

IRANI's consolidated net operating revenue increased 18.7% in 2010 as compared to 2009

IRANI present its financial statements according to IFRS – International Financial Reporting Standards

IRANI's consolidated financial statements are being presented according to international accounting rules starting from the fiscal year ended on December 31, 2010, as determined by instructions CVM 457/07 and CVM 485/10. Data from previous periods were adjusted for the correct comparison. The main impacts refer to biological assets, deemed cost of assets and its life cycle. The adoption of these criteria increased the Company's asset amount up to R\$ 577,265 thousand in the opening balance as of January 01, 2009. As a result, the shareholder equity of the company increased from R\$ 89,620 thousand to R\$ 467,116 thousand as of December 31, 2010.

Reconciliation of net income

R\$ thousand	4Q10	3Q10	4Q09	2010	2009
Net income before IFRS adjustments	2,062	7,919	5,395	3,798	43,590
(1) Change in fair value of biological assets	(2,106)	23,842	1,346	50,738	3,696
(2) Depletion of biological assets at fair value	(3,987)	(3,404)	(3,098)	(13,453)	(12,120)
(2) Revaluation of machines and equipments life cycle	840	928	-	4,107	-
Other operating income (expenses)	(190)	97	97	101	(21,685)
(3) Income tax and social contribution deferred effect	4,446	(4,235)	(3)	(7,535)	8,470
Destination of management participation	(3,396)	-	-	(3,396)	-
Net income after IFRS adjustments	(2,331)	25,147	3,737	34,360	21,951

Notes: (1) Recognized as revenue;

(2) Recognized in COGS;

(3) Recognized in income and social contribution taxes expenses

Reconciliation of shareholders' equity

R\$ thousand	2010	2009
Shareholders' equity before IFRS adjustments	89,620	89,625
Fair value of forests	113,748	120,983
Deemed cost	414,033	415,220
Deferred income tax on fair value and deemed cost	(178,350)	(180,529)
Reserve realization	6,243	20,074
Effect on net income of the period	30,562	(22,660)
Dividends on IFRS result	(8,740)	-
Shareholders' equity after IFRS adjustments	467,116	442,713

Highlights of 2010

The year of 2010 was marked by the recovery of financial and economic crisis that lasted through 2008 and 2009. The Brazilian gross domestic product increased 7.5% in 2010 as compared to 2009 generating a strong demand for cardboard packaging, segment that accounts for 60% of net income of the Company. According to ABPO – Brazilian Association of Cardboard Packaging, the expedition in 2010 was 13% higher than 2009 in square meters, and IRANI present an increase in expedition of 24.5% in the same period, therefore higher than market performance, allowing the Company to increase its market share to 5.5%. This result was possible due to investments performed during 2007/2008 at Project Superação, which allowed company to be more competitive and increased the capacity of production of its cardboard factories located at Vargem Bonita – SC and Indaiatuba – SP.

IRANI's consolidated net operating revenue increased 18.7% in 2010 as compared to 2009. This good performance was possible due to investments performed during 2007/2008 at Project Superação, which allowed company to be more competitive and increased the capacity of production of paper and packaging. There were also price increases during 2010 that off-set cost increase in this period.

Dollar remains virtually stable in 2010 as compared to 2009, which helped to maintain the stability in reais of dollar-denominated debt. Due to Company's policy to keep levels of payment in strong currency equivalent to receivables, there is a cash flow protection, and it does not generate significant or not expected cash losses because of these sudden changes.

Net Result of 2010 was R\$ 34,360 thousand. Adjusted EBITDA remain stable at R\$ 92,216 thousand in 2010 as compared to R\$ 92,340 thousand in 2009. It is important to point out that EBITDA in 2010 was not influenced by off events, such as adhesion to 'Refis' and extra sale of wood that happened in 2009, helping EBITDA result from that period. With that, EBITDA margin was 20.6% in 2010 against 24.5% in 2009. Net Debt over EBITDA ration decreased from 3.13 times in 2009 to 3.04 times in 2010.

Took place also, in 2010, the changes in accounting rules, bringing a great impact over Financial Statements of the Company, leaving them more precise and accurate towards its real financial and patrimonial situation. The impacts generated by the adhesion of these new rules are contained in Explanatory Notes to Financial Statements.

Closure of Furniture Unit

The Board of Directors, at a meeting held on September 21, 2010, decided for the closure of furniture manufacturing operations at its own Unit located in Rio Negrinho/SC. The operations were effectively closed in October 2010, however the Company shall maintain its strategy of selling furniture on the domestic market through its subsidiary Meu Móvel de Madeira Comércio e Decorações Ltda. The core business of the furniture operations is now the marketing of products throughout the entire country, run from its website (www.meumoveldemadeira.com.br). Aiming at meeting these sales, suppliers were developed at Rio Negrinho (SC) area.

Debentures

On April 12, 2010, the Company had subscribed and integralized the first issue of simple debentures, not convertible into shares with restricted efforts placement, according to CVM Instruction 476/09, in the amount of R\$ 100 million. The period of operation is 5 years with an 18 months grace period. The funds were used for the elongation of short-term debt and were applied in ordinary activities of the company.

Real Estate Credit Note – aka CCI

On August 03, 2010 the subsidiary Irani Trading S.A., issued a Real Estate Credit Note Private Document (also know 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. This amount was used by Irani Trading S.A. to buy the debentures of private issued from Celulose Irani S.A. The issue totaled 40 simple debentures, nominative, not convertible into shares and of subordinate kind in the amount of R\$ 40 million and was approved by the Board of Directors in a meeting held on July 12, 2010. The funds were used to refinance short term debt and its operating activities. As of December 2010, the balance of this operation was R\$ 35,355 thousand.

MAIN FINANCIAL INDICATORS

(including discontinued operation)

R\$ thousand	4Q10	3Q10	4Q09	2010	2009
Net Operating Revenue	115,836	124,851	96,451	447,472	376,879
Domestic Market	107,862	112,282	86,389	397,902	301,132
Foreign Market	7,974	12,569	10,062	49,570	75,747
Gross Profit	27,204	60,089	23,027	170,615	87,582
Gross Margin	23.5%	48.1%	23.9%	38.1%	23.2%
Operating Profit before taxes and Participations	(3,938)	31,714	9,520	39,765	40,116
Operating Margin	-3.4%	25.4%	9.9%	8.9%	10.6%
Net Result	(2,331)	25,147	3,737	34,360	21,951
Net Margin	-2.0%	20.1%	3.9%	7.7%	5.8%

EBITDA - EARNING BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (*)

R\$ thousand	4Q10	3Q10	4Q09	2010	2009
Result before Taxes	(3,938)	31,714	9,520	39,765	40,116
Change in fair value - biological assets	2,106	(23,842)	(1,346)	(50,738)	(3,696)
Depletion	4,729	4,109	3,733	16,212	25,001
Depreciation and Amortization	9,129	8,641	9,338	34,801	37,281
Financial Result	6,807	5,271	6,485	42,744	(12,588)
EBITDA	18,833	25,893	27,730	82,784	86,114
Reserves	2,408	2,663	1,683	9,432	4,581
Non recurring events*	-	-	-	-	1,645
Adjusted EBITDA	21,241	28,556	29,413	92,216	92,340
EBITDA Margin	18.3%	22.9%	30.5%	20.6%	24.5%

*Non recurring events:

Asset sale - farm	-	-	-	-	1,645
Windstorm	-	-	-	-	188
					1,457

Net Operating Income

Net Operating Income in 4Q10 was 7.2% smaller than 3Q10, however 20.1% higher than registered in 4Q09. In 2010, it amounted R\$ 447,472 thousand increasing 18.7% as compared to the previous year.

Gross Profit

Gross Profit in 4Q10 was R\$ 27,204 thousand, 54.7% smaller than 3Q10 and 18.1% higher than 4Q09. In 2010, totaled R\$ 170,615 thousand, against R\$ 87,582 thousand in 2009, a significant growth of 94.8%. Gross Margin in 2010 was 38.1%, 17.9 percentage points higher than 2009.

Operating result before taxes and participations

Operating result before taxes and participations in 4Q10 was R\$ 3,938 thousand negative against R\$ 31,714 thousand in 3Q10 and R\$ 9,520 thousand in 4Q09. In 2010, operating result totaled R\$ 39,765 thousand stable as compared to R\$ 40,116 thousand in 2009.

EBITDA

The absolute amount of consolidated adjusted EBITDA was accounted at R\$ 21,241 thousand in 4Q10, against R\$ 28,556 thousand in 3Q10, presenting a 25.6% reduction. As compared to 4Q09, EBITDA also decreased 27.8%. In 2010, adjusted EBITDA totaled R\$ 92,216 thousand, stable as compared to 2009. EBITDA margin decreased from 24.5% in 2009 to 20.6% in 2010. In 4Q09 and 2009, there were some off events that increased EBITDA, such as the adhesion to 'Refis IV' in November 2009 and an extra wood sale in September of the same year, events that did not happened in 2010.

Financial Result

In 4Q10, financial result was negative R\$ 6,807 thousand. In 2010, financial result was negative R\$ 42,744 thousand, against R\$ 12,588 thousand positive in 2009. From R\$ 42,744 thousand negative, R\$ 360 thousand represent negative net exchange variation, R\$ 5,938 thousand represent financial revenue (income from financial investments, interest received and discounts obtained) and R\$ 48,322 thousand represent financial expenses (interest, bank charges and discounts granted).

The Financial Result is presented in the following way:

R\$ thousand	4Q10	3Q10	4Q09	2010	2009
Financial Revenue	6,733	9,891	5,966	35,409	75,538
Financial Expenses	(13,540)	(15,162)	(12,451)	(78,153)	(62,950)
Financial Result	(6,807)	(5,271)	(6,485)	(42,744)	12,588

There are added to the financial income and financial expenses above the following active and passive exchange variation:

R\$ thousand	4Q10	3Q10	4Q09	2010	2009
Positive exchange variation	5,156	8,543	5,383	30,830	73,589
Negative exchange variation	(2,533)	(1,909)	(1,424)	(31,190)	(14,766)
Net Exchange variation	2,623	6,634	3,959	(360)	58,823

The financial result without exchange variation is as follows:

R\$ thousand	4Q10	3Q10	4Q09	2010	2009
Financial result without exchange variation	(9,430)	(11,905)	(10,444)	(42,384)	(46,235)

All quarters were affected by the exchange variation of dollar and euro that are basis for financing adjustments.

Biological assets (forests) fair value evaluation

The Company started in 2010 to measure the fair value of its biological assets (forests) every quarter, as stated by CPC 29. The change in fair value of its biological assets had significant effect over Company's 2010 result, as shown below:

Effects from changes in biological assets fair value

R\$ thousand	2010	2009
Change in biological assets fair value	50,738	3,696
Depletion in biological assets fair value	(13,453)	(12,120)

The increase in market value of Company's Forest in 2010, was due to the increase in wood prices in domestic market as well as increase in wood volume (inventory forests), according to their growth in the year have exceeded the amount exhausted.

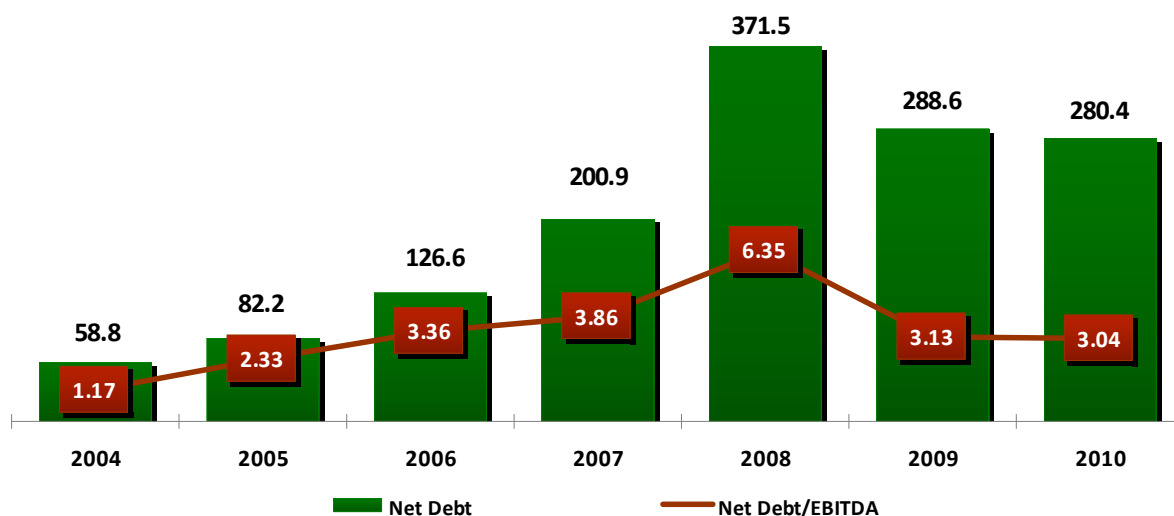
The changes in fair value of biological assets, as well as exhaustion, are being recognized in Cost of Products Sold – COGS. This new accounting rule can assess more accurately the market value of the forests of the Company, giving more accuracy and suitability to their financial statements.

Net Result

In 4Q10, net result of the Company totaled R\$ 2,331 thousand negative, as compared to R\$ 25,147 thousand positive registered in the previous quarter and R\$ 3,737 thousand positive registered in 4Q09.

The Net Result, in 2010, was R\$ 34,360 thousand positive, presenting an increase of 56.5% as compared to 2009.

Net Indebtedness



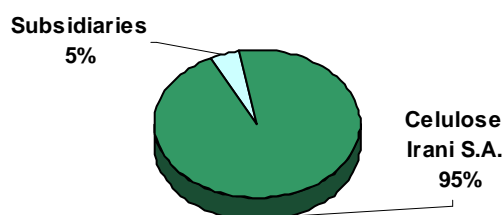
Amount in R\$ million

Evolution of Net Debt/EBITDA ratio has its high level in December 2008 due to the investments carried out during Project 'Superação' (R\$ 160.8 million). Starting on 2009, this indicator captures the benefits of the Project and the settlement of the debt, dropping from 6.35x in 2008 to 3.13x in 2009, and 3.04x in 2010. In 2010, this rate reflected goods results and follows a downward trend.

OPERATING PERFORMANCE

The participation of Consolidated Net Operating Revenue in 2010 was as follows:

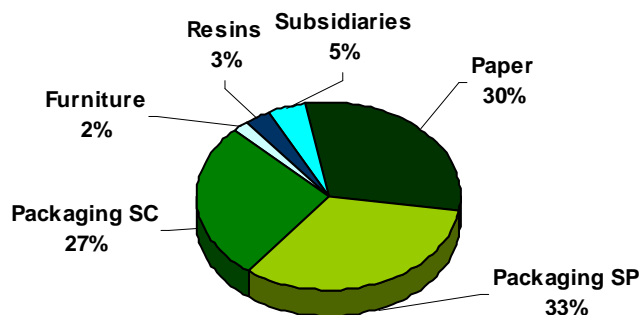
Distribution of Net Operating Revenue per Company



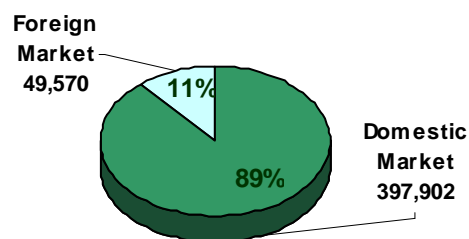
Sales

Sales distribution had the following participation, in 2010:

Participation of sales per business unit



The composition of the Consolidated Net Revenue per market is distributed as follows in 2010:

Share of Domestic and Foreign Sales
(in thousand reais and %)

PERFORMANCE OF BUSINESS

Celulose Irani S.A. is comprised of four Segments. These Segments are organized according to the market segment they work in, are independent in their operations and smoothly incorporated, seeking to optimize the use of pinewood forests planted through multiuse and the vertical integration of its business. Furniture segment, that is now an electronic channel of sales direct to end consumer, is an exception, but it shares the same positioning of market from sustainable products.

Paper Segment, located in Vargem Bonita - SC, aims at the production of Kraft paper of low and high grammages and recycled paper for the domestic and foreign markets, and for the Packaging Segment.

PO Packaging Segment (cardboard) produces boxes and sheets of corrugated cardboard, light and heavy, and counts on two production plants, one in Vargem Bonita - SC and another in Indaiatuba - SP. The plant of Indaiatuba (SP) was inaugurated on June 02nd, 2008 and the resources used were from Project 'Superação'.

Forestry RS and Resins Segment industrializes forest-based products located at Rio Grande do Sul, seeking to optimize the exploitation of pine planted forests. From the natural pine resin, the unit denominated Resins, located at Balneário Pinhal – RS, produces pitch and turpentine, used for making varnishes, paints, soaps, glues, adhesives, among others.

Furniture Segment markets furniture for domestic market by exclusively internet sales, through its subsidiary Meu Móvel de Madeira (www.meumoveldemadeira.com.br). The products profile is made of bedrooms, living rooms and auxiliary furniture.

Subsidiaries

Besides these segments, Celulose Irani S.A. relies on the subsidiaries:

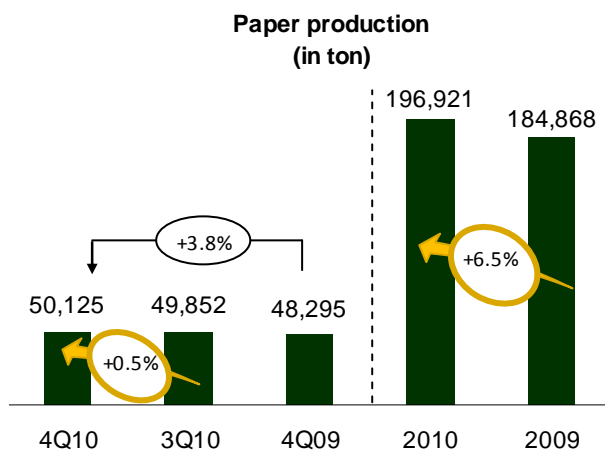
- Irani Trading S.A. that handles all the export operations of the company and act in management and rent of properties;
- Habitasul Florestal S.A., with a forest base of 8.4 thousand hectares of pine forests, provider of resin for the Resins plant of Celulose Irani S.A. and also timber supplier for the clients in the region;
- Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda., which sells directly to end-customer through the website www.meumoveldemadeira.com.br;
- In 2009, a new subsidiary was acquired under the name of HGE – Geração de Energia Sustentável Ltda, which aim at the generation, transmission and distribution of electric energy from wind origin and is in pre-operating stage.

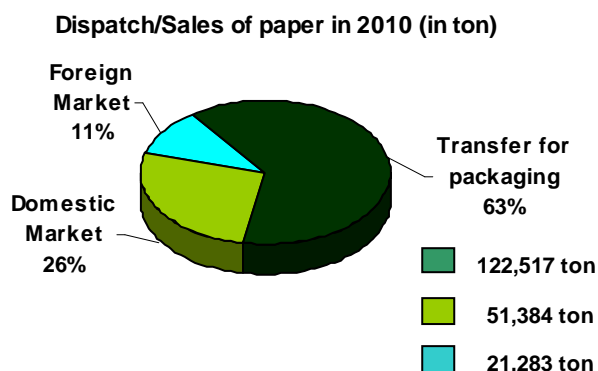
Paper Segment

Celulose Irani S.A. had a share of about 4.6% in the national production of Paper for Packaging in 2010 (including transfers) according to data from Bracelpa - Brazilian Association of Paper and Wood pulp. The Paper Division relies on four machines, whereas one of them uses trimmings as the basis for its production. The other machines use mainly Kraft pulp of its own production.

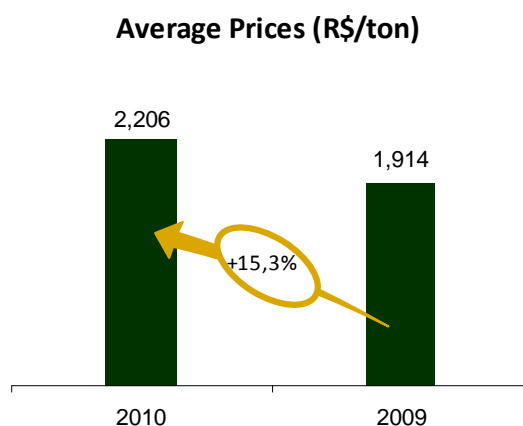
The production of paper in 4Q10 had an increase of 3.8% and 0.5% as compared to 4Q09 and 3Q10, respectively. In 2010, production had an increase of 6.5%, from 184,868 ton in 2009 to 196,921 ton. This year 195,184 ton were dispatched against 186,987 ton in 2009.

The production and distribution of paper produced at its own plants had the following composition in 2010:





In 2010, paper prices had an increase of 15.3% as compared to 2009, according to the graphic below:



In the forested area, reforestation investments continued to ensure future supply of wood for processing paper and wood pulp. In 2010, 989 ha of Pine Forests were planted for use as wood in pulp process and 220 ha of Eucalyptus Forests were planted for use as wood for biomass (energy generation). In 2010, production of wood was around 376 thousand ton of pinus wood for pulp and of eucalyptus for energy, being sold to the market around 45 thousand ton of logs.

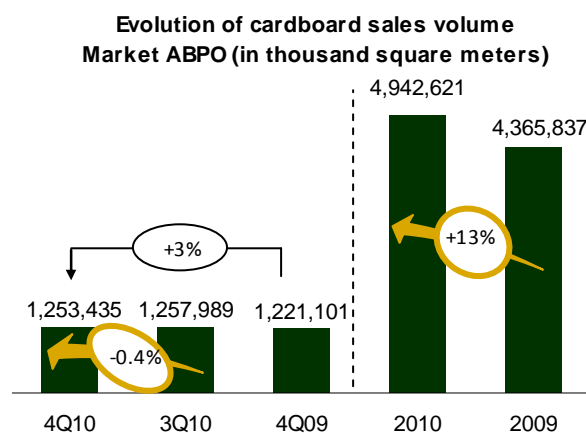
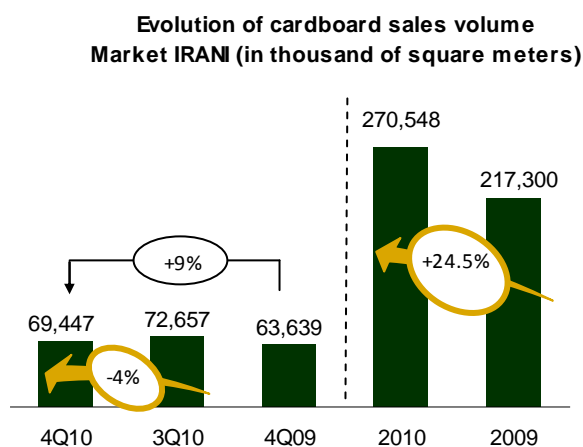
Segmento Embalagem PO (papelão ondulado)

Packaging Segment elevated its share in the domestic market of packaging. In square meters, market share accounted for 5.47% according to preliminary data from ABPO – Brazilian Association of Cardboard Packaging. Sales of IRANI rose 9% in 4Q10 as compared to same quarter of previous year and decreased 4% towards 3Q10. In the year, sales increased by 24.5% compared to 2009, while the market rose 13% in the same period, according to ABPO.

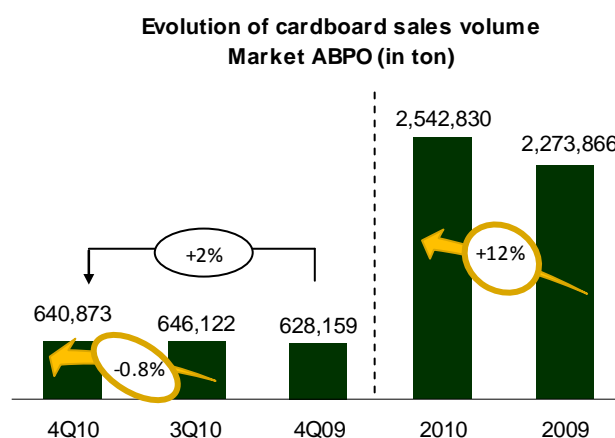
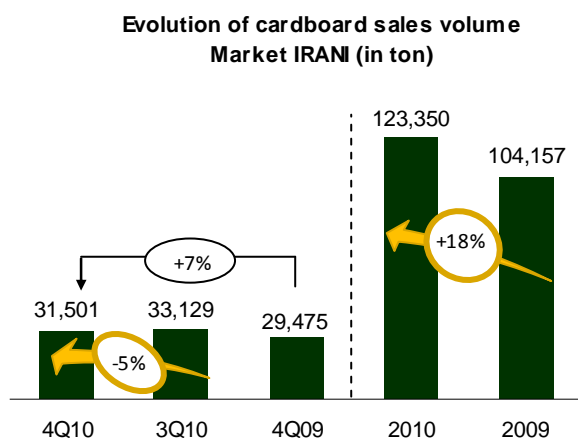
In tones, IRANI's sale increased 7% in 4Q10 compared to the same period of last year and reduced 5% compared to 3Q10. In 2010 sales present an evolution of 18% as compared to 2009, while the market had an increase of 12% in the same period, according to ABPO data. In tones, market share of 2010, accounted for 4.85%.

Market Evolution

Comparison ABPO¹ x IRANI (square meters)



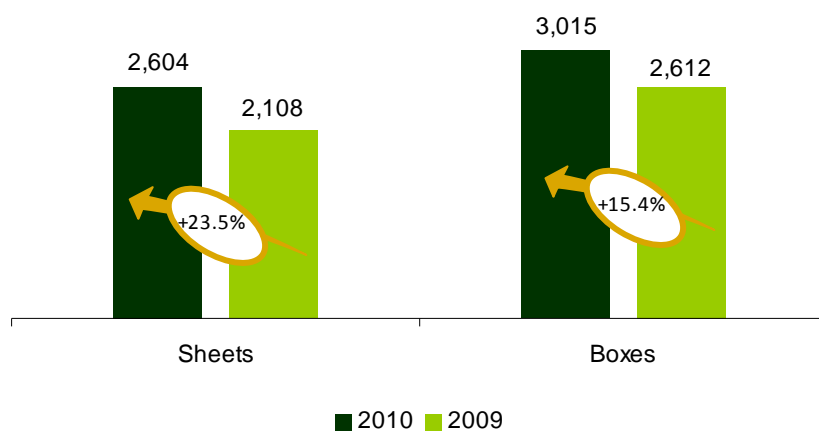
Comparison ABPO² x IRANI (ton)



Trading of sheets and corrugated cardboard boxes followed the parameters of the national market and the growing trend observed during the year. At the end of 2010, average prices of corrugated cardboard boxes (R\$/ton) increased 15.4% compared to prices in December 2009 and sheet prices had an increase of 23.5% in the same period.

^{1,2} Data from 4Q10 of ABPO (in m² and ton) are closing preview. There may be some small changes in official information.

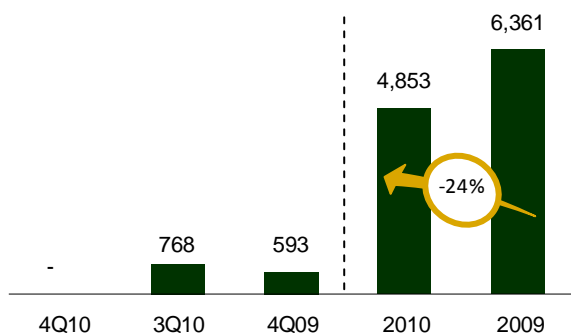
Average Prices (R\$/ton)



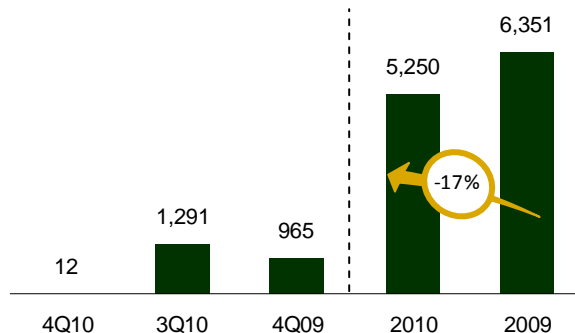
Forestry RS and Resins Segment

Resins Unit, that has its product destined to the foreign market, decreased its production and sales volume in 2010, as shown below:

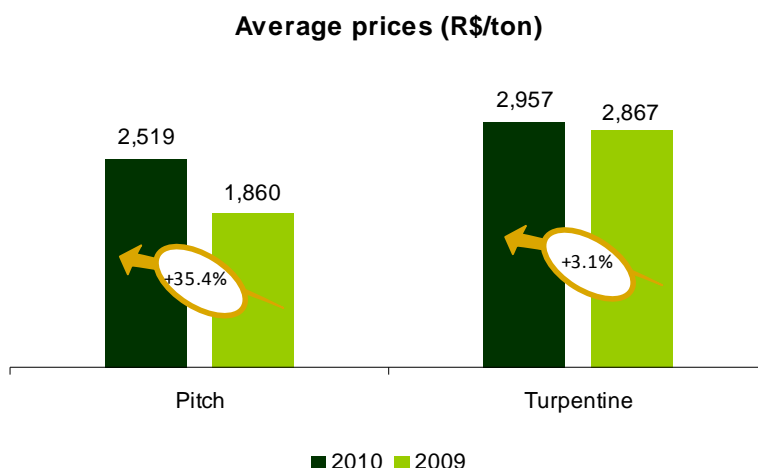
Pitch and Turpentine Production (in ton)



Pitch and Turpentine Sale (in ton)



On the other hand, net of taxes average prices of pitch and turpentine increased in 2010 as compared to 2009, as shown in the chart:



Furniture Segment

The furniture manufacturing operations at its own Unit located in Rio Negrinho/SC were closed in October 2010. However the Company shall maintain its strategy of selling furniture on the domestic market through its subsidiary Meu Móvel de Madeira Comércio e Decorações Ltda, reaching the entire country through the website: www.meumoveldemadeira.com.br

SUSTAINABILITY

“Balancing economical, social and environmental aspects, so as not to jeopardize the development of future generations, with ethics, transparency and involvement of all the stakeholders in the company, seeking higher competitiveness for businesses”. This is the concept of Sustainability whereby the Company goalposts its activities and develops their projects.

Envisage contributing to building a more developed society, support the communities with which they relate directly, and establishing partnerships with solid entities that act on the development of infants and teenagers, in addition to seeking the sustainability of your business by investing heavily in technology and projects that benefit the environment.

Celulose Irani, committed to sustainable development, yearly issues a voluntary form of the **Sustainability Report**. This is a document through which the company measures, informs and reports to stakeholders about the organizational performance. Transparency on the economical, environmental and social impacts becomes a key component in the relations with stakeholders and the market in general. The methodology adopted follows the guidelines of GRI - *Global Reporting Initiative*. The 2009 Report, reached **A+** level of application from GRI and **3rd position** at TOP 10 Ranking of “Towards Credibility 2010” survey according to SustainAbility and Brazilian Foundation for Sustainable Development that assess the quality of sustainability reports published by Brazilian companies (www.fbds.org.br). IRANI's Sustainability Report can be access at www.irani.com.br.

Highlights and recognitions in 2010

The Company enjoyed several social and environmental acknowledgments from the market, reflecting the actions and projects developed throughout the year.

Prêmio Empresa Cidadã ADVB/SC
Categorias Preservação Ambiental



Top 10 em Relatórios de Sustentabilidade
3º lugar em pesquisa realizada pela
FBDS e SustainAbility.



Prêmio Expressão de Ecologia
Categoria Recuperação de
Áreas Degradadas



Prêmio Fiema 2010
Categoria Tecnologia Ambiental



Prêmio Benchmarking
Ambiental Brasileiro
Realização Mais Projetos



5º Prêmio Brasil de Meio Ambiente
Categoria Melhor Trabalho em Ar 2010



Realização Revista Isto é Dinheiro



Revista RISI



Revista Amanhã



- Corporate Citizen Prize ADVB/SC – Environmental Preservation Category
- Expressão de Ecologia Prize – Pollution Control Category
- Brazilian Environmental Benchmarking Award – Awarded by Mais Projetos
- The Best 500 of Dinheiro – Awarded by Isto é Dinheiro Magazine
- Fiema 2010 Prize – Environmental Technology Category
- 5th Brazil Environmental Prize – Best air work in 2010 Category
- Top 10 in Sustainability Report – 3rd place in research realized by FBDS and SustainAbility
- Pulp and Paper Awards Finalist (PPI 2010)
- Innovation Champions – Awarded by Amanhã Magazine

Environmental Performance Management

Preserving the environment is one Celulose Irani's responsibilities. For this reason, the Company identifies, analyzes, develops and invests in actions that allow minimizing the environmental impacts caused by its production activities, seeking always on the attending of environmental laws.

As highlights of the environmental area are the CDM (Clean Development Mechanism) Projects: Co-Generation Plant, Wastewater Treatment System and the Greenhouse Effect Emissions Inventory.

In 2010, IRANI was finalist at *Pulp & Paper International* prize participating in the category "Environmental Strategy of Year". The prize aims to recognize the leadership, vision, innovation and strategic realization in the paper and pulp industry in the world and awards company's results, factories and individuals in the sector.

Besides investing in technologies to preserve the environment, IRANI, aiming at collaborators awareness and the residents of the cities nearby, support and encourages projects of environmental education. Through these projects,

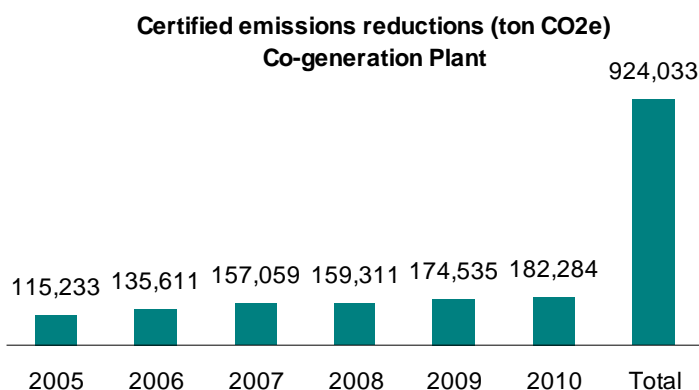
the Company spreads the culture of preservation and conservation of the environment and seeks to strength the concept and practice of sustainable development.

Indicators of Environmental Performance

The reductions of greenhouse effect emissions came true through the development of Clean Development Mechanism (CDM) projects of small scale. The Company installed, in 2005, the Co-generation energy plant and updated the Waste Water Treatment and in 2008 both projects allowed generation of carbon credits. The Company accounted in 2010 cost reduction with carbon credits generation in the amount of R\$ 2.6 million, net of intermediation sales expenses.

CDM – Co-generation Energy Plant

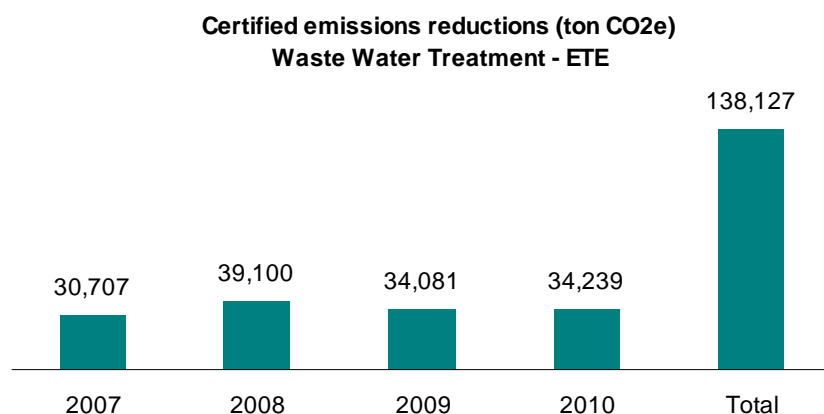
The installation of Co-generation Plant, at Paper Unit, allowed developing a Clean Development Mechanism aiming at the sale of carbon credits, registered in United Nations Organization (UNO) as “Irani Biomass Electricity Generation Project”, approved at 2006 and available in the website <<http://cdm.unfccc.int/Projects/DB/DNV-CUK1146170596.51/view>>. Inputs used to generate energy come from forestry base waste and substitute non renewable natural resources. Therefore, it is possible to reduce gas emissions like carbon dioxide and methane generated in a higher volume when burning fossil fuels. Between 2005 and 2010 Certified Emission Reductions totaled 924,033 ton of CO₂e.



CDM – Improvement of waste water treatment

This project is registered at United Nations Organization (UNO) as “Irani Wastewater Methane Avoidance Project”. It was approved on January 19th, 2008 and it is available for consultation at: <<https://cdm.unfccc.int/Projects/registered.html>>.

The project consists in avoiding methane production in water treatment by replacing anaerobic lagoons for aerobic systems. From 2007 to 2010 Certified Emission Reduction totaled 138,127 ton of CO₂e.



In clean technologies and projects that benefit the environment, the Company invested the amount of \$ 1.3 million in 2010.

Carbon Inventory

The greenhouse gas Emissions Inventory is carried out by Celulose Irani S.A. annually, through certified body. Auditing is made according to NBR ISO 14064:2006 standard. During 2006 to 2010 was certified as “**Zero Carbon**” or “**Positive Carbon**”, i.e. considering the Company neutral in the emission of carbon dioxide. In March/2011 the Company will go through a new process of certification related to 2010 activities.

With the certification of independent auditing, the Company aims at a statement of quality in the process, ensuring users of the document more reliability in the results of emissions. Carbon reductions at IRANI happen due to the large amount of planted forests. Acting as a benefit to Company's clients and the society in general, each ton of paper produced is equivalent to 3.20 ton of CO₂e.

The Green House Effect Inventory seeks to identified opportunities for new Clean Development Mechanisms (CDM) projects, besides helping reducing environmental impacts, raise the transparency in sustainable development at IRANI; strengths investors trust in the Company; help identified risks and facilitates environmental management. IRANI was the first company to certify its greenhouse gas inventory in accordance with the ISO 14.064 standard.

SOCIAL PERFORMANCE INDICATORS

Human Development

Year 2010 ended with an effective staff of 1,687 direct collaborators and 769 indirect. Committed with the improvement of internal organizational climate, the Company invests in training of employees, benefits, health, safety and life quality, besides prioritizing direct communication between leaders and teams, always envisaging Participatory Management and valuation of diversity among its collaborators.

In 2010, R\$ 8,852 thousand were invested in benefits for food, transportation, insurance, life and health plan, R\$ 761 thousand in training and personal development and R\$ 2,651 thousand in the profit-sharing program - PPR.

The Company keeps three programs of human development, aligned to its Mission and Vision: Grow Program, Motivate Program and Surpasses Program. Grow Program, is a group of skills and training courses, aiming at developing organizational and individual skills. Motivate Program seeks to promote the management of organizational environment, establishing a challenging and motivating work place. Surpasses Program seeks to

assess the performance of each employee and apply a variable pay related to each performance. With these three programs, IRANI management understands that is ensuring the production and strengthening of human capital, essential to the achievement of Company's dreams.

Society

The Company is concerned about the welfare of the residents of communities where it operates, and contributes to the reduction of social inequalities. As part of its shares to the benefit of society, the company encourages and sponsors educational, cultural and sports projects, always seeking the continuity of actions and self-development of the target public.

Among the projects developed are the following: Athlete of the Future Project in partnership with SESI/SC, project of income generation called Projeto Broto do Galho in partnership with SEBRAE/SC and City Hall of Vargem Bonita, Open Talk Journal - Company's Communications Channel with the Community (Campina da Alegria), Young Apprentice Program in partnership with Junior Achievement.

In 2010, the amount of R\$ 224 thousand was allocated for these projects and other social donations and sponsorships.

INVESTMENTS

The Company continues its strategy of investing in the modernization and automation of its production processes. Investments in 2010 totaled R\$ 20,882 thousand, thus distributed:

Buildings and Constructions	R\$ 178 thousand
Equipments and Facilities	R\$ 15.757 thousand
Commercial leasing	R\$ 984 thousand
Forestry and Re-forestry	R\$ 3.963 thousand
Total	R\$ 20.882 thousand

This year investments were made to keep and modernize the factories and industrial operations, aiming at improving process, productivity and products offered by Celulose Irani S.A. The biggest investments were made in 2007 and 2008, through 'Projeto Superação' that modernized the Paper and Packaging plants.

STOCK MARKET

IRANI's corporate capital is represented by 8,104,500 shares, being 7,463,987 common shares and 640,513 preferred shares.

Acquisition of its own shares

The Board of Directors approved on November 24, 2010 a program of acquisition of shares issued by the Company to keep in treasury and for subsequent sale or cancellation. It was authorized the acquisition of up to 62,356 ordinary shares and 18,646 preferential shares, representing 10% of each kind of shares circulating in the market (data-base 09.30.2010). This program is valid for 365 days or until November 23, 2011. Until 12.31.2010, the Company bought 7,900 ordinary shares and 1,200 preferential shares, ending 2010 with 13,502 ordinary shares and 1,200 preferential shares of its own emission in treasury.

Dividends

Company management is proposing the distribution of dividends related to year 2010 in the amount of R\$ 9,730 thousand, corresponding to R\$ 1.32 per preferred share and R\$ 1.20 per ordinary share. Over these figures there is no Income Tax.

AUDITING SERVICES

In 2010, there were services of consultancy for diagnosis of implantation of IFRS - *International Financial Reporting Standards* and for the adoption of CPCs, performed by our Independent Auditors, that begun in 2008 and continue on 2009 and 2010.

OUTLOOKS

Expectations for 2011 are a much more moderate growth. The risk of inflation in this year has caused monetary authority to raise the basic interest rate that has a negative impact of Brazilian economy and in Company's business. On the other hand, these measurements seem to be only in the short term and there's a positive vision for the long term. The increase of Brazilian income has a significant impact over consumption, and therefore, in the Packaging segment. In this way, we believe that 2011 may be an adjust year for a long sequence of sustainable growth for the coming years.

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Statements contained in this material related to business prospects and Company's potential growth are just provisions and were based on Managements hopes towards Company's future. These prospects are highly dependent of market changes, in the general economic development of Brazil and international markets, and, therefore, are subjected to changes.

Annex 1 – Consolidated Balance Sheets (R\$ thousand)

ASSETS	12/31/2010	12/31/2009	1/1/2009	LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/2010	12/31/2009	1/1/2009
CURRENT ITEM	181,783	127,066	116,861	CURRENT ITEM	209,696	205,005	195,197
Cash and cash equivalents	40,362	3,025	1,370	Loans and financing	101,654	134,775	117,821
Trade accounts receivable	78,900	61,457	54,195	Trade accounts payable	39,632	37,352	41,482
Recoverable taxes	8,650	6,775	12,789	Real estate credit note - 'CRI'	13,258	-	-
Banks restricted account	6,419	12,202	3,340	Dividends payable	9,775	3,872	32
Other receivables	8,445	10,948	9,551	Taxes payable	7,432	7,826	6,434
Inventories	39,007	32,659	35,616	Payroll and related charges	9,889	7,184	6,974
				Tax in installments	4,113	3,620	3,880
Assets available for sale	7,090	-	-	Debentures	12,788	-	-
				Related parties	-	306	6,968
NONCURRENT ITEM	955,887	935,399	1,023,944	Advances from customers	1,941	1,547	1,626
IR and social contribution deferred	14,252	11,518	42,848	Other payables	9,214	7,485	5,203
Recoverable taxes	2,401	5,038	8,169	Reserve for civil, labour and tax risks	-	1,038	4,777
Other receivables	5,118	1,663	242				
Escrow deposits	7,513	7,570	7,210	NONCURRENT ITEM	467,934	414,739	520,937
Banks restricted account	4,065	-	-	Loans and financing	93,283	168,725	255,063
Investments	-	458	-	Debentures	88,124	-	-
Property, plant and equipment	684,323	709,409	744,133	Real estate credit note - 'CRI'	22,097	-	-
Biological assets	238,215	199,743	221,342	Reserve for civil, labour and tax risks	39,928	27,664	59,597
				Related parties	-	-	1,161
				Tax in Installments	14,624	14,292	12,397
				Taxes payable	6,230	588	-
				Other payables	621	1,048	-
				Income tax and social contribution deferred	203,027	202,422	192,719
				SHAREHOLDERS' EQUITY	467,130	442,721	424,671
				Capital	63,381	63,381	63,381
				Treasury shares	(309)	(80)	(44)
				Revaluation reserves	10,044	10,409	12,023
				Legal reserve	2,863	814	-
				Profit reserve to realize	79,770	85,165	97,866
				Equity valuation adjustments	273,631	274,479	281,851
				Profit retention reserve	37,736	8,545	-
				Accumulated deficit	-	-	(30,411)
				Shareholders equity assigned to the participation of controlling shareholders	467,116	442,713	424,666
				Shareholders equity assigned to the participation of non controlling shareholders	14	8	5
TOTAL ASSETS	1,144,760	1,062,465	1,140,805	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,144,760	1,062,465	1,140,805

The accompanying notes are an integral part of these financial statements.

Annex 2 – Consolidated Statements of Income (R\$ thousand)

	4Q10	3Q10	4Q09	2010	2009
NET REVENUE FROM SALES	115,836	124,851	96,451	447,472	376,879
Change in fair value - biological assets	(2,106)	23,842	1,346	50,738	3,696
Cost of products sold	(86,526)	(88,604)	(74,770)	(327,595)	(292,993)
GROSS PROFIT	27,204	60,089	23,027	170,615	87,582
OPERATING (EXPENSES) INCOME	(31,142)	(28,375)	(13,507)	(130,850)	(47,466)
Selling expenses	(9,546)	(10,145)	(11,257)	(38,203)	(38,188)
General and administrative expenses	(14,503)	(13,042)	(9,744)	(49,959)	(36,771)
Financial income (expenses), net	(6,807)	(5,271)	(6,485)	(42,744)	12,588
Other Operating Income	1,785	314	23,084	4,009	54,072
Other Operating Expenses	(2,071)	(231)	(9,105)	(3,953)	(39,167)
Income (loss) before taxes/profit sharing and minority and management participation	(3,938)	31,714	9,520	39,765	40,116
Current Income tax and social contribution	(626)	(2,499)	1,913	(3,830)	(437)
Deferred income tax and social contribution	6,051	(4,068)	(7,692)	2,243	(17,727)
Management profit sharing	(3,818)	-	-	(3,818)	-
Non controlling shareholders	-	-	(4)	-	(1)
NET PROFIT	(2,331)	25,147	3,737	34,360	21,951

The accompanying notes are an integral part of these financial statements.

Note: Statements of operation including discontinued operation.