estimates and assumptions periodically.

l) Income Determination

The outcome is determined by accrual basis and includes income, charges and foreign exchange variations at the official rates applied to long term current assets and liabilities, and includes the effects of asset adjustments to the realization value, if applicable.

m) Recognition of income

This is recognized at moment of transferring significant benefits of transaction, as well as the ownership of referenced assets.

n) Recognition of costs

These comprise the costs of raw materials, packaging, direct and indirect manpower in manufacturing of products, general manufacturing expenses such as electric power, water, upkeep of the industrial park, depreciation of industrial assets and factory facilities.

o) Earnings per share

Reckoned with basis on shares in circulation on the balance sheet dates.

4. CONSOLIDATION OF INTERIM FINANCIAL STATEMENTS

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

Ownership Interest - (%)		
Subsidiaries	2008	2007
Irani Trading S.A. (direct investment)	99.98	99.98
Habitasul Florestal S.A. (direct and indirect investment)	100.00	100.00
Brastilo Inc, (direct investment)	100.00	100.00
Meu Móvel de Madeira LTDA. (direct investment)	99.77	99.00

The accounting practices adopted by the subsidiaries are consistent with those adopted by the Company. Intercompany balances and investments and equity in subsidiaries, as well as intercompany transactions and unrealized profits, have been eliminated in consolidation. The subsidiaries' financial statements used in consolidation were prepared as of the same date as the Company's financial statements.

The reconciliation between Company and consolidated shareholders' equity and net income (loss) is as follows:

	Shareholders' equity		Net income (loss)	
	2008	2007	2008	2007
Company	50,000	101,059	(54,102)	14,718
Liabilities short on subsidiary Meu Móvel de Madeira LTDA.	-		(187)	-
Unrealized profits on inventories	(57)	(123)	(57)	(123)
Reversal of prior year unrealized profits	-	-	123	-
Consolidated	49,943	100,936	(54,223)	14,595

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	Company		Consolidated	
	2008	2007	2008	2007
Cash	48	16	52	238
Banks	1,178	868	1,318	913
Temporary cash investments	-	58,111	-	58,391
	1,226	58,995	1,370	59,542

6. TRADE ACCONTS RECEIVABLE

	Company		Consolidated	
	2008	2007	2008	2007
Trade accounts receivable:				
Clients - domestic market	50,465	50,719	52,386	51,902
Clients - foreign market	7,569	6,601	7,664	6,673
Subsidiaries	474	384	-	-
	58,508	57,704	60,050	58,575
Allowance for doubtful accounts	(5,181)	(3,226)	(5,855)	(3,906)
Sales financing (vendor)	(3,334)	(7,014)	(3,334)	(7,014)
Delivered exchange bills	(1,497)	-	(1,497)	-
	48,496	47,464	49,364	47,655

The aging list of receivables is as follows:

	Company		Consolidated	
	2008	2007	2008	2007
Current	47,117	47,547	47,852	47,429
Up to 30 days-past-due	5,379	3,141	5,550	3,369
From 31 to 60 days past due	305	573	309	748
From 61 to 90 days past due	96	1,139	97	1,139
From 91 to 180 days past due	161	1,307	164	1,307
Over 180 days past due	5,450	3,997	6,078	4,583
	58,508	57,704	60,050	58,575

7. INVENTORIES

	Company		Consolidated	
	2008	2007	2008	2007
Finished products	10,078	9,501	12,120	9,501
Production materials	14,999	15,492	14,999	15,492
Consumption materials	7,744	4,785	7,744	4,785
Foreign inventory	437	-	437	313
Other	313	1,255	316	1,255
	33,571	31,033	35,616	31,346

8. RECOVERABLE TAXES

Recoverable taxes consist of the following:

	Company		Consolidated	
	2008	2007	2008	2007
ICMS (state VAT) on purchase of fixed assets	12,024	9,481	12,043	9,481
ICMS (state VAT)	1,004	430	1,382	488
IPI (federal VAT)	538	552	538	552
Income tax	4,681	1,389	4,681	1,389
Social contribution tax	1,719	317	1,719	317
Other	418	54	595	614
	20,384	12,223	20,958	12,841
Current	12,273	5,995	12,789	5,996
Noncurrent	8,111	6,228	8,169	6,845

9. OTHER RECEIVABLES

	Company		Consolidated	
	2008	2007	2008	2007
Carbon credits	5,010	679	5,010	679
Banks linked account	3,340	-	3,340	-
Advances to customers	1,187	1,558	1,311	1,595
Brasil Telecom S.A.	820	-	820	-
Employees credits	776	340	834	377
Clients renegotiation	624	504	655	558
Prepaid expenses	591	444	591	444
Other	322	195	330	209
	12,670	3,720	12,891	3,862

Banks linked account is represented by retained values to guarantee the amortization of quarterly installments from pre-payment export loan, acquired from Bank Credit Suisse, the values linked are equivalent to 1/3 (one third) of the installment maturing in February/2009.

10. DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

	Company and Consolidated	
	2008	2007
Deferred income tax asset		
On non-deductible provisions	13,035	11,824
On goodwill amortization	2,096	1,048
On fiscal loss	18,082	-
Deferred social contribution tax asset		
On non-deductible provisions	4,694	4,257
On goodwill amortization	755	377
On negative base of calculation	6,510	-
	45,172	17,506
Current	2,884	-
Noncurrent	42,288	17,506

Pursuant to CVM Instruction No. 371, the Company recorded deferred income and social contribution tax assets on all temporary differences and fiscal loss and negative base over 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 assets.

Related to deferred income and social contribution from fiscal loss and negative base of social contribution, in the amount of R$ 24,592, 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	Value R$
2009	2,884
2010	4,395
2011	4,198
2012	4,013
2013	3,839
Over 2013	5,263
	24,592

11. INVESTMENTS

	Habitasul Florestal	Irani Trading	Meu Móvel de Madeira	Brastilo Inc.	Total 12/31/08	Total 12/31/07
Capital	28,260	3,054	1,300	2,649	-	-
Shareholders' equity	28,685	3,157	(187)	397	-	-
Net income for the year	2,410	376	(1,487)	(1,433)	-	-
Ownership interest - %	95.36	99.98	99.77	100.00	-	-
Beginning balance	27,241	3,137	297	252	30,927	32,078
Acquisition of investment	-	-	1,000	1,408	2,408	828
Equity in subsidiaries	2,299	376	(1,297)	-	1,378	1,758
Exchange gain/(loss)	-	-	-	170	170	-
Proposed dividends	(2,184)	(357)	-	-	(2,541)	(3,562)
Reclassification Law 11.638/07	-	-	-	(1,830)	(1,830)	-
Investment adjustment	-	-	-	-	-	(175)
Total investments in subsidiaries	27,356	3,156	-	-	30,512	30,927

The subsidiary Habitasul Florestal is engaged in plant, cut and management of pinus forests and resins extraction.

Irani Trading S.A. acts as an intermediary in export and import of goods and export of goods acquired for this purpose.

In December 2007, Celulose Irani S.A. subscribed 297 shares in the company Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda., and on August 2008 more 1.000 shares, both subscriptions with a par value of R$ 1 thousand each.

The subsidiary Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda. is engaged in the retail sale of furniture and decoration products and furniture assembly services.

The Company made reserve for loss in the amount of R$ 187 due to the net loss of Meu Móvel de Madeira subsidiary supersede its investment value, being recorded in other payables in current liability.

In October 2007, Celulose Irani S.A. set up the subsidiary Brastilo Inc., in Florida, USA, to sell furniture and handicraft products in general in the retail market.

Investment on the subsidiary Brastilo Inc, which does not have administrative management of its own and full capacity to manage its own activities, is treated in the parent company as if it was a subsidiary, according to Resolution CVM 534/08.

12. PROPERTY, PLANT AND EQUIPMENT

		2008			2007
Company	Annual depreciation rates	Cost	Accumulated depreciation and depletion	Net	Net
Land	-	14,576	-	14,576	14,576
Buildings and improvements	4%	63,338	(24,804)	38,534	30,075
Equipments and installations	10 a 20%	300,739	(123,402)	177,337	70,785
Forestation and reforestation	(*)	75,111	(32,883)	42,228	37,562
Vehicles and tractors	20%	1,516	(983)	533	479
Property, plant and equip. in progress	-	27,256	-	27,256	63,922
Advance to suppliers	-	2,365	-	2,365	25,260
Property contracted under financial leasing	10 a 25%	26,385	(3,739)	22,646	-
Real state assets from third parties	4%	16,061	(107)	15,954	-
		527,347	(185,918)	341,429	242,659

		2008			2007
Consolidated	Annual depreciation rates	Cost	Accumulated depreciation and depletion	Net	Net
Land	-	28,164	-	28,164	28,033
Buildings and improvements	4%	67,116	(26,417)	40,699	32,386
Equipments and installations	10 a 20%	301,220	(123,478)	177,742	70,960
Forestation and reforestation	(*)	94,403	(48,314)	46,089	43,573
Vehicles and tractors	20%	1,524	(987)	537	484
Property, plant and equipment in progress	-	28,635	-	28,635	64,495
Advance to suppliers	-	2,365	-	2,365	25,260
Property contracted under financial leasing	10 a 25%	26,385	(3,739)	22,646	-
Real state assets from third parties	4%	16,061	(107)	15,954	-
		565,874	(203,042)	362,832	265,191

(*) Depletion calculated based on wood extraction in relation to the total expected extraction from the planted area.

According to CVM Resolution n°. 193/96, the Company capitalized during the fiscal period of 2008 interest over resources acquired from third parties and applied in construction of fixed assets under 'Overcoming Challenges Project' at Paper Unit in Vargem Bonita – SC in the amount of R$ 3,231, at Packaging Unit in Indaiatuba – SP in the amount of R$ 774 and at Packaging Unit in Vargem Bonita – SC in the amount of R$ 506.

Property, plant and equipment in progress refer primarily to works under "Overcoming Challenges Project", in Paper Unit (Vargem Bonita, SC) and in Packaging Unit (Indaiatuba, SP), which amount to R$ 15.1 million, R$ 5.6 million and R$ 1.1 million, respectively, as of December 31, 2008.

The advance to suppliers is referred to new investments on the unit factory from Indaiatuba – SP and the unit factory of paper and packaging in Vargem Bonita.
According to Resolution CVM 554/08 it is recorded at present value of payment dates, property, plant and equipment contracted under commercial lease (financial leasing).

The Company is responsible for machines, computer equipments and vehicles commercial leasing contracts, with option of buying clauses, negotiated at a pre-fixed tax of 1% of the residual value guarantied at the end of contract and have a fiduciary guarantee over these properties.

On December 31, 2008 commitments are recorded as Loans and Financing in current and noncurrent liability according to CVM Resolution 554/08 and are presented as follows:

	Company and Consolidated	
	2008	2007
Year		
2008	-	2,833
2009	4,496	1,076
2010	4,584	917
2011	3,336	64
2012	3,083	-
2013	3,239	-
	18,738	4,890

Property, plant and equipment from third parties refer to the civil reform of Packaging Unit in Indaiatuba – SP, which is being depreciated under straight method at a 4% rate (four per cent) a year. The property is owned by Companhia Comercial de Imóveis and the burden was entirely absorbed by Celulose Irani S.A.

In 1994, the Company revalued the property, plant and equipment and the remaining balance is R$ 18,215 (R$ 18,947 in 2007).

On net book value, except lands, income and social contribution taxes are accrued in the amount of R$ 2,223 (R$ 2,472 as of December 31, 2007).

According to Law n° 11.638/07, the Company decided to keep the balances for revaluation which will be write-offs when realized.

13. INTANGIBLE

	Company and Consolidated	
	2008	2007
Goodwill on subsidiries	41,482	41,482
Accumulated amortization	(7,939)	(3,746)
End balance	33,543	37,736

Intangible balance:

Controladora e consolidado	2007	Amortization	2008
Goodwill on subsdiaries	37,736	(4,193)	33,543
	37,736	(4,193)	33,543

The goodwill determined in the acquisition of Habitasul Florestal S.A. is grounded upon the expectation of future profits and during the year of 2008 is being amortized linearly within a term of 10 years.

The balance was assessing for impairment and the Management considered the constitution of reserve for loss not necessary.

14. DEFERRED CHARGES

	Company and Consolidated 2008	Company and Consolidated 2007
Furniture Unit	2,981	2,981
Indaiatuba - SP Packaging Unit	1,121	1,121
Write-offs	(1,731)	-
Accumulated amortization	(819)	-
	1,552	4,102

Changes in deferred charges were as follows:

Company and consolidated	2007	Write-offs	Amortization	2008
Furniture Unit	2,981	(1,731)	(595)	655
Indaiatuba - SP Packaging Unit	1,121	-	(224)	897
	4,102	(1,731)	(819)	1,552

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

Management performed the write-offs R$ 1,731 over residual value of preoperating expenses from “United States Furniture” (BRASTILO) project, because it understands that the investment did not presented the expect return.

15. LOANS AND FINANCING

	Company		Consolidated		
	2008	2007	2008	2007	
Current					
Local currency					
FINAME (equipmet financing)	16,623	12,148	16,623	12,148	a)
Working capital loan	34,844	16,897	35,144	16,897	b)
Financial Leasing	1,412	-	1,412	-	c)
Total local currency	52,879	29,045	53,179	29,045	
Foreign currency					
Financial Leasing	3,084	-	3,084	-	d)
Advance on exchange contract	23,311	9,974	23,311	9,974	e)
Banco Votorantim	4,239	2,500	4,239	2,500	f)
Banco Itaú BBA	17,543	4,106	17,543	4,106	g)
DF Deutsche Forfait s.r.o.	928	359	928	359	h)
Toronto Dominion Bank	434	328	434	328	i)
Banco Credit Suisse	4,133	13,144	4,133	13,144	j)
Banco C.I.T.	1,257	756	1,257	756	k)
Banco Real	2,180	-	2,180	-	l)
Banco Santander	2,702	4,646	2,702	4,646	m)
Total foreign currency	59,811	35,813	59,811	35,813	
Total current	112,690	64,858	112,990	64,858	
Noncurrent					
Local currency					
FINAME	31,656	32,329	31,656	32,329	a)
Working capital loan	32,832	6,922	32,832	6,922	b)
Financial Leasing	1,752	-	1,752	-	c)
Total local currency	66,240	39,251	66,240	39,251	
Foreign currency					
Financial Leasing	12,490	-	12,490	-	d)
Banco Votorantim	5,946	1,250	5,946	1,250	f)
DF Deutsche Forfait s.r.o.	464	1,076	464	1,076	h)
Toronto Dominion Bank	1,086	1,148	1,086	1,148	i)
Banco Credit Suisse	148,240	111,721	148,240	111,721	j)
Banco C.I.T.	3,771	3,025	3,771	3,025	k)
Banco Real	8,720	8,143	8,720	8,143	l)
Banco Santander	8,106	8,689	8,106	8,689	m)
Total foreign currency	188,823	135,052	188,823	135,052	
Total noncurrent	255,063	174,303	255,063	174,303	
Total	367,753	239,161	368,053	239,161	

Long-term maturities	2008	2007	2008	2007
2009	-	48,157	-	48,157
2010	97,082	39,557	97,082	39,557
2011	74,878	35,915	74,878	35,915
2012	66,005	31,404	66,005	31,404
2013	17,098	19,270	17,098	19,270
	255,063	174,303	255,063	174,303

Loans and financing in local currency:

a) Finame (equipment financing) is subject to interest rates from 2.0% to 8.5% per year, plus TJLP (long-term interest rate) with final maturity in 2013.

b) Working capital loans are subject to interest rates from 100.0% to 222.72% of the CDI (interbank deposit rate) with final maturity in the second half of 2013.

c) Financial leasing are subjected to interest rates from 1.12% and 1.86% per month com final maturity in 2011

Loans and financing in foreign currency:

As of December 31, 2008 foreign currency-denominated loans are adjusted based on exchange variation of Euro or US dollar and bear interest ranging from 6.00% p.a. to 15.12% p.a.

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 September, 2009.

f) Bank Votorantim S.A. – adjusted for dollar rate fluctuation and payable in semiannual installments until 2011.

g) Banco Itaú BBA, adjusted based on US dollar exchange variation and repayable in monthly installments, starting on March 2009 and with final maturity in October, 2009.

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) Banco 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 2007/2009 investment plan.

On February 20, 2009 the Company renegotiated the extension of Bank Credit Suisse debt, already shown in the Financial Statements, according to explanatory note n°. 27 – Subsequent events.

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

l) Banco Real, adjusted based on euro exchange variation and repayable in annual installments until 2013.

m) Banco Santander, adjusted based on euro exchange variation repayable in semiannual installments until 2012

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. and the shares held by Irani Participações S.A. of Celulose Irani S.A.

The loan from Bank ABN Amro Real is collateralized by receivables from the sale of Kyoto Protocol carbon credits generated from the Electricity Co-Generation project. The carbon credit sale contracts are valid until 2013.

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

Bank Real

a) An EBITDA margin equal to or higher than 11% in 2007 and 17% from 2008 to 2013;
b) A total 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.

As of December 31, 2008, some of these financial ratios were not met and, on March 20, 2009, the Company obtained from the lender a temporary waiver for these defaults.

Bank Credit Suisse

The Company entered into an Amendment on February 20, 2009 revising some indicators according to explanatory note n° 27 of subsequent events, this amendment has a retroactive validity as of December, 2008.

Bank Votorantin (indexes valid starting on December 31, 2009).

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 4 times at the end of fiscal period of 2009, 3.5 times at the end of fiscal period of 2010 and 2.5 times at the end of fiscal period of 2011;
c) EBITDA Margin (EBITDA/ROL) for fiscal periods of 2009 to 2013 should be at least 16.50%;

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

16. SUPPLIERS

Payables to suppliers are as follows:

	Company		Consolidated	
CURRENT	2008	2007	2008	2007
Domestic				
Materials	25,858	23,965	25,909	23,971
Property, plant and equipment	1,956	2,899	1,956	2,899
Service provider	4,841	2,927	5,089	2,941
Carriers	5,104	2,742	5,122	2,742
Related parties	263	116	-	-
Foreign				
Materials	3,405	1,671	3,406	1,671
	41,427	34,320	41,482	34,224

17. TAXES IN INSTALLMENTS

Refer mainly to taxes payable in installments, in accordance with Law No. 10.684/2003, which are monetarily adjusted based on the variation of the TJLP (long-term interest rate). The installments are monthly amortized.

The Company entered a warrant security on February 29, 2005, aiming at declaring unconstitutionality of Law 9.718/98 (broadening of calculation basis) and to ensure the right to continue collecting PIS and COFINS taxes based on Complementary Laws 07/70 and 70/91. This lawsuit was judged in favor of the Company by the 4th Region of Local Federal Court (TRF 4R) and the decision became final on February 07, 2007.

In face of this the Company raised and constituted a reserve for contingencies for the figures incorrectly paid in the amount of R$ 478 thousand and registered on June 30, 2008 in the Federal Revenue Service at Porto Alegre/RS, a request for debts installments (PAES) review in order to recover these values.

CURRENT

	Company		Consolidated	
	2008	2007	2008	2007
Special installment plan- INSS (social security contribution)	1,269	1,214	1,354	1,295
Special installment plan - Federal Revenue Service	2,058	1,964	2,058	1,964
Installment IRPJ	-	-	-	4
Installment ICMS -RS	914	90	931	188
Installment CSLL	-	-	15	
(-) Provision reduction PAES RFB	(478)	-	(478)	-
	3,763	3,268	3,880	3,451

NON CURRENT

	Company		Consolidated		Maturity
	2008	2007	2008	2007	
Special installment plan- INSS (social security contribution)	4,439	5,463	5,158	5,463	June 2013
Special installment plan - Federal Revenue Service	7,224	8,859	7,225	8,859	July 2013
Installment INSS	-	-	-	768	May 2018
Installment ICMS - RS	-	-	-	15	December 2008
Installment CSLL	-	-	14	-	November 2010
	11,663	14,322	12,397	15,105	

Long-term maturities:

2010	3,080	3,215
2011	3,079	3,159
2012	3,077	3,157
2013	2,427	1,850
Thereafter	-	1,016
	11,663	12,397

18. RELATED-PARTY TRANSACTIONS

Refer to debts with subsidiaries and other related parties as shown below:

Company	Accounts receivable		Accounts payable		Active Intercompany Loans		Intercompany loans		Revenue	Expense
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2008
Irani Trading S.A.	357	207	99	50	-	-	1,952	1,788	-	867
Habitasul Florestal S.A.	2,184	1,566	126	66	-	-	11,600	7,633	-	837
Brastilo Inc.	-	384	-	-	-	-	-	-	56	-
Meu Móvel de Madeira	473	-	187	-	3,676	-	-	-	5,274	-
Irani Participações	-	-	38	-	-	-	-	-	-	480
Companhia Com.de Imóveis	-	-	133	-	-	-	-	-	-	1,593
Management compensation	-	-	1,856	1,635	-	-	-	-	-	2,683
Habitasul Desen. Imob.	-	-	-	-	-	-	8,129	20,261	777	1,570
Total	3,014	2,157	2,439	1,751	3,676	-	21,681	29,682	6,107	8,030
Current	(3,014)	(2,157)	(2,439)	(1,751)	-	-	(6,968)	(5,638)		
Noncurrent	-	-	-	-	3,676	-	14,713	24,044		

Consolidated	Accounts payable		Intercompany loans		Revenue	Expenses
	2008	2007	2008	2007	2008	2008
Irani Participações	38	-	-	-	-	480
Companhia Com.de Imóveis	133	-	-	-	-	1,593
Management compensation	2,166	1,635	-		-	3,417
Habitasul Desen. Imob.	-	-	8,129	20,261	-	-
Total	2,337	1,635	8,129	20,261	-	5,490
Current	(2,337)	(1,635)	(6,968)	(5,638)		
Noncurrent	-	-	1,161	14,623		

Debts with Irani Trading S.A., in the amount of R$ 357 (R$ 207 in 2007), and Habitasul Florestal S.A., in the amount of R$ 2.184 (R$ 1.566 in 2007), are related to dividends receivables.

Payables and receivables to/from subsidiaries Irani Trading S.A., Habitasul Florestal S.A., Brastilo Inc. and Meu Móvel de Madeira Ltda. relate to commercial operations among the parties which are conducted free of charges and without established final maturity.
Payables to Irani Participações are related to intercompany services taken by the Company.

Payables to Companhia Comercial de Imóveis come from the rent contract of Packaging Unit in Indaiatuba – SP, settled on December 26, 2006 and its vintage is 20 years extended, the monthly amount contracted was R$ 125 thousand annually adjusted according to IGPM – General Index of Prices Market variation, 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.

Debts to Habitasul Desenvolvimento Imobiliários S.A. will be paid in 50 monthly consecutive installments with final maturity in February 2010 monetarily adjusted based on TJLP (long-term interest rate) plus interest of 6% per year, according to the terms set forth in the agreement for purchase of Habitasul Florestal S.A. shares, signed in December 2006.

No monetary adjustment was made from April 2007 to February 2008 due to the early payment of 11 installments in March 2007, when interest and a discount on such payment were recognized. As of March and April of 2008, the Company paid 12 installments under the agreement and obtained a discount of R$ 777.

19. RESERVE FOR CONTINGENCIES

The Company and its subsidiaries are parties to tax, civil and labor lawsuits and in administrative tax proceedings. Management, based on the opinion of its attorneys and legal counsel, believes that the reserve for contingencies is sufficient to cover probable losses in connection with such contingencies.

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

	Company		Consolidated	
	2008	2007	2008	2007
Civil	7,610	7,154	7,610	7,154
Labor	6,090	2,662	6,345	2,662
Tax	50,419	43,164	50,419	43,164
(-) Escrow deposits	(7,210)	(6,580)	(7,210)	(6,580)
	56,909	46,400	57,164	46,400
Current	4,777	-	4,777	-
Noncurrent	52,132	46,400	52,387	46,400

Changes in reserve for contingencies are as follows:

Company	2007	Deposits	Reserve	Write-offs	2008
Civil	7,154	-	456	-	7,610
Labor	2,662	-	3,428	-	6,090
Tax	43,164	-	7,280	(25)	50,419
(-) Escrow deposits	(6,580)	(630)	-	-	(7,210)
	46,400	(630)	11,164	(25)	56,909

Consolidated	2007	Deposits	Reserve	Write-offs	2008
Civil	7,154	-	456	-	7,610
Labor	2,662	-	3,888	(205)	6,345
Tax	43,164	-	7,280	(25)	50,419
(-) Escrow deposits	(6,580)	(630)	-	-	(7,210)
	46,400	(630)	11,624	(230)	57,164

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 December 31, 2008, a reserve of R$ 7,610 is recorded to cover potential losses arising from these contingencies. Escrow deposits made for the aforementioned lawsuits amount to R$ 6,870.

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$ 6,090 (R$ 6,345 consolidated) as of December 31, 2008, 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; ii) a tax collection action filed by the National Institute of Social Security (INSS) for the collection of tax credits under Debt Assessment Notice (NFLD) No. 32.511.108-1 related to social security contributions allegedly due by service firms providing outsourced labor, for which the Company is considered jointly liable. As of December 31, 2008, the amount of R$ 5,576 was accrued to cover potential losses arising from these two lawsuits; iii) the Company's Management offset federal taxes related to IPI credits on the acquisition of trimmings and other inputs in the amount of R$ 26,687 from 2001 to December 31, 2008. In November 2006, the Federal Revenue Service Office issued tax delinquency notices disallowing part of the offsets performed. The Company has been challenging such tax delinquency notices at the administrative level. As of December 31, 2008, the adjusted balance totals R$ 44,843 (R$ 37,691 in 2007).

Possible Contingencies

No reserves were recorded for contingencies whose likelihood of loss has been assessed by the legal counsel as possible. As of December 31, 2008, the amounts involved in labor, civil, environmental and tax lawsuits are as follows:

	Company and Consolidated	
	2008	2007
Labor	5,493	2,705
Civil	5,019	2,841
Environmental	876	926
Tax	14,238	11,088
	25,626	17,560

Labor claims:

The labor claims assessed by the legal counsel as possible losses total R$ 5,493 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$ 5,019 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$ 14,238 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 December 31, 2008 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 December 31, 2008 involves the amount of R$ 3,978. Said proceeding is under stay of execution awaiting decision on the motions filed by the Company.

- Administrative Proceeding n°11080.013972/2007-12 and n°11080.013973/2007-67 related to a tax delinquency notice for alleged irregularity in offsetting credits of PIS and COFINS, which as of December 31, 2008 involves the amount of R$ 3,161. The Company contests these proceedings administratively and considers good changes of success.

20. SHAREHOLDERS' EQUITY

a) Capital

The Company's capital as of September 30, 2008 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.

On March 21, 2007, the Board of Directors authorized the Company to acquire 22,500 common shares of its stock in the amount of R$ 321. These shares were issued at the time of the capital increase on February 8, 2007, and were acquired at the subscription price determined at the Board's Meeting that approved the capital increase. The shares will be held in treasury for use in the Stock Option Plan approved by the Shareholders' Meeting held on September 14, 2007.

In the first quarter of 2008, the Company's directors exercised the right to purchase shares that were held in treasury.

On November 11, 2008, the Paper and Packaging Director was dismissed and due to the Stock Option, 3.081 (three thousand and eighty-one) ordinary shares that he had are now held by Company, kept in treasury in the amount of R$ 44.

b) Prior year adjustments

On January 1st, 2008, Company recorded prior year adjustments in Shareholders' Equity in the amount of R$ 2,766 according to CVM Resolution 554/08 – Operations of commercial leasing – (financial leasing) as follows:

	Company and Consolidated
Increase in property, plant and equipment	7,893
Increase in current liabilities	2,620
Increase in long-term liabilities	2,507
Increase in shareholders' equity	2,766

c) Net loss of period

The Company recorded loss in fiscal period of 2008 that were compensated with profit reserves.

21. MANAGEMENT COMPENSATION

Management compensation expenses, without payroll charges, totaled R$ 2,683 until December, 2008 (R$ 3,105 in the same period of prior year). The Annual Shareholders' Meeting held on April 30, 2008 approved for this year a maximum overall management compensation of R$ 4,500.

The Company implemented a Directors Complementary Remuneration Program - Project Overrun, approved by Board of Directors Meeting held on August 24th, 2007 and by the Shareholders Extra Ordinary General Meeting held on September 14th, 2007. It is a part of this program, besides the Plan of Granting the Option of Share acquisition which each Directors exerted its right of acquisition in the first quarter of 2008, the Growth Participation Plan of 2007/2009 – called UPSIDE. This last one is based on the growth project 2007/2009 of Celulose Irani S/A, according to which it is expect a significant growth in cash flow generation (EBITDA), and the increase in market value of the Company. Each director will have the possibility to earn, in a financial bonus format, the equivalent percentage to the increase in market value, as long as the goal is achieved, calculated basis on a 10 management compensation equivalent vintage on December 2006. The regulation is filed in the Company's headquarter. The Company accrued in 2007 the amount of R$ 1,635 in Management Compensation according to article 24 of the By-Laws and in conformity to the Growth Participation Plan.

22. OTHER OPERATING INCOME AND EXPENSES

Income

	Company		Consolidated	
	2008	2007	2008	2007
Carbon credits sales - a)	6,652	1,851	6,652	1,851
Income of goods sold and affected	1,527	1,081	1,527	1,081
Share grouping - b)	1,317	-	1,317	-
PIS and COFINS extemporâneos	1,145	-	1,145	-
Settlement term Brasil Telecom S.A. - c)	1,044	-	1,044	-
Other operating income	1,014	876	1,071	894
Provision reduction PAES RFB - see note 16	478	-	478	-
	13,177	3,808	13,234	3,826

a) The Company traded carbon credits derived from the greenhouse effect gas emissions reductions, like carbon dioxide and methane, allowed by the installation of the Co-generation Unit and Effluent Treatment Station at Paper Plant in Vargem Bonita (SC).

b) In the Extra Ordinary General Meeting held on March 29, 2005 was approved a proposal for Grouping of Shares presented by the Board of Directors. This proposal forecasted an auction for the remaining and old carrier shares already extinguish from Celulose Irani S.A. and Irani Agro-Florestal S.A., this last one incorporated by the first one more than 10 years ago.

It was determined a period of 3 (three) years for the owners of the shares to claim its auction values. After that time, these values would be reverted in favor of the Company.

The non-complained value of R$ 1,317 was reverted in favor of the Company on June 30, 2008 in the account “Other Operating Income”, according to Extra Ordinary General Meeting approval.

c) On August 2008 the Company made a Settlement Term with Brasil Telecom S.A. for values differences in invoices payments issued under contracts SCC/2004/025, with a payment higher in 12 (twelve) months and SCC/2006/083 with a payment higher in 24 (twenty-four) months in the amount of R$ 1,044, which will be replaced in credits for already issued invoices, due until August 2008, and in invoices that will be issued until December 31, 2008. Both parties agree that the difference between the replaced total value and the credit value in invoices will be deposit in current account, with interest of CDI + 10% p.y (ten per cent per year) until January 31, 2009.

Expenses

	Company		Consolidated	
	2008	2007	2008	2007
Amortization of Habitasul Florestal goodwill	(4,192)	(3,746)	(4,192)	(3,746)
Labor indemity -a)	(3,955)	-	(3,955)	-
Deferred write-offs	(1,731)	-	(1,731)	-
Intermediation carbon credits sales	(1,529)	(579)	(1,529)	(579)
Other operating expenses	(1,271)	(1,093)	(1,273)	(1,397)
Amortization of deferred charges	(827)	-	(827)	-
Cost of goods sold and affected	(501)	(728)	(501)	(728)
Reserve for loss on subsidiary	(187)	-	-	-
Reserve for contingencies	-	(398)	(460)	(398)
Reseve for deferred taxes	-	-	(560)	-
	(14,193)	(6,544)	(15,028)	(6,848)

a) On August 2008, the Company performed a judicial agreement in the amount of R$ 6,255 in Labor Action n° 274/1989 proceeding in the Labor Department of Joaçaba – SC, which presented as main author the Employee Union of Paper, Corrugated Paper Industries. In this Labor Action some employees and former employees, represented by the Union, were claiming for additional hazard and unsanitary compensations and after years of negotiation reached an agreement. The Company constituted as a reserve for contingencies the amount of R$ 2,300 to cover possible losses in this process.

23. INCOME AND SOCIAL CONTRIBUTION TAXES

Reconciliation of the effective taxes:

	Company		Consolidated	
	2008	2007	2008	2007
Net income (tax) before taxes	(82,015)	21,777	(81,538)	22,066
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	27,885	(7,404)	27,723	(7,502)
Tax effect of permanent (additions) deductions:				
Equity in subsidiaries	468	598	-	-
Realization of revaluation reserve	-	(275)	-	(275)
Interest on capital	-	1,445	-	1,445
Other permanent differences	(440)	212	(111)	687
	27,913	(5,424)	27,612	(5,645)
Current income and social contribution	-	(9,366)	(301)	(9,587)
Deferred income and social contribution	27,913	3,942	27,913	3,942

24. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	2008	2007	2008	2007
Financial income				
Financial yield	1,262	6,018	1,268	6,018
Interest	140	667	175	693
Discounts obtained	384	753	395	758
Early loan payment	777	-	777	-
	2,563	7,438	2,615	7,469
Exchange variation				
Exchange gain	34,131	37,340	34,131	37,382
Exchange loss	(95,972)	(13,712)	(95,972)	(13,754)
Exchange variation, net	(61,841)	23,628	(61,841)	23,628
Financial expenses				
Interest	(30,402)	(24,925)	(30,530)	(25,001)
Discounts granted	(192)	(188)	(193)	(202)
Discounts/bank expenses	(616)	(773)	(630)	(776)
CPMF (tax on banking transactions)	-	(2,484)	-	(2,533)
Other	(610)	(702)	(610)	(702)
	(31,820)	(29,072)	(31,963)	(29,214)
Financial income (expenses)	(91,098)	1,994	(91,189)	1,883

25. 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. As of December 31, 2008, the coverage is as follows:

Company and consolidated data:

Coverage	Effective Period	Insured amount
Corporate insurance, offices group and hotel, fire, lightning, explosion, recovery of documentation, vehicle impact, aircraft crash, electrical damages, windstorm.	09/27/08 to 09/27/09	R$ 1,022
Industrial insurance, plants group, fire (including as a result of riots), lightning and explosion on any kind, electrical damages, windstorm/smoke (except aircraft crash).	09/27/08 to 09/27/09	R$ 203,300
Industrial insurance, paper and packaging plants groups, civil liability and pain and suffering.	09/27/08 to 09/27/09	R$ 1,200
Group life insurance – employees - 24 or 48 times the nominal salary, if due to natural or accidental death, respectively.	12/02/08 to 12/01/09	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.	08/14/08 to 08/14/09	R$ 330 per vehicle

26. FINANCIAL INSTRUMENTS

Pursuant to CVM Instruction No. 566/08, the financial instruments (assets and liabilities) listed below are recorded at amounts that approximate fair values, based on amounts applicable to similar transactions at corresponding dates. The main financial instruments at the balance sheet date were:

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

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

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

d) Foreign exchange: The Company has foreign market operations which are exposed to market risks deriving from variations in foreign currency exchange rates. On December 31, 2008, these operations (basically represented by pre-payment export contracts registered in loans, net accounts receivables from exports and sales of carbon credits) presented net passive exposure according to the chart bellow:

Foreign Exchange risk:

The net foreign exchange exposure is equivalent to 28 months of exports, considering the yearly average. As most of the loans and financing is repayable in 60 months, the Company will generate cash flow to pay its long-term liability.

	Company		Consolidated	
	2008	2007	2008	2007
Accounts receivable	7,569	6,985	7,664	7,080
Receivable carbon credits	5,010	-	5,010	-
Banks linked account	3,340	141	3,340	141
Investment Brastilo Inc.	397	252	397	-
Advances from customers	(1,142)	(44)	(1,142)	(44)
Trade accounts payable	(3,405)	(1,671)	(3,406)	(1,671)
Loans and financing	(248,634)	(170,865)	(248,634)	(170,865)
Net amount	(236,865)	(165,202)	(236,771)	(165,359)

According to CVM Resolution 550, we present the operations bellow, considering that the Company does not conduct derivative transactions for speculative purposes:

Operation in thousand

	Company and consolidated		
	Active part in US$	Passive part in US$	Net fair value R$
Export pre-paymet operation			
Swap of change rate	65,200	65,200	
Interest rate	8% a.a.	Libor + spread fixed	178

Operation of Export pre-payment contracted with Credit Suisse (explanation note n° 15 j) with Swap of rate change, where the company in the active tip receives fixed interest in every quarterly installment maturing, paying on the passive tip Libor plus a fixed spread. The fair amount of this contract if it was ended on December 31st, 2008 would be a net loss in the amount of R$ 178.

This operation was ended on February 20, 2009, according to explanatory note 27 – Subsequent Events, and has no charges for the Company due to a contractual instrument.

All of these operations exposed to exchange variation are suitable to the Company's exports volumes and the payments in foreign currency (dollar or euro) during time are equivalent to trade accounts receivables.

The Company does not conduct with Lock Exchange, NDF – Non Delivery Forward, Target Forward, or other operations subjected to intermediate checks.

27. SUBSEQUENT EVENTS

On February 11, 2009 the Third Amendment to credit Agreement and Export Prepayment Agreement was approved by the Board of Directors, which refers to the financing made by the Company with Bank Credit Suisse Brazil (Bahamas) Limited in the original amount of US$ 70 million (seventy million US dollars), balance as of December 31, 2008 is US$ 64,750 (sixty four million, seven hundred and fifty thousand US dollars).

The amendment was signed on February 20, 2009 and consists of the following:

1. Refinancing of 90% of main part of the loan maturing in 2009, which will be amortized together with installments maturing during the period 2010 to 2013.

2. Change the rate of the contract from LIBOR + SPREAD to fix rate.

3. The termination of the Contract to perform Swap Note of Negotiation Operations CSBRA20090200216 entered between Credit Suisse Próprio Fundo de Investimentos Multimercados and Celulose Irani S/A on February 28, 2007 and November 30, 2007.

4. Amendment of financial covenants bound to the contract and which is now:

a) Net Debt to EBITDA Ratio of 6.50 times for December 2008; 6.50 times for the first quarter of 2009; 5.00 times for the second quarter of 2009; 4.00 times for the third quarter of 2009; 3.50 times for the fourth quarter of 2009; 3.00 times for the first quarter of 2010; 2.75 times for the second quarter of 2010 and for each fiscal quarter thereafter, 2.5 times, until 2013;

b) EBITDA to Net Interest Expense Ratio at least 0.75 times for December 2008 and for the first and second quarter of 2009; 1.0 time for the third quarter of 2009; 1.5 times for the fourth quarter of 2009; 2.0 times for the first quarter of 2010; 2.5 times for the second quarter of 2010 and 3 times for each fiscal quarter thereafter 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 then 2.5 times.

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.

5) Offered as guarantee to the financing of export pre-payment is the BHS rewinder machine of Indaiatuba – SP Packing Unit.

Some of these changes have effects in the position of Loans on December 31, 2008 as well as in the financial indicators conditions required in the contracts and which were duly recognized in the statements presented. The effect on Loans and Financing recognized in the statements was the transfer from short to long term in the amount of R$ 31,719.