



Floresteca S.A.

**Agreed-upon procedures report
December 31, 2010**



KPMG Auditores Independentes
Av. Barão de Itapura, 950 - 6º
13020-431 - Campinas, SP - Brasil
Caixa Postal 737
13012-970 - Campinas, SP - Brasil

Central Tel 55 (19) 2129-8700
Fax 55 (19) 2129-8728
Internet www.kpmg.com.br

Agreed-upon procedures report

To
The Directors and Shareholders
Floresteca S.A.
Jangada - MT

We applied the procedures described below, previously agreed upon with you, referring to the Thinning Report for the year ended December 31, 2010 of Floresteca S.A. as presented in the attached statement. Our engagement was carried out in accordance with NBC TSC 4400, issued by the Federal Accounting Council, and with ISRS 4400, issued by IFAC, applicable to agreed upon procedures engagements. The procedures were applied with the sole purpose to re-perform the proper calculation of the "Condensed result by parcel" as presented in the appendix 2. Firstly, procedures were applied to recalculate the average price per product in the "BDU" spreadsheet, recalculation of cost sharing and recalculation of taxes on the standardized value. According to the average price and expenses per projects, you prepared the "Thinning Report Resume" table, as presented in the appendix 1. Subsequently, procedures were applied to recalculate the yield per project, recalculation of the retainer and recalculation of the applicable withholding tax. According to net revenue obtained from the "Thinning Report Resume" and the amounts withheld you prepared the "Condensed result by parcel" table, as presented in the appendix 2¹. We carried out our review with respect to the arithmetic accuracy presented in the respective files. We made inquiries to Management with respect to the contents disclosed in the notes.

These procedures are summarized as follows:

1. We obtained the analytical breakdown of sales of Floresteca S.A. for 2010 reconciled with the accounting. We excluded sales not related to logs and/or firewood, as recommended by the company's management because is not base to calculate amount to payment to investors;
2. Based on the breakdown mentioned in the previous item, we randomly selected 50 invoices and compared the following fields: date of issue, customer name, invoice number, quantity (m³), unit value, total value of the invoice and the type of product;
3. We recalculated the average price per type of product made by management, by dividing the total value of sales of the product according to its category (in R\$) by the total quantity sold of each product (in m³).

¹ To the Directors and Shareholders of Floresteca S.A. a unaggregated overview is provided which is stamped for identification purposes

4. We obtained the BDU file prepared by the company's management, which consists of the analytical breakdown of sales updated with the average selling price (standardized basis) and with the same amount of item 1. We made the recalculation with respect to the updating of the base by the average price, by multiplying the average price calculated in item 3 by the quantity sold (in m³) informed in the BDU.
5. We obtained from management the "cockpit" file, i.e., a summary of taxes and other costs levied on sales. We made inquiries to management on the nature of the taxes levied on sales and we confirmed the rates applied with the prevailing legislation. For trade, logistics and classification discounts, management explained the concept for determining the amount to be applied on the sale;
6. Based on the BDU standardized values we recalculated the taxes levied on taxable sales. For the costs, we recalculated the expenses by applying the amounts and percentages calculated by management on the amounts traded, the basis for recalculation. We compared the balances of our recalculation with the balance of expenses calculated by management;
7. We obtained from management the "R1" file, i.e., the summary of invoicing per project. We reviewed the summarization of the basis, comparing the R1 balances with the balances obtained in our recalculations per project and the total taxes and costs incurred;
8. We obtained from management the "Thinning Classification" file. Based on this file we inquired about the criteria applied in the classification of the thinning period per project and compared it with the classification presented in "R1" Thinning Report Resume;
9. We obtained from management the "Results by parcel" file. Based on this file we performed the following testing:
 - a. Area (ha): we confront the total amount presented in "Results by parcel" with total amount in the sheet "BDKrigagem" reconciled with "Thining Report Resume";
 - b. Volume: we confront the total amount presented in "Results by parcel" with the total amount in the sheet "BDKrigagem";
 - c. Yield (m3/ha): we recalculated yield dividing total Volume by Area (ha);
 - d. Net Revenue: we confront the total amount with total amount in the "BDKrigagem" reconciled with "Thining Report Resume";
 - e. FSA Retainer: we recalculated the amount in accordance with conditions of "Max Retainer" as presented below:
 - i. In the case of a plantation with a cycle of approximately 20 years: Up to the maximum of US\$ 2,000.00 per hectare from years 8 to 12 after the beginning of the planting and US\$ 2,500.00 per hectare from years 12 to 15 after the beginning of the planting;
 - ii. In the case of a plantation with a cycle of approximately 25 years: Up to the maximum of US\$ 2,000.00 per hectare from years 8 to 12 after the beginning of the planting, US\$ 2,500.00 per hectare from years 12 to 15 after the beginning of the planting and US\$ 3,000.00 per hectare from years 15 to 20 after the beginning of the planting.



In all cases where net revenue exceeds the maximum retainer by cycle, Floresteca S.A will distribute the result to the Investors. We obtained the sheet called “BDKrigagem” and recalculated the amount in accordance maximum retainer determined in the contract between Floresteca S.A. and Investors.

- f. Gross Payment: we obtained this value based on the “Net Revenue” less “Floresteca Retainer”;
 - g. Withholding taxes: we recalculated withholding taxes applying the 15% rate on the “Gross Payment”;
 - h. Net adjusted payment: we recalculated based on “Gross Payment” less “Withhold tax”; and
 - i. Remaining payment: equal to Net adjust payment.
10. We asked management about the nature of the explanatory notes of operations, purpose of presentation, accounting practices, sales revenues, taxes on sales revenues, direct selling expenses and translation of Brazilian Reais to U.S. dollars.

Our report contains the following aspects that were verified by us:

- a. With respect to item 1, no exception came to our attention;
- b. With respect to item 2, no exception came to our attention;
- c. With respect to item 3, no exception came to our attention;
- d. With respect to item 4, no exception came to our attention;
- e. With respect to item 5, no exception came to our attention;
- f. With respect to item 6, no exception came to our attention;
- g. With respect to item 7, no exception came to our attention;
- h. With respect to item 8, no exception came to our attention;
- i. With respect to item 9, no exception came to our attention;
- j. With respect to item 10, no exception came to our attention.

Considering that the above procedures do not constitute an audit or a limited review conducted in accordance with audit or review standards applicable in Brazil, we do not express any assurance on the Thinning Report as of December 31, 2010.


If we had applied additional procedures or carried out an audit or review of the financial statements in accordance with audit or review standards applicable in Brazil (NBC TAs or NBC TRs), other issues may have come to our attention, which would have been reported.



Our report is intended exclusively for the purpose described in the first paragraph of this report and to inform you and should not be used for any other purpose or distributed to third parties that have not assumed responsibility for the adequacy, or have not agreed to, the above procedures. This report is related exclusively to the accounts and items specified above and does not extend to the financial statements of Floresteca S.A., taken as a whole.

Campinas, September 24, 2012

KPMG Auditores Independentes
CRC SP-014428/O-6 S-MT



Cristiano Aurélio Kruk
Account CRC PR-054366/O-0 S-MT

Floresteca S.A.

Thinning Report for year ended
December 31, 2010

Floresteca S.A.

Thinning Report for
year ended December 31, 2010

Contents

Attachment 1 - Thinning report resume	3 - 6
Attachment 2 - Result by parcel	7
Notes to the statements of income and stock of rough-thinning	8 - 9

Attachment - Thinning Report Resume

Projeto/talhão	Valores		Gross Revenue	Tax on Sales	Commercial Discount	Logistics	Classification Cost	Net Revenue - R\$	Net Revenue - USD
	Desbaste	Volume							
ARA1	2D	51	33,046	(374)	(1,652)	(20,729)	(1,463)	8,827	5,073
ARA2	2D	207	134,409	(1,528)	(6,720)	(84,758)	(5,984)	35,419	20,217
BOC1	3D	597	397,248	(4,397)	(19,862)	(243,929)	(17,221)	111,838	63,182
BOC10	3D	740	496,484	(5,454)	(24,824)	(302,560)	(21,361)	142,285	83,377
BOC11	3D	837	564,106	(6,165)	(28,205)	(342,016)	(24,146)	163,574	96,843
BOC12	3D	42	27,981	(312)	(1,399)	(17,336)	(1,224)	7,710	4,549
BOC13	2D	170	113,021	(1,251)	(5,651)	(69,384)	(4,898)	31,837	18,145
BOC14	3D	156	101,793	(1,151)	(5,090)	(63,865)	(4,509)	27,178	16,093
BOC15	3D	55	34,748	(404)	(1,737)	(22,406)	(1,582)	8,619	4,999
BOC16	3D	502	336,262	(3,700)	(16,813)	(205,250)	(14,491)	96,008	54,108
BOC17	3D	549	366,653	(4,043)	(18,333)	(224,303)	(15,836)	104,138	58,071
BOC18	3D	764	513,552	(5,634)	(25,678)	(312,537)	(22,065)	147,639	82,627
BOC2	3D	719	480,650	(5,296)	(24,033)	(293,811)	(20,743)	136,769	77,511
BOC3	3D	410	272,120	(3,023)	(13,606)	(167,717)	(11,841)	75,934	42,686
BOC4	3D	712	478,769	(5,248)	(23,938)	(291,153)	(20,555)	137,874	80,329
BOC5	3D	422	282,168	(3,108)	(14,108)	(172,418)	(12,173)	80,360	45,618
BOC6	3D	798	533,276	(5,883)	(26,664)	(326,397)	(23,043)	151,288	86,067
BOC7	3D	237	159,762	(1,744)	(7,988)	(96,778)	(6,832)	46,419	26,452
BOC8	3D	572	383,127	(4,213)	(19,156)	(233,707)	(16,500)	109,551	62,662
BOC9	3D	532	357,199	(3,920)	(17,860)	(217,475)	(15,354)	102,590	58,223
BUR10	3D	5	3,432	(39)	(172)	(2,167)	(153)	902	518
BUR13	3D	75	50,185	(555)	(2,509)	(30,788)	(2,174)	14,160	8,080
BUR14	2D	4	3,068	(32)	(153)	(1,758)	(124)	1,001	587
BUR15	2D	1	642	(7)	(32)	(368)	(26)	209	122
BUR6	2D	20	13,444	(150)	(672)	(8,300)	(586)	3,736	2,142
BUR7	3D	60	39,467	(444)	(1,973)	(24,655)	(1,741)	10,654	6,113
BUR9	2D	2	1,189	(13)	(59)	(736)	(52)	328	189
CAS1	2D	134	88,224	(988)	(4,411)	(54,788)	(3,868)	24,170	14,042
CAS2	2D	317	206,304	(2,334)	(10,315)	(129,488)	(9,142)	55,025	31,833
COC10	3D	6	4,495	(46)	(225)	(2,576)	(182)	1,466	858
COC18	2D	1	642	(7)	(32)	(368)	(26)	209	119
COC19	2D	2	1,142	(12)	(57)	(654)	(46)	372	212
COC8	2D	1	714	(7)	(36)	(409)	(29)	233	136

Projeto/talhão	Desbaste	Valores							Net Revenue - R\$	Net Revenue - USD
		Volume	Gross Revenue	Tax on Sales	Commercial Discount	Logistics	Classification Cost			
COC9	2D	0	285	(3)	(14)	(164)	(12)	93	54	
CPB1	3D	547	364,931	(4,031)	(18,247)	(223,608)	(15,787)	103,259	61,169	
CPB10	3D	37	23,525	(273)	(1,176)	(15,169)	(1,071)	5,835	3,387	
CPB13	3D	413	267,375	(3,042)	(13,369)	(168,739)	(11,913)	70,313	41,303	
CPB17	3D	657	438,112	(4,844)	(21,906)	(268,747)	(18,973)	123,641	73,579	
CPB18	3D	192	123,771	(1,414)	(6,189)	(78,461)	(5,539)	32,167	18,884	
CPB2	3D	67	42,167	(490)	(2,108)	(27,190)	(1,920)	10,459	6,117	
CPB3	3D	1,145	333,393	(6,225)	(28,411)	(345,323)	(24,380)	(70,945)	(41,844)	
CPB4	3D	-	-	-	-	-	-	-	-	
CPB5	3D	-	-	-	-	-	-	-	-	
CPB7	3D	325	205,825	(2,392)	(10,291)	(132,718)	(9,370)	51,054	29,911	
PA11	3D	45	28,407	(330)	(1,420)	(18,317)	(1,293)	7,046	4,138	
PA112	3D	0	254	(3)	(13)	(164)	(12)	63	37	
PA113	3D	136	86,236	(1,002)	(4,312)	(55,606)	(3,926)	21,391	12,453	
PA114	3D	115	72,984	(848)	(3,649)	(47,060)	(3,322)	18,103	10,488	
PA115	2D	32	20,101	(234)	(1,005)	(12,961)	(915)	4,986	2,897	
PA116	3D	117	74,188	(862)	(3,709)	(47,837)	(3,377)	18,402	10,680	
PA117	3D	70	44,133	(513)	(2,207)	(28,457)	(2,009)	10,947	6,413	
PA12	3D	39	24,539	(285)	(1,227)	(15,823)	(1,117)	6,087	3,574	
PA14	3D	72	45,781	(532)	(2,289)	(29,520)	(2,084)	11,356	6,594	
PA15	3D	1	634	(7)	(32)	(409)	(29)	157	92	
PA16	2D	0	127	(1)	(6)	(82)	(6)	31	18	
PA17	2D	0	127	(1)	(6)	(82)	(6)	31	18	
PA18	2D	9	5,770	(67)	(289)	(3,721)	(263)	1,431	838	
PA19	2D	0	104	(1)	(5)	(67)	(5)	26	15	
PAR1	2D	66	42,803	(486)	(2,140)	(26,985)	(1,905)	11,286	6,311	
PAR11	2D	27	17,573	(200)	(879)	(11,121)	(785)	4,587	2,575	
PAR12	2D	22	14,529	(165)	(726)	(9,159)	(647)	3,833	2,106	
PAR13	2D	19	12,064	(138)	(603)	(7,646)	(540)	3,137	1,763	
PAR14	3D	4	2,663	(30)	(133)	(1,676)	(118)	705	378	
PAR15	3D	18	11,470	(130)	(573)	(7,196)	(508)	3,062	1,735	
PAR16	2D	8	5,176	(59)	(259)	(3,271)	(231)	1,356	770	
PAR18	2D	3	1,958	(22)	(98)	(1,227)	(87)	525	297	
PAR19	2D	23	14,894	(170)	(745)	(9,445)	(667)	3,867	2,191	
PAR2	3D	43	27,751	(315)	(1,388)	(17,459)	(1,233)	7,357	4,068	
PAR3	2D	22	14,180	(162)	(709)	(8,995)	(635)	3,679	2,062	
PAR5	2D	17	11,454	(128)	(573)	(7,114)	(502)	3,137	1,780	

Projeto/talhão	Desbaste	Valores		Gross Revenue	Tax on Sales	Commercial Discount	Logistics	Classification Cost	Net Revenue - RS	Net Revenue - USD
		Volume								
PAR7	2D	3		2,061	(24)	(103)	(1,308)	(92)	533	286
PAR8	3D	8		5,263	(60)	(263)	(3,353)	(237)	1,350	724
PAR9	2D	36		22,852	(262)	(1,143)	(14,556)	(1,028)	5,863	3,273
PIM1	3D	540		367,418	(3,981)	(18,371)	(220,828)	(15,590)	108,648	62,433
PIM10	3D	430		288,114	(3,166)	(14,406)	(175,648)	(12,401)	82,493	47,455
PIM11	3D	293		199,464	(2,160)	(9,973)	(119,838)	(8,461)	59,032	33,243
PIM12	3D	463		312,763	(3,413)	(15,638)	(189,345)	(13,368)	90,999	51,594
PIM13	3D	654		447,336	(4,821)	(22,367)	(267,439)	(18,881)	133,829	76,238
PIM14	3D	583		398,163	(4,294)	(19,908)	(238,205)	(16,817)	118,939	67,091
PIM15	3D	551		375,600	(4,060)	(18,780)	(225,244)	(15,902)	111,614	62,438
PIM16	3D	51		33,022	(375)	(1,651)	(20,811)	(1,469)	8,715	4,845
PIM2	3D	284		202,042	(2,090)	(10,102)	(115,954)	(8,186)	65,709	37,952
PIM28	2D	0		71	(1)	(4)	(41)	(3)	23	13
PIM29	2D	0		285	(3)	(14)	(164)	(12)	93	54
PIM3	3D	775		523,235	(5,713)	(26,162)	(316,952)	(22,377)	152,031	83,025
PIM4	3D	685		465,897	(5,051)	(23,295)	(280,236)	(19,784)	137,530	75,302
PIM5	3D	572		392,156	(4,216)	(19,608)	(233,871)	(16,511)	117,951	63,369
PIM6	3D	237		165,814	(1,745)	(8,291)	(96,819)	(6,835)	52,124	29,848
PIM7	3D	799		536,478	(5,889)	(26,824)	(326,700)	(23,065)	154,000	83,274
PIM8	3D	561		381,298	(4,132)	(19,065)	(229,251)	(16,185)	112,665	62,480
PIM9	3D	272		183,233	(2,008)	(9,162)	(111,375)	(7,863)	52,826	29,669
SER1	2D	82		53,004	(605)	(2,650)	(33,568)	(2,370)	13,811	7,888
SER2	2D	190		122,757	(1,399)	(6,138)	(77,603)	(5,479)	32,139	18,264
SIL10	3D	275		113,944	(1,648)	(7,719)	(91,431)	(6,455)	6,692	3,716
SIL14	3D	24		16,379	(178)	(819)	(9,848)	(695)	4,839	2,849
SIL15	3D	91		64,246	(673)	(3,212)	(37,329)	(2,635)	20,396	11,741
SIL18	3D	182		133,015	(1,340)	(6,651)	(74,317)	(5,247)	45,461	26,555
SIL4	3D	17		11,987	(124)	(599)	(6,869)	(485)	3,910	2,279
SIL5	3D	14		9,846	(102)	(492)	(5,642)	(398)	3,212	1,872
SIL8	3D	149		29,545	(732)	(3,419)	(40,605)	(2,867)	(18,077)	(10,522)
SIL9	3D	316		114,705	(1,800)	(8,533)	(99,840)	(7,049)	(2,516)	(1,485)
SJT2	3D	23		14,744	(166)	(737)	(9,199)	(649)	3,992	2,408
SJT3	3D	55		35,979	(403)	(1,799)	(22,365)	(1,579)	9,833	5,940
SJT4	3D	179		119,038	(1,318)	(5,952)	(73,105)	(5,161)	33,502	20,199
TEN1	3D	2		1,213	(13)	(61)	(695)	(49)	396	230
TEN2	3D	0		285	(3)	(14)	(164)	(12)	93	54
TEN3	3D	1		357	(4)	(18)	(204)	(14)	116	66

Projeto/talhão	Desbaste	Valores								Net Revenue - R\$	Net Revenue - USD
		Volume	Gross Revenue	Tax on Sales	Commercial Discount	Logistics	Classification Cost				
TEN4	3D	1	856	(9)	(43)	(491)	(35)	279	162		
TEN5	3D	-	-	-	-	-	-	-	-		
TEN6	3D	2	1,427	(15)	(71)	(818)	(58)	465	271		
VDO1	3D	197	133,525	(1,453)	(6,676)	(80,587)	(5,689)	39,119	21,832		
VDO10	3D	48	31,612	(352)	(1,581)	(19,503)	(1,377)	8,800	4,898		
VDO11	3D	147	98,850	(1,082)	(4,943)	(60,021)	(4,237)	28,567	15,788		
VDO12	3D	51	33,975	(374)	(1,699)	(20,770)	(1,466)	9,665	5,454		
VDO13	3D	721	491,790	(5,315)	(24,589)	(294,874)	(20,818)	146,194	78,729		
VDO14	3D	640	438,007	(4,717)	(21,900)	(261,674)	(18,474)	131,242	73,469		
VDO15	3D	422	286,623	(3,108)	(14,331)	(172,418)	(12,173)	84,593	46,462		
VDO16	3D	205	135,783	(1,512)	(6,789)	(83,887)	(5,922)	37,672	21,308		
VDO17	3D	141	95,904	(1,038)	(4,795)	(57,568)	(4,064)	28,438	15,478		
VDO18	2D	231	155,489	(1,702)	(7,774)	(94,448)	(6,668)	44,896	25,369		
VDO19	3D	169	111,633	(1,243)	(5,582)	(68,935)	(4,867)	31,007	17,537		
VDO2	3D	212	142,759	(1,560)	(7,138)	(86,557)	(6,111)	41,393	22,267		
VDO3	2D	98	66,668	(724)	(3,333)	(40,151)	(2,835)	19,625	10,546		
VDO4	3D	120	81,778	(881)	(4,089)	(48,859)	(3,449)	24,499	13,263		
VDO5	3D	39	25,580	(284)	(1,279)	(15,782)	(1,114)	7,120	3,888		
VDO6	3D	261	176,910	(1,924)	(8,846)	(106,755)	(7,537)	51,849	28,342		
VDO7	3D	95	64,583	(701)	(3,229)	(38,883)	(2,745)	19,024	10,414		
Grand Total		27.183	17,575,966	(196,853)	(897,300)	(10,920,804)	(771,002)	4,790,008	2,710,773		

Attachment 2 - Result by parcel

Project Year	Area (ha.)	Volume	Yield (m3/ha)	Values in USD						
				Net Revenue (A)	FSA Retainer (B)	Gross Payment (C = A - B)	Withhold Tax (D)	Net adjusted payment (E = C - D)	Thinning Report 2009 (F)	Remaining payment (G = E - F)
	A	B	C=B/A	D	E	F=D-E	G=F*15%	H=F-G	I	J=H-I
ARA - 1999	82	4,721	57	101,945	101,900	44	7	38		38
BUR - 1994	608	11,957	20	411,752	411,752	-	-	-		-
CAS - 1999	83	3,048	37	95,217	89,916	5,301	795	4,506		4,506
COC - 0	396	-	-	-	-	-	-	-		-
COC - 1996	50	566	11	22,677	22,677	-	-	-		-
COC - 1998	136	3,121	23	138,925	138,925	-	-	-		-
CPB - 1999	507	12,849	25	442,861	438,864	3,997	600	3,397		3,397
DLG - 0	618	-	-	-	-	-	-	-		-
k 8 - 1995	343	7,711	22	383,625	383,625	-	-	-		-
PAI - 0	5	-	-	-	-	-	-	-		-
PAI - 1997	278	4,726	17	108,213	108,213	-	-	-		-
PAI - 1998	105	3,157	30	75,082	75,082	-	-	-		-
PIM - 0	18	-	-	-	-	-	-	-		-
PIM - 1996	804	22,432	28	1,339,708	1,249,354	90,354	13,553	76,801		76,801
SER - 1999	87	886	10	43,990	43,990	-	-	-		-
SIL - 0	114	-	-	-	-	-	-	-		-
SIL - 1995	506	1,866	4	112,055	111,994	61	9	52		52
SIL - 1998	26	472	18	16,657	16,657	-	-	-		-
SJT - 1998	46	730	16	41,468	41,468	-	-	-		-
SMG - 2001	83	510	6	19,954	19,954	-	-	-		-
TEN - 1996	198	2,039	10	66,139	66,139	-	-	-		-
BOC - 1998	449	10,978	24	882,070	868,448	13,623	2,043	11,579		11,579
BOC - 1999	108	3,364	31	239,240	234,163	5,076	761	4,315		4,315
VDO - 1998	432	9,248	21	560,604	557,902	2,702	405	2,297		2,297
VDO - 1999	31	734	23	34,056	34,056	-	-	-		-
PAR - 1997	573	7,895	14	260,019	260,019	-	-	-		-
DLG - 2001	548	19,236	35	569,650	569,650	-	-	-		-
DLG - 2002	48	1,102	23	33,905	33,905	-	-	-		-
DLG - 2000	1,116	36,261	33	496,051	496,051	-	-	-		-
Total General	8,400	169,609	20	6,495,863	6,374,704	121,159	18,174	102,985		102,985

Floresteca S.A.

Notes to the statements of income and stock of rough-thinning

Year ended December 31, 2010

1 Operations

Floresteca S.A. was incorporated on January 12, 1994 and is headquartered in the Municipality of Jangada, State of Mato Grosso - MT, Brazil. The main operations of Floresteca S.A. are carried out in various municipalities of the State of Mato Grosso - MT and its main activities comprise the forestation, planting, felling and clearing of *Tectona Grandis* (Teak) forests owned by third parties.

2 Purpose of presentation

Statements of income were prepared for the purpose of demonstrating to the investors who hold an interest in the volumes, gross sales revenues, taxes on sales revenues, direct selling expenses and net revenue in Real and Dolar for the year ended December 31, 2010.

3 Accounting practices

The schedule presented in Statements of income and Stock of rough-thinning has been prepared in accordance with the accounting practices described below.

a. Sales Revenues

Revenues from the sale of the rough-thinning are recorded on the accrual basis of accounting, as of the date on which the rough-thinning is delivered to customers and the Company is entitled to invoice them. The amounts presented for the specified blocks of land presented in Statements of income correspond all projects year ended December 31, 2010

b. Taxes on sales revenues

Taxes on sales revenues, presented as a deduction from gross sales revenues, were recognized considering the prevailing tax rates for each of the following taxes and contributions:

Floresteca S.A.

Notes to the statements of income and stock of rough-thinning

- Rural Workers' Assistant Fund - FUNRURAL
- State Transportation and Housing Fund - FETHAB
- Social Integration Program - PIS
- Social Contribution on Revenues - COFINS
- State Value-Added Tax on Sales and Services - ICMS

c. Direct selling expenses

Direct selling expenses, presented as a deduction from gross sales revenues, correspond to amounts paid to freight, classification cost and 5% commercial discount in respect of exports of certain rough-thinning of the gross revenue related to general selling expenses.

d. Translation of Brazilian Reais to US dollars

The net sales revenue amounts presented in U.S. dollars in Statements of income were determined by conversion daily of real to dolar in accordance rate disclosure by central bank of Brazil. These translations are being presented for the convenience of the reader only.

* * *

Board of Directors

Sylvio de Andrade Coutinho Neto
Laurentis Petrus Antonius Brouns
Hendrik Cornelis Van Druten

Executive Board

Sylvio de Andrade Coutinho Neto
Chief Executive Officer

Fausto Hissabi Takizawa
Director

Accountant

Paulo Henrique Silveira da Silva
CRC MT - 008951/O-8