

ARACRUZ CELLULOSE S A
Form 6-K
July 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
July 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-..)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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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 June 30, 2007 and the related condensed consolidated statements of operations for the three-month and six-month periods ended June 30, 2007 and 2006, changes in stockholders' equity and cash flows for the six-month periods ended June 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, July 5, 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)

	June 30,	December 31,
	2007	2006
Assets		
Current assets		
Cash and cash equivalents	97,478	48,414
Short-term investments	399,744	531,229
Accounts receivable, net	309,197	285,795
Inventories, net	213,965	202,704
Deferred income tax	15,070	15,375
Recoverable taxes	120,632	109,165
Prepaid expenses and other current assets	9,550	8,242
	1,165,636	1,200,924
Property, plant and equipment, net	2,294,815	2,151,212
Investment in affiliated companies	398,316	324,736
Goodwill	192,035	192,035
Other assets		
Advances to suppliers	88,820	81,485
Deposits for tax assessments	30,143	26,778
Recoverable taxes	32,584	15,093

Other	4,047	3,665
	155,594	127,021
Total Assets	4,206,396	3,995,928

Aracruz Celulose S.A.**Condensed Consolidated Balance Sheets (Unaudited)**

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

	June 30, 2007	December 31, 2006
Liabilities and Stockholders' equity		
Current liabilities		
Suppliers	96,654	95,574
Payroll and related charges	23,904	25,246
Income and other taxes	40,118	38,391
Short-term debt - export financing and other		4,677
Current portion of long-term debt		
Related party	71,493	65,360
Other	2,711	1,854
Accrued finance charges	9,227	17,896
Dividends and interest payable on stockholders' equity	41,807	36,545
Other current liabilities	981	1,276
	286,895	286,819
Long-term liabilities		
Long-term debt		
Related party	242,695	232,191
Other	935,520	922,859
Litigation, contingencies and commitments	116,451	101,772
Liabilities associated with unrecognized tax benefits	85,697	71,727
Interest and penalties on liabilities associated with unrecognized tax benefits	58,494	47,996
Deferred income taxes	165,943	96,035
Suppliers	3,260	3,020
Other long-term liabilities	34,185	30,211
	1,642,245	1,505,811
Minority interest	7,771	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 2007 and 2006 37,962,555 shares	49,489	31,056
Class B - 2007 and 2006 539,200,866 shares	845,255	583,440
Treasury stock		
Class B preferred stock 2007 and 2006 - 1,483,200 shares and		
Common stock 483,114 shares	(2,639)	(2,639)
Total share capital	1,410,490	909,122
Appropriated retained earnings	1,046,992	1,419,079
Unappropriated retained deficit	(187,997)	(125,778)
	2,269,485	2,202,423
Total Liabilities and Stockholders' equity	4,206,396	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 Statements of Operations

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

(Unaudited)

Continued

	Three-month period ended June 30		Six-month period ended June 30	
	2007	2006	2007	2006
Operating revenues				
Sales of eucalyptus pulp				
Domestic	32,359	16,842	61,435	33,455
Export	531,818	438,328	958,439	867,336
	564,177	455,170	1,019,874	900,791
Sales taxes and other deductions	69,973	53,154	130,260	109,372
Net operating revenues	494,204	402,016	889,614	791,419
Operating costs and expenses				
Cost of sales	312,988	248,668	553,362	498,351
Selling	21,502	18,908	38,578	37,997
Administrative	15,549	11,259	25,963	20,520
Other, net	(24,012)	5,431	(16,277)	7,401
	326,027	284,266	601,626	564,269
Operating income	168,177	117,750	287,988	227,150
Non-operating (income) expenses				
Financial income	(62,898)	(21,117)	(112,788)	(107,158)
Financial expenses	19,303	36,672	44,904	80,824
(Gain) loss on currency remeasurement, net	(226)	2,067	475	(6,470)
Other	(3)		(3)	(2)
	(43,824)	17,622	(67,412)	(32,806)
Income before income taxes, minority interest and equity in results of affiliated companies	212,001	100,128	355,400	259,956
Income tax expense (benefit)				
Current	12,840	2,277	33,792	37,116
Deferred	54,090	(8,927)	70,229	19,565
	66,930	(6,650)	104,021	56,681
Minority interest	6,434	201	6,896	189
Equity in results of affiliated companies	16,096	649	22,420	18,035
Net income	122,541	105,928	222,063	185,051

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 June 30		Six-month period ended June 30	
	2007	2006	2007	2006
Basic and diluted earnings per share				
Class A preferred stock	0.124	0.107	0.225	0.187
Class B preferred stock	0.124	0.107	0.225	0.187
Common stock	0.113	0.097	0.204	0.170
Weighted-average number of shares outstanding (thousands)				
Class A preferred stock	37,962	38,018	37,962	38,020
Class B preferred stock	537,718	537,664	537,718	537,660
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)

	2007	Six-month period ended June 30, 2006
Cash flows from operating activities		
Net income	222,063	185,051
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	104,868	107,756
Equity results of affiliated company	22,420	18,035
Deferred income tax	70,229	19,565
(Gain) loss on currency remeasurement	475	(6,470)
(Gain) loss on sale of equipment	736	(141)
Decrease (increase) in operating assets		
Accounts receivable, net	(27,608)	13,596
Inventories, net	(11,261)	(30,278)
Recoverable taxes	(18,253)	(11,534)
Other	(14,319)	21,162
Increase (decrease) in operating liabilities		
Suppliers	(1,712)	(16,187)
Payroll and related charges	(2,421)	(1,780)
Litigation, contingencies and liabilities associated with unrecognized tax benefits	12,953	34,920
Accrued finance charges	(8,813)	6,610
Other	6,508	16,175

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Net cash provided by operating activities	355,865	356,480
Cash flows from investing activities		
Short term investments		
Applications	(1,967)	(99,691)
Redemptions	193,716	172,057
Proceeds from sale of equipment	201	235
Investments in affiliate	(96,000)	
Additions to property, plant and equipment	(249,408)	(117,419)
Net cash provided by (used in) investing activities	(153,458)	(44,818)

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)

Six-month period