

ARACRUZ CELLULOSE S A
Form 6-K
January 11, 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
January 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.

Consolidated Financial Statements For the Years ended December 31, 2006, 2005 and 2004 and Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements

Management's Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm,

Consolidated Balance Sheet as of December 31, 2005 and 2006.

Consolidated Statements of Operations for the years ended December 31, 2004, 2005 and 2006.

Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2005 and 2006.

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2004, 2005 and 2006.

Notes to the Consolidated Financial Statements for the years ended December 31, 2004, 2005 and 2006.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Aracruz Celulose S.A. and subsidiaries (the Company) is responsible for establishing and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's Audit Committee, principal executive and principal financial officers, and effected by the Company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect material misstatements on a timely basis. Therefore even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations – COSO – of the Treadway Commission. Based on that assessment management has concluded that as of December 31, 2006 the Company's internal control over financial reporting is effective.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 has been audited by Deloitte Touche Tohmatsu Auditores Independentes, the Company's independent registered public accounting firm, which opinion is stated in their report, dated January 09, 2007, included herein.

/s/ Carlos Augusto Lira Aguiar

Carlos Augusto Lira Aguiar
Chief Executive Officer
January 09, 2007

/s/ Isac Roffé Zagury

Isac Roffé Zagury
Chief Financial Officer
January 09, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Stockholders of Aracruz Celulose S.A.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Aracruz Celulose S.A. and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2006 of the Company and our report dated January 09, 2007 expressed an unqualified opinion on those financial statements.

/s/ Deloitte Touche Tohmatsu Auditores Independentes

Deloitte Touche Tohmatsu Auditores Independentes
Rio de Janeiro, Brazil
January 09, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Aracruz Celulose S.A.

We have audited the accompanying consolidated balance sheets of Aracruz Celulose S.A. and subsidiaries (the Company) as of December 31, 2006 and 2005, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 09, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/Deloitte Touche Tohmatsu Auditores Independentes

Deloitte Touche Tohmatsu Auditores Independentes
Rio de Janeiro, Brazil
January 09, 2007

Aracruz Celulose S.A.

Consolidated Balance Sheets

Expressed in thousands of United States dollars
(Except number of shares)

December 31,

Assets	2005	2006	Liabilities and stockholders' equity
Current assets			Current liabilities
Cash and cash equivalents	34,114	48,414	Suppliers
Short-term investments	521,613	531,229	Payroll and related charges
Accounts receivable, net			Income and other taxes
Securitization program	232,311		Short-term borrowings - export financing and other
Other	20,995	285,795	Current portion of long-term debt
Inventories	173,873	202,704	Related party
Deferred income tax	14,439	15,375	Other
Recoverable taxes	89,727	109,165	Accrued finance charges
Prepaid expenses and other current assets	7,733	8,242	Accrued dividends - interest payable on stockholders' equity
			Other accruals
Total current assets	1,094,805	1,200,924	Total current liabilities
Property, plant and equipment, net	2,068,547	2,151,212	Long-term liabilities
			Long-term debt
Investment in affiliated company	313,940	324,736	Related party
Goodwill	192,035	192,035	Other
			Tax assessments and litigation contingencies
			Deferred income tax, net
			Suppliers
Other assets			Other
Advances to suppliers	64,343	81,485	
Deposits for tax assessments	20,476	26,778	Total long-term liabilities
Recoverable taxes	3,832	15,093	
Other	6,027	3,665	Commitments and contingencies (Note 14 and 15)
Total other assets	94,678	127,021	Minority interest

Aracruz Celulose S.A.

Consolidated Balance SheetsExpressed in thousands of United States dollars
(Except number of shares)

(Continued)

		December 31,		December 31,	
		2005	2006	2005	2006
Stockholders' equity					
Share capital - no-par-value shares authorized and issued					
Common stock - 2005 and 2006 - 455,390,699 shares		297,265		297,265	
Preferred stock					
Class A - 2005 □ 38,022,178 shares 2006 □ 37,962,555 shares				31,105	31,056
Class B - 2005 - 539,141,243 shares; 2006 - 539,200,866 shares;				583,391	583,440
Treasury stock					
Class B preferred stock □ 2005 and 2006 - 1,483,200 shares;					
Common stock □ 2005 and 2006 - 483,114 shares				(2,639)	(2,639)
Total share capital				909,122	909,122
Appropriated retained earnings				1,012,799	1,419,079
Unappropriated retained earnings (deficit)				42,502	(125,778)
Total stockholders' equity				1,964,423	2,202,423
Total assets	3,764,005	3,995,928	Total liabilities and shareholders' equity	3,764,005	3,995,928

Aracruz Celulose S.A.**Consolidated Statements of Operations**Expressed in thousands of United States dollars
(Except number of shares and per-share amounts)

		Year ended December 31,		
		2004	2005	2006
Operating revenues				
Domestic		66,083	62,019	77,431

Export	1,256,648	1,469,646	1,845,026
Gross operating revenues	1,322,731	1,531,665	1,922,457
Sales taxes and other deductions	(155,618)	(186,432)	(241,624)
Net operating revenues	1,167,113	1,345,233	1,680,833
Operating costs and expenses			
Cost of sales	700,333	783,578	1,037,896
Selling	53,850	64,430	74,005
Administrative	31,072	33,820	57,020
Other, net	25,208	16,313	12,514
Total operating costs and expenses	810,463	898,141	1,181,435
Operating income	356,650	447,092	499,398
Non-operating (income) expenses, net			
Financial income	(56,123)	(125,439)	(181,733)
Financial expenses	119,976	137,276	149,719
Gain on currency remeasurement, net	(16,197)	(21,386)	(7,641)
Other, net	(76)	(778)	(7)
Total non-operating (income) expenses, net	47,580	(10,327)	(39,662)
Income before income taxes, minority interest and equity in results of affiliated companies	309,070	457,419	539,060
Income tax expense			
Current	42,746	71,086	30,754
Deferred	27,510	1,142	38,740
Total income tax expense	70,256	72,228	69,494
Minority interest	(9)	(31)	(544)
Equity in results of affiliated companies	(11,568)	(44,062)	(13,705)
Net income	227,237	341,098	455,317

Aracruz Celulose S.A.

Consolidated Statements of Operations

Expressed in thousands of United States dollars

(Except number of shares and per-share amounts)

(Continued)

	Year ended December 31,		
	2004	2005	2006
Basic and diluted earnings per share			
Common stock	0.21	0.31	0.42
Class A preferred stock	0.23	0.34	0.46
Class B preferred stock	0.23	0.34	0.46

Weighted-average number of shares**outstanding (thousands) - basic and diluted**

Common stock	454,908	454,908	454,908
Class A preferred stock	38,074	38,022	38,015
Class B preferred stock	537,711	537,739	537,665

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

Aracruz Celulose S.A.**Consolidated Statements of Cash Flows**

Expressed in thousands of United States dollars

	Year ended December 31,		
	2004	2005	2006
Cash flows from operating activities			
Net income	227,237	341,098	455,317
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and depletion	206,952	211,615	217,842
Equity in results of affiliated companies	11,568	44,062	13,705
Deferred income tax	27,510	1,142	38,740
Gain on currency remeasurement, net	(16,197)	(21,386)	(7,641)
Loss on sale of equipment	325	1,005	(46)
Loss on sale of APM	5,125		
Decrease (increase) in assets			
Accounts receivable, net	8,449	(58,514)	(47,366)
Inventories, net	1,082	(47,653)	(28,831)
Interest receivable on short-term investments	(81,639)	(45,206)	(6,281)
Recoverable taxes	(18,904)	(45,170)	(22,093)
Other	(2,905)	(3,609)	(1,902)
Increase (decrease) in liabilities			
Suppliers	(39,907)	26,825	(614)
Payroll and related charges	(1,420)	3,782	4,606
Income and other tax assessments and litigation contingencies	39,793	38,953	5,725
Accrued finance charges	1,714	(811)	10,697
Other	(1,296)	(391)	3,010
Net cash provided by operating activities	367,487	445,742	634,868
Cash flows from investing activities			
Short-term investments:			
Applications	(31,377)	(141,736)	(175,913)

Redemptions	18,623	143,750	223,331
Proceeds from sale of APM	17,276		
Proceeds from sale of equipment	805	724	565
Investments in affiliate	(99,000)	(69,097)	(24,500)
Additions to property, plant and equipment	(94,541)	(147,884)	(301,009)
Net cash used in investing activities	(188,214)	(214,243)	(277,526)

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

Aracruz Celulose S.A.

Consolidated Statements of Cash Flows

Expressed in thousands of United States dollars

(Continued)

	Year ended December 31,		
	2004	2005	2006
Cash flows from financing activities			
Short-term debt, net	(109,503)	86,962	(73,649)
Long-term debt			
Issuances			
Related parties		60,205	72,776
Other	362,488	25,000	809,000
Repayments			
Related parties	(54,630)	(56,245)	(63,693)
Other	(211,881)	(209,319)	(834,042)
Treasury stock acquired		(351)	
Dividends and interest on stockholders' equity paid	(198,668)	(139,420)	(251,758)
Net cash used in financing activities	(212,194)	(233,168)	(341,366)
Effect of changes in exchange rates on cash and cash equivalents	3,111	(691)	(1,676)
Increase (decrease) in cash and cash equivalents	(29,810)	(2,360)	14,300
Cash and cash equivalents, beginning of year	66,284	36,474	34,114
Cash and cash equivalents, end of year	36,474	34,114	48,414
Supplementary cash flow information			
Interest paid	138,011	80,919	76,030

Income taxes paid	9,340	95,359	41,450
Non-cash transaction:			
Unpaid accrued dividends and interest on stockholders' equity	10,433	65,947	36,545

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

Aracruz Celulose S.A.

Consolidated Statements of Changes in Stockholders' Equity

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

	Year ended December 31,					
	2004		2005		2006	
	Shares	US\$	Shares	US\$	Shares	US\$
Share Capital						
Common stock						
Balance, January 1 and December 31	455,390,699	297,265	455,390,699	297,265	455,390,699	297,265
Preferred stock - Class A						
Balance, January 1	38,137,170	31,199	38,022,178	31,105	38,022,178	31,105
Conversion to Class B stock	(114,992)	(94)			(59,623)	(49)
Balance, December 31						