(A free translation of the original in Portuguese)



Celulose Irani S.A.

Financial statements
for the years ended
December 31, 2014 and 2013

(A free translation of the original in Portuguese)

Independent auditor's report

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

We have audited the accompanying parent company financial statements of Celulose Irani S.A. ("Parent Company" or "Company"), which comprise the balance sheet as at December 31, 2014 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Celulose Irani S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Celulose Irani S.A. and of Celulose Irani S.A. and its subsidiaries as at December 31, 2014, and the parent company financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year then ended, in accordance with accounting practices adopted in Brazil and the IFRS issued by the IASB.

Other matters

Supplementary information -
Statements of value added

We have also audited the parent company and consolidated statements of value added for the year ended December 31, 2014, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but is considered supplementary information for IFRS. The statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Porto Alegre, February 26, 2015

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RS

Carlos Biedermann
Contador CRC 1RS029321/O-4

CELULOSE IRANI S.A.

BALANCE SHEET AT DECEMBER 31
(All amounts in thousands of reais) (A free translation of the original in Portuguese)

ASSETS	Note	Parent company		Consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
CURRENT ASSETS					
Cash and cash equivalents	5	153,948	122,300	165,985	135,005
Trade receivables	6	127,605	127,967	129,922	129,970
Inventories	7	62,588	51,031	62,649	60,838
Taxes recoverable	8	7,094	5,133	7,094	7,721
Dividends receivable		5,245	7,987	-	-
Banks - restricted accounts	9	2,073	1,161	2,073	2,730
Other assets	10	28,676	9,956	28,763	11,672
Total current assets		387,229	325,535	396,486	347,936
NON-CURRENT ASSETS					
Taxes recoverable	8	3,625	3,207	3,625	3,625
Judicial deposits	21	1,136	628	1,185	1,122
Other assets	10	2,430	6,692	2,457	7,542
Related parties	20	1,093	1,005	1,093	1,005
Biological assets	15	101,114	146,638	281,621	268,725
Total long-term assets		109,398	158,170	289,981	282,019
Investments in subsidiaries	12	245,174	349,221	-	-
Investment properties	13	20,354	-	4,087	-
Property, plant and equipment	14.a	804,143	588,111	875,472	888,403
Intangible assets	14.b	112,276	1,016	112,811	113,163
Total non-current assets		1,291,345	1,096,518	1,282,351	1,283,585
TOTAL ASSETS		1,678,574	1,422,053	1,678,837	1,631,521

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
CURRENT LIABILITIES					
Borrowings	16	125,235	98,019	125,235	119,705
Debentures	17	44,382	38,545	44,382	53,041
Trade payables	18	80,383	121,325	65,239	90,575
Social and labor obligations		40,240	30,261	40,440	32,534
Tax obligations		19,576	11,660	19,880	13,591
Income tax and social contribution payable		475	-	787	761
Taxes payable in installments	19	2,281	4,766	2,309	10,260
Advances from customers		1,995	562	2,538	1,618
Dividends payable		12,964	19,772	12,964	19,772
Other payables		15,669	10,670	15,946	15,518
Total current liabilities		343,200	335,580	329,720	357,375
NON-CURRENT LIABILITIES					
Borrowings	16	537,490	301,930	537,490	350,855
Debentures	17	69,738	100,688	69,738	109,885
Provision for civil, labor and tax risks	21	32,398	33,908	32,482	44,078
Taxes payable in installments	19	3,635	1,560	3,665	40,159
Tax obligations		11,293	16,911	11,293	16,911
Other payables		-	-	-	1,344
Deferred income tax and social contribution	11	183,209	143,247	196,824	222,673
Total non-current liabilities		837,763	598,244	851,492	785,905
TOTAL LIABILITIES		1,180,963	933,824	1,181,212	1,143,280
EQUITY					
Share capital	22.a	151,895	116,895	151,895	116,895
Capital reserve		960	960	960	960
Revenue reserves	22.d	166,139	151,280	166,139	151,280
Carrying value adjustments	22.e	178,617	219,094	178,617	219,094
Equity attributable to controlling stockholders		497,611	488,229	497,611	488,229
Non-controlling interests		-	-	14	12
Total equity		497,611	488,229	497,625	488,241
TOTAL LIABILITIES AND EQUITY		1,678,574	1,422,053	1,678,837	1,631,521

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

CELULOSE IRANI S.A.

STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31
All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
Continuing operations					
NET SALES REVENUE	24	666,347	575,365	738,499	604,241
Change in fair value of biological assets	15.a	8,973	(3,959)	29,416	20,107
Cost of products sold	25	(512,514)	(430,810)	(545,224)	(438,092)
GROSS PROFIT		162,806	140,596	222,691	186,256
OPERATING INCOME (EXPENSES)					
Selling	25	(55,584)	(50,662)	(70,738)	(53,097)
General and administrative	25	(43,533)	(42,305)	(46,970)	(44,971)
Other operating income	26	4,758	3,577	11,158	38,006
Other operating expenses	26	(9,340)	(4,671)	(10,139)	(9,667)
Management profit sharing	20	(6,287)	(7,490)	(6,287)	(7,490)
Equity in the earnings of subsidiaries	12	55,647	79,469	-	-
PROFIT BEFORE FINANCE RESULT AND TAXES		108,467	118,514	99,715	109,037
FINANCE RESULT	28	(59,234)	(51,510)	(71,339)	(52,928)
Finance income		23,569	15,847	25,159	19,691
Finance expenses		(82,803)	(67,357)	(96,498)	(72,619)
PROFIT BEFORE TAXATION		49,233	67,004	28,376	56,109
Current income tax and social contribution	27	-	(472)	(400)	(1,284)
Deferred income tax and social contribution	27	7,346	876	28,603	12,585
PROFIT FOR THE YEAR		56,579	67,408	56,579	67,410
Profit attributable to:					
Controlling stockholders		56,579	67,408	56,579	67,408
Non-controlling interests		-	-	-	2
		56,579	67,408	56,579	67,410
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R$	23	0.3443	0.4201	0.3443	0.4201
BASIC AND DILUTED EARNINGS PER PREFERRED SHARE - R$	23	0.3443	0.4201	0.3443	0.4201

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

CELULOSE IRANI S.A.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31
(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Profit for the year	56,579	67,408	56,579	67,410
Items that will be reclassified to profit or loss	(31,530)	(10,793)	(31,530)	(10,793)
Cash flow hedge accounting	(47,772)	(16,354)	(47,772)	(16,354)
Income tax and social contribution on cash flow hedge accounting	16,242	5,561	16,242	5,561
Items that will not be reclassified to profit or loss	-	(4,111)	-	(4,111)
Carrying value adjustment - subsidiary	-	(4,111)	-	(4,111)
Other comprehensive loss	(31,530)	(14,904)	(31,530)	(14,904)
Attributable to stockholders of the parent company	25,049	52,504	25,049	52,504
Attributed to non-controlling interests	-	-	-	2
Comprehensive income for the year	25,049	52,504	25,049	52,506

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

CELULOSE IRANI S.A.
STATEMENT OF CHANGES IN EQUITY
(All amounts in thousands of reais)

(A free translation of the original in Portuguese)

					Revenue reserves						Other comprehensive income				
	Note	Share capital	Treasury shares	Share-based payments	Legal	Unrealized	Statutory reserve of biological assets	Profit retention	Tax incentive reserve	Retained earnings	Carrying value adjustments	Hedge accounting	Attributable to controlling stockholders	Attributable to non-controlling interests	Total
AT DECEMBER 31, 2012		103,976	(8,842)	377	1,787	-	69,828	43,632	-	-	249,370	(6,129)	453,999	6	454,005
Capital increase	22 a.	12,919	-	-	-	-	-		-				12,919	4	12,923
Share-based payments		-	-	583	-	-	-		-				583	-	583
Carrying value adjustments - São Roberto S.A.	22 f.	-	-	-	-	-	-		-		(4,111)		(4,111)	-	(4,111)
Cash flow hedge accounting	22 f.	-	-	-	-	-	-		-			(10,793)	(10,793)	-	(10,793)
Realized revenue reserve - biological assets		-	-	-	-	-	(439)	-	-	439			-	-	-
Realized revenue reserve - biological assets (subsidiaries)		-	-	-	-	-	(4,342)	-	-	4,342			-	-	-
Realization - deemed costs		-	-	-	-	-	-		-	8,311	(8,311)		-	-	-
Realization - deemed costs (subsidiaries)		-	-	-	-	-	-		-	932	(932)		-	-	-
Treasury shares	22 b.	-	2,008	-	-	-	-		-				2,008	-	2,008
Profit for the year	22 d.	-	-		-	-	-		-	67,408			67,408	2	67,410
Proposed appropriations		-	-	-	-	-	-		-				-	-	-
Legal reserve	22 e.	-	-	-	3,369	-	-		-	(3,369)			-	-	-
Dividends	22 d.	-	-	-	-	-	-	(14,268)	-	(19,516)			(33,784)	-	(33,784)
Profit retention reserve	22 e.	-	-	-	-	-	-	58,547		(58,547)			-	-	-
AT DECEMBER 31, 2013		116,895	(6,834)	960	5,156	-	65,047	87,911	-	-	236,016	(16,922)	488,229	12	488,241
Capital increase	22 a.	35,000	-	-	(5,156)	-	-	(29,844)		-			-	4	4
Cash flow hedge accounting	22 f.	-	-	-	-	-	-			-		(31,530)	(31,530)	-	(31,530)
Realized revenue reserve - biological assets		-	-	-	-	-	(98)	-		-	98		-	-	-
Realized revenue reserve - biological assets (subsidiaries)		-	-	-	-	-	(4,394)	-		-	4,394		-	-	-
Realization - deemed costs		-	-	-	-	-	-			-	8,101	(8,101)	-	-	-
Realization - deemed costs (subsidiaries)		-	-	-	-	-	-			-	846	(846)	-	-	-
Profit for the year	22 d.	-	-		-	-	-			-	56,579		56,579	-	56,579
Proposed appropriations		-	-	-	-	-	-			-			-	-	-
Legal reserve	22 e.	-	-	-	2,829	-	-			-	(2,829)		-	-	-
Dividends	22 d.	-	-	-	-	-	-			-	(15,667)		(15,667)	(2)	- (15,669)
Tax incentive reserve	22 e.								4,520		(4,520)				
Profit retention reserve	22 e.	-	-	-	-	-	-	47,002			(47,002)		-	-	-
AT DECEMBER 31, 2014		151,895	(6,834)	960	2,829	-	60,555	105,069	4,520	-	227,069	(48,452)	497,611	14	497,625

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

CELULOSE IRANI S.A

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31
(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before income tax and social contribution		49,233	67,004	28,376	56,109
Reconciliation of profit with net cash from operating activities:					
Changes in the fair value of biological assets	15.a	(8,973)	3,959	(29,416)	(20,107)
Depreciation, amortization and depletion		43,984	32,342	72,172	55,801
Impairment of property, plant and equipment		-	-	-	4,590
Results on sales of property, plant and equipment		(209)	(543)	(158)	(282)
Equity in the earnings of subsidiaries	12	(55,647)	(79,469)	-	-
Provision for civil, labor and tax risks		(4,728)	(3,781)	(11,206)	(4,193)
Provision for impairment of trade receivables		644	701	705	761
Provision for losses on other assets		203	176	203	176
Monetary variances and financial charges		73,624	63,617	81,350	64,188
Non-controlling interests		-	-	-	2
Share-based payments		-	583	-	583
Management profit sharing		6,287	7,490	6,287	7,490
Adoption of the Tax Recovery Program (REFIS) (Subsidiary)	19	5,287	-	4,725	(33,432)
Impairment		537	-	537	-
		110,242	92,079	153,575	131,686
(Increase) decrease in assets:					
Trade receivables		(282)	(34,883)	(657)	2,905
Inventories		(3,620)	(12,967)	(2,348)	(14,415)
Taxes recoverable		(1,948)	(1,491)	627	(843)
Other assets		(12,227)	4,959	(11,703)	4,180
Dividends received		53,922	30,314	-	-
Increase (decrease) in liabilities:					
Trade payables		(64,538)	31,841	(1,377)	(12,975)
Social and labor obligations		862	(598)	1,366	(1,031)
Advances from customers		1,343	(393)	920	643
Tax obligations		(8,709)	(5,058)	(29,877)	(9,804)
Payment of interest on borrowings		(42,338)	(27,698)	(45,657)	(32,484)
Payment of interest on debentures		(13,725)	(13,388)	(18,687)	(15,463)
Other payables		2,000	393	(1,053)	(561)
Net cash provided by operating activities		20,982	63,110	45,129	51,838
CASH FLOW FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(60,061)	(52,308)	(64,305)	(48,058)
Purchases of biological assets		(5,054)	(5,557)	(5,713)	(6,721)
Additions to intangible assets		(276)	(427)	(811)	(427)
Capital decrease in subsidiaries		394	-	-	-
Contribution from subsidiary		-	-	-	10,599
Capital contributions		-	(297)	4	-
Proceeds from disposal of assets		1,259	1,045	572	8,997
Advance from future capital increase		(10,779)	(12,116)	-	-
Net cash included with merger		3,626	-	-	-
Net cash used in investing activities		(70,891)	(69,660)	(70,253)	(35,610)
CASH FLOW FROM FINANCING ACTIVITIES					
Payment of dividends and interest on capital		(22,475)	(23,967)	(22,477)	(23,967)
Debentures paid		(41,704)	(37,000)	(48,923)	(37,000)
Real Estate Credit Note (CRI) paid		-	-	-	(10,914)
New borrowings		250,812	185,011	252,519	185,011
Repayment of borrowings		(105,076)	(92,253)	(125,015)	(93,283)
Treasury shares	22.b	-	2,008	-	2,008
Net cash provided by financing activities		81,557	33,799	56,104	21,855
INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		31,648	27,249	30,980	38,083
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	122,300	95,051	135,005	96,922
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	153,948	122,300	165,985	135,005

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

CELULOSE IRANI S.A.

STATEMENT OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31
(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
1. REVENUE	862,563	749,761	969,858	820,248
1.1) Sales of products	858,449	746,885	959,405	783,003
1.2) Other revenue	4,758	3,577	11,158	38,006
1.3) Provision for impairment of trade receivables - constitution	(644)	(701)	(705)	(761)
2. INPUTS ACQUIRED FROM THIRD PARTIES	525,352	465,472	539,664	448,630
2.1) Cost of products sold	495,729	427,936	459,661	385,893
2.2) Materials, electricity, outsourced services and other	29,623	37,536	80,003	58,147
2.3) Impairment/recovery of assets	-	-	-	4,590
3. GROSS VALUE ADDED (1-2)	337,211	284,289	430,194	371,618
4. DEPRECIATION, AMORTIZATION AND DEPLETION	43,984	32,342	72,172	55,801
5. CHANGES IN THE FAIR VALUE OF BIOLOGICAL ASSETS	(8,973)	3,959	(29,416)	(20,107)
6. NET VALUE ADDED PRODUCED BY THE ENTITY (3-4-5)	302,200	247,988	387,438	335,924
7. VALUE ADDED RECEIVED THROUGH TRANSFER	79,216	95,316	25,159	19,691
7.1) Equity in the earnings of subsidiaries	55,647	79,469	-	-
7.2) Finance income	23,569	15,847	25,159	19,691
8. TOTAL VALUE ADDED TO BE DISTRIBUTED (6+7)	381,416	343,304	412,597	355,615
9. DISTRIBUTION OF VALUE ADDED	381,416	343,304	412,597	355,615
9.1) Personnel	118,044	105,487	145,409	113,813
9.1.1 - Direct remuneration	95,737	86,579	115,059	92,695
9.1.2 - Benefits	16,821	14,039	23,610	15,980
9.1.3 - Government Severance Indemnity Fund for Employees (FGTS)	5,486	4,869	6,740	5,138
9.2) Taxes and contributions	84,943	64,524	73,997	63,018
9.2.1 - Federal	66,066	47,566	44,528	43,595
9.2.2 - State	18,231	16,432	27,985	18,709
9.2.3 - Municipal	646	526	1,484	714
9.3) Remuneration of third party capital	115,563	98,395	130,325	103,884
9.3.1 - Interest	82,804	67,357	96,498	72,620
9.3.2 - Rentals	32,759	31,038	33,827	31,264
9.4) Remuneration of own capital	62,866	74,898	62,866	74,900
9.4.1 - Dividends	15,667	19,516	15,667	19,516
9.4.2 - Retained earnings for the year	40,912	47,892	40,912	47,892
9.4.3 - Non-controlling interests in retained earnings	-	-	-	2
9.4.4 - Management participation	6,287	7,490	6,287	7,490

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

CELULOSE IRANI S.A.

CONTENTS

1. GENERAL INFORMATION
2. PRESENTATION OF FINANCIAL STATEMENTS
3. MAIN ACCOUNTING POLICIES
4. CONSOLIDATION OF FINANCIAL STATEMENTS
5. CASH AND CASH EQUIVALENTS
6. TRADE RECEIVABLES
7. INVENTORIES
8. TAXES RECOVERABLE
9. BANKS - RESTRICTED ACCOUNTS
10. OTHER ASSETS
11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION
12. INVESTMENTS
13. INVESTMENT PROPERTIES
14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS
15. BIOLOGICAL ASSETS
16. BORROWINGS
17. DEBENTURES
18. TRADE PAYABLES
19. TAXES PAYABLE IN INSTALLMENTS
20. RELATED-PARTY TRANSACTIONS
21. PROVISION FOR CIVIL, LABOR AND TAX RISKS
22. EQUITY
23. EARNINGS PER SHARE
24. NET SALES REVENUE
25. COSTS AND EXPENSES BY NATURE
26. OTHER OPERATING INCOME AND EXPENSES
27. INCOME TAX AND SOCIAL CONTRIBUTION
28. FINANCE RESULT
29. INSURANCE
30. FINANCIAL INSTRUMENTS
31. OPERATING SEGMENTS
32. OPERATING LEASE AGREEMENTS (PARENT COMPANY)
33. GOVERNMENT GRANTS
34. TRANSACTIONS NOT AFFECTING CASH

Celulose Irani S.A. - National Corporate Taxpayers' Registry (CNPJ) 92.791.243/0001-03

NOTES TO THE FINANCIAL STATEMENTS
AT DECEMBER 31, 2014

All amounts in thousands of reais unless otherwise stated

1. GENERAL INFORMATION

Celulose Irani S.A. ("Company") is a corporation headquartered at Rua General João Manoel, 157, 9th floor, in the city of Porto Alegre, State of Rio Grande do Sul, and is listed on the São Paulo Futures, Commodities and Securities Exchange (BM&FBovespa S.A.). The principal activities of the Company and its subsidiaries comprise manufacturing corrugated cardboard packaging, packaging paper, resin products and their byproducts. The Company also operates in forestation and reforestation projects, and utilizes the production chain of planted forests and paper recycling as the basis for all of its production.

On December 30, 2014, the Company's Board of Directors authorized the merger of the subsidiaries Indústria de Papel e Papelão São Roberto S.A. and Irani Trading S.A., with the purpose of simplifying their organizational and ownership structures and, as a result, reducing their administrative and operating costs. The balances of the investments and amounts receivable and payable of São Roberto S.A. and Irani Trading S.A. were eliminated in the merger process. In addition, the Company absorbed the goodwill of R$ 104,380 maintained by the subsidiary São Roberto S.A., which was recognized in intangible assets, based on expected future profitability and subject to annual impairment tests carried out by the Company. The equity of the subsidiaries São Roberto S.A. and Irani Trading S.A. merged into the parent company totaled R$ 243,991 (R$ 123,358 and R$ 120,633, respectively), based on the balance sheets of the subsidiaries at November 30, 2014. The equity in the results of the subsidiaries São Roberto S.A. and Irani Trading S.A recognized in the parent company's statement of income for the month of December 2014 totaled R$ 3,144 (R$ 1,857 and R$ 1,287, respectively). The merger of these subsidiaries did not result in changes in the Company's equity because the Company held 100% of the equity of these merged subsidiaries.

The direct subsidiaries are listed in Note 4.

The Company is a direct subsidiary of Irani Participações S.A., a Brazilian privately-held corporation, and its final parent company is D.P. Representações e Participações Ltda., both of which are companies of the Habitasul Group.

The issue of these financial statements was authorized by the Board of Directors on February 25, 2015.

2. PRESENTATION OF FINANCIAL STATEMENTS

The Company presents the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and accounting practices adopted in Brazil, based on the technical pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), which are in full convergence with the IFRS, as well as the standards established by the Brazilian Securities Commission (CVM).

The parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the CPC. Because the accounting practices adopted in Brazil as applied in the parent company financial statements, as from 2014, do not differ from the IFRS applicable to separate financial statements, which now permit the application of the equity accounting method for subsidiaries in separate financial statements, the parent company financial statements are also in compliance with the IFRS issued by the IASB. The parent company financial statements are disclosed together with the Company's consolidated financial statements.

The accounting practices adopted in Brazil comprise those included in the Brazilian Corporate law and the pronouncements, guidance and interpretations issued by CPC and approved by CVM.

The financial statements have been prepared based on the historical cost convention, except for biological assets measured at fair value and property, plant and equipment measured at deemed cost at January 1, 2009, the date of the initial adoption of the new Technical Pronouncement ICPC10/CPC 27, as described in the accounting policies below. In general, the historical cost is based on the fair value of the consideration paid in exchange for the assets.

2.1 New standards, amendments and interpretations of standards:

a) The following new interpretations of standards were issued by the IASB and are effective as from January 1, 2014:

IFRIC 21, "Government Rates", refers to the accounting treatment of rates imposed by the Government, consisting of an interpretation of IAS 37, "Provisions, Contingent Liabilities and Assets". The interpretation typifies the Government rates and the events that result in the payment commitment and establishes when these should be recognized. Currently, the Company is not subject to significant rates and, for this reason, the impact is not material.

Amendment to CPC 01/IAS 36, "Impairment of Assets", on the disclosure of the impairment of non-financial assets. This amendment eliminates certain disclosures of the impairment of Cash-generating Units (CGUs) that had been included in IAS 36, with the issue of IFRS 13. This amendment did not impact the Company's financial statements.

Amendment to CPC 38/IAS 39, "Financial Instruments: Recognition and Measurement", clarifies that the replacement of the original counterparties with offsetting counterparties that could be required with the introduction or amendment of laws and regulations does not provoke the expiration or termination of the hedge instrument. In addition, the effects of such replacement should be reflected in the hedge instrument measurement and, accordingly, in the evaluation and measurement of the hedge effectiveness. This amendment did not impact the Company's financial statements.

Amendment to CPC 39/IAS 32, "Financial Instruments: Presentation", on the offsetting of financial assets and liabilities. This amendment clarifies that the right to offset should not be dependable on a future event. In addition, it should be legally applicable to all counterparties in the normal course of business as well as for cases of default, insolvency or bankruptcy. This amendment also considers the settlement mechanisms. This amendment did not impact the Company's financial statements.

Review of CPC 07, "Equity Accounting Method in Separate Financial Statements", alters the wording of CPC 35, "Separate Financial Statements" to include the amendments made by the IASB to IAS 27, "Separate Financial Statements", which now permits the adoption of the equity accounting method for subsidiaries in separate financial statements, thereby aligning the accounting practices adopted in Brazil with the international accounting standards. Because the Company has already adopted this accounting practice, this amendment did not impact its financial statements.

b) Standards, interpretations and amendments to existing standards that are not yet effective and were not adopted early by the Company.

The following new standards were issued by IASB but are not effective for 2014. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

IFRS 15 - "Revenue from Contracts with Customers", specifies how and when an entity should measure and recognize revenue. It becomes effective as from January 1, 2017 and replaces IAS 11, "Construction Contracts", IAS 18, "Revenue" and related interpretations. The Company is evaluating the full impact of the adoption of IFRS 15.

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The full version of IFRS 9 was published in July 2014 and is effective as from January 1, 2018. It will replace the orientation in IAS 39 regarding the classification and measurement of financial instruments. IFRS 9 retains, but simplifies, the combined measurement model and establishes three main measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. It also establishes a new model for expected credit losses, which substitutes the current incurred loss model. IFRS 9 modifies the hedge effectiveness requirements, as well as requires an existing economic relationship between the hedged item and the hedge instrument and that the hedge index be the same effectively used by management for risk management. The Company is evaluating the full impact of the adoption of IFRS 9.

IAS 41, "Agriculture" (equivalent to CPC 29, "Biological Assets and Agricultural Products"), currently requires biological assets related with agricultural activities to be measured at fair value less costs to sell. IASB revised the standard and decided that bearer plants be accounted for as property, plant and equipment (IAS 16/CPC 27), that is, at cost less depreciation or impairment. Bearer plants are defined as those used to produce fruit for several years, but which do not undergo significant transformations after becoming mature. This revision is applicable as from January 1, 2016. The Company is evaluating the full impact of its adoption.

There are no other standards and amendments and interpretations of standards that are not yet effective and that are expected to have a material impact from their application on the Company's financial statements.

3. MAIN ACCOUNTING POLICIES

a) Functional currency and translation of foreign currencies

The parent company and consolidated financial statements are presented in Brazilian reais (R$), which is the functional and reporting currency of the Company and its subsidiaries.

Foreign currency transactions are originally recorded at the exchange rate effective on the transaction date. Gains and losses arising from the difference between the balances in foreign currency and the translation into the functional currency are recognized in the statement of income, except when designated for cash flow hedge accounting, and, therefore, deferred in equity as cash flow hedge transactions.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash, banks and highly liquid investments with a low risk of change in value and a maturity of 90 days or less, held for the purpose of meeting short-term cash requirements. They are classified in financial instruments as "loans and receivables".

c) Trade receivables and provision for impairment of trade receivables

Trade receivables are recorded at their original amounts, plus the effects of foreign exchange rate changes, when applicable. The provision for impairment of trade receivables is calculated based on losses estimated through an individual analysis of trade receivables and considering the history of losses, and is recognized at an amount considered sufficient by the Company's management to cover expected losses on the collection of receivables. Trade receivables are classified in financial instruments as "loans and receivables".

d) Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired, with recognition of impairment losses only if there is objective evidence that one or more events have an impact on the estimated future cash flow of the financial asset or group of financial assets, which can be reliably estimated.

The criteria that the Company uses to determine whether there is objective evidence of an impairment loss include:

i) significant financial difficulty of the issuer or debtor;
ii) a breach of contract, such as a default in interest or principal payments;
iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
iv) the disappearance of an active market for that financial asset because of financial difficulties;
v) adverse changes in conditions and/or the economy that indicate a reduction in the estimated future cash flows of the portfolios of financial assets.

If there is evidence that a financial asset or a group of financial assets is impaired, the difference between the carrying amount and the present value of the future cash flow is estimated, and the impairment loss is recognized in the statement of income.

e) Inventories

Inventories are stated at the lower of average production or acquisition cost and net realizable value. The net realizable value corresponds to the estimated selling price of the inventories less the estimated costs of completion and the estimated expenditures necessary to make the sale.

f) Investments

Investments in subsidiaries are accounted for based on the equity method in the parent company's financial statements.

Under the equity method, the investments in subsidiaries are adjusted to recognize the Company's share in the profit or loss and other comprehensive income of the subsidiary.

Transactions, balances and unrealized gains on related party transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries are altered, where necessary, to ensure consistency with the policies adopted by the Company.

g) Investment properties

The real estate classified as investment property is stated at cost, less depreciation and the accumulated impairment loss, except for land, which will be used for the construction of a wind farm where the subsidiary Irani Geração de Energia Sustentável Ltda. will develop energy generation activities, which is recognized at fair value.

Depreciation is recognized based on the estimated useful life of each asset under the straight-line method so as to reduce the cost to the residual value over the useful life of the asset. The estimated useful life, the residual values, and the depreciation methods are reviewed on an annual basis, and the effects of any changes in estimates are recorded prospectively.

Revenues from rented investment properties are recognized in the results on the accrual basis.

Any gain or loss from the sale or write-off of an item recorded in Investment properties is determined at the difference between the sales amount received and the carrying value of the asset sold, and is recognized in profit or loss.

h) Property, plant and equipment and intangible assets

Property, plant and equipment are stated at deemed cost less accumulated depreciation and impairment losses, when applicable. In the case of qualifying assets, borrowing costs are capitalized as part of the cost of construction in progress. Assets are classified in the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation begins when the assets are ready for their intended use and is calculated on the same basis as that of other property, plant and equipment items.

Depreciation is calculated using the straight-line method taking into consideration the estimated useful lives of the assets based on the expectation of the generation of future economic benefits, except for land, which is not depreciated. The estimated useful lives of the assets are reviewed annually and adjusted, if necessary, and may vary based on the technological stage of each unit.

The Company's intangible assets comprise goodwill, computer software licenses, trademarks and customer portfolio.

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. If a gain is determined on an advantageous purchase, the amount is recorded as a gain in the results for the period on the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to Cash-generating Units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Computer software license acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the software (three to five years). Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. The Company's trademarks do not have a defined useful life and are therefore not amortized.

The customer portfolio acquired in a business combination is recognized at fair value at the acquisition date and is accounted for at fair value less accumulated depreciation. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

i) Biological assets

The Company's biological assets are primarily represented by pine forests, which are used in the production of packaging paper, corrugated cardboard boxes and sheets, and also for sale to third parties and for the extraction of gum resin. Pine forests are located near the pulp and paper plant in Santa Catarina, and also in Rio Grande do Sul, where they are used for the production of gum resin and the sale of timber logs.

Biological assets are periodically measured at fair value less selling expenses, and the variation of each period is recognized in the results as a change in the fair value of biological assets. The assessment of the fair value of biological assets is based on certain assumptions, as disclosed in Note 15.

j) Impairment

The Company reviews the balance of non-financial assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable, based on future cash flows. These reviews have not indicated the need to recognize impairment losses.

k) Income tax and social contribution (current and deferred)

Income tax and social contribution are provisioned based on the taxable profit determined according to the prevailing tax legislation, which differs from the profit reported in the statement of income, since it excludes income or expenses taxable or deductible in other periods, as well as permanently non-taxable or non-deductible items. The provision for income tax and social contribution is calculated for each company individually, based on the statutory rates prevailing at year end. The Company calculates its taxes at a rate of 34% on its taxable profit. However, the subsidiaries Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. adopted the presumed rate of 3.08%, and Irani Trading S.A. adopted the presumed rate of 10.88%.

The Company recognizes deferred income tax and social contribution on temporary differences for tax purposes, tax losses, deemed cost adjustments and changes in the fair value of biological assets. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences only if it is probable that the Company will have sufficient future taxable income against which such deductible temporary differences can be utilized. Deferred income tax and social contribution are recorded for those subsidiaries with the presumed taxable profit regime, in respect of the fair value of biological assets and the deemed cost of property, plant and equipment.

l) Borrowings and debentures

These payables are stated at their original amounts, less the relating transaction costs, when applicable, adjusted based on indices established in the contracts with creditors, plus interest calculated using the effective interest rate and the effects of foreign exchange rate changes, when applicable, through the balance sheet dates, as described in the disclosure notes.

m) Hedge accounting

The Company documents, at the inception of a transaction, the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking hedging transactions. The Company also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the hedge instruments that are used in the transactions are highly effective in offsetting changes in the cash flow of hedged items.

The changes in the hedging amounts, classified in "Carrying value adjustments" in equity, are shown in Note 22.

The effective portion of the changes in the fair value of hedge instruments that are designated and qualify as cash flow hedges is recognized in equity within "Carrying value adjustments". The gain or loss relating to the ineffective portion is recognized immediately in the statement of income.

Amounts accumulated in equity are reclassified to the results in the periods when the hedged item affects the results (for example, when the forecast sale that is being hedged takes place). The gain or loss relating to the effective portion of instruments hedging highly probable transactions is recognized in the statement of income within "Finance expenses". The gain or loss relating to the ineffective portion is recognized in the statement of income for the year.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in the results when the transaction is recognized in the statement of income.

When a transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

n) Leases

The Company as the lessee

Leases of property, plant and equipment in which the Company substantially assumes all the risks and benefits of ownership are classified as finance leases. All other leases are classified as operating leases and recorded in the statement of income. Finance leases are recorded in the same manner as financed purchases, recognizing at the beginning of the lease the property, plant and equipment item and a financing liability (lease). Property, plant and equipment items acquired under finance leases are depreciated at the rates disclosed in Note 14.

Operating lease payments (net of any incentives received from the lessor) are recognized in the statement of income using the straight-line method over the lease term.

The Company as the lessor

Revenues from operating leases are recognized on the straight-line basis over the lease period. Initial direct costs incurred in the negotiation and preparation of the operating lease are added to the carrying amount of leased assets and also amortized on the straight-line basis over the lease period.

o) Provisions

A provision is recognized in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are constituted at amounts considered by Management as sufficient to cover probable losses, and are adjusted through the balance sheet date, based on the nature of each contingency and on the opinion of the Company's legal counsel.

p) Employee benefits

Profit sharing

The Company recognizes liabilities and expenses for profit sharing based on a methodology that takes into consideration the profit attributable to each of the operating segments. The provisions are recognized according to the terms of the agreement entered into by the Company and the employees' representatives, which are reviewed on an annual basis.

q) Significant accounting judgments, estimates and assumptions

In preparing the financial statements, judgments, estimates and assumptions were utilized to account for certain assets, liabilities, income and expenses.

Accounting judgments, estimates and assumptions adopted by Management were based on the best information available at the reporting date, the experience of past events, projections about future events, and the assistance of experts, when applicable.

The financial statements therefore include various estimates, including, but not limited to, the determination of the useful lives of property, plant and equipment (Note 14), the realization of deferred tax assets (Note 11), the provision for impairment of trade receivables (Note 6 and 10), the fair value measurement of biological assets (Note 15), the provision for tax, social security, civil and labor claims (Note 21), and the provision for impairment of assets.

Actual results involving accounting judgments, estimates and assumptions, when realized, could differ from those recognized in the financial statements.

The Company has a Value-added Tax on Sales and Services (ICMS) incentive granted by the State Governments of Santa Catarina and Minas Gerais. The Federal Supreme Court (STF) issued decisions in Direct Actions, declaring the unconstitutionality of several state laws that granted ICMS tax benefits without previous agreement between the States.

Although the Company has no tax incentive being judged by the STF, it has been monitoring, together with its legal advisors, the evolution of this issue in the courts to assess possible impacts on its operations and consequent effects on its financial statements.

r) Determination of results

Revenue and expenses are recognized on the accrual basis and include interest, charges and the effects of exchange rate changes at official rates, applicable to current and non-current assets and liabilities and, when applicable, adjustments to realizable value.

s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of products and services, less any expected returns, trade discounts and/or bonuses granted to the customer and other similar deductions. Revenue between the Company and its subsidiaries is eliminated in the consolidated results.

Sales revenue is recognized when all of the following conditions are met:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the product;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the products sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

t) Government grants

The financing of taxes, directly or indirectly granted by the Government, at interest rates below market rates, are recognized as government grants and measured at the difference between the amounts received and the fair value calculated based on market interest rates. This difference is recorded with a corresponding entry to sales revenue in the statement of income and will be appropriated based on the amortized cost and the effective interest rate over the year.

u) Statement of value added

The Brazilian Corporate law requires the presentation of the parent company and consolidated statements of value added as an integral part of the set of financial statements presented by a publicly-traded entity. Under the IFRS, on the other hand, the presentation of such statements is considered supplementary information, and not a required part of the set of financial statements. The purpose of this statement is to show the wealth created by the Company and its distribution during the reporting period.

The statement of value added was prepared pursuant to the provisions of CPC 09, "Statement of Value Added", with information obtained from the same accounting records as those used to prepare the financial statements.

4. CONSOLIDATION OF FINANCIAL STATEMENTS

The consolidated financial statements include those of Celulose Irani S.A. and the following subsidiaries:

Participation in capital – (%)		
Subsidiaries - direct ownership	12/31/2014	12/31/2013
Habitasul Florestal S.A.	100.00	100.00
Irani Trading S.A.	-	100.00
HGE - Geração de Energia Sustentável LTDA	100.00	99.98
Iraflor - Comércio de Madeiras LTDA.	99.99	99.99
São Roberto S.A.	-	100.00
Irani Geração de Energia Sustentável LTDA	99.43	99.00

The accounting practices of the subsidiaries are consistent with those adopted by the Company. Intercompany balances and investments and equity of subsidiaries, as well as intercompany transactions and unrealized profits and/or losses, have been eliminated in consolidation. The accounting information of the subsidiaries used for consolidation was prepared at the same date as the Company's accounting information.

The subsidiaries' operations are described in Note 12.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Fixed fund	27	20	30	31
Banks	4,224	3,199	4,411	3,602
Financial investments with immediate liquidity	149,697	119,081	161,544	131,372
	153,948	122,300	165,985	135,005

Highly liquid financial investments in Bank Deposit Certificates (CDB) earn an average of 101.29 % of the Interbank Deposit Certificate (CDI) and have a maturity of 90 days or less. These investments held for the purpose of meeting short-term commitments.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Trade receivables:				
Customers - domestic market	130,196	125,700	133,171	134,720
Customers - foreign market	11,245	9,200	11,245	9,229
	141,441	134,900	144,416	143,949
Provision for impairment of trade receivables	(13,836)	(6,933)	(14,494)	(13,979)
	127,605	127,967	129,922	129,970

At December 31, 2014, the amount of R$ 19,558 in consolidated trade receivables was overdue and not provided for, as the balance related to independent customers with no history of default.

Trade receivables by maturity are as follows:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Not yet due	108,576	115,773	110,364	118,386
Overdue up to 30 days	10,405	9,486	10,629	8,029
Overdue from 31 to 60 days	3,580	1,186	3,719	1,714
Overdue from 61 to 90 days	1,719	321	1,719	385
Overdue from 91 to 180 days	1,541	419	1,698	639
Overdue for more than 180 days	15,620	7,715	16,287	14,796
	141,441	134,900	144,416	143,949

The average credit term on the sale of products is 47 days. The Company recognizes a provision for impairment of trade receivables for balances past due for over 180 days based on an analysis of the financial position of each debtor and on past default experiences. A provision for the impairment of trade receivables is also constituted for balances past due less than 180 days but where the amounts are considered uncollectible, taking into consideration the financial position of each debtor.

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
At the beginning of the year	(6,933)	(6,232)	(13,979)	(6,918)
Merger of subsidiary São Roberto S.A.	(6,420)	-	-	(6,300)
Provision for impairment recognized	(644)	(701)	(705)	(761)
Trade receivables written-off during the year as uncollectible	161	-	190	-
At the end of the year	(13,836)	(6,933)	(14,494)	(13,979)

A portion of the receivables amounting to R$ 80,212 was assigned as collateral for certain financial transactions, as disclosed in Notes 16 and 17.

The credit quality of financial assets that were neither past due nor impaired at December 31, 2014 was assessed with reference to historical information about default rates, as follows:

Quality - trade receivables

		Consolidated
Customer category	History - %	Amount receivable
a) Customers with no overdue history	93.98	103,720
b) Customers with overdue history of up to 7 days	5.42	5,982
c) Customers with overdue history of over 7 days	0.60	662
		110,364

a) Performing customers with no overdue history.
b) Defaulting customers with overdue history of up to 7 days, without history of default.
c) Defaulting customers with overdue history of over 7 days, without history of default.

7. INVENTORIES

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Finished products	7,763	6,142	7,763	7,118
Production materials	32,025	27,830	32,025	33,037
Consumable materials	20,211	16,620	20,272	19,795
Other	3,126	439	3,126	888
	63,125	51,031	63,186	60,838
Provision for impairment	(537)	-	(537)	-
	62,588	51,031	62,649	60,838

The cost of inventories recognized as an expense during 2014 totaled R$ 512,514 (R$ 430,810 in 2013) in the parent company and R$ 545,224 (R$ 438,092 in 2013) in the consolidated.

The cost of inventory recognized in the statement of income includes the provision for impairment of R$ 537. Management expects the other inventory items to be recuperated in less than 12 months.

8. TAXES RECOVERABLE

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Value-added Tax on Sales and Services (ICMS)	8,170	5,464	8,170	6,765
Social Integration Program (PIS)/Social Contribution on Revenues (COFINS)	695	1,737	695	3,330
Excise Tax (IPI)	333	175	333	197
Income tax (IRPJ)	255	168	255	168
Social contribution (CSLL)	87	62	87	62
Withholding Income Tax (IRRF) on investments	1,179	734	1,179	824
	10,719	8,340	10,719	11,346
Current	7,094	5,133	7,094	7,721
Non-current	3,625	3,207	3,625	3,625

ICMS credits basically comprise credits generated on the acquisition of property, plant and equipment, which are recoverable in 48 monthly and consecutive installments as determined by the specific legislation.

9. BANKS - RESTRICTED ACCOUNTS

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Banco do Brasil - New York - a)	2,073	1,161	2,073	1,161
Banco Itaú - b)	-	-	-	1,569
Total current	2,073	1,161	2,073	2,730

a) Banco do Brasil - New York - USA - represented by amounts retained to guarantee the settlement of the quarterly installments of the export prepayment loan obtained from Credit Suisse Bank, relating to the installment falling due in February 2015. Because of the renegotiation of the contract, which was subject to a retention on September 26, 2014, only the contractual interest will be due up to May 2017.

b) Banco Itaú - referred to balances of amounts received up to a certain date and which were automatically transferred to the current account after being substituted by new trade receivables for bank collection.

10. OTHER ASSETS

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Advances to suppliers	2,778	1,433	2,815	2,038
Receivables from employees	2,128	1,078	2,142	1,285
Renegotiations with customers	20,600	7,237	20,631	7,268
Prepaid expenses	1,380	1,297	1,380	1,534
Credits receivable - XKW Trading	4,554	6,814	4,554	6,814
Other receivables	1,709	629	1,741	2,115
	33,149	18,488	33,263	21,054
Provision for impairment of receivables - renegotiation	(2,043)	(1,840)	(2,043)	(1,840)
	31,106	16,648	31,220	19,214
Current	28,676	9,956	28,763	11,672
Non-current	2,430	6,692	2,457	7,542

Renegotiations with customers - refers to overdue receivables for which debt acknowledgment agreements were formalized. The final maturity of the monthly installments will be in 2018, and the average interest rate is 1% to 2% p.m., recognized as income on receipt. Some agreements have clauses for guarantees of machinery, equipment and property for the renegotiated debt amount.

The Company assesses the customers in renegotiation and, when applicable, records a provision for the impairment of the amount of renegotiated debts, as shown below.

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
At the beginning of the year	(1,840)	(1,664)	(1,840)	(1,664)
Provision for impairment recognized	(249)	(176)	(249)	(176)
Amounts recovered in the year	46	-	46	-
At the end of the year	(2,043)	(1,840)	(2,043)	(1,840)

Prepaid expenses - relate primarily to insurance premiums paid when contracting insurance for all of the Company's units, recognized in the statement of income on a monthly basis, over the term of each policy.

Credits receivable - XKW Trading Ltda. - refer to the sale of the subsidiary Meu Móvel de Madeira Ltda. on December 20, 2012, with payments in annual installments and a final maturity in 2016.

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution are calculated on the temporary differences for tax purposes, tax losses, adjustments of deemed cost and variations in the fair value of biological assets.

In 2013 and 2014, the Company computed income tax and social contribution on the effects of foreign exchange variations on a cash basis, and recorded a deferred tax liability related to unrealized exchange variations.

Deferred tax liabilities were recognized based on the fair value of biological assets and the deemed cost of property, plant and equipment, as well as adjustments relating to the review of the useful lives of property, plant and equipment, treated as effects of the Transitional Tax System (RTT) and recorded in the same account.

The initial tax impacts on the deemed cost of property, plant and equipment were recognized in equity.

ASSETS	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Deferred income tax assets				
On temporary differences	11,037	11,295	11,037	13,539
On tax losses	2,614	1,462	2,614	1,462
Cash flow hedges	18,353	6,410	18,353	6,410
Deferred social contribution assets				
On temporary differences	3,973	4,066	3,973	4,873
On tax losses	941	527	941	527
Cash flow hedges	6,607	2,308	6,607	2,308
	43,525	26,068	43,525	29,119

LIABILITIES	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Deferred income tax liabilities				
Foreign exchange rate variations taxed on a cash basis	1,793	1,303	1,793	1,303
Interest on debentures	-	-	-	3,810
Fair value of biological assets	35,687	34,966	37,817	36,737
Deemed cost of property, plant and equipment and review of useful lives	122,852	87,596	130,451	137,495
Government grants	763	631	763	631
Adjustment to present value	-	-	-	3,030
Customer portfolio	1,383	-	1,383	1,574
Trademarks	327	-	327	327
Amortization of tax goodwill	3,892	-	3,892	-
Deferred social contribution liabilities				
Foreign exchange rate variations taxed on a cash basis	645	469	645	469
Interest on debentures	-	-	-	1,372
Fair value of biological assets	12,847	12,588	13,997	13,544
Deemed cost of property, plant and equipment and review of useful lives	44,255	31,535	46,991	49,498
Government grants	275	227	275	227
Adjustment to present value	-	-	-	1,091
Customer portfolio	495	-	495	566
Trademarks	118	-	118	118
Amortization of tax goodwill	1,402	-	1,402	-
	226,734	169,315	240,349	251,792
Deferred tax liabilities (net)	183,209	143,247	196,824	222,673

Management recorded deferred income tax and social contribution on temporary differences and tax losses. Based on forecasts approved by the Board of Directors, Management expects these balances to be realized as follows:

Deferred tax assets Period	Consolidated 12/31/2014
2015	8,900
2016	11,953
2017	8,649
2018	5,062
2019 onwards	8,961
	43,525

Deferred tax liabilities Period	Consolidated 12/31/2014
2015	8,172
2016	8,989
2017	9,888
2018	10,877
2019 onwards	202,423
	240,349

The changes in deferred income tax and social contribution were as follows:

Parent company	Opening balance at 12/31/2013	Recognized in the results	REFIS (Note 19)	Recorded in equity	Merger of São Roberto	Closing balance at 12/31/2014
Deferred tax assets related to:						
Provision for bonuses	(3,649)	(247)	-	-	-	(3,896)
Provision for sundry risks	(11,661)	1,583	-	-	(985)	(11,063)
Cash flow hedges	(8,718)	-	-	(16,242)	-	(24,960)
Other	(51)	-	-	-	-	(51)
Total temporary differences	(24,079)	1,336	-	(16,242)	(985)	(39,970)
Tax losses	(1,989)	(3,555)	1,989	-	-	(3,555)
	(26,068)	(2,219)	1,989	(16,242)	(985)	(43,525)

Consolidated	Opening balance at 12/31/2013	Recognized in the results	REFIS (Note 19)	Recorded in equity	Closing balance at 12/31/2014
Deferred tax assets related to:					
Provision for bonuses	(3,649)	(247)	-	-	(3,896)
Provision for sundry risks	(14,712)	3,649	-	-	(11,063)
Cash flow hedges	(8,718)	-	-	(16,242)	(24,960)
Other	(51)	-	-	-	(51)
Total temporary differences	(27,130)	3,402	-	(16,242)	(39,970)
Tax losses	(1,989)	(20,562)	18,996	-	(3,555)
	(29,119)	(17,160)	18,996	(16,242)	(43,525)

Parent company	Opening balance	Recognized in the results	Merger of São Roberto	Merger of Irani Trading	Closing balance
	12/31/2013				12/31/2014
Deferred tax liabilities related to:					
Foreign exchange rate variations taxed on a cash basis	1,772	666	-	-	2,438
Interest on debentures	-	(6,810)	-	6,810	-
Fair value of biological assets	47,554	980	-	-	48,534
Deemed cost and useful life review	119,131	(143)	30,167	17,952	167,107
Government grants	858	180	-	-	1,038
Customer portfolio	-	-	1,878	-	1,878
Trademarks	-	-	445	-	445
Amortization of tax goodwill	-	-	5,294	-	5,294
	169,315	(5,127)	37,784	24,762	226,734

Consolidated	Opening balance	Recognized in the results	Closing balance
	12/31/2013		12/31/2014
Deferred tax liabilities related to:			
Foreign exchange rate variations taxed on a cash basis	1,772	666	2,438
Interest on debentures	5,181	(5,181)	-
Fair value of biological assets	50,282	1,532	51,814
Deemed cost and useful life review	186,993	(9,551)	177,442
Government grants	858	180	1,038
Adjustment to present value	4,121	(4,121)	-
Customer portfolio	2,140	(262)	1,878
Trademarks	445	-	445
Amortization of tax goodwill	-	5,294	5,294
	251,792	(11,443)	240,349

12. INVESTMENTS

	Habitasul Florestal	Irani Trading	Iraflor Comércio de Madeiras	HGE Geração de Energia	Wave Paticipações S.A	São Roberto	Irani Geração de Energia	Total
At December 31, 2012	111,980	107,558	49,988	1,283	-	-	-	270,809
Equity in the earnings of subsidiaries	15,256	13,284	13,570	(118)	(682)	38,159	-	79,469
Proposed dividends	(11,153)	(12,756)	(9,083)	-	-	-	-	(32,992)
Capital increase	-	-	13,259	-	12,919	-	297	26,475
Advances for future capital increases	3,785	8,033	-	-	-	-	-	11,818
Merger of Wave into São Roberto	-	-	-	-	-	9,989	-	9,989
Carrying value adjustments - São Roberto	-	-	-	-	-	(4,110)	-	(4,110)
Other changes	-	-	-	-	(2,248)	-	-	(2,248)
Merger of Wave into São Roberto	-	-	-	-	(9,989)	-	-	(9,989)
At December 31, 2013	119,868	116,119	67,734	1,165	-	44,038	297	349,221
Equity in the earnings of subsidiaries	20,461	15,846	8,928	(26)	-	10,585	(147)	55,647
Proposed dividends	(19,159)	(10,046)	(21,975)	-	-	-	-	(51,180)
Capital increase	-	1	57,648	-	-	70,592	236	128,477
Advances for future capital increases	10,743	-	-	31	-	-	-	10,774
Other changes	-	-	-	(394)	-	-	-	(394)
Spin-off	-	-	-	(236)	-	-	-	(236)
Merger of Irani Trading into Irani	-	(121,920)	-	-	-	-	-	(121,920)
Merger of São Roberto into Irani	-	-	-	-	-	(125,215)	-	(125,215)
At December 31, 2014	131,913	-	112,335	540	-	-	386	245,174
Liabilities	20,016	-	975	-	-	-	8	
Equity	131,914	-	112,345	540	-	-	388	
Assets	151,930	-	113,320	540	-	-	396	
Net revenue	16,828	17,323	24,397	-	-	148,819	-	
Profit (loss) for the year	20,461	15,846	8,929	(26)	-	10,585	(148)	
Ownership interest - %	100.00	100.00	99.99	100.00	-	100.00	99.43	

The operations of the subsidiary Habitasul Florestal S.A. comprise planting, developing and harvesting pine forests and extracting resins in the State of Rio Grande do Sul.

At the General Meeting held on April 30, 2014, the stockholders of the subsidiary Habitasul Florestal S.A. approved the distribution of additional dividends amounting to R$ 13,915, to be paid up to December 31, 2014. On December 31, 2014, the minimum mandatory dividends of 25%, amounting to R$ 5,244, were allocated.

The activities that the subsidiary Irani Trading S.A. carried out up to December 30, 2014 (that is, the date when it was merged into the Parent Company) included the intermediation in the export and import of products, the export of products acquired for resale, and the management and rental of properties.

At the General Meeting held on April 29, 2014, the stockholders of the subsidiary Irani Trading S.A. approved the distribution of additional dividends amounting to R$ 10,046, to be paid up to December 31, 2014.

The subsidiary Iraflor Comércio de Madeiras Ltda. carries out activities related to the management and sale of planted forests to the parent company Celulose Irani S.A. and also to the market. These operations are realized in the State of Santa Catarina.

In 2013, Iraflor Comércio de Madeiras Ltda. received a capital contribution from its parent company Celulose Irani S.A. amounting to R$ 13,259, which was paid up through the incorporation of forest assets amounting to R$ 13,251, and cash of R$ 8. In 2014, Iraflor Comércio de Madeiras Ltda. received a capital contribution from its parent company Celulose Irani S.A. amounting to R$ 57,648, which was paid up through the incorporation of forest assets amounting to R$ 57,644, and cash of R$ 4. On August 22, 2014, the stockholders approved the distribution of dividends referring to 2013, which amounted to R$ 13,570. At the meeting held on December 15, 2014, the stockholders approved the distribution of profit amounting to R$ 8,405 based on the interim balance sheet of November 30, 2014.

The subsidiary HGE Geração de Energia Sustentável S.A. was acquired in 2009 and has as its corporate objective the generation, transmission and distribution of electric power sourced from wind energy, in order to permanently commercialize it as an independent power producer. This subsidiary is in the phase of the evaluation of projects for implementation.

On January 30, 2014, through the 5th contractual amendment of the subsidiary HGE Geração de Energia Sustentável Ltda., the partial split off of this subsidiary was approved, and the amount of the equity installments transferred to the equity of Irani Geração de Energia Sustentável Ltda. totaled R$ 236.

Wave Participações S.A. had as its main activities the investment in the capital of other companies, except for the holding company, and the administration of chattels and properties. On November 29, 2013, Wave was merged (downstream merger) into São Roberto S.A.

On August 22, 2014, São Roberto S.A. received a capital contribution from its parent company Celulose Irani S.A. in the amount of R$ 70,592, as disclosed in Note 17.

The main activities of São Roberto S.A., which was merged into its parent company Celulose Irani S.A. on December 30, 2014, were related to the manufacture of packaging papers for own consumption, and the production and sale of corrugated cardboard, specifically sheets, boxes and accessories.

The subsidiary Irani Geração de Energia Sustentável Ltda. was acquired on December 2, 2013 and has as its corporate objective the generation, transmission and distribution of electric power sourced from wind energy, in order to permanently commercialize it as an independent power producer. This subsidiary is in the phase of the evaluation of projects for implementation.

On January 30, 2014, through the 1st contractual amendment of the subsidiary Irani Geração de Energia Sustentável Ltda., the merger of the split off portion of HGE - Geração de Energia Sustentável Ltda., which totaled R$ 236, was approved.

13. INVESTMENT PROPERTIES

	Parent company	Consolidated
	12/31/2014	12/31/2014
Land	16,427	160
Buildings	3,927	3,927
Total Investment properties	20,354	4,087

Land

Refers mainly to land held by the parent company for the future construction of wind farms in the state of Rio Grande do Sul and is recognized at fair value according to an appraisal report. The project for the wind farm implementation is currently in the evaluation phase, through the subsidiary Irani Geração de Energia Sustentável Ltda.

Buildings

Refers to the buildings located in Rio Negrinho (SC), which are rented to companies in the region and are recorded at the net book value at the balance sheet date, considering that the appraisals made indicated that the market value, net of commissions and selling costs, is above the net book value. Revenues from rented investment properties are recognized in the statement of income.

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Composition of property, plant and equipment

Parent company

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other	Construction in progress	Assets under finance leases	Leasehold improvements	Total
At December 31, 2012									
Net book value	123,901	32,739	321,179	408	3,696	27,179	14,589	13,384	537,075
At December 31, 2013									
Opening balance	123,901	32,739	321,179	408	3,696	27,179	14,589	13,384	537,075
Purchases	-	-	14,768	468	980	72,432	1,713	-	90,361
Disposals	(14)	(64)	(1,692)	(14)	(22)	(7,344)	(76)	-	(9,226)
Transfers	-	1,305	16,025	-	513	(17,843)	-	-	-
Depreciation	-	(1,057)	(24,163)	(211)	(748)	-	(3,277)	(643)	(30,099)
Net book value	123,887	32,923	326,117	651	4,419	74,424	12,949	12,741	588,111
Cost	123,887	42,006	563,758	2,161	10,482	74,424	29,966	16,061	862,745
Accumulated depreciation	-	(9,083)	(237,641)	(1,510)	(6,063)	-	(17,017)	(3,320)	(274,634)
Net book value	123,887	32,923	326,117	651	4,419	74,424	12,949	12,741	588,111
At December 31, 2014									
Opening balance	123,887	32,923	326,117	651	4,419	74,424	12,949	12,741	588,111
Merger of São Roberto	74,421	33,977	11,979	386	609	6,239	55	-	127,666
Merger of Irani Trading	1,147	82,887	19	-	18	-	-	-	84,071
Purchases	-	47	36,559	2,605	671	29,445	-	-	69,327
Disposals	-	-	(1,243)	(159)	(27)	(534)	(483)	-	(2,446)
Transfers	-	7,414	81,506	32	1,097	(90,049)	-	-	-
Transfer to investment Properties	(16,427)	(3,898)	(19)	-	(10)	-	-	-	(20,354)
Depreciation	-	(1,228)	(35,451)	(484)	(1,058)	-	(3,369)	(642)	(42,232)
Net book value	183,028	152,122	419,467	3,031	5,719	19,525	9,152	12,099	804,143
Cost	183,028	201,052	762,976	5,119	14,837	19,525	28,678	16,061	1,231,275
Accumulated depreciation	-	(48,930)	(343,508)	(2,088)	(9,118)	-	(19,526)	(3,962)	(427,132)
Net book value	183,028	152,122	419,467	3,031	5,719	19,525	9,152	12,099	804,143

Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other	Construction in progress	Assets under finance leases	Leasehold improvements	Total
At December 31, 2012									
Net book value	176,114	122,151	321,298	476	4,100	27,592	14,619	13,384	679,734
At December 31, 2013									
Opening balance	176,114	122,151	321,298	476	4,100	27,592	14,619	13,384	679,734
Consolidation of subsidiary	74,453	34,465	64,046	354	51	3,513	73	-	176,955
Purchases	1,218	9	7,846	468	769	73,314	1,712	-	85,336
Disposals	(199)	-	(1,836)	(14)	(22)	(7,322)	(73)	-	(9,466)
Transfers	-	1,305	16,025	-	513	(17,843)	-	-	-
Impairment	-	-	(10,819)	-	-	-	-	-	(10,819)
Depreciation	-	(3,648)	(24,857)	(235)	(664)	-	(3,290)	(643)	(33,337)
Net book value	251,586	154,282	371,703	1,049	4,747	79,254	13,041	12,741	888,403
Cost	251,586	201,272	687,255	2,825	12,552	79,254	30,080	16,061	1,280,885
Accumulated depreciation	-	(46,990)	(315,552)	(1,776)	(7,805)	-	(17,039)	(3,320)	(392,482)
Net book value	251,586	154,282	371,703	1,049	4,747	79,254	13,041	12,741	888,403
At December 31, 2014									
Opening balance	251,586	154,282	371,703	1,049	4,747	79,254	13,041	12,741	888,403
Purchases	6	47	6,221	2,617	1,164	33,114	4	-	43,173
Disposals	(33)	-	(1,310)	(202)	(39)	(535)	(507)	-	(2,626)
Transfers	-	8,175	82,134	336	1,216	(91,861)	-	-	-
Transfer to investment properties	(160)	(3,898)	(19)	-	(10)	-	-	-	(4,087)
Depreciation	-	(4,637)	(39,244)	(506)	(990)	-	(3,372)	(642)	(49,391)
Net book value	251,399	153,969	419,485	3,294	6,088	19,972	9,166	12,099	875,472
Cost	251,399	205,575	763,001	5,454	15,390	19,972	28,718	16,061	1,305,569
Accumulated depreciation	-	(51,605)	(343,516)	(2,160)	(9,302)	-	(19,552)	(3,962)	(430,097)
Net book value	251,399	153,969	419,485	3,294	6,088	19,972	9,166	12,099	875,472

(*) Refers to assets such as furniture and fittings and IT equipment.

b) Composition of intangible assets

Intangible assets include software licenses utilized by the Company, which are capitalized at their historical cost of acquisition.

Parent company	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2013					
Opening balance	-	-	-	1,220	1,220
Additions	-	-	-	427	427
Amortization	-	-	-	(631)	(631)
Net book value	-	-	-	1,016	1,016
Cost	-	-	-	6,149	6,149
Accumulated amortization	-	-	-	(5,133)	(5,133)
Net book value	-	-	-	1,016	1,016
At December 31, 2014					
Opening balance	-	-	-	1,016	1,016
Additions	-	-	-	276	276
Merger of São Roberto S.A.	1,473	104,380	5,502	-	111,355
Amortization	-	-	-	(371)	(371)
Net book value	1,473	104,380	5,502	921	112,276
Cost	1,473	104,380	5,502	7,661	119,016
Accumulated amortization	-	-	-	(6,740)	(6,740)
Net book value	1,473	104,380	5,502	921	112,276

Consolidated	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2013					
Opening balance	-	-	-	1,223	1,223
Additions	-	-	-	508	508
Contribution - subsidiary Wave Participações S.A.	1,473	104,380	6,617	40	112,510
Amortization	-	-	(323)	(755)	(1,078)
Net book value	1,473	104,380	6,294	1,016	113,163
Cost	1,473	104,380	7,081	5,810	118,744
Accumulated amortization	-	-	(787)	(4,794)	(5,581)
Net book value	1,473	104,380	6,294	1,016	113,163
At December 31, 2014					
Opening balance	1,473	104,380	6,294	1,016	113,163
Additions	-	-	-	811	811
Amortization	-	-	(792)	(371)	(1,163)
Net book value	1,473	104,380	5,502	1,456	112,811
Cost	1,473	104,380	7,081	6,621	119,555
Accumulated amortization	-	-	(1,579)	(5,165)	(6,744)
Net book value	1,473	104,380	5,502	1,456	112,811

c) Depreciation method

The table below shows the annual depreciation rates defined based on the economic useful lives of assets. The rates are presented at the annual weighted average:

	Rate - %	
	12/31/2014	12/31/2013
Buildings and constructions *	2.19	2.19
Equipment and facilities **	5.86	5.86
Furniture, fittings and IT equipment	5.71	5.71
Vehicles and tractors	20.00	20.00
Computer software	20.00	20.00
Customer portfolio	11.11	11.11

* includes weighted rates of leasehold improvements
** includes weighted rates of finance leases

d) Other information

Construction in progress refers to projects for the improvement and maintenance of the Company's production process, the major improvement being the expansion of the building for the shipment from the paper machine Nº I, to be concluded at the beginning of 2015, which is necessary because of the increase in the production volume of this machine. During the year, finance charges in the amount of R$ 408 were capitalized at an average rate of 4.37% per annum, related to new funds utilized to finance specific investment projects.

The Company has finance lease agreements for machinery, IT equipment and vehicles, with purchase option clauses, negotiated with a fixed interest rate and 1% of the guaranteed residual value, payable at the end or diluted during the period of the lease. The agreements are collateralized by the leased assets. The commitments assumed are recognized as new funds in current and non-current liabilities.

Leasehold improvements refer to the renovation of the Packaging Unit in Indaiatuba, State of São Paulo (SP), which is being depreciated on the straight line method at a rate of 4% per year. The property is owned by MCFD - Administração de Imóveis Ltda. and PFC - Administração de Imóveis Ltda., and the renovation expenses were fully funded by Celulose Irani S.A.

The allocation of the depreciation of the Company's property, plant and equipment in 2014 was as follows:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Administrative expenses	1,329	1,049	1,695	906
Production expenses	40,903	29,050	47,696	32,431
	42,232	30,099	49,391	33,337

The allocation of the amortization of the Company's intangible assets in 2014 was as follows:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Administrative expenses	315	536	989	916
Production expenses	56	95	174	162
	371	631	1,163	1,078

e) Impairment of property, plant and equipment

In 2013, the Company recorded an impairment of the assets in its former subsidiary São Roberto S.A., which was merged into its parent company on December 30, 2014, of R$ 10,819, of which R$ 6,229 was recorded in equity as carrying value adjustments (R$ 4,111 net of tax), and R$ 4,590 was recorded in the statement of income.

No indicators of impairment were identified in 2014 regarding the realization amounts of the assets of the Company and its subsidiaries.

f) Assets pledged as collateral

The Company pledged certain property, plant and equipment assets as collateral for financing transactions, as disclosed below.

	12/31/2014
Equipment and facilities	108,578
Buildings and constructions	40,680
Land	227,119
Total assets pledged	376,377

g) Trademarks

The trademarks acquired in the business combination between São Roberto S.A. and Wave Participações S.A. were recognized at the fair value of R$ 1,473 on the acquisition date. The trademarks have no defined useful life, and therefore are not amortized. São Roberto S.A. was merged into its parent company on December 30, 2014 and the trademark was maintained for the commercialization of its products.

h) Customer portfolio

The customer portfolio acquired in the business combination between São Roberto S.A. and Wave Participações S.A. is recognized at the fair value of R$ 6,617, and the amortization amounted to R$ 792 (2013 - R$ 323), resulting in the net balance of R$ 5,502. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

i) Goodwill

Goodwill of R$ 104,380 is attributable to the expectation of future profitability and the expected economies of scale resulting from the combination of the operations of the Company and the subsidiary São Roberto S.A., which was merged into its parent company on December 30, 2014.

The composition of goodwill is as follows:

Holding acquired	100%
Consideration transferred	7,500
Fair value of assets acquired and liabilities assumed	96,880
Goodwill	104,380

Impairment tests for intangible assets:

At December 31, 2014, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash-flow method for the Cash Generating Unit (CGU). The recoverable value of the CGU was based on the expectation of future profitability. These calculations utilized pre-income tax and social contribution cash flow projections based on financial budgets approved by Management, covering a six-year period and extrapolating the perpetuity in the other periods based on estimated growth rates.

Cash flows were discounted at present value with the application of a rate established by the Weighted Average Cost of Capital (WACC), the latter having been calculated through the Capital Asset Pricing Model method, considering a number of components of borrowings, debt and own capital used by the Company to finance its activities.

The discounted cash flow calculation considered the following principal data:

	2015	2016	2017	2018	2019	2020
Estimated cash generation (EBITDA)	16,824	24,244	28,207	31,035	34,046	37,252
Estimated growth rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Discount rate (WACC)	12.89%	12.89%	12.89%	12.89%	12.89%	12.89%

15. BIOLOGICAL ASSETS

The Company's biological assets comprise mainly the planting and cultivation of pine trees to supply raw material for the production of pulp used in the packaging paper production process, production of resins and sales of timber logs to third parties. All of the Company's biological assets form a single group named "forests", measured together at fair value on a quarterly basis. Because the harvesting of the forests planted is realized based on the requirements for raw material and timber sales, and also considering that all areas are replanted, the changes in the fair value of these biological assets are not significantly affected at the time of harvesting.

The balance of the Company's biological assets consists of the cost of formation of the forests and of the fair value differential in relation to the cultivation cost. Consequently, the balance of biological assets as a whole is recorded at fair value, as follows:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Cost of development of biological assets	36,509	43,900	55,681	53,724
Difference of fair value of biological assets at fair value	64,605	102,738	225,940	215,001
	101,114	146,638	281,621	268,725

Of the total biological assets, R$ 186,973 relates to forests utilized as raw material for pulp and paper production, which are located close to the pulp and paper factory in Vargem Bonita (SC), where they are consumed. Of this amount, R$ 148,046 refers to mature forests with more than six years. The remaining amount refers to growing forests, which still need forestry treatment.

The forests are harvested mainly based on the requirements for raw materials for pulp and paper production, and forests are replanted when cut, forming a renovation cycle that meets the production demands of the unit.

The biological assets utilized for the production of resins and the sale of timber logs totaled R$ 94,648, and are located on the coast of Rio Grande do Sul. The resin is extracted based on the generation capacity of this product by the existing forest, and the trees for the extraction of wood for the sale of logs based on the demand for timber in the region.

a) Assumptions for recognition of fair value less costs to sell of biological assets.

The Company recognizes its biological assets at fair value based on the following assumptions:

(i) The methodology utilized to measure the fair value of biological assets corresponds to the projection of future cash flows in accordance with the projected productivity cycle of forests, considering the cycle of cuts determined based on the optimization of production, taking into consideration price changes and the growth of biological assets;
(ii) The discount rate used for cash flows was the Cost of Own Capital (Capital Asset Pricing Model - CAPM). The cost of capital is estimated through an analysis of the return targeted by investors for forestry assets;
(iii) Projected productivity volumes of forests are defined based on a stratification, according to the type of species, sorted by production planning, age of forests, productive potential and considering the production cycle of the forests. Forest management alternatives are created to establish the optimum long-term production flow which is ideal to maximize the yield of the forests;
(iv) The prices adopted for biological assets are those practiced in the last three years, based on market research in the regions where the assets are located. Prices are calculated in R$/cubic meter, taking into consideration the costs necessary to place the assets at the point of sale or consumption;
(v) The expenditure on planting corresponds to the formation costs of biological assets incurred by the Company;
(vi) The depletion of biological assets is calculated based on their average fair value, multiplied by the volume harvested in the period;
(vii) The Company reviews the fair value of its biological assets periodically (in general on a quarterly basis), an interval considered to be sufficient to prevent any disparity in the fair value balance of biological assets recorded in the financial statements.

The main assumptions considered in the calculation of the fair value of biological assets include: i) the remuneration of the Company's own contributing assets (leases), at the rate of 3% per year, and ii) a discount rate of 8.5% per year for assets in the Company's own areas in Santa Catarina (SC) and Rio Grande do Sul (RS), and a rate of 9.5% for assets in partnership areas in SC.

In 2014, the Company validated the assumptions and criteria utilized to evaluate the fair value of its biological assets, and realized the evaluation of these assets.

In 2014, no other events occurred that could have had an impact on the devaluation of the biological assets, such as rainstorms, lightning or other events that could affect the forests.

Main changes

The changes in the year were as follows:

	Parent company	Consolidated
At 12/31/2012	159,912	263,292
Development expenses	5,557	6,721
Depletion		
Historical cost	(965)	(3,499)
Fair value	(647)	(17,887)
Transfer for capitalization in subsidiary	(13,251)	-
Disposals	(9)	(9)
Changes in fair value	(3,959)	20,107
At 12/31/2013	146,638	268,725
Development expenses	4,338	4,908
Purchase of forest	190	190
Depletion		
Historical cost	(1,115)	(3,692)
Fair value	(266)	(17,926)
Transfer for capitalization in subsidiary	(57,644)	-
Changes in fair value	8,973	29,416
At 12/31/2014	101,114	281,621

The depletion of biological assets in 2014 and 2013 was mainly charged to production cost, after an initial allocation to inventory when forests are harvested, and utilization in the production process or for sale to third parties.

On June 3, 2011, the Company's Board of Directors approved the capital contribution to Iraflor Comércio de Madeiras Ltda. through the transfer of forest assets owned by the Company. In 2014, the contribution of new biological assets, amounting to R$ 57,644 (R$ 13,251 in 2013), was authorized. The purpose of this transaction was to improve the management of forest assets and to raise funds through Agribusiness Credit Right Certificates (CDCA), as mentioned in Note 16.

b) Biological assets pledged as collateral

The Company has a part of its biological assets, amounting to R$ 141,532, pledged as collateral for financing transactions. The pledged assets represent approximately 50% of total biological assets, equivalent to 20.6 thousand hectares of land utilized, with approximately 10.3 thousand hectares of planted forests.

c) Production in third-party land

The Company has entered into non-cancelable lease agreements for the production of biological assets in third-party land, called partnerships. These agreements are valid until all planted forests in these areas are harvested in a cycle of approximately 15 years. The amount of biological assets in third-party land represents approximately 10% of the total area with the Company's biological assets.

16. BORROWINGS

		Parent company		Consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
Current					
Local currency					
FINAME	a)	8,487	5,646	8,487	6,893
Working capital	b)	40,832	37,093	40,832	47,073
Working capital - CDCA	c)	20,675	16,490	20,675	16,490
Finance leases	d)	886	1,303	886	1,435
BNDES	e)	12,499	-	12,499	10,327
Total local currency		83,379	60,532	83,379	82,218
Foreign currency					
Advances on foreign exchange contracts	f)	20,074	12,175	20,074	12,175
Banco Credit Suisse - PPE	g)	750	5,535	750	5,535
Banco Itaú BBA - CCE	h)	13,422	11,969	13,422	11,969
Banco Santander - PPE	i)	2,992	2,640	2,992	2,640
Banco do Brasil - FINIMP	j)	1,735	2,151	1,735	2,151
Banco Citibank - FINIMP	k)	2,883	3,017	2,883	3,017
Total foreign currency		41,856	37,487	41,856	37,487
Total current		125,235	98,019	125,235	119,705
Non-current					
Local currency					
FINAME	a)	20,486	21,855	20,486	22,300
Working capital	b)	121,056	98,049	121,056	98,049
Working capital - CDCA	c)	36,085	54,070	36,085	54,070
Finance leases	d)	557	1,244	557	1,462
BNDES	e)	44,604	-	44,604	48,262
Total local currency		222,788	175,218	222,788	224,143
Foreign currency					
Banco Credit Suisse - PPE	g)	101,331	83,172	101,331	83,172
Banco Itaú BBA - CCE	h)	19,434	28,505	19,434	28,505
Banco Santander PPE	i)	8,816	10,367	8,816	10,367
Banco do Brasil - FINIMP	j)	133	1,597	133	1,597
Banco Citibank - FINIMP	k)	619	3,071	619	3,071
Banco Rabobank and Santander PPE	l)	184,369	-	184,369	-
Total foreign currency		314,702	126,712	314,702	126,712
Total non-current		537,490	301,930	537,490	350,855
Total		662,725	399,949	662,725	470,560

BNDES - National Bank for Economic and Social Development
CCE - Export Credit Bill
CDCA - Agribusiness Credit Right Certificates
FINAME - Government Agency for Machinery and Equipment Financing
FINIMP - Import Financing
PPE - Export Prepayment

Long-term maturities:	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
2015	-	85,769	-	90,010
2016	99,254	142,335	99,254	147,062
2017	159,230	57,360	159,230	63,437
2018	104,735	15,185	104,735	22,255
2019 to 2024	174,272	1,281	174,272	28,091
	537,490	301,930	537,490	350,855

Local currency borrowings:

a) FINAME - subject to an annual average interest rate of 4.38% with final maturity in 2024.

b) Working capital - subject to an annual average interest rate of 11.77% with final maturity in the second half of 2019.

Transaction costs:

The Banco Safra Export Credit Note (CCE) transaction incurred costs of R$ 251, with an effective interest rate of 12.75%.

The Banrisul Bank Credit Note (CCB) transaction incurred costs of R$ 403, with an effective interest rate of 13.86%.

The Santander Export Credit Note (CCE) transaction incurred costs of R$ 185, with an effective interest rate of 12.99%.

The transaction costs to be allocated to the results in each subsequent period are as follows:

Year	Principal
2015	461
2016	224
2017	353
2018	59
	1,096

c) Working capital - CDCA

On June 20, 2011, the Company issued Agribusiness Credit Right Certificates (CDCA), in the original amount of R$ 90,000, in favor of Banco Itaú BBA S.A. and Banco Rabobank International Brasil S.A.

The CDCA relates to the credit rights arising from the Rural Producer Notes ("CPR"), issued by the subsidiary Iraflor Comércio de Madeiras Ltda., which has Celulose Irani S.A. as the creditor, under the terms of Law 8,929, of August 22, 1994.

This transaction is being settled in six annual installments as from June 2012, adjusted by the Amplified Consumer Price Index (IPCA), plus 10.22% p.a.

Transaction costs:

The costs incurred with the transaction amounted to R$ 3,636, with an effective interest rate of 16.15% p.a. The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2015	484
2016	310
2017	108
	902

d) Finance leases - subject to an annual average interest rate of 14.49% with final maturity in the second half of 2018.

	Parent company		Consolidated	
Long-term maturities of finance leases:	12/31/2014	12/31/2013	12/31/2014	12/31/2013
2015	-	738	-	875
2016	444	384	444	465
2017	62	67	62	67
2018	51	55	51	55
	557	1,244	557	1,462

e) National Bank for Economic and Social Development (BNDES)

On January 29, 2013, the BNDES loan to the subsidiary São Roberto S.A. was renegotiated, maintaining the mortgage of the Vila Maria unit in São Paulo (SP), referring to the negotiation on January 27, 2011. The payment term was renegotiated for nine years with a grace period of nine months for the payment of principal. CCI (Companhia Comercial de Imóveis) became the guarantor. With the merger of São Roberto S.A., on December 30, 2014, the parent company Celulose Irani S.A. became responsible for the operation.

Foreign currency loans:

Borrowings in foreign currency at December 31, 2014 are adjusted by the foreign exchange variations of the U.S. dollar, and bear annual average interest of 6.41%.

f) Advances on foreign exchange contracts are adjusted for the U.S. dollar foreign exchange rate fluctuations, and are repayable in a single installment according to each contract, with maturities in the second half of 2015.

g) The financing from Banco Credit Suisse (PPE) is adjusted at the U.S. dollar foreign exchange rate and is repayable in quarterly installments.

Through the Amended and Restated Agreement of September 26, 2014, the Company and Credit Suisse renegotiated the export prepayment transaction for a final maturity in 2020 and a grace period for the payment of the installments of the principal up to May 30, 2017.

Transaction costs:

This transaction incurred costs of R$ 5,310. The Company renegotiated the term on April 27, 2012, incurring an additional transaction cost of R$ 2,550. Consequently, the effective interest rate decreased from 19.12% to 12.31%. As a result of the restructuring on September 26, 2014, the effective interest reduced to 9.64%.

The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2015	977
2016	1,058
2017	1,086
2018	831
2019 onwards	417
	4,369

h) Banco Itaú BBA (CCE) - adjusted for U.S. dollar foreign exchange rate fluctuations and repayable in semi-annual installments with final maturity in 2017.

Transaction costs:

This transaction incurred costs of R$ 560, with an effective interest rate of 6.38% p.a. The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2015	78
2016	32
2017	4
	114

i) Banco Santander (PPE) - adjusted for U.S. dollar foreign exchange rate fluctuations and repayable in annual installments with final maturity in 2018.

j) Banco do Brasil (FINIMP) - adjusted for U.S. dollar foreign exchange rate fluctuations and repayable in semi-annual installments with final maturity in 2016.

k) Banco Citibank (FINIMP) - adjusted for U.S. dollar foreign exchange rate fluctuations and repayable in quarterly installments with final maturity in 2016.

Transaction costs:

This transaction incurred costs of R$ 101, with an effective interest rate of 5.68% p.a. The transaction costs of R$ 10 will be allocated to the results of 2015.

l) Banco Rabobank and Santander (PPE) - adjusted for U.S. dollar foreign exchange rate fluctuations and repayable in annual installments with final maturity in 2021.

Transaction costs:

This transaction incurred costs of R$ 2,173, with an effective interest rate of 6.52% p.a. The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2015	390
2016	415
2017	385
2018	311
2019 onwards	453
	1,954

Collateral:

Collateral for the borrowings include sureties of the controlling companies and/or statutory liens on land, buildings, machinery and equipment, and biological assets (forests), commercial pledges and assignments of receivables, amounting to approximately R$ 350,579. Some transactions have specific guarantees, as follows:

i) For working capital - Agribusiness Credit Right Certificates (CDCA) - the Company provided collateral of approximately R$ 60,560, including:

- Assignment of credit rights relating to Rural Producer Notes (CPRs) in favor of the creditor;
- Mortgages on some of the Company's properties in favor of the banks for a total area equivalent to 5,288 hectares;
- Statutory liens on pine and eucalyptus forests on the mortgaged properties owned by the issuer.

ii) For the export prepayment financing from Banco Credit Suisse, the Company pledged as collateral the shares held in its subsidiary Habitasul Florestal S.A.

iii) For the export prepayment financing from Banco Rabobank and Santander, land and forests amounting to R$ 110,411 were pledged as collateral.

Restrictive financing covenants:

Some financing agreements with financial institutions have restrictive covenants requiring the Company to comply with certain financial ratios, calculated based on the consolidated financial statements, as mentioned below:

i) Working capital - CDCA
ii) Banco Itaú BBA - CCE
iii) Banco Santander Brasil - PPE
iv) Banco Rabobank and Santander - PPE

Some restrictive financial covenants relating to compliance with certain financial ratios, measured on an annual basis, were determined. Non-compliance with these covenants could trigger the accelerated maturity of the debt.

a) The ratio between net debt and EBITDA over the last 12 months must not exceed: for the year ended December 31, 2013: 3.65x (three point sixty-five times); for the year ended December 31, 2014: 3.25x (three point twenty-five times); and from the year ended December 31, 2015: 3.00x (three times).

b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00x (two times) for the years ending as from December 31, 2013.

c) The ratio between EBITDA and net finance income over the last 12 months must not be lower than 17% for the years ending as from December 31, 2013.

At December 31, 2014, the Company obtained a waiver from the creditors because of the non-compliance with the index mentioned in item "a" above.

v) Banco Credit Suisse - PPE

a) Net debt/EBITDA ratio of: (i) 3.00x for the quarters ended between June 30, 2012 and September 30, 2013; (ii) 3.65x for the quarter ended December 31, 2013; (iii) 3.75x for the quarters ended March 31, 2014 and June 30, 2014; (iv) 4.50x for the quarter ended September 30, 2014; (v) 3.25x for the quarter ended December 31, 2014; (vi) 4.25x for the quarters ended between March 31, 2015 and September 30, 2015; and (vii) 3.00x for the quarters ended as from December 31, 2015.

b) Ratio of EBITDA to net finance costs of 2.00x from the quarters ended June 30, 2012 up to 2017.

At December 31, 2014, the Company obtained a waiver from Banco Credit Suisse because of the non-compliance with the index mentioned in item "a" above.

Key:
TJLP - Long-term interest rate
CDI - Interbank Deposit Certificate
EBITDA - Operating income (loss) plus net finance income (costs) and depreciation, depletion and amortization
ROL - Net operating revenue

17. DEBENTURES

First Issue of Simple Debentures - Celulose Irani S.A.

On April 12, 2010, the Company issued simple, non-convertible debentures in the amount of R$ 100,000, placed through a public offering with restricted distribution. The debentures will mature in March 2015 and are being repaid in eight semiannual installments from September 2011, adjusted based on the Interbank Deposit Certificate (CDI) rate plus annual interest of 5%. Interest is due in semiannual installments, without a grace period.

Transaction costs:

This transaction incurred costs of R$ 3,623, with an effective interest rate of 16% p.a. The transaction costs of R$ 231 will be allocated to the results of 2015:

Year	Main
2015	231
	231

Collateral:
The debentures have collateral in the amount of R$ 3,125, as follows:

- Assignment of receivables in favor of the Receivables Trustee of Celulose Irani, equivalent to 25% of the outstanding principal balance of the Debentures.

Restrictive financing covenants:

Some restrictive financial covenants were determined, requiring compliance with certain financial ratios, measured on an annual basis. Non-compliance with these covenants, which are presented below, could trigger the accelerated maturity of the debt:

a) The ratio between net debt and EBITDA over the last 12 months must not exceed: for the year ended December 31, 2013: 3.65x (three point sixty-five times); for the year ended December 31, 2014: 3.25x (three point twenty-five times); and from the year ended December 31, 2015: 3.00x (three times).

b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00x (two times) for the years ending as from December 31, 2013.

At December 31, 2014, the Company obtained a waiver from the creditors because of the non-compliance with the index mentioned in item "a" above.

Second Issue of Simple Debentures - Celulose Irani S.A.

On November 30, 2012, the Company issued simple, non-convertible debentures, in the amount of R$ 60,000, placed through a public offering with restricted distribution. The debentures will mature in November 2017 and are being repaid in five annual installments from November 2013, adjusted based on the CDI rate plus annual interest of 2.75%.

Transaction costs:

This transaction incurred costs of R$ 1,120, with an effective interest rate of 10.62% p.a. The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2015	251
2016	173
2017	87
	511

Collateral:
The debentures have collateral in the amount of R$ 57,481, as follows:

- Assignment in favor of the Trustee of the land of Celulose Irani in conformity with the terms and conditions determined in the Private Instrument of Assignment of Real Estate of Irani and Other Covenants, in the first degree, in the amount of R$ 9,856 and, in the second degree, in the amount of R$ 31,252.
- Agricultural pledge of certain assets in favor of the Trustee of certain Forest Assets of Celulose Irani in conformity with the terms and conditions of the Private Instrument of Agricultural Pledge and Other Covenants.
- Assignment of receivables in favor of the Trustee of the credit rights of Celulose Irani, equivalent to 25% of the outstanding balance of the principal of the Debentures.

Restrictive financing covenants:

Some restrictive financial covenants were determined, requiring compliance with certain financial ratios, measured on an annual basis. Non-compliance with these covenants could trigger the accelerated maturity of the debt. These restrictive financial covenants were fully complied with in 2013, and a new verification of compliance was made at the end of 2014.

The restrictive financial covenants are as follows:

a) The ratio between net debt and EBITDA over the last 12 months must not exceed: for the year ended December 31, 2012: 3.50x (three point fifty times); for the year ended December 31, 2013: 3.65x (three point sixty-five times); for the year ended December 31, 2014: 3.25x (three point twenty-five times); and from the year ended December 31, 2015: 3.00x (three times).
b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00x (two times) for the years ending as from December 31, 2012.

At December 31, 2014, the Company obtained a waiver from the creditors because of the non-compliance with the index mentioned in item "a" above.

<u>First Issue of Simple Debentures - Wave - assumed with the assumption of debt by Celulose Irani S.A.</u>

The Company approved on August 22, 2014 the assumption of debt and the resulting transfer of all the rights and obligations held by its former subsidiary São Roberto S.A. of the debentures, according to the terms of the Deed of Issue, with a remaining balance of R$ 70,592. As a consideration for the assumption of debt, a credit with the same amount was generated in favor of the Company, which was fully integrated into the subsidiary's capital before its merger into the parent company Celulose Irani S.A. on December 30, 2014.

The Deed of Issue of the Debentures originated from Wave Participações S.A. in May 2013, through which 80 book-entry, registered, single-series debentures not convertible into shares were issued, totaling R$ 80,000. Wave Participações was merged into São Roberto S.A. on November 29, 2013.

Banco Itaú S.A. is the Settlement Agent, Itaú Corretora de Valores S.A. is the Designated Bookkeeping Agent and the Trustee is Planner Trustee Distrib. de Títulos e Valores Mobiliários Ltda.

Transaction costs:

This transaction incurred costs of R$ 2,508, with an effective interest rate of 13.57% p.a. The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2015	622
2016	461
2017	286
2018	97
	1,466

Collateral:

The debentures have secured and fiduciary guarantees of the following assets and rights of São Roberto S.A., amounting to R$ 57,217, in favor of the Trustee:

- Assignment of real estate;
- Assignment of industrial equipment of the industrial unit located in Santa Luzia - State of Minas Gerais;
- Assignment of receivables arising from the Lease Agreement and Other Covenants; and
- Assignment of 25% of the receivables during the period of effectiveness of the debentures.

The restrictive covenants, verified on an annual basis, are as follows:

a) The ratio between net debt and EBITDA over the last 12 months must not exceed: for the year ended December 31, 2012: 3.50x (three point fifty times); for the year ended December 31, 2013: 3.65x (three point sixty-five times); for the year ended December 31, 2014: 3.25x (three point twenty-five times); and from the year ended December 31, 2015: 3.00x (three times).

b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00x (two times) for the years ending as from December 31, 2012.

At December 31, 2014, the Company obtained a waiver from the creditors because of the non-compliance with the index mentioned in item "a" above.

First Private Issue of Simple Debentures - Celulose Irani S.A.

On August 19, 2010, the Company issued simple, non-convertible debentures for R$ 40,000, paid up by the subsidiary Irani Trading S.A. The debentures would have matured in a single installment in August 2015, adjusted based on the Amplified Consumer Price Index (IPCA) plus annual interest of 6%. Interest would have been paid together with the single installment of the principal in August 2015. With the merger of the subsidiary Irani Trading S.A. on December 30, 2014, this operation ceased to exist, and the transaction cost total of R$ 631 was recognized in the statement of income for the year.

This issue was not collateralized nor had restrictive financial covenants.

The repayment of the debentures, by year, is as follows.

	Parent company		Consolidated	
Year	12/31/2014	12/31/2013	12/31/2014	12/31/2013
2014	-	36,045	-	49,686
2015	43,129	79,216	43,129	42,390
2016	30,568	11,942	30,568	30,511
2017	30,829	12,030	30,829	30,772
2018	9,594	-	9,594	9,567
	114,120	139,233	114,120	162,926
Current	44,382	38,545	44,382	53,041
Non-current	69,738	100,688	69,738	109,885

18. TRADE PAYABLES

The payables to suppliers are as follows:

	Parent company		Consolidated	
CURRENT	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Domestic				
Materials	46,747	58,331	46,860	59,739
Property, plant and equipment	825	15,097	825	15,097
Service providers	5,818	4,560	5,895	5,446
Carriers	11,102	7,478	11,103	8,514
Related parties	15,335	34,127	-	-
Property, plant and equipment being shipped	220	1,165	220	1,165
Consignments	66	66	66	66
Foreign				
Materials	270	501	270	548
	80,383	121,325	65,239	90,575

19. TAXES PAYABLE IN INSTALLMENTS

The taxes payable in installments are as follows:

CURRENT

	Parent company		Consolidated	
Federal Tax Installments	12/31/2014	12/31/2013	12/31/2014	12/31/2013
REFIS - RFB	-	2,503	-	2,537
REFIS RFB - Subsidiary	-	-	-	3,288
Employer's INSS	-	811	-	811
FNDE	-	-	28	28
ITR	-	-	-	27
	-	3,314	28	6,691

	Parent company		Consolidated	
State Tax Installments	12/31/2014	12/31/2013	12/31/2014	12/31/2013
ICMS	2,281	1,452	2,281	1,452
ICMS - Subsidiary	-	-	-	2,117
	2,281	1,452	2,281	3,569
Total installments	2,281	4,766	2,309	10,260

NON-CURRENT

	Parent company		Consolidated	
Federal Tax Installments	12/31/2014	12/31/2013	12/31/2014	12/31/2013
REFIS - RFB	-	1,289	-	1,289
REFIS RFB - Subsidiary	-	-	-	33,636
Employer's INSS	-	271	-	271
FNDE	-	-	30	58
	-	1,560	30	35,254

	Parent company		Consolidated	
State Tax Installments	12/31/2014	12/31/2013	12/31/2014	12/31/2013
ICMS	3,635	-	3,635	-
ICMS - Subsidiary	-	-	-	4,905
	3,635	-	3,635	4,905
Total installments	3,635	1,560	3,665	40,159

FNDE - Northeast Development Fund
ICMS - Value-added Tax on Sales and Services
INSS - National Institute of Social Security
ITR - Rural Land Tax
REFIS - Tax Recovery Program
RFB - Federal Revenue Service

Long-term maturities:	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
2015	-	398	-	4,392
2016	1,760	128	1,788	4,122
2017	1,606	128	1,608	5,002
2018	269	128	269	2,220
2019 onwards	-	778	-	24,423
	3,635	1,560	3,665	40,159

Federal tax installments:

REFIS - RFB - The Company enrolled in the REFIS, regulated by Laws 9,964/00 and 11,941/09 and Provisional Measure (PM) 470/09, for the payment of its taxes in installments. The installments were paid monthly and were subject to interest at the Special System for Settlement and Custody (SELIC) rate.

In August 2014, the Company enrolled in the new REFIS period established by Law 11,941/09, which permitted the utilization of income tax and social contribution losses up to 2013 in the settlement of REFIS debits. The REFIS amounts are summarized as follows:

	2014	2014
	Parent company	Consolidated
Remaining debit before reductions	2,853	40,024
Debits included	6,482	6,482
Reductions of penalties and interest	(1,213)	(13,641)
Offset of income tax and social contribution on net income losses	(1,989)	(18,996)
Debit balance	6,133	13,869
Adjustment to present value	-	11,850
Reductions due to payment of installments	(308)	(2,388)
Net debit balance	5,825	23,331
Expenses with REFIS structuring	18	34

The negative result incurred with the enrollment in REFIS in 2014 was R$ 5,287 in the parent company and R$ 4,725 in the consolidated.

The Joint Ordinance 21 issued by the General Counsel to the National Treasury and the Brazilian Federal Revenue Service (RFB) on November 17, 2014 reopened the period for enrollment in REFIS and permitted the indirect use of income tax and social contribution losses of subsidiaries. Consequently, the Company utilized the income tax and social contribution losses of its indirect subsidiary Companhia Comercial de Imóveis totaling R$ 10,942 in the settlement of the REFIS balances.

The amount payable to Companhia Comercial de Imóveis was paid with a discount of R$ 5,471, which was recognized in the Company's finance result.

State tax installments:

ICMS - The Company refinanced the ICMS of the State of São Paulo in March 2013, through the Special Tax Installment Payment Program (PEP). The amount bears interest of 0.8 % p.m. and is being paid monthly, with final maturity in February 2018.

20. RELATED PARTY TRANSACTIONS

Parent company	Trade receivables		Trade payables		Debentures payable	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Irani Trading S.A.	-	3,349	-	1,437	-	55,241
Habitasul Florestal S.A.	5,245	4,638	166	66	-	-
HGE - Geração de Energia	-	-	-	393	-	-
Management	1,093	1,005	-	-	-	-
Iraflor - Com. de Madeiras Ltda.	-	-	15,169	25,056	-	-
Management remuneration	-	-	1,446	1,949	-	-
Management profit sharing	-	-	17,725	11,439	-	-
Irani Geração de Energia Sustentável Ltda.	-	-	159	297	-	-
São Roberto S.A.	-	36,198	-	8,018	-	-
Total	6,338	45,190	34,665	48,655	-	55,241
Current portion	5,245	44,185	34,665	48,655	-	-
Non-current portion	1,093	1,005	-	-	-	55,241

Parent company	Revenue		Expenses	
	2014	2013	2014	2013
Companhia Com.de Imóveis	5,471	836	-	-
São Roberto S.A.	115,366	76,534	44,050	19,513
Irani Trading S.A.	-	-	17,159	17,026
Habitasul Florestal S.A.	-	-	10,274	4,657
Iraflor - Com. de Madeiras Ltda.	-	-	21,748	19,181
Druck, Mallmann, Oliveira & Advogados Associados	-	-	236	222
MCFD Administração de Imóveis Ltda.	-	-	1,086	1,027
Irani Participações S/A	-	-	480	480
Habitasul Desenvolvimentos Imobiliários	-	-	149	113
Share-based payments	-	-	-	478
Management remuneration	-	-	8,152	8,119
Management profit sharing	-	-	6,287	7,490
Total	120,837	77,370	109,621	78,307

Consolidated	Trade receivables		Trade payables	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Management remuneration	-	-	1,446	1,949
Management	1,093	1,005	-	-
Management profit sharing	-	-	17,725	11,439
Total	1,093	1,005	19,171	13,388
Current portion	-	-	19,171	13,388
Non-current portion	1,093	1,005	-	-

Consolidated	Revenue		Expenses	
	2014	2013	2014	2013
Irani Participações S/A	-	-	480	480
Companhia Com.de Imóveis	5,471	-	-	-
Druck, Mallmann, Oliveira & Advogados Associados	-	-	236	222
MCFD Administração de Imóveis Ltda.	-	-	1,086	1,027
Management remuneration	-	-	8,228	8,175
Habitasul Desenvolvimentos Imobiliários	-	-	149	113
São Roberto S.A.	-	-	-	7,801
Share-based payments	-	-	-	478
Management profit sharing	-	-	6,287	7,490
Total	5,471	-	16,466	25,787

The receivables from/payables to the subsidiaries Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. refer to commercial transactions as well as the acquisition of raw materials and the supply of products. The transactions were realized in accordance with the respective market conditions and prices. The receivables of the parent company from the subsidiary Habitasul Florestal S.A. relate to dividends for 2014.

Irani Trading S.A was the owner of an industrial property in Vargem Bonita (SC), which was rented to Celulose Irani S.A., pursuant to a lease agreement entered into between the parties on October 20, 2009 and amended on August 3, 2010. This agreement has a term of 64 months from the beginning of the lease agreement, which occurred on January 1, 2010. The property was leased for a fixed monthly amount of R$ 1,364.

On August 19, 2010, the Company issued simple debentures, which were acquired by the subsidiary Irani Trading S.A. The debentures were subject to the IPCA plus annual interest of 6% and matured as disclosed in Note 17.

In prior years and in 2014, the Company transferred to Iraflor the amount of R$ 111,730 in planted forests as a capital contribution. On June 16, 2011, the subsidiary Iraflor issued Rural Producer Notes (CPR) with a final maturity in June 2018 and which represent the Company's rights to receive wood in this period. Based on the credit rights originating from the CPRs, the Company issued CDCAs on June 20, 2011, in favor of Banco Itaú BBA S.A. and Banco Rabobank International Brasil S.A.

Receivables from management refer to loans granted by the Company to its officers, which will be settled up to 2015.

The amount payable to HGE - Geração de Energia Sustentável Ltda. was related to capital to be paid up. On January 15, 2014, a contractual amendment for the subsidiary's capital decrease in the amount of the outstanding balance was formalized.

The amount payable to Irani Participações relates to services rendered to the Company.

The amount payable to Habitasul Desenvolvimentos Imobiliários refers to the rental of the office in Porto Alegre (RS), based on an agreement entered into on December 1, 2008 for an unspecified period.

The amount payable to MCFD Administração de Imóveis Ltda. is equivalent to 50% of the monthly rental of the Packaging Unit in Indaiatuba-SP, in accordance with an agreement formalized on December 26, 2006 and effective for 20 years, which can be renewed. The monthly amount paid to this related party is R$ 99. The total contractual monthly rental is R$ 198, adjusted annually based on the variation of the General Market Price Index (IGPM) disclosed by Fundação Getúlio Vargas.

The payables to São Roberto S.A. represented the operations established in the Lease Agreement and Other Covenants ("Lease Agreement"), through which São Roberto leased to the Company its paper production industrial plant located in the city of Santa Luzia, State of Minas Gerais, and corresponds to: i) an installment of the monthly amount of the lease of R$ 476 thousand; ii) the purchase by the Company of the inventory of materials for production at the date of commencement of the Agreement (the Lease agreement commenced on March 1, 2013, effective for a six-year period, could be renewed and was adjusted annually by the IPCA); and iii) the purchase by the Company of raw material and accessories for corrugated cardboard boxes.

The receivables from São Roberto S.A. were related to: i) the sales of packaging paper by the Company, and ii) the contract for the operational restructuring and implementation of the new model of management ("Restructuring Agreement"), through which the Company rendered to São Roberto services for the restructuring and strategic, methodological, operational and economic and financial reorganization, aimed at implementing a new model of management and governance for São Roberto. The restructuring contract was effective until December 31, 2013.

The receivables from Companhia Comercial de Imóveis ("CCI") relate to the strategic, operational, accounting and financial analysis services rendered by the Company, pursuant to the Expense Reimbursement Agreement, inherent to the acquisition process of the shares of São Roberto S.A. by CCI.

Payables attributable to management remuneration relate to directors' fees and variable long-term remuneration of the Company's management.

Management remuneration expenses, excluding payroll charges, totaled R$ 8,228 at December 31, 2014 (R$ 8,175 as at December 31, 2013). The total management remuneration was approved at the General Meeting of Stockholders held on April 16, 2014, at the maximum amount of R$ 11,000.

21. PROVISION FOR CIVIL, LABOR AND TAX RISKS

The Company and its subsidiaries are parties to tax, civil and labor lawsuits and to administrative processes for taxes. Management, based on the opinion of its attorneys and legal advisors, believes that the provision for contingencies is sufficient to cover probable losses in connection with such matters.

The provision for contingencies is comprised as follows:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Civil	1,113	1,318	1,113	1,326
Labor	4,102	630	4,186	5,566
Tax	27,183	31,960	27,183	37,186
Total	32,398	33,908	32,482	44,078
Judicial deposits	1,136	628	1,185	1,122

Parent company	12/31/2013	Provision	Payments	Reversal	Merger of São Roberto	12/31/2014
Civil	1,318	4	(137)	(72)	-	1,113
Labor	630	910	(123)	-	2,685	4,102
Tax	31,960	2,051	-	(7,621)	793	27,183
	33,908	2,965	(260)	(7,693)	3,478	32,398

Consolidated	12/31/2013	Provision	Payments	Reversal	12/31/2014
Civil	1,326	4	(137)	(80)	1,113
Labor	5,566	1,179	(253)	(2,306)	4,186
Tax	37,186	2,051	-	(12,054)	27,183
	44,078	3,234	(390)	(14,440)	32,482

The provisions recorded refer basically to:

a) Civil lawsuits related, among other matters, to indemnity claims in connection with the termination of agreements with sales representatives. A provision of R$ 1,113 was recorded at December 31, 2014 to cover losses arising from these contingencies. Judicial deposits relating to these lawsuits amount to R$ 19 and are classified in non-current assets.

b) Labor lawsuits mainly related to claims filed by former employees for payment of overtime, health hazard premiums, hazardous duty premiums, occupational illnesses and accidents. Based on past experience and the opinion of legal counsel, the Company maintained a provision of R$ 4,186 at December 31, 2014, which is considered to be sufficient to cover losses arising from labor contingencies. Judicial deposits relating to these lawsuits amount to R$ 1,166 and are classified in non-current assets.

c) The provisions for tax lawsuits total R$ 27,183 and are mainly related to:

   i) Offsetting of federal taxes with IPI credits on the acquisition of trimmings by the Company. The offset from October 2009 to December 2011 amounted to R$ 16,712, and the adjusted amount at December 31, 2014 totaled R$ 26,359.

   ii)Administrative and Judicial Processes referring to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R$ 545, which are awaiting judgment.

Contingencies

No provisions were recorded for contingencies in respect of which the likelihood of loss has been assessed by the legal counsel as possible. The amounts of the related labor, civil, environmental and tax lawsuits at December 31, 2014, were as follows:

	Consolidated	
	12/31/2014	12/31/2013
Labor	7,339	14,862
Civil	3,894	2,612
Environmental	-	875
Tax	83,135	71,413
	94,368	89,762

Labor contingencies:
The labor lawsuits total R$ 7,339, and primarily comprise indemnity claims (hazardous duty premiums, health hazard premiums, overtime, salary premiums, damages and losses arising from occupational accidents), which are currently at different stages of legal processes and for which the Company expects a favorable outcome.

Civil contingencies:
The civil lawsuits total R$ 3,894 and primarily comprise indemnity claims, which are currently at different stages of legal processes and for which the Company expects a favorable outcome.

Tax contingencies:
The tax processes total R$ 83,135 and mainly comprise the following:

- Administrative Process 10925.000172/2003-66 related to a tax notification for alleged irregularity in offsetting IPI credits, which amounted to R$ 11,057 at December 31, 2014. The lawsuit is currently awaiting a decision at the Taxpayers' Council on the Special Appeal filed by the Company.

- Tax collection lawsuit 2004.72.03.001555-8 filed by the National Institute of Social Security (INSS) with respect to a Debt Assessment Notice for the payment of the social contribution on the gross revenue from the sale of the production of agroindustrial companies, which, at December 31, 2014, amounted to R$ 5,146. The lawsuit was suspended by a court decision and is awaiting the decision of the action for annulment 2005.71.00.002527-8.

- Administrative processes 11080.013972/2007-12 and 11080.013973/2007-67, amounting to R$ 4,914 at December 31, 2014, related to tax notifications for PIS and COFINS, originating from alleged undue tax credits. The Company has challenged these notifications at the administrative level and awaits the judgment of the voluntary appeals.

- Administrative processes 11080.014746/2008-30 and 11080.014747/2008-84, amounting to R$ 2,612 at December 31, 2014, related to tax notifications for IRPJ and CSLL. The Company has challenged these notifications at the administrative level and awaits the judgment of the special appeals.

- Administrative processes 11080.009902/2006-89 and 11080.009904/2006-88 related to federal taxes offset against presumed IPI credits on exports, and which were allegedly calculated improperly. The total amount involved was R$ 5,540 at December 31, 2014. The Company has challenged these assessments at the administrative level and is awaiting a decision on the appeals filed with the Taxpayers' Council.

- Administrative process 11080.009905/2006-12, with a restated amount of R$ 4,049 at December 31, 2014, relates to federal taxes offset against presumed IPI credits on exports, in respect of which an unappealable decision had already been rendered at the administrative level. The Company currently awaits the collection process to begin its judicial discussion.

- Administrative and judicial processes referring to assessments by the Santa Catarina State for alleged undue claims for ICMS tax credits on the acquisition of materials used in the production of industrial plants in this state, which amounted to R$ 35,768 at December 31, 2014. The Company filed defense arguments in respect of these tax assessments.

- Administrative process 11080.730311/2014-84, with a restated amount of R$ 9,458 at December 31, 2014, related with the RFB assessment alleging that IRANI did not recognize revenue from the use of income tax and social contribution losses (PF/BCN) established by Law 11,941/09. The Company currently awaits the decision on the objection filed on December 8, 2014. The change in the balance of tax contingencies for 2014 when compared to 2013 is mainly a result of the inclusion of this lawsuit.

22. EQUITY

a) Capital

The Company's capital at December 31, 2014 was R$ 151,895 (R$ 116,895 at December 31, 2013), represented by 153,909,975 common shares and 12,810,260 preferred shares, totaling 166,720,235 shares, without par value. The holders of preferred shares are entitled to: dividends under the same conditions as those for common shares; priority in the reimbursement of capital, without a premium, in the event of liquidation of the Company; and 100% Tag Along rights. The Company can issue preferred shares, without par value and without voting rights, up to the limit of two thirds of its total shares, and increase existing share types or classes without maintaining the proportion between them.

b) Treasury shares

		Parent company 12/31/2014		Parent company 12/31/2013	
		Number	Amount	Number	Amount
i) Share buyback plan	Common	24,000	30	24,000	30
ii) Right to withdraw	Preferred	2,352,100	6,804	2,352,100	6,804
		2,376,100	6,834	2,376,100	6,834

i) Share buyback plan - the objective was to maximize the value of the shares for the stockholders. This program was concluded within 365 days, until November 23, 2011.

ii) Right to withdraw - the shares acquired through the right to withdraw resulted from changes in the advantages attributed to the Company's preferred shares, approved at the General and Extraordinary Meeting of Stockholders held on April 19, 2012. Dissenting stockholders holding preferred shares had the right to withdraw from the Company with the reimbursement for their shares based on the equity value recorded in the balance sheet at December 31, 2011.

The Company's management will in due course propose the destination of the treasury shares, or their cancellation.

c) Share-based payments

In 2013, the Company realized a share-based remuneration program, called the First Stock Option Plan Program (Program I), settled with its own shares, under which the Company received services from employees as consideration for equity instruments (options) of the Company.

The stock options were granted to managers and certain employees, in accordance with the decision of the Board of Directors on May 9, 2012, approved at the Extraordinary General Meeting held on May 25, 2012. The options were exercised in the period from April 1, 2013 to April 30, 2013. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The options exercised by the participants totaled 1,612,040 shares at the average exercise price of R$ 1.26 per share.

d) Profit for the year

In conformity with Art. 202 of Law 6,404/1976, stockholders are entitled to mandatory minimum dividends. In the case of the Company, its bylaws determine that the minimum dividends will be 25% of the profit for the year, after the offset of the accumulated deficit and the appropriation to legal reserve. Dividends credited in 2014, referring to the profit for 2014, amounted to R$ 15,667.

The calculation of dividends and the balance of dividends payable are as follows:

	2014	2013
Profit for the year	56,579	67,408
Realized revenue reserve - biological assets	98	439
Realized revenue reserve - biological assets (subsidiaries)	4,394	4,342
Realization - deemed costs	8,101	8,311
Realization - deemed costs (subsidiaries)	846	932
(-) Legal reserve	(2,829)	(3,369)
Tax incentive reserve	(4,520)	-
Basis for distribution of dividends	62,669	78,063
Mandatory minimum dividend	15,667	19,516
Mandatory minimum dividend payable	15,667	19,516
Total dividends per common share (R$ per share)	0.095332	0.118749
Total dividends per preferred share (R$ per share)	0.095332	0.118749

The Company adds to the distribution base of dividends, the realizations of the reserves of biological assets and for carrying value adjustments.

In addition to the minimum mandatory dividends in 2013, the Company distributed interim dividends from the profit retention reserve amounting to R$ 14,268, corresponding to R$ 0.09223 per common and preferred share.

The Board of Directors' Meeting of September 9, 2014 approved, under the terms of Article 29, sole paragraph of the bylaws, the payment of interim dividends based on the balance sheet at June 30, 2014, totaling R$ 3,000, corresponding to R$ 0.018254 per common and preferred share.

The dividends for 2014 to be distributed, less interim dividends, amount to R$ 12,667, which corresponds to R$ 0.077077 per common and preferred share.

e) Revenue reserves

Revenue reserves comprise: i) legal reserve, ii) biological asset reserve, iii) profit retention reserve, and iv) tax incentive reserve.

i) In conformity with the Company's bylaws, 5% of the annual profit is transferred to the legal reserve, which can be utilized to offset losses or for capital increases.

ii) The biological asset reserve was constituted because the Company measured its biological assets at fair value in the opening balance sheet on the initial adoption of IFRS. The creation of this statutory reserve was approved at the Extraordinary General Meeting of Stockholders of February 29, 2012, when the amount previously recognized in the unrealized earnings reserve was transferred to this account.

iii) The profit retention reserve comprises the remaining profits after the offsetting of losses and the transfer to the legal reserve, as well as the distribution of dividends. The respective resources will be allocated to investments in property, plant and equipment previously approved by the Board of Directors, or may be distributed in the future, if so decided by a Stockholders' meeting. Certain agreements with creditors contain restrictive clauses relating to the distribution of dividends exceeding the mandatory minimum dividend.

iv) The tax incentive reserve was constituted by the portion the profit arising from governmental subsidies for investments, disclosed in items ii and iii of Note 33. The reserve amounted to R$ 4,520 and is not included in the mandatory dividend basis. The Company's management is proposing to the General Meeting of Stockholders the creation of a Tax Incentive Reserve in its bylaws. This was already approved at the Board of Directors' meeting held on February 25, 2015.

f) Carrying value adjustments

The carrying value adjustments account was constituted when the Company measured its property, plant and equipment (land, machinery and buildings) at deemed cost in the opening balance sheet on the initial adoption of IFRS. The realization will occur as the related deemed cost is depreciated, at which time the related amounts will also be adjusted in the basis for calculating dividends. The balance at December 31, 2014, net of tax, represented a gain of R$ 227,069 (R$ 236,016 at December 31, 2013).

The amounts of the financial instruments classified as cash flow hedges, net of tax effects, were also recorded in carrying value adjustments, and corresponded to a cumulative loss of R$ 48,452 at December 31, 2014 (R$ 16,922 at December 31, 2013).

The changes in the carrying value adjustments account were as follows:

	Consolidated
At December 31, 2012	243,241
Cash flow hedges	(10,793)
Realization - deemed costs	(8,311)
Realization - deemed costs (subsidiaries)	(932)
Carrying value adjustments - São Roberto S.A.	(4,111)
At December 31, 2013	219,094
Cash flow hedges	(31,530)
Realization - deemed costs	(8,101)
Realization - deemed costs (subsidiaries)	(846)
At December 31, 2014	178,617

23. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit from continuing and discontinued operations attributable to the Company's stockholders by the weighted average number of shares outstanding during the year. The shares are not subject to the effects of potential dilution, such as debt convertible into shares. Consequently, the diluted earnings per share are the same as the basic earnings per share.

i) Basic and diluted earnings from continuing operations:

	2014		
	Common shares ON	Preferred shares PN	Common and preferred shares Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit for the year attributable to each type of share	52,979	3,600	56,579
Basic and diluted earnings per share - R$	0.3443	0.3443	

	2013		
	Common shares ON	Preferred shares PN	Common and preferred shares Total
Weighted average number of shares	150,084,789	10,389,660	160,474,449
Profit for the year attributable to each type of share	63,044	4,364	67,408
Basic and diluted earnings per share - R$	0.4201	0.4201	

24. NET SALES REVENUE

The Company's net sales revenue is comprised as follows:

	Parent company		Consolidated	
	2014	2013	2014	2013
Gross sales revenue	858,449	746,885	959,405	783,003
Taxes on sales	(185,907)	(164,905)	(213,239)	(171,669)
Sales returns	(6,195)	(6,615)	(7,667)	(7,093)
Net sales revenue	666,347	575,365	738,499	604,241

25. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

	Parent company		Consolidated	
	2014	2013	2014	2013
Fixed and variable costs (raw materials and consumables)	(414,315)	(355,839)	(394,338)	(331,727)
Personnel	(86,716)	(74,678)	(113,073)	(83,233)
Changes in the fair value of biological assets	8,973	(3,959)	29,416	20,107
Depreciation, amortization and depletion	(43,984)	(32,342)	(72,172)	(55,801)
Freight	(24,876)	(25,744)	(33,891)	(27,520)
Services contracted	(17,320)	(18,082)	(18,289)	(20,110)
Selling expenses	(30,707)	(24,582)	(37,456)	(25,259)
Total costs and expenses by nature	(608,945)	(535,226)	(639,803)	(523,543)
Costs	(512,514)	(430,810)	(545,224)	(438,092)
Expenses	(105,404)	(100,457)	(123,995)	(105,558)
Changes in the fair value of biological assets	8,973	(3,959)	29,416	20,107

26. OTHER OPERATING INCOME AND EXPENSES

Income	Parent company		Consolidated	
	2014	2013	2014	2013
Income from assets damaged and sold	1,501	1,045	1,644	1,327
Reduction of installments (REFIS)	-	-	-	33,432
Other operating income	3,257	2,532	9,514	3,247
	4,758	3,577	11,158	38,006

Expenses	Parent company		Consolidated	
	2014	2013	2014	2013
Cost of assets damaged and sold	(1,135)	(601)	(1,223)	(5,119)
Other operating expenses	(8,205)	(3,487)	(8,916)	(3,965)
Share-based payments	-	(583)	-	(583)
	(9,340)	(4,671)	(10,139)	(9,667)
Net (expenses) income	(4,582)	(1,094)	1,019	28,339

27. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent company		Consolidated	
	2014	2013	2014	2013
Operating profit before tax effects	49,233	67,004	28,376	56,109
Statutory rate	34%	34%	34%	34%
Tax expenses at statutory rate	(16,739)	(22,781)	(9,648)	(19,077)
Tax effect of permanent (additions) / deductions:				
Equity in the earnings of subsidiaries	18,920	27,019	-	-
Differences in rates of taxation of subsidiaries	-	-	11,730	10,747
Other permanent differences	3,628	(3,635)	7,577	1,854
Adjustments to present value (REFIS)	-	-	-	4,121
Impairment of property, plant and equipment	-	-	-	(1,561)
Tax Recovery Program (REFIS)	-	-	-	15,416
Accumulated income tax and social contribution losses from prior years in the subsidiary São Roberto	-	-	17,007	-
Constitution of tax incentive reserve (2014)	1,537	-	1,537	-
Share-based payments	-	(199)	-	(199)
	7,346	404	28,203	11,301
Current income tax and social contribution	-	(472)	(400)	(1,284)
Deferred income tax and social contribution	7,346	876	28,603	12,585

On May 13, 2014, Provisional Measure (MP) 627 was converted into Law 12,973/14, and revoked the Transitional Tax System (RTT), among other provisions. It is effective as from 2015, but could be adopted early in 2014. After a detailed study, the Company opted for the early adoption of the effects of Law 12,973/14 in 2014. The main impact of this early adoption was as follows:

Dividends: with the early adoption, the dividends calculated based on the results up to the end of 2013 are free of tax.

28. FINANCE RESULT

	Parent company		Consolidated	
	2014	2013	2014	2013
Finance income				
Income from financial investments	10,539	5,579	11,284	5,841
Interest	3,789	1,910	4,584	5,488
Discounts obtained	303	500	351	504
	14,631	7,989	16,219	11,833
Foreign exchange variations				
Foreign exchange gains	8,938	7,858	8,940	7,858
Foreign exchange losses	(12,097)	(9,495)	(12,109)	(9,495)
Foreign exchange variations, net	(3,159)	(1,637)	(3,169)	(1,637)
Finance expenses				
Interest	(68,757)	(56,657)	(82,080)	(61,824)
Discounts granted	(1,186)	(308)	(1,344)	(310)
Discounts/bank expenses	(102)	(151)	(110)	(164)
Other	(661)	(746)	(855)	(826)
	(70,706)	(57,862)	(84,389)	(63,124)
Finance result	(59,234)	(51,510)	(71,339)	(52,928)

29. INSURANCE

The insurance coverage is determined according to the nature of the risks involving assets, and is considered sufficient to cover possible losses arising from damages. At December 31, 2014, the Company had corporate insurance against fire, lightning, explosions, electrical damage and wind storm damage to plants, residential locations and offices, as well as general civil liability coverage and coverage of liabilities of officers and directors (D&O), with a total coverage of R$ 469,490. The Company also contracted group life insurance for employees with a minimum coverage of 24 times the employee's salary or a maximum coverage of R$ 500, in addition to insurance for the fleet of vehicles with coverage at market value.

With respect to the forests, the Company assessed the existing risks and elected not to contract insurance coverage because the preventive measures against fire and other forest risks have proved efficient. Management understands that the risk management structure related to the forests is appropriate to ensure the continuity of the Company's activities.

30. FINANCIAL INSTRUMENTS

Capital risk management

The Company's capital structure consists of its net debt (borrowings and debentures detailed in Notes 16 and 17, less cash and banks and held-to-maturity investments, disclosed in Notes 5 and 9) and equity (which includes issued capital, reserves and retained earnings, as presented in Note 22).

The Company is not subject to any external capital requirements.

The Company's management periodically reviews its capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Company intends to maintain a capital structure of between 50% and 70% of its own capital and between 50% and 30% of third party capital. The capital structure at December 31, 2014 comprised 45% of its own capital and 55% of third party capital, due to the consolidation of the indebtedness of the subsidiary São Roberto S.A. in October 2013 (which was merged on December 30, 2014) and also the investments made in the Paper Machine I. In the following quarters, the capital structure should return to levels above 50% of own capital.

Debt to equity ratio

The net debt to equity (indebtedness) ratio at December 31, 2014 and December 31, 2013 was as follows:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Debt (a)	776,845	539,182	776,845	633,486
Cash and banks	153,948	122,300	165,985	135,005
Held-to-maturity investments	2,073	1,161	2,073	2,730
Net debt	620,824	415,721	608,787	495,751
Equity (b)	497,611	488,229	497,625	488,241
Net indebtedness ratio	1.25	0.85	1.22	1.02

(a) Debt is defined as short- and long-term borrowing, including debentures, as detailed in Notes 15 and 16.

(b) Equity includes all the capital and the Company's reserves managed as capital.

Categories of financial instruments

	Parent company		Consolidated	
Financial assets	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Held-to-maturity investments	2,073	1,161	2,073	2,730
Banks - restricted accounts	2,073	1,161	2,073	2,730
Loans and receivables				
Cash and banks	153,948	122,300	165,985	135,005
Trade receivables	127,605	127,967	129,922	129,970
Other receivables	20,685	6,475	20,730	6,713
Financial liabilities				
Amortized cost				
Borrowings	662,725	399,949	662,725	470,560
Debentures	114,120	139,233	114,120	162,926
Trade payables	80,383	121,325	65,239	90,575

Financial risk factors

The Company is exposed to a variety of financial risks: market risk (including foreign exchange rate risk and interest rate risk), credit risk and liquidity risk.

In order to provide a framework for the Company's financial management, the Company has maintained in effect, since 2010, a Financial Management Policy that determines rules and defines guidelines for the utilization of financial instruments.

The Company does not enter into derivative transactions or transactions with other financial assets for speculative purposes. The objective of the Company's derivatives policy is to minimize financial risks arising from its operations, as well as to ensure the efficient management of its financial assets and liabilities. The derivative instruments currently in effect were contracted to hedge the obligations arising from the Company's borrowings in foreign currency or exports and were approved by the Board of Directors.

Foreign exchange rate risk

The Company has transactions exposed to fluctuations in the exchange rates of foreign currencies. At December 31, 2014 and December 31, 2013, these transactions resulted in a net exposure as shown below.

The total net foreign exchange exposure was equivalent to 44 months of exports based on the average of exports in 2014, and 54 months of exports based on the average of exports in 2013. As most of the borrowings in foreign currency are repayable in the long term, the Company believes that it will generate sufficient cash flow in foreign currency to settle its long term liabilities in foreign currency.

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Trade receivables	11,245	9,200	11,245	9,229
Banks - restricted accounts	2,073	1,161	2,073	1,161
Advances from customers	(419)	(144)	(419)	(144)
Trade payables	(270)	(501)	(270)	(548)
Borrowings	(356,558)	(164,199)	(356,558)	(164,199)
Net exposure	(343,929)	(154,483)	(343,929)	(154,501)

The Company has identified the main risk factors that could generate losses in connection with its financial instruments. Accordingly, a sensitivity analysis was developed, as prescribed by CVM Instruction 475, which requires the presentation of two scenarios with 25% and 50% deteriorations in the risk variable considered, in addition to a base scenario. These scenarios may impact the Company's results and equity, as disclosed below:

1 - Base scenario: for the definition of the base scenario, the U.S. dollar quotation used by the Company accompanies the future market projections of BM&FBovespa at December 31, 2014.

2 - Adverse scenario: 25% deterioration in the foreign exchange rate compared to that at December 31, 2014.

3 - Remote scenario: 50% deterioration in the foreign exchange rate compared to that at December 31, 2014.

Operation	At 12/31/2014	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
	USD	Rate	R$	Rate	R$	Rate	R$
Assets							
Trade receivables	5,014	2.81	787	3.52	4,313	4.22	7,837
Liabilities							
Trade payables	(259)	2.81	(41)	3.52	(223)	4.22	(405)
Borrowings	(134,236)	2.81	(21,062)	3.52	(115,466)	4.22	(209,811)
Net effect			(20,316)		(111,376)		(202,379)

This sensitivity analysis is intended to measure the impact of changes in foreign exchange market variables on each financial instrument of the Company. The balances at December 31, 2014 were utilized as a basis for the projection of the future balance. The actual behavior of debt balances and derivative instruments will depend on the respective contracts, whereas balances receivable and payable could fluctuate due to the normal activities of the Company and its subsidiaries. The settlement of transactions involving these estimates could result in amounts different from those estimated due to the subjectivity of the process utilized in the preparation of these analyses. The Company tries to maintain the level of its borrowings and derivative transactions exposed to foreign exchange rate changes with annual net payments equivalent to or below the receipts from exports. Consequently, the Company seeks to hedge its cash flow against foreign currency risks, and the effects of the scenarios above, if they materialize, are not expected to generate an economic impact on the cash flow.

Interest rate risk

The Company could be affected by adverse changes in interest rates. This interest rate risk exposure refers mainly to changes in market interest rates in connection with the Company's assets and liabilities indexed to the Long-term Interest Rate (TJLP), Interbank Deposit Certificate (CDI), Special System for Settlement and Custody (SELIC), London Interbank Offered Rate (LIBOR) or Amplified Consumer Price Index (IPCA).

The sensitivity analysis for the base scenario, adverse scenario and remote scenario in respect of the loan agreements subject to floating interest rates are as follows:

1 - Base scenario: maintenance of the interest rates at levels approximating those effective in the period these financial statements were prepared.

2 - Adverse scenario: adjustment of 25% of interest rates based on the level at December 31, 2014.

3 - Remote scenario: adjustment of 50% of interest rates based on the level at December 31, 2014.

Operation	Index	At 12/31/2014	Base scenario Gain (loss) Rate % p.a.	R$	Adverse scenario Gain (loss) Rate % p.a.	R$	Remote scenario Gain (loss) Rate % p.a.	R$
Cash and cash equivalents								
CDBs	CDI	161,683	12.09%	830	15.11%	5,657	15.41%	10,483
Borrowings								
Working capital	CDI	(98,118)	12.09%	(1,498)	15.11%	(5,307)	15.41%	(8,575)
Debentures	CDI	(116,326)	12.09%	(1,534)	15.11%	(5,155)	15.41%	(8,777)
BNDES	TJLP	(61,412)	5.50%	(307)	6.88%	(1,151)	7.50%	(1,996)
Working capital	IPCA	(57,662)	7.12%	(409)	8.90%	(1,436)	8.87%	(2,462)
Financing - foreign currency	Three-month Libor	(296,581)	0.26%	-	0.32%	(189)	0.50%	(378)
Financing - foreign currency	Six-month Libor	(1,204)	0.36%	-	0.78%	(1)	0.00%	(2)
Financing - foreign currency	Twelve-month Libor	(11,809)	0.63%	-		(18)		(37)
Net effect				(2,918)		(7,600)		(11,744)

Fair value against carrying amount

The fair value of financial assets and liabilities represents the amount for which the instrument could be exchanged between willing parties in an arm's length transaction, rather than in a forced sale. The following methods and assumptions were utilized to estimate the fair value:

- Cash and cash equivalents, trade receivables, and short-term trade payables are presented in the Company's balance sheet at amounts consistent with the fair values due to the short terms of settlement.

- Borrowings are presented at their fair values due to the fact that these financial instruments are subject to floating interest rates.

	Parent company		Parent company	
	12/31/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at amortized cost				
Banks - restricted accounts	2,073	2,073	1,161	1,161
Cash and banks	153,948	153,948	122,300	122,300
Trade receivables	127,605	127,605	127,967	127,967
Other receivables	20,685	20,685	6,475	6,475
	304,311	304,311	257,903	257,903
Liabilities measured at amortized cost				
Trade payables	80,383	80,383	121,325	121,325
Borrowings	662,725	662,725	399,949	399,949
Debentures	114,120	114,120	139,233	139,233
	857,229	857,229	660,507	660,507

	Consolidated		Consolidated	
	12/31/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at amortized cost				
Banks - restricted accounts	2,073	2,073	2,730	2,730
Cash and banks	165,985	165,985	135,005	135,005
Trade receivables	129,922	129,922	129,970	129,970
Other receivables	20,730	20,730	6,713	6,713
	318,710	318,710	274,418	274,418
Liabilities measured at amortized cost				
Trade payables	65,239	65,239	90,575	90,575
Borrowings	662,725	662,725	470,560	470,560
Debentures	114,120	114,120	162,926	162,926
	842,084	842,084	724,061	724,061

Credit risk

The Company's credit sales are managed through a strict credit rating and concession procedure. Doubtful receivables are adequately covered by the provision for impairment.

Trade receivables comprise a large number of customers, from different sectors and geographical areas. A continuous credit assessment is realized on the financial positions of receivables and, when appropriate, credit guarantee coverage is requested.

Additionally, the Company is exposed to credit risk in relation to the financial investments that comprise its cash and cash equivalents, which are maintained to meet the cash flow requirements of the company, and Management ensures that the investments are made in financial institutions with which it has a stable relationship, by means of the application of the financial policy that determines the allocation of cash, without limitations, to:

i) Government securities issued by and/or with coobligation of the National Treasury;
ii) CDBs in banks with a stable relationship with the Company;
iii) Debentures issued by banks with a stable relationship with the Company;
iv) Fixed-income investment funds with a conservative profile.

Investments in the variable-income market are not allowed.

Liquidity risk

Management monitors the liquidity level based on the expected cash flow, which comprises cash, short-term financial investments, flows of receivables and payables, and the repayment of borrowings. The liquidity management policy involves the projection of cash flows in the applicable currencies, and the consideration of the level of net assets necessary to achieve these projections, the monitoring of the liquidity ratios of the balance sheet in relation to internal and external regulatory requirements, and the debt financing plans.

The table below shows the maturity ranges of the financial liabilities contracted by the Company, where the reported amounts include the principal and fixed interest on transactions, calculated using rates and indices in effect at December 31, 2014, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including interest that will be earned on these assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management, since it is based on net assets and liabilities.

Parent company

	2015	2016	2017	2018	As from 2019
Liabilities					
Trade payables	80,383	-	-		-
Borrowings	124,984	134,859	192,422	128,689	213,547
Debentures	47,123	33,053	32,244	9,930	-
Other liabilities	2,281	1,760	1,606	269	-
	254,771	169,672	226,272	138,888	213,547
Assets					
Cash and cash equivalents	153,948	-	-	-	-
Banks - restricted accounts	2,073	-	-	-	-
Trade receivables - not yet due	127,605	-	-	-	-
Renegotiations with customers	15,486	2,241	1,304	592	977
Other assets	10,713	1,950	-	-	-
	309,825	4,191	1,304	592	977
	55,054	(165,481)	(224,968)	(138,296)	(212,570)

Consolidated

	2015	2016	2017	2018	As from 2019
Liabilities					
Trade payables	65,064	175	-		-
Borrowings	124,984	134,859	192,422	128,689	212,547
Debentures	47,123	33,053	32,244	9,930	-
Other liabilities	2,337	1,788	1,608	269	-
	239,508	169,875	226,274	138,888	212,547
Assets					
Cash and cash equivalents	165,985	-	-	-	-
Banks - restricted accounts	2,073	-	-	-	-
Trade receivables - not yet due	129,922	-	-	-	-
Renegotiations with customers	15,517	2,241	1,304	592	977
Other assets	10,568	1,950	-	-	-
	324,065	4,191	1,304	592	977
	84,557	(165,684)	(224,970)	(138,296)	(211,570)

The amounts included above for non-derivative financial assets and liabilities at floating rates are subject to changes in the event that the floating interest rates differ from the estimates at the end of the reporting period.

At the end of the reporting period, the Company had unused credit facilities totaling R$ 50,515, which increases as borrowing items are settled. The Company expects to meet its other obligations using the cash flow from operating activities and income earned on financial assets.

Derivative financial instruments

Derivative transactions are classified by strategy according to their objective. The transactions are contracted to hedge the Company's net indebtedness, its financial investments or its exports and imports against foreign exchange rate changes, or to

swap interest rates. Derivative financial instruments are measured at fair value, and those linked to loan transactions are recognized directly in the statement of income.

The Company maintains internal controls that Management considers to be sufficient to manage risks. Management analyzes reports on a monthly basis, relating to the financial cost of debt and the information on the cash flow in foreign currency, which considers the Company's receipts and payments in foreign currency, and assesses the need to contract any hedges. The results achieved by this type of monitoring have protected the Company's cash flow against foreign exchange rate changes.

a) Derivative financial instruments measured at fair value

The Company did not have derivative financial instruments measured at fair value at December 31, 2014.

b) Derivative financial instruments linked to loan transactions (recognized directly in the statement of income)

i) On March 23, 2012, the Company contracted a cash flow swap transaction with Banco Itaú BBA, in order to modify the remuneration and risks associated with the interest rate of the transaction contracted on the same date between the parties under an Export Credit Bill (CCE) contract. The notional value attributed at the contracting date was R$ 40,000 (equivalent to USD 21,990 thousand at that date), decreasing according to the payments of the semi-annual installments under the contract until the final maturity in March 2017.

The purpose of this swap transaction was to align the transaction price and the related maturity dates to the original transaction. The swap contract cannot be settled separately. The Export Credit Bill (CCE) contract began to be remunerated at a fixed interest rate plus the dollar variation and, consequently, it is no longer exposed to the CDI variations. Considering the characteristics of this swap contract together with the CCE contract, the Company understood the two instruments to be a single instrument, in substance. The contract is included in the sensitivity analysis of currency exposure disclosed in this same note.

This transaction was approved by the Company's Board of Directors on March 23, 2012.

ii) On July 25, 2014, the Company contracted an interest rate change swap with Banco Santander, in order to modify the remuneration associated with the interest rate of the transactions contracted in January 2013 between the parties, under Export Credit Bill (CCE) and Export Credit Note (NCE) contracts, the maturity of which would be in January 2016, but was extended to June 2017. The current fixed rates of the contracts were changed to rates that are indexed to the TJLP.

The notional amount attributed at the contracting date was R$ 30,000, payable only at the end of the contract term.

The purpose of this swap transaction was to align the transaction price and the related maturity dates to the original transaction. The swap contract cannot be settled separately. The Export Credit Bill (CCE) and Export Credit Note (NCE) contracts will be remunerated at TJLP as from January 29, 2016. The current contractual rates will be effective until then.

Cash flow hedges

The Company adopted hedge accounting on May 1, 2012 for operations contracted to cover the foreign exchange variation risk of exports, classified as a cash flow hedge, pursuant to the parameters described in the Brazilian accounting standards CPC 38 and 40, technical guidance OCPC 03 and IAS 39.

The Company hedges the foreign exchange variation risk of its future cash flows through the cash flow hedge, in which the hedging instruments are the financial liabilities contracted by the Company. The currently effective hedged financial instruments contracted by the Company include a PPE contract with Banco Credit Suisse, a CCE contract with Banco Itaú BBA, another PPE contract with Banco Rabobank and Santander and another with Banco Santander.

The hedged cash flows comprise the estimated exports up to 2021, and the amount recorded in equity based on hedge accounting amounted to R$ 48,452 at December 31, 2014 (R$ 16,922 in December 2013).

Changes in cash flow hedge

	Parent company and Consolidated	Parent company and Consolidated
	12/31/2014	12/31/2013
Opening balance	25,640	9,286
Change in cash flow hedge	50,746	17,558
Reclassification to the statement of income	(2,974)	(1,204)
	73,412	25,640
Opening balance	(8,718)	(3,157)
Taxes on the variation of the cash flow hedge	(17,254)	(5,970)
Taxes on reclassification to the statement of income	1,011	409
	(24,960)	(8,718)
Closing balance	48,452	16,922

The Company assesses the effectiveness based on the U.S. dollar offset methodology, according to which the variations in the fair value of the hedge instrument are compared with the variations in the fair value of the hedged item, which should be within a range of 80% to 125%.

The balances of variations on transactions designated as cash flow hedges are reclassified from equity to the statement of income in the period when the foreign exchange variation which is the object of the hedge is effectively realized. The cash flow hedge results which are effective in the offsetting of the variations of the hedged expenses are recorded as a reduction of these expenses, decreasing or increasing the operating result, whereas the non-effective portion is recorded as finance income or expenses for the year.

The Company did not identify any ineffectiveness in the year.

The sensitivity analysis of the hedge instruments of the cash flow hedge transactions is considered in this same note, in the item "foreign exchange exposure risk", together with the other financial instruments.

31. OPERATING SEGMENTS

a) Criteria for identification of operating segments

The Company segmented its operating structure in accordance with the manner in which Management conducts the business, and according to the segmentation criteria established by CPC 22 (IFRS 8), "Segment Reporting".

Management defined operating segments as follows: corrugated cardboard packaging, packaging paper, RS Forest and resins. These segments are described as follows.

- Corrugated Cardboard (PO) Packaging segment: manufactures light and heavy corrugated cardboard boxes and sheets, and has three production units: Campina da Alegria (SC) and Indaiatuba (SP) and Vila Maria (SP).

- Packaging Paper Segment - produces low and high weight Kraft paper and recycled paper for the domestic and foreign markets. In addition, part of its production is sent to the Corrugated Cardboard Packaging segment. It has two production units: Campina da Alegria (SC) and Santa Luzia (MG).

- RS Forest and Resins Segment - through this segment, the Company plants pine trees for its own use, sells wood and extracts resin from pines trees, which is used as raw material for the production of tar and turpentine.

b) The consolidated information of operating segments is as follows:

	Consolidated 2014				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	493,627	140,979	8,627	726	643,959
Foreign market	-	53,536	41,004	-	94,540
Revenue from sales to third parties	493,627	194,515	49,631	726	738,499
Revenue between segments	-	17,694	-	(17,694)	-
Total net sales	493,627	212,209	49,631	(16,968)	738,499
Changes in the fair value of biological assets	-	12,306	17,110	-	29,416
Cost of products sold	(425,006)	(94,963)	(38,194)	12,939	(545,224)
Gross profit	68,621	129,552	28,547	(4,029)	222,691
Operating expenses	(48,778)	(14,824)	(4,176)	(55,198)	(122,976)
Operating result before finance result	19,843	114,728	24,371	(59,227)	99,715
Finance result	(40,961)	(35,368)	100	4,890	(71,339)
Net operating profit (loss)	(21,118)	79,360	24,471	(54,337)	28,376
Total assets	553,531	780,041	162,052	183,213	1,678,837
Total liabilities	125,461	534,155	18,036	503,560	1,181,212
Equity	56,940	302,676	131,914	6,095	497,625

	Consolidated 2013				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	324,420	188,413	14,138	556	527,527
Foreign market	-	51,133	25,581	-	76,714
Revenue from sales to third parties	324,420	239,546	39,719	556	604,241
Revenue between segments	-	11,901	-	(11,901)	-
Total net sales	324,420	251,447	39,719	(11,345)	604,241
Changes in the fair value of biological assets	-	5,710	14,397	-	20,107
Cost of products sold	(263,850)	(153,042)	(28,940)	7,740	(438,092)
Gross profit	60,570	104,115	25,176	(3,605)	186,256
Operating expenses	(10,806)	(14,649)	(3,598)	(48,166)	(77,219)
Operating result before finance result	49,764	89,466	21,578	(51,771)	109,037
Finance result	(28,980)	(26,567)	150	2,469	(52,928)
Net operating profit (loss)	20,784	62,899	21,728	(49,302)	56,109
Total assets	423,329	510,255	145,473	552,464	1,631,521
Total liabilities	155,776	327,063	14,608	645,833	1,143,280
Equity	44	279,279	130,701	78,217	488,241

The amounts in the column "Corporate/eliminations" refer basically to the corporate support area's expenses not apportioned among the segments, and the adjustments of transactions between segments, which are carried out based on usual market prices and conditions.

Finance income (expenses) were allocated to operating segments taking into consideration the specific allocation of each item of finance income and expenses to the respective segment, and the allocation of common income and expenses based on the working capital requirements of each segment.

The information relating to income tax and social contribution has not been disclosed because the Company's management does not utilize this information by segment.

c) Net sales revenue

The net sales revenue in 2014 totaled R$ 738,499 (R$ 604,241 in 2013).

The net sales revenue from exports in 2014 amounted to R$ 94,540 (R$ 76,714 in 2013), divided among the following countries:

Consolidated 2014			Consolidated 2013		
Country	Export revenue, net	% of total revenue, net	Country	Export revenue, net	% of total revenue, net
Netherlands	20,848	2.82%	Argentina	17,019	2.80%
Argentina	16,931	2.29%	Netherlands	14,036	2.30%
Saudi Arabia	9,918	1.34%	Saudi Arabia	9,331	1.50%
France	9,678	1.31%	France	5,355	0.90%
South Africa	5,213	0.71%	South Africa	5,225	0.90%
Chile	4,132	0.56%	Chile	4,109	0.70%
Paraguay	4,084	0.55%	Paraguay	3,788	0.60%
Peru	2,864	0.39%	Peru	2,328	0.40%
Germany	2,736	0.37%	Bolivia	2,078	0.30%
India	2,059	0.28%	India	2,045	0.30%
Spain	1,932	0.26%	Portugal	2,007	0.30%
Bolivia	1,919	0.26%	Norway	1,735	0.30%
Norway	1,843	0.25%	Venezuela	977	0.20%
Kuwait	1,641	0.22%	Turkey	956	0.20%
Portugal	1,335	0.18%	Japan	937	0.20%
Japan	1,308	0.18%	Singapore	826	0.10%
China	983	0.13%	Uruguay	642	0.10%
Venezuela	926	0.13%	Colombia	625	0.10%
Singapore	824	0.11%	Canada	576	0.10%
Turkey	705	0.10%	Germany	531	0.10%
Colombia	664	0.09%	Other countries	1,588	0.30%
Uruguay	521	0.07%			
Other countries	1,476	0.20%			
	94,540	12.80%		76,714	12.70%

The Company's net sales revenue in 2014 in the domestic market amounted to R$ 643,959 (R$ 527,527 in 2013).

In 2014, a single customer accounted for 10.6% of net sales in the domestic market of the Corrugated Cardboard (PO) Packaging Division, equivalent to R$ 52,324. The Company's other sales in the domestic and foreign markets were diluted among various customers, and no customer accounted for more than 10% of net sales.

32. OPERATING LEASE AGREEMENTS (PARENT COMPANY)

Rental of production units

The Company had one rental agreement for a production unit as at December 31, 2014, in addition to other rental agreements for small commercial and administrative units, all classified as operating leases and allocated to expenses on the accrual basis over the lease period.

The rental agreement entered into on December 26, 2006 related to the rental of the Packaging Unit in Indaiatuba (SP), effective for 20 years and with a contracted monthly rental of R$ 198, adjusted annually based on the General Market Price Index (IGPM) variation.

During 2014, the Company maintained rental agreements related to the Vargem Bonita (SC) and Santa Luzia (MG) production units with Irani Trading S.A. and São Roberto S.A., respectively, which were merged into the parent company Celulose Irani S.A. at December 30, 2014. With the merger, the real estate properties related to the rental agreements became the property of the Company and, as a result, the rentals ceased to exist.

The rental amounts recognized as expenses in 2014 by the parent company, net of taxes, when applicable, were as follows:

- Rentals of production units = R$ 24,452 (R$ 22,460 in 2013)
- Rentals of commercial and administrative units = R$ 257 (R$ 644 in 2013)

The future commitments at December 31, 2014 relating to these agreements totaled a minimum amount of R$ 50,037. The rentals were calculated at present value, using the accumulated IGPM in the last twelve months, that is, 3.67% p.a.

	No later than 1 year	1-5 years	After 5 years	Total
Future operating leases	2,727	11,176	36,134	50,037
Operating leases at present value	2,630	9,842	24,604	37,076

Lease of planting area

The Company entered into non-cancelable lease agreements for the production of biological assets on third-party land, referred to as partnerships, for a total area of 3.2 thousand hectares, of which 2.3 thousand hectares comprised the planted area. For certain areas there is a lease commitment to be disbursed monthly, as shown below.

These agreements are valid until all of the forests in these areas are harvested.

Non-cancelable operating lease commitments

	No later than 1 year	1-5 years	After 5 years	Total
Future operating leases	291	1,275	1,090	2,656
Operating leases at present value	281	1,123	812	2,216

33. GOVERNMENT GRANTS

The Company has Value-added Tax on Sales and Services (ICMS) incentives in the States of Santa Catarina and Minas Gerais:

i. ICMS/SC - Development Program for Companies of the State of Santa Catarina (Prodec): 60% of the ICMS increment in the State of Santa Catarina, calculated on an average base (September 2006 to August 2007) prior to investments made, is deferred for payment after 48 months. This benefit is calculated monthly and is subject to realizing the planned investments and maintaining jobs, besides the maintenance of a regular status with the State, which conditions are being fully met.

These incentives are subject to charges at an annual contractual rate of 4.0%. In order to calculate the present value of these benefits, the Company utilized the average rate of the cost of funding at the base date for credit lines with characteristics similar to those applicable to the respective disbursements that would have been required in the absence of the benefits, resulting in R$ 3,052.

The benefit is effective for 14 years, from January 2009 to December 2022, or up to the limit of R$ 55,199 of deferred ICMS. At December 31, 2014, the Company had deferred ICMS recorded in liabilities in the amount of R$ 22,582 (net of government subsidies of R$ 19,530).

ii. ICMS/SC - Presumed credit: The State of Santa Catarina grants as a principal benefit the appropriation of presumed credit in an ICMS memorandum account, on the taxed shipments of products realized by the Company in the State, which were manufactured with recyclable material corresponding to, at least, 40% of the raw material cost, so that the final tax burden referring to its own operation is equivalent to 2.25% (own operation), with the objective of enabling the expansion of the industrial unit located in Vargem Bonita (SC). The expected investment is

approximately R$ 600,000, which will be distributed over the following 5 years, and will be utilized to expand the production capacity of the Packaging Paper plant by 135,000 metric tons/year and of the Corrugated Cardboard Packaging plant by 24,000 metric tons/year.

iii. ICMS/MG - Presumed credit: The State of Minas Gerais grants as a principal benefit the ICMS presumed credit, resulting in the effective payment of 2% of the amount of the shipments of the products manufactured by the Company, to enable the expansion of the industrial unit in Santa Luzia, in the State of Minas Gerais. The total investment is estimated at approximately R$ 220,000 and is expected to start in 2014 and terminate in 2017. The investment will be made in the modernization and expansion of the production capacity of the Paper Machine # 7 (PM 7), and also in the construction of a new corrugated cardboard packaging plant.

34. TRANSACTIONS NOT AFFECTING CASH

The Company carried out transactions not affecting cash relating to its investment activities, which were, therefore, not reflected in the statements of cash flows.

During 2014, the Company made capital contributions of R$ 57,648 in the subsidiary Iraflor Comércio de Madeiras Ltda. with planted forest assets. The Company also approved the assumption of the debt, with the consequent transfer, to the Company, of the total rights and obligations held by subsidiary São Roberto S.A., in connection with the Issue, especially the debt resulting from the Debentures, amounting to R$ 70,592, as described in Note 17.

During 2013, the Company (i) purchased property, plant and equipment amounting to R$ 23,316, financed directly by the sellers, (ii) made a capital contribution in the subsidiary Iraflor Comércio de Madeiras Ltda. amounting to R$ 13,251, with planted forest assets, and (iii) received a capital contribution from its parent company Irani Participações S.A., amounting to R$ 12,919, which was paid up with shares.

To the Stockholders,

The management of **Celulose Irani S.A.** submits for your appreciation the Company's Management Report and Financial Statements, together with the related independent auditor's report, for the year ended December 31, 2014. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and accounting practices adopted in Brazil, based on the technical pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), which are fully convergent with the IFRS, as well as in accordance with the standards established by the Brazilian Securities Commission (CVM).

Message to the Stockholders

Celulose Irani S.A. is an integrated company of the Paper Packaging sector, with a robust own forest base. Its core business involves the manufacture and sale of corrugated cardboard packaging and packaging paper. The main raw materials are the pine planted forests (long fiber) owned by the Company and long-fiber recycled paper (trimmings).

2014 highlights

The U.S. and European economies presented signs of recovery, with a highlight of improvements in the main economic indicators in the United States of America, which registered a growth of 2.6% in 4Q14. In Brazil, the scenario is one of stagnation or even a slight recession. The inflationary pressure continues to be a worry, with the Amplified Consumer Price Index (IPCA) near to the ceiling of the target established by the Government, causing the Central Bank to repeatedly increase the basic interest rate (SELIC), elevating it to 12.25% p.a. in the Central Bank meeting held in January 2015. The economic activity in Brazil has presented signs of weakness, with the Gross Domestic Product (GDP) for 2014 expected to shrink by 0.15%, that is, below the original expectations.

The indicators of corrugated cardboard consumption levels in the domestic market remained stable, according to the Brazilian Corrugated Cardboard Association (ABPO). Sales of boxes, accessories and corrugated cardboard sheets totaled an accumulated 3.4 million metric tons in 2014, an increase of 0.1% compared to 2013, according to ABPO. The sales in the IRANI market in 2014 presented an increase of 34.5% when compared to 2014, which principally reflects the integral consolidation of São Roberto's operations.

Internally, for IRANI, the 2014 highlights were the consolidation of the operations of Indústria de Papel e Papelão São Roberto S.A., which was merged into Celulose Irani S.A. on December 30 and definitively started to operate in full synchrony with the Company's other operations, and also the modernization of the Paper Machine No. I, an important investment which increased the Packaging Paper production capacity.

Consolidated net revenue increased by 22.2% in 2014 in relation to 2013, as a result of the increase in revenue from sales of Corrugated Cardboard Packaging manufactured in the Vila Maria - SP (former São Roberto) plant, which was consolidated in the Company only as from October 2013. On the other hand, the sales of paper from the leased plant in Santa Luzia - MG which formed part of the Company's revenue in 2013, were no longer included in the Company's net revenue, because the paper was transferred internally to the Packaging operation in Vila Maria - SP.

In 2014, the Corrugated Cardboard (PO) Packaging Sector represented 67% of IRANI's net revenue, whereas the Packaging Paper and the Forest RS and Resins segments represented 26% and 7%, respectively. The main market is the Brazilian domestic market, which accounted for 87% of the Company's sales.

.

Main financial and economic indicators

MAIN INDICATORS -CONSOLIDATED4Q14	4Q14	3Q14	4Q13	Var. 4Q14/3Q14	Var. 4Q14/4Q13	2014	2013	Var. 2014/2013
Economic and financial (R$ thousand)								
Net operating revenue	190,402	193,603	180,588	-1.7%	5.4%	738,499	604,241	22.2%
Domestic market	169,853	167,791	163,167	1.2%	4.1%	643,959	527,527	22.1%
Foreign market	20,549	25,812	17,421	-20.4%	18.0%	94,540	76,714	23.2%
Gross profit (including *)	66,058	59,202	55,743	11.6%	18.5%	222,691	186,256	19.6%
(*) Change in the fair value of biological assets	*10,966*	*6,025*	*11,017*	82.0%	-0.5%	*29,416*	*20,107*	46.3%
Gross margin	***34.7%***	***30.6%***	**30.9%**	**4,1p.p.**	***3,8p.p.***	***30.2%***	***30.8%***	***-0,6p.p.***
Profit before taxes and profit sharing	17,842	5,537	29,379	222.2%	-39.3%	28,376	56,109	-49.4%
Operating margin	***9.4%***	***2.9%***	**16.3%**	**6,5p.p.**	***-6,9p.p.***	***3.8%***	***9.3%***	***-5,5p.p.***
Profit	27,924	22,402	42,825	24.6%	-34.8%	56,579	67,408	-16.1%
Net margin	***14.7%***	***11.6%***	**23.7%**	**3,1p.p.**	***-9,0p.p.***	***7.7%***	***11.2%***	***-3,5p.p.***
Adjusted EBITDA 1	45,832	41,680	31,387	10.0%	46.0%	153,483	126,210	21.6%
Adjusted EBITDA margin	***24.1%***	***21.5%***	***17.4%***	**2,6p.p.**	***6,7p.p.***	***20.8%***	***20.9%***	***-0,1p.p.***
Net debt (R$ million)	608.8	619.9	495.8	-1.8%	22.8%	608.8	495.8	22.8%
Net debt/Adjusted EBITDA (x)	3.97	4.42	3.61	-10.2%	10.0%	3.97	3.61	10.0%
Operating data (metric tons)								
Corrugated cardboard (PO) packaging								
Production/sales	51,869	51,542	50,707	0.6%	2.3%	199,745	148,486	34.5%
Packaging paper								
Production	71,491	68,562	66,915	4.3%	6.8%	266,151	251,209	5.9%
Sales	19,956	20,562	23,548	-2.9%	-15.3%	77,507	104,281	-25.7%
RS Forest and Resins								
Production	1,559	1,955	941	-20.3%	65.7%	8,403	7,930	6.0%
Sales	1,558	2,388	857	-34.8%	81.8%	8,365	8,019	4.3%

1 EBITDA (Earnings before interest, taxes, depreciation, amortization and depletion). See the related section in this release.

- Sales volume for the Corrugated Cardboard Packaging Sector increased by 34.5% compared to 2013 and totaled 199.7 thousand metric tons in 2014. The Packaging Paper segment decreased by 25.7%, totaling 77.5 thousand metric tons. The Resins segment increased by 4.3%, totaling 8.4 thousand metric tons. The significant increase in the Corrugated Cardboard Packaging volumes resulted from the integration of the Vila Maria - SP plant (former São Roberto), which in 2013 was consolidated in the Company only as from October. The decrease in the Packaging Paper segment was a result of the consolidation of the Santa Luzia - MG plant operations with the Vila Maria - SP Packaging operations, after which the final product to be sold became the Corrugated Cardboard Packaging.

- The net revenue in 4Q14 was 5.4% superior to the results for 4Q13, and decreased by 1.7% when compared to 3Q14. On an annual basis, net revenue grew 22.2% in relation to 2013, attaining R$ 738.5 million and reflecting the increase in the sales of Corrugated Cardboard Packaging of Vila Maria - SP as from October 2013.

- The gross profit increased by 18.5% and 11.6 % when compared with 4Q13 and 3Q14, respectively. In comparison with 2013, it increased by 19.6% and totaled R$ 222.7 million, mainly as a result of the increase in net revenue.

- The net profit attained R$ 27.9 million in 4Q14 against R$ 42.8 million in 4Q13 and R$ 22.4 million in 3Q14. On an annual basis, the profit amounted to R$ 56.6 million in 2014, a decrease of 16.1% when

compared with 2013. Results in 2013 were impacted by the Company's enrollment in the Tax Recovery Program (REFIS) established by Law 11,941/09, which did not occur in 2014. On the other hand, the fair value of biological assets increased by 46.3% in 2014 in relation to 2013, which contributed positively to the Company's net result.

- Adjusted EBITDA in 4Q14 was R$ 45.8 million, with a 24.1% margin. In 2014, it totaled R$ 153.5 million in the year, representing an increase of 21.6% when compared with 2013, with a margin of 20.8%, stable compared to 2013.

- The net debt/EBITDA increased by 3.97 times in December 2014, against 3.61 times at the end of 2013. This change was a result of the investment made in the Paper Machine I and also the appreciation of the U.S. dollar, which increased the Company's portion of debt denominated in U.S. dollars. The Company's cash position at the end of 2014 totaled R$ 168.1 million.

BUSINESS PANORAMA

The businesses of Celulose Irani S.A. comprise three segments and are organized in accordance with the markets in which they operate. The segments are independent in their operations, but are integrated on a harmonious basis, seeking to optimize the use of pine planted forests, through multiple uses, as well as paper recycling and the vertical integration of the business.

The **Corrugated Cardboard Packaging (PO) Division** produces boxes and light and heavy corrugated cardboard sheets, and has three industrial units in the cities of Campina da Alegria, in the State of Santa Catarina (SC), and Indaiatuba and Vila Maria (former São Roberto), both in the State of São Paulo (SP).

The **Packaging Paper Division** produces low and high weight Kraft paper and recycled paper for the domestic and foreign markets and most of its production is sent to the Corrugated Cardboard Packaging Division. It has a plant with four paper machines, located in Vargem Bonita - SC (Campina da Alegria - Paper) and one plant with one machine in Santa Luzia - MG (Santa Luzia - Paper).

The **RS Forest and Resins Division** sells wood, tar and turpentine. It manufactures forest-based products in the State of Rio Grande do Sul, from the forest assets owned by the Company and located in the region. The business unit called RS Balneário Pinhal - Resins, with an industrial plant located in Balneário Pinhal, State of Rio Grande do Sul (RS), produces tar and turpentine, from the natural resin of the pine forest, which are used in the preparation of varnishes, paints, soaps, glues, adhesives, among other products. The tar and the turpentine are destined mainly to the foreign market.

Subsidiaries

Celulose Irani S.A. has the following wholly-owned subsidiaries:

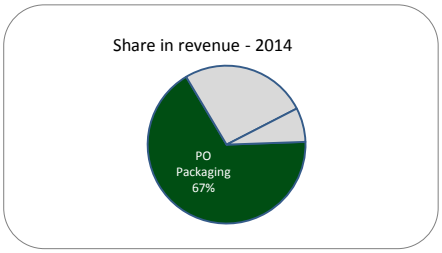
- Habitasul Florestal S.A., with a forest base of 16.3 thousand hectares, has 8.0 hectares of planted pine in Rio Grande do Sul, and is a supplier of resin to the Resinas da Celulose Irani S.A. unit and also the supplier of wood for customers in the region.

- HGE - Geração de Energia Sustentável Ltda. and Irani Geração de Energia Sustentável Ltda., which operate in the generation, transmission and distribution of electric power sourced from wind energy, and are in the pre-operating phase.

- Iraflor Comércio de Madeiras Ltda., which carries out activities related to the management and sale of wood and forests for the parent company Celulose Irani S.A. and also for the market.

1. OPERATING PERFORMANCE (not reviewed by independent auditors)

1.1. Corrugated Cardboard (PO) Packaging Segment



As shown in the following charts, the volume in metric tons of corrugated cardboard packaging sales of the ABPO Market decreased in 4Q14 by 1.2% in relation to 4Q13, and the IRANI Market presented an increase of 2.3% in the same period, totaling 51,869 metric tons. Compared with 3Q14, the ABPO Market presented a decrease of 1.1% and the IRANI Market remained stable. In 2014, the ABPO Market remained stable in relation to 2013, whereas the IRANI Market increased by 34.5%

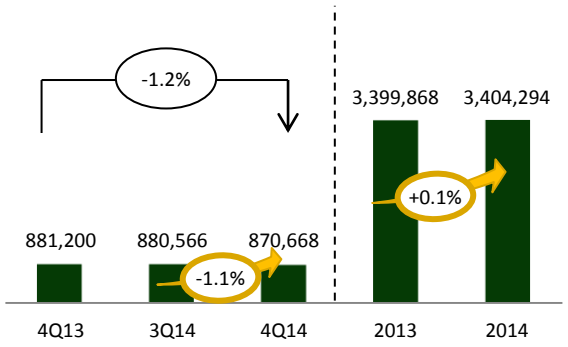
The significant variation in the sales volume was a result of the consolidation of the Vila Maria -SP Packaging operations, which occurred as from October 2013 and began to be 100% consolidated in the Company in 2014.

In metric tons, IRANI's market share in this quarter was 5.9%, stable in relation to the 5.7% registered 4Q13 and 5.8% in 3Q14. IRANI's market share in 2014 was 5.8%, whereas in 2013 it was 4.4%.

In 2014, sales of boxes increased by 33.7% and sales of sheets increased by 36.5%. The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants represented 38%, 31% and 31%, respectively, of the total corrugated cardboard sold in 2014, with all of their production allocated to the domestic market.

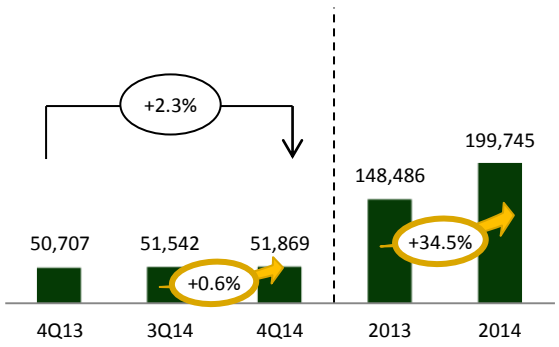
Sales volume (in metric tons) - Corrugated Cardboard Packaging Segment (PO)

ABPO market (metric tons)



Source: ABPO

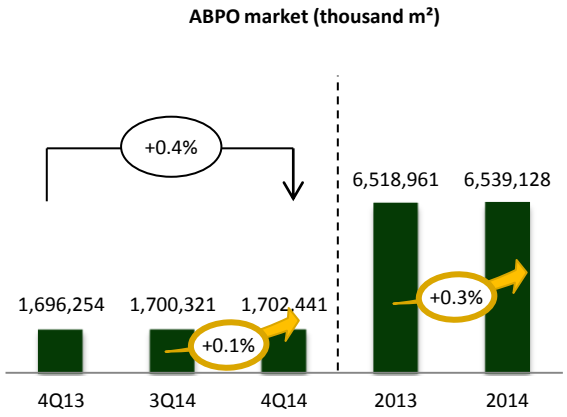
IRANI market (metric tons)



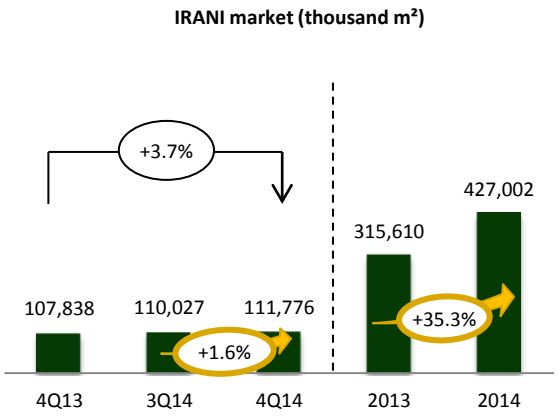
Source: IRANI

The volume of corrugated cardboard packaging sales in square meters (m²) remained stable in 4Q14 in the ABPO market when compared to 4Q13 and 3Q14 and also when comparing 2014 with 2013. The IRANI market, on the other hand, increased by 3.7% in 4Q14 compared to 4Q13 and by 1.6% compared to 3Q14. In the year 2014, IRANI recorded an increase of 35.3% over 2013. IRANI's market share in square meters attained 6.6% in 4Q14, stable when compared with the 6.4% recorded in 4Q13 and the 6.5% in 3Q14. Sales made by IRANI in 2014 totaled 427,002 thousand m², with a market share of 6.5% in the year.

Sales volume (in square meters) - Corrugated Cardboard Packaging Sector



Source: ABPO



Source: IRANI

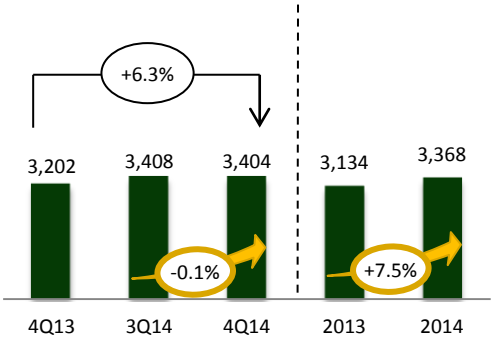
The volume of the Indaiatuba - SP Packaging plant gained relevance in the volume mainly because of the operational gains in productivity and attained 53,438 metric tons of boxes and 21,950 metric tons of sheets in 2014 (versus 51,477 metric tons of boxes and 22,582 metric tons of sheets in 2013).

The Campina da Alegria - SC Packaging plant recorded sales volume of 47,946 metric tons of boxes and 13,715 metric tons of sheets in 2014 (versus 46,025 metric tons of boxes and 13,154 metric tons of sheets in 2013).

The Vila Maria - SP Packaging plant recorded volume of 40,872 metric tons of boxes and 21,824 metric tons of sheets in 2014 (versus 8,874 metric tons of boxes and 6,374 metric tons of sheets in 2013, computed only as from October, when this plant was merged into the Company).

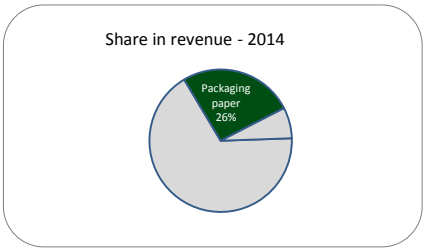
Average IRANI prices (CIF) per metric ton increased by 6.3% in 4Q14 in comparison with 4Q13, and remained stable in relation to 3Q14. In the year, the variation was positive by 7.5%, as shown below:

Average prices IRANI (R$/metric ton)



Methodologies: IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the mix of market boxes and sheets.

1.2. Packaging Paper Segment

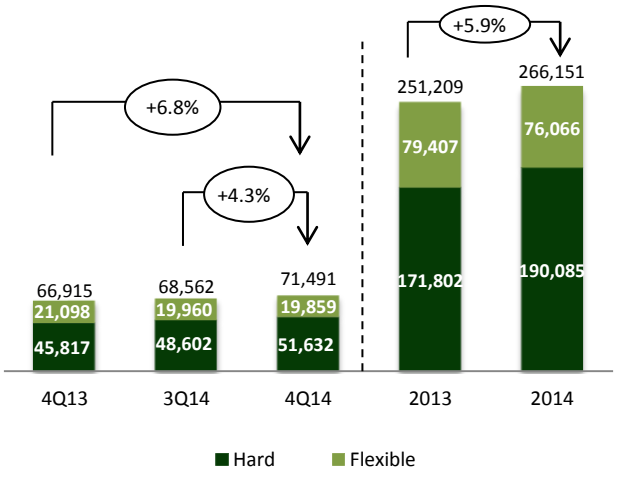


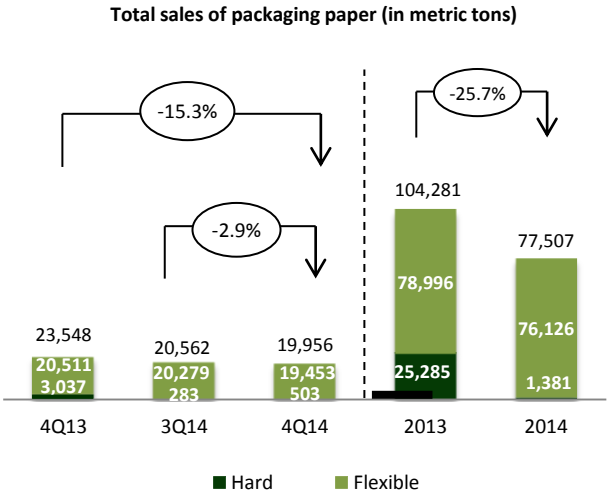
IRANI operates in the Packaging Paper Segment, with activities in the hard packaging paper market (paper for corrugated cardboard) as well as the flexible packaging paper market (paper for sacks).

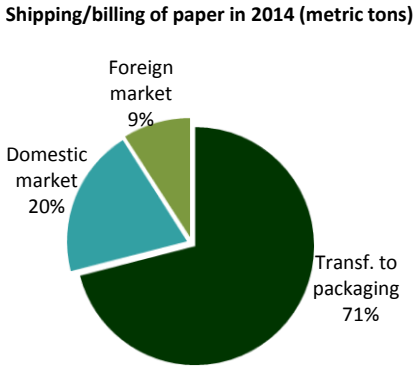
The Company's total packaging paper production grew by 6.8% in 4Q14 compared to 4Q13 and by 4.3% in relation to 3Q14. Sales decreased by 15.3% and 2.9% compared to 4Q13 and 3Q14, respectively. In the accumulated for the year, production totaled 266,151 metric tons, presenting an increase of 5.9% compared to 2013, and sales totaled 77,507 metric tons, a decrease of 25.7% compared to the prior year.

The increase in the volumes of paper for packaging produced in 2014 was mainly due to the productivity gains achieved with the expansion and modernization of the Paper Machine I, which occurred in May. The decrease in sales resulted from the integration of the Vila Maria - SP Packaging Plant, in October 2013, when the paper produced in the Santa Luzia - MG Paper Plant started to be transferred among the units.

Total production of packaging paper (in metric tons)





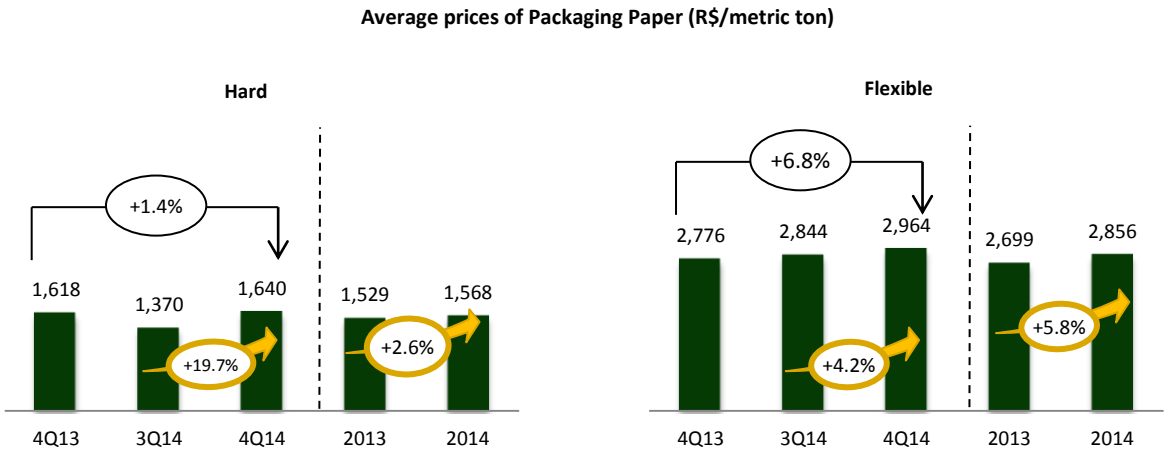


In 4Q14, internal transfers of paper for hard packaging (PO) totaled 51,917 metric tons (47,527 metric tons in 4Q13 and 48,565 metric tons in 3Q14), comprised as follows: the Indaiatuba - SP Packaging Plant attained 18,790 metric tons (16,963 metric tons in 4Q13 and 17,381 metric tons in 3Q14); 17,371 metric tons were transferred to the Vila Maria - SP Packaging Plant (17,375 metric tons in 4Q13 and 16,271 metric tons in 3Q14); and 15,716 metric tons were transferred to the Campina da Alegria - SC Packaging Plant (13,189 metric tons in 4Q13 and 14,913 metric tons in 3Q14). In 2014, the transfers totaled 188,553 metric tons (145,872 metric tons in 2013), of which 63,367 metric tons were transferred to the Indaiatuba - SP Packaging Plant (2013 - 68,105 metric tons), 66,599 to the SP - Vila Maria Packaging Plant (2013 - 22,989 metric tons) and 58,587 metric tons to the Campina da Alegria - SC Packaging Plant (2013 - 54,778 metric tons).

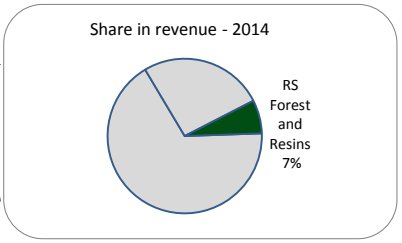
Internal transfers in 2014 were effected as follows: 34% to the Indaiatuba - SP Packaging Plant, 35% to the Vila Maria - SP Packaging plant, and 31% to the Campina da Alegria - SC Packaging Plant (2013 - 47%, 16% and 37%, respectively).

Hard packaging papers, with a small sales volume (only 503 metric tons in 4Q14, as shown in the chart above) and whose price is inferior to the prices of other types of paper sold by the Company, increased by 1.4% in 4Q14 and by 19.7% when compared with the prices practiced in 4Q13 and 3Q14, respectively. In 2014, the price increased by 2.6% in relation to 2013. The average prices of the Company accompanied the market trends.

The prices of flexible packaging papers increased by 6.8% and 4.2% in comparison with 4Q13 and 3Q14, respectively. In an annual comparison, the increase recorded was 5.8% between 2014 and 2013.

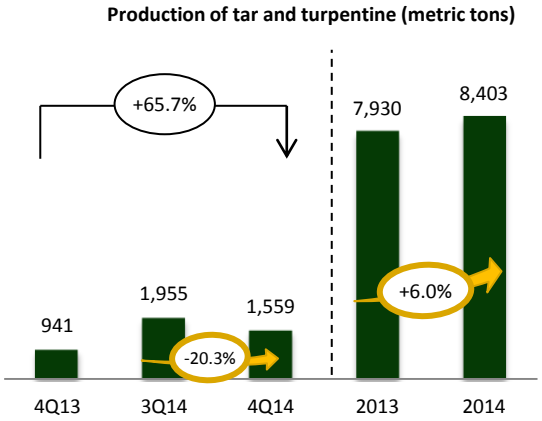


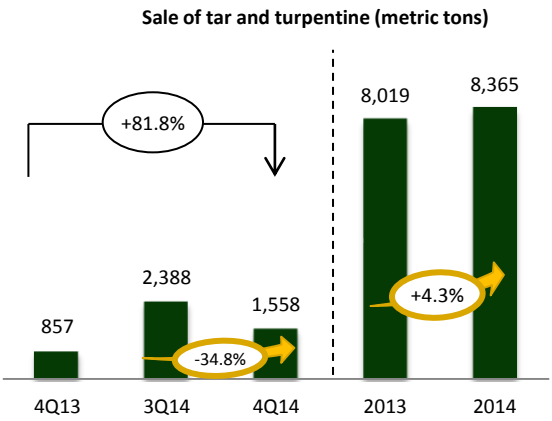
1.3. RS Forest and Resins Segment



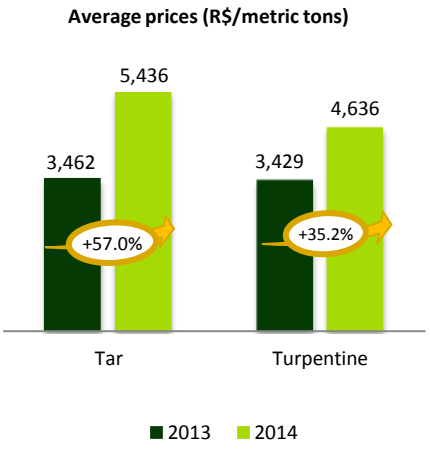
In 2014, the Forest Products Segment of the State of Rio Grande do Sul produced and sold 105 thousand m³ of pine logs to the domestic market (261 thousand m³ in 2013) and supplied 3,409 metric tons of natural resins to the parent company Celulose Irani S.A. (2,972 metric tons in 2013), to be utilized in the industrial production of tar and turpentine.

The production and sales volumes for the Balneário Pinhal - RS Resins unit increased by 65.7% and 81.8%, respectively, in 4Q14 when compared to 4Q13. The volume of production and sales when compared to 3Q14 decreased by 20.3% and 34.8%, respectively, because of the decrease in the offer of Resins during the period as a result of the between-crops period. For the year, the production and sales volumes attained 8,403 and 8,365 metric tons, respectively, a growth of 6.0% and 4.3% compared to 2013.





In 2014, the gross average price of tar was 57% higher than in 2013. The average price of turpentine increased by 35.2% compared to 2013. The variations in the average prices of resins mainly resulted from the increase of prices in foreign currency and from the devaluation of the Brazilian real in relation to the U.S. dollar.



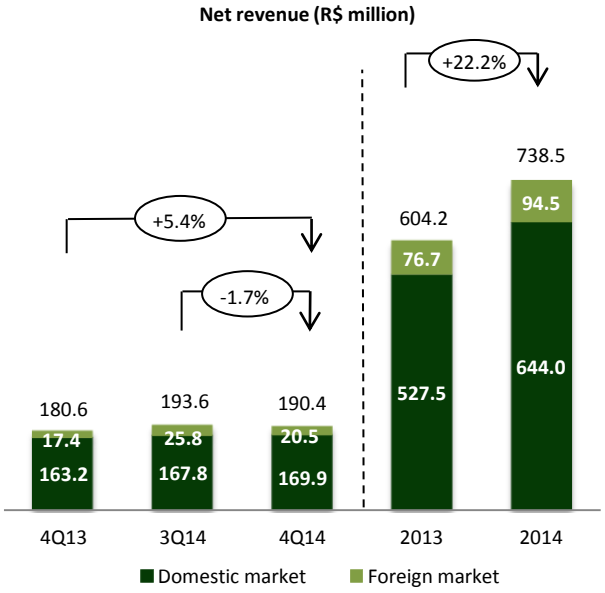
2. ECONOMIC AND FINANCIAL PERFORMANCE

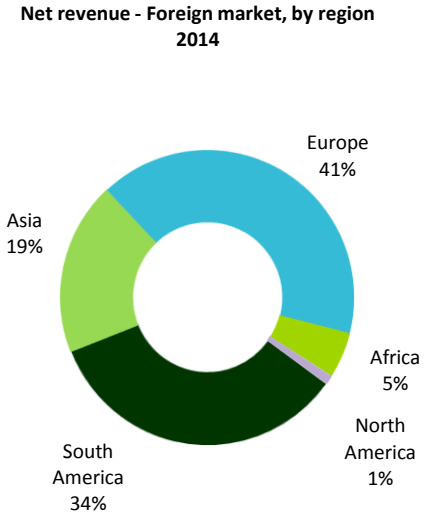
2.1. Net operating revenue

Net operating revenue for 4Q14 totaled R$ 190,402 thousand, 5.4% superior to that of 4Q13 and 1.7% lower in relation to 3Q14. In the accumulated for the year, revenue totaled R$ 738,499 thousand, an increase of 22.2% over the previous year.

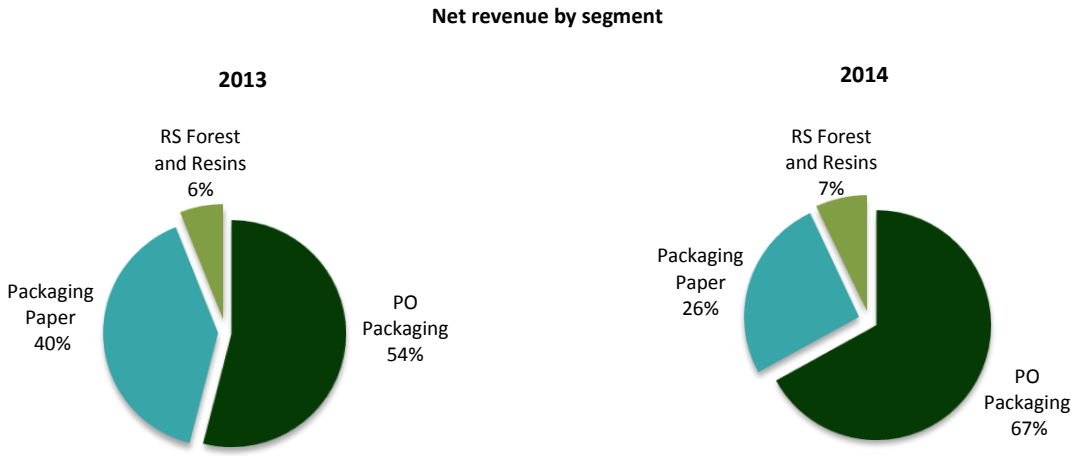
In the domestic market, the net operating revenue amounted to R$ 169,853 thousand in 4Q14, representing an increase of 4.1% over 4Q13 and of 1.2% over 3Q14. In 2014, net operating revenue totaled R$ 643,959 thousand, representing an increase of 22.1% compared to 2013. The revenue of IRANI represented 87% of total revenue earned in the domestic market in 2014.

Exports in 4Q14 totaled R$ 20,549 thousand, a growth of 18.0% compared to 4Q13 and reduction of 20.4% compared to 3Q14. In 2014, they totaled R$ 94,540 thousand, an amount 23.2% higher than in 2013, representing 13% of the total net operating revenue, reflecting the impact of a higher foreign exchange rate. Exports were made mainly to Europe (41% of the export revenue), followed by South America (34%). The other markets being: Asia (19%), Africa (5%) and North America (1%).





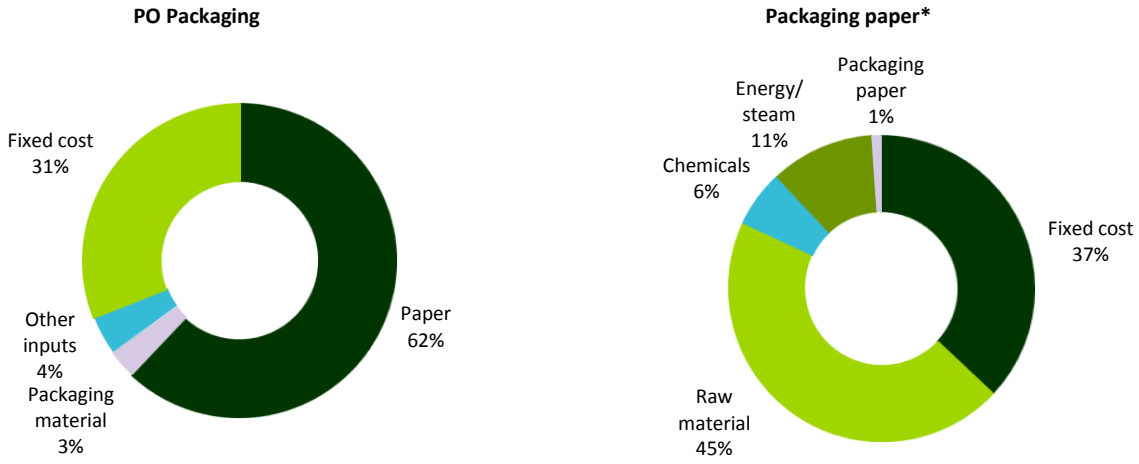
IRANI's main operating segment is the Corrugated Cardboard (PO) Packaging Segment, responsible for 67% of the consolidated net revenue in 2014, followed by the segments of Packaging Paper (26%) and RS Forest and Resins (7%). The increase of 13% in the participation of the Corrugated Cardboard Packaging Segment in the Company's revenue in 2014 was attributable to the consolidation of the Vila Maria - SP Packaging operations, which occurred at the end of 2013, and the consolidation of 100% of its revenue as from 2014 in the PO Packaging Segment. On the other hand, the sales of Packaging Paper decreased in the year because the sales from the Santa Luzia - MG Paper plant, which in 2013 were included in this group, started to be considered at the end of the production chain as Corrugated Cardboard Packaging on the consolidation with IRANI.



2.2. Cost of products sold

The cost of products sold in 2014 amounted to R$ 545,224 thousand, 24.5% above 2013. The positive variation of the fair value of biological assets is not being considered in the cost of products sold in both periods.

The composition of costs per business segment of IRANI in 2014 is shown in the charts below.



*the cost of the Packaging Paper Segment does not consider the positive variation in the fair value of biological assets.

2.3. Operating income and expenses

Selling expenses in 2014 totaled R$ 70,738 thousand, an increase of 33.2% when compared to 2013, and represented 9.6% of the consolidated net revenue, slightly above the 8.8% in 2013.

Administrative expenses in 2014 were 4.4% higher compared to 2013 and totaled R$ 46,970 thousand, representing 6.4% of the consolidated net revenue, compared to 7.4% in 2013. The expenses were mainly

impacted by the normal increases in salaries due to the collective bargaining agreements which occur at the end of the year.

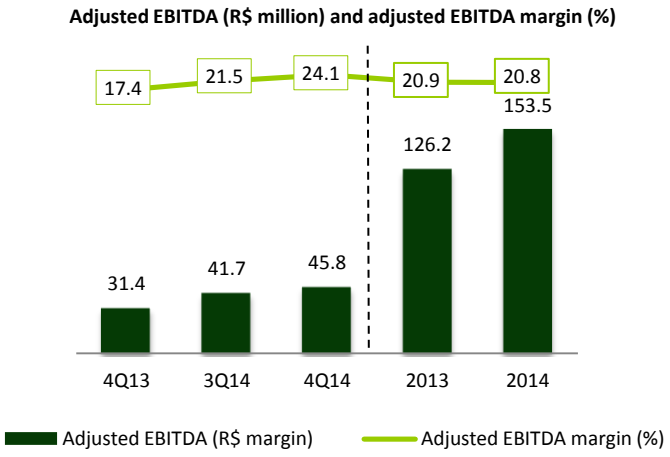
Other operating income/expenses resulted in an income of R$ 1,019 thousand in 2014 (2013 - income of R$ 28,339). This variation resulted from the effects of the Company's enrollment in the REFIS Program established by Law 11,941/09, which totaled R$ 33,432 thousand in 2013. Similar levels were not achieved in 2014.

3. OPERATING CASH GENERATION (ADJUSTED EBITDA)

Consolidated (R$ thousand)	4Q14	3Q14	4Q13	Var. 4Q14/3Q14	Var. 4T14/4T13	2014	2013	Var. 2014/2013
Profit before taxes and profit sharing	**17,842**	**5,537**	**29,379**	222.2%	-39.3%	**28,376**	**56,109**	-49.4%
Depletion	5,016	5,414	5,742	-7.4%	-12.6%	21,618	21,386	1.1%
Depreciation and amortization	14,366	12,597	10,238	14.0%	40.3%	50,554	34,415	46.9%
Finance result	13,799	18,920	16,003	-27.1%	-13.8%	71,339	52,928	34.8%
EBITDA	**51,023**	**42,468**	**61,362**	20.1%	-16.8%	**171,887**	**164,838**	**4.3%**
EBITDA margin	***26.8%***	***21.9%***	***34.0%***	***4,9p.p.***	***-7,2p.p.***	***23.3%***	***27.3%***	***-4,0p.p.***
Adjustments pursuant to CVM Instruction 527/12								
Variation in the fair value of biological assets [1]	(10,966)	(6,025)	(11,017)	82.0%	-0.5%	(29,416)	(20,107)	46.3%
Stock Option/management participation [2]	6,287	-	7,636	-	-17.7%	6,287	8,073	-22.1%
Non-recurring events [3]	(512)	5,237	(26,594)	-109.8%	-98.1%	4,725	(26,594)	-
Adjusted EBITDA	**45,832**	**41,680**	**31,387**	**10.0%**	**46.0%**	**153,483**	**126,210**	**21.6%**
Adjusted EBITDA margin	***24.1%***	***21.5%***	***17.4%***	***2,6p.p.***	***6,7p.p.***	***20.8%***	***20.9%***	***-0,1p.p.***

[1] The variation in the fair value of biological assets does not represent a cash generation in the year.
[2] Stock option / management participation: stock options in 2013 correspond to the fair value of the instruments, and the offsetting entry was to the Capital reserve, in equity, and the management participation was related to the distribution of the Company's profit. Neither of these two amounts represent a cash disbursement in the year.
[3] Non-recurring events (2014) refer to the negative result of R$ 4,725 thousand on the enrollment in the Tax Recovery Program (REFIS) established by Law 12,996, of June 18, 2014.

The operating cash generation, measured by the adjusted EBITDA, totaled R$ 45,832 thousand in 4Q14, representing an increase of 46.0% in relation to 4Q13 and of 10% in relation to 3Q14. The adjusted EBITDA margin increased by 6.7% in 4Q14, attaining 24.1%. In the accumulated for the year, the adjusted EBITDA amounted to R$ 153,483 thousand, with a margin of 20.8% and 21.6% above 2013 (R$ 126,210 thousand), as a result of the full incorporation of the operations of the Vila Maria - SP Corrugated Cardboard Packing Plant in 2014 and also of the better operating performance in the year.



4. FINANCE RESULT AND INDEBTEDNESS

The finance result amounted to R$ 13,799 thousand negative in 4Q14, a decrease of 13.8% when compared to 4Q13, influenced by the higher volume of financial investments and funding with lower costs. In comparison with 3Q14, the finance result presented a decrease of 27.1%. In the year 2014, the finance result amounted to R$ 71,339 thousand negative, an increase of 34.8% compared to 2013 (R$ 52,928), mainly impacted by the consolidation of the São Roberto S.A. operations in October 2013.

In 4Q14, the finance expenses totaled R$ 23,027 thousand, compared to R$ 23,514 thousand in 4Q13 and R$ 25,680 thousand in 3Q14. In the year 2014, the finance expenses totaled R$ 96,498 thousand, compared to R$ 72,619 thousand in 2013. The finance income amounted to R$ 9,228 thousand in 4Q14 versus R$ 7,511 thousand in the same period of the previous year and R$ 6,760 thousand in 3Q14. In the year 2014, the finance income totaled R$ 25,159 thousand versus R$ 19,691 thousand in 2013.

The composition of the finance result is as follows:

R$ thousand	4Q14	3Q14	4Q13	2014	2013
Finance income	9,228	6,760	7,511	25,159	19,691
Finance expenses	(23,027)	(25,680)	(23,514)	(96,498)	(72,619)
Finance result	(13,799)	(18,920)	(16,003)	(71,339)	(52,928)

The following table shows the foreign exchange gains and losses included in the Company's finance income and expenses:

R$ thousand	4Q14	3Q14	4Q13	2014	2013
Foreign exchange gains	2,675	2,322	1,448	8,937	7,858
Foreign exchange losses	(3,576)	(4,058)	(2,109)	(12,096)	(9,495)
Foreign exchange variations, net	(901)	(1,736)	(661)	(3,159)	(1,637)

The foreign exchange variations negatively impacted the Company's result by R$ 901 thousand in 4Q14 and R$ 3,159 thousand in 2014, due to the devaluation of the Brazilian Real against the US Dollar.

The following table shows the finance result without the foreign exchange variations:

R$ thousand	4Q14	3Q14	4Q13	2014	2013
Finance result, net of for.exch. variation	(12,898)	(17,184)	(15,342)	(68,180)	(51,291)

For the purpose of hedging its exports in the following years, the Company maintains the maturities of its commitments in foreign currency (U.S. dollars) aligned with the estimated receivables in U.S. dollars. The foreign exchange variations of these transactions are accounted for monthly in equity and recognized in the results as finance expenses when realized (hedge accounting). In 4Q14, the negative amount recognized in equity was R$ 17,034 thousand, totaling R$ 31,530 thousand in 2014. In the accumulated, the Company's equity includes R$ 48,452 thousand to be recognized in the results on realization.

Foreign exchange rate

The foreign exchange rate was R$ 2.66/USD at December 31, 2014, an increase of 13.68% when compared to December 31, 2013, when it was R$ 2.34/USD. The average foreign exchange rate for the quarter was R$ 2.54/USD, 11.89% superior to the rate for 3Q14 and for the same period of 2013. In 2014, the average foreign exchange rate increased by 8.80%, reaching R$ 2.35/USD.

	4Q14	3Q14	4Q13	Δ4Q14/3Q14	Δ4Q14/4Q13	2014	2013	Δ2014/2013
Average USD	2.54	2.27	2.27	+11.89%	+11.89%	2.35	2.16	+8.80%
Final USD	2.66	2.45	2.34	+8.57%	+13.68%	2.66	2.34	+13.68%

Source: Brazilian Central Bank (BACEN)

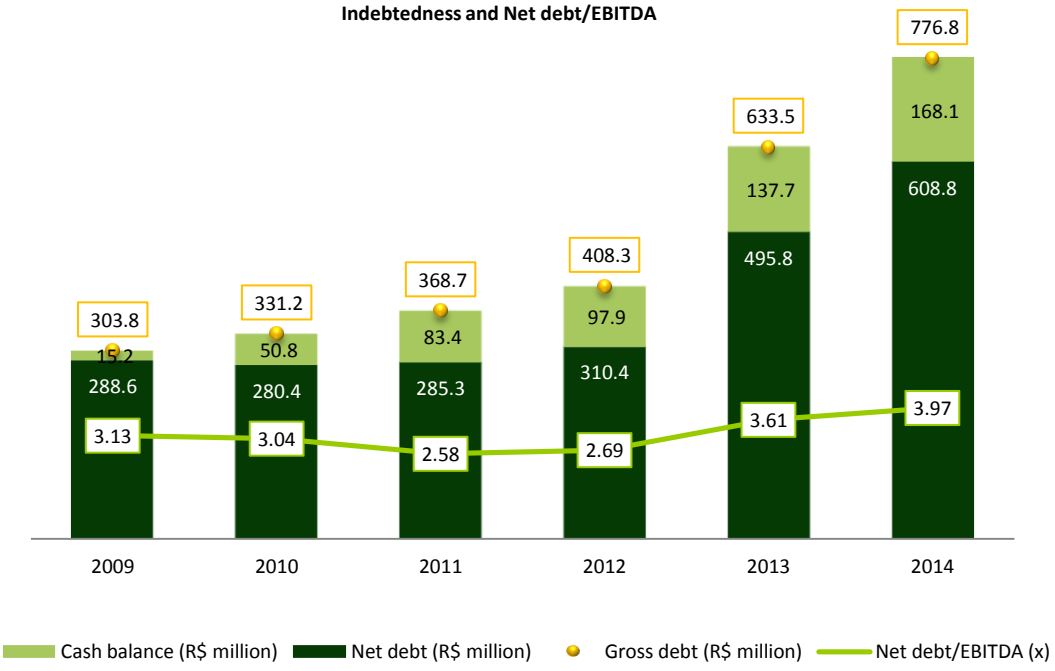
Net indebtedness

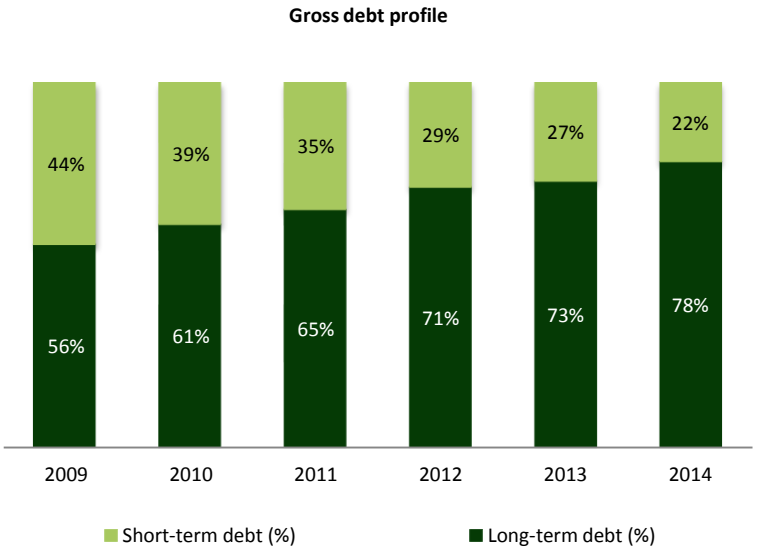
At December 31, 2014, the consolidated gross indebtedness totaled R$ 776.8 million, compared to R$ 633.5 million at December 31, 2013. The gross indebtedness profile on December 31 corresponded to 22% with maturities in the short term and 78% in the long term.

At December 31, 2014, the consolidated cash totaled R$ 168.1 million, compared to R$ 137.7 million at December 31, 2013.

At December 31, 2014, the consolidated net indebtedness totaled R$ 608.8 million, against R$ 495.8 million at December 31, 2013.

The Net Debt/EBITDA increased from 3.61 times at the end of 2013 to 3.97 times at the end of 2014. This variation was influenced by the increase in the U.S. dollar quotation in the quarter due to the exposure of a portion of the debt in U.S. dollars, the partial amortization of the REFIS by São Roberto S.A. Paper and Cardboard Industry, and the expenditure of R$ 70,829 thousand for the conclusion of the strategic investments which occurred in 2014.





5. EVALUATION OF THE FAIR VALUE OF BIOLOGICAL ASSETS (FORESTS)

In 2010, the Company started to measure the fair value of its biological assets (forests) periodically, as determined by CPC 29. The variation in the fair value of the biological assets produced the following effects in the Company's results for 2014:

Effects of the variation in the fair value of biological assets

R$ thousand	2014	2013
Variation in fair value of biological assets	29,416	20,107
Depletion of the fair value of biological assets	(17,926)	(17,887)

The variation in the fair value of biological assets was higher than that in 2013 mainly as a result of the increase in wood prices and in the volume of forests in 2014.

The variation in fair value of biological assets, as well as their depletion, is recognized in the Cost of Products Sold. This new accounting determination permits a more precise evaluation of the market value of the Company's forests, thereby improving the financial statements.

6. PROFIT BEFORE TAXES AND PROFIT SHARING

The profit before taxes and profit sharing in 4Q14 amounted to R$ 17,842 thousand, compared to R$ 29,379 thousand in 4Q13 and R$ 5,537 thousand in 3Q14. In 2014, the profit before taxes and profit sharing amounted to R$ 28,376 thousand, a decrease in comparison with R$ 56,109 thousand in 2013.

7. NET PROFIT

In 4Q13 the net profit was R$ 27,924 thousand, compared to R$ 42,825 thousand in 4Q13 and R$ 22,402 thousand in 3Q14. In the accumulated for the year, the net profit amounted to R$ 56,579 thousand, compared to R$ 67,408 thousand in 2013.

8. INVESTMENTS

The Company maintains its strategy of investing in the modernization and automation of its production processes.

In 2014, investments totaled R$ 49,082 thousand and were basically directed to the expansion of the production capacity of the plants, maintenance and improvements to machinery and equipment and to the physical structure of the Company, principally in respect of the units incorporated at the end of 2013, and also to the conclusion of some projects that started in 2013.

R$ thousand	4Q14	2014
Land	6	6
Buildings	47	47
Equipment	7,642	43,116
Leased assets	4	4
Intangible assets	560	811
Reforestation	2,052	5,098
Total	**10,311**	**49,082**

The major investment realized in 2014 was the conclusion of the expansion and modernization of the Paper Machine I (MP I), located in the Campina da Alegria - SC Paper Plant, which expanded the paper production capacity by 3,000 metric tons/month.

9. CAPITAL MARKETS

At December 31, 2014, IRANI's capital comprised 166,720,235 shares, of which 153,909,975 (92%) were common shares and 12,810,260 (8%) preferred shares. At December 31, 2014, the Company had 2,376,100 treasury shares, of which 24,000 were common shares and 2,352,100 preferred shares. At the same date, the Company's market value was R$ 543,636 thousand.

Dividends

The Company's management is proposing for the approval of the Ordinary General Meeting of Stockholders the distribution of dividends for 2014, in the amount of R$ 15,667 thousand, corresponding to R$ 0.095331 per common and preferred share. Considering the interim dividend approved by the Board of Directors on September 9, 2014 and distributed to stockholders at September 30, 2014, amounting to

R$ 3,000,000.00 (three million reais), corresponding to R$ 0.018254 per common and preferred share, there is still R$ 12,667 thousand to be distributed (R$ 0.077077 per share). These amounts are not subject to income tax.

10. SUSTAINABILITY

Because it seeks superior and lasting results, IRANI incorporates sustainability in its business strategy and adopts an integrated management model which balances economic, social and environmental development. In 2014, the Company reviewed its relevant sustainability matters with the purpose of incorporating them in an organic form to its strategy, developing it into a structured management plan for sustainability. The matters considered as very relevant and highly relevant are those which guide the contents of IRANI'S Sustainability Report, which is disclosed in the first half of each year, following the Global Reporting Initiative (GRI) guidelines. This report is available at www.irani.com.br.

10.1. Awards and Recognitions

In 2014, the Company received various social, environmental and market awards for the actions and projects developed during the year.

- The 500 Maiores do Sul (the 500 largest companies in the South) ranking – realized by Amanhã magazine together with PwC
  "More profitable" of the Paper and Pulp industry. The Company also obtained the 4th position in the ranking of the largest companies by gross revenue.
- Época Negócios 360o. - Organized by Época Magazine
  2nd place in the Paper and Pulp industry; 1st place in HR Practices; 35th place among the 50 companies with best practices, and 6th place among the best companies in the Southern Region,
  4th place - Financial Development; 2nd place - Capacity for Innovation and Vision of the Future, and 5th - Social and Environmental Responsibility.
- Prêmio Catarinense de Excelência (Excellence Award for the State of Santa Cantarina)
  IRANI conquered the Troféu Ouro - 500 pontos (Gold Trophy - 500 points) in the Movimento Catarinense para Excelência - MCE award (Movement Towards Excellence for the State of Santa Catarina). The Company was the first entity in the State of Santa Catarina to attain this mark in the award in 10 years.

10.2. Environmental Performance Management

The Company is aware of the importance of preserving the environment and, therefore, always seeks sustainable development through clean, low-carbon technologies, thereby reducing environmental impacts. For this reason, the Company operates in accordance with the best practices of environmental management, and is committed, through its environmental policy, to comply with existing legislation, achieve continuous improvement and seek the prevention of pollution.

Several measures are being adopted to minimize the environmental impact of the Company's activities. Among the projects developed in 2014, meriting emphasis is the ISO 14.001:2004 Certification obtained by the Campina da Alegria - SC Packaging Plant (joining the Indaiatuba - SP Packaging Plant which obtained the certification in 2013), which demonstrates the Company's commitment to environmental issues and practices focused on sustainability, in addition to consolidating the organization's credibility with the stakeholders. Every year, the Company realizes the verification of its Greenhouse Gases (GHG) Emissions Inventory by a certifying entity, according to the NBR ISO 14064 standard. During the period from 2006 to 2014, it was verified that IRANI is a carbon-neutral company, that is, the Company's level of GHG removed from the atmosphere is higher than that emitted.

In 2014, as an important component of our management system, we assured the maintenance of the quality and environmental systems throughout our units. We also advanced in obtaining certifications, such as: (i) the Forest Stewardship Council (FSC) Chain of Custody Certification for the Santa Luzia - MG Paper Plant; (ii) the Certification of the Forest Management Chain and the Chain of Custody for the Balneário Pinhal - RS Resin Plant.

The Company implemented a pioneering and innovative project regarding the recycling of cardboard scrap, transforming it into a new by-product, mixed plastic scrap. This raw material is then utilized by the plastic industry to build posts, tiles and sheets with recycled plastic, creating a new production chain with an environmental benefit, thereby avoiding the disposal of residues in landfills.

The environmental management evolution also generated an analysis regarding a product's life cycle, where 19 environmental impact categories were identified. As from these results, the Company established its action plans to reduce these impacts in its paper and packaging production processes.

In addition to investing in technologies to preserve the environment, IRANI, with the objective of educating employees and residents in nearby towns, supports and fosters projects aiming at environmental education, seeking to strengthen the concept and practice of sustainable development.

11. SOCIAL PERFORMANCE INDICATORS

11.1. People Development

IRANI closed 2014 with 2,490 employees. It seeks to achieve excellence through participative management and investment in programs, actions and benefits that offer, in a pleasant work environment, conditions for the personal and professional development of its employees. During 2014, the Company invested R$ 17,550 thousand in benefits related to meals, transportation, life insurance and healthcare plans, R$ 929 thousand in training and personal development and R$ 4,061 thousand in the employees' profit sharing program (PPR).

The Company maintains five structural programs, aligned with its Mission and Vision and focused on people development: GERA (Create), CRESCE (Grow), CUIDA (Care), MOTIVA (Motivate) and SUPERA (Overcome).

The CREATE Program focus on the attraction, engagement and monitoring of our professionals during their journey, encouraging their development through attraction, integration and monitoring programs. The GROW Program focuses on opportunities for professional training and development for the improvement of the technical skills and behavior of the employees. The CARE Program establishes an integrated model of health and occupational safety management with the objective of determining rules and practices for the execution of work, through specific studies carried out on matters applicable to the Company's business, in order to reduce and eliminate work accidents in the manufacture processes of the plants. The MOTIVATE Program groups the actions that ensure a good organizational climate in a stimulating and motivating work environment as a way of encouraging shared responsibility between employees and the Company. The OVERCOME Program deals with a style of people management based on competences and results which help and amplify the classification of the standards of quality of the performance of each employee.

11.2. Society

The Company incentivates the development of the surrounding communities through social investments and participating in locations where IRANI operates. Through partnerships or a direct incentive, it supports and/or develops projects in areas such as citizenship, education, culture, sports and environment, all based on the Company's Social Responsibility Policy. The main social projects supported by the Company in 2014 were as follows:

- Partnership with Junior Achievement in the States of Santa Catarina, São Paulo, Rio Grande do Sul and Minas Gerais for incentivating corporate volunteering spirit and young entrepreneurship;
- SESI Atleta do Futuro (Future Athlete) Program, in partnership with the Social Service for Industry (SESI) and the municipalities of Vargem Bonita (SC), Irani (SC), Ponte Serrada (SC), Indaiatuba (SP) and Santa Luzia (MG), which focuses on the development of the citizenship of children and adolescents through sports;
- Centers for the introduction to volleyball supported by a partnership with the Volleyball Association of Joaçaba (AJOV) in Joaçaba and in Vargem Bonita (SC);
- Partnership with the ÁGUIAS and ARAD teams encouraging the adapted sports for disabled people in the surroundings;
- Environmental Protectors Project realized in Ponte Serrada (SC), under the supervision of the Environmental Military Police of Concórdia (SC);
- Broto do Galho, a project that started in 2008 through a partnership with the Municipality of Vargem Bonita (SC) to encourage the generation of income by Campina da Alegria residents through the production and sale of handicrafts from the industrial residues;
- Aluno Destaque (Highlight Student) Project, started in 2013, offering pedagogical support for the top five students of the Basic Education School (EEB) Galeazzo Paganelli, in Campina da Alegria (Santa Catarina), with the purpose of encouraging them to continue with their studies with excellence.

12. AUDIT SERVICES

In conformity with CVM Instruction 381/03, we inform that the Company and its subsidiaries have adopted as a formal procedure to consult with its independent auditors, PricewaterhouseCoopers Auditores Independentes, to ensure that the rendering of other services will not affect their independence and objectivity necessary to realize the independent audit services. In this regard, PricewaterhouseCoopers

issues every year a statement of independence under the terms of NBC TA 260 of the Federal Accounting Council, in which they declare that, in conformity with the provisions of the independence rules adopted by the Brazilian Securities Commission, there is no relationship between PricewaterhouseCoopers, its associates and affiliates and the Company that could affect its independence. This declaration is submitted to the Board of Directors of Celulose Irani S.A. The policy of the Company and its subsidiaries in the contracting of independent auditor services ensures that there is no conflict of interest, loss of independence or objectivity.

During 2014, PricewaterhouseCoopers provided, in addition to the audit service and review of the translation into English of the financial statements, complementary audit services, as follows:

	R$ thousand	**%**
Audit of the 2014 Financial Statements - Celulose Irani S.A. and subsidiaries	**595**	**51%**
Other services:		
Review of the PIS and COFINS calculation basis in 2014.	**453**	**39%**
Review of controls as related to the e-social obligation	**53**	**5%**
Review of the consistency of the criteria of the tax assessment notice	**55**	**5%**
Total	**1,156**	**100%**

All the services contracted refer to 2014 and there are no services to be provided with reference to future years.

13. PERSPECTIVES

The year 2015 began as a challenging period for business in Brazil. Regarding the foreign scenario, the United States of America is normalizing its economic activities after the crisis in 2008, whereas Europe is still striving to resume growth and China is in the process of a gradually slowing down.

The expectations in Brazil are for more significant impacts arising from the increase in interest rates in the USA and from a less intense Chinese activity. There is a trend regarding the strengthening of the U.S. dollar against the Brazilian real, which could stimulate exports. On the other hand, there are important challenges yet to be overcome, in relation to the persistent high inflation rate, the risk of energy and water rationing and the quality of the government accounts. We believe that the country becoming more mature, since the currency stabilization, will lead it to overcome the difficulties expected for 2015, and that a more moderate economic activity in 2015 will serve as a foundation for resuming a vigorous growth as from 2016.

ACKNOWLEDGEMENTS

We thank each of our employees for their efforts during this year, our stockholders for their trust in us, and our customers, our suppliers, the financial institutions and surrounding communities for their support and encouragement, indispensable for the growth and development of Celulose Irani S.A. during 2014.

Porto Alegre, February 2015.

The Board of Directors

To the Stockholders
CELULOSE IRANI S.A.

Proposal for capital budget

In accordance with Article 196 of Law 6,404/76, with the wording provided by Law 10,303 of October 31, 2001, the management of Celulose Irani S.A. ("Company") presents this proposal for the Capital Budget.

The proposal for the allocation of the profit attributable to the Company's stockholders in the year ended December 31, 2014, presented in the financial statements, is that, after the adjustments required by Arts. 193 and 202 of Law 6,404/76, profits amounting to **R$ 47,002** thousand will be retained and allocated to the Profit Retention Reserve, designated for the Company's Investment Plan.

The 2015 Capital Budget, approved by the Board of Directors at the meeting held on December 9, 2014, totals R$ **53,260** thousand, in addition to R$ 21,213 thousand necessary for working capital, distributed as follows:

2015 Capital Budget

In thousands of R$	**Current**	**Strategic**	**Total**
PO Packaging Division	-	13,260	13,260
Allocated amounts for current investments	40,000	-	40,000
Total investments in 2015	**40,000**	**13,260**	**53,260**
Requirement for working capital	21,213	-	21,213

These investments will be realized with the Company's own resources (generated by the operating activities during the year) and with third-party resources.

Table summarizing sources and uses

In R$ thousand	Current	%	Strategic	%	Total	%
Borrowed funds	-	-	6,240	47.1%	6,240	11.7%
Own funds	40,000	100%	7,020	52.9%	47,020	88.3%
Total	40,000	100%	13,260	100%	53,260	100%

This is the proposal and Management is at the disposal of the Stockholders for any additional clarifications that may be necessary.

Porto Alegre, February 27, 2015

Board of Directors

DECLARATION OF EXECUTIVE DIRECTORS

For the purposes of Article 25 of CVM Instruction 480/09

As the Executive Directors of Celulose Irani S.A., a corporation headquartered at Rua General João Manoel, 157, 9th floor, room 903, in the city of Porto Alegre, State of Rio Grande do Sul, enrolled in the National Corporate Taxpayers' Registry (CNPJ/MF) under No. 92.791.243/0001-03, **WE DECLARE** under the terms of paragraph 1 of Article 25 of CVM Instruction 480, of December 7, 2009, that: (i) we have reviewed, discussed and agreed with the opinion expressed in the report of the independent auditors of the Company referring to the financial statements for the year ended December 31, 2014, and (ii) we have reviewed, discussed and agreed with the Company's financial statements for the year ended December 31, 2014.

Porto Alegre, February 27, 2015

Péricles Pereira Druck - Chief Executive Officer

Odivan Carlos Cargnin - Administrative, Finance and Investor Relations Director

Sérgio Luiz Cotrim Ribas – Director of Paper and Packaging Business

Túlio César Reis Gomes – Director of Forest Business