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Celulose Irani S.A.

Quarterly information (ITR)
at September 30, 2013
and report on review of
quarterly information

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Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Celulose Irani S.A., included in the Quarterly Information (ITR) Form for the quarter ended September 30, 2013, comprising the balance sheet as at September 30, 2013 and the statements of operations and comprehensive income (loss) for the quarter and nine-month period then ended, and the changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Celulose Irani S.A.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statement of value added

We have also reviewed the parent company and consolidated statements of value added for the nine-month period ended September 30, 2013. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under the International Financial Reporting Standards (IFRS), which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Porto Alegre, October 31, 2013

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

Carlos Biedermann
Contador CRC 1RS029321/O-4

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1. General information

Corporate name	CELULOSE IRANI SA
Date of adoption of the corporate name	
Type	Publicly-held corporation
Previous corporate name	
Date of establishment	6/6/1941
Federal Corporate Taxpayers' Registration Number (CNPJ)	92.791.243/0001-03
Brazilian Securities Commission (CVM) code	242-9
CVM registration date	7/20/1977
CVM registration status	Active
Date of effectiveness of status	7/20/1977
Home country	Brazil
Country in which the securities are held in custody	Brazil

Other countries in which the securities can be traded

Country	Date of admission

Activity sector	Pulp and Paper
Description of activities	Manufacture of packaging paper, corrugated cardboard packaging and resins.
Issuer category	Category A
Date of registration in the current category	1/1/2010
Issuer status	Operating phase
Date of effectiveness of status	7/20/1977
Type of ownership control	Private
Date of last change in ownership control	7/20/1977
Date of last change of the fiscal year	
Month/day of the end of the fiscal year	12/31
Issuer's website on the Internet	www.irani.com.br

Newspapers in which the issuer discloses its information

Name of newspapers in which the issuer discloses its information	State
Diário Oficial do Estado (State Official Gazette)	RS
Jornal do Comércio	RS
Valor Econômico	SP

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2. Address

Headquarters' address	Rua General João Manoel, 157, 9o. andar, Centro, Porto Alegre, RS, Brasil, CEP 90010-030, Telephone (51) 32203542, Fax (51) 32203757, E-mail ri@irani.com.br
Mail address	Rua Francisco Lindner, 477, Térreo, Centro, Joaçaba, SC, Brasil, CEP 89600-000, Telephone (49) 35275194, Fax (49) 35275185, E-mail ri@irani.com.br

3. Securities

Shares

Market	Managing entity	Trading		Trading segment	Listing	
		Beginning	End		Beginning	End
Stock exchange	BM&FBOVESPA	7/20/1977		Traditional	7/20/1977	

Debentures

Market	Managing entity	Trading		Trading segment	Listing	
		Beginning	End		Beginning	End
Organized OTC market	CETIP	3/19/2010		Traditional	4/12/2010	

4. Auditor

Does the Issuer have an auditor?	YES
CVM code	287-9
Type of auditor	Brazilian Firm
Name/Corporate name	PricewaterhouseCoopers Auditores Independentes
Individual Taxpayers' Registration Number (CPF)/ Federal Corporate Taxpayers' Registration Number (CNPJ)	61.562.112/0006-35
Period of services	1/1/2012

Partner responsible	Period of services	CPF
Carlos Biedermann	1/1/2012	220.349.270-87

5. Share Registrar

Does the Company have a service provider?	YES
Corporate name	Itaú Corretora da Valores S.A.
CNPJ	61.194.353/0001-64
Period of services	5/4/1995
Service address	Av. Eng. Armando Arruda Pereira, 707, 100. andar, Centro, São Paulo, SP, Brasil, CEP 04344-902, Telephone (11) 50291809, Fax (11) 50291917

6. Investor Relations Officer or Equivalent

Name	Odivan Carlos Cargnin Investor Relations Officer
CPF/CNPJ	767.695.189-53
Mail address	Rua General João Manoel, 157, 10°. andar, Centro, Porto Alegre, RS, Brasil, CEP 90010-030, Telephone (51) 32203542, Fax (51) 32203757, E-mail ri@irani.com.br
Date when the person assumed the position	12/8/2006
Date when the person left the position	

7. Stockholders' Department

CONTACT	**Adriana Wagner**
Date when the person assumed the position	**1/1/2010**
Date when the person left the position	
Mail address	Rua Francisco Lindner, 477, Térreo, Centro, Joaçaba, SC, Brasil, CEP 89600-000, Telephone (49) 35275194, Fax (49) 35275185, E-mail adrianawagner@irani.com.br

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Company information / Capital composition

Number of shares (In thousands)	Current quarter 9/30/2013
Paid-up capital	
Common shares	149,280
Preferred shares	12,810
Total	162,090
Treasury shares	
Common shares	24
Preferred shares	2,352
Total	2,376

Company information / Dividends

Event	Date approved	Description	Initial date of payment	Type of share	Class of share	Amount per share (Reais/share)
Board of Directors' Meeting	1/24/2013	Dividend	1/24/2013	Common		0.09022
Board of Directors' Meeting	1/24/2013	Dividend	1/24/2013	Preferred		0.09022
General and Extraordinary Meeting of Stockholders	4/29/2013	Dividend	4/29/2013	Common		0.06190
General and Extraordinary Meeting of Stockholders	4/29/2013	Dividend	4/29/2013	Preferred		0.06190

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Parent company financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 9/30/2013	Prior year 12/31/2012
1	Total assets	1,265,475	1,230,245
1.01	Current assets	268,129	249,530
1.01.01	Cash and cash equivalents	60,876	95,051
1.01.02	Financial investments	1,424	931
1.01.03	Accounts receivable	138,040	99,092
1.01.03.01	Customers	116,812	93,785
1.01.03.02	Other receivables	21,228	5,307
1.01.03.02.01	Dividends receivables	21,228	5,307
1.01.04	Inventories	53,785	38,064
1.01.06	Taxes recoverable	4,367	4,083
1.01.08	Other current assets	9,637	12,309
1.02	Non-current assets	997,346	980,715
1.02.01	Long-term receivables	159,453	171,611
1.02.01.05	Biological assets	148,297	159,912
1.02.01.08	Receivables from related parties	1,006	1,553
1.02.01.09	Other non-current assets	10,150	10,146
1.02.01.09.03	Taxes recoverable	2,977	2,766
1.02.01.09.04	Judicial deposits	600	574
1.02.01.09.05	Other assets	6,573	6,806
1.02.02	Investments	282,507	270,809
1.02.02.01	Equity interests	282,507	270,809
1.02.02.01.02	Interests in subsidiaries	282,507	270,809
1.02.03	Property, plant and equipment	554,398	537,075
1.02.03.01	Property, plant and equipment in service	554,398	537,075
1.02.04	Intangible assets	988	1,220

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Parent company financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 9/30/2013	Prior year 12/31/2012
2	Total liabilities and equity	1,265,475	1,230,245
2.01	Current liabilities	248,555	225,875
2.01.01	Social and labor obligations	22,002	23,369
2.01.01.01	Social obligations	22,002	23,369
2.01.01.01.01	Social security obligations	22,002	23,369
2.01.02	Trade payables	77,561	60,155
2.01.03	Tax obligations	15,738	11,170
2.01.03.01	Federal taxes payable	12,616	7,444
2.01.03.01.02	Taxes payable in installments	3,249	3,097
2.01.03.01.03	Other federal taxes	9,367	4,347
2.01.03.02	State taxes payable	3,038	3,667
2.01.03.02.01	Taxes payable in installments	1,868	1,988
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	1,170	1,679
2.01.03.03	Municipal taxes payable	84	59
2.01.03.03.01	Services Tax (ISS) payable	84	59
2.01.04	Borrowings	124,214	109,398
2.01.04.01	Borrowings	82,334	70,372
2.01.04.02	Debentures	41,880	39,026
2.01.05	Other obligations	9,040	21,783
2.01.05.02	Other	9,040	21,783
2.01.05.02.01	Dividends and interest on capital payable	258	9,957
2.01.05.02.04	Other payables	8,001	10,871
2.01.05.02.05	Advances from customers	781	955
2.02	Non-current liabilities	556,697	550,371
2.02.01	Borrowings	356,896	340,702
2.02.01.01	Borrowings	245,845	208,990
2.02.01.02	Debentures	111,051	131,712
2.02.02	Other obligations	18,718	22,250
2.02.02.02	Other	18,718	22,250
2.02.02.02.03	Taxes payable in installments	2,521	6,245
2.02.02.02.04	Tax obligations	16,197	16,005
2.02.03	Deferred taxes	146,513	149,684
2.02.03.01	Deferred income tax and social contribution	146,513	149,684
2.02.04	Provisions	34,570	37,735
2.02.04.01	Tax, social security, labor and civil provisions	34,570	37,735
2.02.04.01.05	Provision for civil, labor and tax risks	34,570	37,735
2.03	Equity	460,223	453,999
2.03.01	Capital	103,976	103,976
2.03.02	Capital reserves	813	377
2.03.04	Revenue reserves	125,642	106,405
2.03.06	Carrying value adjustments	229,792	243,241

Parent company financial statements / statement of operations

(All amounts in thousands of reais)

Code	Description	Current quarter 7/1/2013 to 9/30/2013	Accumulated - current year 1/1/2013 to 9/30/2013	Same quarter of prior year 7/1/2012 to 9/30/2012	Accumulated - prior year 1/1/2012 to 9/30/2012
3.01	Revenue from sale of goods and/or services	150,740	411,302	117,532	341,085
3.02	Cost of sales and/or services	-110,984	-305,064	-89,525	-254,057
3.02.01	Changes in the fair value of biological assets	0	-468	0	3,873
3.02.02	Cost of products sold	-110,984	-304,596	-89,525	-257,930
3.03	Gross profit	39,756	106,238	28,007	87,028
3.04	Operating expenses	-17,688	-43,214	-20,276	-56,357
3.04.01	Selling expenses	-12,902	-37,448	-11,123	-31,539
3.04.02	General and administrative expenses	-10,280	-29,533	-9,632	-28,432
3.04.04	Other operating income	798	2,086	731	1,527
3.04.05	Other operating expenses	-290	-1,761	-4,255	-5,011
3.04.06	Equity in results of subsidiaries	4,986	23,442	4,003	7,098
3.05	Profit before finance result and taxes	22,068	63,024	7,731	30,671
3.06	Finance result	-13,625	-38,242	-11,268	-40,711
3.06.01	Finance income	4,739	12,070	2,025	16,860
3.06.02	Finance costs	-18,364	-50,312	-13,293	-57,571
3.07	Profit (loss) before taxes on income	8,443	24,782	-3,537	-10,040
3.08	Income tax and social contribution	-1,385	-198	2,605	6,659
3.08.02	Deferred	-1,385	-198	2,605	6,659
3.09	Profit (loss) from continuing operations	7,058	24,584	-932	-3,381
3.10	Profit from discontinued operations	0	0	245	460
3.11	Profit (loss) for the period	7,058	24,584	-687	-2,921
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0.04420	0.15390	-0.00580	-0.02120
3.99.01.02	Preferred shares	0.04420	0.15390	-0.00580	-0.02120

Parent company financial statements / statement of comprehensive income (loss)

(All amounts in thousands of reais)

Code	Description	Current quarter 7/1/2013 to 9/30/2013	Accumulated - current year 1/1/2013 to 9/30/2013	Same quarter of prior year 7/1/2012 to 9/30/2012	Accumulated - prior year 1/1/2012 to 9/30/2012
4.01	Profit (loss) for the period	7,058	24,584	-687	-2,921
4.02	Other comprehensive loss	-12,667	-12,667	-5,658	-5,658
4.02.01	Cash flow hedge	-19,192	-19,192	-8,573	-8,573
4.02.02	Income tax and social contribution - cash flow hedge	6,525	6,525	2,915	2,915
4.03	Comprehensive income (loss) for the period	-5,609	11,917	-6,345	-8,579

Parent company financial statements / statement of cash flows - indirect method

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2013 to 9/30/2013	Accumulated - prior year 1/1/2012 to 9/30/2012
6.01	Net cash provided by operating activities	22,917	39,687
6.01.01	Cash from operations	69,134	52,954
6.01.01.01	Profit (loss) before income tax and social contribution	24,782	-9,580
6.01.01.02	Changes in the fair value of biological assets	468	-3,873
6.01.01.03	Depreciation, amortization and depletion	23,221	30,202
6.01.01.05	Result on sale of permanent assets	120	-240
6.01.01.06	Equity in results of subsidiaries	-23,442	-7,098
6.01.01.07	Provision for civil, labor and tax risks	-3,119	-2,615
6.01.01.08	Provision for impairment of trade receivables	370	254
6.01.01.10	Equity in results of discontinued operations	0	-460
6.01.01.11	Share-based payment	436	230
6.01.01.12	Monetary variations and charges	53,107	50,848
6.01.01.13	Government grants	-271	944
6.01.01.14	Unrealized hedge result, net of taxes	-6,538	-5,658
6.01.02	Changes in assets and liabilities	-46,217	-13,267
6.01.02.01	Accounts receivable	-23,397	-308
6.01.02.02	Inventories	-15,721	1,922
6.01.02.03	Taxes recoverable	-495	6,131
6.01.02.04	Other assets	2,933	5,205
6.01.02.05	Dividends received	9,082	2,705
6.01.02.06	Trade payables	18,199	3,409
6.01.02.07	Social security obligations	-1,367	3,564
6.01.02.08	Advances from customers	-174	355
6.01.02.09	Tax obligations	-2,062	155
6.01.02.10	Payment of interest on borrowings	-23,404	-21,947
6.01.02.11	Payment of interest on debentures	-6,906	-11,858
6.01.02.12	Other payables	-2,905	-2,600
6.02	Net cash used in investing activities	-43,348	-27,590
6.02.01	Purchase of property, plant and equipment	-43,692	-24,670
6.02.03	Proceeds from disposal of assets	352	621
6.02.04	Loans with related individuals	0	-1,530
6.02.06	Capital contribution	-8	-2,011
6.03	Net cash used in financing activities	-13,744	-43,305
6.03.01	Payment of dividends	-23,965	-19,704
6.03.03	Debentures paid	-25,000	0
6.03.04	New borrowings	116,203	75,953
6.03.05	Repayment of borrowings	-82,990	-92,750
6.03.06	Treasury shares	2,008	-6,804
6.05	Decrease in cash and cash equivalents	-34,175	-31,208
6.05.01	Cash and cash equivalents at the beginning of the period	95,051	72,496
6.05.02	Cash and cash equivalents at the end of the period	60,876	41,288

Parent company financial statements / statement of changes in equity - 1/1/2013 to 9/30/2013

(All amounts in thousands of reais)

Code	Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income (loss)	Equity
5.01	Opening balances	103,976	377	106,405	0	243,241	453,999
5.03	Adjusted opening balances	103,976	377	106,405	0	243,241	453,999
5.04	Capital transactions with owners	0	436	-12,258	0	0	-11,822
5.04.05	Treasury shares sold	0	0	2,008	0	0	2,008
5.04.06	Dividends	0	0	-14,266	0	0	-14,266
5.04.08	Share-based payment	0	436	0	0	0	436
5.05	Total comprehensive income (loss)	0	0	0	31,495	-13,449	18,046
5.05.01	Profit for the period	0	0	0	24,584	0	24,584
5.05.02	Other comprehensive income (loss)	0	0	0	6,911	-13,449	-6,538
5.05.02.06	Realization of deemed cost	0	0	0	6,275	-6,275	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	636	-636	0
5.05.02.08	Cash flow hedge	0	0	0	0	-6,538	-6,538
5.06	Internal changes in equity	0	0	-3,517	3,517	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-2,436	2,436	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,081	1,081	0	0
5.07	Closing balances	103,976	813	90,630	35,012	229,792	460,223

Parent company financial statements / statement of changes in equity - 1/1/2012 to 9/30/2012

(All amounts in thousands of reais)

Code	Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income (loss)	Equity
5.01	Opening balances	63,381	0	142,302	0	258,547	464,230
5.03	Adjusted opening balances	63,381	0	142,302	0	258,547	464,230
5.04	Capital transactions with owners	40,595	297	-47,399	0	0	-6,507
5.04.01	Capital increases	40,595	0	-40,595	0	0	0
5.04.05	Treasury shares sold	0	0	-6,804	0	0	-6,804
5.04.08	Share-based payment	0	297	0	0	0	297
5.05	Total comprehensive income (loss)	0	0	0	2,538	-10,103	-7,565
5.05.01	Loss for the period	0	0	0	-2,234	0	-2,234
5.05.02	Other comprehensive income (loss)	0	0	0	4,772	-10,103	-5,331
5.05.02.06	Realization of deemed cost	0	0	0	3,932	-3,932	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	840	-840	0
5.05.02.08	Cash flow hedge	0	0	0	0	-5,331	-5,331
5.06	Internal changes in equity	0	0	-2,030	2,030	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-519	519	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,511	1,511	0	0
5.07	Closing balances	103,976	297	92,873	4,568	248,444	450,158

Parent company financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2013 to 9/30/2013	Accumulated - prior year 1/1/2012 to 9/30/2012
7.01	Revenues	535,480	442,610
7.01.01	Sale of goods, products and services	533,764	441,337
7.01.02	Other income	2,086	1,527
7.01.04	Changes in provision for impairment of trade receivables	-370	-254
7.02	Inputs purchased from third parties	-326,900	-251,938
7.02.01	Cost of products and services	-300,487	-233,609
7.02.02	Materials, electric power, outsourced services and other	-26,413	-18,329
7.03	Gross value added	208,580	190,672
7.04	Retentions	-22,753	-34,075
7.04.01	Depreciation, amortization and depletion	-23,221	-30,202
7.04.02	Other	468	-3,873
7.04.02.01	Changes in the fair value of biological assets	468	-3,873
7.05	Net value added generated	185,827	156,597
7.06	Value added received through transfer	35,512	24,418
7.06.01	Equity in results of subsidiaries	23,442	7,558
7.06.02	Finance income	12,070	16,860
7.07	Total value added to be distributed	221,339	181,015
7.08	Value added distributed	221,339	181,015
7.08.01	Personnel	75,328	61,616
7.08.01.01	Direct remuneration	61,839	50,862
7.08.01.02	Benefits	10,150	8,031
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	3,339	2,723
7.08.02	Taxes payable	48,222	45,339
7.08.02.01	Federal	34,583	26,523
7.08.02.02	State	13,254	18,398
7.08.02.03	Municipal	385	418
7.08.03	Remuneration of third-party capital	73,205	76,981
7.08.03.01	Interest	50,312	57,511
7.08.03.02	Rentals	22,893	19,410
7.08.03.03	Other	0	60
7.08.04	Remuneration of own capital	24,584	-2,921
7.08.04.03	Profits reinvested/loss for period	24,584	-2,921

(A free translation of the original in Portuguese)

Consolidated financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 9/30/2013	Prior year 12/31/2012
1	Total assets	1,226,142	1,208,090
1.01	Current assets	255,600	249,672
1.01.01	Cash and cash equivalents	63,962	96,922
1.01.02	Financial investments	1,424	931
1.01.03	Accounts receivable	121,403	96,781
1.01.03.01	Customers	121,403	96,781
1.01.04	Inventories	53,837	38,110
1.01.06	Taxes recoverable	4,367	4,083
1.01.08	Other current assets	10,607	12,845
1.02	Non-current assets	970,542	958,418
1.02.01	Long-term receivables	273,276	277,461
1.02.01.05	Biological assets	260,781	263,292
1.02.01.08	Receivables from related parties	1,006	1,553
1.02.01.08.04	Receivables from other related parties	1,006	1,553
1.02.01.09	Other non-current assets	11,489	12,616
1.02.01.09.03	Taxes recoverable	2,977	2,766
1.02.01.09.04	Judicial deposits	666	632
1.02.01.09.05	Other assets	7,846	9,218
1.02.03	Property, plant and equipment	696,275	679,734
1.02.03.01	Property, plant and equipment in service	696,275	679,734
1.02.04	Intangible assets	991	1,223

Consolidated financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 9/30/2013	Prior year 12/31/2012
2	Total liabilities and equity	1,226,142	1,208,090
2.01	Current liabilities	227,668	219,882
2.01.01	Social and labor obligations	22,395	23,657
2.01.01.01	Social obligations	22,395	23,657
2.01.01.01.01	Social security obligations	22,395	23,657
2.01.02	Trade payables	53,239	43,747
2.01.03	Tax obligations	17,266	12,810
2.01.03.01	Federal taxes payable	14,100	9,050
2.01.03.01.02	Taxes payable in installments	3,366	3,247
2.01.03.01.03	Other federal taxes	10,734	5,803
2.01.03.02	State taxes payable	3,057	3,675
2.01.03.02.01	Taxes payable in installments	1,868	1,988
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	1,189	1,687
2.01.03.03	Municipal taxes payable	109	85
2.01.03.03.01	Services Tax (ISS) payable	109	85
2.01.04	Borrowings	124,228	118,251
2.01.04.01	Borrowings	82,348	79,225
2.01.04.02	Debentures	41,880	39,026
2.01.05	Other obligations	10,540	21,417
2.01.05.02	Other	10,540	21,417
2.01.05.02.01	Dividends and interest on capital payable	259	9,957
2.01.05.02.04	Other payables	1,261	975
2.01.05.02.05	Advances from customers	9,020	10,485
2.02	Non-current liabilities	538,243	534,203
2.02.01	Borrowings	302,855	289,979
2.02.01.01	Borrowings	245,845	209,001
2.02.01.02	Debentures	57,010	80,978
2.02.02	Other obligations	18,784	22,384
2.02.02.02	Other	18,784	22,384
2.02.02.02.03	Taxes payable in installments	2,587	6,379
2.02.02.02.04	Other taxes payable	16,197	16,005
2.02.03	Deferred taxes	181,893	183,803
2.02.03.01	Deferred income tax and social contribution	181,893	183,803
2.02.04	Provisions	34,711	38,037
2.02.04.01	Tax, social security, labor and civil provisions	34,711	38,037
2.02.04.01.05	Provision for civil, labor and tax risks	34,711	38,037
2.03	Consolidated equity	460,231	454,005
2.03.01	Capital	103,976	103,976
2.03.02	Capital reserves	813	377
2.03.04	Revenue reserves	125,642	106,405
2.03.06	Carrying value adjustments	229,792	243,241
2.03.09	Non-controlling interests	8	6

Consolidated financial statements / statement of operations

(All amounts in thousands of reais)

Code	Description	Current quarter 7/1/2013 to 9/30/2013	Accumulated - current year 1/1/2013 to 9/30/2013	Same quarter of prior year 7/1/2012 to 9/30/2012	Accumulated - prior year 1/1/2012 to 9/30/2012
3.01	Revenue from sale of goods and/or services	155,240	423,654	121,830	354,234
3.02	Cost of sales and/or services	-110,736	-293,139	-89,331	-259,231
3.02.01	Changes in the fair value of biological assets	0	9,090	0	-2,260
3.02.02	Cost of products sold	-110,736	-302,229	-89,331	-256,971
3.03	Gross profit	44,504	130,515	32,499	95,003
3.04	Operating expenses	-22,504	-66,858	-24,691	-64,501
3.04.01	Selling expenses	-12,733	-36,954	-11,012	-31,146
3.04.02	General and administrative expenses	-10,728	-30,782	-10,163	-29,679
3.04.04	Other operating income	1,247	2,828	739	2,015
3.04.05	Other operating expenses	-290	-1,950	-4,255	-5,691
3.05	Profit before finance result and taxes	22,000	63,657	7,808	30,502
3.06	Finance result	-12,957	-36,925	-10,818	-39,227
3.06.01	Finance income	4,789	12,180	2,070	16,988
3.06.02	Finance costs	-17,746	-49,105	-12,888	-56,215
3.07	Profit (loss) before taxes on income	9,043	26,732	-3,010	-8,725
3.08	Income tax and social contribution	-1,985	-2,147	2,078	5,343
3.08.01	Current	-262	-688	-187	-698
3.08.02	Deferred	-1,723	-1,459	2,265	6,041
3.09	Profit (loss) from continuing operations	7,058	24,585	-932	-3,382
3.10	Profit from discontinued operations	0	0	245	460
3.11	Consolidated profit (loss) for the period	7,058	24,585	-687	-2,922
3.11.01	Attributable to the owners of the Parent company	7,058	24,584	-687	-2,921
3.11.02	Attributable to non-controlling interests	0	1	0	-1
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0.04420	0.15390	-0.00580	-0.02120
3.99.01.02	Preferred shares	0.04420	0.15390	-0.00580	-0.02120

Consolidated financial statements / statement of comprehensive income (loss)

(All amounts in thousands of reais)

Code	Description	Current quarter 7/1/2013 to 9/30/2013	Accumulated - current year 1/1/2013 to 9/30/2013	Same quarter of prior year 7/1/2012 to 9/30/2012	Accumulated - prior year 1/1/2012 to 9/30/2012
4.01	Consolidated profit (loss) for the period	7,058	24,585	-687	-2,922
4.02	Other comprehensive loss	-12,667	-12,667	-5,658	-5,658
4.02.01	Cash flow hedge	-19,192	-19,192	-8,573	-8,573
4.02.02	Income tax and social contribution - cash flow hedge	6,525	6,525	2,915	2,915
4.03	Consolidated comprehensive income (loss) for the period	-5,609	11,918	-6,345	-8,580
4.03.01	Attributable to the owners of the Company	-5,609	11,917	-6,345	-8,579
4.03.02	Attributable to non-controlling interests	0	1	0	-1

Consolidated financial statements / statement of cash flows - indirect method

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2013 to 9/30/2013	Accumulated - prior year 1/1/2012 to 9/30/2012
6.01	Net cash provided by operating activities	35,547	50,205
6.01.01	Cash from operations	102,166	79,486
6.01.01.01	Profit (loss) before income tax and social contribution	26,732	-8,132
6.01.01.02	Changes in the fair value of biological assets	-9,090	2,260
6.01.01.03	Depreciation, amortization and depletion	39,824	42,397
6.01.01.05	Result on sale of permanent assets	23	310
6.01.01.06	Share-based payments	436	297
6.01.01.07	Provision for civil, labor and tax risks	-3,263	-2,633
6.01.01.08	Provision for impairment of trade receivables	370	231
6.01.01.10	Non-controlling interests	1	1
6.01.01.12	Monetary variations and charges	53,942	49,469
6.01.01.13	Government grants	-271	944
6.01.01.14	Unrealized hedge result, net of taxes	-6,538	-5,658
6.01.02	Changes in assets and liabilities	-66,619	-29,281
6.01.02.01	Accounts receivable	-24,992	-12,097
6.01.02.02	Inventories	-15,727	2,248
6.01.02.03	Taxes recoverable	-495	6,144
6.01.02.04	Other assets	3,630	6,691
6.01.02.06	Trade payables	8,776	1,496
6.01.02.07	Social security obligations	-1,262	3,780
6.01.02.08	Advances from customers	286	125
6.01.02.09	Taxes payable	-2,930	-552
6.01.02.10	Payment of interest on borrowings	-25,482	-21,960
6.01.02.11	Payment of interest on debentures	-6,906	-11,858
6.01.02.12	Other payables	-1,517	-3,298
6.02	Net cash used in investing activities	-43,849	-25,734
6.02.01	Purchase of property, plant and equipment	-44,479	-26,296
6.02.03	Proceeds from disposal of assets	630	642
6.02.04	Loans with related individuals	0	-80
6.03	Net cash used in financing activities	-24,658	-55,564
6.03.01	Payment of dividends	-23,965	-19,704
6.03.03	Debentures paid	-25,000	0
6.03.04	Real Estate Credit Note (CRI)	-10,914	-12,279
6.03.05	New borrowings	116,203	76,523
6.03.06	Repayment of borrowings	-82,990	-93,300
6.03.07	Treasury shares	2,008	-6,804
6.05	Decrease in cash and cash equivalents	-32,960	-31,093
6.05.01	Cash and cash equivalents at the beginning of the period	96,922	74,722
6.05.02	Cash and cash equivalents at the end of the period	63,962	43,629

Consolidated financial statements / statement of changes in equity - 1/1/2013 to 9/30/2013

(All amounts in thousands of reais)

Code	Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income (loss)	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	103,976	377	106,405	0	243,241	453,999	6	454,005
5.03	Adjusted opening balances	103,976	377	106,405	0	243,241	453,999	6	454,005
5.04	Capital transactions with owners	0	436	-12,258	0	0	-11,822	0	-11,822
5.04.05	Treasury shares sold	0	0	2,008	0	0	2,008	0	2,008
5.04.06	Dividends	0	0	-14,266	0	0	-14,266	0	-14,266
5.04.08	Share-based payment	0	436	0	0	0	436	0	436
5.05	Total comprehensive income (loss)	0	0	0	31,495	-13,449	18,046	2	18,048
5.05.01	Profit for the period	0	0	0	24,584	0	24,584	2	24,586
5.05.02	Other comprehensive income (loss)	0	0	0	6,911	-13,449	-6,538	0	-6,538
5.05.02.06	Realization of deemed cost	0	0	0	6,275	-6,275	0	0	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	636	-636	0	0	0
5.05.02.08	Cash flow hedge	0	0	0	0	-6,538	-6,538	0	-6,538
5.06	Internal changes in equity	0	0	-3,517	3,517	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-2,436	2,436	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,081	1,081	0	0	0	0
5.07	Closing balances	103,976	813	90,630	35,012	229,792	460,223	8	460,231

Consolidated financial statements / statement of changes in equity - 1/1/2012 to 9/30/2012

(All amounts in thousands of reais)

Code	Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income (loss)	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	63,381	0	142,302	0	258,547	464,230	20	464,250
5.03	Adjusted opening balances	63,381	0	142,302	0	258,547	464,230	20	464,250
5.04	Capital transactions with owners	40,595	297	-47,399	0	0	-6,507	0	-6,507
5.04.01	Capital increases	40,595	0	-40,595	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	-6,804	0	0	-6,804	0	-6,804
5.04.08	Share-based payments	0	297	0	0	0	297	0	297
5.05	Total comprehensive income (loss)	0	0	0	2,538	-10,103	-7,565	0	-7,565
5.05.01	Loss for the period	0	0	0	-2,234	0	-2,234	0	-2,234
5.05.02	Other comprehensive income (loss)	0	0	0	4,772	-10,103	-5,331	0	-5,331
5.05.02.06	Realization of deemed cost	0	0	0	3,932	-3,932	0	0	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	840	-840	0	0	0
5.05.02.08	Cash flow hedge	0	0	0	0	-5,331	-5,331	0	-5,331
5.06	Internal changes in equity	0	0	-2,030	2,030	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-519	519	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,511	1,511	0	0	0	0
5.07	Closing balances	103,976	297	92,873	4,568	248,444	450,158	20	450,178

(A free translation of the original in Portuguese)

Consolidated financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2013 to 9/30/2013	Accumulated - prior year 1/1/2012 to 9/30/2012
7.01	Revenues	549,521	470,152
7.01.01	Sale of goods, products and services	547,063	468,368
7.01.02	Other income	2,828	2,015
7.01.04	Changes in provision for impairment of trade receivables	-370	-231
7.02	Inputs purchased from third parties	-288,347	-259,361
7.02.01	Cost of products and services	-255,016	-231,138
7.02.02	Materials, electric power, outsourced services and other	-33,331	-28,223
7.03	Gross value added	261,174	210,791
7.04	Retentions	-48,914	-40,137
7.04.01	Depreciation, amortization and depletion	-39,824	-42,397
7.04.02	Other	-9,090	2,260
7.04.02.01	Changes in the fair value of biological assets	-9,090	2,260
7.05	Net value added generated	212,260	170,654
7.06	Value added received through transfer	12,180	17,007
7.06.02	Finance income	12,180	17,007
7.07	Total value added to be distributed	224,440	187,661
7.08	Value added distributed	224,440	187,661
7.08.01	Personnel	77,901	65,017
7.08.01.01	Direct remuneration	63,568	53,385
7.08.01.02	Benefits	10,874	8,763
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	3,459	2,869
7.08.02	Taxes payable	49,954	48,475
7.08.02.01	Federal	36,162	29,025
7.08.02.02	State	13,364	18,938
7.08.02.03	Municipal	428	512
7.08.03	Remuneration of third-party capital	72,000	77,090
7.08.03.01	Interest	49,105	57,533
7.08.03.02	Rentals	22,895	19,497
7.08.03.03	Other	0	60
7.08.04	Remuneration of own capital	24,585	-2,921
7.08.04.03	Profits reinvested/loss for the period	24,584	-2,920
7.08.04.04	Non-controlling interests in profits reinvested	1	-1

Comments on company performance

COMMENTS ON THE COMPANY'S PERFORMANCE FOR 3Q13

The following information refers to the consolidated data. The amounts are presented in accordance with the standards of the Brazilian Securities Commission (CVM), applicable to the preparation of quarterly data, including CVM Instruction 469.

IRANI presents adjusted EBITDA of R$ 36.4 million in 3Q13, 38.9% higher than in 3Q12

CHIEF INDICATORS - CONSOLIDATED

CHIEF INDICATORS - CONSOLIDATED	3Q13	2Q13	3Q12	Variation - 3Q13/2Q13	Variation - 3Q13/3Q12	9M13	9M12	Variation - 9M13/9M12	LTM13 [1]	LTM12 [1]	Variation - LTM13/ LTM12
Economic and financial (R$ thousand)											
Net operating revenue	155,240	144,580	121,830	7.4%	27.4%	423,654	354,234	19.6%	552,868	476,754	16.0%
Domestic market	134,877	124,301	108,559	8.5%	24.2%	364,361	307,202	18.6%	478,461	417,821	14.5%
Export market	20,363	20,279	13,271	0.4%	53.4%	59,293	47,032	26.1%	74,407	58,933	26.3%
Gross profit (including *)	44,504	50,083	32,499	-11.1%	36.9%	130,515	95,003	37.4%	203,475	143,695	41.6%
(*) Change in fair value of biological assets	-	*9,090*	-	-	-	*9,090*	*(2,260)*	-	*48,117*	*13,291*	262.0%
Gross margin	***28.7%***	***34.6%***	***26.7%***	***-5.9p.p.***	***2.0p.p.***	***30.8%***	***26.8%***	***4.0p.p.***	***36.8%***	***30.1%***	***6.7p.p.***
Profit (loss) before taxes and profit sharing	9,043	13,787	(3,010)	-34.4%	-	26,732	(8,725)	-	60,349	4,816	1153.1%
Operating margin	***5.8%***	***9.5%***	***-2.5%***	***-3.7p.p.***	***8.3p.p.***	***6.3%***	***-2.5%***	***8.8p.p.***	***10.9%***	***1.0%***	***9.9p.p.***
Profit (loss)	7,058	13,973	(687)	-49.5%	-	24,585	(2,922)	-	53,885	8,154	560.8%
Net margin	***4.5%***	***9.7%***	***-0.6%***	***-5.2p.p.***	***5.1p.p.***	***5.8%***	***-0.8%***	***6.6p.p.***	***9.7%***	***1.7%***	***8.0p.p.***
Adjusted EBITDA [2]	36,421	31,358	26,219	16.1%	38.9%	94,825	80,107	18.4%	130,139	110,409	17.9%
Adjusted EBITDA Margin	***23.5%***	***21.7%***	***21.5%***	***1.8p.p.***	***2.0p.p.***	***22.4%***	***22.6%***	***-0.2p.p.***	***23.5%***	***23.2%***	***0.3p.p.***
Net debt	361,7	351,0	310,3	3.0%	16.6%	361,7	310,3	16.6%	361,7	310,3	16.6%
Net Debt/EBITDA(x)	2.78	2.93	2.81	-5.1%	-1.1%	2.78	2.81	-1.1%	2.78	2.81	-1.1%
Operating data (metric tons)											
Corrugated Cardboard Packaging (PO)											
Production / Sales	33,818	33,832	32,813	0.0%	3.1%	97,779	93,338	4.8%	130,782	126,078	3.7%
Packaging Paper											
Production	64,201	64,809	49,969	-0.9%	28.5%	184,295	149,368	23.4%	234,940	199,483	17.8%
Selling expenses	31,302	27,529	19,795	13.7%	58.1%	80,733	57,394	40.7%	100,965	76,362	32.2%
RS Forest and Resins											
Production	1,943	2,761	1,787	-29.6%	8.7%	6,989	5,716	22.3%	7,893	6,127	28.8%
Selling expenses	2,244	2,545	1,057	-11.8%	112.3%	7,162	4,927	45.4%	9,114	5,756	58.3%

[1] Accumulated in the last twelve months.
[2] EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) - see the related section in this release.

- Sales volume for the Corrugated Cardboard segment increased 3.1% in 3Q13 when compared to 3Q12 and totaled 33.8 thousand metric tons. The Packaging Paper and Resin sales also increased in 3Q13, attaining 31.3 thousand metric tons (58.1%) and 2.2 thousand metric tons (112.3%), respectively.

- Net revenue increased by 27.4% vs. 3Q12 – totaling R$ 155.2 million – because of the growth of sales volumes for the Corrugated Cardboard Packaging and Packaging Paper segments, the price recovery for all IRANI's business segments and the paper sales from the Santa Luzia plant, located in the State of Minas Gerais.

- The gross profit totaled R$ 44.5 million, an increase of 36.9% vs. 3Q12, mainly as a result of the increased net revenue.

Comments on company performance

- Net profit was R$ 7.1 million in 3Q13 against a loss of R$ 687 thousand in 3Q12. In the accumulated figures for the year, net profit totaled R$ 24.6 million, while in 9M12 the loss amounted to R$ 2.9 million.

- The adjusted EBITDA totaled R$ 36.4 million in the quarter, an increase of 38.9% over 3Q12, with a margin of 23.5%. The adjusted EBITDA for 9M13 was R$ 94.8 million, an increase of 18.4% when compared to the same period in the prior year.

- Net debt/EBITDA: 2.78 times in September 2013.

3Q13 Highlights

The United States and Europe economies continued to face challenges to recovery in the third quarter of 2013, mainly because of volatility and additional issues connected to the United States debt ceiling deadlock.

The Brazilian economy has been showing signs of slight growth for 2013, within a scenario of increased interest rates established by the Monetary Policy Committee (COPOM) in addition to concerns about inflation.

The Brazilian Pulp and Paper Association (BRACELPA) informed that the paper manufacture and apparent consumption for the first eight months of 2013 was 6.9 million metric tons and 6.6 million metric tons, respectively, an increase of 1.5% and 2.3%, respectively, when compared to the same period in 2012.

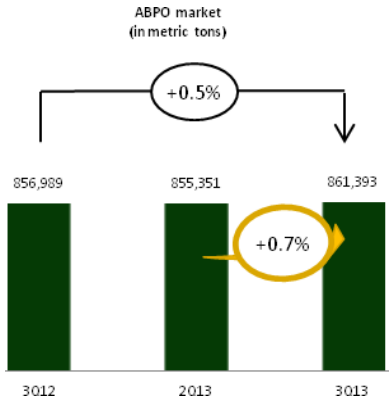
According to the Brazilian Corrugated Cardboard Association (ABPO), the sales of boxes, accessories and corrugated cardboard sheets totaled 2.5 million metric tons in 9M13, an increase of 2.8% when compared to 9M12. IRANI Market sales in 3Q13 increased above the ABPO Market figures both in the accumulated for the year and when compared to the same period in 2012.

As shown in the following charts, the volume of corrugated cardboard packaging sales of the ABPO Market in metric tons was stable in 3Q13 over 3Q12, and in the IRANI Market it increased by 3.1% in the same period. Both the ABPO Market and the IRANI Market remained stable when compared to 2Q13. In metric tons, IRANI's market share in this quarter was 3.9%, remaining the same when compared to 3Q12 and 2Q13. IRANI Market sales volume in 9M13 totaled 97,779 metric tons, an increase of 4.8%.

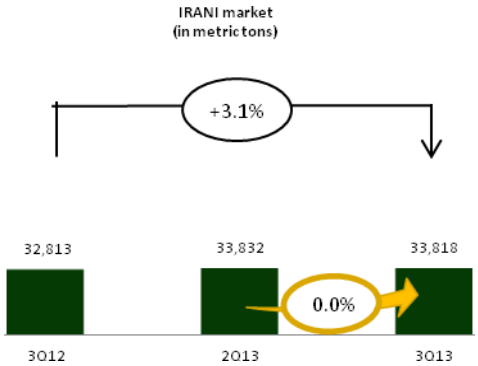
Comments on company performance

In 3Q13, the Corrugated Cardboard Packaging segment represented 52% of IRANI"s net revenue, while the Packaging Paper and the Forest RS and Resins segments represented 41% and 7%, respectively. Accordingly, the domestic and foreign markets represented 87% and 13% of net revenue, respectively.

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



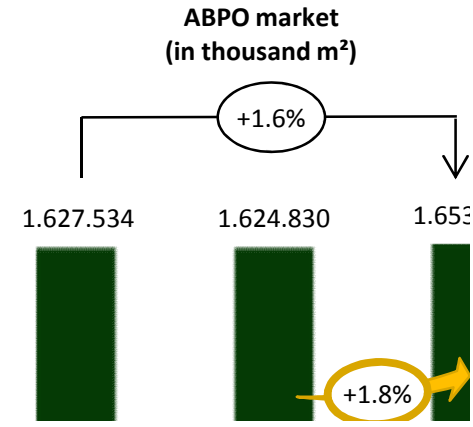
Source: ABPO



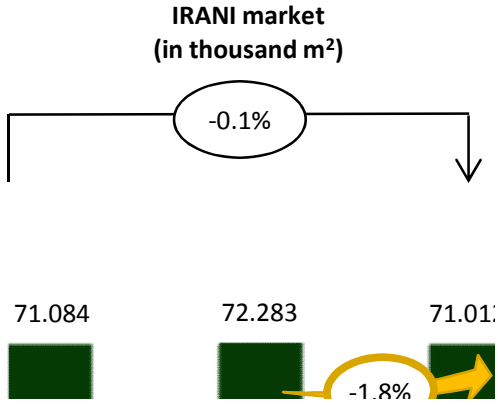
Source: IRANI

The volume of corrugated cardboard packaging sales for the ABPO Market, in square meters, increased 1.6% in 3Q13 as compared with 3Q12, while the IRANI Market remained stable in the period. When compared to 2Q13, the ABPO Market increased 1.8%, while the IRANI Market decreased 1.8%. IRANI's market share in square meters attained 4.3% for 3Q13 and 4.4% for 3Q12 and 2Q13. IRANI's sales volume in 9M13 accumulated 207,772 square meters.

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



Source: ABPO

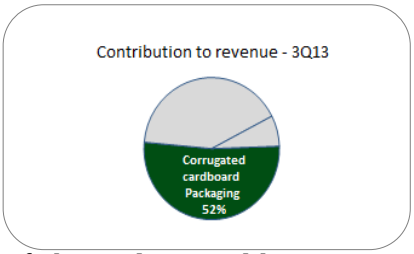


Source: IRANI

Comments on company performance

1. OPERATING PERFORMANCE (not reviewed by independent auditors)

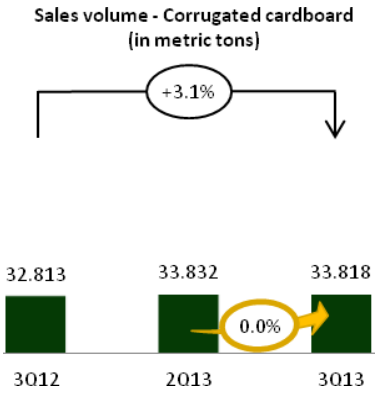
1.1 Corrugated Cardboard Packaging Segment



IRANI's sales volume of boxes and sheets totaled 33, 818 metric tons, an increase of 3.1% over 3Q12 and a stable result over 2Q13. IRANI sold 97,779 metric tons of corrugated cardboard packaging in 9M13 (4.8% more than in 9M12). Sales of boxes increased by 5.4% and sales of sheets decreased by 3.3%. The plants in São Paulo and Santa Catarina represented 53% and 47%, respectively, of the total produced in 3Q13 (57% and 43% in 3Q12), all allocated to the domestic market.

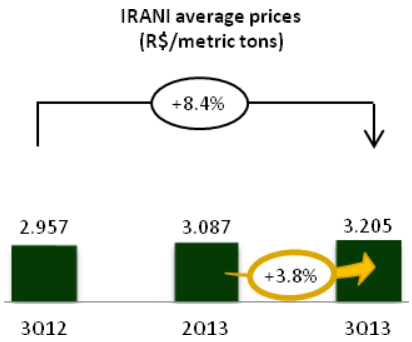
The São Paulo's corrugated cardboard packaging factory volume totaled 12,833 metric tons of boxes and 5,132 metric tons of sheets in 3Q13 (12,844 metric tons of boxes and 5,996 metric tons of sheets in 3Q12).

The Santa Catarina corrugated cardboard packaging factory had an important share in the volume mainly because sales in its market increased, totaling 12,362 metric tons of boxes and 3,492 metric tons of sheets in 3Q13 (11,055 metric tons of boxes and 2,918 metric tons of sheets in 3Q12).



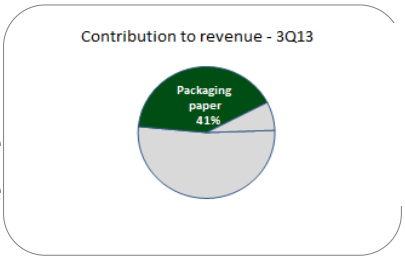
Average IRANI prices (CIF) per metric ton increased 8.4% in 3Q13 over 3Q12, and increased 3.8% over 2Q13, as follows:

Comments on company performance



Methodologies - For comparison adjustments, the prices consider:
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 based on a mix of market boxes and sheets.

1.2 Packaging Paper Division

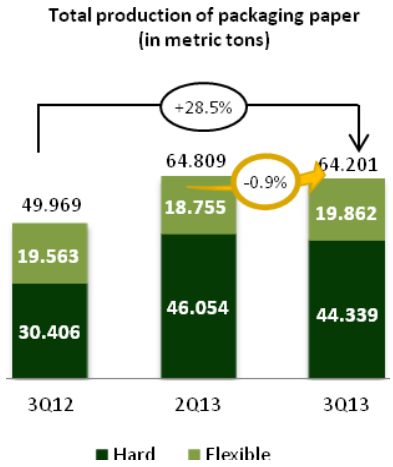


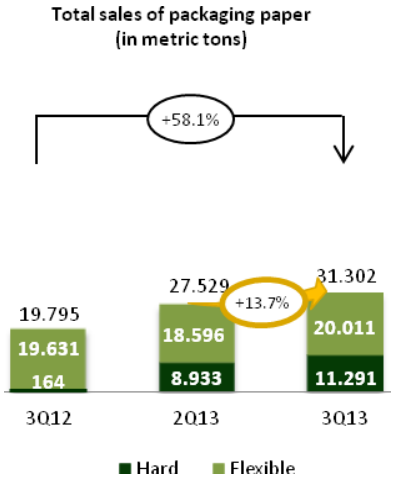
IRANI operates in the Packaging Paper segment, with activities in the hard packaging paper market (corrugated cardboard) and the flexible packaging paper market.

The Company's total packaging paper production grew 28.5% in the quarter in relation to 3Q12 and remained stable when comparing to 2Q13. Sales increased by 58.1% and 13.7% when compared to 3Q12 and 2Q13, respectively. In the accumulated for the year, total production was 184,295 metric tons, with an increase of 23.4% when compared to 9M12.

The increase in the production and sales volume of packaging paper in 3Q13 resulted mainly from the operations of the packaging paper production plant in Santa Luzia, State of Minas Gerais (which started on March 1, 2013, when leased to IRANI by São Roberto S.A.), which mainly manufactures hard packaging papers (corrugated cardboard).

Comments on company performance

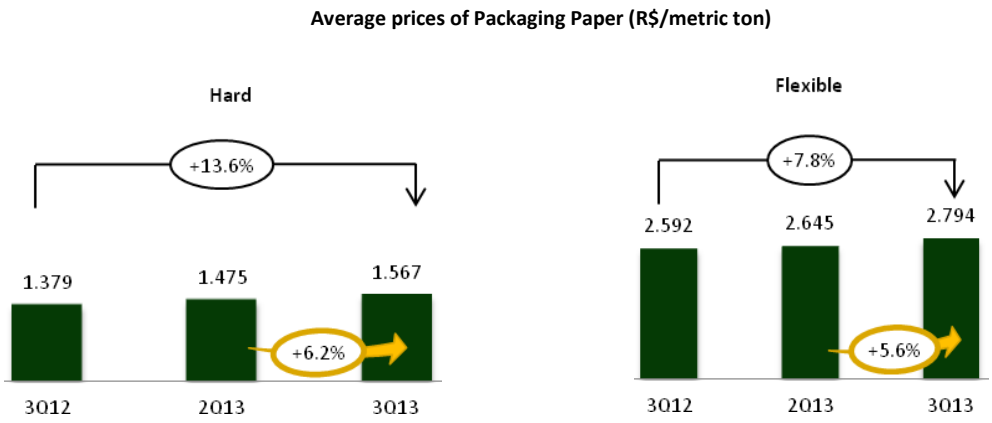




In 3Q13, internal transfers of paper for hard packaging totaled 31,616 metric tons (31,060 metric tons in 3Q12 and 31,485 metric tons in 2Q13) and 17,238 metric tons (17,133 metric tons in 3Q12 and 17,361 metric tons in 2Q13) to the factory in São Paulo. In addition, 14,378 metric tons were transferred to the Santa Catarina factory in 3Q13 (13,927 metric tons in 3Q12 and 14,124 metric tons in 2Q13). 55% of total internal transfers were made to the São Paulo factory and 45% to the Santa Catarina factory in 3Q13 and 3Q12.

Hard packaging papers, whose price is inferior to the price of other papers sold by the Company, increased in 3Q13 by 13.6% and 6.2% over 3Q12 and 2Q13, respectively. Average prices followed the market trend.

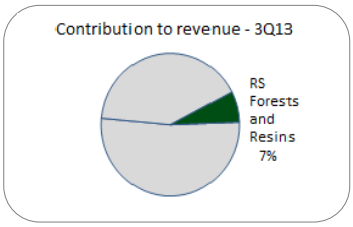
On the other hand, prices of flexible packaging papers increased by 7.8% and 5.6% over 3Q12 and 2Q13, respectively.



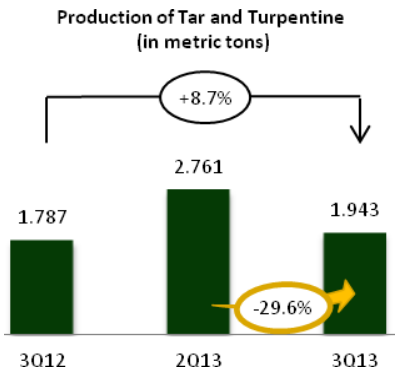
Comments on company performance

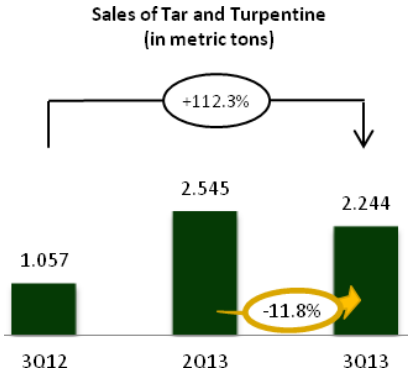
1.3 RS Forest and Resins Division:

In 3Q13, the Forest products segment of the State of Rio Grande do Sul produced and sold 94 thousand m³ of pine logs for the domestic market (83 thousand m³ in 3Q12 and 57 thousand m³ in 2Q13) and supplied 659 thousand metric tons of natural resins to the Parent company Celulose Irani S.A. to be utilized in the industrial production of tar and turpentine. During 9M13, 215 thousand m³ of pine were sold.



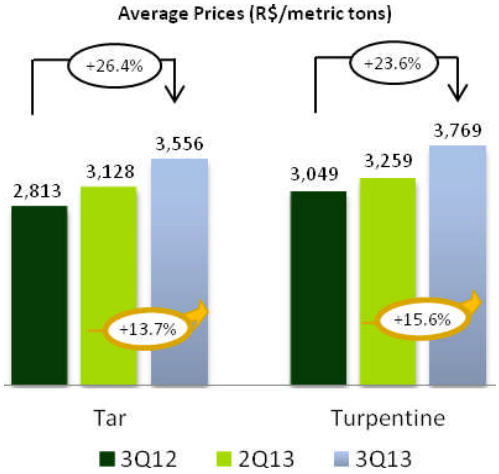
The production and sales volumes for the Resins unit increased by 8.7% and 112.3%, respectively, in 3Q13, when compared to 3Q12. Sales increased because of the establishment of new markets and customers, while in 3Q12 the market had fewer activities. Production depends on the offering of gum resin in the domestic market. The volume performance in this quarter was inferior when comparing to 2Q13 because such offering also decreased during the period as a result of the end of the crop cycle. In the accumulated for the year, the production and sales volumes attained 6,989 and 7,162 metric tons, respectively, a growth of 22.3% and 45.4%.





The gross average price of tar in 3Q13 was 26.4% above the 3Q12 figure and 13.7% above the 2Q13 figure. The average price of the turpentine increased by 23.6% when compared to 3Q13 and 15.6% when compared to 2Q13. Changes in average prices of resins mainly result from the increase of prices in foreign currency and from the devaluation of the Brazilian real vs. the U.S. dollar.

Comments on company performance



2. ECONOMIC AND FINANCIAL PERFORMANCE

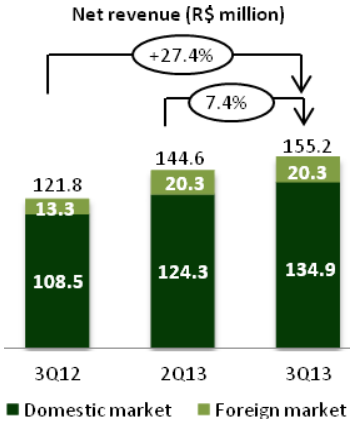
2.1 Net operating revenue

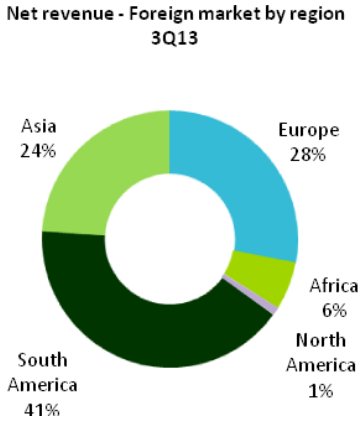
Net operating revenue for 3Q13 totaled R$ 155,240 thousand, with an increase of 27.4% over 3Q12 and of 7.4% over 2Q13. This increase was a result of higher Corrugated Cardboard Packaging and Packaging Paper sales and of the recovery of prices for both segments. In 9M13, revenue totaled R$ 423,654 thousand, an increase of 19.6% over the same period in the previous year.

In the domestic market, the net operating revenue amounted to R$ 134,877 thousand in the quarter, representing an increase of 24.2% over 3Q12 and of 8.5% over 2Q13 representing 87% of total revenue earned in the domestic market. Revenue totaled R$ 364,361 thousand in 9M13, that is, an increase of 18.6% over 9M12.

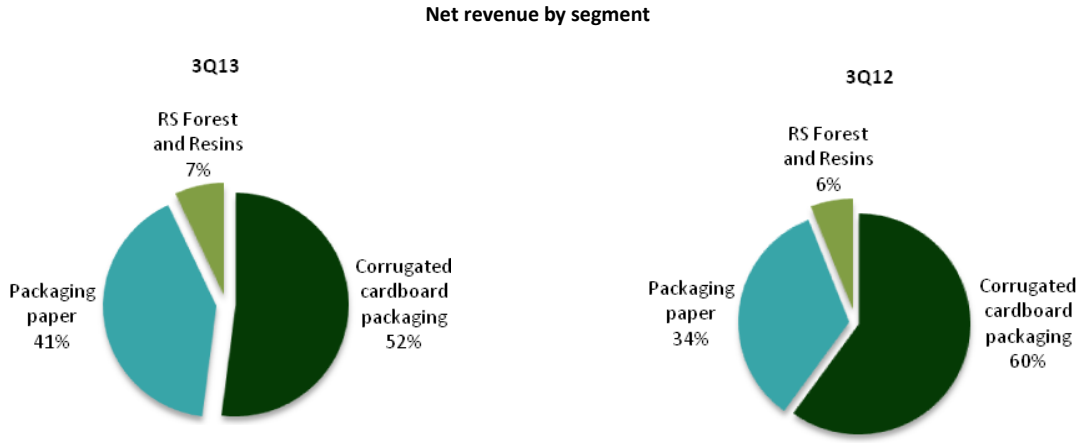
Exports in 3Q13 totaled R$ 20,363 thousand, a growth of 53.4% as compared to 3Q12 and a stable result when compared to 2Q13, representing 13.0% of total net operating revenue. They totaled R$ 59,293 thousand in 9M13, an increase of 26.1% over 9M12. Exports were made mainly to South America (41% of the export revenue), followed by Europe (28%), the other markets being: Asia (24%), Africa (6%) and North America (1%).

Comments on company performance





IRANI's main operating segment is the Corrugated Cardboard Packaging segment, responsible for 52% of the consolidated net revenue in 3Q13, followed by the segments of Packaging Paper with 41%, and RS Forest and Resins with 7%. The gain in share of the Packaging Paper segment in the Company's revenue of 7 pontos percentuais is a result of the expansion of the production capacity from the lease of the Santa Luzia plant. In 9M13, the Corrugated Cardboard Packaging segment represented 53% of net revenue, while the Packaging Paper represented 39% and the Forest RS and Resins segments represented 8%.

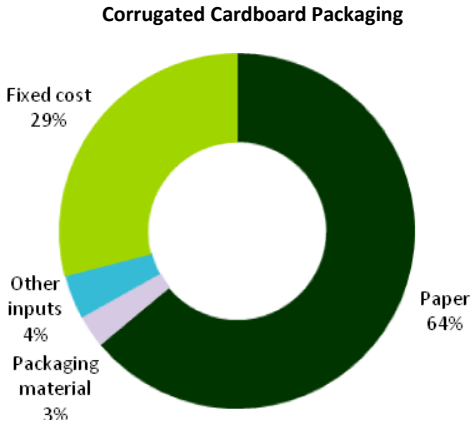


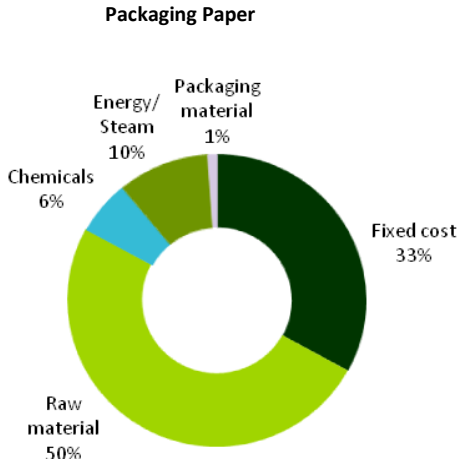
Comments on company performance

2.2 Cost of goods sold

The cost of products sold in 3Q13 was R$ 110,736 thousand, an increase of 24.0% over 3Q12 and 3.5% below the change in net revenue, thus showing a better fixed cost dilution. In the accumulated for the year, cost totaled R$ 302,229 thousand, an increase of 17.6% when compared to the previous year and 2 pontos percentuais below the net revenue increase.

The composition of cost per business segment for IRANI in 3Q13 is shown in the charts below.





2.3 Operating income and expenses

Selling expenses in 3Q13 totaled R$ 12,733 thousand representing 8.2% of the consolidated net revenue, as compared to 9.0% in 3Q12. This 0.8% increase is a result mainly of decreased selling costs and of the increase only in net revenue and not in expenses.

Administrative expenses for 3Q13 increased by 5.6% over 3Q12, totaling R$ 10,728 thousand, mainly as a result of the increase in personnel expenses, which are regularly adjusted at the end of each year on the basis of collective bargaining agreements.

Other operating income (expenses) resulted in an income of R$ 957 thousand in 3Q13, against an expense of R$ 3,516 thousand in 3Q12.

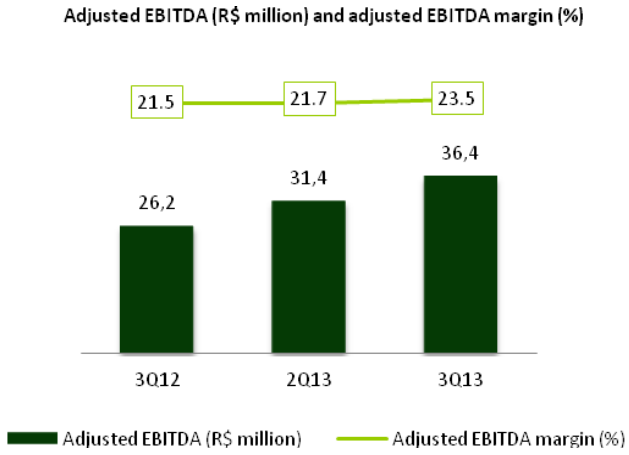
Comments on company performance

3. OPERATING CASH GENERATION (ADJUSTED EBITDA)

Consolidated (R$ mil)	3Q13	2Q13	3Q12	Variation 3Q13/ 2Q13	Variation 3Q13/ 3Q12	9M13	9M12	Variation 9M13/ 9M12	LTM13 [1]	LTM12 [1]	Variation LTM13/ LTM12
Profit (loss) before taxes	**9,043**	**13,787**	**(3,010)**	-34.4%	-	**26,732**	**(8,725)**	-	**60,349**	**4,816**	1153.1%
Depletion	5,907	5,512	3,985	7.2%	48.2%	15,644	12,154	28.7%	22,710	17,291	31.3%
Depreciation and amortization	8,367	8,016	10,103	4.4%	-17.2%	24,177	30,184	-19.9%	34,721	40,008	-13.2%
Finance result	12,957	12,987	10,818	-0.2%	19.8%	36,925	39,227	-5.9%	48,051	50,749	-5.3%
EBITDA	**36,274**	**40,302**	**21,896**	-10.0%	65.7%	**103,478**	**72,840**	42.1%	**165,831**	**112,864**	**46.9%**
EBITDA margin	***23.4%***	***27.9%***	***18.0%***	***-4.5p.p.***	***5.4p.p.***	***24.4%***	***20.6%***	***3.8p.p.***	***30.0%***	***23.7%***	***6.3p.p.***
Adjustments purs. to CVM Instruction 527/12											
EBITDA of the discontinued operation [2]	-	-	344	-	-	-	731	-	6,272	721	769.9%
Change in the fair value of biological assets [3]	-	(9,090)	-	-	-	(9,090)	2,260	-	(48,117)	(13,291)	262.0%
Stock options/management participation [4]	147	146	(67)	0.7%	-	437	230	90.0%	3,515	5,481	-35.9%
Non-recurring expenses [5]	-	-	4,046	-	-	-	4,046	-	2,638	4,634	-43.1%
Adjusted EBITDA	**36,421**	**31,358**	**26,219**	**16.1%**	**38.9%**	**94,825**	**80,107**	**18.4%**	**130,139**	**110,409**	**17.9%**
Adjusted EBITDA Margin	***23.5%***	***21.7%***	***21.5%***	***1.8p.p.***	***2.0p.p.***	***22.4%***	***22.6%***	***-0.2p.p.***	***23.5%***	***23.2%***	***0.3p.p.***

[1] Accumulated in the last twelve months.
[2] EBITDA of the discontinued operation refers to the EBITDA generated by the closure of the subsidiary Meu Móvel de Madeira - Comércio de Móveis e Decorações
[3] Change in fair value of biological assets because it does not represent cash generation in the period.
[4] Stock options/management participation: Stock options correspond to the fair value of the instruments and its offsetting entry is the Capital Reserve recorded in Equity, and the management profit sharing is related to the distribution of the Company's financial results. Neither of the two amounts represents a cash disbursement in the period.
[5] None represent disbursement of cash in the period. Non-recurring expenses refer to expenses incurred with the public offering register request filed in August/2012, in addition to the assets disposal in the subsidiary HGE - Geração de Energia Sustentável Ltda.

The operating cash generation, measured using the adjusted EBITDA, totaled R$ 36,421 thousand in 3Q13, with an increase of 38.9% in relation to 3Q12 and of 16.1% in relation to 2Q13. The adjusted EBITDA margin attained 23.5% in 3Q13 (increase of 1.8 ponto percentual), mainly as a result of the operating improvement and greater efficiency in the Company's plants. In 9M13, adjusted EBITDA totaled R$ 94,825 thousand and represented a margin of 22.4% (9M12 - R$ 80,107 thousand, or, 18.4% less).



Comments on company performance

4. FINANCE RESULT AND INDEBTEDNESS

The finance costs amounted to R$ 12,957 thousand in 3Q13, an increase of 19.8% when compared to 3Q12, and were affected by the increases in the Special System for Settlement and Custody (SELIC) rate and the U.S. dollar exchange rate in the period. Finance result remained stable when compared to 2Q13. In 3Q13, the finance costs totaled R$ 17,746 thousand versus R$ 12,888 thousand in 3Q12 and R$ 16,592 thousand in 2Q13. The finance income reached R$ 4,789 thousand in 3Q13 versus R$ 2,070 thousand in the same period of the previous year and R$ 3,605 thousand in 2Q13.

The composition of the finance result is as follows:

R$ thousand	3Q13	2Q13	3Q12	9M13	9M12	LTM13[1]	LTM12[1]
Finance income	4,789	3,605	2,070	12,180	16,988	14,730	24,392
Finance costs	(17,746)	(16,592)	(12,888)	(49,105)	(56,215)	(62,781)	(75,141)
Finance result	(12,957)	(12,987)	(10,818)	(36,925)	(39,227)	(48,051)	(50,749)

[1]Accumulated in the last twelve months.

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

R$ thousand	3Q13	2Q13	3Q12	9M13	9M12	LTM13[1]	LTM12[1]
Foreign exchange gains	3,150	1,547	529	6,410	11,027	7,840	20,499
Foreign exchange losses	(3,845)	(2,275)	(860)	(7,387)	(16,012)	(9,118)	(26,292)
Foreign exchange variations, net	(695)	(728)	(331)	(977)	(4,985)	(1,278)	(5,793)

[1]Accumulated in the last twelve months.

The foreign exchange variation negatively impacted the Company's result by R$ 695 thousand in 3Q13 due to the devaluation of the Brazilian real against the U.S. dollar in that quarter.

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

R$ thousand	3Q13	2Q13	3Q12	9M13	9M12	LTM13[1]	LTM12[1]
Finance result net of foreign exchange variation	(12,262)	(12,259)	(10,487)	(35,948)	(34,242)	(46,773)	(44,956)

[1]Accumulated in the last twelve months.

In 2012, the Company restructured the maturities of its commitments in foreign currency (U.S. dollar) in the amount of US$ 62.6 million, with the purpose of hedging its exports for the next five years. The exchange variation of these transactions is accounted for monthly in Equity and recorded in the results as finance costs when realized (hedge accounting). In 3Q13, the amount recognized in equity was R$ 71 thousand.

Foreign exchange

Comments on company performance

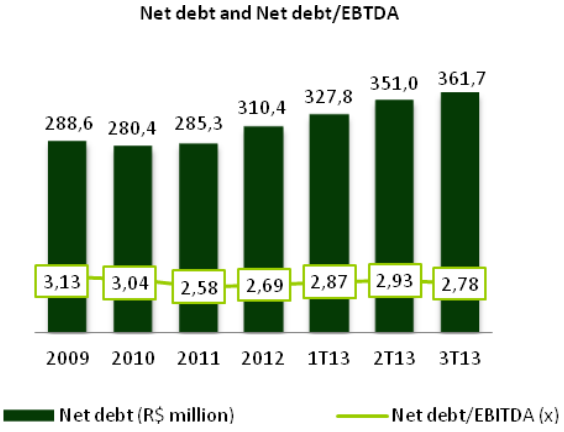
The foreign exchange rate was R$ 2.22/US$ at June 30, 2013 and remained stable during the quarter, reaching R$ 2.23/US$ at the end of September. The average foreign exchange rate for the quarter was R$ 2.29/US$, being 10.63% higher than in 2Q13 and 12.81% higher than in the same period of 2012.

	3Q13	2Q13	3Q12	Δ3Q13/2Q13	Δ3Q13/3Q12
Average U.S. dollar	2,29	2,07	2,03	+10.63%	+12.81%
Final U.S. dollar	2,23	2,22	2,03	+0.45%	+9.85%

Source: Brazilian Central Bank (BACEN)

Net indebtedness

At September 30, 2013, the consolidated net indebtedness totaled R$ 361.7 million, against R$ 351.0 million at June 30, 2013. The net debt/EBITDA ratio decreased from 2.93 times at the end of June 2013 to 2.78 times at the end of 3Q13. This variation was mainly affected by the EBITDA increase generated in the period and the net debt stability.



5. PROFIT

In 3Q13, profit amounted to R$ 7,058 thousand as compared to a loss of R$ 687 thousand in 3Q12 and profit of R$ 13,973 thousand in 2Q13. In the accumulated for the year, the net result amounted to R$ 24,585 thousand over R$ 2,922 thousand for 9M12.

6. INVESTMENTS

The capital budget proposed by Management and approved by the Company's Board of Directors for 2013 established investments of approximately R$ 75.6 million for the year. In 2Q13, the investment budgets were reviewed and adjusted in respect of the execution and disbursement flows, being approved at approximately R$ 65.6 million. These investments are directed towards maintenance, productivity improvements, and capacity expansion of certain of the Company's production lines.

R$ thousand	3Q13	9M13
Land	936	1,218
Buildings	1	4
Equipment	15,498	41,967
Leased assets	600	1,018
Intangible assets	232	292
Reforestation	717	2,985
Total	**17,984**	**47,484**

The investments of R$ 17,984 thousand in 3Q13 and R$ 47,484 thousand in the accumulated for the year were made mainly for productivity improvement and equipment maintenance.

Currently, the major investment in progress consists of the expansion and modernization of the Paper Machine I (MP I), with expected conclusion in 2014. This investment will expand the paper production capacity by 3,000 metric tons/month as from July 2014.

7. CAPITAL MARKETS

At September 30, 2013, IRANI's capital comprised 162,090,000 shares, of which 149,279,740 (92%) were common shares and 12,810,260 (8%) were preferred shares. At September 30, 2013, the Company had 2,376,100 treasury shares, of which 24,000 were common shares and 2,352,100 were preferred shares. At the same date, the Company's market value was R$ 435,677 thousand.

8. REPURCHASE OF SHARES

On August 28, 2013, the Company's Board of Directors approved a program for repurchase of the Company's shares, which will be held in treasury and subsequently canceled or sold, as follows: purchase of up to 1,312,694 common shares and up to 116,444 preferred shares, representing 10% of each category of shares outstanding in the market at July 31, 2013. This program is valid for 365 days or up to August 27, 2014. No shares had been repurchased, under this program, up to September 30, 2013.

Comments on company performance

9. EVENTS AFTER THE REPORTING PERIOD

At the Extraordinary General Meeting held on October 16, 2013, the stockholders approved the increase in the Company's capital of R$ 12,918,356.62, with the issue of 4,630,235 common shares at R$ 2.79 each, calculated based on the share's book value at June 30, 2013. This capital increase was fully paid up by the stockholder Irani Participações S.A. with assets, more specifically with the contribution of 100% of the shares issued by Wave Participações S.A. ("Wave"), a company located in Porto Alegre. Wave holds a controlling interest (100%) in Indústria de Papel e Papelão São Roberto S.A., a company located in São Paulo. Other stockholders have preference rights in the subscription of new shares, proportionately to interest they held at the date of the Meeting, up to November 18, 2013. The purpose of this capital increase was to integrate the Packaging Paper and Corrugated Cardboard businesses of the Group into Celulose Irani S.A. in order to generate synergies and optimize the results of the companies involved. With the São Roberto operations, Celulose Irani will be one of the leaders in the domestic Corrugated Cardboard business, with a market share of 7.1%, according to 2012 data disclosed by the Brazilian Corrugated Cardboard Association (ABPO).

The major consolidated information and pro forma indicators are as follows, and are presented unaudited and for informative purposes only:

	Celulose Irani – 6/30/13	Wave/ São Roberto 8/30/2013	Consolidated*
Net Operating Revenue – LTM[1]	R$ 519,458 thousand	R$ 162,499 thousand	R$ 657,569 thousand[2]
Market Share – Source: ABPO 2012	4.3%	2.8%	7.1%
Net Debt with Banks/EBITDA	2.93x	12.3x	3.74x
Average term of the debt with banks	30 months	45 months	34 months
Packaging Paper Production Capacity	214,000 metric tons	60,000 metric tons[3]	274,000 metric tons
Corrugated Cardboard Packaging Production Capacity	162,000 metric tons	72,000 metric tons	234,000 metric tons

(1) Accumulated in the last twelve months.

(2) Consolidated Net Operating Revenue considers the eliminations of the intercompany billings amounting to R$ 24,388 thousand.

(3) Plant leased to Celulose Irani S.A. on March 1, 2013.

*Important: Information about Celulose Irani S.A. refers to June 30, 2013, while information about Wave and São Roberto refers to August 31, 2013.

Comments on company performance

Wave's main consolidated balance sheet and statement of operation data for the nine-month period ended September 30, 2013 is as follows:

Main balance sheet and statement of operations indicators – 9M13	(R$ thousand)
Liabilities	340,590
Equity	11,087
Assets	351,677
Net revenue	130,163
Loss for the period	(10,784)
Ownership interest - %	100.00

CELULOSE IRANI SA

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CELULOSE IRANI S.A.

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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 Company and its subsidiaries are primarily engaged in manufacturing corrugated cardboard packaging, packaging paper, resin products and their byproducts. The Company is also engaged in forestation and reforestation and utilizes the production chain of planted forests and paper recycling as the basis for all its production.

The direct subsidiaries are listed in Note 4.

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

The issue of these interim financial statements was authorized by the Company's Board of Directors on October 16, 2013.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The consolidated interim accounting information, contained in the Quarterly Information Form (ITR) for the six-month period and the quarter ended September 30, 2013, has been prepared 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) in 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 conformity with the accounting practices adopted in Brazil, which differ from IFRS practices adopted in the consolidated interim financial statements with respect to the measurement of investments in subsidiaries by the equity method of accounting which, for purposes of IFRS, would be measured at cost or fair value.

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

Since there is no difference between the consolidated equity and profit (loss) attributable to the owners of the Company in the consolidated interim financial statements prepared in accordance with IFRS and the accounting practices adopted in Brazil, and the parent company's equity and profit (loss) in the parent company interim financial statements prepared in accordance with accounting practices adopted in Brazil, the Company opted for presenting these parent company and consolidated interim financial statements together.

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Functional currency and translation of foreign currencies

The parent company and consolidated interim 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 translation of balances in foreign currency into the functional currency are recognized in the statement of operations, 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 low risk of change in value and maturity of 90 days or less, held for the purpose of meeting short-term cash requirements.

c) Trade receivables and provision for impairment of trade receivables

Trade receivables are recorded at their original amounts plus the effect 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 taking into account the history of losses, and is recognized in an amount considered sufficient by the Company's management to cover expected losses on the collection of receivables.

d) Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired, with recognition of impairment losses only if there is objective evidence that one or more events have impacts on the estimated future cash flows of the financial asset or a group of financial assets, which may 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 flows is estimated and the impairment loss is recognized in the statement of operations.

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 inventories' estimated selling price less the estimated costs of completion and the estimated expenditures necessary to make the sale.

f) Investments

Investments in subsidiaries are accounted for by the equity method in the parent company interim financial statements.

Under the equity method, 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 changed where necessary to ensure consistency with the policies adopted by the Company.

g) 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 costs of construction in progress. Assets are classified in appropriate categories of property, plant and equipment when completed and ready for the intended use. Depreciation begins when the assets are ready for the intended use on the same basis as other property, plant and equipment items.

Depreciation is calculated on 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 mainly computer software licenses, which 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.

h) 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 extraction of gum resin. Pine forests are located near the pulp and paper factory in Santa Catarina, and also in Rio Grande do Sul, where they are used for production of gum resin and sale of timber logs.

Biological assets are periodically measured at fair value less selling expenses, and the variation of each period is recognized in profit (loss) as change in fair value of biological assets. The assessment of the fair value of biological assets is based on certain assumptions, as disclosed in Note 14.

i) 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. Such reviews have not indicated the need to recognize impairment losses.

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

Income tax and social contribution are provisioned based on the taxable profit determined according to prevailing tax legislation, which differs from the profit reported in the statement of operations, 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 the end of the period. The Company calculates its taxes at a rate of 34% on taxable profit. However, the subsidiaries Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. adopt the deemed rate of 3.08% and Irani Trading S.A. adopts the deemed rate of 10.88%, based on revenues.

The Company recognizes deferred income tax and social contribution on temporary differences for tax purposes, tax losses, deemed cost adjustments and change 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 the subsidiaries with the deemed taxable profit regime, in respect of the fair value of biological assets and the deemed cost of property, plant and equipment.

k) Borrowings and debentures

These payables are stated at original amounts, less the relating transaction costs, when applicable, adjusted based on indices established by 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 detailed notes.

l) Derivative financial instruments

Some derivatives, depending on their nature, are measured at fair value at the balance sheet date, with the changes in fair value recorded as finance income or costs in the result for the period. Certain derivatives are measured and recognized in the statement of operations for the period as finance income or costs, since they form part of a single financial instrument (derivative financial instrument linked to borrowing transactions).

m) Hedge accounting

The Company documents at the inception of the 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 cash flows of hedged items.
The changes in the hedging amounts classified in "Carrying value adjustments" within equity are shown in Note 21.

The effective portion of 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 operations for the period.

The amounts accumulated in equity are reclassified to the statement of operations in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of instruments hedging highly probable transactions is recognized in the statement of operations within "Finance costs". The gain or loss relating to the ineffective portion is recognized in the statement of operations for the period.

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 profit or loss when the transaction is recognized in the statement of operations. 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 operations for the period.

n) Leases

The Company as the lessee

Leases of property, plant and equipment in which the Company substantially assumes all the ownership risks and benefits are classified as finance leases. All other leases are classified as operating leases and the related expense is recorded in the result for the period. 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 specified in Note 13.

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

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 adjusted for applicable financial charges through the balance sheet date, based on the nature of each contingency and on the opinion of the Company's legal counsel.

p) Significant accounting judgments, estimates and assumptions

In preparing the interim 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 interim financial statements include, therefore, various estimates, including, but not limited to, the determination of useful life of property, plant and equipment (Note 13), the realization of deferred tax assets (Note 11), the provision for impairment of trade receivables (Note 6), the fair value measurement of biological assets (Note 14), the provision for tax, social security, civil and labor contingencies (Note 20), and the provision for impairment of assets.

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

The Company has a Value-added Tax on Sales and Services (ICMS) incentive granted by the State Government of Santa Catarina. The Federal Supreme Court (STF) handed down 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 following, together with its legal advisors, the evolution of this issue in the courts to assess possible impacts on its operations and consequent effects on the interim financial statements.

q) 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.

r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, less any expected returns, trade discounts and/or bonuses granted to the buyer 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.

s) 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 operations and will be appropriated based on the amortized cost and the effective rate over the period.

t) 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 interim financial statements presented by a publicly-traded entity. For IFRS, this statement is presented as supplementary information, and not part of the required 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 interim financial statements.

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4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS

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

Ownership interest - (%)		
Subsidiaries - direct ownership	9/30/2013	12/31/2012
Habitasul Florestal S.A.	100,00	100,00
Irani Trading S.A.	100,00	100,00
HGE - Geração de Energia Sustentável LTDA.	99,98	99,98
Iraflor - Comércio de Madeiras LTDA.	99,99	99,99

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 subsidiaries' accounting information used for consolidation was prepared as of the same date as the Company's accounting information.
The operations of the subsidiaries are described in Note 12.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Fixed fund	20	18	23	21
Banks	4,013	1,245	4,129	1,373
Short-term bank deposits	56,843	93,788	59,810	95,528
	60,876	95,051	63,962	96,922

Short-term bank deposits (CDB) are remunerated at the average of 100.75% of the Interbank Deposit Certificate (CDI) rate.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Trade receivables:				
Customers - domestic market	112,275	91,600	117,523	95,252
Customers - foreign market	11,139	8,417	11,168	8,447
	123,414	100,017	128,691	103,699
Provision for impairment of trade receivables	(6,602)	(6,232)	(7,288)	(6,918)
	116,812	93,785	121,403	96,781

At September 30, 2013, the amount of R$ 10,128 in consolidated trade receivables was overdue and not provisioned. The balance referred to independent customers with no history of default.

Trade receivables by maturity are as follows:

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Not yet due	107,469	84,302	111,275	86,729
Overdue up to 30 days	5,425	6,237	6,007	6,811
Overdue from 31 to 60 days	1,435	1,899	1,616	1,900
Overdue from 61 to 90 days	1,090	240	1,111	241
Overdue from 91 to 180 days	1,054	89	1,055	95
Overdue for more than 180 days	6,941	7,250	7,627	7,923
	123,414	100,017	128,691	103,699

The average credit term on the sale of products is 46 days. The Company recognized a provision for the 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 impairment of trade receivables is also constituted for balances past due less than 180 days, when the amounts are considered uncollectible, taking into consideration the financial position of each debtor.

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
At the beginning of the period	(6,232)	(5,835)	(6,918)	(6,544)
Provision for losses recognized	(370)	(397)	(370)	(397)
Amounts recovered in the period	-	-	-	23
At the end of the period	(6,602)	(6,232)	(7,288)	(6,918)

Part of the receivables, amounting to approximately R$ 57,375, was assigned as collateral for certain financial transactions, among which were the pledge for 25% of the amount of the outstanding balance of the principal of debentures (Note 16).

The credit quality of financial assets that were neither past due nor impaired at September 30, 2013 was assessed by reference to historical information about default rates, as follows:

Quality - trade receivables

		Consolidated
Customer category	History-%	Amount receivable
a) Customers with no history of default	94.12	104,732
b) Customers with history of default of up to 7 days	5.46	6,076
c) Customers with history of default over 7 days	0.42	467
		111,275

a) Performing customers with no history of default.
b) Defaulting customers with a history of default of up to 7 days, without history of delinquency.
c) Defaulting customers with a history of default of more than 7 days, without history of delinquency.

7. INVENTORIES

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Finished products	4,203	4,334	4,203	4,334
Production materials	31,832	19,931	31,832	19,931
Consumable materials	15,563	13,040	15,615	13,086
Other	2,187	759	2,187	759
	53,785	38,064	53,837	38,110

The cost of inventories recognized as an expense during the quarter totaled R$ 110,984 (R$ 89,525 in 3Q12) in the parent company and R$ 110,736 (R$ 89,331 in 3Q12) in the consolidated. For the nine-month period ended September 30, 2013, the balance recorded in the statement of operations was R$ 304,596 (R$ 257,930 in 9M12) in the parent company and R$ 302,229 (R$ 256,971 in 9M12) in the consolidated.

The cost of inventories recognized as an expense did not include any write-down of inventory to net realizable value. Management expects inventories to be used in less than 12 months.

8. TAXES RECOVERABLE

Taxes recoverable consist of the following:

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
ICMS on the acquisition of property, plant and equipment	4,818	4,239	4,818	4,239
ICMS	237	277	237	277
Social Integration Program (PIS)/Social Contribution on Revenues (COFINS)	1,216	852	1,216	852
Excise Tax (IPI)	162	88	162	88
Income tax	151	74	151	74
Social contribution	58	29	58	29
Withholding Income Tax (IRRF)	702	1,290	702	1,290
	7,344	6,849	7,344	6,849
Current	4,367	4,083	4,367	4,083
Non-current	2,977	2,766	2,977	2,766

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

9. BANKS - RESTRICTED ACCOUNT

	Parent company and Consolidated	
	9/30/2013	12/31/2012
Banco do Brasil - New York – (a)	1,424	931
Total current	1,424	931

(a) Banco do Brasil - New York / The United States of America - 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 November 2013. Because of the renegotiation of the contract subject to the retention on April 27, 2012, only the contractual interest will be due up to November 2014.

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10. OTHER ASSETS

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Carbon credits	-	4,378	-	4,378
Advances to suppliers	1,353	467	1,889	940
Employee receivables	1,129	1,418	1,134	1,432
Renegotiation with customers	5,486	3,404	5,517	3,435
Prepaid expenses	257	1,056	260	1,075
Credits receivable - XKW Trading	7,658	7,674	7,658	7,674
Other receivables	327	718	1,995	3,129
	16,210	19,115	18,453	22,063
Current	9,637	12,309	10,607	12,845
Non-current	6,573	6,806	7,846	9,218

Carbon credits - the carbon credit amounts were received in March 2013.

Renegotiation with customers - refers to overdue receivables for which debt acknowledgment agreements were formalized. The final maturity of the monthly installments will be in December 2015 and the average interest rate is 1% to 2% p.m., recognized as income on receipt. Some agreements establish collateral covenants for machinery, equipment and property to guarantee the renegotiated debt amount.
The Company assesses the customers in renegotiation and, when applicable, records a provision for impairment on the amount of the renegotiated credits. In order to cover losses, R$ 1,789 of credits were provisioned and deducted from the amount presented in the Parent Company (R$ 5,486) and Consolidated (R$ 5,517).

Prepaid expenses - refer primarily to premiums paid when contracting the insurance for all the Company's units, recognized in the statement of operations 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 final maturity in 2016.

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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 2012 and 2013, the Company computed income tax and social contribution on the effects of foreign exchange variations taxed on the 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.
The initial tax impacts on the deemed cost of property, plant and equipment were recognized in equity.

ASSETS	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Deferred income tax assets				
On temporary differences	10,405	11,462	10,405	11,462
On tax losses	2,330	1,624	2,330	1,624
Deferred social contribution assets				
On temporary differences	3,746	4,126	3,746	4,126
On tax losses	839	585	839	585
	17,320	17,797	17,320	17,797

LIABILITIES	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Deferred income tax liabilities				
Exchange rate variations taxed on the cash basis	1,402	1,661	1,402	1,661
Interest on debentures	-	-	3,510	2,683
Fair value of biological assets	36,150	37,230	37,646	38,628
Deemed cost of property, plant and equipment and review of useful lives	87,140	86,074	107,951	106,913
Government grants	572	505	572	505
Cash flow hedges	(4,798)	(2,322)	(4,798)	(2,322)
Deferred social contribution liabilities				
Exchange rate variations taxed on the cash basis	505	598	505	673
Interest on debentures	-	-	1,264	891
Fair value of biological assets	13,014	13,403	13,822	14,133
Deemed cost of property, plant and equipment and review of useful lives	31,369	30,986	38,860	38,489
Government grants	206	182	206	182
Cash flow hedges	(1,727)	(836)	(1,727)	(836)
	163,833	167,481	199,213	201,600
Deferred tax liabilities (net)	146,513	149,684	181,893	183,803

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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	Consolidated
Period	9/30/2013
2013	3,156
2014	5,925
2015	4,792
2016	3,447
	17,320

Deferred tax liabilities	Consolidated
Period	9/30/2013
2013	1,531
2014	2,245
2015	2,470
2016	2,717
2017 onwards	190,250
	199,213

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

Parent company	Opening balance – 12/31/12	Recognized in the results	Closing balance - 9/30/2013
Deferred tax assets related to:			
Provision for bonuses	2,614	(304)	2,310
Provision for sundry risks	12,846	(1,056)	11,790
Other	128	(77)	51
Total temporary differences	15,588	(1,437)	14,151
Tax losses	2,209	960	3,169
	17,797	(477)	17,320

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Consolidated	Opening balance – 12/31/12	Recognized in the results	Closing balance - 9/30/2013
Deferred tax assets related to:			
Provision for bonuses	2,614	(304)	2,310
Provision for sundry risks	12,846	(1,056)	11,790
Other	177	(77)	100
Total temporary differences	15,637	(1,437)	14,200
Tax losses	2,160	960	3,120
	17,797	(477)	17,320

Parent company	Opening balance	Recognized in the results	Recorded in equity	Closing balance
	12.31.12			6.30.13
Deferred tax liabilities related to:				
Exchange rate variations taxed on the cash basis	2,259	(352)	-	1,907
Fair value of biological assets	50,633	(1,469)	-	49,164
Deemed cost of biological assets and useful life review	117,060	1,450	-	118,510
Government grants	687	91	-	778
Cash flow hedges	(3,158)	-	(3.367)	(6,525)
	167,481	(280)	(3.367)	163,834

Consolidated	Opening balance	Recognized in the results	Recorded in equity	Closing balance
	12.31.12			6.30.13
Deferred tax liabilities related to:				
Exchange rate variations taxed on the cash basis	2,335	(428)	-	1,907
Interest on debentures	3,573	1,201	-	4,774
Fair value of biological assets	52,761	(1,292)	-	51,469
Deemed cost of biological assets and useful life review	145,402	1,409	-	146,811
Government grants	687	91	-	778
Cash flow hedges	(3,158)	-	(3.368)	(6,526)
	201,600	981	(3.368)	199,213

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12. INVESTMENTS

	Habitasul Florestal	Irani Trading	Iraflor Comércio de Madeiras	HGE Geração de Energia	Meu Móvel de Madeira	Total
At December 31, 2011	115,033	90,524	38,130	3,529	1,359	248,575
Equity in the results of subsidiaries	1,613	11,820	9,083	(2,946)	-	19,570
Equity in the results of discontinued operations	-	-	-	-	596	596
Proposed dividends	(14,086)	(14,450)	(594)	-	-	(29,130)
Capital increase	-	4,563	3,370	700	2,011	10,644
Advances for future capital increase	9,420	15,100	-	-	-	24,520
Decrease in capital - Meu Móvel de Madeira	-	-	-	-	(2,049)	(2,049)
Sale of interest in Meu Móvel de Madeira	-	-	-	-	(1,917)	(1,917)
At December 31, 2012	111,980	107,557	49,989	1,283	-	270,809
Equity in the results of subsidiaries	7,764	9,375	6,387	(84)	-	23,442
Proposed dividends	(6,513)	(9,408)	(9,082)	-	-	(25,003)
Capital increase	-	-	13,259	-	-	13,259
At September 30, 2013	113,231	107,524	60,553	1,199	-	282,507
Liabilities	23,967	35,886	986	6	-	
Equity	113,231	107,524	60,558	1,200	-	
Assets	137,198	143,410	61,544	1,206	-	
Net revenue	13,992	12,786	14,461	-	-	
Profit (loss) for the period	7,764	9,375	6,388	(84)	-	
Ownership interest - %	100.00	100.00	99.99	99.98	-	

The subsidiary Habitasul Florestal S.A. is engaged in planting, developing and harvesting pine forests and extracting resins.

At the General Meeting held on April 30, 2013, the stockholders of the subsidiary Habitasul Florestal S.A. approved the distribution of additional dividends amounting to R$ 6,513, to be paid up to December 31, 2013.

The activities of the subsidiary Irani Trading S.A. include 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 22, 2013, the stockholders of the subsidiary Irani Trading S.A. approved the distribution of additional dividends amounting to R$ 9,408, to be paid up to December 31, 2013.

The subsidiary Iraflor Comércio de Madeiras Ltda. carries out activities related to the management and sale of planted forests for the parent company Celulose Irani S.A. and also for the market. In the first six-month period of 2013, this subsidiary received a capital contribution from Celulose Irani S.A. amounting R$ 13,259 which was paid up through the transfer of forest assets amounting to R$ 13,251, and R$ 8 in cash. On August 16, 2013, the stockholders approved the distribution of dividends referring to 2012, which amounted to R$ 9,082.

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The subsidiary HGE Geração de Energia Sustentável was acquired in 2009 and has as its corporate objective the generation, transmission and distribution of electric power sourced from wind energy to permanently trade it as an independent power producer. This subsidiary continues to be in the preoperating stage and is evaluating projects for implementation.

The former subsidiary Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda. was engaged in the retail sale of furniture and decoration products and furniture assembly services. The Company's Board of Directors approved, in the meeting held on December 20, 2012, the divestiture of this subsidiary, as disclosed in Note 32.

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13. 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	Advances to suppliers	Assets under finance leases	Leasehold improvements	Total
At December 31, 2011										
Net book value	123,901	29,114	326,772	497	3,563	20,614	759	16,592	14,027	535,839
At December 31, 2012										
Opening balance	123,901	29,114	326,772	497	3,563	20,614	759	16,592	14,027	535,839
Additions	-	583	4,130	92	346	27,587	14,568	1,226	-	48,532
Disposals	-	-	(130)	-	-	(135)	(9,297)	(54)	-	(9,616)
Transfers	-	4,318	21,887	-	712	(26,917)	-	-	-	-
Depreciation	-	(1,276)	(31,480)	(181)	(925)	-	-	(3,175)	(643)	(37,680)
Cost	123,901	40,692	542,676	1,850	8,588	21,149	6,030	28,523	16,061	789,470
Accumulated depreciation	-	(7,953)	(221,497)	(1,442)	(4,892)	-	-	(13,934)	(2,677)	(252,395)
Net book value	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
At September 30, 2013										
Opening balance	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
Additions	-	4	4,904	468	740	30,105	21,220	1,019	-	58,460
Disposals	-	-	(456)	-	(14)	(3,360)	(15,478)	(3)	-	(19,311)
Transfers	-	489	8,441	-	310	(9,240)	-	-	-	-
Depreciation	-	(782)	(17,468)	(160)	(507)	-	-	(2,427)	(482)	(21,826)
Net book value	123,901	32,450	316,600	716	4,225	38,654	11,772	13,178	12,902	554,398
Cost	123,901	41,185	553,137	2,319	10,070	38,654	11,772	29,447	16,061	826,546
Accumulated depreciation	-	(8,735)	(236,537)	(1,603)	(5,845)	-	-	(16,269)	(3,159)	(272,148)
Net book value	123,901	32,450	316,600	716	4,225	38,654	11,772	13,178	12,902	554,398

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Consolidated	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other	Construction in progress	Advance from supplier of property, plant and equipment	Finance lease assets	Leasehold improvements	Total
At December 31, 2011										
Net book value	174487	117,372	326,868	584	6,481	21,024	759	16,709	14,027	678,311
At December 31, 2012										
Opening balance	174,487	117,372	326,868	584	6,481	21,024	759	16,709	14,027	678,311
Acquisitions	1,688	4,469	4,177	124	363	27,689	14,567	1,222	-	54,299
Disposals	(61)	(138)	(131)	-	(2,212)	(234)	(9,296)	(55)	-	(12,127)
Assets of discontinued operation	-	-	(75)	(27)	(206)	-	-	(62)	-	(370)
Transfers	-	4,318	21,887	-	712	(26,917)	-	-	-	-
Depreciation	-	(3,870)	(31,428)	(205)	(1,038)	-	-	(3,195)	(643)	(40,379)
Cost	176,114	153,062	542,798	1,953	9,077	21,562	6,030	28,563	16,061	955,220
Accumulated depreciation	-	(30,911)	(221,500)	(1,477)	(4,977)	-	-	(13,944)	(2,677)	(275,486)
Net book value	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
At September 30, 2013										
Opening balance	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
Acquisitions	1,218	4	5,132	468	520	30,105	21,220	1,018	-	59,685
Disposals	(185)	-	(455)	-	(14)	(3,360)	(15,478)	-	-	(19,492)
Transfers	-	489	8,441	-	310	(9,240)	-	-	-	-
Depreciation	-	(2,567)	(17,472)	(175)	(523)	-	-	(2,433)	(482)	(23,652)
Net book value	177,147	120,077	316,944	769	4,393	39,067	11,772	13,204	12,902	696,275
Cost	177,147	156,212	553,188	2,423	10,392	39,067	11,772	29,487	16,061	995,749
Accumulated depreciation	-	(36,135)	(236,244)	(1,654)	(5,999)	-	-	(16,283)	(3,159)	(299,474)
Net book value	177,147	120,077	316,944	769	4,393	39,067	11,772	13,204	12,902	696,275

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

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b) Composition of intangible assets

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

Software

	Parent company	Consolidated
At December 31, 2011		
Net book value	1,088	1,103
At December 31, 2012		
Opening balance	1,088	1,103
Additions	574	607
Disposals	(13)	(58)
Amortization	(429)	(429)
Cost	5,722	5,726
Accumulated amortization	(4,502)	(4,503)
Net book value	1,220	1,223
At December 31, 2012		
Cost	5,722	5,726
Accumulated amortization	(4,502)	(4,503)
Net book value	1,220	1,223
At September 30, 2013		
Opening balance	1,220	1,223
Additions	292	293
Amortization	(524)	(525)
Cost	6,014	6,019
Accumulated amortization	(5,026)	(5,028)
Net book value	988	991

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 - %
Buildings and constructions *	2.19
Equipment and facilities **	5.86
Furniture, fittings and IT equipment	5.71
Vehicles and tractors	20.0

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

d) Other information

Construction in progress refers to works for the improvement and maintenance of the production process in the Packaging Paper and Corrugated Cardboard Packaging plants in Vargem Bonita, State of Santa Catarina, and the Corrugated Cardboard Packaging plant in Indaiatuba, State of São Paulo, the major improvements being the new pulp purification and the refining update, in addition to the renovation of the paper machine #1, with expected conclusion in 2014. During the period, finance charges in the amount of R$ 497 were capitalized at an average rate of 5.11% per annum, related to new funds utilized to finance specific investment projects.

Advances to suppliers refer to investments in the Packaging Paper and Corrugated Cardboard Packaging Units in Vargem Bonita, State of Santa Catarina.

The Company has finance lease agreements for machinery, IT equipment and vehicles, with purchase option clauses, negotiated at a fixed rate and with 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 Corrugated Cardboard Packaging Unit in Indaiatuba-SP, and are being depreciated on the straight-line method at the 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.

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The depreciation of the Company's property, plant and equipment for 9M13 is as follows:

	Parent company		Consolidated	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Administrative	736	1,264	910	1,438
Productive	21,090	26,540	22,742	28,317
	21,826	27,804	23,652	29,755

The variation in the depreciation of property, plant and equipment in 9M13 over 9M12 is a result of the review carried by the Company of the useful lives of its assets, as required by CPC 27, which is being applied prospectively as from January 2013.

The amortization of the Company's intangible assets for 9M13 and 9M12 is as follows:

	Parent company		Consolidated	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Administrative	445	548	446	548
Productive	79	96	79	96
	524	644	525	644

e) Impairment of property, plant and equipment

The Company did not identify any indicators of impairment of its assets at September 30, 2013.

f) Assets pledged as collateral

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

	Consolidated
	9/30/2013
Equipment and facilities	41,574
Buildings and constructions	90,722
Land	100,558
Total assets pledged	232,854

14. BIOLOGICAL ASSETS

The Company's biological assets comprise mainly the planting and cultivation of pine trees for the supply of 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 six-monthly basis. Because the harvesting of the forests planted is realized based on the requirement 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 the fair value difference in relation to the cultivation cost. Consequently, the total balance of biological assets is recorded at fair value, as follows:

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Cost of development of biological assets	42,068	40,932	83,136	78,602
Difference in fair value	106,229	118,980	177,645	184,690
Biological assets at fair value	148,297	159,912	260,781	263,292

The Company considers that R$ 188,926 of the total biological assets relates to forests used as raw material for pulp and paper production, of which R$ 134,665 refers to mature forests with more than six years. The remaining amount refers to growing forests, which still need forestry treatments. These assets are located near the Pulp and Paper plant in Vargem Bonita, SC, where they are consumed.

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

The biological assets utilized for the production of resins and the sale of timber logs totaled R$ 71,855 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 forest, and the trees for sale of logs are extracted based on the demand for supply of timber in the region.

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

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

(i) The methodology utilized to measure the fair value of biological assets is the projection of future cash flows in accordance with the projected productivity cycle of forests, determined considering the production optimization, taking into consideration price changes and the growth of biological assets.
(ii) The discount rate utilized for cash flows was the Cost of Own Capital (Capital Asset Pricing Model - CAPM). The cost of capital is estimated through the analysis of the return targeted by investors for forest assets.
(iii) Projected productivity volumes of forests are defined based on stratification according to the type of each species, sorted by production planning, age of forests, productive potential and considering a production cycle of the forests. Forest management alternatives are created to establish the optimum long-term production flow, to maximize the yield of the forests.
(iv) The prices adopted for biological assets are those charged in two past years, based on market researches in the regions where the assets are located. Prices are calculated in R$/cubic meter, taking into consideration the costs necessary to bring the assets to the point of sale or consumption.
(v) Asset development expenses refer 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 semiannual basis, which is considered to be an interval deemed sufficient to prevent any lag in the balance of the fair value of biological assets recorded in the interim financial statements).

The main assumptions considered in the calculation of the fair value of biological assets include: i) the remuneration of own assets (lease), at the rate of 3% per year, and ii) a discount rate of 8.0% per year for SC and RS assets.

In the six-month period ended June 30, 2013, the Company carried out the valuation of its biological assets and recorded the changes in the fair value of the biological assets in the statement of operations.

During the three-month period ended September 30, 2013, the Company approved the assumptions and criteria applied in the calculation of the fair value of its biological assets and did not identify significant changes that could affect such fair values.

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In the nine-month period ended September 30, 2013, no other events impacted the valuation of the biological assets, such as rainstorms, lightning and others that could affect the forests.

Main changes

The changes in the period were as follows:

	Parent company	Consolidated
At 12/31/2011	128,516	239,997
Development expenses	5,126	5,748
Depletion		
Historical cost	(601)	(3,369)
Fair value	(1,764)	(15,851)
Transfers for capitalization of subsidiary	(3,370)	-
Changes in fair value	32,005	36,767
At 12/31/2012	159,912	263,292
Development expenses	2,985	4,056
Depletion		
Historical cost	(224)	(7,667)
Fair value	(647)	(7,980)
Transfers for capitalization of subsidiary	(13,251)	-
Disposals	(10)	(10)
Changes in fair value	(468)	9,090
At 9/30/2013	148,297	260,781

The depletion of biological assets was mainly charged to production cost, after an initial allocation to inventories when forests are harvested and the subsequent utilization in the production process or 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. The contribution of further biological assets, amounting to R$ 13,251, was authorized in the nine-month period ended September 30, 2013. The purpose of this transaction was to improve the management of forest assets and raise funds through CDCA, as mentioned in Note 15.

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b) Biological assets pledged as collateral

The Company has certain biological assets, in the amount of R$ 115,380, pledged as collateral for financial transactions. The pledged assets represent approximately 44% of total biological assets, equivalent to 20.6 thousand hectares of land used, with approximately 10.3 thousand hectares of planted forests.

c) Production on third-party land

The Company has entered into non-cancelable lease agreements for the production of biological assets on 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 9.3% of the total area with the Company's biological assets.

15. BORROWINGS

	Parent company		Consolidated		
	9/30/2013	12/31/2012	9/30/2013	12/31/2012	
Current					
Local currency					
Government Agency for Machinery and Equipment Financing (FINAME)	4,539	2,641	4,539	2,641	a)
Working capital	30,799	33,288	30,799	33,288	b)
Working capital - CDCA	16,686	16,306	16,686	16,306	c)
Finance leases	1,288	1,419	1,302	1,433	d)
Real Estate Credit Note (CCI)	-	-	-	8,839	e)
Total local currency	53,312	53,654	53,326	62,507	
Foreign currency					
Finance leases	886	2,839	886	2,839	f)
Advances on exchange contracts	11,492	8,490	11,492	8,490	g)
Banco Credit Suisse	806	738	806	738	h)
Banco Santander (Brazil)	-	1,690	-	1,690	i)
Banco Itaú BBA	10,809	-	10,809	-	j)
Banco do Brasil	2,154	1,329	2,154	1,329	k)
Banco Citibank	2,875	1,632	2,875	1,632	l)
Total foreign currency	29,022	16,718	29,022	16,718	
Total current	82,334	70,372	82,348	79,225	

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	Parent company		Consolidated		
	9/30/2013	12/31/2012	9/30/2013	12/31/2012	
Non-current					
Local currency					
FINAME	20,929	7,796	20,929	7,796	a)
Working capital	56,777	18,880	56,777	18,880	b)
Working capital - CDCA	51,022	66,741	51,022	66,741	c)
Finance leases	962	982	962	993	d)
Total local currency	129,690	94,399	129,690	94,410	
Foreign currency					
Banco Credit Suisse	83,165	75,051	83,165	75,051	h)
Banco Itaú BBA	27,100	34,716	27,100	34,716	j)
Banco do Brasil	2,271	2,048	2,271	2,048	k)
Banco Citibank	3,619	2,776	3,619	2,776	l)
Total foreign currency	116,155	114,591	116,155	114,591	
Total non-current	245,845	208,990	245,845	209,001	
Total	328,179	279,362	328,193	288,226	

	Parent company		Consolidated	
Long-term maturities:	9/30/2013	12/31/2012	9/30/2013	12/31/2012
2014	10,599	46,322	10,599	46,333
2015	68,131	58,952	68,131	58,952
2016	122,687	67,654	122,687	67,654
2017 to 2019	44,428	36,062	44,428	36,062
	245,845	208,990	245,845	209,001

Local currency loans:

a) FINAME - subject to an annual average interest rate of 4.63% with final maturity in 2019.

b) Working capital - subject to an annual average interest rate of 8.56% with final maturity in the first half of 2016.

Transaction costs:

The working capital transactions with Banco Safra incurred a transaction cost of R$ 279, with an effective interest rate of 10.72% p.a. The transaction costs to be allocated to the results in each subsequent period are as follows:

Year	Principal
2013	13
2014	36
2015	19
	68

c) Working capital - CDCA

On June 20, 2011, the Company issued Certificates of Agribusiness Receivables (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 have as the creditor Celulose Irani S.A., 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:

This transaction incurred a transaction cost of 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
2013	176
2014	634
2015	484
2016	310
2017	109
	1,713

d) Finance leases - subject to an annual average interest rate of 14.27% with final maturity in the second half of 2018.

	Parent company		Consolidated	
Long-term maturities of finance leases:	9/30/2013	12/31/2012	9/30/2013	12/31/2012
2014	209	780	209	791
2015	509	202	509	202
2016	168	-	168	-
2017 to 2018	76	-	76	-
	962	982	962	993

e) Real Estate Credit Note - CCI

On August 3, 2010, the subsidiary Irani Trading S.A. issued a Private Instrument of Real Estate Credit Note (CCI) backed by the lease agreement entered into on October 20, 2009 between Irani Trading S.A. and Celulose Irani S.A.

Irani Trading S.A. assigned the CCI to Brazilian Securities Companhia de Securitização ("Securitizer"). As a result of this assignment, Securitizer issued Certificates of Real Estate Receivables (CRIs) and on August 6, 2010 paid to Irani Trading S.A. the CCI assignment price of R$ 40,833, which was equivalent to the net present value of 37 future leasing installments at the rate 14.70% per year.

This transaction was settled in 37 monthly and consecutive installments of R$ 1,364 each, from August 25, 2010 through August 25, 2013, due by the lessee Celulose Irani S.A. to the lessor Irani Trading S.A., as determined by the lease agreement.

Foreign currency loans:

Loans in foreign currency at September 30, 2013 are adjusted by the exchange variation of the U.S. dollar, and they bear annual average interest of 7.95%.

f) Finance leases are adjusted for U.S. dollar exchange rate fluctuations and are repayable in quarterly installments, with final maturity at the end of 2013.

g) Advances on foreign exchange contracts are adjusted for U.S. dollar exchange rate fluctuations and are repayable in a single installment according to each contract, with maturities in the first half of 2014.

h) The financing from Banco Credit Suisse is adjusted for U.S. dollar exchange rate fluctuations and is repayable in quarterly installments. This transaction refers to prepayments of future exports.

Through the Amended and Restated Agreement of April 27, 2012, the Company and Credit Suisse renegotiated the export prepayment transaction for a final maturity in 2017 and grace period of 30 months for the payment of the installments of the principal.

Transaction costs:

This transaction incurred a cost 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%.

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

Year	Principal
2013	241
2014	1,142
2015	1,588
2016	2,209
2017	396
	5,576

i) Banco Santander (Brazil) - adjusted for Euro exchange rate fluctuations and repayable in annual installments with final maturity and settlement made in May 2013.

j) Banco Itaú BBA - adjusted for U.S. dollar exchange rate fluctuations and repayable in semiannual installments with final maturity in 2017.

Transaction costs:

This transaction incurred a transaction cost 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
2013	39
2014	122
2015	78
2016	32
2017	4
	275

k) Banco do Brasil - adjusted for U.S. dollar exchange rate fluctuations and repayable in semiannual installments with final maturity in 2016.

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

Transaction costs:

This transaction incurred a transaction cost of R$ 101, with an effective interest rate of 5.68% p.a. The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2013	8
2014	27
2015	10
	45

Collateral:

The collateral for the loans includes sureties of the controlling stockholders and/or statutory liens on land, buildings, machinery and equipment, biological assets (forests), commercial pledges and assignments of receivables amounting to R$ 144,145. Some transactions have specific guarantees, as follows:

i) For working capital - Certificates of Agribusiness Receivables (CDCA) - the Company provided collaterals of approximately R$ 65,227, including:

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

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

Restrictive financial covenants:

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

i) Working capital – Certificates of Agribusiness Receivables (CDCA)
ii) Banco Itaú BBA

Some restrictive financial covenants linked to compliance with certain financial ratios, measured on a quarterly basis, were established and the non-compliance with these covenants could generate the accelerated maturity of the debt.

a) The ratio between net debt and EBITDA over the last 12 months must not exceed 3 times (3.00x) as from the quarter ended June 30, 2012. However, if in a specific quarter (Reference Quarter), the non-compliance with the ratio between net debt and EBITDA over the last 12 months has occurred in a period when the foreign exchange variation is positive and higher than 15%, it is established that only in this case the Issuer will be released from complying with such financial ratio for this quarter. The indicator will be measured again based on the results for the immediately subsequent quarter, in which period the ratio between net debt and EBITDA over the last 12 months must not exceed the limit previously established for the Reference Quarter.

b) The ratio between EBITDA and net financial expenses over the last 12 months must not be lower than 2.00x as from the quarter ended June 30, 2012.

c) The ratio between EBITDA and net revenue over the last 12 months must not be lower than 17% over the entire transaction period, until full compliance with all obligations arising from the Issue Documents.

The Company complied with the covenants described above at September 30, 2013.

iii) Banco Credit Suisse

a) Net debt/EBITDA ratio of (i) 3.00x for the quarters ended between June 30, 2012 and March 31, 2015, and (ii) 3.75x for the subsequent quarters up to 2017.

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

The Company complied with the covenants described above at September 30, 2013.

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

16. DEBENTURES

First issue of simple debentures

On April 12, 2010, the Company issued simple, nonconvertible debentures, placed through public offering with restricted distribution (i.e. only to qualified institutional investors), in the amount of R$ 100,000. The debentures will mature in March 2015 and are being repaid in eight semiannual installments as from September 2011, adjusted based on the CDI rate plus annual interest of 5%. Interest is due in semiannual installments, without a grace period.

Transaction costs:

This transaction incurred a transaction cost of R$ 3,623, with an effective interest rate of 16% p.a. The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2013	212
2014	893
2015	226
	1,331

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Collateral:

Debentures have collateral in the amount of R$ 152,848, as follows:

- Assignment in favor of the Land Trustee 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, which will guarantee the debt up to the limit of R$ 26,512;
- Assignment in favor of the Land and Buildings Trustee of Irani Trading ("Trading") in conformity with the terms and conditions of the Private Instrument of Assignment of Real Estate of Trading and Other Covenants, which will guarantee the debt up to the limit of R$ 40,000;
- Agricultural pledge in favor of the Forest Assets Trustee 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 Receivables Trustee of Celulose Irani, equivalent to 25% of the outstanding principal balance of the Debentures.

Restrictive financial covenants:

Some restrictive financial covenants relating to compliance with certain financial ratios, measured on a quarterly basis, were established. Non-compliance with these covenants could generate the accelerated maturity of the debt. The covenants, set out below, were fully complied with in the period:

a) The ratio between net debt and EBITDA over the last 12 months must not exceed 3 times (3.00x) as from the quarter ended June 30, 2012. However, if in a specific quarter (Reference Quarter), the non-compliance with the ratio between net debt and EBITDA over the last 12 months has occurred in a period when the foreign exchange variation is positive and higher than 15%, it is established that only in this case the Issuer will be released from complying with such financial ratio for this quarter. The indicator will be measured again based on the results for the immediately subsequent quarter, in which period the ratio between net debt and EBITDA over the last 12 months must not exceed the limit previously established for the Reference Quarter.

b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00x as from the quarter ended June 30, 2012.

c) The ratio between EBITDA and net revenues over the last 12 months must not be lower than 17% over the entire transaction period, until full compliance with all the obligations arising from the Issue Documents.

The Company complied with the covenants described above at September 30, 2013.

Second issue of simple debentures

On November 30, 2012, the Company issued simple, nonconvertible debentures, placed through public offering with restricted distribution (i.e. only to qualified institutional investors), in the amount of R$ 60,000. The debentures will mature in November 2017 and are being repaid in five annual installments as from November 2013, adjusted based on the CDI rate plus annual interest of 2.75%.

Transaction costs:

This transaction incurred a transaction cost 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
2013	92
2014	321
2015	251
2016	173
2017	87
	924

Collateral:

Debentures will have collateral in the amount of R$ 80,641, as follows:

- Assignment in favor of the Land Trustee 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 first degree, in the amount of R$ 17,625 and in 2nd degree in the amount of R$ 31,252.
- Agricultural pledge of certain assets in favor of the Forest Assets Trustee 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 Receivables Trustee of Celulose Irani, equivalent to 25% of the outstanding principal balance of the Debentures.

Restrictive financial covenants:

Some restrictive financial covenants relating to compliance with certain financial ratios, measured on an annual basis, were established. Non-compliance with these covenants could generate the accelerated maturity of the debt. These restrictive financial covenants were fully met in 2012 and a new verification will be made at the end of 2013 to ensure the compliance with such covenants.

The restrictive financial covenants are as follows:

a) The ratio between net debt and EBITDA for the year ended December 31, 2012 cannot be higher than 3.50x.
b) The ratio between net debt and EBITDA for the year ended December 31, 2013 cannot be higher than 3.65x.
c) The ratio between net debt and EBITDA for the year ended December 31, 2014 cannot be higher than 3.25x.
d) As from the year ended December 31, 2015, the ratio between net debt and EBITDA cannot be higher than 3.00x.
e) The ration between EBITDA and the net finance costs cannot be lower than 2.00x as from the year ended December 31, 2012.

First private issue of simple debentures

On August 19, 2010, the Company issued simple, nonconvertible debentures for R$ 40,000, paid up by the subsidiary Irani Trading S.A. The debentures will mature in a single installment in August 2015 and are adjusted based on the IPCA plus annual interest of 6%. Interest will be paid together with the single installment of the principal in August 2015.

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Transaction costs:

This transaction incurred a transaction cost of R$ 1,902, with an effective interest rate of 9.62% p.a. The transaction costs to be allocated to the results in each subsequent year are as follows:

Year	Principal
2013	147
2014	794
2015	631
	1,572

This issue is not collateralized and does not have restrictive financial covenants.

The repayment of the debentures, by year, is due as follows:

	Parent company		Consolidated	
Year	9/30/2013	12/31/2012	9/30/2013	12/31/2012
2013	12,581	36,526	12,581	36,526
2014	36,063	36,089	36,063	36,089
2015	78,485	74,175	24,444	23,440
2016	12,859	11,935	12,859	11,935
2017	12,943	12,013	12,943	12,014
	152,931	170,738	98,890	120,004
Current	41,880	39,026	41,880	39,026
Non-current	111,051	131,712	57,010	80,978

17. TRADE PAYABLES

Payables to suppliers are as follows:

	Parent company		Consolidated	
CURRENT	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Domestic:				
Materials	43,475	31,265	43,564	31,210
Property, plant and equipment	460	2,112	460	2,112
Service providers	2,821	2,453	2,880	2,597
Carriers	6,004	5,511	6,007	5,514
Related parties	24,473	16,500	-	-
Property, plant and equipment being shipped	50	2,168	50	2,168
Consignment	65	65	65	65
Foreign:				
Materials	213	81	213	81
	77,561	60,155	53,239	43,747

18. TAXES PAYABLE IN INSTALLMENTS

The Company opted for the REFIS - tax refinancing program regulated by Law 11,941/09 and Provisional Measure 470/09, for the payment of its taxes in installments. The installments are paid monthly and are subject to interest at the Special System for Settlement and Custody (SELIC) rate.

The Company also refinanced the ICMS of the State of São Paulo, which is subject to interest of 0.9% per month, paid monthly.

The amounts are as follows:

CURRENT	Parent company		Consolidated	
Federal Tax Installments	9/30/2013	12/31/2012	9/30/2013	12/31/2012
REFIS installments - Federal Revenue Service	2,452	2,330	2,452	2,360
Employer's INSS payable in installments	797	767	887	862
FNDE payable in installments	-	-	27	25
	3,249	3,097	3,366	3,247

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	Parent company		Consolidated	
State Tax Installments	9/30/2013	12/31/2012	9/30/2013	12/31/2012
ICMS payable in installments	1,868	1,988	1,868	1,988
	1,868	1,988	1,868	1,988
Total installments	5,117	5,085	5,234	5,235

NON-CURRENT	Parent company		Consolidated	
Federal Tax Installments	9/30/2013	12/31/2012	9/30/2013	12/31/2012
REFIS installments - Federal Revenue Service	1,972	3,919	1,972	3,945
Employer's INSS payable in installments	465	1,022	468	1,054
FNDE payable in installments	-	-	63	76
	2,437	4,941	2,503	5,075

	Parent company		Consolidated	
State Tax Installments	9/30/2013	12/31/2012	9/30/2013	12/31/2012
ICMS payable in installments	84	1,304	84	1,304
	84	1,304	84	1,304
Total installments	2,521	6,245	2,587	6,379

Long-term maturities:	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
2014	331	2,393	340	2,527
2015	457	618	484	618
2016	191	343	218	343
2017 onwards	1,542	2,891	1,545	2,891
	2,521	6,245	2,587	6,379

INSS - Refers to the refinancing of social security contributions established by Law 10,684/03, where the Company opted for REFIS in November 2009.

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Federal Revenue Service - Refers to the refinancing of federal taxes established by Law 10,684/03, where the Company opted for Refis in November 2009, and the refinancing of other Excise Tax (IPI) debts in the current amount of R$ 5,039. This amount is being paid in 180 installments and is subject to the SELIC interest rate.

Employer's INSS - Refers to the refinancing of social security contributions in November and December 2008.

19. RELATED-PARTY TRANSACTIONS

Parent company	Receivables		Payables		Debentures payable	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Irani Trading S.A.	8,685	3,136	1,419	1,415	54,041	50,734
Habitasul Florestal S.A.	12,543	2,171	3,604	81	-	-
HGE - Geração de Energia	-	-	442	601	-	-
Management	1,006	1,553	-	-	-	-
Iraflor - Com. de Madeiras Ltda.	-	-	19,450	15,004	-	-
Management remuneration	-	-	658	1,630	-	-
Management profit sharing	-	-	3,949	8,210	-	-
Ind. Papel São Roberto S.A.	13,440	-	1,580	-	-	-
Companhia Com.de Imóveis	-	310	-	-	-	-
Total	35,674	7,170	31,102	26,941	54,041	50,734
Current portion	34,668	5,617	31,102	26,941	-	-
Non-current portion	1,006	1,553	-	-	54,041	50,734

-

Parent company	Revenue		Expenses		Revenue		Expenses	
	Quarter ended		Quarter ended		Nine-month period ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Companhia Com.de Imóveis	-	-	-	-	836	-	-	-
Ind. Papel São Roberto S.A	20,803	-	2,150	-	45,293	-	7,315	-
Irani Trading S.A.	-	-	4,297	4,225	-	-	12,873	12,846
Habitasul Florestal S.A.	-	-	2,054	822	-	-	5,127	2,947
Iraflor - Com. de Madeiras Ltda.	-	-	5,010	3,067	-	-	12,596	8,165
Druck, Mallmann, Oliveira & Advogados Associados	-	-	-	53	-	-	108	185
MCFD Administração de Imóveis Ltda.	-	-	255	236	-	-	765	757
Irani Participações S.A.	-	-	120	120	-	-	360	360
Habitasul Desenvolvimentos Imobiliarios	-	-	27	27	-	-	83	83
Share-based payment	-	-	147	-	-	-	384	230
Meu Móvel de Madeira	-	12	-	-	-	12	-	-
Management remuneration	-	-	1,771	1,444	-	-	5,219	4,178
Total	20,803	12	15,831	9,994	46,129	12	44,830	29,751

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Consolidated	Receivables		Payables	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Companhia Com.de Imóveis	-	310	-	-
Management remuneration	-	-	658	1,770
Ind. Papel São Roberto S.A.	13,440	-	1,580	-
Management	1,006	1,553	-	-
Management profit sharing	-	-	3,949	8,210
Total	14,446	1,863	6,187	9,980
Current portion	13,616	310	6,187	9,980
Non-current portion	1,006	1,553	-	-

Consolidated	Revenue		Expenses		Revenue		Expenses	
	Quarter ended		Quarter ended		Nine-month period ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Irani Participações S.A.	-	-	120	120	-	-	360	120
Companhia Com.de Imóveis	-	-	-	-	836	-	-	-
Druck, Mallmann, Oliveira & Advogados Associados	-	-	-	80	-	-	108	80
MCFD Administração de Imóveis Ltda.	-	-	255	261	-	-	765	261
Management remuneration	-	-	1,784	1,241	-	-	5,219	4,178
Habitasul Desenvolvimentos Imobiliarios	-	-	27	27	-	-	83	83
Ind. Papel São Roberto S.A.	20,803	-	2,150	-	45,293	-	7,315	-
Share-based payment	-	-	147	244	-	-	384	244
Total	20,803	-	4,483	1,973	46,129	-	14,234	4,966

The receivables from/payables to the subsidiaries Irani Trading S.A., Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. refer to commercial transactions as well as the acquisition of raw material and the supply of products. The transactions were compatible with respective market conditions and prices. The receivables of the parent company from the subsidiaries Irani Trading S.A. and Habitasul Florestal S.A. are related to the dividends for 2012.

Irani Trading S.A. is currently the owner of an industrial property in Vargem Bonita, SC, which is 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 is valid for 64 months from the beginning of the lease agreement, which occurred on January 1, 2010. The property is 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 are subject to the IPCA plus annual interest of 6% and mature as disclosed in Note 16.

In 2011, 2012 and 2013, the Company transferred to Iraflor the amount of R$ 54,096 in planted forests as a capital contribution. On June 16, 2011, the subsidiary Iraflor issued Rural Producer Notes (CPR) with final maturity in June 2018 and representing the Company's rights to receive wood in this period. Based on the credit rights from the CPRs, the Company issued Certificates of Agribusiness Receivables (CDCA) 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 relates to the amount of capital to be paid up by the end of 2013, in accordance with the contractual amendment for a capital increase.

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 administrative unit in Porto Alegre, 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 payable to this related party is R$ 94. The total contractual monthly rental is R$ 188, adjusted annually based on the variation of the General Market Price Index - IGPM disclosed by Fundação Getúlio Vargas.

The amount payable to Druck, Mallmann, Oliveira & Advogados Associados refers to legal advisory services, based on an agreement entered into on June 1, 2006 for an unspecified period, adjusted annually based on the variation of the National Consumer Price Index - INPC.

The payables to Indústria de Papel e Papelão São Roberto S.A. are represented by 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 are as follows: i) a portion of the monthly amount of the lease of R$ 450; ii) the purchase by the Company of the inventories of materials for production at the agreement's beginning date (the Lease agreement started on March 1, 2013, is effective for a six-year period, can be renewed

and is adjusted annually by the IPCA); and iii) purchase by the Company of raw material and accessories for corrugated cardboard boxes.

The receivables from Indústria de Papel e Papelão São Roberto S.A. relate to: i) the sales of paper for packaging by the Company, and ii) the operating restructuring and implementation of the new model of management ("Restructuring Agreement"), through which the Company will render to São Roberto services of restructuring and strategic, methodological, operational and economic and financial reorganization, aiming at implementing a new model of management and governance of São Roberto. The restructuring agreement will have a one-year term, and can be renewed.

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

Payables attributable to management remuneration relate to directors' fees and variable long-term compensation.

Management remuneration expenses, net of payroll taxes, totaled R$ 5,219 at September 30, 2013 (R$ 4,178 at September 30, 2012). The total management remuneration was approved at the General Meeting of Stockholders held on April 29, 2013, in the maximum amount of R$ 10,000.

20. PROVISION FOR CIVIL, LABOR AND TAX RISKS

The Company and its subsidiaries are parties to tax, civil and labor lawsuits and to administrative tax proceedings. 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 contingencies.

The provision for contingencies is comprised as follows:

	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Civil	1,334	977	1,342	985
Labor	497	598	630	892
Tax	32,739	36,160	32,739	36,160
Total	34,570	37,735	34,711	38,037

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Judicial deposits		600	574	666	632
Parent company	12/31/2012	Provision	Payments	Reversal	9/30/2013
Civil	977	357	-	-	1,334
Labor	598	-	(46)	(55)	497
Tax	36,160	1,306	-	(4,727)	32,739
	37,735	1,663	(46)	(4,782)	34,570
Consolidated	12/31/2012	Provision	Payments	Reversal	9/30/2013
Civil	985	357	-	-	1,342
Labor	892	-	(63)	(199)	630
Tax	36,160	1,306	-	(4,727)	32,739
	38,037	1,663	(63)	(4,926)	34,711

The provision for contingencies refers basically to:

a) Civil lawsuits related, among other matters, to indemnity claims in connection with termination of agreements with sales representatives. A provision of R$ 1,342 was recorded at September 30, 2013 to cover losses arising from these contingencies. Judicial deposits relating to these lawsuits amount to R$ 263 and are classified in non-current assets.

b) Labor lawsuits related, among other matters, 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 legal counsel's opinion, the Company provisioned R$ 630 at September 30, 2013, which is considered to be sufficient to cover losses arising from labor contingencies. Judicial deposits relating to these lawsuits amount to R$ 403 and are classified in non-current assets.

c) The provision for tax contingencies refers to offsets of federal taxes with IPI credits on the acquisition of trimmings by the Company. The amount offset from July 2008 to December 2011 was R$ 22,857. The adjusted balance at September 30, 2013 totaled R$ 32,739.

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Contingencies

No provisions were recorded for contingencies in respect of which the likelihood of loss has been assessed by the legal counsel as possible, but not probable. The amounts of the related labor, civil, environmental and tax lawsuits at September 30, 2013, were as follows:

	Consolidated	
	9/30/2013	12/31/2012
Labor	16,449	14,280
Civil	2,641	2,650
Environmental	1,000	1,000
Tax	69,947	73,025
	90,037	90,955

Labor contingencies:
The labor lawsuits assessed by the legal counsel as involving possible losses total R$ 16,449 and primarily include 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 proceedings and for which the Company expects a favorable outcome.

Civil contingencies:
The civil lawsuits assessed by the legal counsel as involving possible losses total R$ 2,641 and primarily include indemnity claims, which are currently at different stages of proceedings and for which the Company expects a favorable outcome.

Environmental contingencies:
Refers to a Public Civil Action aimed at restoring the degraded area, which was considered partially valid. If it is not possible to make such restoration, it will be converted into an indemnity. Even considering that this matter is difficult to quantify, the Company believes that the amount of compensatory damages will be less than the maximum estimated amount of R$ 1,000.

Tax contingencies:
The tax proceedings assessed by the legal counsel as involving possible losses total R$ 69,947 and mainly include the following:

- Administrative Proceeding 10925.000172/2003-66 related to a tax notification for alleged irregularity in offsetting IPI credits, which amounted to R$ 10,659 at September 30, 2013. The lawsuit is currently in the Taxpayers' Council (CC) awaiting the decision 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 September 30, 2013, amounted to R$ 5,026. The lawsuit was suspended by a court decision and is awaiting the decision on the Action for Annulment 2005.71.00.002527-8.

- Administrative proceedings 11080.013972/2007-12 and 11080.013973/2007-67, amounting to R$ 4,542 at September 30, 2013, related to tax notifications for PIS and COFINS, which alleged undue tax credits. The Company has challenged these notifications at the administrative level and awaits the judgment of the voluntary appeals.

- Administrative proceedings related to tax assessment notices received from the Santa Catarina State for alleged undue ICMS tax credits on the acquisition of material used in the production of industrial plants in this state which amounted to R$ 31,030 at September 30, 2013. The Company filed defense arguments in respect of these tax assessments.

- Administrative proceedings 11080.009902/2006-89, 11080.009904/2006-88 and 11080.009905/2006-12 related to federal taxes offset against deemed IPI credits on exports, allegedly calculated improperly, in the amount of R$ 8,885 at September 30, 2013. The Company has challenged these proceedings at the administrative levels and is awaiting the decision on the appeals filed with the Taxpayers' Council.

21. EQUITY

a) Capital

The Company's capital at September 30, 2013 was R$ 103,976, represented by 149,279,740 common shares and 12,810,260 preferred shares, totaling 162,090,000 shares, without par value. The holders of preferred shares are entitled to: dividends under the same conditions adopted 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 may issue preferred shares, without par value and without voting rights, up to the limit of 2/3 of the Company's total shares, and increase existing share types or classes without maintaining the proportion among the shares of each type or class.

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b) Treasury shares

		Parent company 9/30/2013		Parent company 12/31/2012	
		Number	Amount	Number	Amount
i) Acquired from former directors	Common	-	-	92,040	48
ii) Share buyback plan	Common	24,000	30	1,246,000	1,610
	Preferred	-	-	274,000	380
iii) Right to withdraw	Preferred	2,352,100	6,804	2,352,100	6,804
		2,376,100	6,834	3,964,140	8,842

i) Purchases from former directors are shares the Company acquired from former directors who left the Company in previous periods, as determined by the stock option plan effective on the date of the acquisition.

ii) The objective of the share buyback plan was to maximize the value of the shares for stockholders. This program was concluded within 365 days, on November 23, 2011.

iii) Right to withdraw: the shares acquired through the right to withdraw result 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 of their shares based on the equity value recorded in the balance sheet at December 31, 2011.

The Company's management will later propose the destination of the treasury shares or their cancellation.

c) Revenue reserves

Revenue reserves comprise: legal reserve, reserve of biological assets and profit retention reserve.

5% of annual profit is transferred to the legal reserve, which can be utilized to offset losses or for capital increases.

The reserve of biological assets was constituted because the Company measured its biological assets at fair value in the opening balance sheet upon the first-time 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.

The profit retention reserve comprises the remaining profits after the offset 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 the Stockholders' meeting. Certain agreements with creditors contain restrictive clauses relating to the distribution of dividends above the mandatory minimum dividend.

On January 24, 2013, the Company's Board of Directors approved the distribution of interim dividends from the Profit retention reserve amounting to R$ 14,267, corresponding to R$ 0.090223 per common and preferred share. The approval was in accordance with the terms of Article 29, sole paragraph, of the Company's bylaws. The Company obtained the necessary authorizations from the creditors for this distribution. The distribution of the interim dividends was ratified at the Extraordinary General Meeting held on April 29, 2013.

d) 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 upon the first-time adoption of IFRS. The realization will occur as the related deemed cost is depreciated, at which time the amounts involved will also be adjusted in the base for calculating dividends. The balance at September 30, 2013, net of tax, represented a gain of R$ 242,458 (R$ 249,370 at December 31, 2012).
The amounts of the financial instruments classified as cash flow hedges, net of tax effects, are also recorded in carrying value adjustments and corresponded to a loss of R$ 12,667 at September 30, 2013 (R$ 6,129 at December 31, 2012).

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22. EARNINGS (LOSS) PER SHARE

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

i) Basic and diluted earnings (loss) of continuing operations

	Quarter ended 9/30/2013		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	6,539	519	7,058
Basic and diluted earnings per share - R$	0.0442	0.0442	

	Quarter ended 9/30/2012		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Loss for the period attributable to each type of share	(863)	(69)	(932)
Basic and diluted loss per share - R$	(0.0058)	(0.0059)	

	Nine-month period ended 9/30/2013		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	22,775	1,809	24,584
Basic and diluted earnings per share - R$	0.1539	0.1539	

	Nine-month period ended 9/30/2012		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,490,882	159,432,582
Loss for the period attributable to each type of share	(3,137)	(244)	(3,381)
Basic and diluted loss per share - R$	(0.0212)	(0.0212)	

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ii) Basic and diluted earnings of discontinued operations

	Quarter ended 9/30/2013		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	-	-	-
Basic and diluted earnings per share - R$	-	-	

	Quarter ended 9/30/2012		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	227	18	245
Basic and diluted earnings per share - R$	0.0015	0.0015	

	Nine-month period ended 9/30/2013		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	-	-	-
Basic and diluted earnings per share - R$	-	-	

	Nine-month period ended 9/30/2012		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,490,882	159,432,582
Profit for the period attributable to each type of share	427	33	460
Basic and diluted earnings per share - R$	0.0029	0.0029	

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23. STOCK OPTION PLAN

Celulose Irani operates a share-based remuneration plan, settled with shares, under which the Company receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of operations, with a corresponding adjustment to equity.

First Stock Option Plan (Program I)

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 exercise price of the options granted will be R$ 1.26 per common or preferred share. The options have a vesting period up to December 31, 2013. The options were exercised from April 1, 2013 to April 30, 2013. The employee paid the exercise price and the corresponding shares will be pledged in favor of the Company up to December 31, 2013, after which they will be released. Should the employee leave the Company for any reason after exercising the option, but before December 31, 2013, the shares acquired will be returned to the Company and the beneficiaries will be compensated with the amount paid when the option was exercised, with no additional interest or monetary restatement charges. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The number of options and the related exercise prices are as follows:

	Average exercise price in R$ per share option	Number of options
Granted in May 2012 and exercised in April 2013	1.26	1,588,040
Granted in May 2012 and not exercised in April 2013	1.26	24,000
At September 30, 2013	1.26	1,612,040

The weighted average fair value of the options granted during the period, determined using the Black-Scholes valuation model, was R$ 0.60 per option. The significant inputs into the model were estimated as:

Preferred shares - weighted average share price of R$ 1.45 at the grant date, exercise price shown above of R$ 1.26, volatility of 145.80 %, dividend yield of 7.46 %, an expected option life corresponding to 1.5 years, and an annual risk-free interest rate of 8.52 %.

Common shares - weighted average share price of R$ 1.44 at the grant date, exercise price shown above of R$ 1.26, volatility of 73.95 %, dividend yield of 6.59 %, an expected option life corresponding to 1.5 years, and an annual risk-free interest rate of 8.52 %.

The volatility was measured using the adjusted annual standard deviation (exponentially weighted moving average (EWMA)) of the daily variation of Celulose Irani's shares, considering an interval of approximately 1.5 years, the vesting period of the share-based compensation plan.

24. NET SALES REVENUE

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

	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Gross sales revenue	194,951	153,554	533,764	441,337
Taxes on sales	(42,633)	(35,188)	(117,517)	(97,759)
Sales returns	(1,578)	(834)	(4,945)	(2,493)
Net sales revenue	150,740	117,532	411,302	341,085

	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Gross sales revenue	199,817	158,149	547,062	455,454
Taxes on sales	(42,999)	(35,485)	(118,463)	(98,727)
Sales returns	(1,578)	(834)	(4,945)	(2,493)
Net sales revenue	155,240	121,830	423,654	354,234

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25. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

	Parent company Quarter ended		Parent company Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Fixed and variable costs (raw materials and consumables)	(84,078)	(62,122)	(225,533)	(175,974)
Personnel	(25,377)	(22,823)	(73,679)	(67,949)
Changes in the fair value of biological assets	-	-	(468)	3,873
Depreciation, amortization and depletion	(7,809)	(9,753)	(23,221)	(30,202)
Freight	(6,685)	(5,354)	(18,379)	(14,869)
Services contracted	(4,223)	(4,459)	(12,082)	(12,237)
Selling expenses	(5,994)	(5,769)	(18,683)	(16,670)
	(134,166)	(110,280)	(372,045)	(314,028)
Other expenses, net				
Cost of /revenue from sales of assets	(11)	328	(404)	-
Sale of permanent assets	50	-	264	283
Other income (expenses)	469	(3,852)	465	(3,767)
	508	(3,524)	325	(3,484)
Total costs and expenses by nature	(133,658)	(113,804)	(371,720)	(317,512)
Costs	(110,984)	(89,525)	(305,064)	(254,057)
Expenses	(23,182)	(20,755)	(66,981)	(59,971)

	Consolidated Quarter ended		Consolidated Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Fixed and variable costs (raw materials and consumables)	(76,400)	(55,625)	(204,310)	(157,822)
Personnel	(26,303)	(24,188)	(76,320)	(71,655)
Changes in the fair value of biological assets	-	-	9,090	(2,260)
Depreciation, amortization and depletion	(14,273)	(14,046)	(39,824)	(42,397)
Freight	(6,685)	(5,861)	(18,379)	(16,147)
Services contracted	(4,711)	(4,626)	(12,943)	(12,710)
Selling expenses	(5,825)	(6,160)	(18,189)	(17,065)
	(134,197)	(110,506)	(360,875)	(320,056)
Other expenses, net				
Cost of sales of assets	(11)	-	(590)	(267)
Sale of permanent assets	50	329	546	-
Other income (expenses)	918	(3,845)	922	(3,409)
	957	(3,516)	878	(3,676)
Total costs and expenses by nature	(133,240)	(114,022)	(359,997)	(323,732)
Costs	(110,736)	(89,331)	(293,139)	(259,231)
Expenses	(23,461)	(21,175)	(67,736)	(60,825)

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26. OTHER OPERATING INCOME AND EXPENSES

Income	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Income from sale of assets	50	379	264	751
Other operating income	748	352	1,822	776
	798	731	2,086	1,527

Income	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Income from sale of assets	50	170	546	771
Other operating income	1,197	569	2,282	1,244
	1,247	739	2,828	2,015

Expenses	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Cost of assets damaged and sold	(11)	(51)	(404)	(468)
Other operating expenses	(132)	(4,271)	(1,068)	(4,313)
Share-based payment	(147)	67	(289)	(230)
	(290)	(4,255)	(1,761)	(5,011)

Expenses	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Cost of assets damaged and sold	(11)	(51)	(589)	(1,038)
Other operating expenses	(132)	(4,271)	(1,068)	(4,423)
Share-based payment	(147)	67	(293)	(230)
	(290)	(4,255)	(1,950)	(5,691)

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27. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Operating profit (loss) before tax effects	8,443	(3,537)	24,782	(10,040)
Statutory rate	34%	34%	34%	34%
Tax credit (expense) at statutory rate	(2,871)	1,203	(8,426)	3,414
Tax effect of permanent (additions) / deductions:				
Equity in the results of subsidiaries	1,695	1,361	7,970	2,413
Other permanent differences	(159)	18	407	910
Share-based payment	(50)	23	(149)	(78)
	(1,385)	2,605	(198)	6,659
Current income tax and social contribution	-	-	-	-
Deferred income tax and social contribution	(1,385)	2,605	(198)	6,659

	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Operating profit (loss) before tax effects	9,043	(3,010)	26,732	(8,725)
Statutory rate	34%	34%	34%	34%
Tax credit (expense) at statutory rate	(3,075)	1,023	(9,089)	2,967
Tax effect of permanent (additions) / deductions:				
Difference in rates for taxation of subsidiaries	5,489	1,041	10,444	3,522
Other permanent differences	(4,349)	(9)	(3,353)	(1,068)
Share-based payment	(50)	23	(149)	(78)
	(1,985)	2,078	(2,147)	5,343
Current income tax and social contribution	(262)	(187)	(688)	(698)
Deferred income tax and social contribution	(1,723)	2,265	(1,459)	6,041

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28. FINANCE RESULT

	Parent company Quarter ended		Parent company Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Finance income				
Income from financial investments	1,091	1,137	3,883	4,789
Interest	427	287	1,485	848
Discounts obtained	71	72	292	196
	1,589	1,496	5,660	5,833
Foreign exchange variations				
Foreign exchange gains	3,150	529	6,410	10,828
Foreign exchange gains - derivatives at fair value	-	-	-	199
Foreign exchange losses	(3,845)	(860)	(7,387)	(15,526)
Foreign exchange losses - derivatives at fair value	-	-	-	(486)
Foreign exchange variations, net	(695)	(331)	(977)	(4,985)
Finance costs				
Interest	(14,063)	(12,083)	(41,973)	(40,351)
Discounts granted	(228)	(17)	(284)	(56)
Discounts/bank expenses	(74)	(122)	(125)	(664)
Other	(154)	(211)	(543)	(488)
	(14,519)	(12,433)	(42,925)	(41,559)
Finance result, net	(13,625)	(11,268)	(38,242)	(40,711)

	Consolidated Quarter ended		Consolidated Nine-month period ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
Finance income				
Income from financial investments	1,138	1,187	3,986	4,927
Interest	430	287	1,489	850
Discounts obtained	71	67	295	184
	1,639	1,541	5,770	5,961
Foreign exchange variations				
Foreign exchange gains	3,150	529	6,410	10,828
Foreign exchange gains - derivatives at fair value	-	-	-	199
Foreign exchange losses	(3,845)	(860)	(7,386)	(15,536)
Foreign exchange losses - derivatives at fair value	-	-	-	(486)
Foreign exchange variations, net	(695)	(331)	(976)	(4,995)
Finance costs				
Interest	(12,924)	(10,919)	(39,463)	(38,266)
Discounts granted	(228)	(17)	(284)	(59)
Discounts/bank expenses	(594)	(902)	(1,423)	(1,462)
Other	(155)	(190)	(549)	(406)
	(13,901)	(12,028)	(41,719)	(40,193)
Finance result, net	(12,957)	(10,818)	(36,925)	(39,227)

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29. INSURANCE

The insurance coverage is determined according to the nature of the asset risks, and is considered sufficient to cover possible losses arising from damages. At September 30, 2013, the Company had corporate insurance against fire, lightning, explosion, electric damages and windstorm for plants, residential locations and offices, as well as general civil liability coverage and coverage of liabilities of directors and officers (D&O), in the total amount of R$ 369,940. The Company also contracted group life insurance for employees with a minimum coverage of R$ 10 and a maximum coverage of R$ 500, in addition to insurance for the fleet of vehicles 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 management

The Company's capital structure consists of its net debt (borrowings detailed in Notes 15 and 16, less cash and banks and held-to-maturity investments) and equity (which includes issued capital, reserves and retained earnings, as stated in Note 21).

The Company is not subject to any external capital requirement.

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 between 50% and 70% of own capital and between 50% and 30% of third-party capital. At September 30, 2013, the capital structure was 56% of own capital and 44% of third-party capital, which is in line with target levels.

Debt to equity ratio

The net debt to equity ratio at September 30, 2013 and December 31, 2012 was as follows:

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	Parent company		Consolidated	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Debt (a)	481,110	450,100	427,083	408,230
Cash and banks	60,876	95,051	63,962	96,922
Held-to-maturity investments	1,424	931	1,424	931
Net debt	418,810	354,118	361,697	310,377
Equity (b)	460,223	453,999	460,231	454,005
Net indebtedness ratio	0.91	0.78	0.79	0.68

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

(b) Equity includes all the capital and reserves managed by the Company.

Categories of financial instruments

	Parent company		Consolidated	
Financial assets	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Held-to-maturity investments	1,424	931	1,424	931
Loans and receivables				
Cash and banks	60,876	95,051	63,962	96,922
Trade receivables	116,812	93,785	121,403	96,781
Other receivables	6,615	9,200	6,651	9,245
Financial liabilities				
Amortized cost				
Borrowings	328,179	279,362	328,193	279,387
Debentures	152,931	170,738	98,890	120,004
Real Estate Credit Note	-	-	-	8,839
Trade payables	77,561	60,155	53,239	43,747

The instruments carried at fair value are classified as Level 2 and are valued based on quoted prices (unadjusted) in active markets for identical assets in addition to information available in the market.

Financial risk factors

The Company is exposed to a variety of financial risks: market risk (including 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 in place, since 2010, a Financial Management Policy that provides 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 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.

Exchange rate risk

The Company has transactions exposed to fluctuations in the exchange rates of foreign currencies. At September 30, 2013 and December 31, 2012, these transactions resulted in a net exposure as shown below.

The total net foreign exchange exposure was equivalent to 25 months of exports based on the average of exports carried out in the nine-month period ended September 30, 2012, and 20 months of exports based on the average of exports in the nine-month period ended September 30, 2013. As most of the borrowings in foreign currency is 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	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Accounts receivable	11,139	8,417	11,168	8,447
Carbon credits receivable	-	4,378	-	4,378
Banks - restricted account	1,424	931	1,424	931
Advances from customers	(203)	(199)	(203)	(199)
Trade payables	(213)	(81)	(213)	(81)
Borrowings	(145,177)	(131,309)	(145,177)	(131,309)
Net exposure	(133,030)	(117,863)	(133,001)	(117,833)

The Company has identified the main risk factors that could generate losses in connection with its financial instruments. Consequently, it has developed a sensitivity

analysis, as determined by CVM Instruction 475, which requires the presentation of two scenarios with deteriorations of 25% and 50% 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: maintenance of the exchange rate at levels approximating those effective in the period these financial statements were prepared.

2 – Adverse scenario: 25% deterioration in the exchange rate compared to that at September 30, 2013.

3 – Remote scenario: 50% deterioration in the exchange rate compared to that at September 30, 2013.

Account	At 9/30/2013	Base scenario - Gain (loss)		Adverse scenario - Gain (loss)		Remote scenario - Gain (loss)	
	U$$	Rate	R$	Rate	R$	Rate	R$
Assets							
Accounts receivable	5,647	2.18	(273)	2.73	2,807	3.27	5,890
Liabilities							
Accounts payable	(187)	2.18	9	2.73	(93)	3.27	(195)
Borrowings	(65,102)	2.18	3,144	2.73	(32,364)	3.27	(67,901)
Net effect			2,880		(29,650)		(62,206)

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 September 30, 2013 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 its fundings and derivatives transactions exposed to exchange rate changes with annual net payments equivalent to 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 its results.

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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 affecting 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), Euro Interbank Offered Rate (EURIBOR), London Interbank Offered Rate (LIBOR) or Amplified Consumer Price Index (IPCA).

The sensitivity analysis calculated for the base scenario, adverse scenario and remote scenario on the loan agreements subject to indexed interest is 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 September 30, 2013.

3 – Remote scenario: adjustment of 50% of interest rates based on the level at September 30, 2013.

Account	Index	At 9/30/2013	Base scenario - Gain (loss)		Adverse scenario - Gain (loss)		Remote scenario - Gain (loss)	
			Rate % p.a.	R$	Rate % p.a.	R$	Rate % p.a.	R$
Cash and cash equivalents								
CDBs	CDI	51,991	9.35%	264	11.69%	1,497	14.03%	2,729
Borrowings								
Working capital	CDI	27,615	9.35%	(162)	11.69%	(917)	14.03%	(1,672)
Debentures	CDI	102,717	9.35%	(188)	11.69%	(1,066)	14.03%	(1,944)
National Bank for Economic and Social Development (BNDES)	TJLP	5,630	5.00%	-	6.25%	(70)	7.50%	(141)
Working capital	IPCA	69,420	5.86%	-	7.33%	(1,017)	8.79%	(2,034)
Financing - foreign currency	Libor	11,820	0.36%	6	45.00%	(4)	0.54%	(15)
Net effect				(80)		(1,577)		(3,077)

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 used in the fair value estimate:

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- Cash and cash equivalents, trade receivables, and short-term trade payables in the Company's balance sheet are consistent with their fair values due to their 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	
	9/30/2013		12/31/2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value	-	-	-	-
	-	-	-	-
Assets measured at amortized cost				
Held-to-maturity investments	1,424	1,424	931	931
Cash and banks	60,876	60,876	95,051	95,051
Trade receivables	116,812	116,812	93,785	93,785
Other receivables	6,615	6,615	9,200	9,200
	185,727	185,727	198,967	198,967
Liabilities measured at fair value	-	-	-	-
	-	-	-	-
Liabilities measured at amortized cost				
Trade payables	77,561	77,561	60,155	60,155
Borrowings	328,179	328,179	279,362	279,362
Debentures	152,931	152,931	170,738	170,738
	558,671	558,671	510,255	510,255

	Consolidated		Consolidated	
	9/30/2013		12/31/2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value	-	-	-	-
	-	-	-	-
Assets measured at amortized cost				
Held-to-maturity investments	1,424	1,424	931	931
Cash and banks	63,962	63,962	96,922	96,922
Trade receivables	121,403	121,403	96,781	96,781
Other receivables	6,651	6,651	9,245	9,245
	193,440	193,440	203,879	203,879
Liabilities measured at fair value	-	-	-	-
	-	-	-	-
Liabilities measured at amortized cost				
Trade payables	53,239	53,239	43,747	43,747
Borrowings	328,193	328,193	288,226	288,226
Debentures	98,890	98,890	120,004	120,004
	480,322	480,322	451,977	451,977

Credit risk

The Company's credit sales are managed through a strict credit rating and granting procedure. Doubtful receivables are properly covered by an allowance for losses on their collection.

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

Additionally, the Company is exposed to credit risk in relation to the financial investments that comprise the group Cash and cash equivalents. These are maintained to meet the cash flow needs 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.
It is forbidden to invest funds in the variable-income market.

Liquidity risk

Management monitors the liquidity level based on the expected cash flow, which comprises cash, short-term financial investments, flow 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 September 30, 2013, 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:

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Parent company				
	2013	2014	2015	As from 2016
Liabilities				
Trade payables	73,072	4,489	-	-
Borrowings	7,746	85,843	75,078	170,243
Debentures	17,158	37,059	86,121	25,200
Other liabilities	5,117	331	457	1,733
	103,093	127,722	161,656	197,176
Assets				
Cash and cash equivalents	60,876	-	-	-
Bank - restricted account	1,424	-	-	-
Trade receivables - not yet due	84,428	23,041	-	-
Other assets	2,588	2,822	893	348
	149,316	25,863	893	348
	46,223	(101,859)	(160,763)	(196,828)

Consolidated				
	2013	2014	2015	As from 2016
Liabilities				
Trade payables	49,918	3,321	-	-
Borrowings	7,746	85,843	75,078	170,243
Debentures	17,158	37,059	25,725	25,200
Other liabilities	5,234	340	484	1,763
	80,056	126,563	101,287	197,206
Assets				
Cash and cash equivalents	63,962	-	-	-
Bank - restricted account	1,424	-	-	-
Trade receivables - not yet due	88,234	23,041	-	-
Other assets	2,240	3,133	893	348
	155,860	26,174	893	348
	75,804	(100,389)	(100,394)	(196,858)

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

The Company has access to credit facilities with a total amount not utilized at the end of the reporting period of R$ 104,163, which increases as borrowings are settled. The Company expects to meet its other obligations using the cash flows 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. The derivative financial instruments are measured at fair value and those linked to loan transactions are recognized directly in the results.

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 cash flows in foreign currency, which includes the Company's receipts and payments in foreign currency, and assesses the need to contract any type of hedge. The results achieved by this type of monitoring have hedged cash flows against foreign exchange rate changes.

a) Derivative financial instruments carried at fair value

On September 30, 2013, the Company did not have derivative financial instruments measured at fair value.

b) Derivative financial instruments linked to loan transactions (recognized directly in the results)

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 Note (CCE) contract. The notional value attributed at the contracting date was R$ 40,000 (equivalent to US$ 21,990 thousand at that date), decreasing according to the payments of the semiannual 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 Note (CCE) contract began to be remunerated at a fixed interest rate plus the dollar variation. Consequently, the CCE contract is no longer exposed to the CDI variation. Considering the characteristics of this contract together with the CCE contract, the Company understood the two instruments to be in substance a single instrument.
This 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.

Cash flow hedge

The Company adopted hedge accounting on May 1, 2012 for operations contracted to cover the exchange variation risk of the export flow, 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 exchange variation risk of its future cash flows through the cash flow hedge, in which the hedged instruments are the financial liabilities contracted by the Company. The currently effective hedged financial instruments contracted by the Company include an export prepayment contract with Banco Credit Suisse and a CCE contract with Banco Itaú BBA.

The hedged cash flows are the estimated exports up to 2017, and the amount recorded in equity from hedge accounting amounted to R$ 12,667 at September 30, 2013.

	Parent Company and Consolidated
	9/30/2013
Opening balance	9,286
Change in cash flow hedge	11,095
Reclassification to the statement of operations	(1,189)
	19,192
Opening balance	(3,157)
Taxes on change in cash flow hedge	(3,772)
Taxes on reclassification to the statement of operations	404
	(6,525)
Closing balance	12,667

The Company assesses the effectiveness based on the 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 80% to 125%.

The balances of variations of transactions treated as cash flow hedges are reclassified from equity to the statement of operations for the period when the foreign exchange

variation of the hedge is effectively realized. The cash flow hedge results effective in the offsetting of the variations in the hedged expenses are recorded as a reduction of these expenses, decreasing or increasing the operating result, whereas the non-effective results are recorded as finance income or costs for the period.
The Company did not identify ineffectiveness in the period.

The sensitivity analysis of the hedge instruments of the cash flow hedge transactions is considered in this same note, within "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 following the manner in which Management conducts the business and according to the segmentation criteria established by CPC 22 (IFRS 8) - Segment Reporting.

Management defined as operating segments: corrugated cardboard packaging; packaging paper; RS Forest and resins, as mentioned below:

Corrugated Cardboard Packaging segment: this segment manufactures light and heavy corrugated cardboard boxes and sheets, and has two production units, one next to the paper plant in Vargem Bonita, SC, and another in Indaiatuba, SP.

Packaging Paper Segment: this segment produces low and high weight Kraft paper and recycled paper for the domestic and foreign markets and part of its production is sent to the Corrugated Cardboard Packaging segment. It has a production unit located in Vargem Bonita, State of Santa Catarina, and another one located in Santa Luzia, State of Minas Gerais.

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

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b) Consolidated information on operating segments

	Consolidated Quarter ended 9/30/2013				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	80,231	50,282	4,271	93	134,877
Foreign market	-	12,984	7,379	-	20,363
Revenue from sales to third parties	80,231	63,266	11,650	93	155,240
Revenues between segments	-	2,417	-	(2,417)	-
Total net sales	80,231	65,683	11,650	(2,324)	155,240
Changes in the fair value of biological assets	-	-	-	-	-
Cost of products sold	(64,037)	(39,026)	(8,819)	1,146	(110,736)
Gross profit	16,194	26,657	2,831	(1,178)	44,504
Operating expenses	(9,342)	(3,749)	(683)	(8,730)	(22,504)
Operating result before finance result	6,852	22,908	2,148	(9,908)	22,000
Finance result	(6,637)	(7,246)	299	627	(12,957)
Net operating profit (loss)	215	15,662	2,447	(9,281)	9,043
Total assets	231,924	892,322	140,366	(38,470)	1,226,142
Total liabilities	59,291	289,345	16,917	400,358	765,911
Equity	-	250,254	124,528	85,449	460,231

	Consolidated Nine-month period ended 9/30/2013				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	225,525	126,891	11,546	399	364,361
Foreign market	-	38,105	21,188	-	59,293
Revenue from sales to third parties	225,525	164,996	32,734	399	423,654
Revenues between segments	-	8,286	-	(8,286)	-
Total net sales	225,525	173,282	32,734	(7,887)	423,654
Changes in the fair value of biological assets	-	3,150	5,940	-	9,090
Cost of products sold	(181,334)	(102,484)	(23,008)	4,597	(302,229)
Gross profit	44,191	73,948	15,666	(3,290)	130,515
Operating expenses	(26,996)	(10,974)	(2,723)	(26,165)	(66,858)
Operating result before finance result	17,195	62,974	12,943	(29,455)	63,657
Finance result	(18,682)	(19,651)	168	1,240	(36,925)
Net operating profit (loss)	(1,487)	43,323	13,111	(28,215)	26,732
Total assets	168,920	716,055	138,053	198,870	1,221,898
Total liabilities	93,948	253,914	7,055	414,027	768,944
Equity	-	377,404	124,204	(48,654)	452,954

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	Consolidated Quarter ended September 30, 2012				
	Corrugated Cardboard	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	73,122	30,889	4,401	147	108,559
Foreign market	-	10,620	2,651	-	13,271
Revenue from sales to third parties	73,122	41,509	7,052	147	121,830
Revenues between segments	-	2,022	-	(2,022)	-
Total net sales	73,122	43,531	7,052	(1,875)	121,830
Changes in the fair value of biological assets	-	-	-	-	-
Cost of products sold	(58,453)	(26,258)	(5,397)	777	(89,331)
Gross profit	14,669	17,273	1,655	(1,098)	32,499
Operating expenses	(8,523)	(2,645)	(595)	(12,928)	(24,691)
Operating result before finance result	6,146	14,628	1,060	(14,026)	7,808
Finance result	(5,509)	(5,732)	(32)	455	(10,818)
Net operating profit (loss)	637	8,896	1,028	(13,571)	(3,010)
Total assets	147,132	690,230	138,706	232,022	1,208,090
Total liabilities	54,218	261,724	15,589	422,554	754,085
Equity	-	396,030	113,347	(55,372)	454,005

	Consolidated Nine-month period ended September 30, 2012				
	Corrugated Cardboard	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	208,715	84,888	13,411	188	307,202
Foreign market	-	32,538	14,494	-	47,032
Revenue from sales to third parties	208,715	117,426	27,905	188	354,234
Revenues between segments	-	5,339	-	(5,339)	-
Total net sales	208,715	122,765	27,905	(5,151)	354,234
Changes in the fair value of biological assets	-	727	(2,987)	-	(2,260)
Cost of products sold	(165,515)	(75,518)	(20,063)	4,125	(256,971)
Gross profit	43,200	47,974	4,855	(935)	95,003
Operating expenses	(23,735)	(8,328)	(1,463)	(30,975)	(64,501)
Operating result before finance result	19,465	39,646	3,392	(30,949)	30,502
Finance result	(20,111)	(20,527)	60	1,351	(39,227)
Net operating profit (loss)	(646)	19,119	3,452	(29,488)	(8,725)
Total assets	152,964	685,376	135,101	234,649	1,208,090
Total liabilities	69,793	260,003	7,073	417,216	754,085
Equity	-	396,030	113,404	(55,429)	454,005

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

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Finance income (costs) were allocated to operating segments taking into consideration the specific allocation of each finance income and costs to its segment, and the allocation of common income and costs based on the working capital requirement of each segment.

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

c) Net sales revenue

Net sales revenue for the quarter ended September 30, 2013 totaled R$ 155,240 (R$ 121,830 at September 30, 2012), and R$ 423,654 for the nine-month period then ended (R$ 354,234 at September 30, 2012).

The net sales revenue from export sales for the quarter ended September 30, 2013 totaled R$ 20,363 (R$ 13,271 at September 30, 2012), and R$ 59,293 for the nine-month period ended September 30, 2013 (R$ 47,032 at September 30, 2012), which relates to various countries as follows:

Consolidated Quarter ended September 30, 2013			Consolidated Quarter ended September 30, 2012		
Country	Export revenue, net	% of total revenue, net	Country	Export revenue, net	% of total revenue, net
Argentina	4,389	2.80%	Argentina	2,793	2.30%
Netherlands	3,429	2.20%	Saudi Arabia	2,765	2.30%
Saudi Arabia	2,475	1.60%	South Africa	1,528	1.30%
South Africa	1,296	0.80%	Netherlands	1,237	1.00%
Chile	1,144	0.70%	France	940	0.80%
Paraguay	1,120	0.70%	Paraguay	716	0.60%
India	1,054	0.70%	Peru	674	0.60%
France	998	0.60%	Chile	668	0.50%
Portugal	795	0.50%	Bolivia	323	0.30%
Bolivia	671	0.40%	India	269	0.20%
Peru	565	0.40%	Venezuela	226	0.20%
China	407	0.30%	Germany	212	0.20%
Japan	394	0.30%	Turkey	206	0.20%
Singapore	373	0.20%	Spain	172	0.10%
Norway	286	0.20%	Uruguay	150	0.10%
Venezuela	197	0.10%	Norway	86	0.10%
Colombia	156	0.10%	Other countries	306	0.30%
Germany	138	0.10%			
Canada	127	0.10%			
Other countries	349	0.20%			
	20,363	13.00%		13,271	11.10%

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Consolidated Nine-month period ended September 30, 2013			Consolidated Nine-month period ended September 30, 2012		
Country	Export revenue, net	% of total revenue, net	Country	Export revenue, net	% of total revenue, net
South Africa	3,931	0.90%	Argentina	9,341	2.60%
Germany	439	0.10%	Netherlands	8,439	2.40%
Saudi Arabia	7,528	1.80%	Saudi Arabia	7,321	2.10%
Argentina	12,130	2.90%	France	3,496	1.00%
Bolivia	1,772	0.40%	South Africa	3,174	0.90%
Canada	127	0.00%	Paraguay	2,453	0.70%
Chile	2,974	0.70%	Chile	2,303	0.70%
China	407	0.10%	Peru	2,170	0.60%
Colombia	315	0.10%	Venezuela	1,296	0.40%
France	4,176	1.00%	Germany	1,171	0.30%
Netherlands	11,465	2.70%	Spain	1,085	0.30%
India	1,888	0.40%	Bolivia	882	0.20%
Japan	693	0.20%	Norway	858	0.20%
Norway	1,249	0.30%	Turkey	625	0.20%
Paraguay	2,887	0.70%	Uruguay	403	0.10%
Peru	1,636	0.40%	Canada	401	0.10%
Portugal	1,898	0.40%	Other countries	1,614	0.50%
Singapore	567	0.10%			
Venezuela	655	0.20%			
United Arab Emirates	164	0.00%			
Pakistan	225	0.10%			
Turkey	698	0.20%			
Uruguay	155	0.00%			
Other countries	1,314	0.30%			
	59,293	14.00%		47,032	13.30%

The Company's net sales revenue for the domestic market in the quarter ended September 9, 2013 totaled R$ 134,877 (R$ 108,559 at September 30, 2012), and R$ 422,956 for the nine-month period then ended (R$ 307,202 at September 30, 2012).

In the quarter ended September 30, 2013, a single customer accounted for 16.8% of net sales in the domestic market of the Corrugated Cardboard Packaging Division, equivalent to R$ 13,479. 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. DISCONTINUED OPERATION

The Company's Board of Directors, in the meeting held on December 20, 2012, approved the divestiture of the subsidiary Meu Móvel de Madeira - Comércio de Móveis e Decorações Ltda., which occurred on the same date. The sales price will be received in annual installments up to 2016, monetarily restated by the IPCA plus 2.5% p.a. The balance receivable is recorded in Other Assets, as mentioned in Note 10. The net sale result of the discontinued operation amounted to R$ 3,940.

The results and cash flows from the discontinued operation are presented as follows:

	Quarter ended	Nine-month period ended
RESULT FROM DISCONTINUED OPERATION	9/30/2012	9/30/2012
Net revenue	3,858	9,624
Cost of products sold	(1,725)	(4,487)
Gross profit	2,133	5,137
Selling, general and administrative expenses	(1,811)	(4,476)
Finance income	11	18
Finance costs	(28)	(98)
Other operating income (expenses), net	(2)	12
Operating profit before tax effects	303	593
Income tax and social contribution	(59)	(133)
Profit from discontinued operations	244	460

	Nine-month period ended
CASH FLOWS FROM OPERATING ACTIVITIES	9/30/2012
Profit before income tax and social contribution	593
Reconciliation of profit with net cash provided by operating activities:	
Depreciation, amortization and depletion	58
Inflation adjustments and financial charges	63
	714

33. OPERATING LEASE AGREEMENTS

Rental of production units

The Company had three rental agreements of production units at September 30, 2013, 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 agreements of the production units are as follows:

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a) Rental agreement entered into on October 20, 2009 and amended on August 3, 2010 with the subsidiary Irani Trading S.A., the owner of the industrial property located in Vargem Bonita, in the State of Santa Catarina. The agreement is effective for 64 months from January 1, 2010, and the monthly fixed rental is R$ 1,364.

b) 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$ 187, adjusted annually based on the General Market Price Index (IGPM) variation.

c) Rental agreement entered into on March 1, 2013 related to the rental of the Paper Unit in Santa Luzia, MG, effective for 6 years and with a contracted monthly rental of R$ 450, adjusted annually based on the IPCA variation.

The rental amounts recognized as expenses for the quarter ended September 30, 2013 by the parent company, net of taxes, when applicable, were as follows:

- Rentals of production units = R$ 6,005 (R$ 4,614 at September 30, 2012)
- Rentals of commercial and administrative units = R$ 101 (R$ 99 at September 30, 2012)

The future commitments at September 30, 2013 arising from these agreements totaled a minimum amount of R$ 120,381. The rentals were calculated at present value, using the IGPM accumulated in the last twelve months of 4.40% p.a.

	No later than 1 year	1-5 years	After 5 years	Total
Future operating leases	24,721	37,854	57,806	120,381
Operating leases at present value	23,680	32,605	40,335	96,620

Lease of planting area

The Company entered into non-cancelable lease agreements for the production of biological assets in third-party land, called partnerships, in a total area of 3,200 hectares, of which 2,255 hectares comprise the planted area. For certain areas there is a lease commitment to be disbursed monthly as shown below.

These agreements are valid until all 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	76	1,361	1,501	2,938
Operating leases at present value	73	1,169	1,088	2,330

34. GOVERNMENT GRANTS

The Company has ICMS tax incentives in the State of Santa Catarina, where 60% of the ICMS increase, calculated on an average base (September 2006 to August 2007) prior to investments made, are 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, conditions that 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 this benefit, 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, in the event it did not have the benefit, resulting in R$ 2,291.

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. The Company had deferred ICMS amounting to R$ 21,635 recorded in liabilities at September 30, 2013 (net of government subsidies, R$ 19,344).

35. TRANSACTIONS NOT AFFECTING CASH

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

For the nine-month period ended September 30, 2013, the Company purchased property, plant and equipment in the amount of R$ 716, financed directly by suppliers, and also made a capital contribution with planted forests to the subsidiary Iraflor Comércio de Madeiras Ltda. in the amount of R$ 13,251.

In the nine-month period ended September 30, 2012, the Company purchased property, plant and equipment in the amount of R$ 674, financed directly by suppliers, and also made a capital contribution with buildings and facilities to the subsidiary Irani Trading S.A. in the amount of R$ 4,563, and with planted forests to the subsidiary Iraflor Comércio de Madeiras Ltda. in the amount of R$ 3,370.

36. EVENTS AFTER THE REPORTING PERIOD

At the Extraordinary General Meeting held on October 16, 2013, the stockholders approved the increase in the Company's capital of R$ 12,918, with the issue of 4,630,235 common shares at R$ 2.79 each, calculated based on the share's book value at June 30, 2013. This capital increase was fully paid up by the stockholder Irani Participações S.A. with assets, more specifically with the contribution of 100% of the shares issued by Wave Participações S.A. ("Wave"), a company located in Porto Alegre, State of Rio de Janeiro, whose main purpose is the investment in other companies. Wave holds a controlling interest (100%) in Indústria de Papel e Papelão São Roberto S.A., a company located in São Paulo, State of São Paulo, whose main purpose is the manufacturing of paper, cardboard, card and light cardboard. The purpose of this capital increase was to integrate the Packaging Paper and Corrugated Cardboard businesses of the holding Irani Participações S.A. into Celulose Irani S.A. in order to generate synergies and optimize the results of the companies involved.

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Wave's main consolidated balance sheet and statement of operation data for the nine-month period ended September 30, 2013 is as follows:

Liabilities	340,590
Equity	11,087
Assets	351,677
Net revenue	130,163
Profit (loss) for the period	(10,784)
Ownership interest - %	100.00

* * *

Opinions and representations/Report on review of quarterly information - without exceptions

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Celulose Irani S.A., included in the Quarterly Information (ITR) Form for the quarter ended September 30, 2013, comprising the balance sheet as at September 30, 2013 and the statements of operations and comprehensive income (loss) for the quarter and nine-month period then ended, and the changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Opinions and representations/Report on review of quarterly information - without exceptions

Other matters

Statement of value added

We have also reviewed the parent company and consolidated statements of value added for the nine-month period ended September 30, 2013. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under the International Financial Reporting Standards (IFRS), which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Porto Alegre, October 31, 2013

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

Carlos Biedermann
Contador CRC 1RS029321/O-4