

ARACRUZ CELLULOSE S A
Form 6-K
October 09, 2007

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934

For the month of
October, 2007

Aracruz Celulose S.A.

Aracruz Cellulose S.A.

(Translation of Registrant's name into English)

Av. Brigadeiro Faria Lima, 2,277 4th floor
São Paulo, SP 01452-000, Brazil
(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-.)

Aracruz Celulose S.A.

Condensed Consolidated Financial
Information for the three-month and
nine-month periods ended September 30,
2007 and 2006 and Report of Independent
Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors and Stockholders

Aracruz Celulose S.A.

Aracruz, Espírito Santo, Brazil

1. We have reviewed the accompanying condensed consolidated balance sheet of Aracruz Celulose S.A. and subsidiaries (the Company) as of September 30, 2007 and the related condensed consolidated statements of operations for the three-month and nine-month periods ended September 30, 2007 and 2006, changes in stockholders' equity and cash flows for the nine-month periods ended September 30, 2007 and 2006, all expressed in United States dollars. These condensed consolidated interim financial statements are the responsibility of the Company's management.
2. We conducted our reviews in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole.

Accordingly, we do not express such an opinion.
3. Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.
4. We have previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2006, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the year then ended (not presented herein) and, in our report dated January 9, 2007, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2006 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Rio de Janeiro, Brazil, October 8, 2007

/s/Deloitte Touche Tohmatsu Auditores Independentes

Deloitte Touche Tohmatsu Auditores Independentes

Aracruz Celulose S.A.

Condensed Consolidated Balance Sheets (Unaudited)

(Expressed in thousands of United States dollars, except number of shares)

	September 30,	December 31,
	2007	2006
Assets		

Current assets		
Cash and cash equivalents	85,929	48,414
Short-term investments	492,448	531,229
Accounts receivable, net	282,439	285,795
Inventories, net	227,998	202,704
Deferred income tax	15,017	15,375
Recoverable taxes	120,916	109,165
Prepaid expenses and other current assets	23,549	8,242
	1,248,296	1,200,924
Property, plant and equipment, net	2,426,281	2,151,212
Investment in affiliated companies	401,711	324,736
Goodwill	192,035	192,035
Other assets		
Advances to suppliers	92,563	81,485
Accounts receivable	20,691	
Unrealized gain from currency interest rate swaps	17,094	
Deposits for tax assessments	31,939	26,778
Recoverable taxes	18,997	15,093
Other	4,219	3,665
	185,503	127,021
Total Assets	4,453,826	3,995,928

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Aracruz Celulose S.A.

Condensed Consolidated Balance Sheets (Unaudited)

(Expressed in thousands of United States dollars, except number of shares)

	September 30, 2007	December 31, 2006
Liabilities and Stockholders' equity		
Current liabilities		
Suppliers	121,570	95,574
Payroll and related charges	32,097	25,246
Income and other taxes	41,176	38,391
Short-term debt - export financing and other	5,438	4,677
Current portion of long-term debt		
Related party	74,266	65,360
Other	2,840	1,854
Accrued finance charges	13,115	17,896
Dividends and interest payable on stockholders' equity	43,297	36,545
Other current liabilities	4,724	1,276
	338,523	286,819
Long-term liabilities		
Long-term debt		
Related party	306,133	232,191
Other	962,965	922,859
Litigation, contingencies and commitments	83,925	101,772
Liabilities associated with unrecognized tax benefits	93,144	71,727

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Interest and penalties on liabilities associated with unrecognized tax benefits	64,032	47,996
Deferred income taxes	215,396	96,035
Suppliers	3,260	3,020
Other long-term liabilities	41,370	30,211
	1,770,225	1,505,811
Minority interest	9,991	875
Stockholders' equity		
Share capital - no-par-value shares authorized, issued and outstanding		
Common stock 2007 and 2006 - 455,390,699 shares	518,385	297,265
Preferred stock		
Class A - 27,958,445 shares as of September 30, 2007 and 37,962,555 shares as of December 31, 2006	41,305	31,056
Class B - 549,204,976 shares as of September 30, 2007 and 539,200,866 shares as of December 31, 2006	853,439	583,440
Treasury stock		
Class B preferred stock 2007 and 2006 - 1,483,200 shares and Common stock 2007 and 2006 - 483,114 shares	(2,639)	(2,639)
Total share capital	1,410,490	909,122
Appropriated retained earnings	1,096,697	1,419,079
Unappropriated retained deficit	(172,100)	(125,778)
	2,335,087	2,202,423
Total Liabilities and Stockholders' equity	4,453,826	3,995,928

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

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Aracruz Celulose S.A.

Condensed Consolidated Balance Sheets (Unaudited)

(Expressed in thousands of United States dollars, except number of shares)

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

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Aracruz Celulose S.A.

Condensed Consolidated Statements of Operations

(Expressed in thousands of United States dollars, except number of shares and per-share amounts)

(Unaudited)

Continued

	Three-month period ended September 30		Nine-month period ended September 30	
	2007	2006	2007	2006
Operating revenues				

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Sales of eucalyptus pulp				
Domestic	33,283	20,340	94,718	53,795
Export	484,951	468,869	1,443,390	1,336,205
	518,234	489,209	1,538,108	1,390,000
Sales taxes and other deductions	62,729	57,204	192,989	166,576
Net operating revenues	455,505	432,005	1,345,119	1,223,424
Operating costs and expenses				
Cost of sales	290,925	261,192	844,287	759,543
Selling	19,527	17,809	58,105	55,806
Administrative	14,209	19,249	40,172	39,769
Other, net	3,359	5,102	(12,918)	12,503
	328,020	303,352	929,646	867,621
Operating income	127,485	128,653	415,473	355,803
Non-operating (income) expenses				
Financial income	(36,605)	(39,772)	(149,393)	(146,930)
Financial expenses	(5,818)	38,344	39,086	119,168
(Gain) loss on currency				
remeasurement, net	(4,268)	(464)	(3,793)	(6,934)
Other	(29)		(32)	(2)
	(46,720)	(1,892)	(114,132)	(34,698)
Income before income taxes, minority interest and equity in results of affiliated companies				
	174,205	130,545	529,605	390,501
Income tax expense (benefit)				
Current	12,671	(13,575)	46,463	23,541
Deferred	49,514	6,471	119,743	26,036
	62,185	(7,104)	166,206	49,577
Minority interest	2,220	184	9,116	373
Equity in results of affiliated companies	4,455	(5,743)	26,875	12,292
Net income	105,345	143,208	327,408	328,259

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

Aracruz Celulose S.A.

Condensed Consolidated Statements of Operations

(Expressed in thousands of United States dollars, except number of shares and per-share amounts)

(Unaudited)

Continued

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

Aracruz Celulose S.A.

Condensed Consolidated Statements of Operations

(Expressed in thousands of United States dollars, except number of shares and per-share amounts)

(Unaudited)

Continued

	Three-month period ended September 30		Nine-month period ended September 30	
	2007	2006	2007	2006
Basic and diluted earnings per share				
Class A preferred stock	0.107	0.145	0.331	0.332
Class B preferred stock	0.107	0.145	0.331	0.332
Common stock	0.097	0.132	0.301	0.302
Weighted-average number of shares outstanding (thousands)				
Class A preferred stock	37,140	38,013	37,853	38,019
Class B preferred stock	538,540	537,667	537,827	537,661
Common stock	454,908	454,908	454,908	454,908

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

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Aracruz Celulose S.A.

Condensed Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars)

(Unaudited)

	Nine-month period ended September 30,	
	2007	2006
Cash flows from operating activities		
Net income	327,408	328,259
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	159,511	162,302
Equity results of affiliated company	26,875	12,292
Deferred income tax	119,743	26,036
(Gain) loss on currency remeasurement	(3,793)	(6,934)
(Gain) loss on sale of equipment	649	59
Decrease (increase) in operating assets		
Accounts receivable, net	(22,415)	(17,231)
Interest on short-term investments	(35,498)	8,281
Inventories, net	(25,294)	(43,276)
Recoverable taxes	877	(12,905)
Other	(15,390)	(4,942)
Increase (decrease) in operating liabilities		

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Suppliers	21,638	(549)
Payroll and related charges	5,115	4,080
Litigation, contingencies and liabilities associated with unrecognized tax benefits	(11,187)	10,630
Accrued finance charges	(5,059)	8,848
Other	12,996	9,008
Net cash provided by operating activities	556,176	483,958
Cash flows from investing activities		
Short term investments		
Applications	(72,506)	(116,784)
Redemptions	204,123	173,631
Proceeds from sale of equipment	344	326
Investments in affiliate	(103,850)	(24,500)
Additions to property, plant and equipment	(435,562)	(198,266)
Net cash provided by (used in) investing activities	(407,451)	(165,593)

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

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Aracruz Celulose S.A.

Condensed Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars)

(Unaudited)

(Continued)

	Nine-month period ended September 30,	
	2007	2006
Cash flows from financing activities		
Net borrowings (repayments) short-term debt, net	8,052	(74,748)
Long-term debt		
Borrowings		
Related parties	87,656	
Other		