(A free translation of the original in Portuguese)



Celulose Irani S.A.

Financial statements
for the years ended
December 31, 2013 and 2012

(A free translation of the original in Portuguese)

Independent auditor's report

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

We have audited the accompanying financial statements of Celulose Irani S.A. ("the Company" or "Parent Company"), which comprise the balance sheet as at December 31, 2013 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Celulose Irani S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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

(A free translation of the original in Portuguese)

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Celulose Irani S.A. as at December 31, 2013, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Celulose Irani S.A. and its subsidiaries as at December 31, 2013, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As discussed in Note 2 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Celulose Irani S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

Other matters

Supplementary information - statements of value added

We have also audited the parent company and consolidated statements of value added for the year ended December 31, 2013, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Porto Alegre, February 27, 2014

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

Carlos Biedermann
Contador CRC 1RS029321/O-4

CELULOSE IRANI S.A.

BALANCE SHEET
AT DECEMBER 31

(All amounts in thousands of reais) (A free translation of the original in Portuguese)

ASSETS	Note	Parent company		Consolidated	
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
CURRENT ASSETS					
Cash and cash equivalents	5	122,300	95,051	135,005	96,922
Trade receivables	6	127,967	93,785	129,970	96,781
Inventory	7	51,031	38,064	60,838	38,110
Taxes recoverable	8	5,133	4,083	7,721	4,083
Dividends receivable		7,987	5,307	-	-
Banks - restricted account	9	1,161	931	2,730	931
Other assets	10	9,956	12,309	11,672	12,845
Total current assets		325,535	249,530	347,936	249,672
NON-CURRENT ASSETS					
Taxes recoverable	8	3,207	2,766	3,625	2,766
Judicial deposits	20	628	574	1,122	632
Other assets	10	6,692	6,806	7,542	9,218
Related parties	19	1,005	1,553	1,005	1,553
Biological assets	14	146,638	159,912	268,725	263,292
Total long term assets		158,170	171,611	282,019	277,461
Investments	12	349,221	270,809	-	-
Property, plant and equipment	13	588,111	537,075	888,403	679,734
Intangible assets	13	1,016	1,220	113,163	1,223
Total non-current assets		1,096,518	980,715	1,283,585	958,418
TOTAL ASSETS		1,422,053	1,230,245	1,631,521	1,208,090

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
CURRENT LIABILITIES					
Borrowing	15	98,019	70,372	119,705	79,225
Debentures	16	38,545	39,026	53,041	39,026
Trade payables	17	121,325	60,155	90,575	43,747
Social and labor obligations		30,261	23,369	32,534	23,657
Tax liabilities		11,660	6,085	13,591	6,684
Income tax and social contribution payable		-	-	761	891
Tax liabilities payable in installments	18	4,766	5,085	10,260	5,235
Advances from customers		562	955	1,618	975
Dividends payable		19,772	9,957	19,772	9,957
Other payables		10,670	10,871	15,518	10,485
Total current liabilities		335,580	225,875	357,375	219,882
NON-CURRENT LIABILITIES					
Borrowing	15	301,930	208,990	350,855	209,001
Debentures	16	100,688	131,712	109,885	80,978
Provision for civil, labor and tax risks	20	33,908	37,735	44,078	38,037
Taxes payable in installments	18	1,560	6,245	40,159	6,379
Tax liabilities		16,911	16,005	16,911	16,005
Other payables		-	-	1,344	-
Deferred income tax and social contribution	11	143,247	149,684	222,673	183,803
Total non-current liabilities		598,244	550,371	785,905	534,203
TOTAL LIABILITIES		933,824	776,246	1,143,280	754,085
EQUITY					
Capital	21(a)	116,895	103,976	116,895	103,976
Capital reserves		960	377	960	377
Revenue reserves	21(d)	151,280	106,405	151,280	106,405
Carrying value adjustments	21(e)	219,094	243,241	219,094	243,241
Equity attributable to controlling stockholders		488,229	453,999	488,229	453,999
Non-controlling interests		-	-	12	6
Total equity		488,229	453,999	488,241	454,005
TOTAL LIABILITIES AND EQUITY		1,422,053	1,230,245	1,631,521	1,208,090

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

	Note	Parent company		Consolidated	
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
Continuing operations					
NET SALES REVENUE	24	575,365	462,443	604,241	483,449
Change in fair value of biological assets	14(a)	(3,959)	32,005	20,107	36,767
Cost of products sold	25	(430,810)	(350,275)	(438,092)	(352,251)
GROSS PROFIT		140,596	144,173	186,256	167,965
OPERATING INCOME (EXPENSES)					
Selling	25	(50,662)	(43,416)	(53,097)	(42,897)
General and administrative	25	(42,305)	(38,859)	(44,971)	(40,653)
Other operating income	26	3,577	2,463	38,006	2,952
Other operating expenses	26	(4,671)	(6,086)	(9,667)	(9,190)
Management profit sharing	19	(7,490)	(2,931)	(7,490)	(2,931)
Equity in the results of subsidiaries	12	79,469	19,570	-	-
PROFIT BEFORE FINANCE RESULT AND TAXES		118,514	74,914	109,037	75,246
Finance income (costs), net	28	(51,510)	(52,190)	(52,928)	(50,351)
Finance income		15,847	19,374	19,691	19,538
Finance costs		(67,357)	(71,564)	(72,619)	(69,889)
PROFIT BEFORE TAXATION		67,004	22,724	56,109	24,895
Current income tax and social contribution	27	(472)	-	(1,284)	(997)
Deferred income tax and social contribution	27	876	(879)	12,585	(2,052)
PROFIT FROM CONTINUING OPERATIONS		67,408	21,845	67,410	21,846
Discontinued operation					
PROFIT FROM DISCONTINUED OPERATIONS		-	4,536	-	4,537
PROFIT FOR THE YEAR		67,408	26,381	67,410	26,383
Profit attributable to:					
Controlling stockholders		67,408	26,381	67,408	26,381
Non-controlling interests		-	-	2	2
		67,408	26,381	67,410	26,383
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R$	22	0.4201	0.1652	0.4201	0.1652
BASIC AND DILUTED EARNINGS PER PREFERRED SHARE - R$	22	0.4201	0.1652	0.4201	0.1652

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

CELULOSE IRANI S.A.

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

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Profit for the year	67,408	26,381	67,410	26,383
Items that will be reclassified to profit or loss	(10,793)	(6,129)	(10,793)	(6,129)
Cash flow hedge accounting	(16,354)	(9,286)	(16,354)	(9,286)
Income tax and social contribution on cash flow hedge accounting	5,561	3,157	5,561	3,157
Items that will not be reclassified to profit or loss	(4,111)	-	(4,111)	-
Carrying value adjustment - subsidiary	(4,111)	-	(4,111)	-
Other comprehensive income	(14,904)	(6,129)	(14,904)	(6,129)
Attributable to stockholders of the parent company	52,504	20,252	52,504	20,252
Attributed to non-controlling interests	-	-	2	2
Comprehensive income for the year	52,504	20,252	52,506	20,254

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

STATEMENT OF CHANGES IN EQUITY

(All amounts in thousands of reais)

(A free translation of the original in Portuguese)

					Revenue reserves				Other comprehensive income				
	Note	Share capital	Treasury shares	Share-based payment	Legal	Statutory reserve of biological assets	Profit retention	Retained earnings	Carrying value adjustments	Hedge accounting	Controlling interests	Non-controlling interests	Total
AT DECEMBER 31, 2011		63,381	(2,038)	-	3,331	74,743	66,266	-	258,547	-	464,230	20	464,250
Capital increase	21(a)	40,595			(2,863)		(37,732)				-		-
Share-based payment				377							377		377
Cash flow hedge accounting										(6,129)	(6,129)		(6,129)
Realized revenue reserve - biological assets						(789)		789			-		-
Realized revenue reserve - biological assets (subsidiaries)						(4,126)		4,126			-		-
Realization - deemed costs								7,864	(7,864)		-		-
Realization - deemed costs (subsidiaries)								1,313	(1,313)		-		-
Treasury shares	21(b)		(6,804)								(6,804)		(6,804)
Profit for the year	21(c)							26,381			26,381	(14)	26,367
Proposed appropriations											-		-
Legal reserve	21(d)				1,319			(1,319)			-		-
Dividends	21(c)						(14,267)	(9,789)			(24,056)		(24,056)
Profit retention reserve	21(d)						29,365	(29,365)			-		-
AT DECEMBER 31, 2012		103,976	(8,842)	377	1,787	69,828	43,632	-	249,370	(6,129)	453,999	6	454,005
Capital increase	21(a)	12,919									12,919	-	12,919
Capital increase from non-controlling interest											-	4	4
Share-based payment				583							583	-	583
Carrying value adjustment - São Roberto									(4,111)		(4,111)	-	(4,111)
Cash flow hedge accounting										(10,793)	(10,793)	-	(10,793)
Realized revenue reserve - biological assets						(439)		439			-	-	-
Realized revenue reserve - biological assets (subsidiaries)						(4,342)		4,342			-	-	-
Realization - deemed costs								8,311	(8,311)		-	-	-
Realization - deemed costs (subsidiaries)								932	(932)		-	-	-
Treasury shares	21(b)		2,008								2,008	-	2,008
Profit for the year	21(c)							67,408			67,408	2	67,410
Proposed appropriations											-	-	-
Legal reserve	21(d)				3,369			(3,369)			-	-	-
Dividends	21(c)						(14,268)	(19,516)			(33,784)	-	(33,784)
Profit retention reserve	21(d)						58,547	(58,547)			-	-	-
AT DECEMBER 31, 2013		116,895	(6,834)	960	5,156	65,047	87,911	-	236,016	(16,922)	488,229	12	488,241

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

	Note	Parent company		Consolidated	
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before income tax and social contribution (LAIR)		67,004	22,724	56,109	24,895
Reconciliation of profit with net cash provided by (used in) operating activities:					
Changes in the fair value of biological assets	14(a)	3,959	(32,005)	(20,107)	(36,767)
Depreciation, amortization and depletion		32,342	40,474	55,801	60,028
Impairment of property, plant and equipment		-	-	4,590	-
Results on sales of non-financial assets		(543)	(235)	(282)	2,531
Equity in the results of subsidiaries	12	(79,469)	(19,570)	-	-
Discontinued operations - results	12	-	(596)	-	-
Reserve for contingencies		(3,781)	(3,487)	(4,193)	(3,252)
Provision for impairment of trade receivables		701	397	761	374
Government grants		(502)	818	(502)	818
Inflation adjustments and financial charges		74,410	63,865	74,981	62,138
Non-controlling interests		-	-	2	2
Unearned hedge result, net of taxes		(10,793)	(6,129)	(10,793)	(6,129)
Discontinued operations	32	-	6,890	-	6,890
Share-based payment		583	377	583	377
Management profit sharing		7,490	2,931	7,490	2,931
Adoption of the Tax Recovery Program (REFIS) (Subsidiary)	18	-	-	(33,432)	-
		91,401	76,454	131,008	114,836
(Increase) decrease in assets:					
Trade receivables		(34,883)	(4,003)	2,905	(4,924)
Inventory		(12,967)	(1,698)	(14,415)	246
Taxes recoverable		(1,491)	2,760	(843)	2,835
Other assets		5,135	2,222	4,356	4,206
Dividends received		30,314	31,569	-	-
Increase (decrease) in liabilities:					
Trade payables		31,841	11,931	(12,975)	(3,689)
Social and labor obligations		(598)	1,746	(1,031)	1,705
Advances from customers		(393)	196	643	(184)
Tax liabilities		(4,556)	(3,313)	(9,302)	(5,359)
Payment of interest on borrowing		(27,698)	(24,961)	(32,484)	(24,977)
Payment of interest on debentures		(13,388)	(11,858)	(15,463)	(11,858)
Other payables		393	1,243	(561)	2,010
Net cash provided by operating activities		63,110	82,288	51,838	74,847
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchases of property, plant and equipment		(58,292)	(39,642)	(55,206)	(41,635)
Capital decrease in subsidiaries		-	2,049	-	-
Contribution from subsidiary		-	-	10,599	-
Capital contributions		(297)	(794)	-	-
Proceeds from disposal of assets		1,045	708	8,997	728
Advances on future capital increases		(12,116)	(24,520)	-	-
Net cash used in investment activities		(69,660)	(62,199)	(35,610)	(40,907)
CASH FLOW FROM FINANCING ACTIVITIES					
Dividends and interest on capital paid		(23,967)	(19,706)	(23,967)	(19,704)
Debentures issued		-	58,880	-	58,880
Debentures paid		(37,000)	-	(37,000)	-
Real Estate Credit Note (CRI) paid		-	-	(10,914)	(16,372)
New borrowing		185,011	80,727	185,011	83,451
Borrowing paid		(92,253)	(110,631)	(93,283)	(111,191)
Treasury shares	21(b)	2,008	(6,804)	2,008	(6,804)
Net cash provided by (used in) financing activities		33,799	2,466	21,855	(11,740)
INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		27,249	22,555	38,083	22,200
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	95,051	72,496	96,922	74,722
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	122,300	95,051	135,005	96,922
		27,249	22,555	38,083	22,200

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

CELULOSE IRANI S.A.

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

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
1. REVENUE	749,761	607,049	820,248	630,083
1.1) Sales of products and services	746,885	599,014	783,003	621,536
1.2) Other revenues	3,577	8,432	38,006	8,921
1.3) Provision for impairment of trade receivables - constitution	(701)	(397)	(761)	(374)
2. INPUTS PURCHASED FROM THIRD PARTIES	465,472	359,380	448,632	343,669
2.1) Cost of goods sold and services rendered	427,936	338,372	385,895	310,127
2.2) Materials, electricity, outsourced services and other	37,536	21,008	58,147	33,542
2.3) Impairment/recovery of assets	-	-	4,590	-
3. GROSS VALUE ADDED (1-2)	284,289	247,669	371,616	286,414
4. DEPRECIATION, AMORTIZATION AND DEPLETION	32,342	40,474	55,801	60,028
5. CHANGES IN THE FAIR VALUE OF BIOLOGICAL ASSETS	3,959	(32,005)	(20,107)	(36,767)
6. NET VALUE ADDED PRODUCED BY THE ENTITY (3-4-5)	247,988	239,200	335,922	263,153
7. VALUE ADDED RECEIVED THROUGH TRANSFER	95,316	39,540	19,691	19,538
7.1) Equity in the earnings of subsidiaries	79,469	20,166	-	-
7.2) Finance income	15,847	19,374	19,691	19,538
8. TOTAL VALUE ADDED TO BE DISTRIBUTED (6+7)	343,304	278,740	355,613	282,691
9. DISTRIBUTION OF VALUE ADDED	343,304	278,740	355,613	282,691
9.1) Personnel	105,487	84,933	113,813	88,174
9.1.1 - Direct compensation	86,579	69,894	92,695	72,130
9.1.2 - Benefits	14,039	11,068	15,980	11,921
9.1.3 - Government Severance Indemnity Fund for Employees (FGTS)	4,869	3,971	5,138	4,123
9.2) Taxes and contributions	64,524	67,088	63,018	69,470
9.2.1 - Federal	47,566	42,554	43,595	44,765
9.2.2 - State	16,432	24,004	18,709	24,060
9.2.3 - Municipal	526	530	714	645
9.3) Remuneration of third party capital	98,395	97,407	103,884	95,735
9.3.1 - Interest	67,357	71,474	72,620	69,800
9.3.2 - Rental	31,038	25,933	31,264	25,935
9.4) Remuneration of own capital	74,898	29,312	74,898	29,312
9.4.1 - Dividends	19,516	9,789	19,516	9,789
9.4.2 - Retained profit (loss) for the year	47,892	16,592	47,894	16,594
9.4.3 - Non-controlling interests in profits reinvested	-	-	(2)	(2)
9.4.4 - Management profit sharing	7,490	2,931	7,490	2,931

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

(A free translation of the original in Portuguese)

CELULOSE IRANI S.A.

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Celulose Irani S.A. – CNPJ 92.791.243/0001-03

NOTES TO THE FINANCIAL STATEMENTS
AT DECEMBER 31, 2013

(All amounts in thousands of reais unless otherwise stated)

1. GENERAL INFORMATION

Celulose Irani S.A. 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 parent company is D.P. Representações e Participações Ltda., which is also a company of the Habitasul Group.

The issue of these financial statements was authorized by the Board of Directors on February 26, 2014.

The stockholders' extraordinary general meeting held on October 16, 2013 approved a capital increase to R$ 116,895, with the issue of 4,630,235 new common shares that were fully subscribed by the stockholder Irani Participações S.A., and paid up with shares of Wave Participações S.A., in the amount of R$ 12,919.

Wave Participações S.A. was the holder of 100% of the shares of Indústria de Papel e Papelão São Roberto S.A., a traditional company in the corrugated cardboard sector in Brazil, headquartered in São Paulo - State of São Paulo.

On November 29, 2013, the stockholders' extraordinary general meeting approved the merger of Wave Participações S.A. (merged company) into Indústria de Papel e Papelão São Roberto S.A. (merging company), the shares of the merged company were canceled and 19,807,213 new nominative shares were issued in the merging company for the issue price of R$ 1.00 (one Real) each, of which 18,928,792 were common shares and 881,421 were preferred shares on behalf of the only stockholder of the merged company, Companhia Celulose Irani S.A.

2. PRESENTATION OF FINANCIAL STATEMENTS

The consolidated 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), which are in the process of convergence with the IFRS, as well as in accordance with the standards established by the Brazilian Securities Commission (CVM).

The parent company financial statements have been prepared in conformity with the accounting practices adopted in Brazil, which differ from the IFRS applicable to the consolidated financial statements with respect to the measurement of investments in subsidiaries using the equity method of accounting, whereas IFRS requires their measurement at cost or fair value.

The accounting practices adopted in Brazil comprise those included in Brazilian corporate law and the pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities Commission ("CVM").

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

The financial statements have been prepared based on the historical costs 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. The historical cost is generally based on the fair value of the consideration paid in exchange for the assets.

2.1. New standards, amendments to and interpretations of standards:

a) Standards, interpretations of and amendments to existing standards effective at December 31, 2013.

The following interpretations and amendments to existing standards have been published and are mandatory as at December 31, 2013.

Standard	Main requirements and effectiveness	Impacts on the Company's statements
Amendments to IAS 1 "Financial Statement Presentation"	Introduces the requirement that the items recorded in other comprehensive income be segregated and totaled among the items that are and that are not subsequently reclassified into profits or losses, effective from January 1, 2013.	No significant impact.
Amendments to IAS 19 "Employee Benefits"	Eliminates the corridor approach, with actuarial gains or losses recognized as other comprehensive income for the pension plans, and the result for the other long term benefits, when incurred, among other alterations, effective from January 1, 2013.	No significant impact.
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	Revision of IAS 28 to include the amendments introduced by IFRS 10, 11 and 12, effective from January 1, 2013.	No significant impact.
IFRS 7 "Financial Instruments: Disclosure"	This amendment includes new disclosure requirements in relation to asset and liability offsetting.	No significant impact.
IFRS 10 "Consolidated Financial Statements"	Replaces IAS 27 in relation to the requirements applicable to the consolidated financial statements and SIC 12. IFRS 10 specified a single model of consolidation based on control, irrespective of the nature of the investment, effective from January 1, 2013.	No significant impact.
IFRS 11 "Joint Arrangements"	Eliminates the proportional consolidation model for entities with shared control, keeping only the model under the equity accounting method. It also eliminates the concept of "assets with shared control", keeping only "operations with shared control" and "entities with shared control", effective from January 1, 2013.	No significant impact.
IFRS 12 "Disclosure of Interests in Other Entities"	Expands the requirements regarding the disclosure of the entities that are or are not consolidated, in which the entities have influence, effective from January 1, 2013.	No significant impact.
IFRS 13 "Fair value Measurements"	Replaces and consolidates all of the guidance and requirements related to fair value measurement included in the other IFRS pronouncements in a single pronouncement. IFRS 13 defines fair value, provides guidelines for determining the fair value, and sets out the disclosure requirements related to fair value measurement. However, it does not introduce any new requirements or alterations in relation to the items that should be measured at fair value, which remain as in the original pronouncements, effective from January 1, 2013.	No significant impact.

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

There are standards and amendments that have been published since January 1, 2013; however, the Company has not opted for early adoption of any of these. The Company does not expect that these new standards and amendments will have a material effect on its consolidated financial statements:

IFRS 9 “Financial Instruments” (as amended in 2010) - The main amendment relates to cases where the fair value of financial liabilities calculated should be segregated in a manner that the party related to the fair value related to the credit risk of the entity be recognized in "Other comprehensive income" and not in the statement of income for the period. The guidance in IAS 39 regarding the impairment of financial assets and hedge accounting continues to apply. The standard is applicable from January 1, 2015. The Company is evaluating all of the impacts of the standard and no significant impact on its financial statements is expected.

IFRIC 21 “Government Rates” - This refers to the accounting treatment of rates imposed by the Government, consisting of an interpretation of IAS 37 “Provisions”, contingent liabilities and assets. In the current scenario, the Company is not subject to significant government rates, and therefore the impact of IFRIC 21 is not significant.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Functional currency and translation of foreign currencies

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

Foreign currency transactions are originally recorded at the exchange rate effective on the transaction date. Gains and losses arising from the difference between the translation of balances in foreign currency 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 whether there is objective evidence of an impairment loss include:
i) Significant financial difficulty of the issuer or debtor;
ii) A breach of contract, such as a default in interest or principal payments;
iii) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
iv) The disappearance of an active market for that financial asset because of financial difficulties;
v) Adverse changes in conditions and/or the economy that indicate a reduction in the estimated future cash flow 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) Inventory

Inventory is stated at the lower of average production or acquisition cost and net realizable value. The net realizable value corresponds to the inventory's estimated selling price less the estimated costs of completion and the estimated expenditure necessary to make the sale.

f) Investments

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

Under the equity method, 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 being transferred. The accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

g) Property, plant and equipment and intangible assets

Property, plant and equipment are stated at deemed cost less accumulated depreciation and impairment losses, when applicable. In the case of qualifying assets, borrowing costs are capitalized as part of the 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 client portfolio, brand, goodwill and computer software licenses, which are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the software (three to five years). Costs associated with maintaining computer software programs are recognized as expenses as incurred.

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. If 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 is 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 the operating segment.

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 (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.

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

Income tax and social contribution are provisioned based on the taxable profit determined according to the prevailing tax legislation, which differs from the profit reported in the statement of income, since it excludes income or expenses taxable or deductible in other periods, as well as permanently non-taxable or non-deductible items. The provision for income tax and social contribution is calculated for each company individually, based on the statutory rates prevailing at 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 thosee 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) Borrowing 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.
The changes in the hedging amounts classified in "Carrying value adjustments" within equity are shown in Note 21.

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

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 being hedged against 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 year.

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

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 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 regarding future events, and the assistance of experts, when applicable.

The financial statements therefore include various estimates, including, but not limited to, the determination of the useful lives of property, plant and equipment (Note 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 claims (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 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 challenged in the STF, it has been following, together with its legal advisors, the evolution of this issue in the courts to assess the possible impact on its operations and consequent effects on the financial statements.

Provisional Measure (MP) 627 was issued on November 11, 2013. This MP repeals the Transitional Tax System (RTT) and: (i) amends Decree-law 1,598/77, which deals with the corporate income tax, as well as the legislation related to the social contribution on net income, (ii) provides that future changes in or adoption of accounting methods and criteria will have no effects on the calculation of federal taxes unless and until the tax law addresses those changes, (iii) establishes a specific approach for the potential taxation of profits or dividends, and (iv) addresses certain aspects of the calculation of interest on capital; and provides considerations about investments evaluated under the equity accounting method.

The MP becomes effective from 2015. The Company evaluated the possible effects that could arise from the application of this standard and, even considering the uncertainties regarding the MP, it intends to adopt it early, provided that the current rules are maintained.

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; and
- 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 financial statements presented by a publicly-traded entity. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements. The purpose of this statement is to show the wealth created by the Company and its distribution during the reporting period.

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

4. CONSOLIDATION OF FINANCIAL STATEMENTS

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

Ownership interest - (%)		
Subsidiaries - direct ownership	12/31/2013	12/31/2012
Habitasul Florestal S.A.	100.00	100.00
Irani Trading S.A.	100.00	100.00
HGE - Geração de Energia Sustentável LTDA.	99.98	99.98
Iraflor - Comércio de Madeiras LTDA.	99.99	99.99
Ind. Papel e Papelão São Roberto S.A.	100.00	-
Irani Geração de Energia Sustentável LTDA.	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.
The operations of the subsidiaries are described in Note 12.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Fixed fund	20	18	31	21
Banks	3,199	1,245	3,602	1,373
Short term bank deposits	119,081	93,788	131,372	95,528
	122,300	95,051	135,005	96,922

Short term bank deposits (CDB) are remunerated at the average of 99.32% of the Interbank Deposit Certificate (CDI) rate.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Trade receivables:				
Customers - domestic market	125,700	91,600	134,720	95,252
Customers - foreign market	9,200	8,417	9,229	8,447
	134,900	100,017	143,949	103,699
Provision for impairment of trade receivables	(6,933)	(6,232)	(13,979)	(6,918)
	127,967	93,785	129,970	96,781

At December 31, 2013, the amount of R$ 11,584 in consolidated trade receivables was overdue and not subject to provision. The balance was related to independent customers with no history of default.

Trade receivables by maturity are as follow:

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Not yet due	115,773	84,302	118,386	86,729
Overdue up to 30 days	9,486	6,237	8,029	6,811
Overdue from 31 to 60 days	1,186	1,899	1,714	1,900
Overdue from 61 to 90 days	321	240	385	241
Overdue from 91 to 180 days	419	89	639	95
Overdue for more than 180 days	7,715	7,250	14,796	7,923
	134,900	100,017	143,949	103,699

The average credit term on the sale of products is 48 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	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
At the beginning of the period	(6,232)	(5,835)	(6,918)	(6,544)
Contributions from subsidiaries	-	-	(6,300)	-
Provision for losses recognized	(701)	(397)	(761)	(397)
Amounts recovered in the period	-	-	-	23
At the end of the period	(6,933)	(6,232)	(13,979)	(6,918)

A portion of the receivables, amounting to approximately R$ 90,572, was assigned as collateral for certain financial transactions, among which were the pledge for 25% of the amount of the outstanding balance of the principal of debentures (Note 16).

The credit quality of financial assets that were neither past due nor impaired at December 31, 2013 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	94.0	111,283
b) Customers with history of default of up to seven days	5.68	6,724
c) Customers with history of default over seven days	0.32	379
		118,386

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

7. INVENTORY

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Finished products	6,142	4,334	7,118	4,334
Production materials	27,830	19,931	33,037	19,931
Consumable materials	16,620	13,040	19,795	13,086
Other	439	759	888	759
	51,031	38,064	60,838	38,110

The cost of inventory recognized as an expense during 2013 totaled R$ 430,810 (R$ 350,275 in 2012) in the parent and R$ 438,092 (R$ 352,251 in 2012) in the consolidated financial statements.

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.

8. TAXES RECOVERABLE

Taxes recoverable consist of the following:

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Value-added Tax on Sales and Services (ICMS)	5,464	4,516	6,765	4,516
Social Integration Program (PIS)/Social Contribution on Revenue (COFINS)	1,737	852	3,330	852
Excise Tax (IPI)	175	88	197	88
Income tax	168	74	168	74
Social contribution	62	29	62	29
Income Tax Withheld at Source (IRRF) on investments	734	1,290	824	1,290
	8,340	6,849	11,346	6,849
Current	5,133	4,083	7,721	4,083
Non-current	3,207	2,766	3,625	2,766

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	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Banco do Brasil - New York - (a)	1,161	931	1,161	931
Banco Itaú - (b)	-	-	1,569	-
Total current	1,161	931	2,730	931
Current	1,161	931	2,730	931

a) Banco do Brasil - New York - represented the amounts retained to guarantee the settlement of the quarterly installments of the export prepayment loan obtained from Credit Suisse Bank, relating to the installment falling due in February 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 securities received on a certain date and which will be automatically transferred to the current account after the sending of new securities for bank collection.

10. OTHER ASSETS

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Carbon credits	-	4,378	-	4,378
Advances to suppliers	1,433	467	2,038	940
Employee receivables	1,078	1,418	1,285	1,432
Renegotiation with customers	5,397	3,404	5,428	3,435
Prepaid expenses	1,297	1,056	1,534	1,075
Credits receivable - XKW Trading	6,814	7,674	6,814	7,674
Other receivables	629	718	2,115	3,129
	16,648	19,115	19,214	22,063
Current	9,956	12,309	11,672	12,845
Non-current	6,692	6,806	7,542	9,218

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

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 receipts. 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 the renegotiated credits. In order to cover losses, R$ 1,840 of credits were provisioned and deducted from the amount presented in the Parent Company (R$ 5,397) and Consolidated (R$ 5,428) financial statements.

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

Credits receivable - XKW Trading Ltda. - refer to the sale of the subsidiary Meu Móvel de Madeira Ltda. on December 20, 2012, with payments in annual installments and 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 2012 and 2013, 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, treated as RTT (Transitory Tax Regime) and recorded in the same account.

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

ASSETS	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Deferred income tax assets				
On temporary differences	11,295	11,462	13,539	11,462
On tax losses	1,462	1,624	1,462	1,624
Deferred social contribution assets				
On temporary differences	4,066	4,126	4,873	4,126
On tax losses	527	585	527	585
	17,350	17,797	20,401	17,797

LIABILITIES	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Deferred income tax liabilities				
Exchange rate variations taxed on a cash basis	1,303	1,661	1,303	1,661
Interest on debentures	-	-	3,810	2,683
Fair value of biological assets	34,966	37,230	36,737	38,628
Deemed cost of property, plant and equipment and review of useful lives	87,596	86,074	137,495	106,913
Government grants	631	505	631	505
Cash flow hedges	(6,410)	(2,322)	(6,410)	(2,322)
Adjustments to present value	-	-	3,030	-
Customer portfolio	-	-	1,574	-
Trademarks	-	-	327	-
Deferred social contribution liabilities				
Exchange rate variations taxed on the cash basis	469	598	469	673
Interest on debentures	-	-	1,372	891
Fair value of biological assets	12,588	13,403	13,544	14,133
Deemed cost of property, plant and equipment and review of useful lives	31,535	30,986	49,498	38,489
Government grants	227	182	227	182
Cash flow hedges	(2,308)	(836)	(2,308)	(836)
Adjustments to present value	-	-	1,091	-
Customer portfolio	-	-	566	-
Trademarks	-	-	118	-
	160,597	167,481	243,074	201,600
Deferred tax liabilities (net)	143,247	149,684	222,673	183,803

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 follow:

Deferred tax assets	Consolidated
Period	2013
2014	9,511
2015	7,385
2016	3,505
	20,401

Deferred tax liabilities	Consolidated
Period	2013
2014	1,897
2015	2,087
2016	2,296
2017	2,525
2018 onwards	234,269
	243,074

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

Parent company	Assets	Opening balance 12/31/12	Recognized in the results	Contribution from subsidiary	Tax Recovery Program (REFIS)	Closing balance 12/31/2013
Deferred tax assets related to:						
Provision for bonuses		2,614	1,035	-	-	3,649
Provision for sundry risks		12,846	(1,185)	-	-	11,661
Other		128	(77)	-	-	51
Total temporary differences		15,588	(227)	-	-	15,361
Tax losses		2,209	(220)	-	-	1,989
		17,797	(447)		-	17,350

Consolidated	Assets	Opening balance 12/31/12	Recognized in the results	Contribution from subsidiary	Tax Recovery Program (REFIS)	Closing balance 12/31/2013
Deferred tax assets related to:						
Provision for bonuses		2,614	1,035	-	-	3,649
Provision for sundry risks		12,846	(1,185)	3,051	-	14,712
Other		177	(477)	-	-	(300)
Total temporary differences		15,637	(627)	3,051	-	18,061
Tax losses		2,160	15,596		(15,416)	2,340
		17,797	14,969	3,051	(15,416)	20,401

Parent company Liabilities	Opening balance	Recognized in the results	Contribution from subsidiary	Recorded in equity	Closing balance
	12/31/2012				12/31/2013
Deferred tax liabilities related to:					
Exchange rate variations taxed on a cash basis	2,259	(487)	-	-	1,772
Fair value of biological assets	50,633	(3,079)	-	-	47,554
Deemed cost of property, plant and equipment and useful life review	117,060	2,071	-	-	119,131
Government grants	687	171	-	-	858
Cash flow hedges	(3,158)	-	-	(5,560)	(8,718)
	167,481	(1,324)	-	(5,560)	160,597

Consolidated Liabilities	Opening balance	Recognized in the results	Contribution from subsidiary	Recorded in equity	Closing balance
	12/31/2012				12/31/2013
Deferred tax liabilities related to:					
Exchange rate variations taxed on a cash basis	2,335	(563)	-	-	1,772
Interest on debentures	3,573	1,609	-	-	5,182
Fair value of biological assets	52,761	(2,479)	-	-	50,282
Deemed cost of property, plant and equipment and useful life review	145,402	(474)	42,065	-	186,993
Government grants	687	171	-	-	858
Cash flow hedges	(3,158)	-	-	(5,560)	(8,718)
Adjustments to present value	-	4,121	-	-	4,121
Customer portfolio	-	-	2,140	-	2,140
Trademarks	-	-	445	-	445
	201,600	2,384	44,650	(5,560)	243,074

12. INVESTMENTS

	Habitasul Florestal	Irani Trading	Iraflor Comércio de Madeiras	HGE Geração de Energia	Meu Móvel de Madeira	Wave Paticipações S.A.	Ind.papel e Papelão São Roberto	Irani Geração de Energia	Total
At December 31, 2011	115,033	90,524	38,130	3,529	1,359	-	-	-	248,575
Equity in the results of subsidiaries	1,613	11,820	9,083	(2,946)	-	-	-	-	19,570
Share of the results of discontinued operations of subsidiaries	-	-	-	-	596	-	-	-	596
Proposed dividends	(14,086)	(14,450)	(594)	-			-	-	(29,130)
Capital increase	-	4,563	3,370	700	2,011	-	-	-	10,644
Advances on future capital increases	9,420	15,100	-	-			-	-	24,520
Decrease in capital - Meu Móvel de Madeira	-	-	-	-	(2,049)	-	-	-	(2,049)
Sale of interest in Meu Móvel de Madeira	-	-	-	-	(1,917)	-	-	-	(1,917)
At December 31, 2012	111,980	107,557	49,989	1,283	-	-	-	-	270,809
Equity in the results of subsidiaries	15,256	13,284	13,570	(118)	-	(682)	38,159	-	79,469
Proposed dividends	(11,153)	(12,755)	(9,086)	-	-	-	-	-	(32,994)
Capital increase	-	-	13,259	-	-	12,919	-	297	26,475
Advances on future capital increases	3,785	8,034	-	-	-	-	-	-	11,819
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	116,120	67,734	1,165	-	-	44,038	297	349,221

Liabilities	19,168	27,119	1,329	-		-	297,043	-
Equity	119,868	116,120	67,741	1,165		-	44,038	300
Assets	139,036	143,239	69,070	1,165		-	341,081	300
Net revenue	16,955	17,052	20,298	-		21,573	12,401	-
Profit (loss) for the period	15,256	13,284	13,571	(118)		(2,710)	40,187	-
Ownership interest - %	100.00	100.00	99.99	99.98		100.00	100.00	99.00

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

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.

The subsidiary Iraflor Comércio de Madeiras Ltda. carries out activities related to the management and sale of planted forests for the parent company Celulose Irani S.A. and also for the market. In the first six month period of 2013, this subsidiary received a capital contribution from Celulose Irani S.A. amounting to R$ 13,259 paid up through an increase in forest assets amounting to R$ 13,251, and R$ 8 in cash.

The subsidiary HGE Geração de Energia Sustentável Ltda. 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 in the pre-operating stage and is evaluating projects for implementation.

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

Wave Participações S.A. had as its main activities those related to the interest in the capital of other companies, except for holding, and the administration of chattels and properties. It was the parent company that made the contribution to the Company, as mentioned in Note 21. 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., their main activities are those related to the manufacture of packaging papers, own consumption, sales and production of corrugated cardboard, specifically boards, boxes and accessories. The Company recognized intangible assets arising from the business combination, according to Note 36.

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 in the pre-operating stage and is evaluating projects for implementation.

13. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Composition of property, plant and equipment

Parent company

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other	Construction in progress	Advances to suppliers	Assets under finance leases	Leasehold improvements	Total
At December 31, 2011										
Net book value	123,901	29,114	326,772	497	3,563	20,614	759	16,592	14,027	535,839
At December 31, 2012										
Opening balance	123,901	29,114	326,772	497	3,563	20,614	759	16,592	14,027	535,839
Additions	-	583	4,130	92	346	27,587	14,568	1,226	-	48,532
Disposals	-	-	(130)	-	-	(135)	(9,297)	(54)	-	(9,616)
Transfers	-	4,318	21,887	-	712	(26,917)	-	-	-	-
Depreciation	-	(1,276)	(31,480)	(181)	(925)	-	-	(3,175)	(643)	(37,680)
Cost	123,901	40,692	542,676	1,850	8,588	21,149	6,030	28,523	16,061	789,470
Accumulated depreciation	-	(7,953)	(221,497)	(1,442)	(4,892)	-	-	(13,934)	(2,677)	(252,395)
Net book value	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
At December 31, 2013										
Opening balance	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
Additions	-	(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

Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other	Construction in progress	Advances to suppliers	Assets under finance leases	Leasehold improvements	Total
At December 31, 2011										
Net book value	174,487	117,372	326,868	584	6,481	21,024	759	16,709	14,027	678,311
At December 31, 2012										
Opening balance	174,487	117,372	326,868	584	6,481	21,024	759	16,709	14,027	678,311
Additions	1,688	4,469	4,177	124	363	27,689	14,567	1,222	-	54,299
Disposals	(61)	(138)	(131)	-	(2,212)	(234)	(9,296)	(55)	-	(12,127)
Assets of discontinued operations	-	-	(75)	(27)	(206)	-	-	(62)	-	(370)
Transfers	-	4,318	21,887	-	712	(26,917)	-	-	-	-
Depreciation	-	(3,870)	(31,428)	(205)	(1,038)	-	-	(3,195)	(643)	(40,379)
Cost	176,114	153,062	542,798	1,953	9,077	21,562	6,030	28,563	16,061	955,220
Accumulated depreciation	-	(30,911)	(221,500)	(1,477)	(4,977)	-	-	(13,944)	(2,677)	(275,486)
Net book value	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
At 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
Additions	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

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

b) Composition of intangible assets

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

Parent company	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2012					
Opening balance	-	-	-	1,088	1,088
Additions	-	-	-	574	574
Disposals	-	-	-	(13)	(13)
Amortization	-	-	-	(429)	(429)
Net book value	-	-	-	1,220	1,220
At December 31, 2013					
Opening balance	-	-	-	1,220	1,220
Additions	-	-	-	427	427
Amortization	-	-	-	(631)	(631)
Net book value	-	-	-	1,016	1,016

Consolidated	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2012					
Opening balance	-	-	-	1,103	1,103
Additions	-	-	-	607	607
Disposals	-	-	-	(58)	(58)
Amortization	-	-	-	(429)	(429)
Net book value	-	-	-	1,223	1,223
At December 31, 2013					
Opening balance	-	-	-	1,223	1,223
Additions	-	-	-	508	508
Contributions from subsidiaries	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

c) Depreciation method

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

	Rate - %	
	12/31/2013	12/31/2012
Buildings and constructions *	2.19	2.25
Equipment and facilities **	5.86	6.45
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	-

The variations in the annual depreciation rates of property, plant and equipment in 2013 over 2012 were the result of the review carried by the Company of the useful lives of its assets, as required by CPC 27, which is being applied prospectively from January 2013.

d) Other information

Construction in progress refers to works for the improvement and maintenance of the production process in the Packaging Paper and Corrugated Cardboard Packaging plants in Vargem Bonita, State of Santa Catarina, and the Corrugated Cardboard Packaging plant in Indaiatuba, State of São Paulo, the major improvements being the new pulp purification and the refining update, in addition to the renovation of the paper machine #1, with completion expected in 2014. During the period, finance charges amounting to R$ 717 were capitalized at an average rate of 4.74% 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 - SC.

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 2013 is as follows:

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Administrative	1,049	1,630	906	4,096
Productive	29,050	36,050	32,431	36,283
	30,099	37,680	33,337	40,379

The amortization of the Company's intangible assets for 2013 is as follows:

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Administrative	536	391	916	391
Productive	95	38	162	38
	631	429	1,078	429

e) Impairment of property, plant and equipment

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, also 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 the other assets of the Company, no indicators of impairment of its assets at December 31, 2013 were identified.

f) Assets pledged as collateral

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

	12/31/2013
Equipment and facilities	47,251
Buildings and construction	126,615
Land	116,219
Total assets pledged	290,085

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 formation of goodwill is stated below and in Note 36:

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, 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 period was R$ 323, resulting in the presentation of a net balance of R$ 6,294. 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 (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 for the supply of raw material for the production of pulp used in the packaging paper production process, production of resins and sales of timber logs to third parties. All of the Company's biological assets form a single group named "forests", measured together at fair value on a six monthly basis. Because the harvesting of the forests planted is realized based on the 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	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Cost of development of biological assets	43,900	40,932	53,724	78,602
Biological assets at fair value	102,738	118,980	215,001	184,690
	146,638	159,912	268,725	263,292

The Company considers that R$ 189,129 of the total biological assets relates to forests used as raw material for pulp and paper production, of which R$ 145,550 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$ 79,596, 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 utilized for cash flow 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 two 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 semiannual basis), which is deemed a sufficient interval to prevent any lag in the balance of the fair value of biological assets recorded in the financial statements.

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

In 2013, the Company validated the assumptions and criteria used to evaluate the fair value of its biological assets, and valued all of its biological assets.

In 2013, no other events impacted the devaluation of the biological assets, such as rainstorms, lightning or other events that could affect the forests.

Main changes

The changes in the period were as follow:

	Parent company	Consolidated
At 12/31/2011	128,516	239,997
Development expenses	5,126	5,748
Depletion		
Historical cost	(601)	(3,369)
Fair value	(1,764)	(15,851)
Transfers for capitalization of subsidiaries	(3,370)	-
Changes in fair value	32,005	36,767
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 subsidiaries	(13,251)	-
Disposals	(9)	(9)
Changes in fair value	(3,959)	20,107
At 12/31/2013	146,638	268,725

The depletion of biological assets 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 2013, the contribution of new biological assets, amounting to R$ 13,251, was authorized. The purpose of this transaction was to improve the management of forest assets and raise funds through CDCA, as mentioned in Note 15.

b) Biological assets pledged as collateral

The Company has certain biological assets, in the amount of R$ 140,971, pledged as collateral for financial transactions. The pledged assets represent approximately 52% of total biological assets, equivalent to 20.6 thousand hectares of land used, with approximately 10.3 thousand hectares of planted forests.

c) Production on third party land

The Company has entered into non-cancelable lease agreements for the production of biological assets on third party land, called partnerships. These agreements are valid until all planted forests in these areas are harvested in a cycle of approximately 15 years. The amount of biological assets in third party land represents 9.3% of the total area with the Company's biological assets.

15. BORROWING

	Parent company		Consolidated		
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	
Current					
Local currency					
Government Agency for Machinery and Equipment Financing (FINAME)	5,646	2,641	6,893	2,641	a)
Working capital	37,093	33,288	47,073	33,288	b)
Working capital - CDCA	16,490	16,306	16,490	16,306	c)
Finance leases	1,303	1,419	1,435	1,433	d)
Real Estate Credit Notes (CCI)	-	-	-	8,839	e)
National Bank for Economic and Social Development (BNDES)	-	-	10,327	-	f)
Total local currency	60,532	53,654	82,218	62,507	
Foreign currency					
Finance leases	-	2,839	-	2,839	g)
Advances on exchange contracts	12,175	8,490	12,175	8,490	h)
Banco Credit Suisse	5,535	738	5,535	738	i)
Banco Santander (Brazil)	-	1,690	-	1,690	j)
Banco Itaú BBA	11,969	-	11,969	-	k)
Banco Santander PPE	2,640	-	2,640	-	l)
Banco do Brasil	2,151	1,329	2,151	1,329	m)
Banco Citibank	3,017	1,632	3,017	1,632	n)
Total foreign currency	37,487	16,718	37,487	16,718	
Total current	98,019	70,372	119,705	79,225	
Non-current					
Local currency					
Government Agency for Machinery and Equipment Financing (FINAME)	21,855	7,796	22,300	7,796	a)
Working capital	98,049	18,880	98,049	18,880	b)
Working capital - CDCA	54,070	66,741	54,070	66,741	c)
Finance leases	1,244	982	1,462	993	d)
National Bank for Economic and Social Development (BNDES)	-	-	48,262	-	f)
Total local currency	175,218	94,399	224,143	94,410	
Foreign currency					
Banco Credit Suisse	83,172	75,051	83,172	75,051	i)
Banco Itaú BBA	28,505	34,716	28,505	34,716	k)
Banco Santander PPE	10,367	-	10,367	-	l)
Banco do Brasil	1,597	2,048	1,597	2,048	(m)
Banco Citibank	3,071	2,776	3,071	2,776	n)
Total foreign currency	126,712	114,591	126,712	114,591	
Total non-current	301,930	208,990	350,855	209,001	
Total	399,949	279,362	470,560	288,226	

Long term maturities:	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
2014	-	46,322	-	46,333
2015	85,769	58,952	90,010	58,952
2016	142,335	67,654	147,062	67,654
2017	57,360	34,739	63,437	34,739
2018 to 2019	16,466	1,323	50,346	1,323
	301,930	208,990	350,855	209,001

Local currency loans:

a) FINAME - subject to an annual average interest rate of 4.54% with final maturity in 2019.

b) Working capital - subject to an annual average interest rate of 10.01% with final maturity in the second half of 2018.

Transaction costs:

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

Year	Principal
2014	36
2015	19
	55

c) Working capital - CDCA

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

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

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

Transaction costs:

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

Year	Principal
2014	634
2015	484
2016	310
2017	109
	1,537

d) Finance leases - subject to an annual average interest rate of 14.25% with final maturity in the second half of 2018.

	Parent company		Consolidated	
Long term maturities of finance leases:	12/31/2013	12/31/2012	12/31/2013	12/31/2012
2014	-	780	-	791
2015	738	202	875	202
2016	384	-	465	-
2017	122	-	122	-
	1,244	982	1,462	993

e) Real Estate Credit Notes (CCI)

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

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

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

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

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

Foreign currency loans:

Loans in foreign currency at December 31, 2013 are adjusted by the exchange variations of the US Dollar, and they bear annual average interest of 7.85%.

g) Finance leases are adjusted for US Dollar exchange rate fluctuations and are repayable in quarterly installments, with final maturity at the end of 2013.

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

i) The financing from Banco Credit Suisse is adjusted for US 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 a cost of R$ 5,310. The Company renegotiated the term on April 27, 2012, incurring an additional transaction cost of R$ 2,550. Consequently, the effective interest rate decreased from 19.12% to 12.31%.

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

Year	Principal
2014	1,142
2015	1,588
2016	2,209
2017	396
	5,335

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

k) Banco Itaú BBA - adjusted for US Dollar exchange rate fluctuations and repayable in semiannual installments with final maturity in 2017.

l) Banco Santander - adjusted for US Dollar exchange rate fluctuations and repayable in annual installments with final maturity in 2018.

Transaction costs:

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

Year	Principal
2014	122
2015	78
2016	32
2017	4
	236

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

n) Banco Citibank - adjusted for US Dollar exchange rate fluctuations and repayable in quarterly installments with final maturity in 2016.

Transaction costs:

This transaction incurred transaction 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 year are as follow:

Year	Principal
2014	27
2015	10
	37

Collateral:

The collateral for the loans includes sureties of the controlling stockholders and/or statutory liens on land, buildings, machinery and equipment, biological assets (forests), commercial pledges and assignments of receivables amounting to R$ 217,271. Some transactions have specific guarantees, as follow:

i) For working capital - Certificates of Agribusiness Receivables (CDCA) - the Company provided collateral of approximately R$ 65,227, 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 granted by Banco Credit Suisse, the Company pledged as collateral the shares held in its subsidiary Habitasul Florestal S.A.

Restrictive financial covenants:

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

i) Working capital - Agribusiness Credit Rights Certificates (CDCA)
ii) Banco Itaú BBA
iii) Banco Santander Brasil

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 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.

c) The ratio between EBITDA and net finance income 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.

iv) 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) 3.25x for the quarters between March 31, 2014 and December 31, 2014; and (iv) 3x as from the quarters ended 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.

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 transaction 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 year are as follow:

Year	Principal
2014	892
2015	226
	1,118

Collateral:

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

- Assignment in favor of the Land Trustee of Celulose Irani in conformity with the terms and conditions determined in the Private Instrument of Assignment of Real Estate of Irani and Other Covenants, which will guarantee the debt up to the limit of R$ 26,512;

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

Restrictive financial covenants:

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

a) The ratio between net debt and EBITDA over the last 12 months must not exceed: 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); 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 was in compliance with the covenants described above as at December 31, 2013.

Second issue of simple debentures

On November 30, 2012, the Company issued simple, non-convertible debentures, placed through public offering with restricted distribution (i.e. only to qualified institutional investors), amounting to 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 transaction costs of R$ 1,120, with an effective interest rate of 10.62% p.a. The transaction costs to be allocated to the results in each subsequent year are as follow:

Year	Principal
2014	321
2015	251
2016	173
2017	86
	831

Collateral:

Debentures will have collateral amounting to R$ 77,641, as follows:

- Assignment in favor of the Land Trustee of Celulose Irani in conformity with the terms and conditions determined in the Private Instrument of Assignment of Real Estate of Irani and Other Covenants, in the first degree, in the amount of R$ 17,625 and in second degree in the amount of R$ 31,252.
- Agricultural pledge of certain assets in favor of the Forest Assets Trustee of Celulose Irani in conformity with the terms and conditions of the Private Instrument of Agricultural Pledge and Other Covenants.
- Assignment of receivables in favor of the Receivables Trustee of Celulose Irani, equivalent to 25% of the outstanding principal balance of the Debentures.

Restrictive financial covenants:

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

The restrictive financial covenants are as follow:

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 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 amortization, the first on May 20, 2014 and the last on May 20, 2018. Remuneration will be equivalent to the accumulated variations of 100% of the daily average rates of the Interbank Deposits (DI), capitalized on an exponential basis from an annual spread of 4.75% p.a., up to maturity.

The objective of the issue of Debentures was to raise funds for use in the capital contributions and restructuring of the subsidiary Indústria de Papel e Papelão São Roberto S.A. Due to the downstream merger on November 29, 2013, where the 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 presented 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 of the Company.

Banco Itaú S.A. is the Liquidator 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 transaction costs of R$ 2,508, with an effective interest rate of 13.57% p.a. The transaction costs to be allocated to the results in each subsequent year are as follow:

Year	Principal
2014	685
2015	615
2016	461
2017	286
2018	87
	2,134

Collateral:

Debentures will have secured and fiduciary guarantees of assets and rights of Indústria de Papel e Papelão São Roberto S.A., 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, and;
- Assignment of 25% of the receivables during the period of effectiveness of the debentures.

The restrictive financial covenants are as follow:

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.

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 transaction 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 year are as follow:

Year	Principal
2014	794
2015	631
	1,425

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	12/31/2013	12/31/2012	12/31/2013	12/31/2012
2013	-	36,526	-	36,526
2014	36,045	36,089	49,686	36,089
2015	79,216	74,175	42,390	23,440
2016	11,942	11,935	30,511	11,935
2017	12,030	12,013	30,772	12,014
2018	-	-	9,567	-
	139,233	170,738	162,926	120,004
Current	38,545	39,026	53,041	39,026
Non-current	100,688	131,712	109,885	80,978

17. TRADE PAYABLES

Payables to suppliers are as follow:

	Parent company		Consolidated	
CURRENT	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Domestic				
Materials	58,331	31,265	59,739	31,210
Property, plant and equipment	15,097	2,112	15,097	2,112
Service providers	4,560	2,453	5,446	2,597
Carriers	7,478	5,511	8,514	5,514
Related parties	34,127	16,500	-	-
Property, plant and equipment being shipped	1,165	2,168	1,165	2,168
Consignments	66	65	66	65
Foreign				
Materials	501	81	548	81
	121,325	60,155	90,575	43,747

18. TAXES PAYABLE IN INSTALLMENTS

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

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

The amounts are as follow:

CURRENT	Parent company		Consolidated	
Federal Tax Installments	12/31/2013	12/31/2012	12/31/2013	12/31/2012
REFIS installments - Federal Revenue Service	2,503	2,330	2,530	2,360
REFIS installments - Subsidiaries	-	-	3,288	-
Employer's INSS payable in installments	811	767	845	862
Northeast Development Fund (FNDE) payable in installments	-	-	28	25
	3,314	3,097	6,691	3,247

	Parent company		Consolidated	
State Tax Installments	12/31/2013	12/31/2012	12/31/2013	12/31/2012
ICMS payable in installments	1,452	1,988	3,569	1,988
	1,452	1,988	3,569	1,988
Total installments	4,766	5,085	10,260	5,235

NONCURRENT	Parent company		Consolidated	
Federal Tax Installments	12/31/2013	12/31/2012	12/31/2013	12/31/2012
REFIS installments - Federal Revenue Service	1,289	3,919	1,289	3,945
REFIS installments - Subsidiaries	-	-	33,636	-
Employer's INSS payable in installments	271	1,022	271	1,054
FNDE payable in installments	-	-	58	76
	1,560	4,941	35,254	5,075

	Parent company		Consolidated	
State Tax Installments	12/31/2013	12/31/2012	12/31/2013	12/31/2012
ICMS payable in installments	-	1,304	4,905	1,304
	-	1,304	4,905	1,304
Total installments	1,560	6,245	40,159	6,379

Long term maturities:	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
2014	-	2,393	-	2,527
2015	398	618	4,392	618
2016	128	343	4,122	343
2017	128	343	5,002	343
2018 onwards	906	2,548	26,643	2,548
	1,560	6,245	40,159	6,379

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

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

In December 2013, Indústria de Papel e Papelão São Roberto S.A., a subsidiary of the Company, opted for giving up the REFIS installment program (Law 9,964/00) and enrolled in the REFIS installment program of Law 11,941/09, which will be paid in 180 installments restated based on the SELIC rate.

We present below a summary of the REFIS amounts:

	2013
Remaining debit before reductions	85,223
Debits included	958
Reductions of penalties and interest	(21,447)
Offset of Income Tax and Social Contribution on Net Income on tax losses	(15,416)
Debit balance	49,318
Adjustment to present value	(12,121)
Reductions due to payment of installments	(274)
Net debit balance	36,923
Expenses with REFIS structuring	136

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

19. RELATED PARTY TRANSACTIONS

Parent company	Receivables		Payables		Debentures payable	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Irani Trading S.A.	3,349	3,136	1,437	1,415	55,241	50,734
Habitasul Florestal S.A.	4,638	2,171	66	81	-	-
HGE - Geração de Energia	-	-	393	601	-	-
Management	1,005	1,553	-	-	-	-
Iraflor - Com. de Madeiras Ltda	-	-	25,056	15,004	-	-
Management remuneration	-	-	1,949	1,630	-	-
Management profit sharing	-	-	11,439	8,210	-	-
Irani Geração de Energia Sustentável Ltda.	-	-	297	-	-	-
Ind.Papel São Roberto S.A.	36,198	-	8,018	-	-	-
Total	45,190	6,860	48,655	26,941	55,241	50,734
Current portion	44,185	5,307	48,655	26,941	-	-
Non-current portion	1,005	1,553	-	-	55,241	50,734

Parent company	Revenue		Expenses	
	2013	2012	2013	2012
Companhia Com.de Imóveis	836	-	-	-
Ind.Papel São Roberto S.A.	76,534	-	19,513	-
Irani Trading S.A.	-	-	17,026	16,989
Habitasul Florestal S.A.	-	-	4,657	3,489
Iraflor - Com. de Madeiras Ltda.	-	-	19,181	10,357
Druck, Mallmann, Oliveira & Advogados Associados	-	-	222	239
MCFD Administração de Imóveis Ltda	-	-	1,027	946
Irani Participações S.A.	-	-	480	480
Habitasul Desenvolvimentos Imobiliários	-	-	113	111
Share-based payment	-	-	478	309
Meu Móvel de Madeira	-	12	-	-
Management remuneration	-	-	8,119	6,476
Management profit sharing	-	-	7,490	2,931
Total	77,370	12	78,307	42,327

Consolidated	Receivables		Payables	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Management remuneration	-	-	1,949	1,770
Management	1,005	1,553	-	-
Management profit sharing	-	-	11,439	8,210
Total	1,005	1,553	13,388	9,980
Current portion	-	310	13,388	9,980
Non-current portion	1,005	1,553	-	-

Consolidated	Revenue		Expenses	
	2013	2012	2013	2012
Irani Participações S/A	-	-	480	480
Companhia Com.de Imóveis	836	-	-	-
Druck, Mallmann, Oliveira & Advogados Associados	-	-	222	239
MCFD Administração de Imóveis Ltda	-	-	1,027	946
Management remuneration	-	-	8,175	6,954
Habitasul Desenvolvimentos Imobiliários	-	-	113	110
Ind.Papel São Roberto S.A.	50,319	-	7,801	-
Share-based payment	-	-	478	309
Management profit sharing	-	-	7,490	2,931
Total	51,155	-	25,787	11,969

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 and 2013, the Company transferred to Iraflor the amount of R$ 54,086 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 relates to the amount of capital to be paid up by the end of 2014, relating to the contractual amendment for a capital increase.

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

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

The amount payable to MCFD Administração de Imóveis Ltda. is equivalent to 50% of the monthly rental of the Packaging Unit in Indaiatuba-SP, in accordance with an agreement formalized on December 26, 2006 and effective for 20 years, which can be renewed. The monthly amount payable to this related party is R$ 94. The total contractual monthly rental is R$ 188, adjusted annually based on the variation of the General Market Price Index (IGPM) disclosed by Fundação Getúlio Vargas.

The 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 follow: i) a portion of the monthly amount of the lease of R$ 450, 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 operating 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, operations, accounting and financial analysis rendered by the Company, pursuant to the Expense Reimbursement Agreement, inherent to the acquisition process of the shares of Indústria de Papel e Papelão São Roberto S.A. by CCI.

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

Management remuneration expenses, net of payroll taxes, totaled R$ 8,175 at December 31, 2013 (R$ 6,954 at December 31, 2012). The total management remuneration was approved at the General Meeting of Stockholders held on April 29, 2013, at a maximum amount of R$ 10,000.

20. PROVISION FOR CIVIL, LABOR AND TAX RISKS

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

The provision for contingencies is comprised as follows:

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Civil	1,318	977	1,326	985
Labor	630	598	5,566	892
Tax	31,960	36,160	37,186	36,160
Total	33,908	37,735	44,078	38,037
Judicial deposits	628	574	1,122	632

Parent company	12/31/2012	Provision	Payments	Reversal	12/31/2013
Civil	977	357	-	(16)	1,318
Labor	598	133	(46)	(55)	630
Tax	36,160	1,812	-	(6,012)	31,960
	37,735	2,302	(46)	(6,083)	33,908

Consolidated	12/31/2012	Contribution from subsidiary	Provision	Payments	Reversal	12/31/2013
Civil	985	-	357	-	(16)	1,326
Labor	892	5,071	136	(63)	(470)	5,566
Tax	36,160	5,226	1,812	-	(6,012)	37,186
	38,037	10,297	2,305	(63)	(6,498)	44,078

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$ 1,326 was recorded at December 31, 2013 to cover losses arising from these contingencies. Judicial deposits relating to these lawsuits amount to R$ 263 and are classified in non-current assets.

b) Labor lawsuits related, among other matters, to claims filed by former employees for payment of overtime, health hazard premiums, hazardous duty premiums, occupational illnesses and accidents. Based on past experience and the opinion of legal counsel, the Company made a provision of R$ 1,570 at December 31, 2013, which is considered to be sufficient to cover losses arising from labor contingencies. Judicial deposits relating to these lawsuits amount to R$ 859 and are classified in non-current assets.

There are also provisions for lawsuits claiming employment relationships that may occur as a result of the contracting of professionals, estimated at R$ 3,996, and which is necessary because of the business combination, according to Note 36.

c) The provision for tax contingencies refers to the offseting of federal taxes with IPI credits on the acquisition of trimmings by the Company. The amount offset from July 2008 to December 2011 was R$ 22,857. The adjusted balance at December 31, 2013 totaled R$ 31,960.
The tax lawsuits evaluated by the legal advisors as possible losses were accrued because of the business combination, according to Note 36, and totaled R$ 5,226. They mainly include the following lawsuits:

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 being discussed 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 made 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. The amounts of the related labor, civil, environmental and tax lawsuits at December 31, 2013, were as follow:

	Consolidated	
	12/31/2013	12/31/2012
Labor	14,862	14,280
Civil	2,612	2,650
Environmental	875	1,000
Tax	71,413	73,025
	89,762	90,955

Labor contingencies:
The labor lawsuits assessed by legal counsel as involving possible losses total R$ 14,862, and primarily include indemnity claims (hazardous duty premiums, health hazard premiums, overtime, salary premiums, damages and losses arising from occupational accidents), which are currently at different stages of legal proceedings and for which the Company expects a favorable outcome.

Civil contingencies:
The civil lawsuits assessed by the legal counsel as involving possible losses total R$ 2,612 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. As it was observed that the whole area was restored, the action is in the phase of indemnity agreement between the Company and the Public Prosecution Office, at amounts quite lower than the amount included in the table above for this item.

Tax contingencies:
The tax proceedings assessed by the legal counsel as involving possible losses total R$ 71,413 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$ 10,777 at December 31, 2013. The lawsuit is currently in the Taxpayers' Council (CC) 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 December 31, 2013, 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$ 4,652 at December 31, 2013, related to tax notifications for PIS and COFINS, which alleged undue tax credits. The Company has challenged these notifications at the administrative level and awaits the judgment of the voluntary appeals.

- Administrative proceedings related to tax assessment notices received from the Santa Catarina State for alleged undue ICMS tax credits on the acquisition of materials used in the production of industrial plants in this state, which amounted to R$ 31,117 at December 31, 2013. The Company filed defense arguments in respect of these tax assessments.

- Administrative proceedings 11080.009902/2006-89, 11080.009904/2006-88 and 11080.009905/2006-12 related to federal taxes offset against presumed IPI credits on exports, and which were allegedly calculated improperly. The total amount involved was R$ 9,200 at December 31, 2013. The Company has challenged these proceedings at the administrative level and is awaiting a decision on the appeals filed with the Taxpayers' Council.

21. EQUITY

a) Capital

The Company's capital at December 31, 2013 was R$ 116,895 (R$ 103,976 at December 31, 2012), 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.

At the Extraordinary General Meeting held on October 16, 2013, the stockholders approved an increase in the Company's capital of R$ 12,919, with the issue of 4,630,235 common shares at R$ 2.79 each, calculated based on the share's book value at June 30, 2013. This capital increase was fully paid up by the stockholder Irani Participações S.A. with assets, specifically with the contribution of 100% of the shares issued by Wave Participações S.A. ("Wave"), a company located in Porto Alegre, State of Rio Grande do Sul, whose main purpose is making investments in other companies.

b) Treasury shares

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

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

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

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

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

c) Profit for the year

In conformity with Art.202 of Law 6,404/1976, stockholder are entitled to mandatory minimum dividends. In the case of the Company, its bylaws determine that the minimum dividends will be 25% of profit for the year, after offset of accumulated deficit and appropriation of legal reserve. Dividends credited in 2013, referring to the profit for 2013, amounted to R$ 19,516.

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

	2013	2012
Profit for the year	67,408	26,381
Realized revenue reserve - biological assets	439	789
Realized revenue reserve - biological assets (subsidiaries)	4,342	4,126
Realization - deemed cost	8,310	7,864
Realization - deemed cost (subsidiaries)	933	1,313
(-) Legal reserve	(3,370)	(1,319)
Basis for distribution of dividends	78,062	39,154
Minimum mandatory dividend	19,516	9,789
Mandatory minimum dividend payable	19,516	9,789
Total dividends per common share (R$ per share)	0.118749	0.061900
Total dividends per preferred share (R$ per share)	0.118749	0.061900

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

The Board of Directors' Meeting of January 31, 2014 approved, under the terms of Article 29, sole paragraph of the Bylaws, the payment of interim dividends based on the balance sheet at September 30, 2013, totaling R$ 17,000, as described in Note 37.

d) 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.

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

On the base date of these financial statements, the revenue reserves exceed the Share capital by R$ 34,385, and therefore, the General Meeting that will approve these financial statements should also approve the Management proposal for a capital increase with the incorporation of part of these reserves, up to the amount that will meet the required legal provision.

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 is depreciated, at which time the amounts involved will also be adjusted in the basis for calculating dividends. The balance at December 31, 2013, net of tax, represented a gain of R$ 236,016 (R$ 249,370 at December 31, 2012).
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 loss of R$ 16,922 at December 31, 2013 (R$ 6,129 at December 31, 2012).

Changes in the carrying value adjustments are stated in the table below:

	Consolidated
At December 31, 2011	258,547
Cash flow hedges	(6,129)
Realization - deemed costs	(7,864)
Realization - deemed costs (subsidiaries)	(1,313)
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

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

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

	2012		
	Common shares Common	Preferred shares Preferred	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	24,440	1,941	26,381
Basic and diluted earnings per share - R$	0.1652	0.1652	

ii) Basic and diluted earnings from discontinued operations

	2012		
	Common shares	Preferred shares	Common and preferred shares
	Common	Preferred	Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	4,203	334	4,537
Basic and diluted earnings per share - R$	0.0284	0.0284	

23. STOCK OPTION PLAN

Celulose Irani operates a share-based remuneration plan, settled with shares, under which the Company receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the granting of the options is recognized as an expense. The total amount to be expensed is determined with reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions regarding 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 revisions to the 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 follow:

	Average exercise price per share - in Reais	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 follow:

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

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

The volatility was measured using the adjusted annual standard deviation (exponentially weighted moving average - EWMA) of the daily variation of Celulose Irani's shares, considering an interval of approximately 1.5 years, which is 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		Consolidated	
	2013	2012	2013	2012
Gross sales revenue	746,885	599,014	783,003	621,536
Taxes on sales	(164,905)	(133,131)	(171,669)	(134,647)
Sales returns	(6,615)	(3,440)	(7,093)	(3,440)
Net sales revenue	575,365	462,443	604,241	483,449

25. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follow:

	Parent company		Consolidated	
	2013	2012	2013	2012
Fixed and variable costs (raw materials and consumables)	(355,840)	(267,507)	(331,728)	(247,468)
Personnel	(74,678)	(68,163)	(83,233)	(71,873)
Changes in the fair value of biological assets	(3,959)	32,005	20,107	36,767
Depreciation, amortization and depletion	(32,341)	(40,474)	(55,800)	(60,028)
Freight	(25,744)	(21,716)	(27,520)	(23,451)
Services contracted	(18,082)	(15,921)	(20,110)	(16,465)
Selling expenses	(24,582)	(21,700)	(25,259)	(19,447)
	(535,226)	(403,476)	(523,543)	(401,965)
Other expenses, net				
Cost of sales of assets	(601)	235	(5,119)	(314)
Tax Recovery Program (REFIS)	-	-	33,432	-
Sale of permanent assets	1,045	-	1,327	-
Other income (expenses)	(1,538)	(3,858)	(1,301)	(5,924)
	(1,094)	(3,623)	28,339	(6,238)
Total costs and expenses by nature	(536,320)	(407,099)	(495,204)	(408,203)
Costs	(434,769)	(318,270)	(417,985)	(315,484)
Expenses	(100,457)	(85,206)	(105,558)	(86,481)

26. OTHER OPERATING INCOME AND EXPENSES

Income	Parent company		Consolidated	
	2013	2012	2013	2012
Income from sales of assets	1,045	235	1,327	235
Reduction of installments (REFIS)	-	-	33,432	-
Other operating income	2,532	2,228	3,247	2,717
	3,577	2,463	38,006	2,952

Expenses	Parent company		Consolidated	
	2013	2012	2013	2012
Cost of assets damaged and sold	(601)	(473)	(5,119)	(1,022)
Other operating expenses	(3,487)	(5,236)	(3,965)	(7,791)
Share-based payment	(583)	(377)	(583)	(377)
	(4,671)	(6,086)	(9,667)	(9,190)
Total	(1,094)	(3,623)	28,339	(6,238)

27. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent company		Consolidated	
	2013	2012	2013	2012
Operating profit before tax effects	67,004	22,724	56,109	24,895
Statutory rate	34%	34%	34%	34%
Tax credit (expenses) at statutory rate	(22,781)	(7,726)	(19,077)	(8,464)
Tax effect of (additions) deductions:				
Equity in the earnings of subsidiaries	27,019	6,856	-	-
Differences in rates of taxation of subsidiaries	-	-	10,747	7,999
Biological assets	-	-	-	-
Other differences	(3,635)	119	1,854	(2,456)
Adjustments to present value (REFIS)	-	-	4,121	-
Impairment of property, plant and equipment	-	-	(1,561)	-
Tax Recovery Program (REFIS)	-	-	15,416	-
Share-based payment	(199)	(128)	(199)	(128)
	404	(879)	11,301	(3,049)
Current income tax and social contribution	(472)	-	(1,284)	(997)
Deferred income tax and social contribution	876	(879)	12,585	(2,052)

28. FINANCE RESULT

	Parent company		Consolidated	
	2013	2012	2013	2012
Finance income				
Income from financial investments	5,579	5,473	5,841	5,646
Interest	1,910	1,151	5,488	1,134
Discounts obtained	500	293	504	301
	7,989	6,917	11,833	7,081
Foreign exchange variations				
Foreign exchange gains	7,858	12,258	7,858	12,258
Foreign exchange gains - derivatives at fair value	-	199	-	199
Foreign exchange losses	(9,495)	(17,348)	(9,495)	(17,358)
Foreign exchange losses - derivatives at fair value	-	(486)	-	(486)
Foreign exchange variations, net	(1,637)	(5,377)	(1,637)	(5,387)
Finance costs				
Interest	(56,657)	(52,769)	(61,824)	(51,008)
Discounts granted	(308)	(79)	(310)	(83)
Discounts/bank expenses	(151)	(240)	(164)	(255)
Other	(746)	(642)	(826)	(699)
	(57,862)	(53,730)	(63,124)	(52,045)
Finance result, net	(51,510)	(52,190)	(52,928)	(50,351)

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 December 31, 2013, 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$ 488,145. The Company also contracted group life insurance for employees with a minimum coverage of 10 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 (borrowing 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 December 31, 2013 was 50% of its own capital and 50% of third party capital, due to the consolidation of the indebtedness of the subsidiary São Roberto S.A. in October 2013.

Debt to equity ratio

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

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Debt (a)	539,182	450,100	633,486	408,230
Cash and banks	122,300	95,051	135,005	96,922
Held-to-maturity investments	1,161	931	2,730	931
Net debt	415,721	354,118	495,751	310,377
Equity (b)	488,229	453,999	488,241	454,005
Net indebtedness ratio	0.85	0.78	1.02	0.68

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

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

Categories of financial instruments

	Parent company		Consolidated	
Financial assets	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Held-to-maturity investments	1,161	931	2,730	931
Banks - restricted accounts	1,161	931	2,730	931
Loans and receivables				
Cash and banks	122,300	95,051	135,005	96,922
Trade receivables	127,967	93,785	129,970	96,781
Other receivables	6,475	9,200	6,713	9,245
Financial liabilities				
Amortized cost				
Borrowing	399,949	279,362	470,560	288,226
Debentures	139,233	170,738	162,926	120,004
Trade payables	121,325	60,155	90,575	43,747

Financial risk factors

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

In order to provide a framework for the Company's financial management, the Company has 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 borrowing in foreign currency or exports and were approved by the Board of Directors.

Exchange rate risk

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

The total net foreign exchange exposure was equivalent to 25 months of exports based on the average of exports in 2012, and 20 months of exports based on the average of exports in 2013. As most of the borrowing in foreign currency is repayable in the long term, the Company believes that it will generate sufficient cash flow in foreign currency to settle its long term liabilities in foreign currency.

	Parent company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Accounts receivable	9,200	8,417	9,229	8,447
Carbon credits receivable	-	4,378	-	4,378
Banks - restricted accounts	1,161	931	1,161	931
Advances from customers	(144)	(199)	(144)	(199)
Trade payables	(501)	(81)	(548)	(81)
Borrowing	(164,199)	(131,309)	(164,199)	(131,309)
Net exposure	(154,483)	(117,863)	(154,501)	(117,833)

The Company has identified the main risk factors that could generate losses in connection with its financial instruments. Consequently, it has developed a sensitivity analysis, as determined by CVM Instruction 475, which requires the presentation of two scenarios with deteriorations of 25% and 50% in the risk 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 exchange rate at levels approximating those effective for the period in which these financial statements were prepared.

2 - Adverse scenario: 25% deterioration in the exchange rate compared to that at December 31, 2013.

3 - Remote scenario: 50% deterioration in the exchange rate compared to that at December 31, 2013.

Operation	At 12/31/2013	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
	U$$	Rate	R$	Rate	R$	Rate	R$
Assets							
Accounts receivable	5,105	2.44	482	3.05	3,592	3.66	6,703
Liabilities							
Accounts payable	(295)	2.44	(28)	3.05	(208)	3.66	(387)
Borrowing	(64,983)	2.44	(6,134)	3.05	(45,725)	3.66	(85,323)
Net effect			(5,680)		(42,341)		(79,007)

This sensitivity analysis is intended to measure the impact of changes in foreign exchange market variables on each financial instrument of the Company. The balances at December 31, 2013 were utilized as a basis for the projection of the future balance. The actual behavior of debt balances and derivative instruments will depend on the respective contracts, whereas balances receivable and payable could fluctuate due to the normal activities of the Company and its subsidiaries. The settlement of transactions involving these estimates could result in amounts different from those estimated due to the subjectivity of the process utilized in the preparation of these analyses. The Company tries to maintain its funding and derivatives transactions exposed to exchange rate changes, with the 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 affecting the Company's assets and liabilities indexed to the Long Term Interest Rate (TJLP), Interbank Deposit Certificate (CDI), Special System for Settlement and Custody (SELIC), Euro Interbank Offered Rate (EURIBOR), London Interbank Offered Rate (LIBOR) or Amplified Consumer Price Index (IPCA).

The sensitivity analysis calculated for the base scenario, adverse scenario and remote scenario on the loan agreements subject to indexed interest are as follow:

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 December 31, 2013.

3 - Remote scenario: adjustment of 50% of interest rates based on the level at December 31, 2013.

Operation	Index	At 12/31/2013	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
			Rate % p.a.	R$	Rate % p.a.	R$	Rate % p.a.	R$
Cash and cash equivalents								
CDB	CDI	131,221	10.27%	667	12.84%	4,090	15.41%	7,513
Borrowing								
Working capital	CDI	85,593	10.27%	(477)	12.84%	(2,927)	15.41%	(5,377)
Debentures	CDI	168,435	10.27%	(842)	12.84%	(5,167)	15.41%	(9,491)
National Bank for Economic and Social Development (BNDES)	TJLP	63,937	5.00%	-	6.25%	(799)	7.50%	(1,598)
Working capital	Amplified Consumer Price Index (IPCA)	72,097	5.91%	-	7.39%	(1,065)	8.87%	(2,130)
Financing - foreign currency	LIBOR	22,844	34.00%	7	0.42%	(12)	0.50%	(31)
Net effect		544,127		(645)		(5,880)		(11,114)

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.

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

	Parent company		Parent company	
	12/31/2013		12/31/2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value	-	-	-	-
	-	-	-	-
Assets measured at amortized cost				
Banks - restricted accounts	1,161	1,161	931	931
Cash and banks	122,300	122,300	95,051	95,051
Trade receivables	127,967	127,967	93,785	93,785
Other receivables	6,475	6,475	9,200	9,200
	257,903	257,903	198,967	198,967
Liabilities measured at fair value	-	-	-	-
	-	-	-	-
Liabilities measured at amortized cost				
Trade payables	121,325	121,325	60,155	60,155
Borrowing	399,949	399,949	279,362	279,362
Debentures	139,233	139,233	170,738	170,738
	660,507	660,507	510,255	510,255

	Consolidated		Consolidated	
	12/31/2013		12/31/2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value	-	-	-	-
	-	-	-	-
Assets measured at amortized cost				
Banks - restricted account	2,730	2,730	931	931
Cash and banks	135,005	135,005	96,922	96,922
Trade receivables	129,970	129,970	96,781	96,781
Other receivables	6,713	6,713	9,245	9,245
	274,418	274,418	203,879	203,879
Liabilities measured at fair value	-	-	-	-
	-	-	-	-
Liabilities measured at amortized cost				
Trade payables	90,575	90,575	43,747	43,747
Borrowing	470,560	470,560	288,226	288,226
Debentures	162,926	162,926	120,004	120,004
	724,061	724,061	451,977	451,977

Credit risk

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

Trade receivables 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 the group's Cash and cash equivalents. These are maintained to meet the cash flow needs of the Company, and Management ensures that the investments are made in financial institutions with which it has a stable relationship, by means of the application of the financial policy that determines the allocation of cash, without limitations, to:

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

Liquidity risk

Management monitors the liquidity level based on the expected cash flow, which comprises cash, short term financial investments, flows of receivables and payables, and the repayment of borrowing. 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 December 31, 2013, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including interest that will be earned on these assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management, since it is based on net assets and liabilities:

Parent company

	2014	2015	2016	2017	As from 2018
Liabilities					
Trade payables	121,325	-	-		-
Borrowing	105,376	89,729	151,792	57,360	13,748
Debentures	48,130	99,959	32,534	32,495	971
Other liabilities	4,766	398	128	128	906
	279,597	190,086	184,454	89,983	15,625
Assets					
Cash and cash equivalents	122,300	-	-	-	-
Banks - restricted account	1,161	-	-	-	-
Trade receivables - not yet due	115,773	-	-	-	-
Renegotiations with customers	5,472	986	638	182	28
Other assets	4,896	-	-	-	-
	249,602	986	638	182	28
	(29,995)	(189,100)	(183,816)	(89,801)	(15,597)

Consolidated

	2014	2015	2016	2017	As from 2018
Liabilities					
Trade payables	90,575	-	-		-
Borrowing	122,650	93,750	157,108	63,437	52,010
Debentures	58,589	52,499	32,534	32,495	33,311
Other liabilities	10,260	4,392	4,122	5,002	26,643
	282,074	150,641	193,764	100,934	111,964
Assets					
Cash and cash equivalents	135,005	-	-	-	-
Banks - restricted account	2,730	-	-	-	-
Trade receivables - not yet due	118,386	-	-	-	-
Renegotiations with customers	7,186	986	638	182	28
Other assets	4,896	-	-	-	-
	268,203	986	638	182	28
	(13,871)	(149,655)	(193,126)	(100,752)	(111,936)

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

The Company has access to credit facilities with a total amount not utilized at the end of the reporting period of R$ 108,511, 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 results. The derivative financial instruments are measured at fair value and those linked to loan transactions are recognized directly in the results.

The Company maintains internal controls that management considers 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 type of hedge. The results achieved by this type of monitoring have hedged cash flow against foreign exchange rate changes.

a) Derivative financial instruments carried at fair value

On December 31, 2013, the Company did not have derivative financial instruments measured at fair value.

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

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

The purpose of this swap transaction was to align the transaction price and the related maturity dates to the original transaction. The swap contract cannot be settled separately. The Export Credit Note (CCE) contract began to be remunerated at a fixed interest rate plus the dollar variations. Consequently, the CCE contract 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 in substance a single instrument. This contract is included in the sensitivity analysis of currency exposure disclosed in this same note.

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

Cash flow hedges

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

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

The hedged cash flow are the estimated exports up to 2017, and the amount recorded in equity based on hedge accounting amounted to R$ 16,922 at December 31, 2013 (R$ 6,129 in 2012).

	Company and Consolidated 12/31/2013	Company and Consolidated 12/31/2012
Opening balance	9,286	-
Change in cash flow hedge	17,558	9,474
Reclassification to the statement of income	(1,204)	(188)
	25,640	9,286
Opening balance	(3,157)	
Taxes on change in cash flow hedge	(5,970)	(3,221)
Taxes on reclassification to the statement of income	409	64
	(8,718)	(3,157)
Closing balance	16,922	6,129

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 of transactions treated as cash flow hedges are reclassified from equity to the statement of income for the period when the foreign exchange variation of the hedge is effectively realized. The cash flow hedge results effective in the offsetting of the variations in the hedged expenses are recorded as a reduction of these expenses, decreasing or increasing the operating result, whereas the non-effective results are recorded as finance income or costs for the period.
The Company did not identify 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”.

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

Corrugated Cardboard Packaging Sector - 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 is São Paulo, SP.

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

	Consolidated 2012				
	Packaging Corrugated Cardboard	Packaging paper	RS Forest and Resins	Corporate eliminations	Total
Net sales:					
Domestic market	281,639	118,375	20,920	369	421,303
Foreign market	-	42,305	19,841	-	62,146
Revenue from sales to third parties	281,639	160,680	40,761	369	483,449
Revenue between segments	-	6,974	-	(6,974)	-
Total net sales	281,639	167,654	40,761	(6,605)	483,449
Changes in the fair value of biological assets	-	36,951	(184)	-	36,767
Cost of products sold	(224,106)	(100,151)	(29,993)	1,999	(352,251)
Gross profit	57,533	104,454	10,584	(4,606)	167,965
Operating expenses	(32,653)	(11,282)	(2,488)	(46,296)	(92,719)
Operating result before finance result	24,880	93,172	8,096	(50,902)	75,246
Finance result	(25,783)	(26,352)	140	1,644	(50,351)
Net operating profit (loss)	(903)	66,820	8,236	(49,258)	24,895
Total assets	155,257	713,972	134,160	204,701	1,208,090
Total liabilities	69,916	256,413	6,834	420,922	754,085
Equity	-	259,782	123,379	70,844	454,005

The balance in the column "Corporate and eliminations" refers basically to the corporate support area's expenses not apportioned among the segments, and the adjustments of transactions between segments, which are carried out 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 2013 totaled R$ 604,241 (R$ 483,449 in 2012).

The net sales revenue from exports in 2013 amounted to R$ 76,714 (R$ 62,146 in 2012), which relates to the various countries as follows:

Consolidated 2013		
Country	Export revenue, net	% of total revenue, net
Argentina	17,019	2.80%
Netherlands	14,036	2.30%
Saudi Arabia	9,331	1.50%
France	5,355	0.90%
South Africa	5,225	0.90%
Chile	4,109	0.70%
Paraguay	3,788	0.60%
Peru	2,328	0.40%
Bolivia	2,078	0.30%
India	2,045	0.30%
Portugal	2,007	0.30%
Norway	1,735	0.30%
Venezuela	977	0.20%
Turkey	956	0.20%
Japan	937	0.20%
Singapore	826	0.10%
Uruguay	642	0.10%
Colombia	625	0.10%
Canada	576	0.10%
Germany	531	0.10%
Other countries	1,588	0.30%
	76,714	12.70%

Consolidated 2012		
Country	Export revenue, net	% of total revenue, net
Argentina	12,401	2.60%
Netherlands	11,865	2.50%
Saudi Arabia	9,767	2.00%
South Africa	4,040	0.80%
France	3,604	0.70%
Paraguay	3,098	0.60%
Chile	3,068	0.60%
Peru	2,649	0.50%
Spain	1,617	0.30%
Venezuela	1,526	0.30%
Germany	1,304	0.30%
Norway	1,113	0.20%
Bolivia	1,110	0.20%
Turkey	713	0.10%
India	682	0.10%
Portugal	676	0.10%
Colombia	606	0.10%
Other countries	2,307	0.50%
	62,146	12.50%

The Company's net sales revenue in 2013 in the domestic market amounted to R$ 527,527 (R$ 421,303 in 2012).

In 2013, a single customer accounted for 16.1% of net sales in the domestic market of the Corrugated Cardboard Packaging Division, equivalent to R$ 52,232. The Company's other sales in the domestic and foreign markets were diluted among various customers, and no customer accounted for more than 10% of net sales.

32. DISCONTINUED OPERATION

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

The results and cash flow from the discontinued operation are presented as follow:

RESULT FROM DISCONTINUED OPERATION	2012
Net revenue	13,641
Cost of products sold	(6,352)
Gross profit (loss)	7,289
Selling, general and administrative expenses	(6,345)
Finance income	21
Finance costs	(214)
Other operating income	5,993
Other operating expenses	(14)
Operating profit (loss) before taxation	6,730
Income tax and social contribution	(2,193)
Net profit (loss) from discontinued operations	4,537

CASH FLOW FROM OPERATING ACTIVITIES	2012
Profit before income tax and social contribution	6,730
Depreciation, amortization and depletion	79
Inflation adjustments and financial charges	81
	6,890

33. OPERATING LEASE AGREEMENTS (PARENT COMPANY)

Rental of production units

The Company had three rental agreements for production units as at December 31, 2013, in addition to other rental agreements for small commercial and administrative units, all classified as operating leases and allocated to expenses on the accruals basis over the lease period.

The rental agreements of the production units are as follow:

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$ 188, 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$ 450, adjusted annually based on the IPCA variation.

The rental amounts recognized as expenses in 2013 by the parent company, net of taxes, when applicable, were as follow:

- Rentals of production units = R$ 22,460 (R$ 18,456 at 12/31/2012)
- Rentals of commercial and administrative units = R$ 644 (R$ 396 at 12/31/2012)

The future commitments at December 31, 2013 arising from these agreements totaled a minimum amount of R$ 114,071. The rentals were calculated at present value, using the IGPM accumulated in the last twelve months of 5.53% p.a.

	No later than 1 year	1-5 years	After 5 years	Total
Future operating leases	24,930	54,512	34,629	114,071
Operating leases at present value	23,625	46,241	20,778	90,644

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 3,371 hectares, of which 2,374 hectares comprised the planted area. For certain areas there is a lease commitment to be disbursed monthly, as shown below.

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

Non-cancelable operating lease commitments

	No later than 1 year	1-5 years	After 5 years	Total
Future operating leases	363	1,666	1,950	3,979
Operating leases at present value	326	1,306	1,284	2,916

34. GOVERNMENT GRANTS

The Company has ICMS tax incentives in the State of Santa Catarina, where 60% of the ICMS increase, calculated on an average basis (September 2006 to August 2007) prior to investments made, are deferred for payment after 48 months. This benefit is calculated monthly and is subject to realizing the planned investments and maintaining jobs, besides the maintenance of a regular status with the State, conditions that are being fully met.

These incentives are subject to charges at an annual contractual rate of 4.0%. In order to calculate the present value of 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 ben required in the absence of the benefits, resulting in R$ 2,523.

The benefit is effective for 14 years, from January 2009 to December 2022, or up to the limit of R$ 55,199 of deferred ICMS. The Company had deferred ICMS amounting to R$ 22,581 recorded in liabilities at December 31, 2013 (net of government subsidies, R$ 20,058).

35. 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 2013, the Company purchased property, plant and equipment amounting to R$ 23,316, financed directly by the sellers, made a capital contribution in the form of planted forests to the subsidiary Iraflor Comércio de Madeiras Ltda. amounting to R$ 13,251, and also received a capital contribution from its parent company Irani Participações S.A., amounting to R$ 12,919 paid up with shares.

During 2012, the Company purchased property, plant and equipment in the amount of R$ 9,723, financed directly by the sellers, and also made capital contributions with buildings and facilities to the subsidiary Irani Trading S.A. in the amount of R$ 4,563, and with planted forests to the subsidiary Iraflor Comércio de Madeiras Ltda. in the amount of R$ 3,370.

36. BUSINESS COMBINATIONS

On January 29, 2013, through the Contract for the Purchase and Sale of Shares subject to certain terms, Wave Participações S.A. acquired 10,918,904 registered shares, of which 6,286,635 are common and 4,632,269 are preferred, representing 100% of the share capital of Indústria de Papel e Papelão São Roberto S.A.

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

The following table summarizes the consideration paid to Indústria de Papel e Papelão São Roberto S.A., as well as the amounts of assets acquired and liabilities assumed, recognized at the acquisition date in Wave Participações S.A.:

Consideration

At January 29, 2013	
Cash	5,000
Installments payable	2,500
Total consideration	7,500
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	(184)
Banks - restricted account	3,566
Property, plant and equipment	161,711
Investment	54
Intangible assets	113
Inventory	12,656
Trade and other receivables	31,977
Trade and other payables	(26,359)
Borrowing	(111,950)
Obligations and tax installments	(115,795)
Social security charges	(3,446)
Reserve for contingencies	(1,130)
Deferred tax liabilities	(44,382)
Advances from customers	(5,697)
Subtotal net liabilities	(98,866)
Customer portfolio	7,081
Inventory	1,136
Trademarks	1,308
Appreciation of land	2,457
Tax contingencies	(8,974)
Deferred IRPJ and CSLL	(1,022)
Subtotal of assets/liabilities arising from business combinations, net	1,986
Total net liabilities	(96,880)
Goodwill	104,380
	7,500

The fair value of inventory is R$ 1,136, and is based on the value that would be realized from the sale of the entire inventory at the transaction date. This calculation was based on the additions to the book value of the mark-up of sales, calculated through the ratio between net sales and cost of sales from January 2012 to January 2013.

The fair value of identifiable intangible assets acquired, of R$ 8,389 is recognized and stated in conformity with Note 13.

Contingent liabilities of R$ 8,974 were recognized and are being presented in conformity with Note 20.

The realization of these assets is as follows:

	Consolidated
	12/31/2013
Customer portfolio	787
Inventory	1,136
Income tax and Social Contribution on Net Income on realization of assets	(654)
	1,269

37. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors' Meeting of January 31, 2014 approved, under the terms of Article 29, sole paragraph of the Bylaws, the payment of interim dividends based on the balance sheet as at September 30, 2013, totaling R$ 17,000, corresponding to R$ 0.103441 per common and preferred share to the stockholders on this date. Shares were traded ex-dividend as from the time of approval, and the stockholders will be paid in up to 30 days. The amounts of dividends mentioned should be subtracted from the dividends for 2013, which should be approved at the General Meeting.

* * *

(A free translation of the original in Portuguese)

To the Stockholders:

The management of **Celulose Irani S.A.** submits for your appreciation the Company's Management Report and Financial Statements, together with the related independent auditor's report, for the year ended December 31, 2013. The Financial Statements are prepared in accordance with the Brazilian Corporation Law and its amendments, and the standards issued by the Brazilian Securities Commission (CVM).

Message to the Stockholders

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

2013 Highlights

The U.S. and European economies presented signs of recovery, even though a moderate one, with highlights including improvements in the main economic indicators of the last quarter of the year, and the indication that in the United States of America the measures adopted to stimulate the economy will be soon removed. In Brazil, the reflexes of this scenario were felt over the last months of the year with the strengthening of the US Dollar, administered by a more intensive performance of the Brazilian Central Bank in the foreign exchange market. Inflationary pressure is again a worry, causing the Central Bank repeatedly to increase the basic interest rate (SELIC) to 10.75% p.a. in its meeting held in February 2014. On the other hand, economic activity in Brazil has presented signs of weakness, with Gross Domestic Product (GDP) for 2013 of 2.3%, below the original expectations.

However, the indicators of consumption levels in the domestic market remained at high levels, favoring the paper and packaging sector, according to the Brazilian Corrugated Cardboard Association (ABPO). Sales of boxes, accessories and corrugated cardboard sheets totaled 3.4 million metric tons in 2013, an increase of 2.9% compared to 2012. This means that the performance of the sector was slightly stronger than the overall GDP performance, demonstrating that the packaging and corrugated cardboard sector had more favorable dynamics than the economy as a whole. IRANI Market sales increased above the ABPO Market figures in the accumulated for the year compared to 2012.

In the domestic market, the highlight in 2013 was the integration of the operations of Indústria de Papel e Papelão São Roberto S.A., which became a wholly-owned subsidiary of the Company from October 17. The Stockholders' extraordinary general meeting held on October 16, 2013 approved the capital increase of Celulose Irani amounting to R$ 12,918 thousand, with the issue of 4,630,235 common shares, which were paid up by the stockholder Irani Participações S.A., through the contribution of 100% of the shares of Wave Participações S.A. This, in turn, is the holder of 100% of the ownership interest in Indústria de Papel e Papelão São Roberto S.A. With the consolidation of the operations of São Roberto, Celulose Irani becomes one of the leaders of the corrugated cardboard sector in Brazil.

Consolidated net revenue increased by 25% in 2013 compared to 2012, reflecting an increase in the sales revenue of paper from the plant leased in Santa Luzia (MG) and in the packaging sales revenue of São Roberto S.A. consolidated as from October 2013.

In 2013, the Corrugated Cardboard Packaging Sector represented 54% of IRANI"s net revenue, while the Packaging Paper and the Forest RS and Resins segments represented 40% and 6%, respectively. The main market is the Brazilian domestic market, which accounted for 87% of the Company's sales.

Main financial and economic indicators

CHIEF INDICATORS - CONSOLIDATED	4Q13	3Q13	4Q12	Variation 4Q13/3Q13	Variation 4Q13/4Q12	2013	2012	Variation 2013/2012	PROFORMA* 2013	PROFORMA* 2012
Economic and financial (R$ thousand)										
Net operating revenue	180,588	155,240	129,215	16.3%	39.8%	604,241	483,449	25.0%	697,436	646,444
Domestic Market	163,167	134,877	114,101	21.0%	43.0%	527,527	421,303	25.2%	620,722	618,298
Export market	17,421	20,363	15,114	-14.4%	15.3%	76,714	62,146	23.4%	76,714	62,146
Gross profit (including *)	55,743	44,504	72,962	25.3%	-23.6%	186,256	167,965	10.9%	203,622	195,631
(*) Changes in the fair value of biological assets	*11,017*	-	*39,027*	-	*-71.8%*	*20,107*	*36,767*	*-45.3%*	*20,107*	*36,767*
Gross margin	**30.9%**	**28.7%**	**56.5%**	**2.2p.p.**	**-25.6p.p.**	**30.8%**	**34.7%**	**-3.9p.p.**	**29.2%**	**30.3%**
Profit (loss) before taxes and profit sharing	29,379	9,043	33,619	224.9%	-12.6%	56,109	24,895	125.4%	42,793	(1,008)
Operating margin	**16.3%**	**5.8%**	**26.0%**	**10.5p.p.**	**-9.7p.p.**	**9.3%**	**5.1%**	**4.2p.p.**	**6.1%**	**-0.2%**
Profit (loss)	42,825	7,058	29,302	506.8%	46.2%	67,408	26,381	155.5%	55,361	478
Net margin	**23.7%**	**4.5%**	**22.7%**	**19.2p.p.**	**1.0p.p.**	**11.2%**	**5.5%**	**5.7p.p.**	**7.9%**	**0.1%**
Adjusted EBITDA [1]	31,387	36,421	35,315	-13.8%	-11.1%	126,210	115,422	9.3%	137,355	129,155
Adjusted EBITDA Margin	**17.4%**	**23.5%**	**27.3%**	**-6.1p.p.**	**-9.9p.p.**	**20.9%**	**23.9%**	**-3,0p.p.**	**19.7%**	**20.0%**
Net debt	495.8	361.7	310.4	37.1%	59.7%	495.8	310.4	59.7%	495.8	310.4
Net Debt/Adjusted EBITDA (x) [2]	3.61	2.78	2.69	29.9%	34.2%	3.61	2.69	34.2%	3.61	2.69
Operating data (metric tons)										
Corrugated Cardboard Packaging (PO)										
Production / Sales	50,707	33,818	33,003	49.9%	53.6%	148,486	126,340	17.5%		
Packaging Paper										
Production	66,915	64,201	50,645	4.2%	32.1%	251,209	200,013	25.6%		
Sales	39,283	31,302	20,232	25.5%	94.2%	120,016	77,626	54.6%		
RS Forest and Resins										
Production	941	1,943	904	-51.6%	4.1%	7,930	6,620	19.8%		
Sales	857	2,244	1,952	-61.8%	-56.1%	8,019	6,878	16.6%		

[1] EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) - see the related section in this release.
[2] The calculation of the 2013 Net Debt/EBITDA indicator is using the *pro forma* EBITDA, which assumes that the results of the operations of the subsidiary São Roberto S.A. had already been consolidated from January/13.
*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 Sector increased by 17.5% compared to 2012 and totaled 148.5 thousand metric tons in 2013. The Packaging Paper and Resin sales also increased in 2013, attaining 120.0 thousand metric tons (54.6%) and 8.0 thousand metric tons (16.6%), respectively. The significant increase was due to the integration of the Packaging Paper production plant (MG) and the Corrugated Cardboard Packaging plant (SP) of Indústria de Papel e Papelão São Roberto S.A. "São Roberto".

- The Net Operating Revenue in 4Q13 was 39.8% higher than in 4Q12 and 16.3% higher than in 3Q13.On an annual basis, net revenue was 25.0% higher than in 2012 and attained R$ 604.2 million, reflecting the increase in the sales of packaging paper from the leased plant of Santa Luzia (MG) and the sales of corrugated cardboard packaging of São Roberto from October.

- The gross profit reduced by 23.6% in comparison with 4Q12, and in comparison with 3Q13 it increased by 25.3%. In comparison with 2012, it increased by 10.9% and attained R$ 186.2 million, mainly as a result of the increase in net revenue.

- Net profit was R$ 42.8 million in 4Q13 against R$ 29.3 million in 4Q12 and R$ 7.0 million in 3Q13. On an annual basis, the result was R$ 67.4 million in 2013, an increase of 155.5% compared with 2012. The main factor that impacted on this result was the increase in sales volumes and the results of the enrollment in the Tax Recovery Program (REFIS) of Law 11,941/09 in the subsidiary São Roberto.

- Adjusted EBITDA in 4Q13 was calculated at R$ 31.4 million with a 17.4% margin. In 2013, it totaled R$ 126.2 million in the year, an increase of 9.3% on 2012, with a margin of 20.9%. EBITDA *pro forma*, which considers the operations of São Roberto as if they had been integrated into IRANI since the beginning of the year, totaled R$ 137.3 million in 2013.

- Net debt/EBITDA: 3.61* times in December 2013.

**The calculation of this indicator considers the pro forma EBITDA described in this report, which takes into consideration the operations of the subsidiary São Roberto S.A., as if they had already been consolidated since January 2013, in order to obtain the annualized result for comparison purposes.*

BUSINESS PANORAMA

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

Corrugated Cardboard Packaging Division: this division produces boxes and light and heavy corrugated cardboard sheets, and has three industrial units in the cities of Vargem Bonita - SC, São Paulo - SP (São Roberto) and Indaiatuba -SP.

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

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

Subsidiaries

Celulose Irani S.A. has the following subsidiaries:

- Irani Trading S.A., which makes all of the Company's exports and operates in the real estate area in the management and rental of properties.

- Habitasul Florestal S.A., with a forest base of 16.6 thousand hectares, has 8.3 hectares of pine planted in Rio Grande do Sul, supplier of resin to the unit Resinas da Celulose Irani S.A. and also supplier of wood for clients in the region.

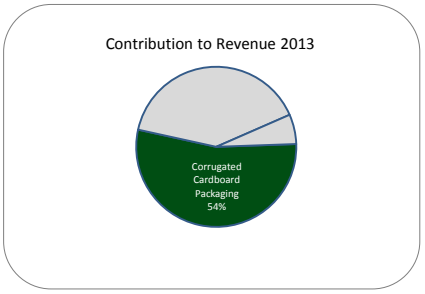
- HGE - Geração de Energia Sustentável Ltda. and Irani Geração de Energia Sustentável Ltda., which operate in the generation, transmission and distribution of electric power sourced from wind energy, and are in the pre-operating phase.

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

- Indústria de Papel e Papelão São Roberto S.A., which, through its industrial unit located in São Paulo (SP), manufactures and sells corrugated cardboard packaging to the domestic market.

1. OPERATING PERFORMANCE (not reviewed by independent auditors)

1.1. Corrugated Cardboard Packaging Sector



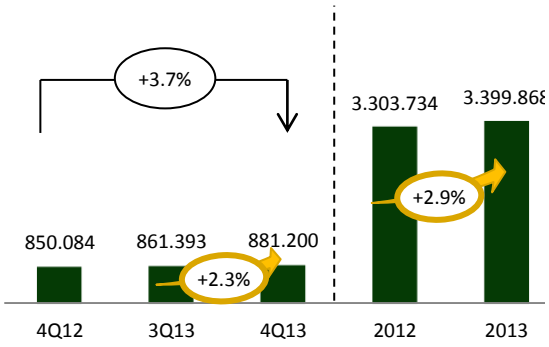
As shown in the following charts, the volume of corrugated cardboard packaging sales of the ABPO Market in metric tons grew in 4Q13 by 3.7% over 4Q12, and in the IRANI Market it increased by 53.6% in the same period, totaling 50,707 metric tons. Compared with 3Q13, the ABPO Market recorded an increase of 2.3% and the IRANI Market recorded an increase of 49.9%. In 2013, the ABPO Market recorded an increase of 2.9% in relation to 2012, and the IRANI Market recorded an increase of 17.5%.
The significant variation in the sales volume is a result of the consolidation of São Roberto S.A. as from October 2013.

In metric tons, IRANI's market share in this quarter was 5.7% over 3.9% in 4Q12 and 3Q13. IRANI's market share in 2013 was 4.4%, while in 2012 it was 3.8%.

In 2013, sales of boxes increased by 14.9% and sales of sheets increased by 24.8%. The plants in Indaiatuba, Santa Catarina and São Paulo-SP (São Roberto) represented 50%, 40% and 10%, respectively, of the total sold in 2013, with all of their production allocated to the domestic market. The volume sold of São Roberto is only considered from October.

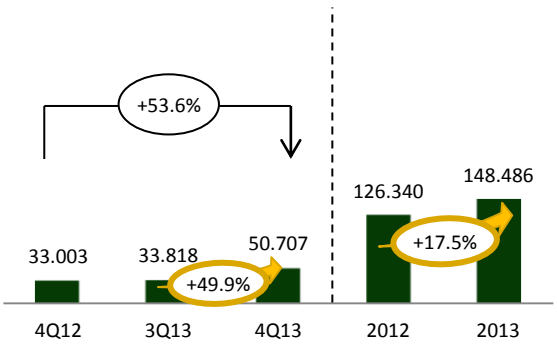
Sales volume (in metric tons) - Corrugated Cardboard Packaging Sector

ABPO Market (In metric tons)



Source: ABPO

IRANI Market (In metric tons)

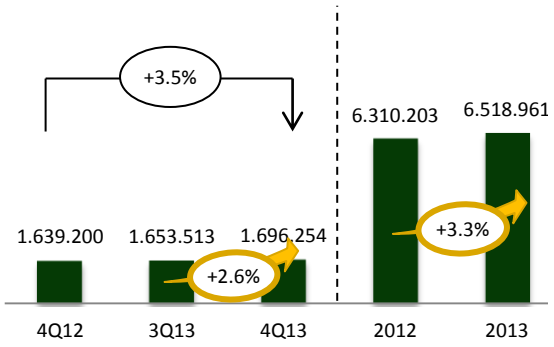


Source: IRANI

The volume of corrugated cardboard packaging sales for the ABPO Market, in square meters, increased by 3.5% in 4Q13 compared with 4Q12, while the IRANI Market increased by 48.8% in the period. Compared to 3Q13, the ABPO Market increased 2.6%, while the IRANI Market increased 51.9%. In 2013, the ABPO Market recorded an increase of 3.3% in relation to 2012, and IRANI recorded an increase of 14.1%. IRANI's market share in square meters attained 6.4% in 4Q13, an increase in relation to the 4.4% recorded in 4Q12 and the 4.3% in the 3Q13. IRANI's sales volume in 2013 accumulated 315,610 thousand square meters.

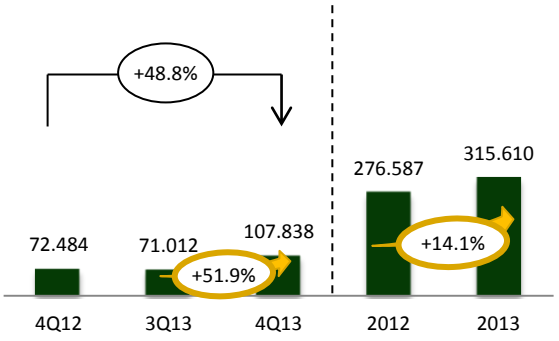
Sales volume (in square meters) - Corrugated Cardboard Packaging Sector

ABPO Market (In thousand square meters)



Source: ABPO

IRANI Market (In thousand square meters)



Source: IRANI

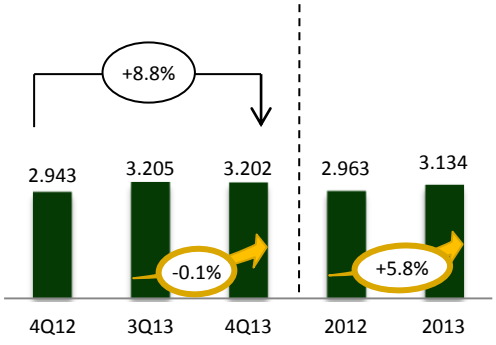
Indaiatubas's corrugated cardboard packaging plant volume totaled 51,477 metric tons of boxes and 22,582 metric tons of sheets in 2013 (49,182 metric tons of boxes and 22,860 metric tons of sheets in 2012).

The Santa Catarina corrugated cardboard packaging plant had an important share in this volume, mainly because sales in its market increased, totaling 46,025 metric tons of boxes and 13,154 metric tons of sheets in 2013 (43,423 metric tons of boxes and 10,876 metric tons of sheets in 2012).

The subsidiary São Roberto S.A. (Embalagem São Paulo) recorded a volume of 6,374 metric tons of sheets and 8,874 metric tons of boxes after the merger in October.

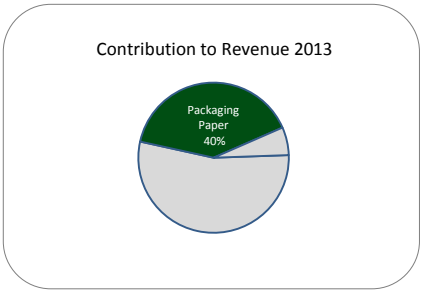
Average IRANI prices (CIF) per metric ton increased by 8.8% in 4Q13 on 4Q12, and remained stable during 3Q13. In the year, the variation was positive by 5.8%, as stated below:

IRANI Average Prices (R$/metric tons)



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.

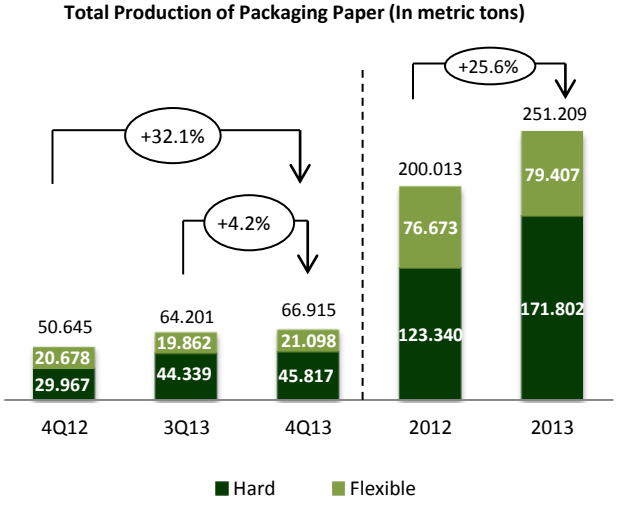
1.2. Packaging Paper Division



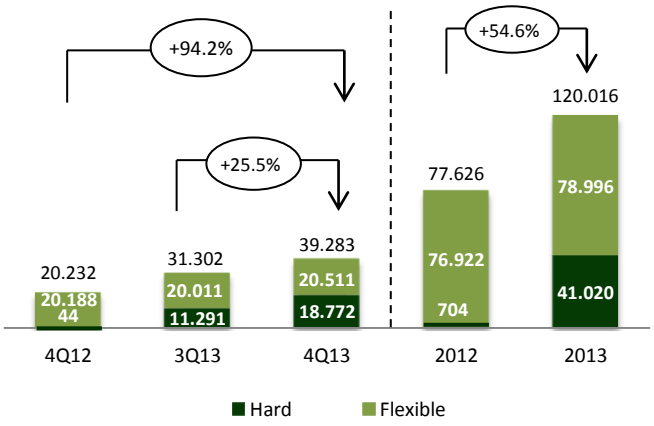
IRANI operates in the Packaging Paper segment, with activities in the hard packaging paper market (corrugated cardboard) and the flexible packaging paper market (paper for sacks).

The Company's total packaging paper production grew by 32.1% in 4Q13 compared to 4Q12 and 4.2% in relation to 3Q13. Sales increased by 94.2% and 25.5% compared to 4Q12 and 3Q13, respectively. In the accumulated figures for the year, total production was 251,209 metric tons, an increase of 25.6% compared to 2012, and sales totaled 120,016 metric tons, an increase of 54.6% compared to the prior year.

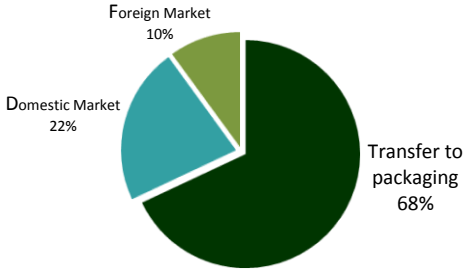
The increase in the production and sales volume of packaging paper in 4Q13 resulted mainly from the operations of the packaging paper production plant in Santa Luzia, State of Minas Gerais (which started on March 1, 2013, when leased to IRANI by São Roberto S.A.), which mainly manufactures hard packaging paper (corrugated cardboard).



Total Sales of Packaging Paper (In metric tons)



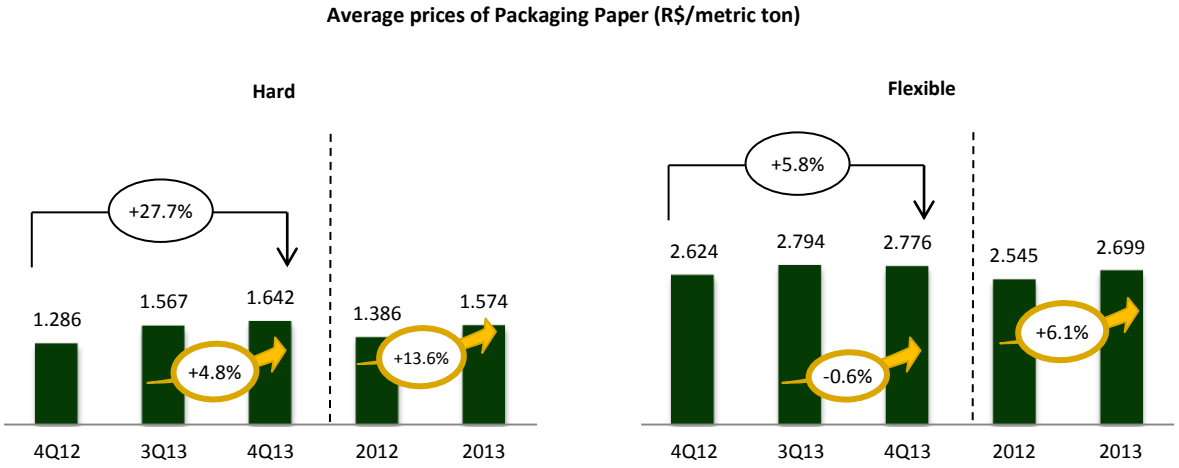
Shipment/Billings of Paper in 2013 (metric tons)



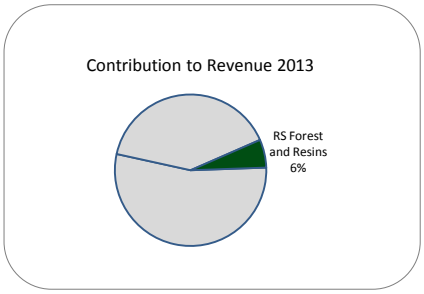
In 4Q13, internal transfers of paper for hard packaging totaled 31,791 metric tons (30,492 metric tons in 4Q12 and 31,616 metric tons in 3Q13), with transfers to the Indaiatuba and São Roberto plants (as from October 17) attaining 18,602 metric tons (17,610 metric tons in 4Q12 and 17,238 metric tons in 3Q13) and transfers to the Santa Catarina plant 13,189 metric tons in 4Q13 (12,882 metric tons in 4Q12 and 14,378 metric tons in 3Q13). In 2013, transfers totaled 128,455 metric tons (123,286 metric tons in 2012), of which 73,677 metric tons were transferred to the Indaiatuba and São Roberto plants (as from October 17) in 2013 (69,550 metric tons in 2012), and 54,778 metric tons to the Santa Catarina plant (53,736 metric tons in 2012).

Of the total domestic transfers in 2013, 57% were to the Indaiatuba and São Roberto plants and 43% to the Santa Catarina plant, while in 2012 transfers totaled 56% to the Indaiatuba plant and 44% to the Santa Catarina plant.

Hard packaging papers, whose price is inferior to the prices of other types of paper sold by the Company, increased in 4Q13 by 27.7% and 4.8% over 4Q12 and 3Q13, respectively. In 2013, the increase was 13.6% compared to 2012. Average prices followed the market trends.
On the other hand, the prices of flexible packaging papers increased by 5.8% and 5.6% and remained stable over 4Q12 and 3Q13, respectively. On an annual comparison, the increase recorded was 6.1% between 2013 and 2012.

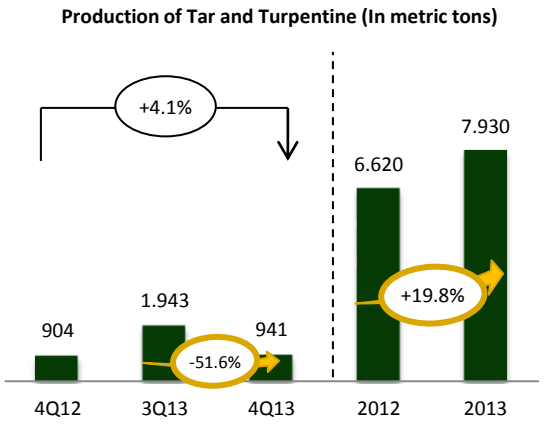


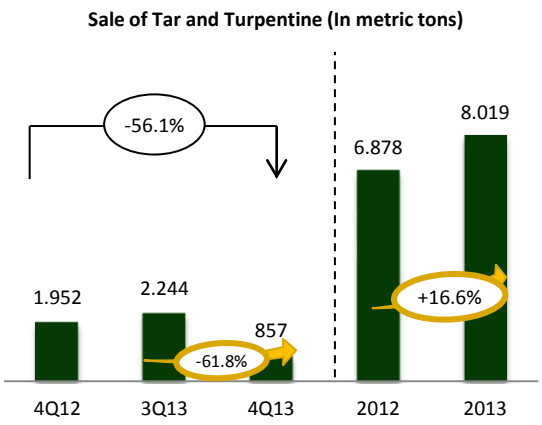
1.3. RS Forest and Resins Division



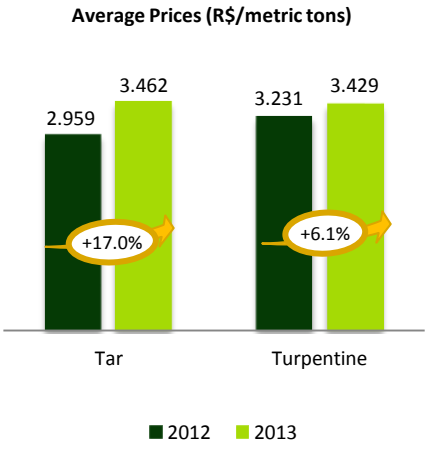
In 2013, the Forest products segment of the State of Rio Grande do Sul produced and sold 261 thousand m³ of pine logs to the domestic market (318 thousand m³ in 2012) and supplied 2,972 metric tons of natural resins to the parent company Celulose Irani S.A. to be utilized in the industrial production of tar and turpentine.

The production and sales volumes for the Resins unit increased by 4.1% and reduced by 56.1%, respectively in 4Q13 compared to 4Q12. The reduction in sales is justified by the greater volume of inventory in 4Q12, which drove sales in that quarter. The volume performance in 3Q13 was inferior because of the decrease in the offering of Resins during the period as a result of the end of the mid-crop season. For the year, the production and sales volumes attained 7,930 and 8,019 metric tons, respectively, a growth of 19.8% and 16.6% compared to 2012. Sales increased because of the establishment of new markets and customers, while production varied in accordance with the offering of gum resin in the domestic market.





In 2013, the gross average price of tar was 17.0% higher than in 2012. The average price of the turpentine increased by 6.1% compared to 2012. Changes in the average prices of resins mainly resulted from the increase of prices in foreign currency and from the devaluation of the Brazilian Real vs. the US Dollar.



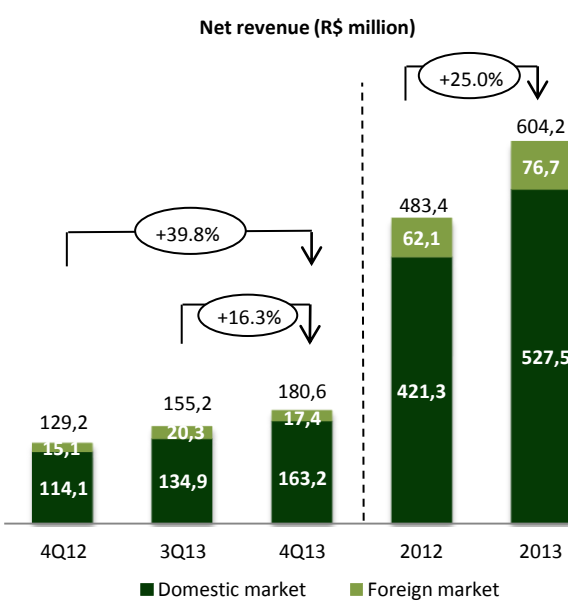
2. ECONOMIC AND FINANCIAL PERFORMANCE

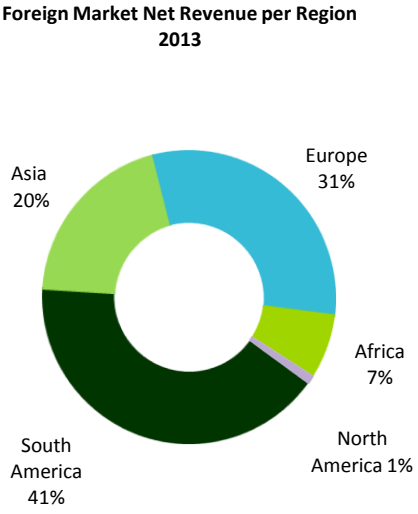
2.1. Net operating revenue

Net operating revenue for 4Q13 totaled R$ 180,588 thousand, with an increase of 39.8% over 4Q12 and of 16.3% over 3Q13. This increase was the result of a higher Corrugated Cardboard Packaging and Packaging Paper sales and of the recovery of average prices for both segments. In the accumulated for the year, revenue totaled R$ 604,241 thousand, an increase of 25.0% over the same period in the previous year.

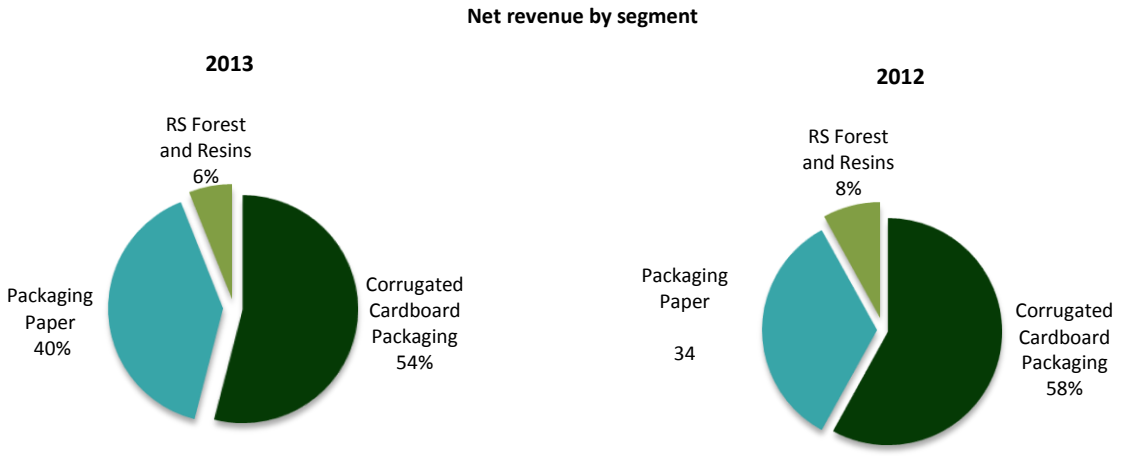
In the domestic market, the net operating revenue amounted to R$ 163,167 thousand in 4Q13, representing an increase of 43.0% over 4Q12 and of 21.0% over 3Q13. In 2013, net operating revenue totaled R$ 527,527 thousand, representing an increase of 25.2% compared to 2012. Revenue of IRANI represented 87% of total revenue earned in the domestic market in 2013.

Exports in 4Q13 totaled R$ 17,421 thousand, a growth of 15.3% compared to 4Q12 and reduced by 14.4% compared to 3Q13. In 2013, they totaled R$ 76,714 thousand, an amount 23.4% higher than in 2012, representing 13% of the total net operating revenue, which is the impact of a higher foreign exchange rate. Exports were made mainly to South America (41% of the export revenue), followed by Europe (31%), the other markets being: Asia (20%), Africa (7%) and North America (1%).





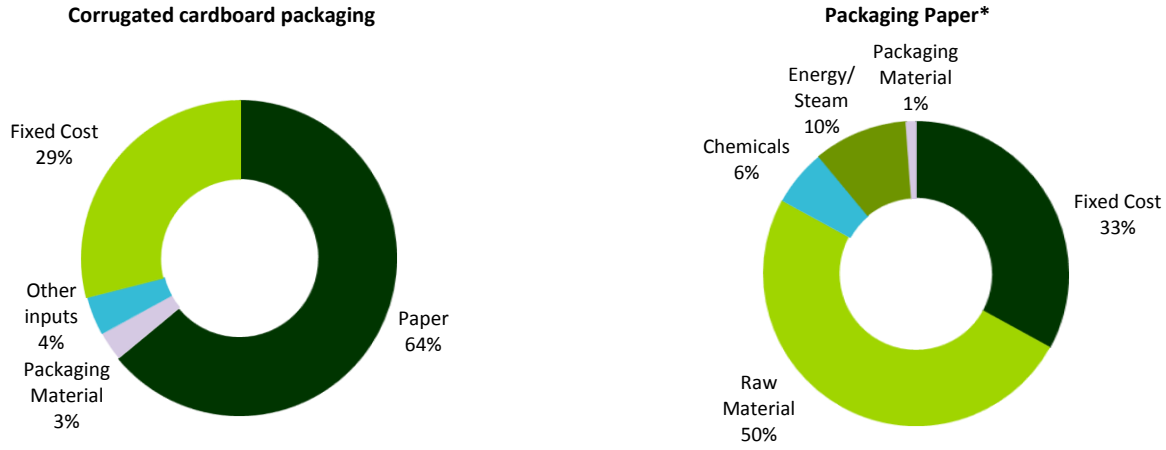
IRANI's main operating segment is the Corrugated Cardboard Packaging Sector, responsible for 54% of the consolidated net revenue in 2013, followed by the segments of Packaging Paper with 40%, and RS Forest and Resins with 6%. The gain in share of the Packaging Paper segment in the Company's revenue of 6% in relation to 2012 is a result of the expansion of the production capacity from the leasing of the Santa Luzia plant.



2.2. Cost of products sold

The cost of products sold in 2013 was R$ 438,092 thousand, an increase of 24.4% over 2012 and 0.6% below the change in net revenue, thus showing a better dilution of fixed costs. The positive variation of the fair value of biological assets is not being considered when comparing the cost of products sold in both periods.

The composition of costs per business segment for IRANI in 2013 is shown in the charts below.



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

2.3. Operating income and expenses

Selling expenses in 2013 totaled R$ 53,097 thousand, representing 8.8% of the consolidated net revenue compared to 8.9% in 2012.

Administrative expenses in 2013 were 10.6% higher compared to 2012 and totaled R$ 44,971 thousand, representing 7.4% of the consolidated net revenue, compared to 8.4% in 2012. Expenses were mainly impacted bythe increase in personnel expenses, which are regularly adjusted at the end of each year on the basis of collective bargaining agreements and team adaptation.

Other operating income/expense resulted in revenue of R$ 28,339 thousand in 2013, against expenses of R$ 6,238 thousand in 2012, mainly impacted by the enrollment in the REFIS program of Law 11,941/09 by the subsidiary São Roberto S.A. totaling R$ 33,432 thousand, represented by R$ 21,447 thousand in reductions prescribed by the Law, R$ 12,121 thousand in adjustments to present value of the installment balance, less R$ 136 thousand in REFIS structuring expenses.

3. OPERATING CASH GENERATION (ADJUSTED EBITDA)

									PROFORMA*	
Consolidated (R$ thousand)	**4Q13**	**3Q13**	**4Q12**	**Variation 4Q13/3Q13**	**Variation 4Q13/4Q12**	**2013**	**2012**	**Variation 2013/2012**	**2013**	**2012**
Profit (loss) before taxes and profit sharing	**29,379**	**9,043**	**33,619**	224.9%	-12.6%	**56,109**	**24,895**	125.4%	**42,793**	**(1,008)**
Depletion	5,742	5,907	7,066	-2.8%	-18.7%	21,386	19,220	11.3%	21,386	19,220
Depreciation and amortization	10,238	8,367	10,544	22.4%	-2.9%	34,415	40,729	-15.5%	40,180	50,978
Finance result	16,003	12,957	11,125	23.5%	43.8%	52,928	50,351	5.1%	63,840	79,738
EBITDA	**61,362**	**36,274**	**62,354**	69.2%	-1.6%	**164,838**	**135,195**	**21.9%**	**168,199**	**148,928**
EBITDA margin	***34.0%***	***23.4%***	***48.3%***	***10.6p.p.***	***-14.3p.p.***	***27.3%***	***28.0%***	***-0.7p.p.***	***24.1%***	***23.0%***
Adjustments pursuant to CVM Instruction 527/12										
EBITDA of the discontinued operations [1]	-	-	6,272	-	-	-	7,002	-	-	7,002
Changes in the fair value of biological assets [2]	(11,017)	-	(39,027)	-	-71.8%	(20,107)	(36,767)	-45.3%	(20,107)	(36,767)
Stock options/management participation [3]	7,636	147	3,078	5094.6%	148.1%	8,073	3,308	144.0%	8,073	3,308
Non-recurring events [4]	(26,594)	-	2,638	-	-	(26,594)	6,684	-	(18,810)	6,684
Adjusted EBITDA	**31,387**	**36,421**	**35,315**	**-13.8%**	**-11.1%**	**126,210**	**115,422**	**9.3%**	**137,355**	**129,155**
Adjusted EBITDA Margin	***17.4%***	***23.5%***	***27.3%***	***-6.1p.p.***	***-9.9p.p.***	***20.9%***	***23.9%***	***-3,0p.p.***	***19.7%***	***20.0%***

[1] 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.

[2] Changes in the fair value of biological assets because it does not represent cash generation in the period.

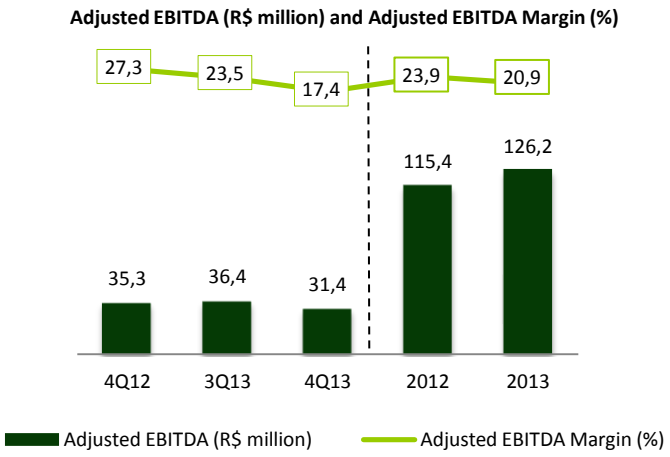
[3] Stock options/management participation: Stock options correspond to the fair value of the instruments and its offsetting entry is the Capital Reserve recorded in Equity, and the management profit sharing is related to the distribution of the Company's financial results. Neither of the two amounts represents a cash disbursement in the period.

[4] Non-recurring events relate to the Impairment losses on machinery in the amount of R$ 4,590 thousand (Note 13 - E), a 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 (Note 18), and loss due to other investment changes in the subsidiary in the amount of R$ 2,248 thousand (Note 12).

*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$ 31,387 thousand in 4Q13, with a decrease of 11.1% in relation to 4Q12 and of 13.8% in relation to 3Q13. The adjusted EBITDA margin decreased by 9.9% in 4Q13, reaching 17.4%. In the accumulated for the year, adjusted EBITDA attained R$ 126,210 thousand, with a margin of 20.9%, an increase of 9.3% in relation to 2012, when it was calculated at R$ 115,422 thousand; it was the result of a better operating performance, although negatively affected by

lower margins in the subsidiary São Roberto S.A., which was merged into the operations of the company over the past quarter.



4. FINANCE RESULT AND INDEBTEDNESS

Finance result was negative at R$ 16,003 thousand in 4Q13, representing an increase of 43.8% compared to 4Q12; it was influenced by the increase in the indebtedness levels assumed during the consolidation of the operations of São Roberto S.A. the finance result increased by 23.5% compared to 3Q13. In 2013, the finance result was negative at R$ 52,928 thousand, an increase of 5.1% compared to 2012 when it totaled negative R$ 50,351 thousand. In 4Q13, the finance costs totaled R$ 23,514 thousand, compared to R$ 13,675 thousand in 4Q12 and R$ 17,746 thousand in 3Q13. During the year, the finance cost was R$ 72,619 thousand, compared to R$ 69,889 thousand in 2012. The finance income reached R$ 7,511 thousand in 4Q13 versus R$ 2,550 thousand in the same period of the previous year and R$ 4,789 thousand in 3Q13. In 2013, the finance income was R$ 19,691 thousand versus R$ 19,538 thousand in 2012.

The composition of the finance result is as follows:

R$ thousand	4Q13	3Q13	4Q12	2013	2012
Finance income	7,511	4,789	2,550	19,691	19,538
Finance costs	(23,514)	(17,746)	(13,675)	(72,619)	(69,889)
Finance result	(16,003)	(12,957)	(11,125)	(52,928)	(50,351)

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

R$ thousand	4Q13	3Q13	4Q12	2013	2012
Foreign exchange gains	1,448	3,150	1,430	7,858	12,457
Foreign exchange losses	(2,109)	(3,845)	(1,732)	(9,495)	(17,744)
Foreign exchange variations, net	(661)	(695)	(302)	(1,637)	(5,287)

The foreign exchange variations negatively impacted the Company's result by R$ 661 thousand in the 4Q13 and R$ 1,637 in 2013, due to the devaluation of the Brazilian Real against the US Dollar during the quarter.

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

R$ thousand	4Q13	3Q13	4Q12	2013	2012
Finance result net of foreign exchange variations	(15,342)	(12,262)	(10,823)	(51,291)	(45,064)

In 2012, the Company restructured the maturities of its commitments in foreign currency (US Dollars) amounting to US$ 62.6 million, with the purpose of hedging its exports for the next five years. 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 4Q13, the negative amount recognized in Equity was R$ 4,256 thousand, totaling R$ 10,794 thousand in 2013.

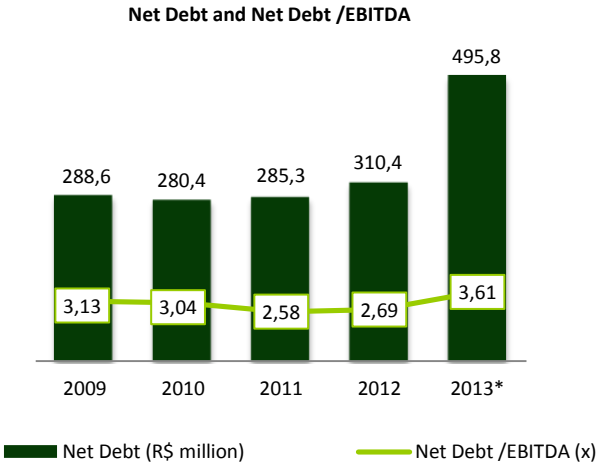
Foreign exchange

The foreign exchange rate was R$ 2.23/US$ at September 30, 2013, an increase of 14.71% at the end of December, attaining R$ 2.34/US$. The average foreign exchange rate for the quarter was R$ 2.27/US$, being stable in relation to 3Q13 and 10.68% higher than in the same period of 2012. In 2013, the average exchange rate increased by 10.77% to R$ 2.16/US$.

	4Q13	3Q13	4Q12	Δ 4Q13/3Q13	Δ 4Q13/4Q12	2013	2012	Δ2013/2012
Average US Dollar	2.27	2.29	2.06	-0.44%	+10.68%	2.16	1.95	+10.77%
Final US Dollar	2.34	2.23	2.04	+4.93%	+14.71%	2.34	2.04	+14.71%
Source: Brazilian Central Bank (BACEN)								

Net indebtedness

At December 31, 2013, the consolidated net indebtedness totaled R$ 495.8 million, against R$ 310.4 million at December 31, 2012. The Net Debt/EBITDA increased from 2.69 times at the end of 2012 to 3.61 times at the end of 2013. The variations in this indicator were influenced by the increase in the indebtedness levels assumed dueing the consolidation of the operations of the subsidiary São Roberto S.A. Management monitors this indicator and considers that it is appropriate to the Company's current reality, and that its reduction will be gradual, with the gathering of positive results in the operations of the subsidiary São Roberto S.A., in synergy with the operations carried out by the parent company Celulose Irani S.A.



**2013: The calculation of the Net Debt/EBITDA indicator is using the 2013 pro forma EBITDA, which includes the operations of the subsidiary São Roberto S.A. as if they had already been consolidated into the Company from January/13.*

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

From 2010, the Company started to measure the fair value of its biological assets (forests) periodically, as determined by CPC 29. The change in fair value of the biological assets produced the following effects in the 2013 Company's results:

Effects of the changes in the fair value of biological assets

R$ thousand	2013	2012
Change in fair value of biological assets	20,107	36,767
Depletion of the fair value of biological assets	(17,887)	(15,851)

The change in the fair value of biological assets was lower than the change presented in 2012, which occurred mainly because of the stability in the prices of wood in 2013, while in 2012 there was an increase. It also occurred due to the increase in discount rates used in the determination of the fair value of biological assets.

The change in fair value of biological assets, as well as their depletion, is recognized in the Cost of Products Sold. This new accounting determination allows a more precise evaluation of the market value of the Company's forests, and results in improved financial information.

6. PROFIT (LOSS) BEFORE TAXES AND PROFIT SHARING

The profit (loss) before taxes and profit sharing in 4Q13 was R$ 29,379 thousand, compared to R$ 33,619 thousand in 4Q12 and R$ 9,043 thousand in 3Q13. In 2013, the profit (loss) before taxes and profit sharing totaled R$ 56,109 thousand, an increase compared to 2012, which was R$ 24,895 thousand. The growth in operating result was positively affected by the operating performance and, mainly, by the gains obtained with the enrollment in REFIS IV of the subsidiary São Roberto.

7. PROFIT

In 4Q13 the profit was R$ 42,825 thousand, compared to R$ 29,302 thousand in 4Q12 and a loss of R$ 7,058 thousand in 3Q13. For the year, the profit amounted to R$ 67,408 thousand, up from R$ 26,381 thousand in 2012.

8. INVESTMENTS

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

In 2013, investments totaled R$ 83,998 thousand and were basically directed to the expansion of the production capacity of the existing equipment, maintenance of and improvements to machinery and equipment in general, the physical structure of the Company and the closing of some projects that started in 2012.

R$ thousand	4Q13	2013
Land	-	1,218
Buildings	5	9
Equipment	33,108	75,075
Leased assets	694	1,712
Intangible assets	135	427
Reforestation	2,572	5,557
Total	**36,514**	**83,998**

The major investment made in 2013 was inthe expansion and modernization of the Paper Machine I (MP I), located in the Paper unit in Vargem Bonita, SC, with completion expected in July 2014. This investment will expand the paper production capacity by 3,000 metric tons/month. Other major investments made in 2013 for the improvement of productivity were related to the Paper Machine V (MP V) and to the new pulp depuration.

9. CAPITAL MARKETS

At December 31, 2013, 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 December 31, 2013, the Company had 2,376,100 treasury shares, of which 24,000 were common shares and 2,352,100 were preferred shares. At the same date, the Company's market value was R$ 549,536 thousand.

Dividends

At the General Meeting held on April 29, 2013, the stockholders approved the distribution of dividends from the adjusted profit for the year ended December 31, 2012 amounting to R$ 0.0619 per common and preferred share, not subject to Income Tax, pursuant to Article 10 of Law 9,249/95, totaling R$ 9.8 million. Payment to stockholders was made on June 4, 2013.

The Company's management is proposing for the approval of the Ordinary General Meeting the distribution of dividends for 2013, in the amount of R$ 19,516 thousand, corresponding to R$ 0.118749 per common and preferred share. Considering the interim dividend approved by the Board of Directors (see Item 11 - Events after the reporting period) at January 31, 2014 and distributed to the stockholders on February 25, 2014 in the amount of R$ 17,000 thousand, corresponding to 0.103441 per share, the amount of R$ 2,516 thousand, corresponding to R$ 0.015308 per share, remains for distribution. These amounts will be tax-free.

10. 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 December 31, 2013.

11. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors' Meeting of January 31, 2014 approved the payment of interim dividends based on the balance sheet at September 30, 2013, totaling R$ 17,000,000.00, corresponding to R$ 0.103441 per common and preferred share. Payment to stockholders occurred on February 25, 2014.

12. SUSTAINABILITY

Adopting sustainability in the business means operating in accordance with a management model that seeks to balance economic, social and environmental development. IRANI has assumed this challenge because it believes that it can be more competitive, and that the balance and synergy between these pillars produce higher, lasting and admirable results. Celulose Irani S.A., as part of its commitment to sustainable development, annually and voluntarily issues the **Sustainability Report**, in which the Company measures, informs and accounts to the stakeholders for its environmental, social and economic development. In this way, transparency becomes a basic component in the relationships with stakeholders and the market. From 2013, the methodology adopted follows the guidelines of -the Global Reporting Initiative (GRI), version G4. Sustainability Reports are disclosed in the first six month period of each year and are available at www.irani.com.br.

12.1. Awards and Recognition in 2013

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

- Época Negócios Yearbook - Época Magazine
- The 500 Maiores do Sul (the 500 largest companies in the South Region) ranking - Amanhã magazine together with PwC
- Expressão Ecology Award - Onda Verde Trophy in the Environmental Management category - Editora Expressão
- Roberto Hiraishi Embanews Brazilian Packaging Award
- Prêmio Gaúcho de Qualidade e Produtividade (Quality and Productivity Award granted by the State of Rio Grande do Sul) - Recognition granted for the pursuit of excellence in its management - Programa Gaúcho da Qualidade e Produtivida (the Quality and Productivity Program of the State of Rio Grande do Sul)
- Recognition for the partnership with NGO - Junior Achievement in Santa Catarina
- Sustainability Guide Yearbook of Exame Magazine - Exame Magazine
- Largest & Best Guide Yearbook of Exame Magazine - Exame Magazine
- Empresas que Melhor se Comunicam com Jornalistas Award (Companies that Best Communicate with Journalists Award) - Recognition in the Paper and Pulp category - Negócios da Comunicação Magazine
- Destaque de Papel e Celulose Award granted by ABTCP (Outstanding Company in the Paper and Pulp Sector Award) - Recognized in the category of Sustainability - O Papel Magazine
- Benchmarking Ambiental Brasileiro Award (Brazilian Environmental Benchmarking Award) - case “Water Resources Management”

12.2. Environmental Performance Management

Celulose Irani S.A. is aware of the importance of preserving the environment, exercising social responsibility, seeking sustainable development through clean technologies and reducing environmental impact. For this reason, the Company operates in accordance with the best practices of environmental management, and is committed to fostering continuous improvement and seeking pollution prevention measures by complying with the current legislation through its environmental policy.

Several measures were adopted to minimize the environmental impact of the Company's activities. Among the projects developed in 2013 is the achievement of ISO 14.001:2004 Certification by the SP Packaging Plant, which demonstrates the Company's commitment to environmental issues and practices focused on sustainability, in addition to consolidating the organization's credibility with the stakeholders. Every year, the Company has thitse GHG Emissions Inventory checked by a certifying entity. During the years from 2006 to 2013 it was verified that IRANI is a carbon-neutral company, that is, it removes more GHG from the atmosphere than it emits.

In addition to investing in technologies to preserve the environment, IRANI, with the objective of educating employees and residents in nearby towns, supports and fosters projects aiming at environmental education, seeking to strengthen the concept and practice of sustainable development. Further information about the environmental actions of the Company may be obtained in the Sustainability Report, available at www.irani.com.br, by following the "Sustainability" link.

13. SOCIAL PERFORMANCE INDICATORS

13.1. People Development

IRANI closed 2013 with 2,359 employees. It seeks to achieve excellence through participative management and investment in programs, actions and benefits that offer, in a pleasant work environment, conditions for the personal and professional development of its employees. During 2013, the Company invested R$ 13,388 thousand in benefits related to meals, transportation, life insurance and healthcare plans, R$ 1,407 thousand in courses designed and personal development and R$ 4,605 thousand in the employees' profit sharing program (PPR).

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

The CREATE Program focuses on the attraction, selection, hiring, continuity of employment and management of the end of the career through specific techniques, professional training projects and outplacement, when applicable. The GROW Program focuses on opportunities for professional training and development for the improvement of the technical skills and behavior of the employees. The CARE Program establishes an integrated model of health and occupational safety management with the objective of reducing the number of accidents. The MOTIVATE Program joins the actions that ensure a good organizational climate in a stimulating and motivating work environment as a way of encouraging shared responsibility (between employees and the Company). The OVERCOME Program deals with a style of people management based on competences and results, which help increase the classification of the standards of quality of the performance of each employee. Further information about the social performance of the Company may be obtained in the Sustainability Report, available at www.irani.com.br, by following the "Sustainability" link.

13.2. Society

Based on the Social Responsibility Policy, IRANI makes social investments and specific donations focused on the development of its neighbouring communities regarding citizenship, sports, culture, education and environmental preservation. Through partnerships or direct incentives, it fosters and/or develops projects whose objective is to continue the actions and the self-development of the public assisted.

The Project for the Revitalization of Vila Campina da Alegria drove the participative management and resulted in changes in the manner of managing the Company's equity. The partnership with Junior Achievement in the States of SC, SP, RS and MG permitted the dissemination of concepts such as citizenship and sustainability through employees' voluntary work; the SESI Atleta do Futuro Program, in partnership with the Social Service for Industry (SESI) and the municipalities of Vargem Bonita (SC), Irani (SC), Ponte Serrada (SC) and Indaiatuba (SP), which focuses on the development of the citizenship of children and adolescents through sports; centers for the introduction to volleyball supported by a partnership with the Volleyball Association of Joaçaba (Associação Joaçabense de Voleibol (AJOV)) and the partnership with the ÁGUIAS and ARAD teams encouraged the adapted sports in the surroundings; the Environmental Protectors carried out various activities focused on environment protection under the supervision of the Environmental Military Police of Concórdia (SC) and Escola de Educação Básica Galeazzo Paganelli. Broto do Galho, a project that started in 2008 through a partnership with the Municipality of de Vargem Bonita and the Brazilian Service of Support for Micro and Small Enterprises (Sebrae)/SC, received significant financial support from the Sustainable Development State Secretariat/SC to leverage the production and sale of handcraft and parts of utility manufactured from the industrial residues of IRANI. Further information about the social performance of the Company may be obtained in the Sustainability Report, available at www.irani.com.br, by following the "Sustainability" link.

14. AUDIT SERVICES

In conformity with CVM Instruction 381/03, we inform that the Company and its subsidiaries have adopted procedure formal policy of consulting with the independent auditors, PricewaterhouseCoopers Auditores Independentes, to ensure that the rendering of other services will not affect their independence and objectivity necessary to perform the independent audit services. In this regard, PricewaterhouseCoopers issues every year a statement of independence under the terms of NBC TA 260 of the Federal Accounting Council, in which they declare that, in conformity with the provisions of the independence rules adopted by the Brazilian Securities Commission, there is no relationship between PricewaterhouseCoopers, its associates and affiliates and the Company that may affect its independence. This statement is submitted to the Board of Directors of Celulose Irani S.A. The policy of the Company and its subsidiaries in the engagement of independent auditor services ensures that there are no conflicts of interest, loss of independence or objectivity.
During 2013, PricewaterhouseCoopers provided, in addition to the audit service and review of the translation into English of the financial statements, complementary audit services, as follow:

	In thousands of R$	**%**
Audit of the 2013 Financial Statements - Celulose Irani S.A. and subsidiaries	**700**	**52%**
Other services:		
- Complementary audit services to the Financial Statements.	**118**	**9%**
- Review of the corporate movement processes.	**460**	**34%**
- Review of the calculation of taxes in 2013.	**71**	**5%**
Total	**1,349**	**100%**

All of the services contracted refer to 2013 and there are no services to be provided with reference to future years.

15. PERSPECTIVES

Abroad, 2014 was a year of changes, as the developed economies consolidated their process of recovery, even if slow, and the emerging economies are no longer the main focus. The emerging economies, such as Brazil, should reconsider their position due to the macroeconomic changes that were made by the developed countries through the rebalancing of their strengths. We have already observed an increased devaluation of the currencies of the emerging countries, with significant impacts on these economies. In Brazil, 2014 will be emblematic, either because of the World Cup or because of the elections for president, governors and congress members which will occupy the attention of the Brazilian people. It is possible that some turbulence will occur during this year, but we believe that the conquests of the last years will be fundamental, even with moderate economic growth expected for 2014, to continue fostering the intentions of investment and consumption.

ACKNOWLEDGEMENTS

We thank each of our employees for their efforts during this period, our stockholders for their trust in us, and our customers, our suppliers, the financial institutions and surrounding communities for their support and incentives, crucial for the growth and development of Celulose Irani S.A. during 2013.

Porto Alegre, February 2014.

Board of Executive Officers

Celulose Irani S.A.

(A free translation of the original in Portuguese)

To the Stockholders of
CELULOSE IRANI S.A.

Proposal for Capital Budget

As prescribed in Article 196 of Law 6,404/76, with the wording provided by Law 10,303 of October 31, 2001, the management of Celulose Irani S.A. (the "Company") presents this proposal for the capital budget.

The proposal for the allocation of the profit attributable to the Company's stockholders in the year ended December 31, 2013, presented in the Financial Statements, is that after the adjustments required by Arts. 193 and 202 of Law 6,404/76, profits amounting to **R$ 58,547** thousand will be retained and allocated to the Profits Retention Reserve, to be used for the Company's Investment Plan.

The 2014 Capital Budget, approved by the Board of Directors at the meeting held on December 11, 2013 totals **R$ 61,448** thousand, in addition to R$ 10,927 thousand necessary for working capital, distributed as follows:

2014 Capital Budget

In thousands of R$	Current	Strategic	Total
Packaging Paper Sector (SC and MG)	-	28,873	28,873
Corrugated Cardboard Packaging Sector (São Roberto - SP)	-	450	450
RS Forest and Resins Division	-	2,125	2,125
Allocated amounts for current investments	30,000	-	30,000
Total investments in 2014	**30,000**	**31,448**	**61,448**
Need for working capital	10,927	-	10,927

These investments will be made with the Company's own resources (generated from the operating activity during the year) and with third party resources.

Table summarizing sources and uses

In thousands of R$	Current	%	Strategic	%	Total	%
Borrowed funds	15,400	51.3%	15,618	49.7%	31,018	50.5%
Own funds	14,600	48.7%	15,830	50.3%	30,430	49.5%
Total	30,000	100%	31,448	100%	61,448	100%

This is Management's proposal. If the Stockholders consider any further clarifications necessary, the Management is at their disposal.

Porto Alegre, February 28, 2014

Board of Executive Officers

Celulose Irani S.A.

(A free translation of the original in Portuguese)

EXECUTIVE OFFICERS' DECLARATION
For the purposes of Article 25 of CVM Instruction 480/09

As Officers of Celulose Irani S.A., a corporation headquartered at Rua General João Manoel, 157, 9th floor, room 903, in the city of Porto Alegre, State of Rio Grande do Sul, enrolled in the National Corporate Taxpayers Registry (CNPJ/MF) under No. 92.791.243/0001-03, **WE DECLARE** under the same terms of paragraph 1 of Article 25 of CVM Instruction 480, of December 7, 2009, that: (i) we have reviewed, discussed and agreed with the opinion expressed in the independent auditor's report of the Company referring to the financial statements for the year ended December 31, 2013, and (ii) we have reviewed, discussed and agreed with the Company's financial statements for the year ended December 31, 2013.

Porto Alegre, February 28, 2014

Péricles Pereira Druck - CEO
Odivan Carlos Cargnin - Administrative, Finance and Investor Relations Officer
Sérgio Luiz Cotrim Ribas - Paper and Packaging Business Officer
Túlio César Reis Gomes - Forest Business Officer