

URSTADT BIDDLE PROPERTIES INC  
 Form 4  
 January 05, 2017

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2015  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Rapaglia Stephan A

2. Issuer Name and Ticker or Trading Symbol  
 URSTADT BIDDLE PROPERTIES INC [UBA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 321 RAILROAD AVENUE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 01/04/2017

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 SVP and COO

GREENWICH, CT 06830

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (D) Price			
Class A Common Stock	01/04/2017		A <sup>(1)</sup>	12,500 A \$ 0	68,000 <sup>(2)</sup>	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**



companies 128,229 143,399 **Income tax expense** Current 11,058 20,952 Deferred 1,573 16,139 **Total income tax expense** 12,631 37,091 **Minority interest** 4,064 462 **Equity in results of affiliated companies** (5,358) 6,324

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

5

## 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

<b>Net income</b>	116,892	99,522
-------------------	---------	--------

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

6

## 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

	<b>Three-month period ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>Basic and diluted earnings per share</b>		
Common stock	0.11	0.09
Class A preferred stock	0.12	0.10
Class B preferred stock	0.12	0.10
<b>Weighted-average number of shares outstanding (thousands) - basic and diluted</b>		
Common stock	454,908	454,908
Class A preferred stock	27,958	37,962
Class B preferred stock	547,722	537,718

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

7

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

(Expressed in thousands of United States dollars)

(Unaudited)

	Three-month period ended March 31,	
	2008	2007
<b>Cash flows from operating activities</b>		
Net income	116,892	99,522
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	57,722	52,714
Equity results of affiliated company	(5,358)	6,324
Deferred income tax	1,573	16,139
(Gain) loss on currency remeasurement	699	701
(Gain) loss on sale of equipment	(1,034)	132
Decrease (increase) in operating assets		
Accounts receivable, net	32,540	29,721
Interest on short-term investments	(22,282)	(28,604)
Inventories, net	(22,689)	(17,154)
Recoverable taxes	20,514	19,461
Other	(4,285)	(439)
Increase (decrease) in operating liabilities		
Suppliers	11,725	(2,832)
Payroll and related charges	(9,505)	(11,625)
Litigation, contingencies and liabilities associated with unrecognized tax benefits	(7,679)	(16)
Accrued finance charges	(2,431)	(3,824)
Other	9,286	3,858
Net cash provided by operating activities	175,688	164,078
<b>Cash flows from investing activities</b>		
Short - term investments		
Applications	(20,235)	(515)
Redemptions	2,901	89,333
Proceeds from sale of equipment	1,034	200
Investments in affiliate	(12,650)	(87,000)
Additions to property, plant and equipment	(97,865)	(98,516)
Net cash used in investing activities	(126,815)	(96,498)

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

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

(Expressed in thousands of United States dollars)

Explanation of Responses:

(Unaudited)

(Continued)

	Three-month period ended March 31,	
	2008	2007
<b>Cash flows from financing activities</b>		
Net borrowings short-term debt	1,049	2,395
Long-term debt		
Borrowings		
Related parties	6,158	18,307
Repayments		
Related parties	(19,699)	(16,405)
Dividends and interest on stockholders' equity paid	(44,845)	(34,839)
Net cash used in financing activities	(57,337)	(30,542)
Effect of changes in exchange rates on cash and cash equivalents	(285)	174
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(8,749)</b>	<b>37,212</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>53,321</b>	<b>48,414</b>
<b>Cash and cash equivalents, end of the period</b>	<b>44,572</b>	<b>85,626</b>
<b>Supplementary cash flow information</b>		
Interest paid	20,138	22,474
Income taxes paid	6,995	9,170
<b>Non-cash transaction:</b>		
Unpaid accrued dividends and interest on stockholders' equity	41,032	34,242

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

9

## Aracruz Celulose S.A.

### Condensed Consolidated Statement of Changes in Stockholders' Equity (Expressed in thousands of United States dollars, except number of shares) (Unaudited)

	Three-month period ended March 31, 2008		Three-month period ended March 31, 2007	
	Shares	US\$	Shares	US\$
<b>Share capital</b>				
Common stock				
Balance, January 1 and March 31	455,390,699	518,385	455,390,699	297,265
Preferred stock - Class A				
Balance, January 1	27,958,116	41,305	37,962,555	31,056
Conversion to Class B stock	(100)			
Balance, March 31	27,958,016	41,305	37,962,555	31,056
Preferred stock - Class B				
Balance, January 1	549,205,305	853,439	539,200,866	583,440
Conversion from Class A stock	100			
Balance, March 31	549,205,405	853,439	539,200,866	583,440
	1,032,554,120	1,413,129	1,032,554,120	911,761

Explanation of Responses:

5

Treasury stock				
Balance, January 1 and March 31	(1,966,314)	(2,639)	(1,966,314)	(2,639)
Balance carried forward	1,030,587,806	1,410,490	1,030,587,806	909,122

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

10

## Aracruz Celulose S.A.

### Condensed Consolidated Statements of Changes in Stockholders Equity

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

(Unaudited)

Continued

	Three-month period ended March 31, 2008		Three-month period ended March 31, 2007	
	Shares	US\$	Shares	US\$
<b>Balance brought forward</b>	<u>1,030,587,806</u>	1,410,490	1,030,587,806	909,122
<b>Appropriated retained earnings</b>				
Investments reserve				
Balance, January 1		1,122,765		1,184,905
Transfer from unappropriated retained earnings		14,251		50,624
Balance, March 31		1,137,016		1,235,529
Fiscal-incentive reserve				
Balance, January 1		91,576		75,870
Transfer from unappropriated retained earnings		1,163		3,241
Balance, March 31		92,739		79,111
Legal reserve				
Balance, January 1		219,887		158,304
Transfer from unappropriated retained earnings		2,790		6,763
Balance, March 31		222,677		165,067
Total balance, March 31		1,452,432		1,479,707
<b>Unappropriated retained deficit</b>				
Balance, January 1		(457,600)		(125,778)
Net income		116,892		99,522
Dividends and interest on stockholders equity		(40,584)		(32,269)
Transfer to appropriated retained earnings		(18,204)		(60,628)
Balance, March 31		(399,496)		(119,153)
<b>Total stockholders equity</b>	<b>1,030,587,806</b>	<b>2,463,426</b>	<b>1,030,587,806</b>	<b>2,269,676</b>

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

11

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

#### 1 Basis of presentation and summary of significant accounting policies

The unaudited condensed consolidated interim financial statements of Aracruz Celulose S.A. and subsidiaries (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, these interim financial statements include all adjustments, consisting only of normal recurring adjustments that are necessary for a fair presentation of the consolidated financial position, results of operations and cash flows for the interim periods presented. Operating results for the first three months are not necessarily indicative of the results to be expected for the entire year.

The interim financial statements have been prepared in accordance with US GAAP, which differ in certain respects from the statutory financial statements prepared in accordance with accounting practices adopted in Brazil.

Except as disclosed in the notes hereto, the interim financial statements are based upon accounting policies and methods consistent with those used and described in the Company's audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2007. The consolidated balance sheet at December 31, 2007 has been derived from the Company's audited financial statements at that date. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2007 included in the Company's 2007 Annual Report on Form 20-F filed with the Securities and Exchange Commission (SEC).

In preparing the condensed consolidated interim financial statements, the use of estimates is required to account for certain assets, liabilities and other transactions. The Company's condensed consolidated interim financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, carrying values of goodwill, provisions necessary for losses on accounts receivable and for contingent liabilities and other similar evaluations. Actual results may vary from estimates.

The U.S. dollar amounts have been remeasured from Brazilian Reals (R\$) in accordance with the criteria set forth in Statement of Financial Accounting Standards No. 52 - "Foreign Currency Translation" (SFAS 52). The U.S. Dollar is used as the Company's functional currency as this has been, and remains, in the opinion of the Company's Board of Directors and Management, the currency in which it principally operates as well as being the Company's primary unit of economic measure. Translation gains and losses are recognized in the income statement, rather than in shareholders' equity; and non-monetary assets and liabilities (such as inventory and fixed assets) are converted at the historical exchange rate.

12

---

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

rather than at the end of period exchange rate.

#### 2 Recently issued accounting pronouncements

##### 2.1 Accounting pronouncements adopted in the period

In September 2006, the FASB issued SFAS No. 157 - Fair value measurements, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This Statement applies under other accounting

Explanation of Responses:

7

## Edgar Filing: URSTADT BIDDLE PROPERTIES INC - Form 4

pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements.

This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The adoption of such pronouncement did not generate a material impact on the Company's financial position, except for certain required disclosures about fair value measurements for interim periods and fiscal years (see Note 12).

In February 2007, the Financial Accounting Standards Board ( FASB ) issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of SFAS No. 115 ( SFAS 159 ). SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement shall be effective as of the beginning of each reporting entity's first fiscal year that begins after November 15, 2007. The adoption of such pronouncement did not generate a material impact on the Company's financial position, as the Company has not elected the fair value option for any of its financial assets or liabilities at January 1, 2008.

### **2.2 Accounting pronouncements not adopted in the period**

In December 2007, the Financial Accounting Standards Board ( FASB ) issued SFAS No.

141 (revised 2007), Business Combination , which replaces FASB Statement No. 141,

Business Combinations. This Statement retains the fundamental requirements in Statement

141 that the acquisition method of accounting (which Statement 141 called the purchase

method) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. Statement 141 did not define the acquirer,

13

---

## **Aracruz Celulose S.A.**

### **Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

although it included guidance on identifying the acquirer, as does this Statement. This Statement's scope is broader than that of Statement 141, which applied only to business combinations in which control was obtained by transferring consideration.

14

---

## **Aracruz Celulose S.A.**

### **Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

The result of applying Statement 141's guidance on recognizing and measuring assets and liabilities in a step acquisition was to measure them at a blend of historical costs and fair values, a practice that provided less relevant, representationally faithful, and comparable information than will result from applying this Statement. In addition, this Statement's requirement to measure the noncontrolling interest in the acquiree at fair value will result in recognizing the goodwill attributable to the noncontrolling interest in addition to that attributable to the acquirer, which improves the completeness of the resulting information and makes it more comparable across entities. By applying the same method of accounting, the



acquisition method, to all transactions and other events in which one entity obtains control over one or more other businesses, this Statement improves the comparability of the information about business combinations provided in financial reports. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The effective date of this Statement is the same as that of the related FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements. The Company will apply such pronouncement on a prospective basis for each new business combination.

In December 2007, the Financial Accounting Standards Board ( FASB ) issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 , which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends) . Earlier adoption is prohibited. The effective date of this Statement is the same as that of the related Statement 141(R). This Statement shall be applied prospectively as of the beginning of the fiscal year in which this Statement is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall be applied retrospectively for all periods presented.

In March 2008, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The company is currently evaluating the impact of adopting SFAS. No. 161 on its financial statements.

15

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

#### 3 Taxes

##### 3.1 Income Taxes

Income taxes in Brazil comprise federal income tax and social contribution (which is an additional federal income tax). The deferred tax balances at each period and are computed at the rates to be in force in the subsequent years and the current tax balances at each period and include taxes to be paid currently. The statutory enacted rates applicable for federal income tax and social contribution were 25% and 9%, respectively, which represented a composite statutory rate of 34%, for both 2008 and 2007.

The amounts reported as income tax expense in the consolidated statements of income are reconciled to the statutory rates as follows:

	<b>Three-month period ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
Income before income taxes, minority interest and equity in results of affiliated companies	128,229	143,399
Federal income tax and social contribution at statutory rates	43,598	48,756
Adjustments to derive effective tax rate:		
Effects of differences in remeasurement		
from reais to U.S. dollars, using historical exchange rates and indexing for tax purposes:	(1,071)	13,877
Fiscal incentive - Technological innovation	(598)	
Results in subsidiaries with different tax rates	(16,796)	(13,884)
Interest on stockholders' equity	(13,607)	(11,110)

Others	1,105	(548)
Income tax expense reported in the consolidated statements of income	12,631	37,091

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

#### 3.2 Fiscal incentive - ADENE

As a result of the Barra do Riacho operations being located within the geographic area of ADENE (Agency for the Development of the Northeast) and since Decree No. 4213, of April 16, 2002, which recognizes the pulp and paper sector as a priority in the development of the region, Aracruz requested and was granted by the Federal Revenue Service in December 2002 the right to benefit from reductions in corporate income tax.

On January 9, 2004, the Company was notified by the Liquidator of the former Superintendência de Desenvolvimento do Nordeste (SUDENE) of its decision to revoke the fiscal benefits previously granted to the Company based on an opinion of the Legal Counsel to the National Integration Ministry on the definition of the geographical area eligible for the recognition of such benefit.

During 2004 and 2005, ADENE issued several acts with the objective of annulling the tax benefit used by the Company. Such acts were always challenged by the Company and no final decision on the merits was issued at this point. Nevertheless, in December 2005 the Company was notified by the Federal Revenue Service (SRF) to pay the amount corresponding to the tax incentive it had recorded, plus interest, in the total amount of US\$ 97 million.

The Company presented its defense in January 2006 but its arguments have not been accepted by the Federal Revenue Service. The Company appealed to the Federal Taxpayers Council and is currently awaiting a decision.

The Company's management, based on the advice of external legal counsel, believes that the cancellation of the tax incentive is mistaken and shall not prevail, both with respect to the amounts already recorded and with respect to the remaining period. In respect of the tax incentive recognized until 2004 (US\$ 66.8 million on December 31, 2004), it is management's understanding, based on advice of external legal counsel, that the tax assessment shall be overruled, since the tax incentive was recorded pursuant to strict legal requirements and acts of SRF and ADENE. The Company's management also believes, based on external legal counsel's opinion, that the cancellation of the tax incentive regarding future years (up to 2012 for Fiberlines A and B and 2013 to Fiberline C) is illegal due to the fact that the incentive was granted upon compliance of predetermined conditions (implantation, expansion and modernization of industrial plants). Therefore, the Company has the vested right to use the tax incentive until the date set forth in the Law and in the acts issued by ADENE.

Notwithstanding the confidence in the robustness of its right, the Company, considering the facts occurred during the years 2004 and 2005, which indicate ADENE's and SRF's intention

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

## Edgar Filing: URSTADT BIDDLE PROPERTIES INC - Form 4

to cancel the tax incentive, decided to be conservative and ceased to recognize the incentive in the calculation of income tax payable from 2005 on and until a final Court decision has been granted.

Based on the opinion of its legal advisors, Company's management believes that the ultimate resolution of this matter may be in favor of the Company's arguments, both with respect to the tax incentive recorded up to 2004 and with respect to those to be recorded from 2005 on. Thus, no provisions for loss were booked for the amounts of the benefits already recognized.

The major components of the deferred tax accounts in the balance sheet are as follows:

	March, 31 2008	December, 31 2007
Deferred Tax Asset - Current Assets		
Unrealized profits on intercompany inventory transactions	15,611	12,280
Net Deferred Tax Liability - Long-Term		
Taxation of foreign exchange variation payable on cash basis	199,231	189,224
Difference in basis of accounting for property, plant and equipment	51,555	59,171
Tax loss carryforwards from operations	(14,104)	(13,918)
Deductible temporary differences - other provisions	17,097	14,402
Net deferred tax liability - Long-Term	253,779	248,879

Although realization of deferred tax assets is not assured, management believes that such realization is more likely than not to occur and, therefore, has not recognized any valuation allowances.

### 3.3 Liabilities associated with unrecognized tax benefits

At March 31, 2008, the Company's recorded liability for unrecognized tax benefits was US\$ 94,183 (US\$ 92,449 at December 31, 2007), reflecting increases resulting from current year tax positions and the effects of currency remeasurement. These unrecognized tax benefits primarily refer to tax positions taken by the Company related to the deductibility of social contribution taxes in the determination of federal income taxes on profits generated by export

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

sales and related to the timing of utilization of historical tax loss carryforwards used to offset income tax and social contribution payable. Included in the balance at March 31, 2008 are approximately US\$ 14 million (US\$ 13 million at December 31, 2007) of tax positions for which there is uncertainty as to the timing of such benefits. As a result of deferred tax accounting, the disallowance of a shorter benefit period would not affect the annual effective tax rate but could accelerate the payment of cash to the taxing authority to an earlier period.

The Company or its subsidiaries file income tax returns in Brazil and other foreign federal and state jurisdictions. Generally, the tax years 2002 through 2007 remain open and subject to examination by the relevant tax authorities.

The Company recognizes interest and penalties accrued on unrecognized tax benefits as a component of interest expense and other non-operating expenses, respectively. The Company has recorded US\$ 72,536 of accrued interest and penalties associated with unrecognized tax benefits at March 31, 2008 (US\$ 69,046 at December 31, 2007), recorded as a component of long-term liabilities. The Company recognized approximately US\$ 2,644 and US\$ 2.329 in accrued interest for the three-month periods ended March 31, 2008 and 2007, respectively.

**(i) Social Contribution on profits generated by export sales**

On September 10, 2003, the Company obtained a Court Order giving it the right not to pay Social Contribution on profits generated by export sales from January 2002 as well as the right to recognize the amounts of tax credits previously compensated in this regard. Pending final determination, the Company has accrued a provision of US\$ 80.6 million as of March 31, 2008 (US\$ 79.0 million to December 2007).

**(ii) Income Tax - Deductibility of Social Contribution on the net profit**

On June 29, 2005, the Company received a tax assessment notice questioning the deductibility of social contribution from taxable income for 2000 and 2001. The existing provision was increased by US\$ 1.5 million, resulting in a final provision of US\$ 16.2 million.

In July 2005, the Company reviewed the base of calculation of the income tax for the periods covered in the assessment and decided to pay US\$ 10.1 million, part of the requested amount. The Company challenged the balance of the tax assessment via an administrative appeal and therefore the ability of the authorities to charge the tax debt is currently suspended. The Company has also initiated a judicial proceeding with the purpose of assuring its right to deduct the social contribution in the calculation of taxable income.

19

**Aracruz Celulose S.A.****Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

**(iii) Income tax and social contribution - offsetting of tax losses**

On June 29, 2005, the Company received a tax assessment notice questioning the offsetting of tax losses against taxable income of 2000 and 2001. The Company also received a tax assessment notice relating to 2000, regarding tax losses generated during the period in which the Company took advantage of the BEFIEEX tax benefit program.

In July 2006 a Court decision did not recognize the Company's right to offset tax losses against taxable income. The Company challenged such decision. Notwithstanding, with the purpose of avoiding penalty charges the Company paid the amount of US\$ 23.1 million

The existing accrual at March 31, 2008 for the period in which the Company took advantage of the BEFIEEX tax benefit program is US\$ 38.7 million.

**3.3 Recoverable taxes**

	<b>March, 31</b>	<b><u>December, 31</u></b>
	<b>2008</b>	<b>2007</b>
Recoverable taxes		
Prepaid income tax and social contribution	92,019	91,829
Withholding income tax on financial investments	16,622	20,792
Value-Added Tax Credit - ICMS (*)	162,595	154,854
Valuation allowance on Value-Added Tax Credit	(120,089)	(109,993)
Pis and COFINS contribution on acquisition of goods	34,867	46,721
Other	1,077	1,086
Total recoverable taxes	187,091	205,289
Current	124,057	140,390
Long-term	63,034	64,899
Total	187,091	205,289

(\*) Since the promulgation of the Federal Law no. 87 on September 13, 1996, the Company has been accumulating ICMS (state sales tax) credits resulting from ICMS paid on purchases, credited to its books and not compensated against ICMS on sales because export sales are exempt from

ICMS. The Company has the legal right, not contested by the state authorities, to claim those credits against the state of Espírito Santo, and has been able to recover part of these credits by selling them to third parties, pursuant to the provisions of current legislation. Considering the history of such transactions during the year 2007, when the Company sold approximately US\$ 50 million (R\$ 95 million) in ICMS tax credits and the perspective of

20

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

successfully closing other sales transactions, the Company believes it will be able to recover part of the ICMS credits recorded in its books against the state of Espírito Santo. Therefore, on December 31, 2007 it decided to reverse on December 31, 2007 approximately US\$ 38,000 of the provision previously accrued. As of March 31, 2008, the balance of this provision is US\$ 120,000.

21

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

#### 4 Accounts receivable, net

	<b>March, 31</b>	<b>December, 31</b>
	<b>2008</b>	<b>2007</b>
Customers - pulp sales		
Domestic	21,984	18,161
Export	278,411	319,220
Advances to suppliers	2,556	2,919
Other	26,600	25,621
	329,551	365,921
Allowance for doubtful accounts	(4,270)	(4,318)
Total, net	325,281	361,603

At March 31, 2008, there were two customers, one of whom accounted for 41% and the other 16% of total customer receivables (December 31, 2007; 31% and 13%, respectively). No other customer accounted for more than 10% of total customer receivables.

Long-Term receivables represent the balance of consideration receivable on the sale to third parties of Value-added tax credits ("ICMS"). The sale has been approved by tax authorities and the balance will be collected in 60 monthly installments, updated with an interest rate of Interbank Certified Depository plus 2% per year.

#### 5 Inventories

	<b>March, 31</b>	<b>December, 31</b>
	<b>2008</b>	<b>2007</b>
Finished products	157,768	141,240
Raw materials	38,343	34,404
Spare parts and maintenance supplies	51,172	49,379
	247,283	225,023

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

#### 6 Investment in affiliated companies

During the first three-months of 2008 the Company increased its share capital invested in Veracel Celulose S.A. in the amount of US\$ 12,650. Such capital increase did not affect the Company's interest in Veracel as the other shareholder proportionally increased its share capital investment.

#### 7 Short-term borrowings and long-term debt

##### (a) Short-term borrowings - export financing and other

At March 31, 2008, the balance of short-term debt consisted of rural credit denominated in reais, in the amount of US\$ 5,717 (US\$ 5,646 as of December 31, 2007) with an interest rate of 6.75%.

##### (b) Long-term debt

	March 31, 2008	December 31, 2007
Denominated in Brazilian currency:		
BNDES term loans with varying interest rates; principally the "Long-term interest Rate" (TJLP) plus 7.9% to 10.5% (2007 - 7.8% to 10.5%) due 2008 to 2016	375,254	381,477
Credit Export Note 100% CDI, due 2008 to 2013	59,722	58,974
BNDES Term loans 7.31% to 10.41% (2007 7.86% to 9.76%), due 2008 to 2016 and indexed to BNDES basket of currencies	43,136	44,879
	478,112	485,330
Denominated in US Dollars:		
Pre-export financing 3.05% to 5.65% (2007 - 5.73% to 6.34%) due 2012 to 2016	909,000	909,000
	909,000	909,000
Total	1,387,112	1,394,330
Less current maturities	(82,687)	(81,979)
Total long-term debt	1,304,425	1,312,351

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

Explanation of Responses:

## Edgar Filing: URSTADT BIDDLE PROPERTIES INC - Form 4

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

The long-term portion of the Company's debt at March 31, 2008 becomes due in the following years:

2009	39,629
2010	30,703
2011	31,420
2012	90,705
2013 and thereafter	1,111,968
Total	1,304,425

### 8 Stockholders equity

At March 31, 2008, the Company's principal common stockholders and their common stock ownership interests, either direct or indirect are as follows: Arapar S.A. (an affiliate Group Lorentzen), Arainvest Participações S.A. (an affiliate of Banco Safra S.A.), and Newark Financial Inc (an affiliate of Votorantim Celulose e Papel (VCP)) with 28% each; Banco Nacional de Desenvolvimento Econômico e Social - BNDES with 12.5% .

At March 31, 2008, Arainvest, Treasure Hold Investments Corp (an affiliate of Banco Safra S.A.) and the Banco Nacional de Desenvolvimento Econômico e Social - BNDES also owned preferred stocks which in total amounted to 14.9% and 7.7%, respectively, of the total preferred stocks.

During 2007, the Company has increased its capital by US\$ 501,368 using balances from the investment reserve, as required by the Brazilian Corporate Law. Such capital increase was approved by the General Shareholders Meeting held in April 24, 2007.

Brazilian law permits the payment of cash dividends only from retained earnings and certain reserves registered in the Company's statutory accounting records. At March 31, 2008, after considering appropriated retained earnings which can be transferred to unappropriated retained earnings, the earnings and reserves available for distribution as dividends, upon approval by the Company's stockholders, amounted to the equivalent of US\$ 1,193 million.

Appropriated retained earnings is composed by the following reserves:

a) Fiscal-incentive reserve - Consists of the appropriations from retained earnings equivalent to the cumulative amounts by which income tax rates have been reduced each year as a result of the Barra do Riacho operations of the Company being located in a development area. The

24

---

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

fiscal-incentive reserve may be used to increase capital and absorb losses, but is not available as cash dividends.

b) Investments reserve - the investments reserve represents discretionary appropriations, ratified by the stockholders, for plant expansion and other capital projects, the amount of which is based on an approved capital budget presented by management. After completion of the projects, the Company may elect to retain the appropriations until the stockholders vote to transfer all or a portion of the reserve to capital or to retained earnings, from which a cash dividend may then be paid.

c) Legal reserve - legal reserve results from appropriations from retained earnings of 5% of annual net income recorded in the statutory accounting records. Such appropriations are required until the balance reaches 20% of the balance of capital stock, based on the statutory accounting records. The legal reserve may be used to increase capital and to absorb losses, but is not available for distribution as cash dividends.

Explanation of Responses:

15

**Dividends and interest on stockholders' equity**

The Company's by-laws guarantee a minimum annual dividend equal to 25% of the adjusted net income for the year, as required by the Brazilian Corporate Law. In accordance with the Company's by-law and the Brazilian Corporate Law, adjusted net income is represented by the net income for the year less appropriation of the above mentioned legal reserve.

Brazilian law permits the payment of cash dividends only from retained earnings. As of January 1, 1996, Brazilian corporations are allowed to attribute interest on stockholders' equity. The calculation is based on the stockholders' equity amounts as stated in the statutory accounting records and the interest rate applied may not exceed the long-term interest rate ( TJLP ) determined by the Brazilian Central Bank (approximately 6.32% and 6.25% for the years 2007 and 2008, respectively). Also, such interest may not exceed the greater of 50% of net income for the year or 50% of retained earnings plus income reserves (including those mentioned above), determined in each case on the basis of the statutory financial statements. The amount of interest attributed to stockholders is deductible for corporate income tax purposes.

The Company paid US\$ 45 million of dividends and interest on stockholders' equity during the period ended March 31, 2008 and accrued US\$ 41 million of interest on stockholders' equity for payment in April 2008 (US\$ 233 million and US\$ 44 million, respectively, during 2007).

**Aracruz Celulose S.A.**

**Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

Basic and diluted earnings per share:

Basic and diluted earnings per share ("EPS") as of March 31, 2008 and December 31, 2007, as presented in the Company's statements of operations, have been calculated on the following basis taking into consideration the Dividend Allocation between Class A and Class B preferred stock and common stock as discussed in the following summary of significant rights, terms, privileges and conversion features of the Company's stock:

	<b>Common Stock</b>	<b>Class A Stock</b>	<b>Class B Stock</b>
<b>Voting Rights</b>	Yes	No, except in the event that dividends are not paid for 3 consecutive years. Voting rights will then be granted until the dividends in arrears for those 3 years are paid.	No, except in the event that dividends are not paid for 3 consecutive years. Voting rights will then be granted until the dividends in arrears for those 3 years are paid.
<b>Privileges</b>	None	Priority in the return of capital in the liquidation of the Company;  Right to receive cash dividends in an amount 10% higher than dividends attributable to each common stock.  Priority in the distribution of a minimum annual cash dividend equivalent to 6% of the capital attributable to it.	Priority in the return of capital in the liquidation of the Company;  Right to receive cash dividends in an amount 10% higher than dividends attributable to each common stock.



<b>Conversion</b>	None	Can be converted into Class B	Cannot be converted into
<b>Features</b>		Stock but not into Common Stock	Class A Stock nor to Common
		at any time, at the option and cost	Stocks at any time.
		of the stockholder. Conversion	
		rate 1:1.	

Earnings, if any, in excess of the Class A preferred share minimum dividend will be distributed as dividends to Class B preferred stock and common stock, up to the equivalent on a per-share basis of those paid to Class A preferred stock. Any earnings remaining for

26

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

distribution thereafter are shared ratably among Class A preferred, Class B preferred and common shares.

27

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

The earnings per share calculations:

	Three				-month period ended March 31, 2008			
		Preferred stock		Common		Total		
		Class A	Class B	Stock				
Dividends and interest on stockholders equity	1,147	22,471	16,966	40,584				
Undistributed earnings	2,157	42,250	31,901	76,308				
Net income for the period	3,304	64,721	48,867	116,892				
Weighted average number of shares	27,958	547,722	454,908					
Basic and diluted earnings per share	0.12	0.12	0.11					

	Three				-month period ended March 31, 2007			
		Preferred stock		Common		Total		
		Class A	Class B	Stock				
Dividends and interest on capital	1,238	17,540	13,491	32,269				
Undistributed earnings	2,581	36,557	28,115	67,253				
Net income for the period	3,819	54,097	41,606	99,522				
Weighted average number of shares	37,962	537,718	454,908					
Basic and diluted earnings per share	0.10	0.10	0.09					

There were no dilutive securities outstanding in 2008 and 2007.

**9 Litigation, contingencies and commitments**

	March 31, 2008	December 31, 2007
Labor - a) (i)	20,749	20,470
Tax:		
PIS and COFINS obligations - a)(iii)	96,541	94,298
Other	16,493	16,231

28

**Aracruz Celulose S.A.****Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

133,783	130,999
---------	---------

**(a) Litigation and contingencies****(i) Labor**

At March 31, 2008, the Company had a total provision recorded for labor proceedings of US\$ 20.7 million (US\$ 20.4 million on December 31, 2007) and a corresponding deposit in an escrow account of US\$ 9.8 million (US\$ 7.5 million on December 31, 2007).

Labor proceedings consist principally of those related to the effect of variation in the inflation indexes (economic plans) on the 40% penalty applicable to the Mandatory Fund for Unemployment Benefit (FGTS), and also of additional amounts allegedly owed to certain employees that perform hazardous activities.

**(ii) Social charges proceedings**

In March 1997, the Company received notification from the INSS (the Brazilian Social Security System) relating basically to the value of housing allowances paid to certain employees over a period of several years. INSS considered that the reduced amount of housing allowances to the employees represented a fringe benefit and, consequently, the corresponding social charge was underpaid. The Company has been contesting this notification in the amount of US\$ 1.7 million in Court aiming to its annulment and, at March 31, 2008, has placed approximately US\$ 2.0 million in an escrow account to cover this claim. The Brazilian Superior Court of Justice granted a decision in favor of the Company on examination of the first judicial claim related to the matter. Based on the opinion of its legal advisors, which evaluated the probability of loss in such case as remote, no provision has been recognized.

**(iii) PIS and COFINS contributions**

At March 31, 2008, the provision for contingencies included US\$ 96.5 million (US\$ 94.3 at December 31, 2007) for PIS (Social Integration Program) and COFINS (Social Fund) payable on exchange gains on U.S. dollar denominated debt resulting from the appreciation of the Real against the U.S. dollar, principally in the period from early 1999 until September 2002.

The Company is taking action in court against certain changes in the rates and rules for the calculation of the PIS and COFINS contributions determined by Law 9,718/98, the basis of calculation of which includes financial income and exchange and monetary variations. In November 2001 the Company was granted a favorable judgment.

After analyzing certain unfavorable legal decisions on similar legal actions of other companies and their implications for Aracruz's case at that time, the Company decided to

**Aracruz Celulose S.A.****Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

cancel, on August 29, 2003, part of the legal action, regarding the rate increase and the basis of calculation modifications (except for foreign exchange variation), and decided to pay the accrued amount in installments according to a special tax collection called PAES program,

**Aracruz Celulose S.A.****Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

enacted by Law 10,684/2003. Notwithstanding, due to a judgment issued by the Brazilian Supreme Court in a similar legal action, which considered the modification in the rules for the calculation of PIS and COFINS to be unconstitutional, the Company requested and was granted a provisional remedy allowing it not to pay the PAES installments related to such modification

In September 2007, based on the opinion of its legal advisors, the Company decided to reverse approximately US\$ 37.3 million of this provision related to the imposition of those taxes on revenues resulting from exchange gains, pursuant to article 150, § 4° of the National Tax Code.

Taking into account decisions of the Brazilian Supreme Court in regard to the unconstitutionality of such taxes that have been followed by other administrative and judicial courts, meaning that the jurisprudence on the matter is consolidated, the Company is convinced that it is very unlikely that an unfavorable decision will be issued. Notwithstanding, considering a late 2007 pronouncement of Ibracon (Brazilian Independent Auditors Institute), the Company, on a conservative approach, decided to restore the reversed amount of the provision.

**(iv) Value-Added Tax Credit**

In October 2006, the Company received tax assessments, issued by the government of the State of Espírito Santo, in the total amount of US\$ 41.2 million, related to the alleged non compliance of formal obligations and supposedly inappropriate ICMS credits from fixed assets and other goods acquired for utilization in the process of pulp production. The company has paid a minor part of that value and has been contesting another 17 notifications, in the amount of US\$ 40.1 million. The Company has already been granted favorable decisions in tax notifications amounting to US\$ 6.3 million. In March 2008 the Company received notice of judicial claims deriving from three of the tax assessments judged in disfavor of the Company, in the amount of approximately US\$ 33.4 million, and timely contested them. Based on the opinion of its legal advisors, who evaluate the probability of loss in the courts as no more than possible, no provision has been recognized.

**(v) Civil Public Suits (Ações Cíveis Públicas) - Eucalyptus Plantations in the State Rio Grande do Sul**

In the year 2007 a number of Non-Governmental Organizations (NGOs) and the Federal Public Prosecution Office in the State Rio Grande do Sul brought two Civil Public Suits (Ações Cíveis Públicas) questioning the validity of the procedures adopted by Fundação Estadual de Proteção Ambiental - FEPAM in issuing environmental licenses for eucalyptus plantations in that State. A provisional measure was initially granted, to determine that FEPAM ceases to issue environmental licenses for eucalyptus plantations, being the competence therefore transferred to Instituto Brasileiro de Meio Ambiente - IBAMA (Brazilian Environmental Institute). The provisional measure was suspended by the Federal

**Aracruz Celulose S.A.**

## Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

Court of the 4th Region at the request of the Government of the State Rio Grande do Sul. The Company believes that such suspension will be confirmed by the court's definitive decision on the merits. Based on the opinion of its legal advisors, who evaluate the probability of loss in the courts as no more than possible, no provision has been recognized. The Company cannot precisely estimate the amount involved in these claims.

### (vi) Environmental Regulations

The Company's forestry and manufacturing operations are subject to both Federal and State government environmental regulations. The Company's management believes that it is in compliance, in all material respects, with all applicable environmental regulations.

### (vii) Others

Based on an analysis of the disputes involved and consultation with its legal counsel, the Company has recorded additional provisions in the amount of US\$ 16.5 million relating to several other legal disputes and has also made deposits in the amount of US\$ 13.3 million in escrow accounts as of March 31, 2008.

## (b) Commitments

### (i) Indian Communities - Terms of settlement

In the first semester of 1998, the Indian communities and the Company entered into Terms of Settlement in which both parties recognized the legitimacy of the Ministry of Justice Edicts 193, 194 and 195, dated March 6, 1998, that determined the enlargement of the Indian reservation by 2,571 hectares of land belonging to the Company. The Company committed itself to a financial aid program to be implemented through social, agricultural, educational, shelter and health projects, up to an amount of approximately R\$ 13.5 million (equivalent to US\$ 7.6 million at December 31, 2007), monetarily restated by one of the official inflation indexes, to be disbursed within a twenty-year period, conditioned to the accomplishment of certain obligations by the Indian communities.

Despite the fact that the Terms of Settlement were in force, in 2005 some members of the Indian communities invaded some forestry areas and the industrial premises of the Company. Since the invasion represented the breach of the Terms of Settlement by the Indian communities, the Company - after having notified the communities themselves, the National Indian Foundation - FUNAI and the Federal Public Prosecutor (Ministério Público Federal) - in 2005 suspended all its commitments towards the Indian communities under the Terms of Settlement. During the period in which the Terms of Settlement were being complied with, the Company had donated to the Indian Associations the amount of approximately R\$ 9.6 million, equivalent to US\$ 5.4 million.

---

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

On February 17, 2006 FUNAI published Dispatches No. 11 and 12 in the Official Federal Gazette, approving the conclusion of the working group set up by FUNAI Edict No. 1.299/05, which recommends the extension of Indian reserves by approximately 11,000 hectares, comprised almost entirely of lands whose title and possession belong to Aracruz. These areas were identified by the working group as being land traditionally occupied by Indians. Confident in the robustness of its rights, the Company presented its challenge of those Dispatches on June 19, 2006. In early 2007 the Ministry of Justice, who should ultimately decide the matter, returned the administrative procedure to FUNAI, determining that it widened the studies "with a view towards preparing an appropriate recommendation that assuages the interest of both parties".

On August 27, 2007, the Ministry of Justice based on the conclusions of the working group set up by FUNAI Edict No. 1.299/05, issued Edicts nr. 1.463 and 1.464 determining the enlargement of the Indian reservation by 11,000 hectares, 98% of which (i.e., approximately 10,700 hectares) are lands owned or legally possessed by the Company. The net book values of such lands is immaterial.

The land dispute among Aracruz and the Indian Communities in the State Espírito Santo was resolved in 2007. On March 3, 2008, in the Ministry of Justice in Brasilia, a Conduct Adjustment Agreement (TAC) was signed that considers the rights and obligations of the Company, the Indians and the National Indian Foundation-FUNAI in transferring approximately 11,000 hectares of land to the indigenous communities. The TAC also sets forth that all the eucalyptus wood planted in the area (approximately 6,800 hectares of forest) shall be harvested by the Company as a compensation for improvements. The enlargement of the Indian reservations must still be approved by decree from the President of Brazil, with the subsequent demarcation of the lands in question, when the transfer of title to the lands shall be effective.

The signature of the TAC was accompanied by all authorities that took part in the negotiation, including the Federal Attorney General and FUNAI - which will be responsible for hiring a company to do the physical demarcation of the lands - and sets forth that both parties will abandon any current or future claims against each other in relation to the matter. The agreement was ratified in March 2008 by the Federal Court of Linhares, State of Espírito Santo.

Before the signing of the settlement, the terms of the TAC were submitted to the indigenous communities and approved at an assembly on October 16, and subsequently ratified by them on November 28, as recommended by Convention 169 of the International Labor Organization (ILO) regarding indigenous and tribal peoples, to which Brazil is a signatory. Aracruz considers the agreement a sustainable solution that enables the balance among the interests of all parties involved, since it satisfied the demands of the Indians for an enlargement in their lands, while at the same time providing Aracruz with the legal assurances that these lands will not be expanded again.

---

## Aracruz Celulose S.A.

### Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

#### (ii) Take-or-Pay contract

In connection with the sale of its electrochemical plant to Canexus Química Brasil Ltda (Canexus) in 1999, the Company and Canexus entered into a long-term contract for chemical products supply, amended in 2002 to include additional volumes. According to the "take-or-pay" clause, the company is committed to acquire from Canexus a volume of chemical products conservatively projected. Volumes purchased by the Company in addition to the minimum agreed (take-or-pay) for a given year may be compensated with lower volumes acquired in subsequent years. For the take-or-pay quantities, the Company will pay in accordance with the terms of the contract. Under the 2002 contractual amendment, there are remaining take-or-pay committed volumes until 2008.

#### (iii) Wood supply

The Company signed a contract with Suzano Papel e Celulose S.A. with a view to a loan of 1,700 thousand m<sup>3</sup> of eucalyptus wood, which were received through September of 2005. The remaining balance as of March 31, 2008 is 794 thousand m<sup>3</sup> of eucalyptus wood and, based on its present forest formation costs, the Company has booked the amount of US\$ 3,699 under liabilities. The contract calls for return of an equivalent volume on similar operating conditions during 2008.

#### (iv) Compliance with regulations

The Company's forestry and manufacturing operations are subject to both Federal and State government environmental regulations. The Company's management believes that it is in compliance, in all material respects, with all applicable environmental regulations.

### 11 Derivative instruments and risk management activities

The Company's foreign currency risk and interest rate management strategy may use derivative instruments to protect against foreign exchange and interest rate volatility.

During the three-month period ended March 31, 2008 the Company recognized, gains of US\$ 7.0 million on swap transactions (TJLP or interest long-term rate against the US Dollar). There were no such derivative instruments for the three-month period ended March 31, 2007. As of March 31, 2008, the notional amounts of these swaps totaled US\$ 345.4 million and the result outstanding balance was an asset of US\$ 36.2 million.

**12 Assets and Liabilities Measured at Fair Value on a Recurring Basis**

As discussed in Note 2.1, the Company adopted SFAS No. 157 Fair value measurements. The adoption of SFAS 157 did not have a material impact in the Company's statements of

34

**Aracruz Celulose S.A.****Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

operations and financial position. As required by SFAS 157, the following table discloses the assets and liabilities measured at fair value on a recurring basis:

Description	March 31, 2008	Fair value at the reporting date using		
		Quoted prices in active markets for identical assets, (Level 1)	Quoted prices in active markets for identical assets, (Level 2)	Significant unobservable inputs (Level 3)
Available-for-sale securities (short-term investments)	479,654	479,654		
Derivative instruments	36,236	36,236		
Total	515,890	515,890		

35

**Aracruz Celulose S.A.****Notes to Condensed Consolidated Interim Financial Statements**

(Expressed in thousands of United States dollars, unless otherwise stated)

(Unaudited)

**13 Segment information**

The Company has adopted SFAS No. 131 Disclosures about Segments of an Enterprise and Related Information ( SFAS 131 ) with respect to the information it presents about its operating segments and geographical information. SFAS 131 introduces a management approach concept for reporting segment information, whereby financial information is required to be reported on the same basis that the top decision-maker uses such information internally for evaluating segment performance and deciding how to allocate resources to segments.

The Company has determined that its operation has only one segment - pulp.

## Edgar Filing: URSTADT BIDDLE PROPERTIES INC - Form 4

Sales by geographic area are determined based on the location of the customers.

The Company's exports from Brazil, classified by geographic destination, are as follows:

	<b>2008</b>	<b>Three-month period ended March,31 2007</b>
North America	192,148	153,120
Europe	220,479	176,763
Asia	97,644	96,118
Other		620
Total	510,271	426,621

Sales to two unaffiliated customers represented 31% and 17% of net sales in 2008. Two unaffiliated customers represented 29% and 15% in 2007. No other individual customers represented more than 10% of net sales.

\* \* \*

36

---

### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 07, 2008

ARACRUZ CELULOSE S.A.

By: /s/ Carlos Augusto Lira Aguiar

Name: Carlos Augusto Lira Aguiar

Title: Chief Executive Officer

---