IRANI PRESENTS AN INCREASE OF 8.3% IN 2Q11 ADJUSTED EBITDA, WITH MARGIN OF 20.0%

2Q11 HIGHLIGHTS

- Net Operating Revenue presented an increase of 9.3% in 2Q11, compared to 2Q10. As compared to 1Q11, the increase of 2.6%. Over the last twelve months of 2011 the increase was 19.6% when compared to the same period of last year, totaling R$ 474,742.
- The Gross profit had a decrease of 33.5% when compared to 2Q10 and of 10.3% when compared to 1Q11. Over the last twelve months the variation was positive in 16.1%. The second quarter of 2010 was positively impacted by R$ 14.457 due to variation of biological assets fair value, while in this quarter the impact was negative by R$ 1.224.
- The Net Result totaled R$ 2,783 in 2Q11, against R$ 4,508 rose in 2Q10 and R$ 3,971 in 1Q11. Over the last twelve months, the result accounted for R$ 29,570.
- Adjusted EBITDA in 2Q11 totaled R$ 23,760, with margin of 20,0%. EBITDA increase compared to the same quarter of previous year was 8.3%, determined in R$ 21,940, with margin of 20.2%. Comparatively to 1Q11, EBITDA had a decreased of 15.5%. Over the last twelve months EBITDA reached R$ 101,742.This quarter EBITDA was negatively impacted due to the annual operating stop for maintenance at Paper Unit and refurnishing of Machine Paper IV that happened on May. The exchange rate had also a negative impact over export paper margin.

MAIN FINANCIAL INDICATORS
(includes discontinued operation)

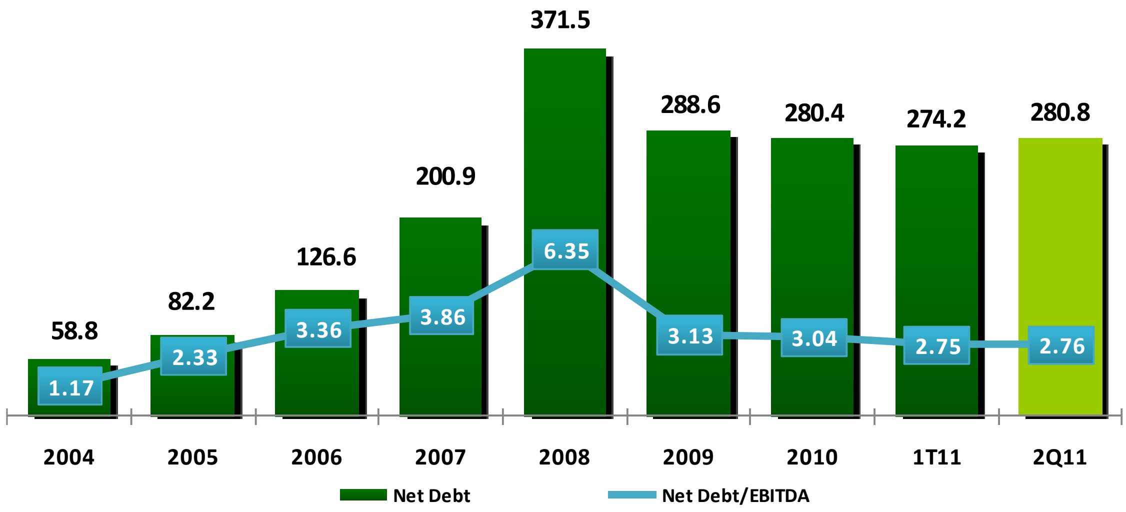
R$ thousand	2Q11	1Q11	2Q10	6M11	6M10	LTM11	LTM10
Net Operating Revenue	118,523	115,532	108,435	234,055	206,785	474,742	396,785
Domestic Market	103,915	100,037	95,187	203,952	177,758	424,096	341,929
Foreign Market	14,608	15,495	13,248	30,103	29,027	50,646	54,856
Gross Profit	28,250	31,479	42,468	59,729	83,266	147,023	126,656
Gross Margin	23.8%	27.2%	39.2%	25.5%	40.3%	31.0%	31.9%
Operating result before taxes and participations	1,198	4,928	4,584	6,126	11,933	33,903	28,456
Operating Margin	1.0%	4.3%	4.2%	2.6%	5.8%	7.1%	7.2%
Net Result	**2,783**	**3,971**	**4,508**	**6,754**	**11,544**	**29,570**	**17,774**
Net Margin	2.3%	3.4%	4.2%	2.9%	5.6%	6.2%	4.5%

EBITDA - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

R$ thousand	2Q11	1Q11	2Q10	6M11	6M10	LTM11	LTM10
Result before taxes	**1,198**	**4,928**	**4,584**	**6,126**	**11,933**	**33,903**	**28,456**
Fair value variation - biological assets	1,224	-	(14,457)	1,224	(29,002)	(20,512)	(31,504)
Depletion	3,938	3,909	3,911	7,847	7,374	16,685	24,969
Depreciation and Amortization	9,403	9,183	8,608	18,586	17,031	36,410	35,447
Financial Result	6,183	8,019	17,082	14,202	30,666	26,280	31,652
EBITDA	**21,946**	**26,039**	**19,728**	**47,985**	**38,002**	**92,766**	**89,020**
Provisions	1,814	2,091	2,212	3,905	4,361	8,976	6,972
Non recurring events	-	-	-	-	-	-	1,645
Adjusted EBITDA	**23,760**	**28,130**	**21,940**	**51,890**	**42,363**	**101,742**	**97,637**
EBITDA Margin	20.0%	24.3%	20.2%	22.2%	20.5%	21.4%	24.6%
*Non recurring events:	-	-	-	-	-	-	1,645
Asset sale - farm	-	-	-	-	-	-	188
Windstorm	-	-	-	-	-	-	1,457

6M11 – six months of 2011 (January to June 2011) 6M10 – six months of 2010 (January to June 2010)
LTM11: *last twelve months* 2011 (July 2010 to June 2011) LTM10: *last twelve months* 2010 (July 2009 to June 2010)

1.1 Net Indebtedness



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 1Q09, this indicator captures the benefits of the Project and the reduction in leverage level, going from 6.35 times in 2008 to 3.13 times in 2009 and closing 2010 in 3.04 times, reflecting good results of the year. In 2Q11, the ratio closed at 2.76 times, stable as compared to 1Q11.

1.2 Financial Result

The financial result was R$ 6,183 negative in this quarter against R$ 17,082 negative in the same period of last year. The balances are presented in the following way:

R$ thousand	2Q11	1Q11	2Q10	6M11	6M10	LTM11	LTM10
Financial Income	8,671	5,450	8,690	14,121	18,785	30,745	44,661
Financial Expenses	(14,854)	(13,469)	(25,772)	(28,323)	(49,451)	(57,025)	(76,313)
Financial Result	(6,183)	(8,019)	(17,082)	(14,202)	(30,666)	(26,280)	(31,652)

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

R$ thousand	2Q11	1Q11	2Q10	6M11	6M10	LTM11	LTM10
Active exchange variation	6,099	4,252	7,411	10,351	17,131	24,050	41,814
Passive exchange variation	(1,716)	(1,944)	(13,293)	(3,660)	(26,748)	(8,102)	(30,907)
Net Exchange variation	4,383	2,308	(5,882)	6,691	(9,617)	15,948	10,907

The financial result without exchange variation is as follows:

R$ thousand	2Q11	1Q11	2Q10	6M11	6M10	LTM11	LTM10
Financial Result without Exchange variation	(10,566)	(10,327)	(11,200)	(20,893)	(21,049)	(42,228)	(42,559)

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

6M11 – six months of 2011 (January to June 2011)
6M10 – six months of 2010 (January to June 2010)

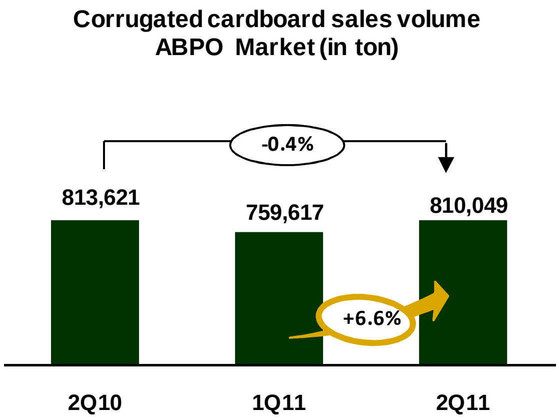
LTM11: *last twelve months* 2011 (July 2010 to June 2011)
LTM10: *last twelve months* 2010 (July 2009 to June 2010)

2. OPERATING PERFORMANCE (*Unaudited)*

2.1 Market Evolution

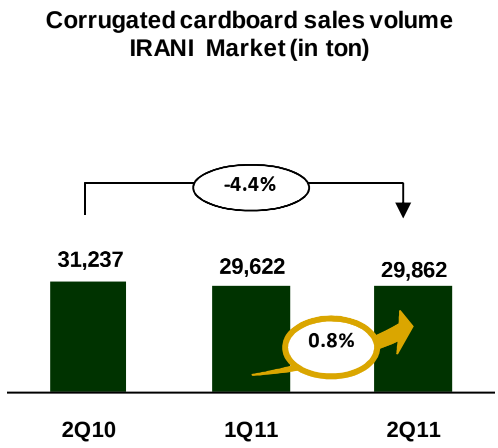
Corrugated cardboard – Comparison ABPO x Irani

ABPO[1] Market [ton]



Irani Market [ton]

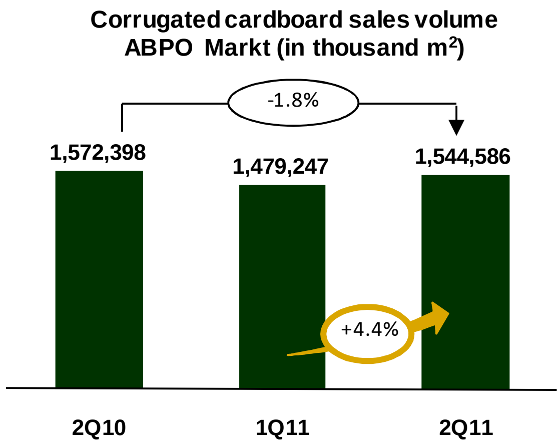
[1] ABPO: Brazilian Association of Corrugated Cardboard.
2Q11 ABPO (in ton and m²) are closing preview. There may be some changes in the official data.



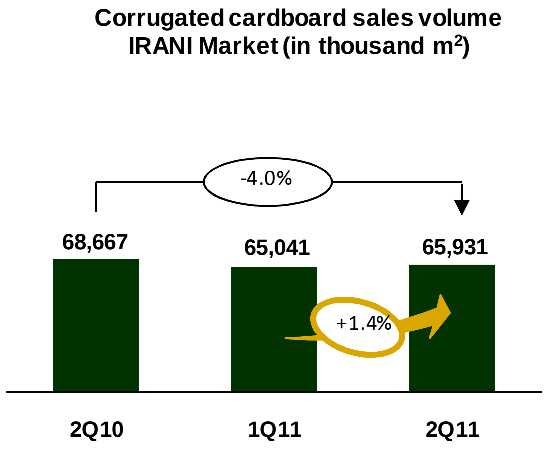
According to the charts, corrugated cardboard sale volume – **ABPO Market**, was stable in 2Q11 compared to 2Q10, while corrugated cardboard sales volume – **Irani Market**, decreased 4.4% in the same period. Compared to 1Q11, ABPO Market increased 6.6%, while Irani Market remained stable. IRANI market share (in ton) was 3.7% in this quarter.

Sales performance was presented as follows in square meters:

ABPO Market [thousand square meters]

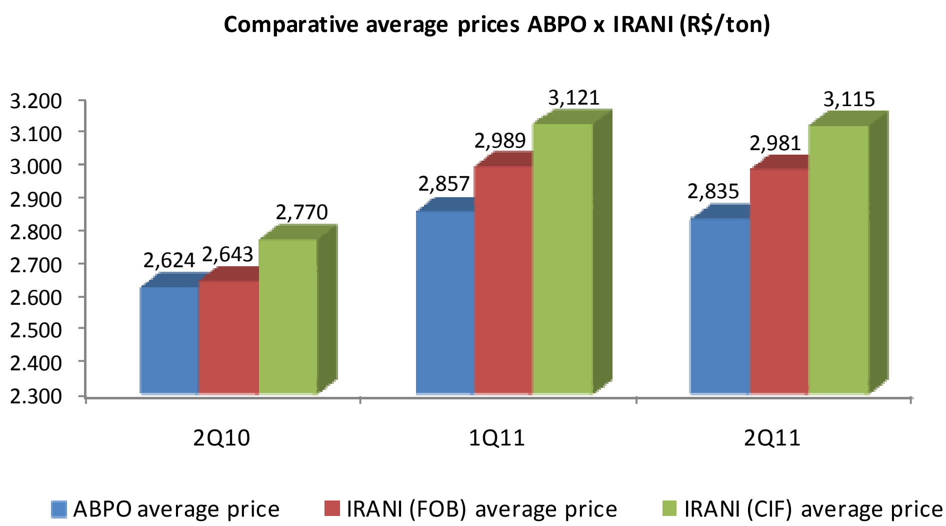


Irani Market [thousand square meters]



Sales volume of corrugated cardboard – Market ABP in square meters, decreased 1.8% in 2Q11 as compared to 2Q10, while Irani Market decreased 4.0% in the same period. As compared to 1Q11, ABPO Market presented an increase of 4.4% while Irani Market increased 1.4%. In square meters, Irani market share was 4.3% in this quarter.

Corrugated cardboard sales performance was slightly lower than the market average in the second quarter due to adoption of a more conservative approach regarding to volumes because the market has shown signs of slowdown when compared to the same of previous year. On the other hand, Irani's average prices per ton remain stable in this quarter and above market prices, as shown below:



Methodological note – for comparison purposes, the following is considered:

1- IRANI prices are without IPI, with PIS, COFINS, ICMS;

2- IRANI prices are adjusted according to the mix of boxes and sheet of the market;

3 - ABPO prices are a mix of CIF and FOB prices;

TECHNICAL NOTE

ABPO (Brazilian Association of Corrugated Cardboard) aims at determine the amounts of main variables representing industry operations in the sector of corrugated cardboard. The methodology consists of using information answered by a panel of 24 companies and expands them to the entire industry, as defined by ABPO and composed of 80 companies[1]. Estimates are based on 2008. With the amounts of this period, expansion factors are calculated for each variable, and then applied to sample data from this and other years². Starting in 2009 ABPO statistics were outsourced to Fundação Getúlio Vargas that reconsidered the methodology and revised the data of Brazilian corrugated cardboard market, recalculating its numbers from 2005, for the amounts in tons and square meters.

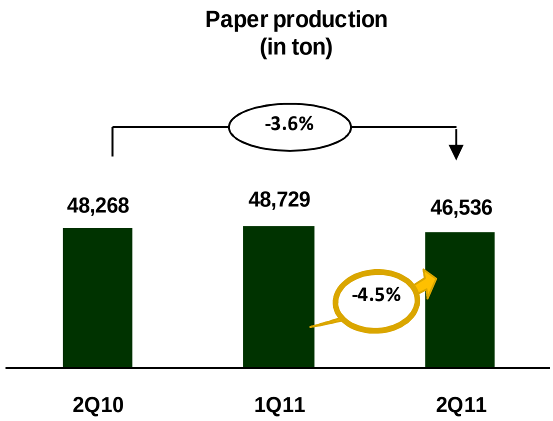
(1) Only companies that have corrugating machines were considered. For estimation, 80 companies are divided in two groups: ABPO informants (24) e ABPO non-informants (56). (2) In 2008, 24 ABPO informant companies accounted for 71% of revenue in an 80-producers universe.

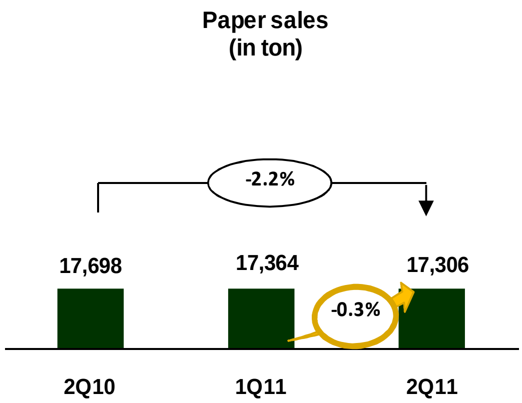
2.2 Production and Sales

Production and Sales volumes of main products are presented as follows:

Paper Segment

Paper production presented a decrease of 3.6% in 2Q11 as compared to 2Q10 and decreased 4.5% as compared to 1Q11. Paper sales in physical volume decreased 2.2% in comparison with 2Q10 and stable as compared to 1Q11.





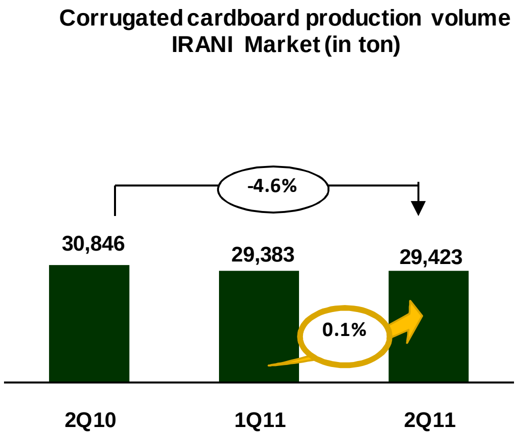
Transfers of paper to SP Packaging plant for processing were 17,013 tons (17,909 tons in 2Q10 and 17,231 tons in 1Q11) and for SC Packaging plant were transferred the amount of 13,095 tons (13,427 tons in 2Q10 and 15,015 tons in 1Q11).

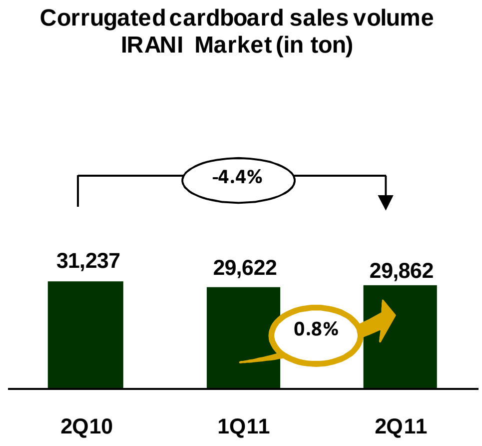
Packaging SP and SC Segment (corrugated cardboard)

Packaging production of corrugated cardboard in both factories (SP and SC) presented a decrease of 4.6% as compared to 2Q10 and remains stable as compared to 1Q11. Sales have also decreased by 4.4% as compared to the same quarter of previous year and stable when compared to 1Q11.

Sales volume of Packaging SP was 10,818 tons of boxes and 5,882 tons of sheets in 2Q11 (11,153 tons of boxes and 6,313 tons of sheets in 2Q10).

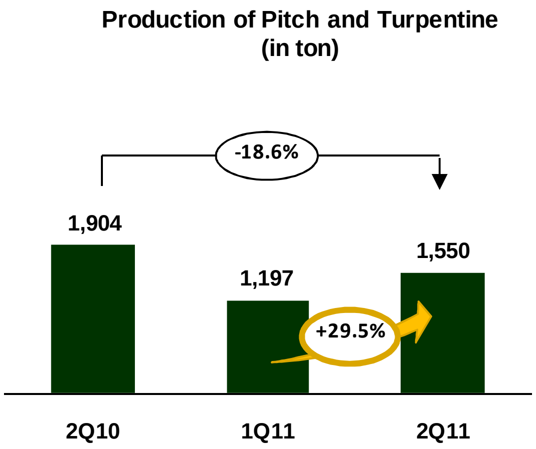
Sales volume of Packaging SC was 10,994 tons of boxes and 2,168 tons of sheets in 2Q11 (10,994 tons of boxes and 2,778 tons of sheets in 2Q10).

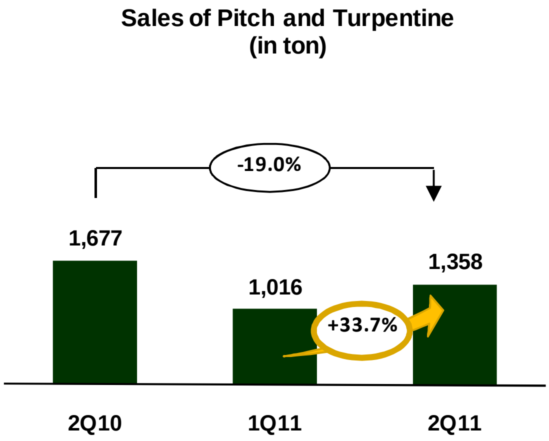




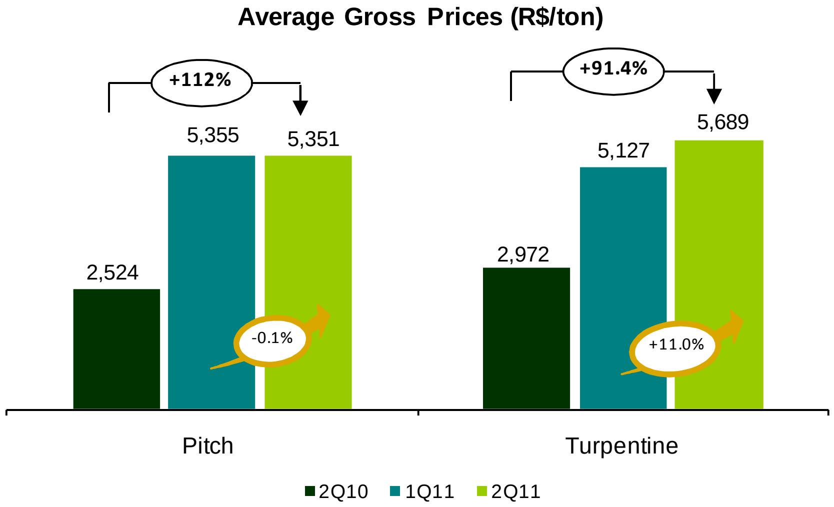
Resins and RS Forestry Segment

Production and sales volumes of Resins Unit had decreased due programming settings in the extraction of resin. In comparison with 1Q11, production and sales have increased.



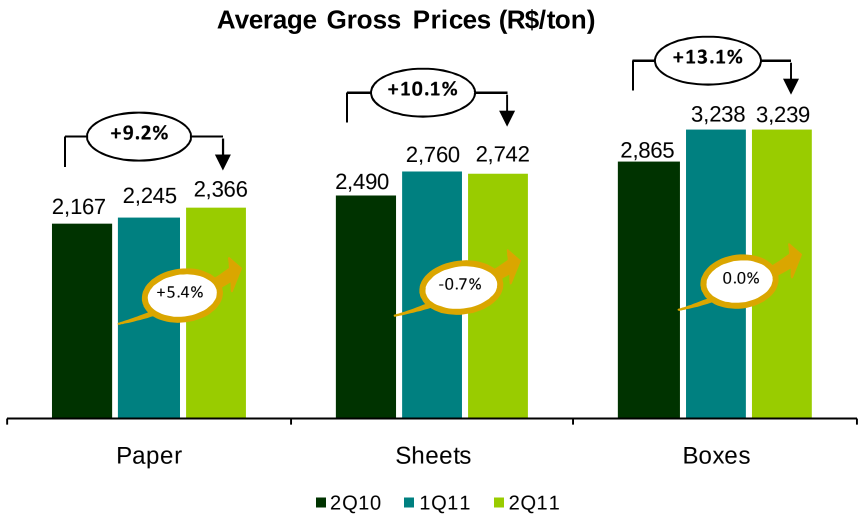


Average gross prices of pitch and turpentine had a strong increase in 2Q11 as compared to the same quarter of previous year.



2.3 Average Gross Prices

Average Gross Prices per tons (R$/ton) of the main products are presented in the following way:



Average Gross Prices per ton of paper increased 9.2% in 2Q11 as compared to 2Q10 and 5.4% compared to 1Q11. Prices of sheets also increased by 10.1% in this quarter as compared to 2Q10 and remain stable as compared to 1Q11. Boxes followed the same trend an increased 13.1% in 2Q11, as compared to 2Q10 and stable when compared to 1Q11.

3. 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. As of June 30, 2011 the Company had 45,802 ordinary shares and 8,200 preferential shares of its own emission in treasury.

4. INVESTMENTS

For this year, investments in the amount of approximately R$ 27.6 million are foreseen to finish some projects already started and are directed to some improvements and necessary replacements to the smooth running of Company's equipments. There are not significant investments planned for 2011, period in which will happened the consolidation and capture of benefits from the investments under Project 'Superação' to which were destined the amount of R$ 160.8 million during 2007/2008.

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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	06/30/2011	12/31/2010	LIABILITIES AND SHAREHOLDERS´ EQUITY	06/30/2011	12/31/2010
CURRENT ITEM	**234,837**	**182,313**	**CURRENT ITEM**	**215,292**	**209,696**
Cash and cash equivalents	63,354	40,362	Loans and financing	112,724	114,912
Trade accounts receivable	86,136	78,900	Trade accounts payable	41,032	39,632
Recoverable taxes	8,228	8,650	Dividends payable	104	9,775
Banks restricted account	28,126	6,419	Taxes payable	8,867	7,431
Other receivables	8,688	8,445	Payroll and related charges	13,109	9,889
Inventories	39,964	39,007	Tax in installments	2,700	4,114
Assets from discontinued operations	341	530	Debentures	25,411	12,788
			Advances from customers	1,012	1,941
NONCURRENT ITEM	**954,665**	**962,447**	Other payables	10,333	9,214
IR and social contribution deferred	15,233	14,252	**NONCURRENT ITEM**	**501,355**	**467,934**
Recoverable taxes	2,220	2,401			
Other receivables	4,873	5,118	Loans and financing	155,319	115,380
Escrow deposits	7,877	7,513	Debentures	73,808	88,124
Banks restricted account	3,473	4,065	Reserve for civil, labour and tax risks	45,909	39,928
Assets from discontinued operations	6,232	6,560	Tax in Installments	14,090	14,623
			Taxes payable	10,073	6,231
Property, plant and equipment	683,463	684,323	Other payables	621	621
Biological assets	231,294	238,215	Income tax and social contribution deferred	201,535	203,027
			SHAREHOLDERS' EQUITY	**472,855**	**467,130**
			Capital	63,381	63,381
			Treasury shares	(1,341)	(309)
			Revaluation reserves	9,866	10,044
			Legal reserve	2,863	2,863
			Profit reserve to realize	76,508	79,770
			Equity valuation adjustments	272,251	273,631
			Profit retention reserve	37,732	37,736
			Accumulated deficit	11,579	-
			Shareholders equity assigned to the participation of controlling shareholders	472,839	467,116
			participation of non controlling shareholders	16	14
TOTAL ASSETS	**1,189,502**	**1,144,760**	**TOTAL LIABILITIES AND SHAREHOLDERS´ EQUIT\`**	**1,189,502**	**1,144,760**

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

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

	2T11	1T11	2T10	6M11	6M10	LTM11	LTM10
NET REVENUE FROM SALES	**118,523**	**115,532**	**108,435**	**234,055**	**206,785**	**474,742**	**396,785**
Fair value variation - biological assets	(1,224)	-	14,457	(1,224.00)	29,002	20,512	31,504
Cost of products sold	(90,273)	(84,053)	(80,424)	(174,326)	(152,521)	(349,455)	(301,633)
GROSS PROFIT	**27,026**	**31,479**	**42,468**	**58,505**	**83,266**	**145,799**	**126,656**
OPERATING (EXPENSES) INCOME	(25,828)	(26,551)	(37,884)	(52,379)	(71,333)	(111,896)	(98,200)
Selling expenses	(10,216)	(10,065)	(9,304)	(20,281)	(18,512)	(39,972)	(38,352)
General and administrative	(9,657)	(9,239)	(11,857)	(18,896)	(22,414)	(46,441)	(41,518)
Net financial income (expenses)	(6,183)	(8,020)	(17,082)	(14,203)	(30,666)	(26,281)	(31,652)
Other operating income	437	1,310	1,104	1,747	1,910	3,846	53,117
Other operating expenses	(209)	(537)	(745)	(746)	(1,651)	(3,048)	(39,795)
OPERATING PROFIT (LOSS) BEFORE TAX EFFECTS, MANAGEMENT SHARING AND NON CONTROLLING SHAREHOLDERS	**1,198**	**4,928**	**4,584**	**6,126**	**11,933**	**33,903**	**28,456**
Income tax and social contribution current	(1,317)	(1,361)	(144)	(2,678)	(705)	(5,802)	(934)
Income tax and social contribution deferred	2,920	405	68	3,325	316	5,308	(9,746)
Management profit sharing	-	-	-	-	-	(3,820)	-
Non controlling shareholders	(18)	(1)	-	(19)	-	(19)	(2)
Equity in subsidiaries							
Net profit (loss)	**2,783**	**3,971**	**4,508**	**6,754**	**11,544**	**29,570**	**17,774**

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

Note: Financial Statements include discontinued operation.