(A free translation of the original in Portuguese)

Celulose Irani S.A.

Quarterly information (ITR)
at June 30, 2014
and report on review of
quarterly information

(A free translation of the original in Portuguese)

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 Form (ITR) for the quarter ended June 30, 2014, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-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.

Celulose Irani S.A.

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

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2014. 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 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, July 31, 2014

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

Fábio Abreu de Paula
Contador CRC 1MG075204/O-0 "S" RS

(A free translation of the original in Portuguese)

Contents

Information

General information 1

Address 2

Securities 3

Auditor 4

Share registrar 5

Investor relations officer or equivalent 6

Stockholders' department 7

(A free translation of the original in Portuguese)

1. General information

Corporate name	CELULOSE IRANI S.A.
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
www.valor.com.br/fatosrelevantes	SP

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

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

Debentures

		Trading			Listing	
Market	**Managing entity**	**Beginning**	**End**	**Trading segment**	**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	From 1/1/2012 to 3/31/2014	220.349.270-87
Fabio Abreu de Paula	4/1/2014	935.194.436-00

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	Rua Ururai, 111, Prédio B, Térreo, Tatuapé, São Paulo, SP, Brasil, CEP 03084-010, 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, 10º. 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

(A free translation of the original in Portuguese)

Contents

Company information
Capital composition 1
Dividends 2
Parent company financial statements
Balance sheet - assets 3
Balance sheet - liabilities and equity 4
Statement of income 5
Statement of comprehensive income 6
Statement of cash flows - indirect method 7
Statement of changes in equity
1/1/2014 to 6/30/2014 8
1/1/2013 to 6/30/2013 9
Statement of value added 10
Consolidated financial statements
Balance sheet - assets 11
Balance sheet - liabilities and equity 12
Statement of income 13
Statement of comprehensive income 14
Statement of cash flows - indirect method 15
Statement of changes in equity
1/1/2014 to 6/30/2014 16
1/1/2013 to 6/30/2013 17
Statement of value added 18
Comments on company performance 19
Notes to the quarterly information 34
Reports
Report on review of quarterly information - Without exceptions 112

Company information / Capital composition

Number of shares (In thousands)	Current quarter 6/30/2014
Paid-up capital	
Common shares	153,910
Preferred shares	12,810
Total	166,720
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	1/31/2014	Dividend	1/31/2014	Common		0.10344
Board of Directors' Meeting	1/31/2014	Dividend	1/31/2014	Preferred		0.10344
General Stockholders' Meeting	4/16/2014	Dividend	4/16/2014	Common		0.01530
General Stockholders' Meeting	4/16/2014	Dividend	4/16/2014	Preferred		0.01530

Parent company financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2014	Prior year 12/31/2013
1	Total assets	1,524,523	1,422,053
1.01	Current assets	438,758	325,535
1.01.01	Cash and cash equivalents	161,392	122,300
1.01.02	Financial investments	1,169	1,161
1.01.02.02	Financial investments valued at amortized cost	1,169	1,161
1.01.02.02.01	Held-to-maturity securities	1,169	1,161
1.01.03	Trade receivables	196,934	135,954
1.01.03.01	Customers	171,950	127,967
1.01.03.02	Other receivables	24,984	7,987
1.01.03.02.02	Dividends receivable	24,984	7,987
1.01.04	Inventories	60,960	51,031
1.01.06	Taxes recoverable	5,173	5,133
1.01.06.01	Current taxes recoverable	5,173	5,133
1.01.08	Other current assets	13,130	9,956
1.01.08.03	Other	13,130	9,956
1.02	Non-current assets	1,085,765	1,096,518
1.02.01	Long-term receivables	115,382	158,170
1.02.01.03	Trade receivables	4,724	6,692
1.02.01.03.02	Other receivables	4,724	6,692
1.02.01.05	Biological assets	104,360	146,638
1.02.01.08	Receivables from related parties	1,063	1,005
1.02.01.08.04	Receivables from other related parties	1,063	1,005
1.02.01.09	Other non-current assets	5,235	3,835
1.02.01.09.03	Taxes recoverable	4,362	3,207
1.02.01.09.04	Judicial deposits	873	628
1.02.02	Investments	378,569	349,221
1.02.02.01	Equity interests	378,569	349,221
1.02.02.01.02	Interests in subsidiaries	378,569	349,221
1.02.03	Property, plant and equipment	590,863	588,111
1.02.03.01	Property, plant and equipment in service	590,863	588,111
1.02.04	Intangible assets	951	1,016
1.02.04.01	Intangible assets	951	1,016

Parent company financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2014	Prior year 12/31/2013
2	Total liabilities and equity	1,524,523	1,422,053
2.01	Current liabilities	319,056	335,580
2.01.01	Social and labor obligations	28,641	30,261
2.01.01.01	Social obligations	28,641	30,261
2.01.01.01.01	Social security obligations	28,641	30,261
2.01.02	Trade payables	104,466	121,325
2.01.03	Tax obligations	14,422	16,426
2.01.03.01	Federal taxes payable	13,003	14,005
2.01.03.01.02	Taxes payable in installments	3,151	3,314
2.01.03.01.03	Other federal taxes	9,852	10,691
2.01.03.02	State taxes payable	1,253	2,307
2.01.03.02.01	Taxes payable in installments	364	1,452
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	889	855
2.01.03.03	Municipal taxes payable	166	114
2.01.04	Borrowings	161,225	136,564
2.01.04.01	Borrowings	119,976	98,019
2.01.04.02	Debentures	41,249	38,545
2.01.05	Other obligations	10,302	31,004
2.01.05.02	Other	10,302	31,004
2.01.05.02.01	Dividends and interest on capital payable	296	19,772
2.01.05.02.04	Other payables	8,312	10,670
2.01.05.02.05	Advances from customers	1,694	562
2.02	Non-current liabilities	704,997	598,244
2.02.01	Borrowings	511,239	402,618
2.02.01.01	Borrowings	419,831	301,930
2.02.01.02	Debentures	91,408	100,688
2.02.02	Other obligations	18,018	18,471
2.02.02.02	Other	18,018	18,471
2.02.02.02.03	Taxes payable in installments	0	1,560
2.02.02.02.04	Tax obligations	18,018	16,911
2.02.03	Deferred taxes	144,119	143,247
2.02.03.01	Deferred income tax and social contribution	144,119	143,247
2.02.04	Provisions	31,621	33,908
2.02.04.01	Tax, social security, labor and civil provisions	31,621	33,908
2.03	Equity	500,470	488,229
2.03.01	Capital	151,895	116,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	126,976	151,280
2.03.06	Carrying value adjustments	220,639	219,094

Parent company financial statements / statement of income

(All amounts in thousands of reais)

Code	Description	Current quarter 4/1/2014 to 6/30/2014	Accumulated - current year 1/1/2014 to 6/30/2014	Same quarter of prior year 4/1/2013 to 6/30/2013	Accumulated - prior year 1/1/2013 to 6/30/2013
3.01	Revenue from sale of goods and/or services	159,293	322,268	140,411	260,561
3.02	Cost of sales and/or services	-125,725	-255,689	-105,203	-194,080
3.02.01	Changes in the fair value of biological assets	-50	-1,262	-468	-468
3.02.02	Cost of products sold	-125,675	-254,427	-104,735	-193,612
3.03	Gross profit	33,568	66,579	35,208	66,481
3.04	Operating expenses	-11,335	-34,615	-8,951	-25,526
3.04.01	Selling expenses	-13,278	-26,211	-12,692	-24,546
3.04.02	General and administrative expenses	-9,693	-20,305	-10,564	-19,253
3.04.04	Other operating income	1,087	2,062	830	1,288
3.04.05	Other operating expenses	-334	-1,107	-776	-1,471
3.04.06	Equity in results of subsidiaries	10,883	10,946	14,251	18,456
3.05	Profit before finance result and taxes	22,233	31,964	26,257	40,955
3.06	Finance result	-13,368	-27,925	-13,323	-24,617
3.06.01	Finance income	3,336	8,539	3,570	7,331
3.06.02	Finance costs	-16,704	-36,464	-16,893	-31,948
3.07	Profit before taxes on income	8,865	4,039	12,934	16,338
3.08	Income tax and social contribution	631	2,213	1,039	1,187
3.08.02	Deferred taxes	631	2,213	1,039	1,187
3.09	Profit from continuing operations	9,496	6,252	13,973	17,525
3.11	Profit for the period	9,496	6,252	13,973	17,525
3.99	Earnings per share - (reais / share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.05780	0.03800	0.08750	0.11030
3.99.01.02	Preferred shares	0.05780	0.03800	0.08750	0.11030

Parent company financial statements / statement of comprehensive income

(All amounts in thousands of reais)

Code	Description	Current quarter 4/1/2014 to 6/30/2014	Accumulated - current year 1/1/2014 to 6/30/2014	Same quarter of prior year 4/1/2013 to 6/30/2013	Accumulated - prior year 1/1/2013 to 6/30/2013
4.01	Profit for the period	9,496	6,252	13,973	17,525
4.02	Other comprehensive income (loss)	2,068	5,989	-7,952	-6,609
4.02.01	Cash flow hedge	3,133	9,074	-12,048	-10,014
4.02.02	Income tax and social contribution - cash flow hedge	-1,065	-3,085	4,096	3,405
4.03	Comprehensive income for the period	11,564	12,241	6,021	10,916

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 6/30/2014	Accumulated - prior year 1/1/2013 to 6/30/2013
6.01	Net cash provided by (used in) operating activities	-39,178	13,288
6.01.01	Cash from operations	42,189	43,770
6.01.01.01	Profit before income tax and social contribution	4,039	16,338
6.01.01.02	Changes in the fair value of biological assets	1,262	468
6.01.01.03	Depreciation, amortization and depletion	19,704	15,411
6.01.01.05	Result on sale of permanent assets	72	146
6.01.01.06	Equity in results of subsidiaries	-10,946	-18,456
6.01.01.07	Provision for civil, labor and tax risks	-2,287	-2,280
6.01.01.08	Provision for impairment of trade receivables	108	370
6.01.01.12	Monetary variations and charges	30,551	31,646
6.01.01.13	Government grants	-314	-162
6.01.01.17	Share-based payment	0	289
6.01.02	Changes in assets and liabilities	-81,367	-30,482
6.01.02.01	Trade receivables	-44,091	-11,157
6.01.02.02	Inventories	-9,929	-12,759
6.01.02.03	Taxes recoverable	-1,195	734
6.01.02.04	Other assets	-1,517	2,702
6.01.02.05	Dividends received	6,964	0
6.01.02.06	Trade payables	-2,482	21,683
6.01.02.07	Social security obligations	-1,620	-5,212
6.01.02.08	Advances from customers	1,132	-170
6.01.02.09	Tax obligations	-2,144	-3,069
6.01.02.10	Payment of interest on borrowings	-21,411	-17,568
6.01.02.11	Payment of interest on debentures	-2,716	-3,633
6.01.02.12	Other payables	-2,358	-2,033
6.02	Net cash used in investing activities	-38,187	-24,029
6.02.01	Purchase of property, plant and equipment	-36,638	-22,278
6.02.02	Purchase of biological assets	-1,890	-1,897
6.02.03	Purchase of intangible assets	-116	-60
6.02.04	Capital contribution in subsidiary	-4	-8
6.02.05	Capital reduction in subsidiary	393	0
6.02.06	Proceeds from disposal of assets	68	214
6.03	Net cash provided by (used in) financing activities	116,457	-4,971
6.03.01	Payment of dividends	-19,476	-24,062
6.03.03	Debentures paid	-12,500	-12,500
6.03.04	New borrowings	203,484	86,862
6.03.05	Repayment of borrowings	-55,051	-57,279
6.03.06	Treasury shares	0	2,008
6.05	Increase (decrease) in cash and cash equivalents	39,092	-15,712
6.05.01	Cash and cash equivalents at the beginning of the period	122,300	95,051
6.05.02	Cash and cash equivalents at the end of the period	161,392	79,339

Parent company financial statements / statement of changes in equity - 1/1/2014 to 6/30/2014

(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	116,895	960	151,280	0	219,094	488,229
5.03	Adjusted opening balances	116,895	960	151,280	0	219,094	488,229
5.04	Capital transactions with owners	35,000	0	-35,000	0	0	0
5.04.01	Capital increase	35,000	0	-35,000	0	0	0
5.05	Total comprehensive income	0	0	0	10,696	1,545	12,241
5.05.01	Profit for the period	0	0	0	6,252	0	6,252
5.05.02	Other comprehensive income	0	0	0	4,444	1,545	5,989
5.05.02.06	Realization of deemed cost	0	0	0	4,021	-4,021	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	423	-423	0
5.05.02.08	Cash flow hedge	0	0	0	0	5,989	5,989
5.06	Internal changes in equity	0	0	-2,371	2,371	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-1	1	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-2,370	2,370	0	0
5.07	Closing balances	151,895	960	113,909	13,067	220,639	500,470

Parent company financial statements / statement of changes in equity - 1/1/2013 to 6/30/2013

(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	289	-12,259	0	0	-11,970
5.04.05	Treasury shares sold	0	0	2,008	0	0	2,008
5.04.06	Dividends	0	0	-14,267	0	0	-14,267
5.04.08	Share-based payment	0	289	0	0	0	289
5.05	Total comprehensive income (loss)	0	0	0	22,189	-11,273	10,916
5.05.01	Profit for the period	0	0	0	17,525	0	17,525
5.05.02	Other comprehensive income (loss)	0	0	0	4,664	-11,273	-6,609
5.05.02.06	Realization of deemed cost	0	0	0	4,452	-4,452	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	212	-212	0
5.05.02.08	Cash flow hedge	0	0	0	0	-6,609	-6,609
5.06	Internal changes in equity	0	0	-2,180	2,180	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-232	232	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,948	1,948	0	0
5.07	Closing balances	103,976	666	91,966	24,369	231,968	452,945

Parent company financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 6/30/2014	Accumulated - prior year 1/1/2013 to 6/30/2013
7.01	Revenues	417,167	339,731
7.01.01	Sale of goods, products and services	415,213	338,813
7.01.02	Other income	2,062	1,288
7.01.04	Changes in provision for impairment of trade receivables	-108	-370
7.02	Inputs purchased from third parties	-261,254	-204,646
7.02.01	Cost of products and services	-253,780	-186,821
7.02.02	Materials, electric power, outsourced services and other	-7,474	-17,825
7.03	Gross value added	155,913	135,085
7.04	Retentions	-20,966	-15,879
7.04.01	Depreciation, amortization and depletion	-19,704	-15,411
7.04.02	Other	-1,262	-468
7.04.02.01	Changes in the fair value of biological assets	-1,262	-468
7.05	Net value added generated	134,947	119,206
7.06	Value added received through transfer	19,485	25,787
7.06.01	Equity in results of subsidiaries	10,946	18,456
7.06.02	Finance income	8,539	7,331
7.07	Total value added to be distributed	154,432	144,993
7.08	Value added distributed	154,432	144,993
7.08.01	Personnel	56,434	49,124
7.08.01.01	Direct remuneration	46,084	40,628
7.08.01.02	Benefits	7,820	6,288
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	2,530	2,208
7.08.02	Taxes and contributions	39,109	31,572
7.08.02.01	Federal	31,544	22,337
7.08.02.02	State	7,230	8,989
7.08.02.03	Municipal	335	246
7.08.03	Remuneration of third-party capital	52,637	46,772
7.08.03.01	Interest	36,464	31,948
7.08.03.02	Rentals	16,173	14,824
7.08.04	Remuneration of own capital	6,252	17,525
7.08.04.03	Profits reinvested for the period	6,252	17,525

Consolidated financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2014	Prior year 12/31/2013
1	Total assets	1,697,166	1,631,521
1.01	Current assets	409,962	347,936
1.01.01	Cash and cash equivalents	162,909	135,005
1.01.02	Financial investments	5,044	2,730
1.01.02.02	Financial investments valued at amortized cost	5,044	2,730
1.01.02.02.01	Held-to-maturity securities	5,044	2,730
1.01.03	Trade receivables	147,682	129,970
1.01.03.01	Customers	147,682	129,970
1.01.04	Inventories	72,735	60,838
1.01.06	Taxes recoverable	5,821	7,721
1.01.06.01	Current taxes recoverable	5,821	7,721
1.01.08	Other current assets	15,771	11,672
1.01.08.03	Other	15,771	11,672
1.02	Non-current assets	1,287,204	1,283,585
1.02.01	Long-term receivables	284,019	282,019
1.02.01.03	Trade receivables	4,751	7,542
1.02.01.03.02	Other receivables	4,751	7,542
1.02.01.05	Biological assets	272,089	268,725
1.02.01.08	Receivables from related parties	1,063	1,005
1.02.01.08.04	Receivables from other related parties	1,063	1,005
1.02.01.09	Other non-current assets	6,116	4,747
1.02.01.09.03	Taxes recoverable	4,776	3,625
1.02.01.09.04	Judicial deposits	1,340	1,122
1.02.03	Property, plant and equipment	889,948	888,403
1.02.04	Intangible assets	113,237	113,163
1.02.04.01	Intangible assets	113,237	113,163

Consolidated financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2014	Prior year 12/31/2013
2	Total liabilities and equity	1,697,166	1,631,521
2.01	Current liabilities	320,083	357,375
2.01.01	Social and labor obligations	32,079	32,534
2.01.02	Trade payables	55,850	90,575
2.01.03	Tax obligations	23,001	24,612
2.01.03.01	Federal taxes payable	18,956	19,545
2.01.03.01.02	Taxes payable in installments	6,645	6,691
2.01.03.01.03	Other federal taxes	12,311	12,854
2.01.03.02	State taxes payable	3,861	4,887
2.01.03.02.01	Taxes payable in installments	2,372	3,569
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	1,489	1,318
2.01.03.03	Municipal taxes payable	184	180
2.01.04	Borrowings	194,020	172,746
2.01.04.01	Borrowings	133,548	119,705
2.01.04.02	Debentures	60,472	53,041
2.01.05	Other obligations	15,133	36,908
2.01.05.02	Other	15,133	36,908
2.01.05.02.01	Dividends and interest on capital payable	297	19,772
2.01.05.02.04	Other payables	12,676	15,518
2.01.05.02.05	Advances from customers	2,160	1,618
2.02	Non-current liabilities	876,596	785,905
2.02.01	Borrowings	555,473	460,740
2.02.01.01	Borrowings	466,301	350,855
2.02.01.02	Debentures	89,172	109,885
2.02.02	Other obligations	56,898	58,414
2.02.02.02	Other	56,898	58,414
2.02.02.02.03	Taxes payable in installments	38,880	40,159
2.02.02.02.04	Other taxes payable	18,018	16,911
2.02.02.02.05	Other payables	0	1,344
2.02.03	Deferred taxes	224,310	222,673
2.02.03.01	Deferred income tax and social contribution	224,310	222,673
2.02.04	Provisions	39,915	44,078
2.02.04.01	Tax, social security, labor and civil provisions	39,915	44,078
2.03	Consolidated equity	500,487	488,241
2.03.01	Capital	151,895	116,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	126,976	151,280
2.03.06	Carrying value adjustments	220,639	219,094
2.03.09	Non-controlling interests	17	12

Consolidated financial statements / statement of income

(All amounts in thousands of reais)

Code	Description	Current quarter 4/1/2014 to 6/30/2014	Accumulated - current year 1/1/2014 to 6/30/2014	Same quarter of prior year 4/1/2013 to 6/30/2013	Accumulated - prior year 1/1/2013 to 6/30/2013
3.01	Revenue from sale of goods and/or services	174,667	354,494	144,580	268,414
3.02	Cost of sales and/or services	-120,385	-257,062	-94,497	-182,403
3.02.01	Changes in the fair value of biological assets	10,800	12,426	9,090	9,090
3.02.02	Cost of products sold	-131,185	-269,488	-103,587	-191,493
3.03	Gross profit	54,282	97,432	50,083	86,011
3.04	Operating expenses	-26,494	-53,813	-23,309	-44,355
3.04.01	Selling expenses	-17,062	-33,469	-12,523	-24,221
3.04.02	General and administrative expenses	-10,590	-21,960	-10,942	-20,054
3.04.04	Other operating income	1,784	3,391	1,120	1,581
3.04.05	Other operating expenses	-626	-1,775	-964	-1,661
3.05	Profit before finance result and taxes	27,788	43,619	26,774	41,656
3.06	Finance result	-18,392	-38,620	-12,987	-23,968
3.06.01	Finance income	3,618	9,171	3,605	7,391
3.06.02	Finance costs	-22,010	-47,791	-16,592	-31,359
3.07	Profit (loss) before taxes on income	9,396	4,999	13,787	17,688
3.08	Income tax and social contribution	101	1,254	186	-162
3.08.01	Current	-100	-194	-265	-427
3.08.02	Deferred	201	1,448	451	265
3.09	Profit from continuing operations	9,497	6,253	13,973	17,526
3.11	Consolidated profit for the period	9,497	6,253	13,973	17,526
3.11.01	Attributable to the owners of the Parent company	9,496	6,252	13,973	17,525
3.11.02	Attributable to non-controlling interests	1	1	0	1
3.99	Earnings per share - (reais / share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.05780	0.03800	0.08750	0.11030
3.99.01.02	Preferred shares	0.05780	0.03800	0.08750	0.11030

Consolidated financial statements / statement of comprehensive income

(All amounts in thousands of reais)

Code	Description	Current quarter 4/1/2014 to 6/30/2014	Accumulated - current year 1/1/2014 to 6/30/2014	Same quarter of prior year 4/1/2013 to 6/30/2013	Accumulated - prior year 1/1/2013 to 6/30/2013
4.01	Consolidated profit for the period	9,497	6,253	13,973	17,526
4.02	Other comprehensive income (loss)	2,068	5,989	-7,952	-6,609
4.02.01	Cash flow hedge	3,133	9,074	-12,048	-10,014
4.02.02	Income tax and social contribution - cash flow hedge	-1,065	-3,085	4,096	3,405
4.03	Consolidated comprehensive income for the period	11,565	12,242	6,021	10,917
4.03.01	Attributable to the owners of the Company	11,564	12,241	6,021	10,916
4.03.02	Attributable to non-controlling interests	1	1	0	1

Consolidated financial statements / statement of cash flows - indirect method

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 6/30/2014	Accumulated - prior year 1/1/2013 to 6/30/2013
6.01	Net cash provided by(used in) operating activities	-27,382	22,206
6.01.01	Cash from operations	60,515	64,867
6.01.01.01	Profit before income tax and social contribution	4,999	17,688
6.01.01.02	Changes in the fair value of biological assets	-12,426	-9,090
6.01.01.03	Depreciation, amortization and depletion	34,779	25,547
6.01.01.05	Result on sale of permanent assets	223	49
6.01.01.07	Provision for civil, labor and tax risks	-4,163	-2,424
6.01.01.08	Provision for impairment of trade receivables	188	370
6.01.01.12	Monetary variations and charges	37,229	32,600
6.01.01.13	Government grants	-314	-162
6.01.01.17	Share-based payment	0	289
6.01.02	Changes in assets and liabilities	-87,897	-42,661
6.01.02.01	Trade receivables	-17,900	-11,257
6.01.02.02	Inventories	-11,897	-12,773
6.01.02.03	Taxes recoverable	749	734
6.01.02.04	Other assets	-3,896	2,997
6.01.02.06	Trade payables	-20,834	11,057
6.01.02.07	Social security obligations	-455	-5,123
6.01.02.08	Advances from customers	542	-87
6.01.02.09	Taxes payable	-1,664	-3,761
6.01.02.10	Payment of interest on borrowings	-23,094	-19,127
6.01.02.11	Payment of interest on debentures	-5,116	-3,633
6.01.02.12	Other payables	-4,332	-1,688
6.02	Net cash used in investing activities	-41,302	-24,309
6.02.01	Purchase of property, plant and equipment	-38,597	-22,477
6.02.02	Purchase of biological assets	-2,126	-2,268
6.02.03	Purchase of intangible assets	-651	-60
6.02.05	Capital increase from non-controlling interests	4	0
6.02.06	Proceeds from disposal of assets	68	496
6.03	Net cash provided by (used in) financing activities	96,588	-13,165
6.03.01	Payment of dividends	-19,475	-24,062
6.03.03	Debentures paid	-19,719	-12,500
6.03.04	New borrowings	203,484	86,862
6.03.05	Repayment of borrowings	-67,702	-57,287
6.03.07	Treasury shares	0	2,008
6.03.08	Real Estate Credit Note (CRI)	0	-8,186
6.05	Increase (decrease) in cash and cash equivalents	27,904	-15,268
6.05.01	Cash and cash equivalents at the beginning of the period	135,005	96,922
6.05.02	Cash and cash equivalents at the end of the period	162,909	81,654

Consolidated financial statements / statement of changes in equity - 1/1/2014 to 6/30/2014

(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	116,895	960	151,280	0	219,094	488,229	12	488,241
5.03	Adjusted opening balances	116,895	960	151,280	0	219,094	488,229	12	488,241
5.04	Capital transactions with owners	35,000	0	-35,000	0	0	0	4	4
5.04.01	Capital increase	35,000	0	-35,000	0	0	0	0	0
5.04.09	Capital increase from non-controlling interests	0	0	0	0	0	0	4	4
5.05	Total comprehensive income	0	0	0	10,696	1,545	12,241	1	12,242
5.05.01	Profit for the period	0	0	0	6,252	0	6,252	1	6,253
5.05.02	Other comprehensive income	0	0	0	4,444	1,545	5,989	0	5,989
5.05.02.06	Realization of deemed cost	0	0	0	4,021	-4,021	0	0	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	423	-423	0	0	0
5.05.02.08	Cash flow hedge	0	0	0	0	5,989	5,989	0	5,989
5.06	Internal changes in equity	0	0	-2,371	2,371	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-1	1	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-2,370	2,370	0	0	0	0
5.07	Closing balances	151,895	960	113,909	13,067	220,639	500,470	17	500,487

Consolidated financial statements / statement of changes in equity - 1/1/2013 to 6/30/2013

(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	289	-12,259	0	0	-11,970	2	-11,968
5.04.04	Treasury shares purchased	0	0	0	0	0	2,008	0	2,008
5.04.05	Treasury shares sold	0	0	2,008	0	0	0	0	0
5.04.06	Dividends	0	0	-14,267	0	0	-14,267	0	-14,267
5.04.08	Share-based payments	0	289	0	0	0	289	0	289
5.04.09	Capital increase from non-controlling interests	0	0	0	0	0	0	2	2
5.05	Total comprehensive income (loss)	0	0	0	22,189	-11,273	10,916	1	10,917
5.05.01	Profit for the period	0	0	0	17,525	0	17,525	1	17,526
5.05.02	Other comprehensive income (loss)	0	0	0	4,664	-11,273	-6,609	0	-6,609
5.05.02.06	Realization of deemed cost	0	0	0	4,452	-4,452	0	0	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	212	-212	0	0	0
5.05.02.08	Cash flow hedge	0	0	0	0	-6,609	-6,609	0	-6,609
5.06	Internal changes in equity	0	0	-2,180	2,180	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-232	232	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,948	1,948	0	0	0	0
5.07	Closing balances	103,976	666	91,966	24,369	231,968	452,945	9	452,954

Consolidated financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 6/30/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
7.01	Revenues	462,902	348,456
7.01.01	Sale of goods, products and services	459,699	347,245
7.01.02	Other income	3,391	1,581
7.01.04	Changes in provision for impairment of trade receivables	-188	-370
7.02	Inputs purchased from third parties	-278,204	-192,238
7.02.01	Cost of products and services	-240,320	-169,884
7.02.02	Materials, electric power, outsourced services and other	-37,884	-22,354
7.03	Gross value added	184,698	156,218
7.04	Retentions	-22,353	-16,457
7.04.01	Depreciation, amortization and depletion	-34,779	-25,547
7.04.02	Other	12,426	9,090
7.04.02.01	Changes in the fair value of biological assets	12,426	9,090
7.05	Net value added generated	162,345	139,761
7.06	Value added received through transfer	9,171	7,391
7.06.02	Finance income	9,171	7,391
7.07	Total value added to be distributed	171,516	147,152
7.08	Value added distributed	171,516	147,152
7.08.01	Personnel	69,316	50,810
7.08.01.01	Direct remuneration	55,348	41,761
7.08.01.02	Benefits	10,885	6,763
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	3,083	2,286
7.08.02	Taxes payable	31,451	32,631
7.08.02.01	Federal	19,439	23,322
7.08.02.02	State	11,222	9,047
7.08.02.03	Municipal	790	262
7.08.03	Remuneration of third-party capital	64,496	46,185
7.08.03.01	Interest	47,792	31,360
7.08.03.02	Rentals	16,704	14,825
7.08.04	Remuneration of own capital	6,253	17,526
7.08.04.03	Profits reinvested for the period	6,252	17,525
7.08.04.04	Non-controlling interests in profits reinvested	1	1

Comments on company performance

COMMENTS ON THE COMPANY'S PERFORMANCE FOR 2Q14

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 reports EBITDA of R$ 34.6 million in 2Q14, 10.3% higher than in 2Q13

CHIEF INDICATORS - CONSOLIDATED	2Q14	1Q14	2Q13	Variation 2Q14/1Q14	Variation 2Q14/2Q13	6M14	6M13	Variation 6M14/6M13	LTM14 [1]	LTM13 [1]	Variation LTM14/LTM13	PROFORMA* LTM14	PROFORMA* LTM13
Economic and financial (R$ thousand)													
Net operating revenue	174,667	179,827	144,580	-2.9%	20.8%	354,494	268,414	32.1%	690,322	519,458	32.9%	722,151	703,818
Domestic market	152,433	153,882	124,301	-0.9%	22.6%	306,315	229,484	33.5%	604,359	452,143	33.7%	636,188	670,503
Export market	22,234	25,945	20,279	-14.3%	9.6%	48,179	38,930	23.8%	85,963	67,315	27.7%	85,963	67,315
Gross profit (including *)	54,282	43,149	50,083	25.8%	8.4%	97,432	86,011	13.3%	197,678	191,470	3.2%	207,008	212,763
(*) Change in fair value of biological assets	*10,800*	*1,625*	*9,090*	564.6%	18.8%	*12,426*	*9,090*	36.7%	*23,442*	*48,117*	-51.3%	23,442	48,117
Gross margin	***31.1%***	***24.0%***	**34.6%**	**7.1 p.p.**	***-3.5 p.p.***	***27.5%***	***32.0%***	***-4.5 p.p.***	***28.6%***	***36.9%***	***-8.3 p.p.***	**28.7%**	**30.2%**
Profit (loss) before taxes and profit sharing	9,396	(4,399)	13,787	-	-31.8%	4,999	17,688	-71.7%	43,419	48,296	-10.1%	47,018	15,851
Operating margin	***5.4%***	***-2.4%***	**9.5%**	**7.8 p.p.**	***-4.1 p.p.***	***1.4%***	***6.6%***	***-5.2 p.p.***	***6.3%***	***9.3%***	***-3.0 p.p.***	**6.5%**	**2.3%**
Profit (loss)	9,497	(3,244)	13,973	-	-32.0%	6,253	17,526	-64.3%	56,136	46,140	21.7%	59,954	14,745
Net margin	***5.4%***	***-1.8%***	**9.7%**	**7.2 p.p.**	***-4.3 p.p.***	***1.8%***	***6.5%***	***-4.7 p.p.***	***8.1%***	***8.9%***	***-0.8 p.p.***	**8.3%**	**2.1%**
Adjusted EBITDA [2]	34,590	31,382	31,358	10.2%	10.3%	65,972	58,403	13.0%	133,780	119,936	11.5%	142,168	129,766
Adjusted EBITDA Margin	***19.8%***	***17.5%***	***21.7%***	**2.3 p.p.**	***-1.9 p.p.***	***18.6%***	***21.8%***	***-3.2 p.p.***	***19.4%***	***23.1%***	***-3.7 p.p.***	**19.7%**	**18.4%**
Net debt (R$ million)	581.5	559.0	351.0	4.0%	65.7%	581.5	351.0	65.7%	581.5	351.0	65.7%	581.5	351.0
Net debt/Adjusted EBITDA (x) [3]	4.09	3.99	2.93	2.5%	39.6%	4.09	2.93	39.6%	4.09	2.93	39.6%	4.09	2.93
Operating data (metric tons)													
Corrugated Cardboard Packaging (PO)													
Production/Sales	47,212	49,123	33,832	-3.9%	39.5%	96,335	63,961	50.6%	180,860	129,777	39.4%		
Packaging Paper													
Production	60,590	65,508	64,809	-7.5%	-6.5%	126,098	120,094	5.0%	257,214	220,708	16.5%		
Sales	17,109	19,880	27,529	-13.9%	-37.9%	36,989	49,431	-25.2%	91,839	89,458	2.7%		
RS Forest and Resins													
Production	2,668	2,222	2,761	20.1%	-3.4%	4,890	5,046	-3.1%	7,774	7,737	0.5%		
Sales	2,226	2,192	2,545	1.6%	-12.5%	4,418	4,918	-10.2%	7,519	7,927	-5.1%		

[1] Accumulated in the last twelve months.
[2] EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) - see the related section in this release.
[3] The calculation of the Net debt/EBITDA indicator is made using the Proforma EBITDA, which assumes that the results of the operations of the subsidiary São Roberto S.A. had already been consolidated, in order to obtain the annualized result for comparison purposes.
**Proforma: Assumes that the results of the operations of the subsidiary São Roberto S.A. had already been consolidated from the beginning of the periods for comparison purposes.*

- Sales volume for the Corrugated Cardboard Packaging Segment increased 39.5% in 2Q14 when compared to 2Q13 and totaled 47.2 thousand metric tons. The Packaging Paper Segment decreased by 37.9%, totaling 17.1 thousand metric tons. The Resins Segment decreased by 12.5%, totaling 2.2 thousand metric tons. The significant increase in the volume of the Corrugated Cardboard Packaging Segment was due to the consolidation of the Corrugated Cardboard Packaging plant (SP) of Indústria de Papel e Papelão São Roberto S.A. "São Roberto".

- Net revenue grew 20.8% in relation to 2Q13, reaching R$ 174.7 million and reflecting the consolidation of the sales of corrugated cardboard packaging of São Roberto.

- The gross profit totaled R$ 54.3 million, an increase of 8.4% vs. 2Q13, mainly as a result of the increased net revenue.

- In 2Q14, the Company made a net profit of R$ 9.5 million, against R$ 14.0 million in 2Q13. This result was mainly due to the increased finance costs related to the consolidation of the indebtedness of subsidiary São Roberto S.A.

Comments on company performance

- The adjusted EBITDA totaled R$ 34.6 million in the quarter, an increase of 10.3% over 2Q13, with a margin of 19.8%.

- Net debt/EBITDA: 4.09 times in June 2014.

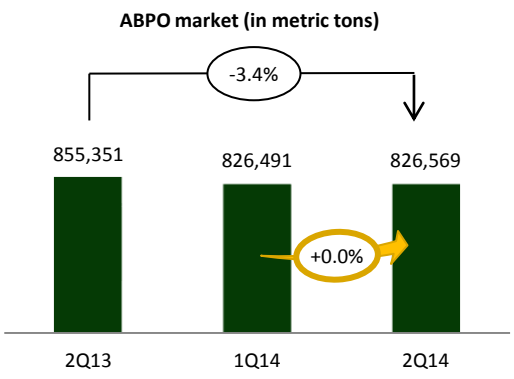
- In 2Q14, the funding of U$ 70 million was completed through an Export Prepayment operation with total maturity of 7 years.

2Q14 Highlights

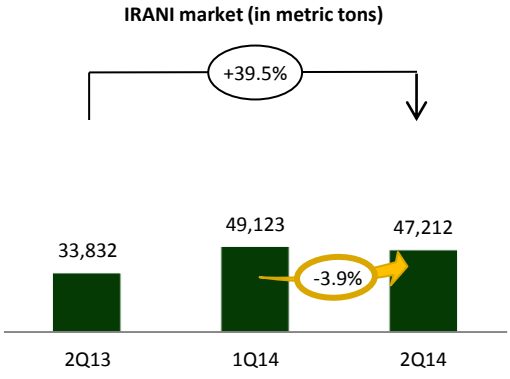
In the international scenario, the highlights were the growth of the business activities in the United States of America and also China, which exceeded expectations. This shows that the main global economic indicators continue the trend of a moderate recovery. Regarding the Brazilian economy, inflation remains at worrying levels, which led the monetary authority to maintain the Special System for Settlement and Custody (SELIC) rate at 11% in the meeting held in July 2014. Data related to the industrial activity disclosed during the second quarter of the year indicate a Gross Domestic Product (GDP) performance between weak and moderate in 2014.

According to the Brazilian Corrugated Cardboard Association (ABPO), the sales volume of corrugated cardboard in metric tons, as shown in the charts below, decreased 3.4% in 2Q14 when compared to 2Q13, and the IRANI Market increased by 39.5% in the same period. Compared with 1Q14, the ABPO Market remained stable and the IRANI Market decreased 3.9%. In metric tons, IRANI's market share in this quarter was 5.7% against 3.9% in 2Q13 and 5.9% in 1Q14.

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



Source: ABPO



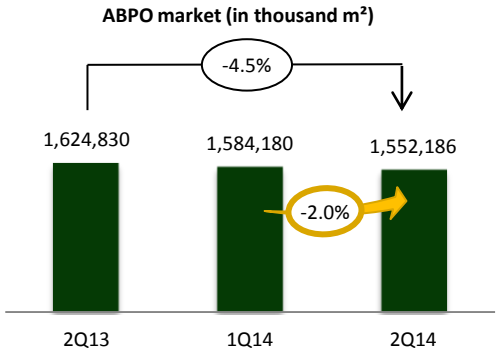
Source: IRANI

Comments on company performance

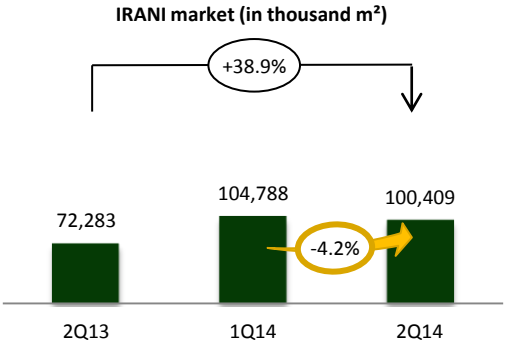
The volume of corrugated cardboard packaging sales for the ABPO Market, in square meters, decreased 4.5% in 2Q14 as compared with 2Q13, while the IRANI Market increased 38.9% in the same period, as a result of the consolidation of São Roberto. When compared to 1Q14, the ABPO Market decreased 2.0%, while the IRANI Market decreased 4.2%. IRANI's market share in square meters was 6.5%, 4.4% and 6.6% in 2Q14, 2Q13 and 1Q14, respectively.

In 2Q14, the Corrugated Cardboard Packaging Segment represented 68% of IRANI"s net revenue, while the Packaging Paper and the Forest RS and Resins Segments represented 24% and 8%, respectively. The domestic and foreign markets corresponded to 87% and 13% of net revenue, respectively.

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



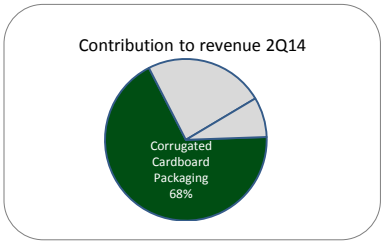
Source: ABPO



Source: IRANI

1. OPERATING PERFORMANCE (not reviewed by independent auditors)

1.1 Corrugated Cardboard Packaging Segment



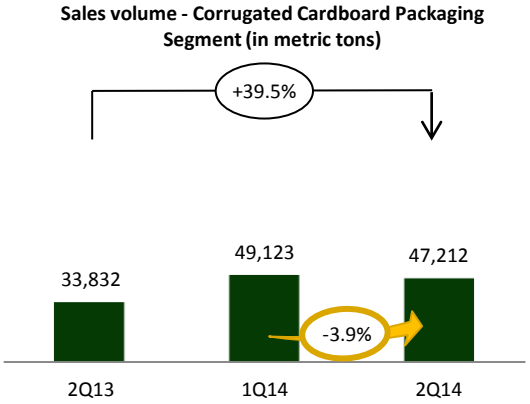
The sales volume of corrugated cardboard boxes and sheets totaled 47,212 metric tons, an increase of 39.5% in relation to 2Q13 and a decrease of 3.9% in relation to 1Q14. Sales of boxes increased by 43.2% and sales of sheets increased by 30.1%. The plants in Indaiatuba, Santa Catarina and São Paulo (São Roberto) represented 38%, 31% and 31%, respectively, of the total sold in 2Q14, with all of their production allocated to the domestic market.

The sales volume of the São Paulo corrugated cardboard packaging factory totaled 13,353 metric tons of boxes and 4,727 metric tons of sheets in 2Q14 (12,991 metric tons of boxes and 5,907 metric tons of sheets in 2Q13).

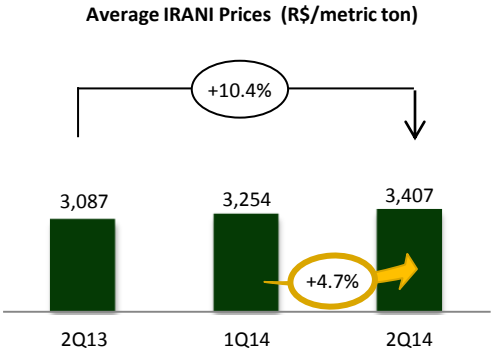
Comments on company performance

The Santa Catarina corrugated cardboard packaging factory's sales volume totaled 11,566 metric tons of boxes and 3,180 metric tons of sheets in 2Q14 (11,493 metric tons of boxes and 3,441 metric tons of sheets in 2Q13).

São Roberto's sales volume in 2Q14 was 10,135 metric tons of boxes and 4,251 metric tons of sheets. This sales volume is being considered only as from October 2013, when the activities of São Roberto were consolidated into Irani.

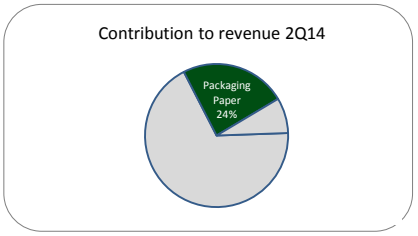


Average IRANI prices (Cost Insurance and Freight - CIF) per metric ton increased 10.4% in 2Q14 over 2Q13, and increased 4.7% over 1Q14, as shown below:



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

1.2 Packaging Paper Segment

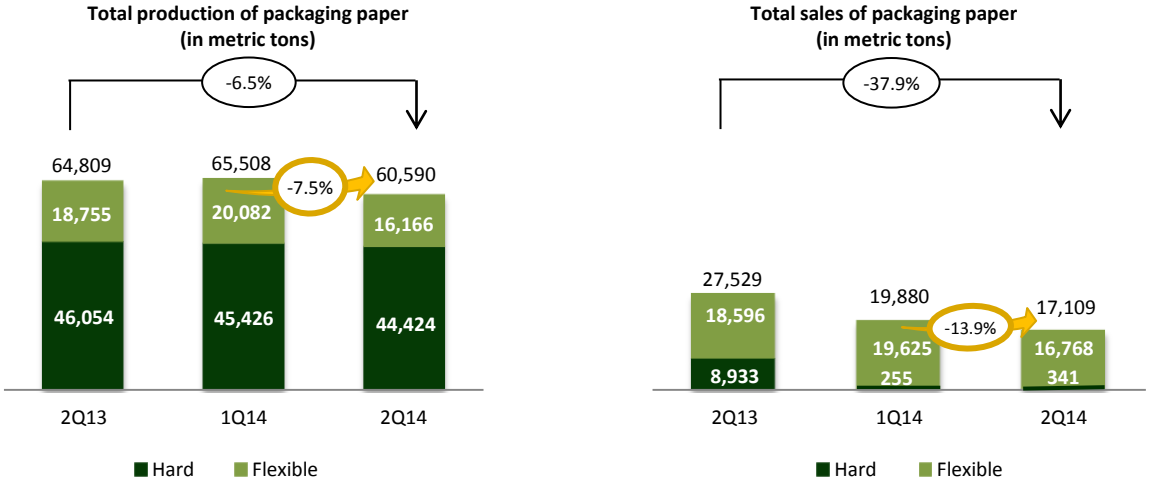


IRANI operates in the Packaging Paper Segment, with activities in the hard packaging paper market (corrugated cardboard) and the flexible packaging market (sack Kraft).

The Company's total packaging paper production in the quarter decreased by 6.5%, when compared to 2Q13 and 7.5% in relation to 1Q14. Sales decreased by 37.9% and 13.9% compared to 2Q13 and 1Q14, respectively.

Comments on company performance

The decrease in the production volume of packaging paper is mainly due to the downtime of the Paper Machine # 1 (MP1) for expansion and modernization in May 2014. The decrease in sales volume in relation to 2Q13 was due to the sales to the subsidiary São Roberto, which were eliminated as from the integration of operations, in the first quarter of 2014.

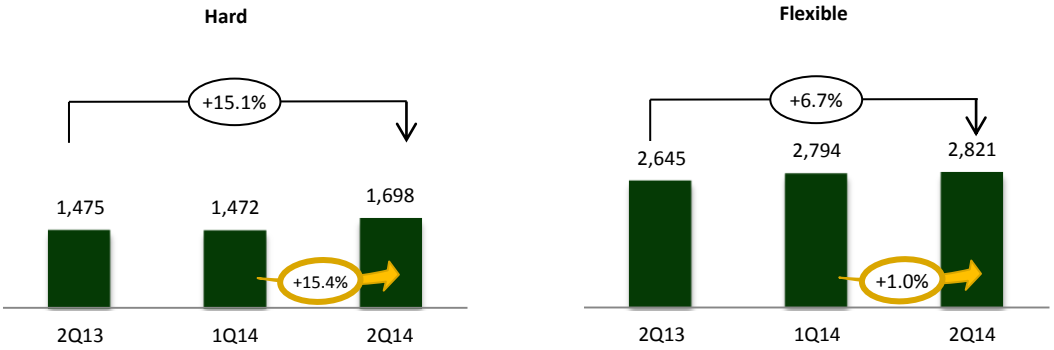


In 2Q14, internal transfers of paper for hard packaging totaled 44,011 metric tons (34,328 metric tons in 2Q13 and 44,058 metric tons in 1Q14) and were as follows: transfers to Indaiatuba plant, 12,865 metric tons (17,361 metric tons in 2Q13 and 14,330 metric tons in 1Q14), to São Roberto plant, 16,327 metric tons (2,842 metric tons in 2Q13 and 16,631 in 1Q14) and to Santa Catarina plant, 14,819 metric tons in 2Q14 (14,124 metric tons in 2Q13 and 13,098 metric tons in 1Q14). Of the total internal transfers in the quarter, 29% were to the Indaiatuba plant, 34% to the Santa Catarina plant and 37% to the São Roberto plant.

Hard packaging papers, the volume of which is not very significant, and whose price is inferior to the price of other papers sold by the Company, increased in 2Q14 by 15.1% in relation to 2Q13 and by 15.4% when compared to 1Q14. Average prices followed the market trends. On the other hand, prices of flexible packaging papers increased by 6.7% over 2Q13 and 1.0% when compared to 1Q14.

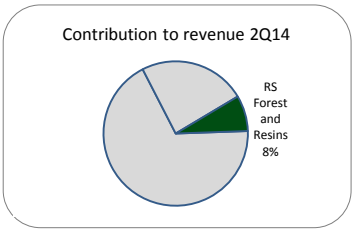
Comments on company performance

Average prices of packaging paper (R$/metric ton)



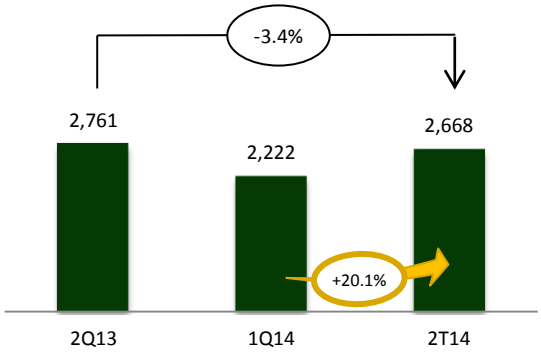
1.3 RS Forest and Resins Segment

In 2Q14, the RS Forest Segment of the State of Rio Grande do Sul produced and sold 27 thousand m³ of pine logs for the domestic market (57 thousand m³ in 2Q13) and supplied 1,098 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.

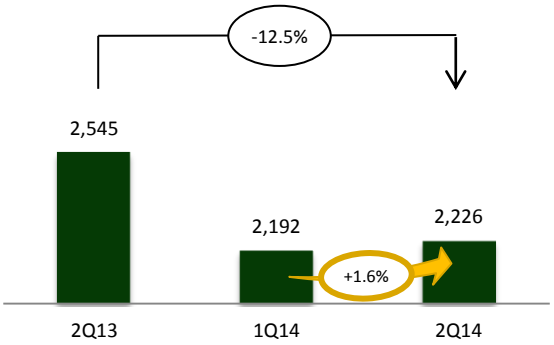


The production and sales volumes for the Resins unit decreased by 3.4% and 12.5%, respectively in 2Q14, when compared to 2Q13 and increased by 20.1% and 1.6%, when compared to 1Q14. Sales increased because of the establishment of new markets and customers. Production varies depending on the offering of gum resin in the domestic market.

Production of tar and turpentine (in metric tons)

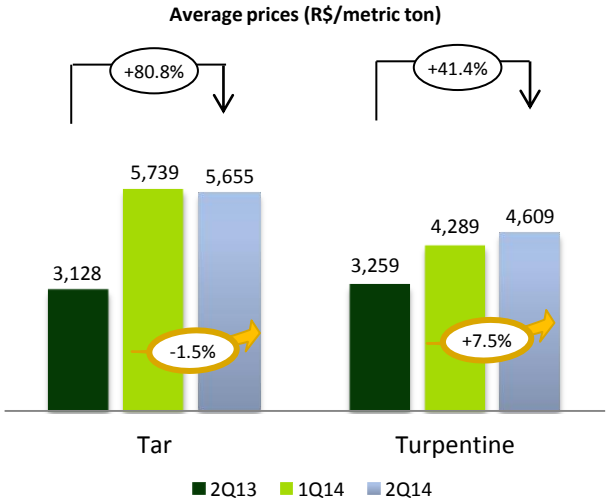


Sale of tar and turpentine (in metric tons)



The gross average price of tar in 2Q14 was 80.8% above that of 2Q13 and 1.5% lower in relation to 1Q14. The average price of turpentine increased by 41.4% when compared to 2Q13 and 7.5% when compared to 1Q14. Changes in the average prices of resins mainly resulted from the increase of prices in foreign currency.

Comments on company performance



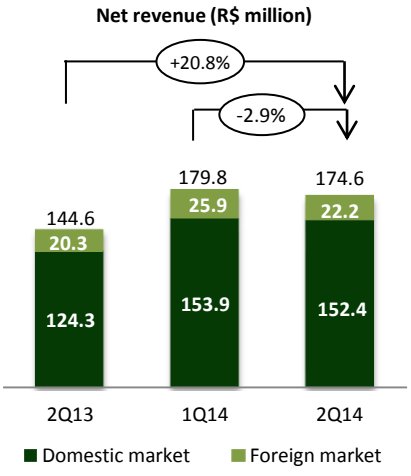
2. ECONOMIC AND FINANCIAL PERFORMANCE

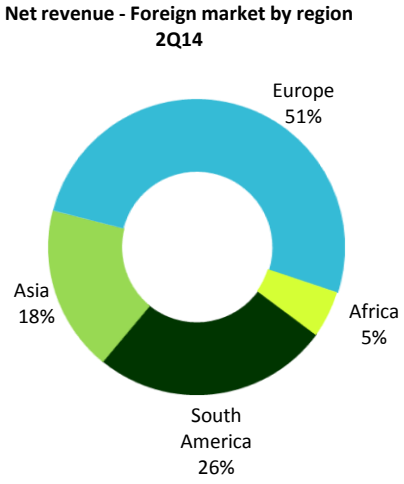
2.1 Net Operating Revenue

Net operating revenue for 2Q14 totaled R$ 174,667 thousand, 20.8% above that of 2Q13 and 2.9% lower in relation to 1Q14. The change in relation to 2Q13 was mainly due to the consolidation of São Roberto's operations in October 2013.

In the domestic market, net operating revenue amounted to R$ 152,433 thousand in the quarter, representing an increase of 22.6% over 2Q13 and stable in relation to 1Q14, and corresponded to 87% of total revenue earned by IRANI.

Exports in 2Q14 totaled R$ 22,234 thousand, a growth of 9.6% as compared to 2Q13 and a decrease of 14.3% in relation to 1Q14, and represented 13% of total net operating revenue. Exports were made mainly to Europe (51% of the export revenue), followed by South America (26%), the other markets being: Asia (18%) and Africa (5%).

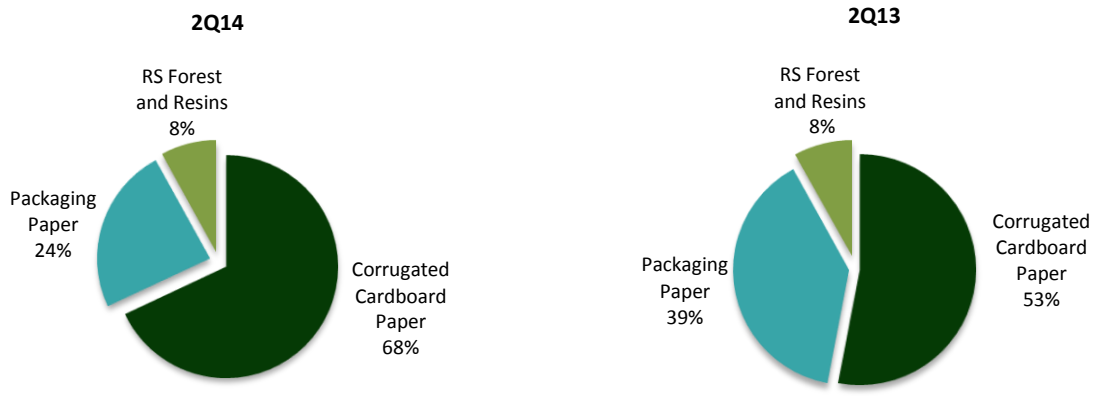




Comments on company performance

IRANI's main operating segment is the Corrugated Cardboard Packaging Segment, responsible for 68% of the consolidated net revenue in 2Q14, followed by the segments of Packaging Paper with 24%, and RS Forest and Resins with 8%.

Net revenue by segment

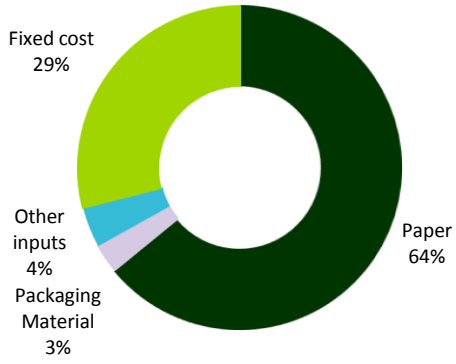


2.2 Cost of Products Sold

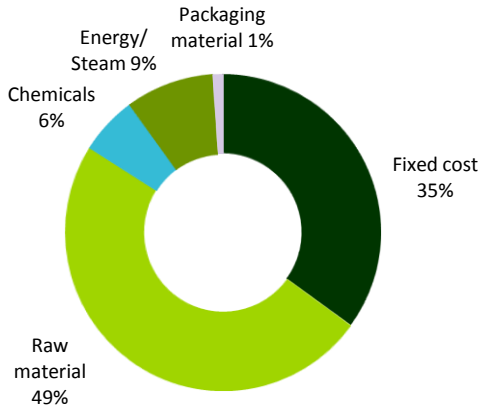
The cost of products sold in 2Q14 was R$ 131,185 thousand, 26.6% above that of 2Q13 in absolute figures, due to the consolidation of the Corrugated Cardboard Packaging plant of São Roberto. The positive variation of the fair value of biological assets is not being considered in the cost of products sold.

The composition of cost per business segment of IRANI in 2Q14 is shown in the charts below.

Corrugated cardboard packaging



Packaging paper*



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

Comments on company performance

2.3 Operating Income and Expenses

Selling expenses in 2Q14 totaled R$ 17,062 thousand representing 9.8% of the consolidated net revenue, compared to 8.7% in 2Q13.

Administrative expenses in 2Q14 were 3.2% lower in comparison with 2Q13, totaling R$ 10,590 thousand and represented 6.1% of the consolidated net revenue in 2Q14, in comparison with 7.6% in 2Q13. The expenses were affected mainly by the efforts to reduce costs in the administrative operations and by the consolidation of São Roberto.

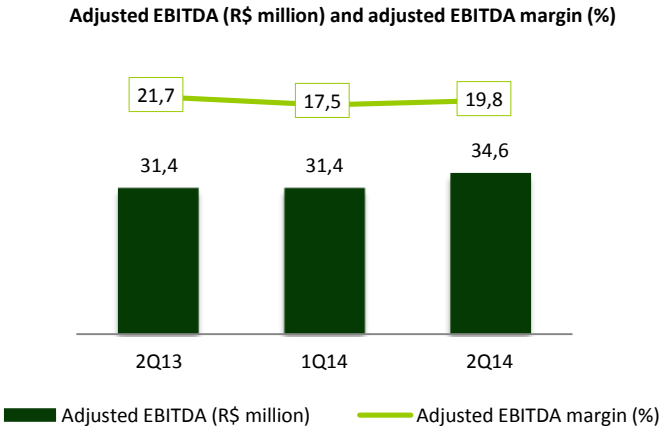
Other operating income (expenses) resulted in an income of R$ 1,158 thousand in 2Q14, against an income of R$ 156 thousand in 2Q13.

3. OPERATING CASH GENERATION (ADJUSTED EBITDA)

Consolidated (R$ thousand)	2Q14	1Q14	2Q13	Variation 2Q14/1Q14	Variation 2Q14/2Q13	6M14	6M13	Variation 6M14/6M13	LTM14 [1]	LTM13 [1]	Variation LTM14/LTM13	PROFORMA* LTM14	PROFORMA* LTM13
Profit (loss) before taxes and profit sharing	**9,396**	**(4,399)**	**13,787**	-	-31.8%	**4,999**	**17,688**	-71.7%	**43,419**	**48,296**	-10.1%	**47,018**	**15,851**
Depletion	5,725	5,463	5,512	4.8%	3.9%	11,188	9,737	14.9%	22,837	20,788	9.9%	22,837	20,788
Depreciation and amortization	11,877	11,714	8,016	1.4%	48.2%	23,591	15,810	49.2%	42,196	36,457	15.7%	43,464	46,526
Finance result	18,392	20,229	12,987	-9.1%	41.6%	38,620	23,968	61.1%	67,581	45,911	47.2%	69,819	71,553
EBITDA	**45,390**	**33,007**	**40,302**	37.5%	12.6%	**78,398**	**67,203**	16.7%	**176,033**	**151,452**	**16.2%**	**183,138**	**154,718**
EBITDA margin	***26.0%***	***18.4%***	***27.9%***	***7.6 p.p.***	***-1.9 p.p.***	***22.1%***	***25.0%***	***-2.9 p.p.***	***25.5%***	***29.2%***	***-3.7 p.p.***	***25.4%***	***22.0%***
Adjustments pursuant to CVM Instruction 527/12													
EBITDA of the discontinued operations [2]	-	-	-	-	-	-	-	-	-	6,616	-	-	6,615
Changes in the fair value of biological assets [3]	(10,800)	(1,625)	(9,090)	564.6%	18.8%	(12,426)	(9,090)	36.7%	(23,442)	(48,117)	-51.3%	(23,442)	(48,117)
Stock options/management participation [4]	-	-	146	-	-	-	290	-	7,783	3,301	135.8%	7,783	3,301
Non-recurring events [5]	-	-	-	-	-	-	-	-	(26,594)	6,684	-497.9%	(25,311)	13,249
Adjusted EBITDA	**34,590**	**31,382**	**31,358**	**10.2%**	**10.3%**	**65,972**	**58,403**	**13.0%**	**133,780**	**119,936**	**11.5%**	**142,168**	**129,766**
Adjusted EBITDA Margin	***19.8%***	***17.5%***	***21.7%***	***2.3 p.p.***	***-1.9 p.p.***	***18.6%***	***21.8%***	***-3.2 p.p.***	***19.4%***	***23.1%***	***-3.7 p.p.***	***19.7%***	***18.4%***

[1] Accumulated in the last twelve months.
[2] EBITDA of the discontinued operations refers to the EBITDA generated by the closure of the subsidiary Meu Móvel de Madeira - Comércio de Móveis e Decorações Ltda.
[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 finance results. Neither of the two amounts represents a cash disbursement in the period.
[5] Non-recurring events (LTM14) relate to the impairment losses on machinery in the amount of R$ 4,590 thousand, the positive result for the enrollment in the Tax Recovery Program (REFIS) in the subsidiary Ind. Papel e Papelão São Roberto S.A. in the amount of R$ 33,432 thousand and loss due to other investment changes in the subsidiary in the amount of R$ 2,248 thousand.
**Proforma: Assumes that the results of the operations of the subsidiary São Roberto S.A. had already been consolidated from the beginning of the periods for comparison purposes.*

The operating cash generation, measured using the adjusted EBITDA, totaled R$ 34,590 thousand in 2Q14, with an increase of 10.3% in relation to 2Q13 and of 10.2% in relation to 1Q14. Adjusted EBITDA margin in 2Q14 was 19.8%, a decrease of 1.9 p.p. in relation to 2Q13, as a result of lower margins in the subsidiary São Roberto S.A., consolidated into the Company's operations at the end of 2013, and increasing 2.3 p.p. when compared to 1Q14.



Comments on company performance

4. FINANCE RESULT AND INDEBTEDNESS

Finance result was negative by R$ 18,392 thousand in 2Q14, representing an increase of 41.6% in comparison with 2Q13, influenced by the increase in the indebtedness levels assumed upon the consolidation of the operations of São Roberto S.A., and a decrease of 9.1% in comparison with 1Q14, affected mainly by the decrease of the indebtedness cost of São Roberto and the foreign exchange variation in the period. In 2Q14, the finance costs totaled R$ 22,010 thousand, compared to R$ 16,592 thousand in 2Q13 and R$ 25,782 thousand in 1Q14. Finance income was R$ 3,618 thousand in 2Q14 versus R$ 3,605 thousand in the same period of the previous year and R$ 5,553 thousand in 1Q14.

The composition of the finance result is as follows:

R$ thousand	2Q14	1Q14	2Q13	6M14	6M13	LTM14[1]	LTM13[1]
Finance income	3,618	5,553	3,605	9,171	7,391	21,471	12,010
Finance costs	(22,010)	(25,782)	(16,592)	(47,791)	(31,359)	(89,052)	(57,921)
Finance result	(18,392)	(20,229)	(12,987)	(38,620)	(23,968)	(67,581)	(45,911)

[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	2Q14	1Q14	2Q13	6M14	6M13	LTM14[1]	LTM13[1]
Foreign exchange gains	1,371	2,569	1,547	3,940	3,260	8,538	5,219
Foreign exchange losses	(1,119)	(3,343)	(2,275)	(4,462)	(3,542)	(10,416)	(6,133)
Foreign exchange variations, net	252	(774)	(728)	(522)	(282)	(1,878)	(914)

[1]Accumulated in the last twelve months.

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

R$ thousand	2Q14	1Q14	2Q13	6M14	6M13	LTM14[1]	LTM13[1]
Finance result before foreign exchange variation	(18,644)	(19,455)	(12,259)	(38,098)	(23,686)	(65,703)	(44,997)

[1]Accumulated in the last twelve months.

With the purpose of hedging its exports for the next years, the Company maintains the maturities of its commitments in foreign currency (U.S. Dollars) aligned with the expectations of receipt in this currency. The exchange variations of these transactions are accounted for monthly in equity and recorded in the results as finance costs when realized (hedge accounting). In 2Q14, the amount recognized in equity was R$ 2,068 thousand.

Comments on company performance

Foreign exchange

The foreign exchange rate, which was R$ 2.26/US$ at March 31, 2014, decreased by 2.65%, to R$ 2.20/US$ at the end of June. The average foreign exchange rate for the quarter was R$ 2.23/US$, being 5.91% lower than in 1Q14 and 7.73% higher than in 2Q13.

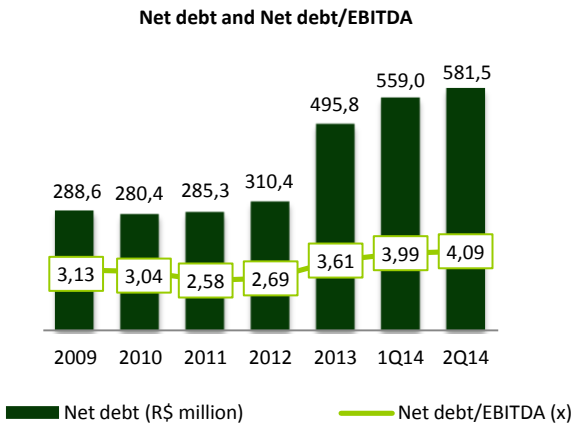
	2Q14	1Q14	2Q13	Δ2Q14/1Q14	Δ2Q14/2Q13
Average U.S. Dollar	2.23	2.37	2.07	-5.91%	+7.73%
Final U.S. Dollar	2.20	2.26	2.22	-2.65%	-0.90%

Source: Brazilian Central Bank (BACEN)

Net indebtedness

At June 30, 2014, the consolidated net indebtedness totaled R$ 581.5 million, against R$ 559.0 million at March 31, 2014. The net debt/EBITDA ratio increased from 3.99 times at the end of March 2014 to 4.09 times at the end of 2Q14. This variation was mainly due to the increase in the indebtedness levels assumed through the consolidation of the operations of the subsidiary São Roberto S.A., the new borrowings taken to cover the investments, mainly the renovation of the Paper Machine # 1 (MP1), and the increased needs for working capital. Management monitors this indicator and its reduction will be gradual as from 3Q14 with the positive results of the operations and the return on the current investments, mainly relating to the renovation of the Paper Machine # 1 (MP1).

In 2Q14, the funding of U$ 70 million was completed, with total maturity of 7 years, through an Export Prepayment operation. The funds raised will be used to finance the working capital needs of the Company's exports.



Comments on company performance

5. NET RESULT

In 2Q14, the net profit was R$ 9,497 thousand, compared to R$ 13,973 thousand in 2Q13 and a loss of R$ 3,244 thousand in 1Q14. In the last twelve months, the net profit amounted to R$ 56,136 thousand against R$ 46,140 thousand for the same period of the prior year.

6. INVESTMENTS

The capital budget proposed by management and approved by the Company's Board of Directors for 2014 establishes investments of approximately R$ 61.4 million. Investments made in 2Q14 amounted to R$ 30,245 thousand. The major investment in the period consists of the expansion and modernization of the MP 1, which increased the paper production capacity by 3,000 metric tons/month as from July 2014.

R$ thousand	2Q14	6M14
Equipment	29,236	54,751
Intangible assets	12	116
Reforestation	997	1,890
Total	**30,245**	**56,757**

On May 19, 2014, the Board of Directors approved the signature of the Protocol of Intentions with the Government of the State of Santa Catarina, with the objective of expanding the industrial unit located in Vargem Bonita, State of Santa Catarina. The expected investment is approximately R$ 600 million, over the next 5 years, in order to expand the production capacity of the Packaging Paper plant by 135,000 metric tons/year and of the Corrugated Cardboard Packaging plant by 24,000 metric tons/year.

7. CAPITAL MARKETS

At June 30, 2014, IRANI's capital comprised 166,720,235 shares, of which 153,909,975 (92%) were common shares and 12,810,260 (8%) were preferred shares. At June 30, 2014, the Company held 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$ 537,606 thousand.

7.1 Dividends

On April 16, 2014, the Stockholders' Ordinary General Meeting approved the payment of supplementary dividends referring to the adjusted profit for the year ended December 31, 2013, of R$ 2,515,665.38, corresponding to R$ 0.015308 per common and preferred share. Payment to stockholders was made on May 29, 2014.

Comments on company performance

8. REPURCHASE OF SHARES

On August 28, 2013, the Company's Board of Directors approved a program for the repurchase of the Company's shares, which will be held in treasury and subsequently canceled or sold. It authorized the 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 6/30/2014.

CONTENTS

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

CELULOSE IRANI S.A.

Notes to the Quarterly Information
at June 30, 2014
All amounts in thousands of reais unless otherwise stated

1. GENERAL INFORMATION

Celulose Irani S.A. (the "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 of 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 controlling stockholder 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 Board of Directors on July 16, 2014.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements have 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 a process of convergence with the IFRS, as well as in accordance with the standards established by the Brazilian Securities Commission (CVM).

The parent company interim financial statements have been prepared in conformity with the accounting practices adopted in Brazil, which differ from IFRS practices adopted in separate 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 CPC and approved by CVM.

Since there is no difference between the consolidated equity and profit 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 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 based on the historical cost convention, except for biological assets measured at fair value and property, plant and equipment measured at deemed cost at January 1, 2009, the date of the initial adoption of the new Technical Pronouncement ICPC10/CPC 27, as described in the accounting policies below.

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 balances in foreign currency and the translation into the functional currency are recognized in the statement of income, except when designated for cash flow hedge accounting, and, therefore, deferred in equity as cash flow hedge transactions.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash, banks and highly liquid investments with a low risk of changes in value and a 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 effects of foreign exchange rate changes, when applicable. The provision for impairment of trade receivables is calculated based on losses estimated through an individual analysis of trade receivables and taking into account the history of losses, and is recognized at an amount considered sufficient by the Company's management to cover expected losses on the collection of receivables.

d) Impairment of financial assets

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

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

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

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

e) Inventories

Inventories are stated at the lower of average production or acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less conclusion costs and selling expenses.

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. Accounting policies of subsidiaries have been 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 cost of construction in progress. Assets are classified in appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation begins when the assets are ready for their intended use on the same basis as other property, plant and equipment items.

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

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

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

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

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

Biological assets are periodically measured at fair value less selling expenses, and the variation of each period is recognized in profit or loss as a change in the fair value of biological assets. The assessment of the fair value of biological assets is based on certain assumptions, as disclosed in Note 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 flow. Such reviews have not indicated the need to recognize impairment losses for the six-month period ended June 30, 2014.

j) Current and deferred income tax and social contribution

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

The Company recognizes deferred income tax and social contribution on temporary differences for tax purposes, tax losses, deemed cost adjustments and changes in the fair value of biological assets. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences only if it is probable that the Company will have sufficient future taxable income against which such deductible temporary differences can be utilized. Deferred income tax and social contribution are recorded for those subsidiaries with the 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 their original amounts, less the relating transaction costs, when applicable, adjusted based on indices established in the contracts with creditors, plus interest calculated using the effective interest rate and the effects of foreign exchange rate changes, when applicable, through the balance sheet dates, as described in the detailed notes.

l) 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 the cash flow of hedged items.

Changes in the hedging amounts classified in "Carrying value adjustments" within equity are shown in Note 21.

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

Amounts accumulated in equity are reclassified to profit or loss 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 income within "Finance costs". The gain or loss relating to the ineffective portion is recognized in the statement of income 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 income.

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

m) Leases

The Company as the lessee:

Leases of property, plant and equipment in which the Company substantially assumes all of the risks and benefits of ownership are classified as finance leases. All other leases are classified as operating leases and recorded in the statement of income. Finance leases are recorded in the same manner as financed purchases, recognizing at the beginning of the lease the property, plant and equipment item and a financing liability (lease). Property, plant and equipment items acquired under finance leases are depreciated at the rates specified in Note 13.

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

n) Provisions

A provision is recognized in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are constituted at amounts considered by management as sufficient to cover probable losses, and are adjusted 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.

o) 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 contain, 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 Governments of Santa Catarina and Minas Gerais. 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.

p) Determination of results

Revenue and expenses are recognized on an accruals 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.

q) 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.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

r) Government grants

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

s) 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. However, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements. This statement is intended to evidence the wealth created by the Company and its distribution during the periods presented.

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.

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	6/30/2014	12/31/2013
Habitasul Florestal S.A.	100.00	100.00
Irani Trading S.A.	100.00	100.00
HGE - Geração de Energia Sustentável S.A.	99.98	99.98
Iraflor - Comércio de Madeiras LTDA.	99.99	99.99
Ind. Papel e Papelão São Roberto S.A.	100.00	100.00
Irani Geração de Energia Sustentável LTDA.	99.43	99.00

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

Subsidiaries' operations are described in Note 12.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Fixed fund	20	20	30	31
Banks	124,544	3,199	124,867	3,602
Short-term bank deposits	36,828	119,081	38,012	131,372
	161,392	122,300	162,909	135,005

Short term bank deposits (CDB) are remunerated at the average of 101.34% of the Interbank Deposit Certificate (CDI) rate.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Trade receivables:				
Customers - domestic market	167,347	125,700	150,176	134,720
Customers - foreign market	11,483	9,200	11,512	9,229
	178,830	134,900	161,688	143,949
Provision for impairment of trade receivables	(6,880)	(6,933)	(14,006)	(13,979)
	171,950	127,967	147,682	129,970

At June 30, 2014, the amount of R$ 14,422 in consolidated trade receivables was overdue and not subject to provision. The balance relates to independent customers with no history of default.

Trade receivables by maturity are as follows:

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Not yet due	159,389	115,773	133,260	118,386
Overdue up to 30 days	7,071	9,486	8,132	8,029
Overdue from 31 to 60 days	1,908	1,186	2,521	1,714
Overdue from 61 to 90 days	537	321	1,064	385
Overdue from 91 to 180 days	461	419	1,210	639
Overdue for more than 180 days	9,464	7,715	15,501	14,796
	178,830	134,900	161,688	143,949

The average credit term on the sale of products is 50 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 the impairment of trade receivables is also constituted for balances past due less than 180 days but where the amounts are considered uncollectible, taking into consideration the financial position of each debtor.

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
At the beginning of the period	(6,933)	(6,232)	(13,979)	(6,918)
Contribution to subsidiary	-	-	-	(6,300)
Provision for losses recognized	(108)	(701)	(188)	(761)
Receivables written off during the period as uncollectible	161	-	161	-
Amounts recovered in the period	-	-	-	-
At the end of the period	(6,880)	(6,933)	(14,006)	(13,979)

A portion of the receivables amounting to R$ 90,244 was assigned as collateral for certain financial transactions, as disclosed in Notes 15 and 16.

The credit quality of financial assets that were neither past due nor impaired at June 30, 2014 was assessed with reference to historical information about default rates, as follows:

Quality - trade receivables

		Consolidated
Customer category	History - %	Amount receivable
a) Customers with no history of default	92.46	123,213
b) Customers with history of default of up to 7 days	6.36	8,475
c) Customers with history of default over 7 days	1.18	1,572
		133,260

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	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Finished products	8,694	6,142	9,466	7,118
Production materials	35,354	27,830	43,093	33,037
Consumable materials	16,351	16,620	19,615	19,795
Other	561	439	561	888
	60,960	51,031	72,735	60,838

The cost of inventory recognized in the statement of income in the quarter was R$ 125,675 (R$ 104,735 in the second quarter of 2013) in the parent company and R$ 131,185 (R$ 103,587 in the second quarter of 2013) in the consolidated, and for the six-month period ended June 30, 2014, the amount recognized in the statement of income was R$ 254,427 (R$ 193,612 for the six-month period ended June 30, 2013) in the parent company and R$ 269,488 (R$ 191,493 for the six-month period ended June 30, 2013) in the consolidated.

The cost of inventory recognized in the statement of income did not include any write-down of inventory to its net realizable value. Management expects inventory to be used in less than 12 months.

Part of the Company's inventories are given as commercial pledges for financing transactions as mentioned in Note 15.

8. TAXES RECOVERABLE

Taxes recoverable consist of the following:

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Value-added Tax on Sales and Services (ICMS)	7,682	5,464	8,576	6,765
Social Integration Program (PIS)/Social Contribution on Revenue (COFINS)	-	1,737	-	3,330
Excise Tax (IPI)	237	175	253	197
Income tax	255	168	255	168
Social contribution	87	62	87	62
Income Tax Withheld at Source (IRRF) on investments	1,274	734	1,426	824
	9,535	8,340	10,597	11,346
Current portion	5,173	5,133	5,821	7,721
Non-current portion	4,362	3,207	4,776	3,625

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

9. BANKS - RESTRICTED ACCOUNT

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Banco do Brasil - New York - a)	1,169	1,161	1,169	1,161
Banco Itaú - b)	-	-	3,875	1,569
Total current	1,169	1,161	5,044	2,730
Current portion	1,169	1,161	5,044	2,730
Non-current portion	-	-	-	-

(a) Banco do Brasil - New York – USA - represented by amounts retained to guarantee the settlement of the quarterly installments of the export prepayment loan obtained from Banco Credit Suisse, relating to the installment falling due in August 2014. Because of the renegotiation of the contract subject to retention on April 27, 2012, only the contractual interest will be due up to November 2014.

(b) Banco Itaú - refers to balances of amounts received up to a certain date and which will be automatically transferred to the current account after being substituted by new bills for bank collection.

10. OTHER ASSETS

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Advances to suppliers	2,224	1,433	2,695	2,038
Employee receivables	1,497	1,078	1,734	1,285
Renegotiations with customers	8,019	7,237	9,549	7,268
Prepaid expenses	570	1,297	950	1,534
Credit receivable - XKW Trading	6,611	6,814	6,611	6,814
Other receivables	806	629	856	2,115
	19,727	18,488	22,395	21,054
Provision for impairment of trade receivables - renegotiation	(1,873)	(1,840)	(1,873)	(1,840)
	17,854	16,648	20,522	19,214
Current portion	13,130	9,956	15,771	11,672
Non-current portion	4,724	6,692	4,751	7,542

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

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
At the beginning of the period	(1,840)	(1,664)	(1,840)	(1,664)
Provision for losses recognized	(34)	(176)	(34)	(176)
Amounts recovered in the period	1	-	1	-
At the end of the period	(1,873)	(1,840)	(1,873)	(1,840)

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

Credit 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.

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

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

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

Deferred tax liabilities were recognized based on the fair value of biological assets and the deemed cost of property, plant and equipment, as well as adjustments relating to the review of the useful lives of property, plant and equipment.

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

ASSETS	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Deferred income tax assets				
On temporary differences	9,642	11,295	11,574	13,539
On tax losses	4,154	1,462	4,154	1,462
Deferred social contribution assets				
On temporary differences	3,471	4,066	4,165	4,873
On tax losses	1,495	527	1,495	527
	18,762	17,350	21,388	20,401

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

LIABILITIES	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Deferred income tax liabilities				
Foreign exchange rate variations taxed on a cash basis	1,841	1,303	1,841	1,303
Interest on debentures	-	-	4,401	3,810
Fair value of biological assets	33,734	34,966	35,753	36,737
Deemed cost of property, plant and equipment and review of useful lives	87,623	87,596	137,068	137,495
Government grants	709	631	709	631
Cash flow hedges	(4,142)	(6,410)	(4,142)	(6,410)
Adjustment to present value	-	-	2,937	3,030
Customer portfolio	-	-	1,479	1,574
Trademarks	-	-	327	327
Deferred social contribution liabilities				
Foreign exchange rate variations taxed on a cash basis	663	469	663	469
Interest on debentures	-	-	1,584	1,372
Fair value of biological assets	12,160	12,588	13,234	13,544
Deemed cost of property, plant and equipment and review of useful lives	31,529	31,535	49,374	49,498
Government grants	255	227	255	227
Cash flow hedges	(1,491)	(2,308)	(1,491)	(2,308)
Adjustment to present value	-	-	1,057	1,091
Customer portfolio	-	-	531	566
Trademarks	-	-	118	118
	162,881	160,597	245,698	243,074
Deferred tax liabilities (net)	144,119	143,247	224,310	222,673

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

Deferred tax assets	Consolidated
Period	6/30/2014
2014	10,655
2015	7,331
2016	3,402
	21,388

Deferred tax liabilities	Consolidated
Period	6/30/2014
2014	8,354
2015	9,189
2016	10,108
2017	11,119
2018 onwards	206,928
	245,698

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

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

Parent company assets	Opening balance 12/31/2013	Recognized in the results	Discontinued operations	Closing balance 6/30/2014
Deferred tax assets related to:				
Provision for bonuses	(3,649)	1,367	-	(2,282)
Provision for sundry risks	(11,661)	881	-	(10,780)
Other	(51)	-	-	(51)
Total temporary differences	(15,361)	2,248	-	(13,113)
Tax losses	(1,989)	(3,660)	-	(5,649)
	(17,350)	(1,412)	-	(18,762)

Consolidated assets	Opening balance 12/31/2013	Recognized in the results	Discontinued operations	Closing balance 6/30/2014
Deferred tax assets related to:				
Provision for bonuses	(3,649)	1,367	-	(2,282)
Provision for sundry risks	(14,712)	1,306	-	(13,406)
Other	(51)	-	-	(51)
Total temporary differences	(18,412)	2,673	-	(15,739)
Tax losses	(1,989)	(3,660)	-	(5,649)
	(20,401)	(987)	-	(21,388)

Parent company liabilities	Opening balance 12/31/2013	Recognized in the results	Recognized in equity	Closing balance 6/30/2014
Deferred tax liabilities related to:				
Foreign exchange rate variations taxed on a cash basis	1,772	732	-	2,504
Fair value of biological assets	47,554	(1,660)	-	45,894
Deemed cost of biological assets and useful life review	119,131	21	-	119,152
Government grants	858	106	-	964
Cash flow hedges	(8,718)	-	3,085	(5,633)
	160,597	(801)	3,085	162,881

Consolidated liabilities	Opening balance 12/31/2013	Recognized in the results	Recognized in equity	Closing balance 6/30/2014
Deferred tax liabilities related to:				
Foreign exchange rate variations taxed on a cash basis	1,772	732	-	2,504
Interest on debentures	5,182	803	-	5,985
Fair value of biological assets	50,282	(1,295)	-	48,987
Deemed cost of biological assets and useful life review	186,993	(551)	-	186,442
Government grants	858	106	-	964
Cash flow hedges	(8,718)	-	3,085	(5,633)
Adjustment to present value	4,121	(127)	-	3,994
Customer portfolio	2,140	(130)	-	2,010
Trademarks	445	-	-	445
	243,074	(462)	3,085	245,698

12. INVESTMENTS

	Habitasul Florestal	Irani Trading	Iraflor Comércio de Madeiras	HGE Geração de Energia	Wave Paticipações S.A.	Ind. papel e Papelão São Roberto	Irani Geração de Energia	Total
At December 31, 2012	111,980	107,558	49,988	1,283	-	-	-	270,809
Equity in the results of investees	15,256	13,284	13,570	(118)	(682)	38,159	-	79,469
Proposed dividends	(11,153)	(12,756)	(9,083)	-	-	-	-	(32,992)
Capital increase	-	-	13,259	-	12,919	-	297	26,475
Advances on future capital increases	3,785	8,033	-	-	-	-	-	11,818
Merger of Wave into São Roberto	-	-	-	-	-	9,989	-	9,989
Carrying value adjustments São Roberto	-	-	-	-	-	(4,110)	-	(4,110)
Other changes	-	-	-	-	(2,248)	-	-	(2,248)
Merger of Wave into São Roberto	-	-	-	-	(9,989)	-	-	(9,989)
At December 31, 2013	119,868	116,119	67,734	1,165	-	44,038	297	349,221
Equity in the results of investees	11,815	7,925	6,293	(2)	-	(15,030)	(55)	10,946
Proposed dividends	(13,915)	(10,046)	-	-	-	-	-	(23,961)
Capital increase	-	-	42,756	-	-	-	-	42,756
Advances on future capital increases	-	-	-	-	-	-	-	-
Merger of Wave into São Roberto	-	-	-	-	-	-	-	-
Carrying value adjustments São Roberto	-	-	-	-	-	-	-	-
Other changes	-	-	-	(393)	-	-	-	(393)
Spin-off	-	-	-	(236)	-	-	236	-
Merger of Wave into São Roberto	-	-	-	-	-	-	-	-
At June 30, 2014	117,768	113,998	116,783	534	-	29,008	478	378,569
Liabilities	33,133	30,958	1,226	-	-	303,670	6	
Equity	117,769	113,999	116,795	535	-	29,008	480	
Assets	150,902	144,957	118,021	535	-	332,678	486	
Net revenue	9,888	8,682	11,750	-	-	71,707	-	
Profit (loss) for the period	11,815	7,925	6,294	(2)	-	(15,030)	(56)	
Ownership interest - %	100.00	100.00	99.99	99.98	-	100.00	99.43	

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

At the General Meeting held on April 30, 2014, the stockholders of the subsidiary Habitasul Florestal S.A. approved the distribution of an additional dividend amounting to R$ 13,915, to be paid up to December 31, 2014.

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 29, 2014, the stockholders of the subsidiary Irani Trading S.A. approved the distribution of an additional dividend amounting to R$ 10,046, to be paid up to December 31, 2014.

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

In 2013, Iraflor Comércio de Madeiras Ltda. received a capital contribution from Celulose Irani S.A. amounting to R$ 13,259, which was paid up through an increase in forest assets amounting to R$ 13,251, and R$ 8 in cash. In the first six-month period of 2014, Iraflor Comércio de Madeiras Ltda. received a capital contribution from Celulose Irani S.A. amounting to R$ 42,756, which was paid up through an increase in forest assets amounting to R$ 42,752, and R$ 4 in cash.

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

On January 30, 2014, through the 5th contract amendment of the subsidiary HGE Geração de Energia Sustentável Ltda., the partial spin-off of this investee was approved, with the spun-off portion transferred to the equity of Irani Geração de Energia Sustentável Ltda. in the amount of R$ 236.

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

Indústria de Papel e Papelão São Roberto S.A. was an indirect subsidiary of the Company until the merger of Wave Participações S.A. Its main activities are those related to the manufacture of packaging papers for own consumption, sales and production of corrugated cardboard, specifically sheets, boxes and accessories.

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

On January 30, 2014, through the 1st contract amendment of subsidiary Irani Geração de Energia Sustentável Ltda., the merger of the spun-off equity portion of HGE – Geração de Energia Sustentável Ltda., amounting to R$ 236, was approved.

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 property, plant and equipment	Construction in progress	Advances to suppliers	Assets under finance leases	Leasehold improvements	Total
At December 31, 2012										
Net book value	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
At December 31, 2013										
Opening balance	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
Purchases	-	(64)	14,768	468	980	63,859	27,340	1,713	-	109,064
Disposals	(14)	-	(1,692)	(14)	(22)	(7,344)	(18,767)	(76)	-	(27,929)
Transfers	-	1,305	16,025	-	513	(17,843)	-	-	-	-
Depreciation	-	(1,057)	(24,163)	(211)	(748)	-	-	(3,277)	(643)	(30,099)
Net book value	123,887	32,923	326,117	651	4,419	59,821	14,603	12,949	12,741	588,111
Cost	123,887	42,006	563,758	2,161	10,482	59,821	14,603	29,966	16,061	862,745
Accumulated depreciation	-	(9,083)	(237,641)	(1,510)	(6,063)	-	-	(17,017)	(3,320)	(274,634)
Net book value	123,887	32,923	326,117	651	4,419	59,821	14,603	12,949	12,741	588,111
At June 30, 2014										
Opening balance	123,887	32,923	326,117	651	4,419	59,821	14,603	12,949	12,741	588,111
Purchases	-	-	2,992	1,738	446	31,872	15,111	-	-	52,159
Disposals	-	-	(334)	(127)	-	(340)	(29,209)	(28)	-	(30,038)
Transfers	-	1,640	3,138	-	121	(4,899)	-	-	-	-
Depreciation	-	(585)	(16,037)	(192)	(521)	-	-	(1,714)	(320)	(19,369)
Net book value	123,887	33,978	315,876	2,070	4,465	86,454	505	11,207	12,421	590,863
Cost	123,887	43,647	574,396	3,772	11,047	86,454	505	29,914	16,061	889,683
Accumulated depreciation	-	(9,669)	(258,520)	(1,702)	(6,582)	-	-	(18,707)	(3,640)	(298,820)
Net book value	123,887	33,978	315,876	2,070	4,465	86,454	505	11,207	12,421	590,863

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other property, plant and equipment	Construction in progress	Advances to suppliers	Assets under finance leases	Leasehold improvements	Total
At December 31, 2012										
Net book value	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
At December 31, 2013										
Opening balance	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
Contribution from subsidiary	74,453	34,465	64,046	354	51	3,513	-	73	-	176,955
Purchases	1,218	9	7,846	468	769	64,741	27,340	1,712	-	104,103
Disposals	(199)	-	(1,836)	(14)	(22)	(7,322)	(18,767)	(73)	-	(28,233)
Transfers	-	1,305	16,025	-	513	(17,843)	-	-	-	-
Impairment	-	-	(10,819)	-	-	-	-	-	-	(10,819)
Depreciation	-	(3,648)	(24,857)	(235)	(664)	-	-	(3,290)	(643)	(33,337)
Net book value	251,586	154,282	371,703	1,049	4,747	64,651	14,603	13,041	12,741	888,403
Cost	251,586	201,272	687,255	2,825	12,552	64,651	14,603	30,080	16,061	1,280,885
Accumulated depreciation	-	(46,990)	(315,552)	(1,776)	(7,805)	-	-	(17,039)	(3,320)	(392,482)
Net book value	251,586	154,282	371,703	1,049	4,747	64,651	14,603	13,041	12,741	888,403
At June 30, 2014										
Opening balance	251,586	154,282	371,703	1,049	4,747	64,651	14,603	13,041	12,741	888,403
Purchases	-	-	3,442	1,822	409	33,963	15,111	4	-	54,751
Disposals	(7)	-	(401)	(170)	(12)	(341)	(29,209)	(52)	-	(30,192)
Transfers	-	1,640	3,138	-	121	(4,899)	-	-	-	-
Depreciation	-	(2,339)	(18,110)	(200)	(340)	-	-	(1,705)	(320)	(23,014)
Net book value	251,579	153,583	359,772	2,501	4,925	93,374	505	11,288	12,421	889,948
Cost	251,579	202,858	698,107	4,481	13,268	93,374	505	30,028	16,061	1,310,261
Accumulated depreciation	-	(49,275)	(338,335)	(1,980)	(8,343)	-	-	(18,740)	(3,640)	(420,313)
Net book value	251,579	153,583	359,772	2,501	4,925	93,374	505	11,288	12,421	889,948

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

b) Composition of intangible assets

Parent company	Trademarks	Goodwill	Customer portfolio	Computer software	Total
At December 31, 2013					
Opening balance	-	-	-	1,220	1,220
Purchases	-	-	-	427	427
Amortization	-	-	-	(631)	(631)
Net book value	-	-	-	1,016	1,016
At June 30, 2014					
Opening balance	-	-	-	1,016	1,016
Purchases	-	-	-	116	116
Amortization	-	-	-	(181)	(181)
Net book value	-	-	-	951	951

Consolidated	Trademarks	Goodwill	Customer portfolio	Computer software	Total
At December 31, 2013					
Opening balance	-	-	-	1,223	1,223
Purchases	-	-	-	508	508
Consolidation of subsidiary	1,473	104,380	6,617	40	112,510
Amortization	-	-	(323)	(755)	(1,078)
Net book value	1,473	104,380	6,294	1,016	113,163
At June 30, 2014					
Opening balance	1,473	104,380	6,294	1,016	113,163
Purchases	-	-	-	651	651
Amortization	-	-	(396)	(181)	(577)
Net book value	1,473	104,380	5,898	1,486	113,237

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 - %	
	6/30/2014	12/31/2013
Buildings and constructions *	2.19	2.19
Equipment and facilities **	5.86	5.86
Furniture, fittings and IT equipment	5.71	5.71
Vehicles and tractors	20.0	20.0
Computer software	20.0	20.0
Customer portfolio	11.11	11.11

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

d) Other information

Construction in progress refers to 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 upgrade, in addition to the renovation of the paper machine #1, both of them expected to be completed during 2014. In the period, finance charges amounting to R$ 408 were capitalized at an average rate of 4.37% 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 a rate of 4% per year. The property is owned by MCFD - Administração de Imóveis Ltda. and PFC - Administração de Imóveis Ltda., and the renovation expenses were fully funded by Celulose Irani S.A.

The depreciation of the Company's property, plant and equipment for the first six-month period of 2014 and 2013 is as follows:

	Parent company		Consolidated	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Administrative	654	451	837	567
Productive	18,715	13,729	22,177	14,832
	19,369	14,180	23,014	15,399

The amortization of intangible assets for the first six-month period of 2014 and 2013 is as follows:

	Parent company		Consolidated	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Administrative	154	349	490	349
Productive	27	62	87	62
	181	411	577	411

e) Impairment of property, plant and equipment

In 2013, the Company recorded impairment of assets in the subsidiary Indústria de Papel e Papelão São Roberto S.A., in the amount of R$ 10,819, of which R$ 6,229 was recorded in equity as carrying value adjustments (R$ 4,111 net of tax), and R$ 4,590 was recorded in the statement of income.

In relation to the other assets of the Company, no indicators of impairment were identified at June 30, 2014.

f) Assets pledged as collateral - Consolidated

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

	6/30/2014
Equipment and facilities	108,507
Buildings and constructions	131,402
Land	239,844
Total assets pledged	479,753

g) Goodwill

Goodwill of R$ 104,380 is attributable to the expectation of future profitability and the expected economies of scale resulting from the combination of the operations of the Company and the subsidiary Indústria de Papel e Papelão São Roberto S.A.

The composition of goodwill is as follows:

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

h) Trademarks

The trademarks acquired in the business combination between Indústria de Papel e Papelão São Roberto S.A. and Wave Participações S.A. were recognized at the fair value of R$ 1,473 on the acquisition date. The trademarks have no defined useful life, and therefore are not amortized.

i) Customer portfolio

The customer portfolio acquired in the business combination between Indústria de Papel e Papelão São Roberto S.A. and Wave Participações S.A. is recognized at the fair value of R$ 6,617, and its amortization during the six-month period ended June 30, 2014 was R$ 396, resulting in the net balance of R$ 5,898. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

j) Impairment tests for intangible assets

The recoverable value of the Cash-generating Unit (CGU) is based on the expectation of future profitability. These calculations use pre-income tax and social contribution cash flow projections based on financial budgets approved by management covering an eight-year period and extrapolating the perpetuity in the other periods based on the estimated growth rates presented below:

	2013	2014	2015	2016	2017	2018	2019	2020
Estimated gross margin	43,417	43,789	48,159	50,326	52,591	54,958	57,431	60,015
Estimated growth rate	5%	5%	5%	5%	5%	5%	5%	5%
Discount rate Weighted Average Cost of Capital (WACC)	10%	10%	10%	10%	10%	10%	10%	10%

14. BIOLOGICAL ASSETS

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

The balance of the Company's biological assets consists of the cost of formation of the forests and 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	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Cost of development of biological assets	66,103	43,900	82,837	53,724
Difference in fair value of biological assets	38,257	102,738	189,252	215,001
	104,360	146,638	272,089	268,725

The Company considers that R$ 184,852 of the total biological assets relates to forests used as raw material for pulp and paper production, of which R$ 146,796 refers to mature forests with more than six years. The remaining amount refers to growing forests, which still need forestry treatment. 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 requirements for raw materials for pulp and paper production, and forests are replanted when cut, forming a renovation cycle that meets the production demands of the unit.

The biological assets utilized for the production of resins and the sale of timber logs totaled R$ 87,237, 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 timber in the region.

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

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

(i) The methodology utilized to measure the fair value of biological assets is the projection of future cash flow in accordance with the projected productivity cycle of forests, determined based on the production optimization, taking into consideration price changes and the growth of biological assets.

(ii) The discount rate used for cash flows was the Cost of Own Capital (Capital Asset Pricing Model - CAPM). The cost of capital is estimated through an analysis of the return targeted by investors for forestry assets.

(iii) Projected productivity volumes of forests are defined based on stratification according to the type of each species, sorted by production planning, age of forests, productive potential and considering the production cycle of the forests. Forest management alternatives are created to establish the optimum long term production flow, in order to maximize the yield of the forests.

(iv) The prices adopted for biological assets are those charged for the three past years, based on market research in the regions where the assets are located. Prices are calculated in R$/cubic meter, taking into consideration the costs necessary to 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 quarterly basis) within an interval considered to be sufficient to prevent any lag in the fair value balance 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 the Company's own contributing assets (leases), at the rate of 3% per year, and ii) a discount rate of 8.5% per year for assets in the Company's own areas in SC and RS, and a rate of 9.5% for assets in partnership areas in SC.

In this period, the Company validated the assumptions and criteria used to measure the fair value of its biological assets, and performed a valuation of all of such assets.

In the first six-month period of 2014, no other events had a negative impact on the biological assets, such as rainstorms, lightning or other events that could affect the forests.

Main changes

The changes in the period were as follows:

	Parent company	Consolidated
At 12/31/2012	159,912	263,292
Development expenses	5,557	6,721
Depletion		
Historical cost	(965)	(3,499)
Fair value	(647)	(17,887)
Transfers for capitalization of subsidiary	(13,251)	-
Disposals	(9)	(9)
Changes in fair value	(3,959)	20,107
At 12/31/2013	146,638	268,725
Development expenses	1,890	2,126
Depletion		
Historical cost	(154)	(1,412)
Fair value	-	(9,776)
Transfers for capitalization of subsidiary	(42,752)	-
Changes in fair value	(1,262)	12,426
At 6/30/2014	104,360	272,089

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

On June 3, 2011, the Company's Board of Directors approved the capital contribution to Iraflor Comércio de Madeiras Ltda. through the transfer of forest assets owned by the Company. In the first six-month period of 2014, the contribution of new biological assets, amounting to R$ 42,752 (R$ 13,251 in 2013), was authorized. The purpose of this transaction was to improve the management of forest assets and raise funds through Agribusiness Credit Rights Certificates (CDCA), as mentioned in Note 15.

b) Biological assets pledged as collateral

The Company has certain biological assets, in the amount of R$ 151,302, pledged as collateral for financing transactions. The pledged assets represent approximately 56% of total biological assets, equivalent to 26.5 thousand hectares of land used, with approximately 14.3 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 approximately 10% of the total area with the Company's biological assets.

15. BORROWINGS

	Parent company		Consolidated		
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	
Current					
Local currency					
Government Agency for Machinery and Equipment Financing (FINAME)	7,943	5,646	8,915	6,893	a)
Working capital	48,942	37,093	49,475	47,073	b)
Working capital - CDCA	17,358	16,490	17,358	16,490	c)
Finance leases	1,012	1,303	1,131	1,435	d)
National Bank for Economic and Social Development (BNDES)	-	-	11,948	10,327	e)
Total local currency	75,255	60,532	88,827	82,218	
Foreign currency					
Advances on foreign exchange contracts	9,889	12,175	9,889	12,175	f)
Banco Credit Suisse	15,985	5,535	15,985	5,535	g)
Banco Itaú BBA	11,181	11,969	11,181	11,969	h)
Banco Santander PPE	2,857	2,640	2,857	2,640	i)
Banco do Brasil	1,979	2,151	1,979	2,151	j)
Banco Citibank	2,830	3,017	2,830	3,017	k)
Total foreign currency	44,721	37,487	44,721	37,487	
Total current	119,976	98,019	133,548	119,705	
Non-current					
Local currency					
FINAME	24,152	21,855	24,216	22,300	a)
Working capital	104,700	98,049	104,700	98,049	b)
Working capital - CDCA	35,101	54,070	35,101	54,070	c)
Finance leases	796	1,244	930	1,462	d)
BNDES	-	-	46,272	48,262	e)
Total local currency	164,749	175,218	211,219	224,143	
Foreign currency					
Banco Credit Suisse	67,664	83,172	67,664	83,172	g)
Banco Itaú BBA	21,455	28,505	21,455	28,505	h)
Banco Santander PPE	9,747	10,367	9,747	10,367	i)
Banco do Brasil	557	1,597	557	1,597	j)
Banco Citibank	1,484	3,071	1,484	3,071	k)
Banco Rabobank and Santander PPE	154,175	-	154,175	-	l)
Total foreign currency	255,082	126,712	255,082	126,712	
Total non-current	419,831	301,930	466,301	350,855	
Total	539,807	399,949	599,849	470,560	

	Parent company		Consolidated	
Long-term maturities:	6/30/2014	12/31/2013	6/30/2014	12/31/2013
2015	36,426	85,769	38,221	90,010
2016	166,579	142,335	171,297	147,062
2017	91,392	57,360	97,469	63,437
2018	50,323	15,185	57,393	22,255
2019 to 2024	75,111	1,281	101,921	28,091
	419,831	301,930	466,301	350,855

Local currency borrowings:

a) FINAME - subject to an annual average interest rate of 4.40% with final maturity in 2024.

b) Working capital - subject to an annual average interest rate of 11.01% with final maturity in the second half of 2018.

Transaction costs:

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

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

The Santander CCE transaction incurred costs of R$ 185, with an effective interest rate of 12.99%.

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

Year	Principal
2014	117
2015	216
2016	159
2017	110
2018	59
	661

c) Working capital – CDCA

On June 20, 2011, the Company issued Agribusiness Credit Rights Certificates (CDCA) at 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 Celulose Irani S.A. as the creditor, under the terms of Law 8,929, of August 22, 1994.

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

Transaction costs:

This transaction incurred costs 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 period are as follows:

Year	Principal
2014	282
2015	484
2016	310
2017	108
	1,184

d) Finance leases - these are subject to an annual average interest rate of 14.32% with final maturity in the second half of 2018.

	Parent company		Consolidated	
Long term maturities of finance leases:	6/30/2014	12/31/2013	6/30/2014	12/31/2013
2014	294	738	356	875
2015	374	384	445	465
2016	70	67	70	67
2017 to 2018	58	55	59	55
	796	1,244	930	1,462

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

On January 29, 2013, the BNDES loan to the subsidiary Indústria de Papel e Papelão São Roberto S.A. was renegotiated, maintaining the mortgage of the Vila Maria unit in São Paulo (SP) referred to the negotiation made on January 27, 2011. The payment term was renegotiated for nine years with a grace period of nine months for the payment of principal. CCI (Companhia Comercial de Imóveis) became the guarantor.

Foreign currency loans:

Borrowings in foreign currency at June 30, 2014 are adjusted by the exchange rate variations of the U.S. Dollar, and bear annual average interest of 7.11%.

f) 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 2015.

g) The financing from Banco Credit Suisse is adjusted for U.S. Dollar exchange rate fluctuations and is repayable in quarterly installments. This transaction relates to prepayments for 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 costs of R$ 5,310. The Company renegotiated the term on April 27, 2012, incurring an additional transaction cost of R$ 2,550. Consequently, the effective interest rate decreased from 19.12% to 12.31%.

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

Year	Principal
2014	601
2015	1,588
2016	2,209
2017	395
	4,793

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

Year	Principal
2014	57
2015	78
2016	32
2017	6
	173

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

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

k) 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 costs 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 period are as follows:

Year	Principal
2014	10
2015	10
	20

l) Banco Rabobank e Santander Export Prepayment (PPE) - adjusted for U.S. Dollar exchange rate fluctuations and repayable in semi-annual installments with final maturity in 2021.

Transaction costs:

This transaction incurred estimated costs of R$ 2,165, with an effective interest rate of 6.52% p.a. The transaction costs to be allocated to the results in each subsequent period are as follows:

Year	Principal
2014	218
2015	388
2016	413
2017	383
2018	310
2019 onwards	453
	2,165

Collaterals:

Collaterals for the borrowings include sureties of the controlling companies and/or statutory liens on land, buildings, machinery and equipment, biological assets (forests), commercial pledges and assignments of receivables amounting to R$ 357,613. Some transactions have specific guarantees, as follows:

i) For working capital - Certificates of Agribusiness Receivables (CDCA) - the Company provided collaterals of approximately R$ 77,889, including:

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

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

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

Restrictive financing covenants:

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

i) Working capital - Certificate of Agribusiness Receivables (CDCA)
ii) Banco Itaú BBA
iii) Banco Santander (Brazil)
iv) Banco Rabobank and Santander PPE

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

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

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

c) The ratio between EBITDA and net revenue over the last 12 months must not be lower than 17% from the year ended December 31, 2013.

The Company complied with the covenants described above at December 31, 2013. As these measurements are performed annually, their verification is not required at June 30, 2014.

v) Banco Credit Suisse

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

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

The Company complied with the covenants described above at December 31, 2013. As for June 30, 2014, the Company obtained a waiver from Banco Credit Suisse for not having complied with the provisions of item "a".

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 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 costs 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 period are as follows:

Year	Principal
2014	457
2015	226
	683

Collaterals:

Debentures have collateral in the amount of R$ 97,064, as follows:

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

Restrictive financing covenants:

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

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

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

The Company complied with the covenants described above at December 31, 2013. As these measurements are performed annually, their verification is not required at June 30, 2014.

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 from November 2013, adjusted based on the CDI rate plus annual interest of 2.75%.

Transaction costs:

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

Year	Principal
2014	158
2015	251
2016	173
2017	86
	668

Collaterals:

Debentures have collateral in the amount of R$ 66,221, 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$ 13,311 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 financing covenants:

Some restrictive financial covenants were established, requiring compliance with certain financial ratios, measured on an annual basis. Non-compliance with these covenants could trigger the accelerated maturity of the debt. These restrictive financial covenants were fully met in 2013, and a new verification will be made at the end of 2014 to ensure the compliance with them.

The restrictive financing 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 ratio between EBITDA and the net finance costs cannot be lower than 2.00x as from the year ended December 31, 2012.

Issuance of debentures - Subsidiaries

The Stockholder's Extraordinary General Meeting of Wave Participações S.A., held on May 28, 2013, authorized the Company to issue a private deed of issue of 80 registered book-entry debentures, in a sole series non convertible into shares, totaling R$ 80,000, with a five year term and 17 quarterly repayments, the first on May 20, 2014 and the last on May 20, 2018. Remuneration will be equivalent to 100% of the accumulated variations of the daily average rates of the Interbank Deposits (DI), capitalized on an exponential basis plus an annual spread of 2.75% p.a., up to maturity.

The objective of the issue of Debentures was to raise funds for use in capital contributions and in the restructuring of the subsidiary Indústria de Papel e Papelão São Roberto S.A. Due to the downstream merger on November 29, 2013, where its parent company Wave Participações S.A. was merged into the subsidiary Indústria de Papel e Papelão São Roberto S.A., the value of the debentures in Wave Participações S.A. became part of the balance of the debentures that is now in Indústria de Papel e Papelão São Roberto S.A. and, consequently, in the consolidated balance sheet of the Company.

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

Transaction costs:

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

Year	Principal
2014	349
2015	615
2016	461
2017	286
2018	87
	1,798

Collaterals:

Debentures have secured and fiduciary guarantees of assets and rights of Indústria de Papel e Papelão São Roberto S.A. of R$ 59,354, in favor of the Trustee:

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

The restrictive covenants, measured on an annual basis, 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 ratio between EBITDA and the net finance costs cannot be lower than 2.00x as from the year ended December 31, 2012.

The Company complied with the covenants described above at December 31, 2013. As these measurements are performed annually, their verification is not required at June 30, 2014.

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.

Transaction costs:

This transaction incurred costs 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 period are as follows:

Year	Principal
2014	500
2015	631
	1,131

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	6/30/2014	12/31/2013	6/30/2014	12/31/2013
2014	24,768	36,045	34,045	49,686
2015	82,379	79,216	43,194	42,390
2016	12,713	11,942	31,286	30,511
2017	12,797	12,030	31,548	30,772
2018	-	-	9,571	9,567
	132,657	139,233	149,644	162,926
Current portion	41,249	38,545	60,472	53,041
Non-current portion	91,408	100,688	89,172	109,885

17. TRADE PAYABLES

Payables to suppliers are as follows:

	Parent company		Consolidated	
CURRENT	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Domestic				
Materials	41,749	58,331	43,147	59,739
Property, plant and equipment	296	15,097	296	15,097
Service providers	3,434	4,560	4,097	5,446
Carriers	5,712	7,478	6,573	8,514
Related parties	51,879	34,127	-	-
Property, plant and equipment being shipped	1,170	1,165	1,170	1,165
Consignments	66	66	66	66
Foreign				
Materials	160	501	501	548
	104,466	121,325	55,850	90,575

18. TAXES PAYABLE IN INSTALLMENTS

The amounts are as follows:

CURRENT

	Parent company		Consolidated	
Federal Tax Installments	6/30/2014	12/31/2013	6/30/2014	12/31/2013
REFIS installments - Federal Revenue Service (RFB)	2,454	2,503	2,465	2,530
REFIS installments RFB - Subsidiary	-	-	3,456	3,288
Employer's National Institute of Social Security (INSS) payable in installments	697	811	697	845
Northeast Development Fund (FNDE) payable in installments	-	-	27	28
	3,151	3,314	6,645	6,691

	Parent company		Consolidated	
State Tax Installments	6/30/2014	12/31/2013	6/30/2014	12/31/2013
ICMS payable in installments	364	1,452	364	1,452
ICMS payable in installments - Subsidiary	-	-	2,008	2,117
	364	1,452	2,372	3,569
Total installments	3,515	4,766	9,017	10,260

NON-CURRENT

	Parent company		Consolidated	
Federal Tax Installments	6/30/2014	12/31/2013	6/30/2014	12/31/2013
REFIS installments RFB	-	1,289	-	1,289
REFIS installments RFB - Subsidiary	-	-	34,629	33,636
Employer's INSS payable in installments	-	271	-	271
FNDE payable in installments	-	-	42	58
	-	1,560	34,671	35,254

	Parent company		Consolidated	
State Tax Installments	6/30/2014	12/31/2013	6/30/2014	12/31/2013
ICMS payable in installments	-	-	-	-
ICMS payable in installments - Subsidiary	-	-	4,209	4,905
	-	-	4,209	4,905
Total installments	-	1,560	38,880	40,159

CELULOSE IRANI S.A.

Notes to the Quarterly Information
at June 30, 2014
All amounts in thousands of reais unless otherwise stated

Long-term maturities:	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
2015	-	398	2,093	4,392
2016	-	128	4,186	4,122
2017	-	128	4,161	5,002
2018	-	128	2,846	2,220
2019 onwards	-	778	25,594	24,423
	-	1,560	38,880	40,159

REFIS RFB - 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 corresponding amount is being paid in 180 installments.

REFIS RFB - Subsidiary - Refers to the payment in installments of federal tax debts of the subsidiary Indústria de Papel e Papelão São Roberto S.A., which opted for giving up the REFIS installment program (Law 9,964/00) and enrolled in the REFIS installment program of Law 11,941/09. The tax debts will be paid in 180 installments restated based on the SELIC rate.

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

ICMS - The Company refinanced the ICMS of the State of São Paulo in 2009, which is subject to interest of 0.9% p.m. and paid in 60 monthly installments.

ICMS - Subsidiary - The subsidiary Indústria de Papel e Papelão São Roberto S.A. also refinanced the ICMS of the State of São Paulo in March 2013, through the Special Tax Installment Payment Program (PEP). The amount bears interest of 0.8 % p.m. and is paid monthly, with final maturity in February 2018.

19. RELATED PARTY TRANSACTIONS

Parent company	Accounts receivable		Accounts payable		Debentures payable	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Irani Trading S.A.	6,431	3,349	1,889	1,437	57,604	55,241
Habitasul Florestal S.A.	18,553	4,638	6,186	66	-	-
HGE - Geração de Energia	-	-	-	393	-	-
Management	1,063	1,005	-	-	-	-
Iraflor - Com. de Madeiras Ltda.	-	-	36,685	25,056	-	-
Management remuneration	-	-	2,091	1,949	-	-
Management profit sharing	-	-	11,439	11,439	-	-
Irani Geração de Energia Sustentável Ltda.	-	-	248	297	-	-
Ind. Papel São Roberto S.A.	57,785	36,198	7,119	8,018	-	-
Total	83,832	45,190	65,657	48,655	57,604	55,241
Current portion	82,769	44,185	65,657	48,655	-	-
Non-current portion	1,063	1,005	-	-	57,604	55,241

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

Parent company	Revenue		Expenses		Revenue		Expenses	
	Quarter ended		Quarter ended		Six-month period ended		Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Companhia Com. de Imóveis	-	-	-	-	-	836	-	-
Ind. Papel São Roberto S.A	29,628	367	2,816	31	59,802	5,639	5,657	5,165
Irani Trading S.A.	-	-	4,506	4,296	-	-	8,858	8,576
Habitasul Florestal S.A.	-	-	3,540	1,821	-	-	6,846	3,073
Iraflor - Com. de Madeiras Ltda.	-	-	5,744	4,377	-	-	11,129	7,586
Druck, Mallmann, Oliveira & Advogados Associados	-	-	60	54	-	-	118	108
MCFD Administração de Imóveis Ltda.	-	-	269	255	-	-	538	510
Irani Participações S.A.	-	-	120	120	-	-	240	240
Habitasul Desenvolvimentos Imobiliarios	-	-	41	27	-	-	78	56
Share-based payment	-	-	-	119	-	-	-	237
Management remuneration	-	-	1,864	1,757	-	-	3,684	3,448
Total	29,628	367	18,960	12,857	59,802	6,475	37,148	28,999

Consolidated	Accounts receivable		Accounts payable	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Management remuneration	-	-	2,091	1,949
Management	1,063	1,005	-	-
Management profit sharing	-	-	11,439	11,439
Total	1,063	1,005	13,530	13,388
Current portion	-	-	13,530	13,388
Non-current portion	1,063	1,005	-	-

Consolidated	Revenue		Expenses		Revenue		Expenses	
	Quarter ended		Quarter ended		Six-month period ended		Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Irani Participações S.A.	-	-	120	120	-	-	240	240
Companhia Com. de Imóveis	-	-	-	-	-	836	-	-
Druck, Mallmann, Oliveira & Advogados Associados	-	-	60	54	-	-	118	108
MCFD Administração de Imóveis Ltda.	-	-	269	255	-	-	538	510
Management remuneration	-	-	1,877	1,770	-	-	3,727	3,448
Habitasul Desenvolvimentos Imobiliarios	-	-	41	27	-	-	78	56
Ind. Papel São Roberto S.A.	-	367	-	31	-	5,639	-	5,165
Share-based payment	-	-	-	119	-	-	-	237
Total	-	367	2,367	2,376	-	6,475	4,701	9,764

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 the respective market conditions and prices. The receivables of the parent company from the subsidiaries Irani Trading S.A. and Habitasul Florestal S.A. relate to dividends for 2013.

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, 2013 and in the first six-month period of 2014, the Company transferred to Iraflor the amount of R$ 96,838 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 which represent the Company's rights to receive wood in this period. Based on the credit rights from the CPRs, the Company issued Agribusiness Credit Right Certificates (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 Ltda. related to capital to be paid up. On January 15, 2014, a contractual amendment for the subsidiary's capital decrease in the amount of the balance to be paid up was formalized.

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

The amount payable to Habitasul Desenvolvimentos Imobiliários refers to the rental of the 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$ 99. The total contractual monthly rental is R$ 198, adjusted annually based on the variation of the General Market Price Index (IGPM) disclosed by Fundação Getúlio Vargas.

The payables to Indústria de Papel e Papelão São Roberto S.A. represent 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$ 476; ii) the purchase by the Company of the inventory 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) the 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 operational restructuring and implementation of the new model of management ("Restructuring Agreement"), through which the Company will render to São Roberto services for the restructuring and strategic, methodological, operational and economic and financial reorganization, aimed at implementing a new model of management and governance 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, operational, 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 charges, totaled R$ 3,727 as at June 30, 2014 (R$ 3,448 as at June 30, 2013). The total management remuneration was approved at the Stockholders' General Meeting held on April 16, 2014, at the maximum amount of R$ 11,000.

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 matters.

The provision for contingencies is comprised as follows:

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Civil provisions	1,281	1,318	1,289	1,326
Labor provisions	638	630	3,697	5,566
Tax provisions	29,702	31,960	34,929	37,186
Total	31,621	33,908	39,915	44,078
Judicial deposits	873	628	1,340	1,122

Parent company	12/31/2013	Provision	Payments	Reversal	6/30/2014
Civil	1,318	-	-	(37)	1,281
Labor	630	8	-	-	638
Tax	31,960	1,010	-	(3,268)	29,702
	33,908	1,018	-	(3,305)	31,621

Consolidated	12/31/2013	Provision	Payments	Reversal	6/30/2014
Civil	1,326	-	-	(37)	1,289
Labor	5,566	8	-	(1,877)	3,697
Tax	37,186	1,011	-	(3,268)	34,929
	44,078	1,019	-	(5,182)	39,915

The provision for contingencies refers basically to:

a) Civil lawsuits related, among other matters, to indemnity claims in connection with the termination of agreements with sales representatives. A provision of R$ 1,289 was recorded at June 30, 2014 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 the opinion of the legal counsel, the Company made a provision of R$ 954 at June 30, 2014, which is considered to be sufficient to cover losses arising from labor contingencies. Judicial deposits relating to these lawsuits amount to R$ 1,077 and are classified in non-current assets.

   There are also provisions resulting from business combinations for labor lawsuits filed by former employees related to health hazard and hazardous duty premium, estimated at R$ 2,743.

c) The provision for tax contingencies refers to the offsetting of federal taxes with IPI credits on the acquisition of trimmings by the Company. The amount offset from April 2009 to December 2011 was R$ 20,446. The updated balance at June 30, 2014 totaled R$ 29,703.

   The tax lawsuits evaluated by the legal advisors as involving possible losses were accrued because of the business combination, and totaled R$ 5,226. They mainly include the following litigation:

   i) Administrative and Judicial Proceedings referring to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R$ 1,363. Proceedings are in course at the administrative and judicial levels, and are awaiting judgment.
   ii) Also considered as contingencies are the possible charges resulting from differences in the understanding between the Brazilian Federal Revenue Service (RFB) and the Company with regard to the INSS on the cargo transportation services provided by transportation cooperatives in the amount of R$ 3,615.

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. At June 30, 2014, the amounts of the related labor, civil, environmental and tax contingencies, were as follows:

	Consolidated	
	6/30/2014	12/31/2013
Labor	10,151	14,862
Civil	3,462	2,612
Environmental	-	875
Tax	77,076	71,413
	90,689	89,762

Labor contingencies:
The labor lawsuits assessed by legal counsel as involving possible losses total R$ 10,151, 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$ 3,462 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. It was shown that the whole area was restored and an agreement between the Company and the Public Prosecution Office was signed and was fully complied with. The proceeding currently awaits judicial decision for conclusion.

Tax contingencies:
The tax proceedings assessed by the legal counsel as involving possible losses total R$ 77,076 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$ 10,933 at June 30, 2014. The proceeding is currently in the Taxpayers' Council awaiting a 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 June 30, 2014, amounted to R$ 5,146. The lawsuit was suspended by a court decision and is awaiting a 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$ 4,799 at June 30, 2014, 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 materials used in the production of industrial plants in this state, which amounted to R$ 34,851 at June 30, 2014. The Company filed defense arguments in respect of these tax assessments.

- Administrative proceedings 11080.009902/2006-89 and 11080.009904/2006-88 relate to federal taxes offset against deemed IPI credits on exports, and which were allegedly calculated improperly. The total amount involved was R$ 5,422 at June 30, 2014. The Company has challenged these proceedings at the administrative level and is awaiting a decision on the appeals filed with the Taxpayers' Council.

- The administrative proceeding 11080.009905/2006-12, with a restated amount at June 30, 2014 of R$ 4,049, relates to federal taxes offset against deemed IPI credits on exports, which already had its unappealable decision rendered at the administrative level. The Company currently awaits the collection process to begin its judicial discussion.

21. EQUITY

a) Share capital

The Company's capital at June 30, 2014 was R$ 151,895 (R$ 116,895 at December 31, 2013), represented by 153,909,975 common shares and 12,810,260 preferred shares, totaling 166,720,235 shares, without par value. The holders of preferred shares are entitled to: dividends under the same conditions 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 two thirds 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.

b) Treasury shares

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

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

ii) 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 Stockholders' General and Extraordinary Meeting 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.

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

The reserve of biological assets was constituted because the Company measured its biological assets at fair value in the opening balance sheet upon the initial adoption of IFRS.

The creation of this statutory reserve was approved at the Extraordinary General Meeting of Stockholders of February 29, 2012, when the amount previously recognized in the unrealized earnings reserve was transferred to this account.

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

e) 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 initial adoption of IFRS. The realization will occur as the related deemed cost increment is depreciated, at which time the amounts involved will also be adjusted in the basis for calculating dividends. The balance at June 30, 2014, net of tax, represented a gain of R$ 231,572 (R$ 236,016 at December 31, 2013).

The amounts of the financial instruments classified as cash flow hedges, net of tax effects, were also recorded in carrying value adjustments, and corresponded to a cumulative loss of R$ 10,933 at June 30, 2014 (R$ 16,922 at December 31, 2013).

Changes in the carrying value adjustments account were as follows:

	Consolidated
At December 31, 2012	243,241
Cash flow hedges	(10,793)
Realization - deemed costs	(8,311)
Realization - deemed costs (subsidiaries)	(932)
Carrying value adjustments - São Roberto	(4,111)
At December 31, 2013	219,094
Cash flow hedges	5,989
Realization - deemed costs	(4,021)
Realization - deemed costs (subsidiaries)	(423)
At June 30, 2014	220,639

22. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the earnings or loss from continuing and discontinued operations attributable to the Company's stockholders by the weighted average number of 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 per share are the same as the basic earnings per share.

i) Basic and diluted earnings of continuing operations:

	Quarter ended 6/30/2014		
	Common shares Common	Preferred shares Preferred	Common and preferred shares Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit for the period attributable to each type of share	8,892	604	9,496
Basic and diluted earnings per share - R$	0.0578	0.0578	

	Quarter ended 6/30/2013		
	Common shares Common	Preferred shares Preferred	Common and preferred shares Total
Weighted average number of shares	149,255,740	10,458,160	159,713,900
Profit for the period attributable to each type of share	13,058	915	13,973
Basic and diluted earnings per share - R$	0.0875	0.0875	

	Six-month period ended 6/30/2014		
	Common shares Common	Preferred shares Preferred	Common and preferred shares Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit for the period attributable to each type of share	5,854	398	6,252
Basic and diluted earnings per share - R$	0.0380	0.0380	

	Six-month period ended 6/30/2013		
	Common shares Common	Preferred shares Preferred	Common and preferred shares Total
Weighted average number of shares	148,598,720	10,321,160	158,919,880
Profit for the period attributable to each type of share	16,387	1,138	17,525
Basic and diluted earnings per share - R$	0.1103	0.1103	

23. STOCK OPTION PLAN

Celulose Irani had a share-based remuneration plan, settled with its own shares, under which the Company received 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 was determined with 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 income, 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 was R$ 1.26 per common or preferred share. The options had 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 were pledged in favor of the Company up to December 31, 2013. 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 December 31, 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 follows:

Preferred shares - weighted average share price of R$ 1.45 at the grant date, exercise price shown above 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 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, which was 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 Quarter ended		Parent company Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Gross sales revenue	205,659	182,030	415,213	338,813
Taxes on sales	(44,531)	(39,421)	(89,494)	(74,885)
Sales returns	(1,835)	(2,198)	(3,451)	(3,367)
Net sales revenue	159,293	140,411	322,268	260,561

	Consolidated Quarter ended		Consolidated Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Gross sales revenue	227,009	186,517	459,699	347,245
Taxes on sales	(50,178)	(39,739)	(101,095)	(75,464)
Sales returns	(2,164)	(2,198)	(4,110)	(3,367)
Net sales revenue	174,667	144,580	354,494	268,414

25. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

	Parent company Quarter ended		Parent company Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Fixed and variable costs (raw materials and consumables)	(100,537)	(77,710)	(205,603)	(141,456)
Personnel	(21,209)	(25,758)	(41,239)	(48,302)
Changes in the fair value of biological assets	(50)	(468)	(1,262)	(468)
Depreciation, amortization and depletion	(9,858)	(7,612)	(19,704)	(15,411)
Freight	(6,673)	(5,651)	(13,348)	(11,694)
Services contracted	(3,764)	(4,303)	(8,276)	(7,859)
Selling expenses	(6,605)	(6,957)	(12,773)	(12,689)
Total costs and expenses by nature	(148,696)	(128,459)	(302,205)	(237,879)
Costs	(125,725)	(105,203)	(255,689)	(194,080)
Expenses	(22,971)	(23,256)	(46,516)	(43,799)

	Consolidated Quarter ended		Consolidated Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Fixed and variable costs (raw materials and consumables)	(91,808)	(70,016)	(192,489)	(127,914)
Personnel	(27,463)	(26,631)	(53,667)	(50,017)
Changes in the fair value of biological assets	10,800	9,090	12,425	9,090
Depreciation, amortization and depletion	(17,602)	(13,528)	(34,779)	(25,547)
Freight	(8,646)	(5,651)	(17,608)	(11,694)
Services contracted	(4,604)	(4,438)	(10,305)	(8,232)
Selling expenses	(8,714)	(6,788)	(16,068)	(12,364)
	(148,037)	(117,962)	(312,491)	(226,678)
Total costs and expenses by nature	(148,037)	(117,962)	(312,491)	(226,678)
Costs	(120,385)	(94,497)	(257,062)	(182,403)
Expenses	(27,652)	(23,465)	(55,429)	(44,275)

26. OTHER OPERATING INCOME AND EXPENSES

Revenue	Parent company Quarter ended		Parent company Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Income from sales of assets	42	164	68	214
Other operating income	1,045	666	1,994	1,074
	1,087	830	2,062	1,288
	-	-	-	-

Expenses	Parent company Quarter ended		Parent company Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Cost of assets damaged and sold	(30)	(60)	(224)	(393)
Other operating expenses	(304)	(571)	(883)	(789)
Share-based payment	-	(145)	-	(289)
	(334)	(776)	(1,107)	(1,471)
Total	753	54	955	(183)

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

Revenue	Consolidated Quarter ended		Consolidated Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Income from sales of assets	42	446	68	496
Other operating income	1,742	674	3,323	1,085
	1,784	1,120	3,391	1,581
	-	-	-	-

Expenses	Consolidated Quarter ended		Consolidated Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Cost of assets damaged and sold	(30)	(245)	(224)	(578)
Other operating expenses	(596)	(574)	(1,551)	(794)
Share-based payment	-	(145)	-	(289)
	(626)	(964)	(1,775)	(1,661)
Total	1,158	156	1,616	(80)

27. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent company Quarter ended		Parent company Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Operating profit before tax effects	8,865	12,934	4,039	16,338
Statutory rate	34%	34%	34%	34%
Tax credit (expenses) at statutory rate	(3,014)	(4,398)	(1,373)	(5,555)
Tax effect of (additions) permanent deductions:				
Equity in the earnings of subsidiaries	3,700	4,845	3,722	6,275
Change in fair value of biological assets	17	159	429	159
Other permanent differences	(72)	482	(565)	407
Share-based payment	-	(49)	-	(99)
	631	1,039	2,213	1,187
Current income tax and social contribution	-	-	-	-
Deferred income tax and social contribution	631	1,039	2,213	1,187

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

	Consolidated Quarter ended		Consolidated Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Operating profit before tax effects	9,396	13,787	4,999	17,688
Statutory rate	34%	34%	34%	34%
Tax credit (expenses) at statutory rate	(3,195)	(4,688)	(1,700)	(6,014)
Tax effect of (additions) permanent deductions:				
Differences in rates of taxation of subsidiaries	4,095	3,867	5,561	4,955
Change in fair value of biological assets	(3,672)	(3,091)	(4,225)	(3,091)
Other permanent differences	2,873	4,147	1,618	4,087
Share-based payment	-	(49)	-	(99)
	101	186	1,254	(162)
Current income tax and social contribution	(100)	(265)	(194)	(427)
Deferred income tax and social contribution	201	451	1,448	265

28. FINANCE RESULT

	Parent company Quarter ended		Parent company Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Finance income				
Income from financial investments	1,304	1,345	3,318	2,792
Interest	582	555	1,096	1,058
Discounts obtained	79	123	178	221
	1,965	2,023	4,592	4,071
Foreign exchange variation				
Foreign exchange gains	1,371	1,547	3,947	3,260
Foreign exchange losses	(1,119)	(2,275)	(4,469)	(3,542)
Foreign exchange variations, net	252	(728)	(522)	(282)
Finance costs				
Interest	(15,296)	(14,379)	(31,361)	(27,910)
Discounts granted	(132)	(5)	(208)	(56)
Discounts/bank expenses	(47)	(24)	(63)	(51)
Other	(110)	(210)	(363)	(389)
	(15,585)	(14,618)	(31,995)	(28,406)
Finance result, net	(13,368)	(13,323)	(27,925)	(24,617)

	Consolidated Quarter ended		Consolidated Six-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Finance income				
Income from financial investments	1,481	1,378	3,696	2,848
Interest	680	556	1,332	1,059
Discounts obtained	86	124	197	224
	2,247	2,058	5,225	4,131
Foreign exchange variation				
Foreign exchange gains	1,371	1,547	3,946	3,260
Foreign exchange losses	(1,119)	(2,275)	(4,469)	(3,541)
Foreign exchange variations, net	252	(728)	(523)	(281)
Finance costs				
Interest	(20,562)	(13,298)	(42,528)	(26,539)
Discounts granted	(139)	(5)	(218)	(56)
Discounts/bank expenses	(47)	(802)	(64)	(829)
Other	(143)	(212)	(512)	(394)
	(20,891)	(14,317)	(43,322)	(27,818)
Finance result, net	(18,392)	(12,987)	(38,620)	(23,968)

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 June 30, 2014, the Company had corporate insurance against fire, lightning, explosions, electrical damage and wind storm damage to plants, residential locations and offices, as well as general civil liability coverage and coverage of liabilities of officers and directors (D&O), with a total amount of R$ 469,490. The Company also contracted group life insurance for employees with a minimum coverage of 24 times the employee's salary or a maximum coverage of R$ 500, in addition to insurance for the fleet of vehicles 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 requirements.

The Company's management periodically reviews its capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Company intends to maintain a capital structure between 50% and 70% of its own capital and between 50% and 30% of third party capital. The capital structure at June 30, 2014 was 46% of its own capital and 54% of third party capital, due to the consolidation of the indebtedness of the subsidiary São Roberto S.A. in October 2013 and also the investments made in Paper Machine 1. In the following quarters, the capital structure should return to levels higher than 50% of own capital.

Debt to equity ratio

The net debt to equity ratio at June 30, 2014 and December 31, 2013 was as follows:

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Debt (a)	672,464	539,182	749,493	633,486
Cash and banks	161,392	122,300	162,909	135,005
Held-to-maturity investments	1,169	1,161	5,044	2,730
Net debt	509,903	415,721	581,540	495,751
Equity (b)	500,470	488,229	500,487	488,241
Net indebtedness ratio	1.02	0.85	1.16	1.02

(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 the Company's reserves managed as capital.

CELULOSE IRANI S.A.

Notes to the Quarterly Information
at June 30, 2014
All amounts in thousands of reais unless otherwise stated

Categories of financial instruments

	Parent company		Consolidated	
Financial assets	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Held-to-maturity investments	1,169	1,161	5,044	2,730
Banks - restricted accounts	1,169	1,161	5,044	2,730
Loans and receivables				
Cash and banks	161,392	122,300	162,909	135,005
Trade receivables	171,950	127,967	147,682	129,970
Other receivables	7,643	6,475	9,410	6,713
Financial liabilities				
Amortized cost				
Borrowings	539,807	399,949	599,849	470,560
Debentures	132,657	139,233	149,644	162,926
Trade payables	104,466	121,325	55,850	90,575

Financial risk factors

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

In order to provide a framework for the Company's financial management, the Company has had 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.

Foreign exchange rate risk

The Company has transactions exposed to fluctuations in the exchange rates of foreign currencies. At June 30, 2014 and December 31, 2013, these transactions resulted in a net exposure as shown below.

The total net foreign exchange exposure was equivalent to 24 months of exports based on the average of exports in the six-month period ended June 30, 2014, and 30 months of exports based on the average of exports in 2013. As most of the borrowings in foreign currency are repayable in the long term, the Company believes that it will generate sufficient cash flow in foreign currency to settle its long term liabilities in foreign currency.

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Trade receivables	11,483	9,200	11,512	9,229
Banks - restricted accounts	1,169	1,161	1,169	1,161
Advances from customers	(257)	(144)	(257)	(144)
Trade payables	(160)	(501)	(501)	(548)
Borrowings	(299,803)	(164,199)	(299,803)	(164,199)
Net exposure	(287,568)	(154,483)	(287,880)	(154,501)

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 variables 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 foreign exchange rate at levels approximating those effective for the period in which these financial statements were prepared.

2 – Adverse scenario: 25% deterioration in the foreign exchange rate compared to that at June 30, 2014.

3 – Remote scenario: adjustment of 50% of interest rates based on the level at June 30, 2014.

Operation	At 6/30/2014	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
	U$$	Rate	R$	Rate	R$	Rate	R$
Assets							
Trade receivables	5,758	2.22	95	2.77	3,289	3.33	6,484
Liabilities							
Trade payables	(344)	2.22	(6)	2.77	(197)	3.33	(387)
Borrowings	(93,711)	2.22	(1,546)	2.77	(53,532)	3.33	(105,519)
Net effect			(1,457)		(50,440)		(99,422)

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 June 30, 2014 were utilized as a basis for the projection of the future balance. The actual behavior of debt balances and derivative instruments will depend on the respective contracts, whereas balances receivable and payable could fluctuate due to the normal activities of the Company and its subsidiaries. The settlement of transactions involving these estimates could result in amounts different from those estimated due to the subjectivity of the process utilized in the preparation of these analyses. The Company tries to maintain its borrowings and derivative transactions exposed to exchange rate changes with annual net payments equivalent to the receipts from exports. Consequently, the Company seeks to hedge its cash flow against foreign currency risks, and the effects of the scenarios above, if they materialize, are not expected to generate an economic impact on its results.

Interest rate risk

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

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

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

2 – Adverse scenario: adjustment of 25% of interest rates based on the level at June 30, 2014.

3 – Remote scenario: adjustment of 50% of interest rates based on the level at June 30, 2014.

Operation	Index	At 6/30/2014	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								
CDB	CDI	37,913	10.80%	-	13.50%	1,045	16.20%	2,091
Borrowings								
Working capital	CDI	88,750	10.80%	-	13.50%	(2,803)	16.20%	(5,606)
Debentures	CDI	153,924	10.80%	-	13.50%	(4,286)	16.20%	(8,572)
BNDES	TJLP	63,047	5.00%	-	6.25%	(788)	7.50%	(1,576)
Working capital	IPCA	53,644	6.52%	-	8.15%	(875)	9.79%	(1,750)
Financing - foreign currency	Libor 3M	159,259	0.23%	-	0.29%	(92)	0.35%	(184)
Financing - foreign currency	Libor 6M	1,766	0.33%	-	0.41%	(1)	0.49%	(3)
Financing - foreign currency	Libor 12M	12,604	0.55%	-	0.68%	(17)	0.82%	(34)
Net effect				-		(7,817)		(15,634)

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:

- 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	
	6/30/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost				
Banks - restricted accounts	1,169	1,169	1,161	1,161
Cash and banks	161,392	161,392	122,300	122,300
Trade receivables	171,950	171,950	127,967	127,967
Other receivables	7,643	7,643	6,475	6,475
	342,154	342,154	257,903	257,903
Liabilities measured at amortized cost				
Trade payables	104,466	104,466	121,325	121,325
Borrowings	539,807	539,807	399,949	399,949
Debentures	132,657	132,657	139,233	139,233
	776,930	776,930	660,507	660,507

	Consolidated		Consolidated	
	6/30/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost				
Banks - restricted accounts	5,044	5,044	2,730	2,730
Cash and banks	162,909	162,909	135,005	135,005
Trade receivables	147,682	147,682	129,970	129,970
Other receivables	9,410	9,410	6,713	6,713
	325,045	325,045	274,418	274,418
Liabilities measured at amortized cost				
Trade payables	55,850	55,850	90,575	90,575
Borrowings	599,849	599,849	470,560	470,560
Debentures	149,644	149,644	162,926	162,926
	805,343	805,343	724,061	724,061

Credit risk

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

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

Additionally, the Company is exposed to credit risk in relation to the financial investments that comprise its Cash and cash equivalents. 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 co-obligation 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, flows of receivables and payables, and the repayment of borrowings. The liquidity management policy involves the projection of cash flow 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 June 30, 2014, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including interest that will be earned on these assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management, since it is based on net assets and liabilities.

Parent company

	2014	2015	2016	2017	over 2018
Liabilities					
Trade payables	104,466	-	-		-
Borrowings	48,785	115,648	183,168	103,507	153,275
Debentures	29,468	82,839	12,731	12,544	-
Other liabilities	3,515	-	-	-	-
	186,234	198,487	195,899	116,051	153,275
Assets					
Cash and cash equivalents	161,392	-	-	-	-
Banks - restricted accounts	1,169	-	-	-	-
Trade receivables - not yet due	168,861	3,089	-	-	-
Renegotiations with customers	3,494	2,706	1,538	403	58
Other assets	11,509	199	-	-	-
	346,425	5,994	1,538	403	58
	160,191	(192,493)	(194,361)	(115,648)	(153,217)

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

Consolidated

	2014	2015	2016	2017	over 2018
Liabilities					
Trade payables	55,850	-	-		-
Borrowings	52,949	119,880	188,870	111,262	201,254
Debentures	40,158	44,615	32,693	32,213	9,981
Other liabilities	9,017	2,093	4,186	4,161	2,846
	157,974	166,588	225,749	147,636	214,081
Assets					
Cash and cash equivalents	162,909	-	-	-	-
Banks - restricted accounts	5,044	-	-	-	-
Trade receivables - not yet due	133,260	-	-	-	-
Renegotiations with customers	5,024	2,706	1,538	403	58
Other assets	12,620	226	-	-	-
	318,857	2,932	1,538	403	58
	160,883	(163,656)	(224,211)	(147,233)	(214,023)

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

At the end of the reporting period, the Company had unused credit facilities in the amount of R$ 29,440, which increases as borrowing items are settled. The Company expects to meet its other obligations using the cash flow from operating activities and income earned on financial assets.

Derivative financial instruments

Derivative transactions are classified by strategy according to their objective. The transactions are contracted to hedge the Company's net indebtedness, its financial investments or its exports and imports against foreign exchange rate changes, or to swap interest rates. Derivative financial instruments are measured at fair value, and those linked to loan transactions are recognized directly in the statement of income.

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

a) Derivative financial instruments measured at fair value

On June 30, 2014, the Company did not have derivative financial instruments measured at fair value.

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

i) On March 23, 2012, the Company contracted a Cash Flow Swap Transaction with Banco Itaú BBA, in order to modify the remuneration and risks associated with the interest rate of the transaction contracted on the same date between the parties under an Export Credit 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 CCE contract began to be remunerated at a fixed interest rate plus the dollar variations and, consequently, it is no longer exposed to the CDI variations. Considering the characteristics of this contract together with the CCE contract, the Company understood the two instruments to be a single instrument, in substance. The contract is included in the sensitivity analysis of currency exposure disclosed in this same note.

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

Cash flow hedges

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

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

The hedged cash flows are the estimated exports up to 2021, and the amount recorded in equity based on hedge accounting amounted to R$ 10,933 at June 30, 2014 (R$ 16,922 in December 2013).

	Parent company and Consolidated	Parent company and Consolidated
	6/30/2014	12/31/2013
Opening balance	25,640	9,286
Change in cash flow hedge	(8,045)	17,558
Reclassification to the statement of income	(1,030)	(1,204)
	16,565	25,640
Opening balance	(8,718)	(3,157)
Taxes on change in cash flow hedge	2,735	(5,970)
Taxes on reclassification to the statement of income	351	409
	(5,632)	(8,718)
Closing balance	10,933	16,922

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 a range of 80% to 125%.

The balances of variations on transactions designated as cash flow hedges are reclassified from equity to the statement of income in the period when the foreign exchange variation 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 portion is recorded as finance income or costs for the period.

The Company did not identify any 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”.

CELULOSE IRANI S.A.

Notes to the Quarterly Information
at June 30, 2014
All amounts in thousands of reais unless otherwise stated

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 three production units, one in Vargem Bonita, SC, one in Indaiatuba, SP and another in São Paulo, 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 - through this division, the Company plants pine trees for its own use, sells wood and extracts resin from pines trees, which is used as raw material for the production of tar and turpentine.

b) Consolidated information on operating segments

	Consolidated Quarter ended 6/30/2014				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	118,518	31,509	2,222	184	152,433
Foreign market	-	10,911	11,323	-	22,234
Revenue from sales to third parties	118,518	42,420	13,545	184	174,667
Revenue between segments	-	4,310	-	(4,310)	-
Total net sales	118,518	46,730	13,545	(4,126)	174,667
Changes in the fair value of biological assets	-	5,443	5,357	-	10,800
Cost of products sold	(102,921)	(21,906)	(9,425)	3,067	(131,185)
Gross profit	15,597	30,267	9,477	(1,059)	54,282
Operating expenses	(12,382)	(3,188)	(1,142)	(9,782)	(26,494)
Operating result before finance result	3,215	27,079	8,335	(10,841)	27,788
Finance result	(11,229)	(8,244)	(162)	1,243	(18,392)
Net operating profit (loss)	(8,014)	18,835	8,173	(9,598)	9,396
Total assets	598,995	747,159	155,292	195,720	1,697,166
Total liabilities	297,953	250,836	17,028	630,862	1,196,679
Equity	35,676	236,927	116,736	111,148	500,487

CELULOSE IRANI S.A.

Notes to the Quarterly Information
at June 30, 2014
All amounts in thousands of reais unless otherwise stated

	Consolidated Six-month period ended 6/30/2014				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	235,650	65,590	4,735	340	306,315
Foreign market	-	25,814	22,365	-	48,179
Revenue from sales to third parties	235,650	91,404	27,100	340	354,494
Revenue between segments	-	8,905	-	(8,905)	-
Total net sales	235,650	100,309	27,100	(8,565)	354,494
Changes in the fair value of biological assets	-	3,517	8,909	-	12,426
Cost of products sold	(209,478)	(47,229)	(19,349)	6,568	(269,488)
Gross profit	26,172	56,597	16,660	(1,997)	97,432
Operating expenses	(24,382)	(7,159)	(2,177)	(20,095)	(53,813)
Operating result before finance result	1,790	49,438	14,483	(22,092)	43,619
Finance result	(23,804)	(16,956)	(307)	2,447	(38,620)
Net operating profit (loss)	(22,014)	32,482	14,176	(19,645)	4,999
Total assets	598,995	747,159	155,292	195,720	1,697,166
Total liabilities	297,953	250,836	17,028	630,862	1,196,679
Equity	35,676	236,927	116,736	111,148	500,487

	Consolidated Quarter ended 6/30/2013				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	77,247	43,192	3,722	140	124,301
Foreign market	-	12,996	7,283	-	20,279
Revenue from sales to third parties	77,247	56,188	11,005	140	144,580
Revenue between segments	-	2,883	-	(2,883)	-
Total net sales	77,247	59,071	11,005	(2,743)	144,580
Changes in the fair value of biological assets	-	3,150	5,940	-	9,090
Cost of products sold	(61,641)	(36,467)	(7,134)	1,655	(103,587)
Gross profit	15,606	25,754	9,811	(1,088)	50,083
Operating expenses	(9,123)	(3,707)	(1,091)	(9,388)	(23,309)
Operating result before finance result	6,483	22,047	8,720	(10,476)	26,774
Finance result	(6,899)	(6,485)	87	310	(12,987)
Net operating profit (loss)	(416)	15,562	8,807	(10,166)	13,787
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

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

	Consolidated Six-month period ended 6/30/2013				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	145,294	76,609	7,275	306	229,484
Foreign market	-	25,121	13,809	-	38,930
Revenue from sales to third parties	145,294	101,730	21,084	306	268,414
Revenue between segments	-	5,869	-	(5,869)	-
Total net sales	145,294	107,599	21,084	(5,563)	268,414
Changes in the fair value of biological assets	-	3,150	5,940	-	9,090
Cost of products sold	(117,297)	(63,458)	(14,189)	3,451	(191,493)
Gross profit	27,997	47,291	12,835	(2,112)	86,011
Operating expenses	(17,654)	(7,225)	(2,040)	(17,436)	(44,355)
Operating result before finance result	10,343	40,066	10,795	(19,548)	41,656
Finance result	(12,045)	(12,405)	(131)	613	(23,968)
Net operating profit (loss)	(1,702)	27,661	10,664	(18,935)	17,688
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

The balance in the column "Corporate/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 based on usual market prices and conditions.

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

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

c) Net sales revenue

The net sales revenue in the quarter ended June 30, 2014 totaled R$ 174,667, (R$ 144,580 in the quarter ended June 30, 2013), and for the six-month period ended June 30, 2014 totaled R$ 354,494, (R$ 268,414 in the six-month period ended June 30, 2013).

CELULOSE IRANI S.A.

Notes to the Quarterly Information at June 30, 2014

All amounts in thousands of reais unless otherwise stated

The net sales revenue from exports in the quarter ended June 30, 2014 totaled R$ 22,234, (R$ 20,279 in the quarter ended June 30, 2013) and for the six-month period ended June 30, 2014 totaled R$ 48,179, (R$ 38,930 in the six-month period ended June 30, 2013), which relates to the various countries as follows:

Consolidated
Quarter ended 6/30/2014

Country	Export revenue, net	% of total revenue, net
Netherlands	6,501	3.70%
France	2,959	1.70%
Argentina	2,729	1.60%
Saudi Arabia	2,067	1.20%
South Africa	1,051	0.60%
Chile	891	0.50%
Paraguay	838	0.50%
Spain	672	0.40%
India	605	0.30%
Norway	565	0.30%
Bolivia	555	0.30%
Kuwait	426	0.20%
Portugal	383	0.20%
Singapore	373	0.20%
Venezuela	372	0.20%
Japan	268	0.20%
Peru	226	0.10%
Germany	186	0.10%
Colombia	123	0.10%
Uruguay	111	0.10%
Other countries	333	0.20%
	22,234	12.70%

Consolidated
Quarter ended 6/30/2013

Country	Export revenue, net	% of total revenue, net
Argentina	4,429	3.10%
Netherlands	4,353	3.00%
Saudi Arabia	2,636	1.80%
France	1,884	1.30%
Paraguay	1,007	0.70%
Chile	986	0.70%
South Africa	880	0.60%
Bolivia	727	0.50%
India	426	0.30%
Peru	422	0.30%
Norway	310	0.20%
Japan	299	0.20%
Turkey	261	0.20%
Venezuela	235	0.20%
Pakistan	225	0.20%
Portugal	221	0.20%
Singapore	194	0.10%
Uruguay	155	0.10%
Germany	127	0.10%
Canada	119	0.10%
Other countries	383	0.30%
	20,279	14.20%

Consolidated
Six-month period ended 6/30/2014

Country	Export revenue, net	% of total revenue, net
Netherlands	13,312	3.80%
Argentina	7,500	2.10%
France	5,414	1.50%
Saudi Arabia	4,801	1.40%
South Africa	2,900	0.80%
Chile	2,152	0.60%
Paraguay	1,813	0.50%
Spain	1,322	0.40%
Norway	1,269	0.40%
India	1,183	0.30%
Peru	1,172	0.30%
Bolivia	970	0.30%
Singapore	713	0.20%
Portugal	659	0.20%
Venezuela	504	0.10%
Kuwait	426	0.10%
Japan	426	0.10%
Germany	373	0.10%
Colombia	244	0.10%
Uruguay	167	0.00%
Turkey	112	0.00%
Canada	108	0.00%
Sudan	103	0.00%
Other countries	536	0.20%
	48,179	13.50%

Consolidated
Six-month period ended 6/30/2013

Country	Export revenue, net	% of total revenue, net
Netherlands	8,036	3.00%
Argentina	7,741	2.90%
Saudi Arabia	5,053	1.90%
France	3,178	1.20%
South Africa	2,635	1.00%
Chile	1,830	0.70%
Paraguay	1,767	0.70%
Portugal	1,103	0.40%
Bolivia	1,101	0.40%
Peru	1,071	0.40%
Norway	963	0.40%
India	834	0.30%
Turkey	698	0.30%
Venezuela	458	0.20%
Germany	301	0.10%
Japan	299	0.10%
Pakistan	225	0.10%
Singapore	194	0.10%
United Arab Emirates	164	0.10%
Colombia	159	0.10%
Uruguay	155	0.10%
Other countries	965	0.40%
	38,930	14.90%

The net sales revenue for the domestic market in the quarter ended June 30, 2014 totaled R$ 152,433, (R$ 124,301 in the quarter ended June 30, 2013) and for the six-month period ended June 30, 2014 totaled R$ 306,315, (R$ 229,484 in the six-month period ended June 30, 2013).

In the quarter ended June 30, 2014, a single customer accounted for 10.2% of net sales in the domestic market of the Corrugated Cardboard Packaging Segment, equivalent to R$ 12,089. The Company's other sales in the domestic and foreign markets were diluted among various customers, and no customer accounted for more than 10% of net sales.

32. OPERATING LEASE AGREEMENTS (PARENT COMPANY)

Rental of production units

The Company had three rental agreements for production units as at June 30, 2014, in addition to other rental agreements for small commercial and administrative units, all classified as operating leases and allocated to expenses on the accrual basis over the lease period.

The rental agreements of the production units are as follows:

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, SC. 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$ 198, adjusted annually based on the IGPM variation.

c) Rental agreement entered into on March 1, 2013 with the subsidiary Indústria de Papel e Papelão São Roberto S.A., related to the rental of the Paper Unit in Santa Luzia, MG, effective for 6 years and with a contracted monthly rental of R$ 476, adjusted annually based on the IPCA variation.

The rental amounts recognized as expenses in the quarter ended June 30, 2014 by the parent company, net of taxes, when applicable, were as follows:

- Rentals of production units = R$ 6,113 (R$ 6,005 at 6/30/2013)
- Rentals of commercial and administrative units = R$ 80 (R$ 101 at 6/30/2013)

The future commitments at June 30, 2014 relating to these agreements totaled a minimum amount of R$ 83,084. The rentals were calculated at present value, using the IGPM accumulated in the last twelve months, of 6.25% p.a.

	Up to 1 year	After 1 year Up to 5years	After 5 years	Total
Future operating leases	19,171	28,567	35,346	83,084
Operating leases at present value	18,043	24,344	19,683	62,070

Lease of planting area

The Company entered into non-cancelable lease agreements for the production of biological assets on third party land, called partnerships, for a total area of 3,322 hectares, of which 2,394 hectares comprised the planted area. For certain areas there is a lease commitment to be disbursed monthly, as shown below.

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

Non-cancelable operating lease commitments

	Up to 1 year	1-5 years	After 5 years	Total
Future operating leases	347	1,618	2,013	3,978
Operating leases at present value	326	1,306	1,240	2,872

33. GOVERNMENT GRANTS

The Company has a Value-added Tax on Sales and Services (ICMS) incentive in the states of Santa Catarina and Minas Gerais, as follows:

i) 60% of the ICMS increase in the State of Santa Catarina, calculated on an average basis (September 2006 to August 2007) prior to investments made, is deferred for payment after 48 months. This benefit is calculated monthly and is subject to making 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 these benefits, the Company utilized the average rate of the cost of funding at the base date for credit lines with characteristics similar to those applicable to the respective disbursements that would have been required in the absence of the benefits, resulting in R$ 2,837.

The benefit is effective for 14 years, from January 2009 to December 2022, or up to the limit of R$ 55,199 of deferred ICMS. At June 30, 2014, the Company had deferred ICMS recorded in liabilities in the amount of R$ 24,002 (net of government subsidies R$ 21,165).

ii) The State of Santa Catarina grants as the main benefit the appropriation of deemed credit in an ICMS memorandum account, on the taxed shipments of products which were manufactured with recyclable material corresponding to, at least, 40% of the raw material cost, realized by the Company in the State, so that the final tax burden referring to its own operation is equivalent to 2.25% (own operation), with the objective to enable the expansion of the industrial unit located in Vargem Bonita, in the State of Santa Catarina. The expected investment is approximately R$ 600,000, which will be distributed over the following 5 years, and will be used to expand the production capacity of the Packaging Paper plant by 135,000 metric tons/year and of the Corrugated Cardboard Packaging plant by 24,000 metric tons/year.

iii) The State of Minas Gerais grants as the main benefit the ICMS deemed credit, resulting in the effective payment of 2% of the amount of the shipments of the products manufactured by the Company, with the objective to enable the expansion of the industrial unit in Santa Luzia, in the State of Minas Gerais. The total investment is estimated at approximately R$ 220 million and is expected to start in 2014 and finish in 2017. The investment will be made in the modernization and expansion of the production capacity of the Paper Machine # 7 (MP 7), and also in the construction of a new plant of corrugated cardboard packaging.

34. TRANSACTIONS NOT AFFECTING CASH

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

During the six-month period ended June 30, 2014, the Company purchased property, plant and equipment in the amount of R$ 13,055, 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$ 42,752.

During the six-month period ended June 30, 2013, the Company purchased property, plant and equipment in the amount of R$ 1,341, 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.

* * *

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 Form (ITR) for the quarter ended June 30, 2014, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-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.

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

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

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2014. 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 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, July 31, 2014

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

Fábio Abreu de Paula
Contador CRC 1MG075204/O-0 "S" RS