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Celulose Irani S.A.

Quarterly information (ITR)
at March 31, 2014
and report on review of
quarterly information

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Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Celulose Irani S.A., included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2014, comprising the balance sheet as at that date and the statements of operations, comprehensive income (loss), changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Celulose Irani S.A.

Conclusion on the parent company interim information

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

Conclusion on the consolidated interim information

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

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2014. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Porto Alegre, April 30, 2014

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

Carlos Biedermann
Contador CRC 1RS02931/O-4

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1. General information

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

Other countries in which the securities can be traded

Country	Date of admission

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

Newspapers in which the issuer discloses its information

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

2. Address

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

3. Securities

Shares

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

Debentures

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

4. Auditor

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

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

5. Share Registrar

Does the Company have a service provider?	YES
Corporate name	Itaú Corretora da Valores S.A.
CNPJ	61.194.353/0001-64
Period of services	5/4/1995
Service address	Rua Ururai, 111, Prédio B, Térreo, Tatuapé, São Paulo, SP, Brasil, CEP 03084-010, Telephone (11) 50291809, Fax (11) 50291917

6. Investor Relations Officer or Equivalent

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

7. Stockholders' Department

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

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Company information / Capital composition

Number of shares (In thousands)	Current quarter 3/31/2014
Paid-up capital	
Common shares	153,910
Preferred shares	12,810
Total	166,720
Treasury shares	
Common shares	24
Preferred shares	2,352
Total	2,376

Company information / Dividends

Event	Date approved	Description	Initial date of payment	Type of share	Class of share	Amount per share (Reais/share)
Board of Directors' Meeting	1/31/2014	Dividend	1/31/2014	Common		0.10344
Board of Directors' Meeting	1/31/2014	Dividend	1/31/2014	Preferred		0.10344

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Parent company financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2014	Prior year 12/31/2013
1	Total assets	1,379,542	1,422,053
1.01	Current assets	290,723	325,535
1.01.01	Cash and cash equivalents	49,980	122,300
1.01.02	Financial investments	1,246	1,161
1.01.02.02	Financial investments valued at amortized cost	1,246	1,161
1.01.02.02.01	Held-to-maturity securities	1,246	1,161
1.01.03	Accounts receivable	170,222	135,954
1.01.03.01	Customers	162,235	127,967
1.01.03.02	Other receivables	7,987	7,987
1.01.03.02.02	Dividends receivable	7,987	7,987
1.01.04	Inventories	53,194	51,031
1.01.06	Taxes recoverable	4,266	5,133
1.01.06.01	Current taxes recoverable	4,266	5,133
1.01.08	Other current assets	11,815	9,956
1.01.08.03	Other	11,815	9,956
1.02	Non-current assets	1,088,819	1,096,518
1.02.01	Long-term receivables	143,704	158,170
1.02.01.03	Accounts receivable	4,704	6,692
1.02.01.03.02	Other receivables	4,704	6,692
1.02.01.05	Biological assets	133,804	146,638
1.02.01.08	Receivables from related parties	1,049	1,005
1.02.01.08.04	Receivables from other related parties	1,049	1,005
1.02.01.09	Other non-current assets	4,147	3,835
1.02.01.09.03	Taxes recoverable	3,502	3,207
1.02.01.09.04	Judicial deposits	645	628
1.02.02	Investments	361,260	349,221
1.02.02.01	Equity interests	361,260	349,221
1.02.02.01.02	Interests in subsidiaries	361,260	349,221
1.02.03	Property, plant and equipment	582,826	588,111
1.02.03.01	Property, plant and equipment in service	582,826	588,111
1.02.04	Intangible assets	1,029	1,016
1.02.04.01	Intangible assets	1,029	1,016

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Parent company financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2014	Prior year 12/31/2013
2	Total liabilities and equity	1,379,542	1,422,053
2.01	Current liabilities	305,940	335,580
2.01.01	Social and labor obligations	23,703	30,261
2.01.01.01	Social obligations	23,703	30,261
2.01.01.01.01	Social security obligations	23,703	30,261
2.01.02	Trade payables	104,626	121,325
2.01.03	Tax obligations	15,390	16,426
2.01.03.01	Federal taxes payable	13,092	14,005
2.01.03.01.02	Taxes payable in installments	3,381	3,314
2.01.03.01.03	Other federal taxes	9,711	10,691
2.01.03.02	State taxes payable	2,159	2,307
2.01.03.02.01	Taxes payable in installments	923	1,452
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	1,236	855
2.01.03.03	Municipal taxes payable	139	114
2.01.04	Borrowings	148,628	136,564
2.01.04.01	Borrowings	109,922	98,019
2.01.04.02	Debentures	38,706	38,545
2.01.05	Other obligations	13,593	31,004
2.01.05.02	Other	13,593	31,004
2.01.05.02.01	Dividends and interest on capital payable	2,859	19,772
2.01.05.02.04	Other payables	9,646	10,670
2.01.05.02.05	Advances from customers	1,088	562
2.02	Non-current liabilities	584,695	598,244
2.02.01	Borrowings	389,733	402,618
2.02.01.01	Borrowings	299,946	301,930
2.02.01.02	Debentures	89,787	100,688
2.02.02	Other obligations	18,267	18,471
2.02.02.02	Other	18,267	18,471
2.02.02.02.03	Taxes payable in installments	650	1,560
2.02.02.02.04	Tax obligations	17,617	16,911
2.02.03	Deferred taxes	143,685	143,247
2.02.03.01	Deferred income tax and social contribution	143,685	143,247
2.02.04	Provisions	33,010	33,908
2.02.04.01	Tax, social security, labor and civil provisions	33,010	33,908
2.03	Equity	488,907	488,229
2.03.01	Capital	116,895	116,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	150,243	151,280
2.03.06	Carrying value adjustments	220,809	219,094

Parent company financial statements / statement of operations

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
3.01	Revenue from sale of goods and/or services	162,975	120,150
3.02	Cost of sales and/or services	-129,964	-88,877
3.02.01	Changes in the fair value of biological assets	-1,212	0
3.02.02	Cost of products sold	-128,752	-88,877
3.03	Gross profit	33,011	31,273
3.04	Operating expenses	-23,279	-16,575
3.04.01	Selling expenses	-12,933	-11,854
3.04.02	General and administrative expenses	-10,612	-8,690
3.04.04	Other operating income	975	458
3.04.05	Other operating expenses	-772	-695
3.04.06	Equity in results of subsidiaries	63	4,206
3.05	Profit before finance result and taxes	9,732	14,698
3.06	Finance result	-14,557	-11,294
3.06.01	Finance income	5,202	3,761
3.06.02	Finance costs	-19,759	-15,055
3.07	Profit (loss) before taxes on income	-4,825	3,404
3.08	Income tax and social contribution	1,581	148
3.08.02	Deferred	1,581	148
3.09	Profit (loss) from continuing operations	-3,244	3,552
3.11	Profit (loss) for the period	-3,244	3,552
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	-0.02020	0.16520
3.99.01.02	Preferred shares	-0.02020	0.16520

(A free translation of the original in Portuguese)

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
4.01	Profit (loss) for the period	-3,244	3,552
4.02	Other comprehensive income (loss)	3,922	-4,786
4.02.01	Cash flow hedge	5,942	-7,253
4.02.02	Income tax and social contribution - cash flow hedge	-2,020	2,467
4.03	Comprehensive income (loss) for the period	678	-1,234

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
6.01	Net cash provided by (used in) operating activities	-34,317	8,731
6.01.01	Cash from operations	18,943	18,421
6.01.01.01	Profit (loss) before income tax and social contribution	-4,825	3,404
6.01.01.02	Changes in the fair value of biological assets	1,212	0
6.01.01.03	Depreciation, amortization and depletion	9,847	7,799
6.01.01.05	Result on sale of permanent assets	128	265
6.01.01.06	Equity in results of subsidiaries	-63	-4,206
6.01.01.07	Provision for civil, labor and tax risks	-898	-1,906
6.01.01.08	Provision for impairment of trade receivables	78	403
6.01.01.12	Monetary variations and charges	9,767	11,085
6.01.01.13	Government grants	-225	90
6.01.01.15	Unrealized hedge result, net of taxes	3,922	1,343
6.01.01.17	Share-based payment	0	144
6.01.02	Changes in assets and liabilities	-53,260	-9,690
6.01.02.01	Accounts receivable	-34,347	-11,304
6.01.02.02	Inventories	-2,163	-6,587
6.01.02.03	Taxes recoverable	572	259
6.01.02.04	Other assets	-16	2,053
6.01.02.06	Trade payables	-2,978	13,621
6.01.02.07	Social security obligations	-6,558	-4,840
6.01.02.08	Advances from customers	526	3,721
6.01.02.09	Tax obligations	1,004	2,350
6.01.02.10	Payment of interest on borrowings	-5,564	-4,293
6.01.02.11	Payment of interest on debentures	-2,716	-3,633
6.01.02.12	Other payables	-1,020	-1,037
6.02	Net cash used in investing activities	-18,782	-12,666
6.02.01	Purchase of property, plant and equipment	-18,200	-11,737
6.02.02	Purchase of biological assets	-893	-936
6.02.03	Purchase of intangible assets	-104	-43
6.02.04	Capital contribution in subsidiary	-4	0
6.02.05	Capital reduction in subsidiary	393	0
6.02.06	Proceeds from disposal of assets	26	50
6.03	Net cash provided by (used in) financing activities	-19,221	8,509
6.03.01	Payment of dividends	-16,913	-14,200
6.03.03	Debentures paid	-12,500	-12,500
6.03.04	New borrowings	26,024	53,462
6.03.05	Repayment of borrowings	-15,832	-18,253
6.05	Increase (decrease) in cash and cash equivalents	-72,320	4,574
6.05.01	Cash and cash equivalents at the beginning of the period	122,300	95,051
6.05.02	Cash and cash equivalents at the end of the period	49,980	99,625

Parent company financial statements / statement of changes in equity - 1/1/2014 to 3/31/2014

(All amounts in thousands of reais)

Code	Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income (loss)	Equity
5.01	Opening balances	116,895	960	151,280	0	219,094	488,229
5.03	Adjusted opening balances	116,895	960	151,280	0	219,094	488,229
5.05	Total comprehensive income (loss)	0	0	0	-1,037	1,715	678
5.05.01	Loss for the period	0	0	0	-3,244	0	-3,244
5.05.02	Other comprehensive income (loss)	0	0	0	2,207	1,715	3,922
5.05.02.06	Realization of deemed cost	0	0	0	271	-271	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	1,936	-1,936	0
5.05.02.08	Cash flow hedge	0	0	0	0	3,922	3,922
5.06	Internal changes in equity	0	0	-934	934	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-934	934	0	0
5.07	Closing balances	116,895	960	150,346	-103	220,809	488,907

Parent company financial statements / statement of changes in equity - 1/1/2013 to 3/31/2013

(All amounts in thousands of reais)

Code	Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income (loss)	Equity
5.01	Opening balances	103,976	377	106,405	0	243,241	453,999
5.03	Adjusted opening balances	103,976	377	106,405	0	243,241	453,999
5.04	Capital transactions with owners	0	145	-14,266	0	0	-14,121
5.04.06	Dividends	0	0	-14,266	0	0	-14,266
5.04.08	Share-based payment	0	145	0	0	0	145
5.05	Total comprehensive income (loss)	0	0	0	5,901	-1,006	4,895
5.05.01	Profit for the period	0	0	0	3,552	0	3,552
5.05.02	Other comprehensive income (loss)	0	0	0	2,349	-1,006	1,343
5.05.02.06	Realization of deemed cost	0	0	0	2,137	-2,137	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	212	-212	0
5.05.02.08	Cash flow hedge	0	0	0	0	1,343	1,343
5.06	Internal changes in equity	0	0	-1,635	1,635	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-327	327	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,308	1,308	0	0
5.07	Closing balances	103,976	522	90,504	7,536	242,235	444,773

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Parent company financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
7.01	Revenues	210,450	156,837
7.01.01	Sale of goods, products and services	209,553	156,782
7.01.02	Other income	975	458
7.01.04	Changes in provision for impairment of trade receivables	-78	-403
7.02	Inputs purchased from third parties	-132,085	-90,398
7.02.01	Cost of products and services	-127,145	-83,507
7.02.02	Materials, electric power, outsourced services and other	-4,940	-6,891
7.03	Gross value added	78,365	66,439
7.04	Retentions	-11,059	-7,799
7.04.01	Depreciation, amortization and depletion	-9,847	-7,799
7.04.02	Other	-1,212	0
7.04.02.01	Changes in the fair value of biological assets	-1,212	0
7.05	Net value added generated	67,306	58,640
7.06	Value added received through transfer	5,265	7,967
7.06.01	Equity in results of subsidiaries	63	4,206
7.06.02	Finance income	5,202	3,761
7.07	Total value added to be distributed	72,571	66,607
7.08	Value added distributed	72,571	66,607
7.08.01	Personnel	27,713	23,002
7.08.01.01	Direct remuneration	22,694	19,101
7.08.01.02	Benefits	3,767	2,846
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	1,252	1,055
7.08.02	Taxes payable	20,219	18,032
7.08.02.01	Federal	16,160	12,099
7.08.02.02	State	3,853	5,815
7.08.02.03	Municipal	206	118
7.08.03	Remuneration of third-party capital	27,883	22,021
7.08.03.01	Interest	19,760	15,055
7.08.03.02	Rentals	8,123	6,966
7.08.04	Remuneration of own capital	-3,244	3,552
7.08.04.03	Profits reinvested/loss for period	-3,244	3,552

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Consolidated financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2014	Prior year 12/31/2013
1	Total assets	1,567,643	1,631,521
1.01	Current assets	294,316	347,936
1.01.01	Cash and cash equivalents	59,154	135,005
1.01.02	Financial investments	4,932	2,730
1.01.02.02	Financial investments valued at amortized cost	4,932	2,730
1.01.02.02.01	Held-to-maturity securities	4,932	2,730
1.01.03	Accounts receivable	147,896	129,970
1.01.03.01	Customers	147,896	129,970
1.01.04	Inventories	62,675	60,838
1.01.06	Taxes recoverable	5,456	7,721
1.01.06.01	Current taxes recoverable	5,456	7,721
1.01.08	Other current assets	14,203	11,672
1.01.08.03	Other	14,203	11,672
1.02	Non-current assets	1,273,327	1,283,585
1.02.01	Long-term receivables	277,071	282,019
1.02.01.03	Accounts receivable	5,103	7,542
1.02.01.03.02	Other receivables	5,103	7,542
1.02.01.05	Biological assets	265,881	268,725
1.02.01.08	Receivables from related parties	1,049	1,005
1.02.01.08.04	Receivables from other related parties	1,049	1,005
1.02.01.09	Other non-current assets	5,038	4,747
1.02.01.09.03	Taxes recoverable	3,916	3,625
1.02.01.09.04	Judicial deposits	1,122	1,122
1.02.03	Property, plant and equipment	883,278	888,403
1.02.04	Intangible assets	112,978	113,163
1.02.04.01	Intangible assets	112,978	113,163

(A free translation of the original in Portuguese)

Consolidated financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2014	Prior year 12/31/2013
2	Total liabilities and equity	1,567,643	1,631,521
2.01	Current liabilities	315,235	357,375
2.01.01	Social and labor obligations	26,462	32,534
2.01.02	Trade payables	64,052	90,575
2.01.03	Tax obligations	23,989	24,612
2.01.03.01	Federal taxes payable	18,703	19,545
2.01.03.01.02	Taxes payable in installments	6,812	6,691
2.01.03.01.03	Other federal taxes	11,891	12,854
2.01.03.02	State taxes payable	5,112	4,887
2.01.03.02.01	Taxes payable in installments	2,931	3,569
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	2,181	1,318
2.01.03.03	Municipal taxes payable	174	180
2.01.04	Borrowings	182,300	172,746
2.01.04.01	Borrowings	124,456	119,705
2.01.04.02	Debentures	57,844	53,041
2.01.05	Other obligations	18,432	36,908
2.01.05.02	Other	18,432	36,908
2.01.05.02.01	Dividends and interest on capital payable	2,859	19,772
2.01.05.02.04	Other payables	14,025	15,518
2.01.05.02.05	Advances from customers	1,548	1,618
2.02	Non-current liabilities	763,488	785,905
2.02.01	Borrowings	440,771	460,740
2.02.01.01	Borrowings	347,491	350,855
2.02.01.02	Debentures	93,280	109,885
2.02.02	Other obligations	57,151	58,414
2.02.02.02	Other	57,151	58,414
2.02.02.02.03	Taxes payable in installments	39,534	40,159
2.02.02.02.04	Other taxes payable	17,617	16,911
2.02.02.02.05	Other payables	0	1,344
2.02.03	Deferred taxes	223,446	222,673
2.02.03.01	Deferred income tax and social contribution	223,446	222,673
2.02.04	Provisions	42,120	44,078
2.02.04.01	Tax, social security, labor and civil provisions	42,120	44,078
2.03	Consolidated equity	488,920	488,241
2.03.01	Capital	116,895	116,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	150,243	151,280
2.03.06	Carrying value adjustments	220,809	219,094
2.03.09	Non-controlling interests	13	12

Consolidated financial statements / statement of operations

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
3.01	Revenue from sale of goods and/or services	179,827	123,833
3.02	Cost of sales and/or services	-136,678	-87,907
3.02.01	Changes in the fair value of biological assets	1,625	0
3.02.02	Cost of products sold	-138,303	-87,907
3.03	Gross profit	43,149	35,926
3.04	Operating expenses	-27,319	-21,045
3.04.01	Selling expenses	-16,407	-11,698
3.04.02	General and administrative expenses	-11,370	-9,111
3.04.04	Other operating income	1,607	461
3.04.05	Other operating expenses	-1,149	-697
3.05	Profit before finance result and taxes	15,830	14,881
3.06	Finance result	-20,229	-10,981
3.06.01	Finance income	5,553	3,786
3.06.02	Finance costs	-25,782	-14,767
3.07	Profit (loss) before taxes on income	-4,399	3,900
3.08	Income tax and social contribution	1,155	-348
3.08.01	Current	-94	-162
3.08.02	Deferred	1,249	-186
3.09	Profit (loss) from continuing operations	-3,244	3,552
3.11	Consolidated profit (loss) for the period	-3,244	3,552
3.11.01	Attributable to the owners of the Parent company	-3,244	3,552
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	-0.02020	0.16520
3.99.01.02	Preferred shares	-0.02020	0.16520

Consolidated financial statements / statement of comprehensive income (loss)

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
4.01	Consolidated profit (loss) for the period	-3,244	3,552
4.02	Other comprehensive income (loss)	3,922	-4,786
4.02.01	Cash flow hedge	5,942	-7,253
4.02.02	Income tax and social contribution - cash flow hedge	-2,020	2,467
4.03	Consolidated comprehensive income (loss) for the period	678	-1,234
4.03.01	Attributable to the owners of the Company	678	-1,234

Consolidated financial statements / statement of cash flows - indirect method

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
6.01	Net cash provided by(used in) operating activities	-23,989	12,660
6.01.01	Cash from operations	27,105	27,825
6.01.01.01	Profit (loss) before income tax and social contribution	-4,399	3,900
6.01.01.02	Changes in the fair value of biological assets	-1,625	0
6.01.01.03	Depreciation, amortization and depletion	17,177	12,019
6.01.01.05	Result on sale of permanent assets	157	265
6.01.01.07	Provision for civil, labor and tax risks	-1,956	-1,906
6.01.01.08	Provision for impairment of trade receivables	134	403
6.01.01.10	Non-controlling interests	1	0
6.01.01.12	Monetary variations and charges	13,694	11,567
6.01.01.13	Government grants	0	90
6.01.01.15	Unrealized hedge result, net of taxes	3,922	1,343
6.01.01.17	Share-based payment	0	144
6.01.02	Changes in assets and liabilities	-51,094	-15,165
6.01.02.01	Accounts receivable	-18,061	-11,574
6.01.02.02	Inventories	-1,837	-6,596
6.01.02.03	Taxes recoverable	1,974	259
6.01.02.04	Other assets	-2,338	1,942
6.01.02.06	Trade payables	-13,521	9,608
6.01.02.07	Social security obligations	-6,072	-4,822
6.01.02.08	Advances from customers	-70	3,721
6.01.02.09	Taxes payable	1,386	1,820
6.01.02.10	Payment of interest on borrowings	-7,081	-5,072
6.01.02.11	Payment of interest on debentures	-2,716	-3,633
6.01.02.12	Other payables	-2,758	-818
6.02	Net cash used in investing activities	-20,637	-12,841
6.02.01	Purchase of property, plant and equipment	-19,536	-11,776
6.02.02	Purchase of biological assets	-994	-1,072
6.02.03	Purchase of intangible assets	-104	-43
6.02.06	Proceeds from disposal of assets	-3	50
6.03	Net cash provided by (used in) financing activities	-31,225	4,412
6.03.01	Payment of dividends	-16,913	-14,200
6.03.03	Debentures paid	-15,015	-12,500
6.03.04	New borrowings	26,024	53,462
6.03.05	Repayment of borrowings	-25,321	-18,257
6.03.08	Real Estate Credit Note (CRI)	0	-4,093
6.05	Increase (decrease) in cash and cash equivalents	-75,851	4,231
6.05.01	Cash and cash equivalents at the beginning of the period	135,005	96,922
6.05.02	Cash and cash equivalents at the end of the period	59,154	101,153

Consolidated financial statements / statement of changes in equity - 1/1/2014 to 3/31/2014

(All amounts in thousands of reais)

Code	Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income (loss)	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	116,895	960	151,280	0	219,094	488,229	12	488,241
5.03	Adjusted opening balances	116,895	960	151,280	0	219,094	488,229	12	488,241
5.04	Capital transactions with owners	0	0	0	0	0	0	1	1
5.04.01	Capital increase	0	0	0	0	0	0	1	1
5.05	Total comprehensive income (loss)	0	0	0	-1,037	1,715	678	0	678
5.05.01	Loss for the period	0	0	0	-3,244	0	-3,244	0	-3,244
5.05.02	Other comprehensive income (loss)	0	0	0	2,207	1,715	3,922	0	3,922
5.05.02.06	Realization of deemed cost	0	0	0	271	-271	0	0	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	1,936	-1,936	0	0	0
5.05.02.08	Cash flow hedge	0	0	0	0	3,922	3,922	0	3,922
5.06	Internal changes in equity	0	0	-934	934	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-934	934	0	0	0	0
5.07	Closing balances	116,895	960	150,346	-103	220,809	488,907	13	488,920

Consolidated financial statements / statement of changes in equity - 1/1/2013 to 3/31/2013

(All amounts in thousands of reais)

Code	Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income (loss)	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	103,976	377	106,405	0	243,241	453,999	6	454,005
5.03	Adjusted opening balances	103,976	377	106,405	0	243,241	453,999	6	454,005
5.04	Capital transactions with owners	0	145	-14,266	0	0	-14,121	0	-14,121
5.04.06	Dividends	0	0	-14,266	0	0	-14,266	0	-14,266
5.04.08	Share-based payments	0	145	0	0	0	145	0	145
5.05	Total comprehensive income (loss)	0	0	0	5,901	-1,006	4,895	0	4,895
5.05.01	Profit for the period	0	0	0	3,552	0	3,552	0	3,552
5.05.02	Other comprehensive income (loss)	0	0	0	2,349	-1,006	1,343	0	1,343
5.05.02.06	Realization of deemed cost	0	0	0	2,137	-2,137	0	0	0
5.05.02.07	Realization of deemed cost (subsidiaries)	0	0	0	212	-212	0	0	0
5.05.02.08	Cash flow hedge	0	0	0	0	1,343	1,343	0	1,343
5.06	Internal changes in equity	0	0	-1,635	1,635	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-327	327	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,308	1,308	0	0	0	0
5.07	Closing balances	103,976	522	90,504	7,536	242,235	444,773	6	444,779

(A free translation of the original in Portuguese)

Consolidated financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
7.01	Revenues	234,163	160,786
7.01.01	Sale of goods, products and services	232,690	160,728
7.01.02	Other income	1,607	461
7.01.04	Changes in provision for impairment of trade receivables	-134	-403
7.02	Inputs purchased from third parties	-142,348	-84,964
7.02.01	Cost of products and services	-131,929	-75,963
7.02.02	Materials, electric power, outsourced services and other	-10,419	-9,001
7.03	Gross value added	91,815	75,822
7.04	Retentions	-15,552	-12,019
7.04.01	Depreciation, amortization and depletion	-17,177	-12,019
7.04.02	Other	1,625	0
7.04.02.01	Changes in the fair value of biological assets	1,625	0
7.05	Net value added generated	76,263	63,803
7.06	Value added received through transfer	5,553	3,786
7.06.02	Finance income	5,553	3,786
7.07	Total value added to be distributed	81,816	67,589
7.08	Value added distributed	81,816	67,589
7.08.01	Personnel	34,106	23,821
7.08.01.01	Direct remuneration	27,310	19,648
7.08.01.02	Benefits	5,282	3,081
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	1,514	1,092
7.08.02	Taxes payable	16,768	18,482
7.08.02.01	Federal	10,135	12,527
7.08.02.02	State	6,125	5,830
7.08.02.03	Municipal	508	125
7.08.03	Remuneration of third-party capital	34,186	21,734
7.08.03.01	Interest	25,781	14,767
7.08.03.02	Rentals	8,405	6,967
7.08.04	Remuneration of own capital	-3,244	3,552
7.08.04.03	Profits reinvested/loss for the period	-3,244	3,552

Comments on company performance

COMMENTS ON THE COMPANY'S PERFORMANCE FOR 1Q14

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

IRANI reports Adjusted EBITDA of R$ 31.4 million in 1Q14
16.0% higher than in 1Q13

CHIEF INDICATORS - CONSOLIDATED	1Q14	4Q13	1Q13	Variation 1Q14/4Q13	Variation 1Q14/1Q13	LTM14 [1]	LTM13 [1]	Variation LTM14/LTM13	PRO-FORMA* LTM14	PRO-FORMA* LTM13
Economic and financial (R$ thousand)										
Net operating revenue	179,827	180,588	123,833	-0.4%	45.2%	660,235	492,359	34.1%	716,387	654,431
Domestic Market	153,882	163,167	105,182	-5.7%	46.3%	576,227	427,070	34.9%	632,379	623,142
Export market	25,945	17,421	18,651	48.9%	39.1%	84,008	65,289	28.7%	84,008	65,289
Gross profit (including*)	43,149	55,743	35,926	-22.6%	20.1%	193,479	171,877	12.6%	206,313	197,538
(*) Change in fair value of biological assets	*1,625*	*11,017*	-	-85.3%	-	*21,732*	*36,767*	-40.9%	21,732	36,767
Gross margin	***24.0%***	***30.9%***	**29.0%**	**-6.9p.p.**	***-5.0p.p.***	***29.3%***	***34.9%***	***-5.6p.p.***	**28.8%**	**30.2%**
Profit (loss) before taxes and profit sharing	(4,399)	29,379	3,900	-115.0%	-212.8%	47,810	26,913	77.6%	46,675	(5,264)
Operating margin	***-2.4%***	***16.3%***	**3.1%**	**-18.7p.p.**	***-5.5p.p.***	***7.2%***	***5.5%***	***1.7p.p.***	**6.5%**	**-0.8%**
Profit (loss)	(3,244)	42,825	3,552	-107.6%	-191.3%	60,612	26,436	129.3%	60,203	(5,197)
Net margin	***-1.8%***	***23.7%***	**2.9%**	**-25.5p.p.**	***-4.7p.p.***	***9.2%***	***5.4%***	***3.8p.p.***	**8.4%**	**-0.8%**
Adjusted EBITDA [2]	31,382	31,387	27,044	0.0%	16.0%	130,548	114,257	14.3%	140,042	126,936
Adjusted EBITDA Margin	***17.5%***	***17.4%***	***21.8%***	**0.1p.p.**	***-4.3p.p.***	***19.8%***	***23.2%***	***-3.4p.p.***	**19.5%**	**19.4%**
Net indebtedness [R$ million]	559.0	495.8	327.8	12.8%	70.5%	559.0	327.8	70.5%	559.0	327.8
Net Debt/Adjusted EBITDA (x) [3]	3.99	3.61	2.87	10.5%	39.0%	3.99	2.87	39.0%	3.99	2.87
Operating data (metric tons)										
Corrugated Cardboard Packaging (PO)										
Production/Sales	49,123	50,707	30,129	-3.1%	63.0%	167,480	126,382	32.5%		
Packaging Paper										
Production	65,508	66,915	55,285	-2.1%	18.5%	261,433	205,479	27.2%		
Sales	19,880	23,548	21,902	-15.6%	-9.2%	102,259	80,374	27.2%		
RS Forest and Resins										
Production	2,222	941	2,285	136.1%	-2.8%	7,867	6,969	12.9%		
Sales	2,192	857	2,373	155.8%	-7.6%	7,838	7,486	4.7%		

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

- Sales volume for the Corrugated Cardboard packaging segment increased 63.0% in 1Q14 when compared to 1Q13 and totaled 49.1 thousand metric tons. The Packaging Paper segment decreased by 9.2%, totaling 19.9 thousand metric tons. The Resins segment decreased by 7.6%, totaling 2.2 thousand metric tons. The significant increase in the volume of the Corrugated Cardboard packaging segment was due to the consolidation of the Corrugated Cardboard Packaging plant (SP) of Indústria de Papel e Papelão São Roberto S.A. "São Roberto".

- Net revenue grew 45.2% in relation to 1Q13, reaching R$ 179.8 million and reflecting the increase in the sales of corrugated cardboard packaging of São Roberto as from October 2013.

- The gross profit totaled R$ 43.1 million, an increase of 20.1% vs. 1Q13, mainly as a result of the increased net revenue.

Comments on company performance

- In 1Q14, the Company incurred a loss of R$ 3.2 million, against positive results of R$ 3.5 million in 1Q13. This negative result was mainly due to ordinary increases in the production cost, mainly arising from collective labor agreements and the increased financial expenses related to the consolidation of the indebtedness of the subsidiary São Roberto S.A. in October 2013.

- The adjusted EBITDA totaled R$ 31.4 million in the quarter, an increase of 16.0% over 1Q13, with a margin of 17.5%.

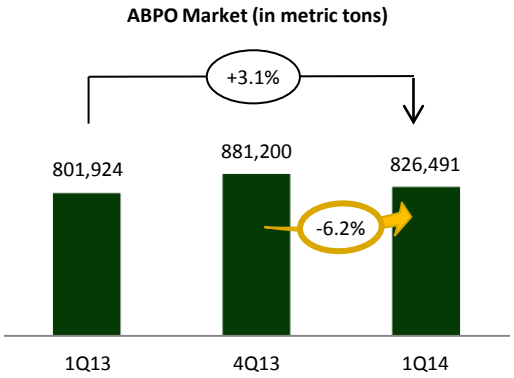
- Net debt/EBITDA: 3.99 times in March 2014.

1Q14 Highlights

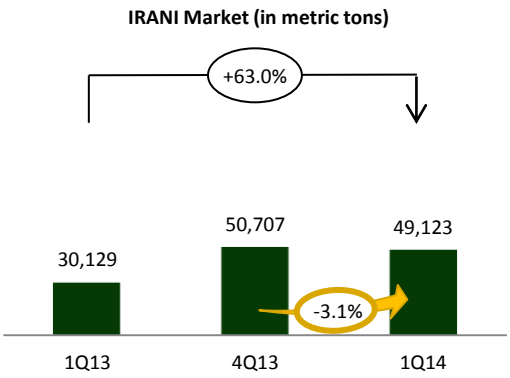
Since the end of 2013, the main economic indicators of the international scenario have shown a moderate recovery of the economies. In respect of Brazil, data related to the industrial activity disclosed during the first quarter of the year indicate a GDP performance between weak and moderate. Inflationary pressure is still a concern, causing the Central Bank to repeatedly increase the basic interest rate (SELIC), which was set at 11.0% p.a. in the meeting held in April 2014.

According to the Brazilian Corrugated Cardboard Association (ABPO), the sales volume of corrugated cardboard in metric tons, as shown in the charts below, increased 3.1% in 1Q14 when compared to 1Q13, and the IRANI Market increased by 63,0% in the same period. Compared with 4Q13, the ABPO Market decreased 6.2% as did the IRANI Market, with a 3.1% drop. In metric tons, IRANI's market share in this quarter was 5.9% against 3.7% in 1Q13 and 5.8% in 4Q13.

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



Source: ABPO



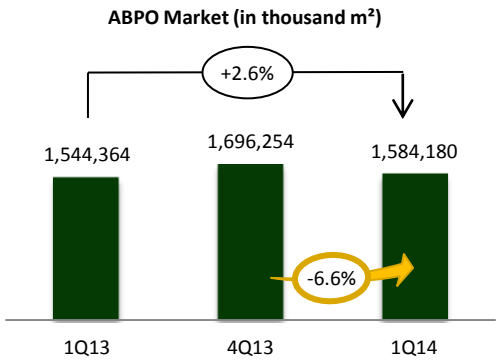
Source: IRANI

Comments on company performance

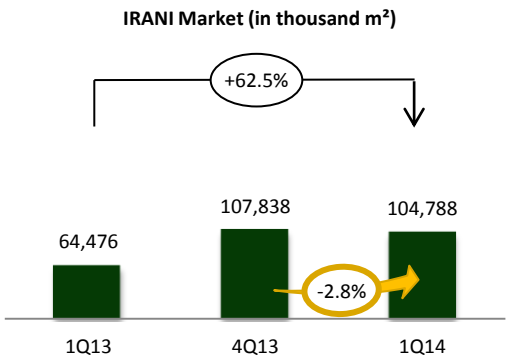
The volume of corrugated cardboard packaging sales for the ABPO Market, in square meters, increased 2.6% in 1Q14 as compared with 1Q13, while the IRANI Market increased 62.5% in the same period, as a result of the consolidation of São Roberto. When compared to 4Q13, the ABPO Market decreased 6.6%, while the IRANI Market decreased 2.8%. IRANI's market share in square meters was 6.6%, 4.2% and 6.4% in 1Q14, 1Q13 and 4Q13, respectively.

In 1Q14, the Corrugated Cardboard Packaging segment represented 65% of IRANI''s net revenue, while the Packaging Paper and the Forest RS and Resins segments represented 27% and 8%, respectively. The domestic and foreign markets represented 86% and 14% of net revenue, respectively.

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



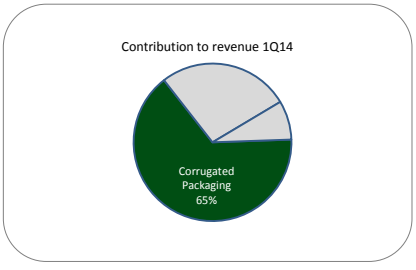
Source: ABPO



Source: IRANI

1. OPERATING PERFORMANCE (not reviewed by independent auditors)

1.1 Corrugated Cardboard Packaging Segment



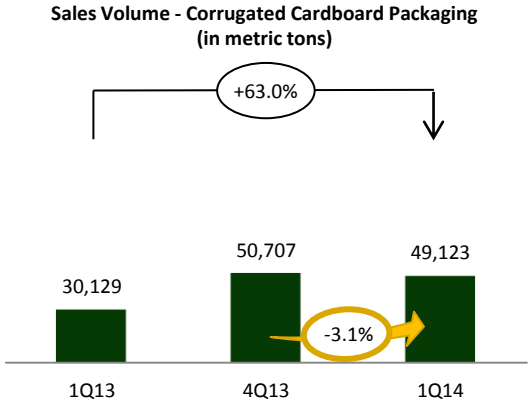
The sales volume of corrugated cardboard boxes and sheets totaled 49,123 metric tons, an increase of 63.0% in relation to 1Q13 and a decrease of 3.1% in relation to 4Q13. Sales of boxes increased by 54.8% and sales of sheets increased by 85.4%. The plants in Indaiatuba, Santa Catarina and São Paulo (São Roberto) represented 38%, 30% and 32%, respectively, of the total sold in 1Q14, with all of their production allocated to the domestic market.

The sales volume of the São Paulo corrugated cardboard packaging factory totaled 12,926 metric tons of boxes and 5,433 metric tons of sheets in 1Q14 (11,854 metric tons of boxes and 5,486 metric tons of sheets in 1Q13).

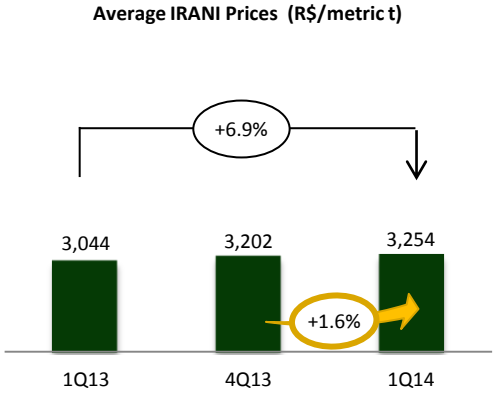
Comments on company performance

The Santa Catarina corrugated cardboard packaging factory's sales volume totaled 11,477 metric tons of boxes and 3,464 metric tons of sheets in 1Q14 (10,150 metric tons of boxes and 2,639 metric tons of sheets in 1Q13).

São Roberto's sales volume in 1Q14 was 9,660 metric tons of boxes and 6,163 metric tons of sheets. This sales volume is being considered only as from October 2013, when the activities of São Roberto were consolidated into Irani.



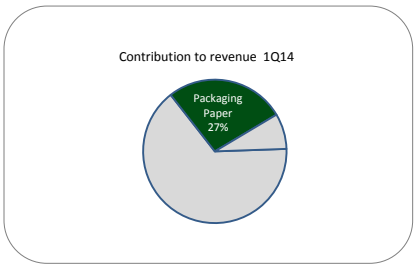
Average IRANI prices (CIF) per metric ton increased 6.9% in 1Q14 over 1Q13, and increased 1.6% over 4Q13, as shown below:



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

1.2 Packaging Paper Division

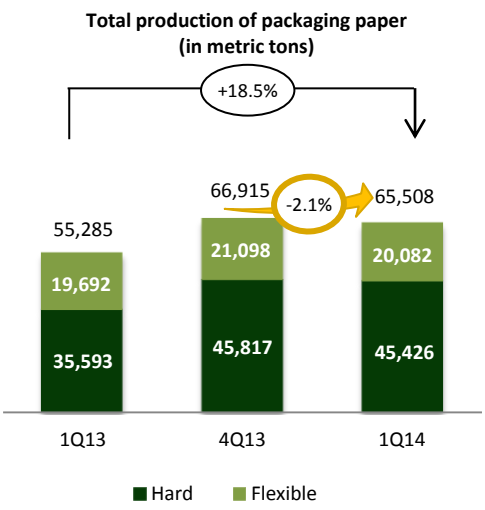
IRANI operates in the Packaging Paper segment, with activities in the hard packaging paper market (corrugated cardboard) and the flexible packaging market (sack Kraft).

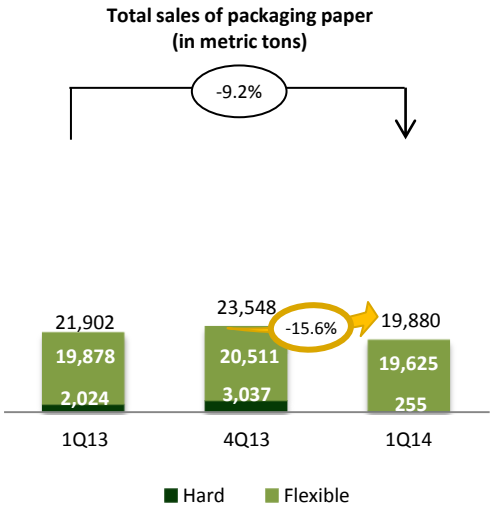


Comments on company performance

The Company's total packaging paper production in the quarter grew by 18.5%, when compared to 1Q13 and decreased by 2.1% in relation to 4Q13. Sales decreased by 9.2% and 15.6% compared to 1Q13 and 4Q13, respectively.

The increase in the production and sales volume of packaging paper in 1Q14 resulted mainly from the operations of the packaging paper production plant in Santa Luzia, State of Minas Gerais, which started operations on March 1, 2013, when leased to IRANI by São Roberto S.A., and mainly manufactures hard packaging paper (corrugated cardboard). The decrease in sales volume in relation to 1Q13 and 4Q13 was due to the sales to the subsidiary São Roberto, which were eliminated as from the integration of operations, in this quarter.

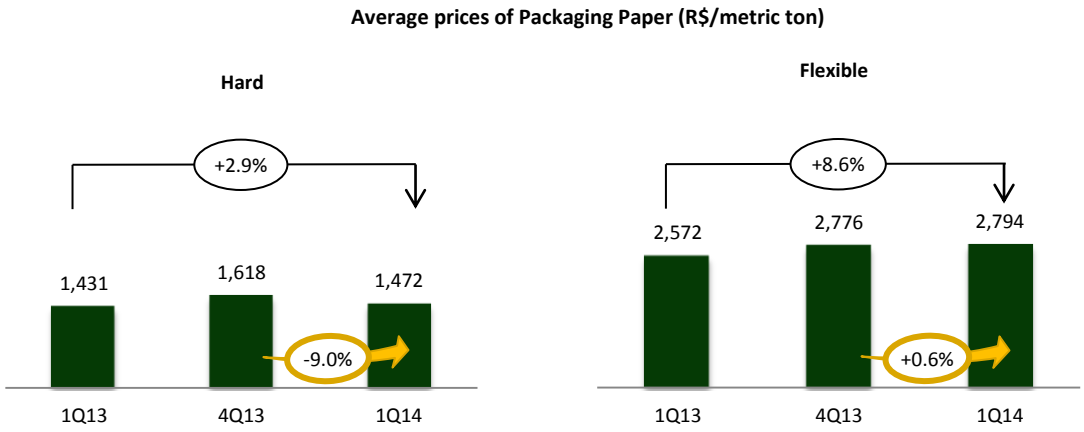




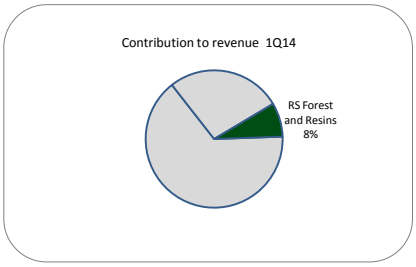
In 1Q14, internal transfers of paper for hard packaging totaled 44,058 metric tons (30,719 metric tons in 1Q13 and 47,527 metric tons in 4Q13) and were as follows: transfers to Indaiatuba plant, 14,330 metric tons (16,543 metric tons in 1Q13 and 16,963 metric tons in 4Q13), to São Roberto plant, 16,631 metric tons (1,089 metric tons in 1Q13 and 17,375 in 4Q13) and to Santa Catarina plant, 13,098 metric tons in 1Q14 (13,087 metric tons in 1Q13 and 13,189 metric tons in 4Q13). Of the total domestic transfers in the quarter, 32% were to the Indaiatuba plant, 30% to the Santa Catarina plant and 38% to the São Roberto plant.

Hard packaging papers, whose price is inferior to the price of other papers sold by the Company, increased in 1Q14 by 2.9% in relation to 1Q13 and decreased by 9.0% when compared to 4Q13. Average prices followed the market trends. On the other hand, prices of flexible packaging papers increased by 8.6% over 1Q13 and remained stable when compared to 4Q13.

Comments on company performance

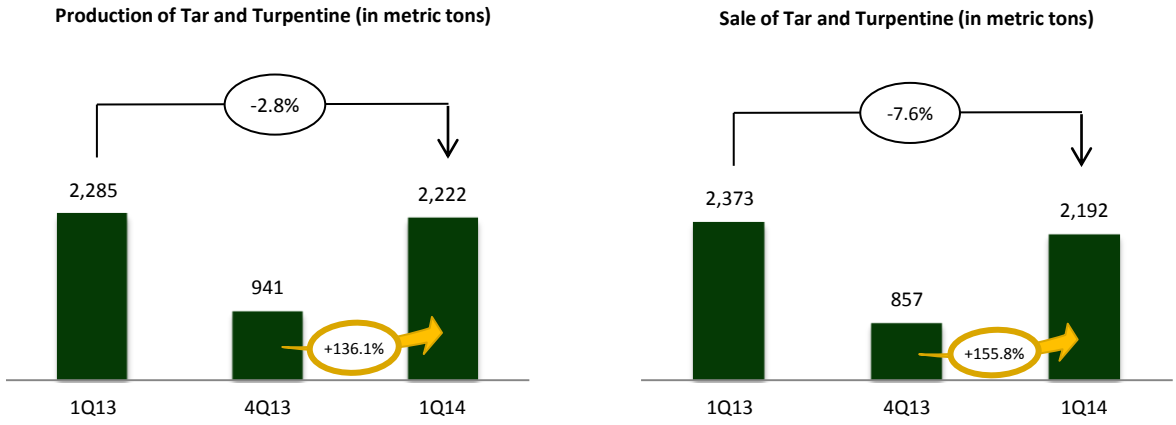


1.3 RS Forest and Resins Division



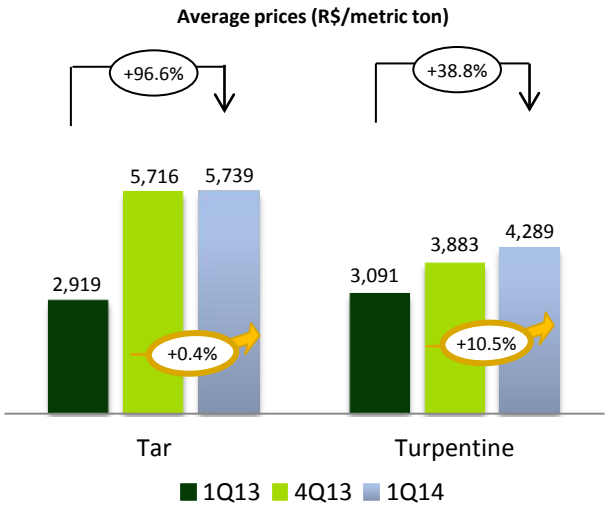
In 1Q14, the RS Forest products segment of the State of Rio Grande do Sul produced and sold 32 thousand m³ of pine logs for the domestic market (64 thousand m³ in 1Q13) and supplied 902 thousand metric tons of natural resins to the parent company Celulose Irani S.A. to be utilized in the industrial production of tar and turpentine.

The production and sales volumes for the Resins unit decreased by 2.8% and 7.6%, respectively in 1Q14, when compared to 1Q13 and increased by 136.1% and 155.8%, when compared to 4Q13. Sales increased because of the establishment of new markets and customers. Production varies depending on the offering of gum resin in the domestic market. The volume performance in this quarter improved in relation to 4Q13 because such offering also decreased during the period as a result of the end of the crop cycle.



Comments on company performance

The gross average price of tar in 1Q14 was 96.6% above that of 1Q13 and stable in relation to 4Q13. The average price of turpentine increased by 38.8% when compared to 1Q13 and 10.5% when compared to 4Q13. Changes in the average prices of resins mainly resulted from the increase of prices in foreign currency.



2. ECONOMIC AND FINANCIAL PERFORMANCE

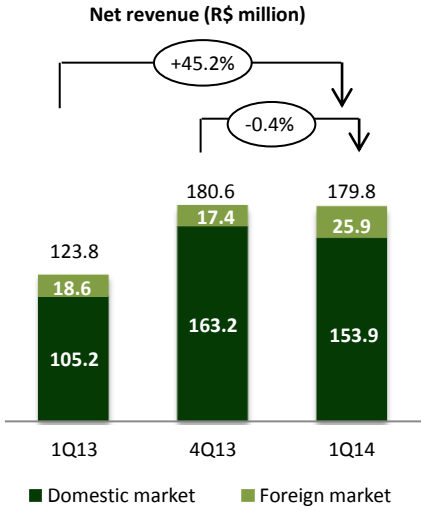
2.1 Net operating revenue

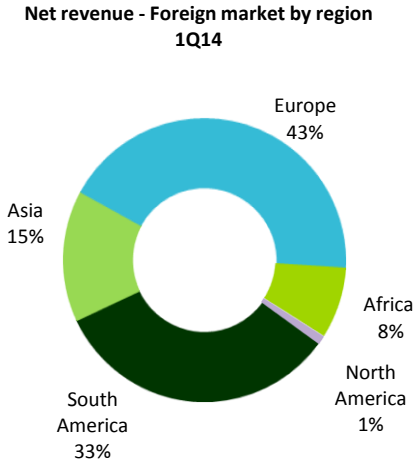
Net operating revenue for 1Q14 totaled R$ 179,827 thousand, 45.2% above that of 1Q13 and stable in relation to 4Q13. The change in relation to 1Q13 was mainly due to the consolidation of São Roberto's operations in October 2013.

In the domestic market, net operating revenue amounted to R$ 153,882 thousand in the quarter, representing an increase of 46.3% over 1Q13 and of 5.7% over 4Q13, and corresponded to 86% of total revenue earned in the domestic market.

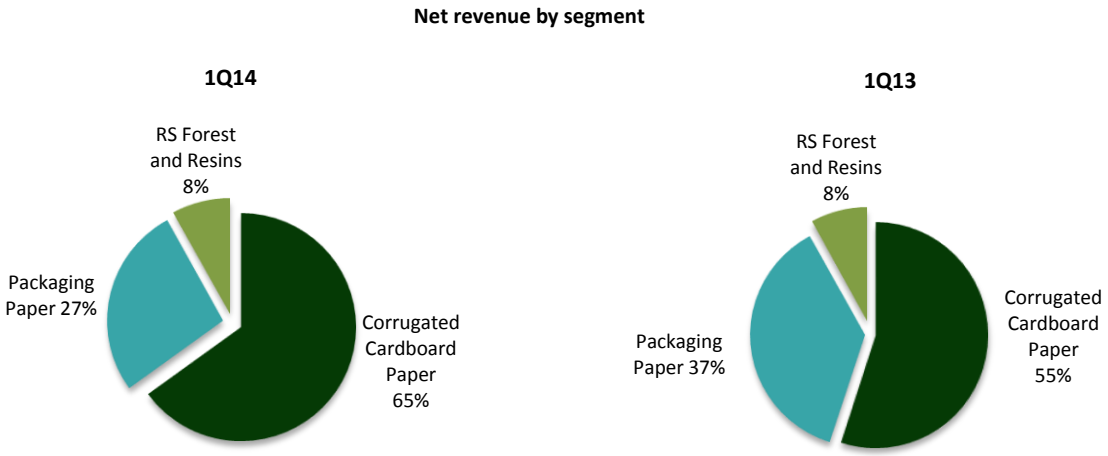
Exports in 1Q14 totaled R$ 25,945 thousand, a growth of 39.1% as compared to 1Q13 and of 48.9% in relation to 4Q13, and represented 14% of total net operating revenue. Exports were made mainly to Europe (43% of the export revenue), followed by South America (33%), the other markets being: Asia (15%), Africa (8%) and North America (1%).

Comments on company performance





IRANI's main operating segment is the Corrugated Cardboard Packaging segment, responsible for 65% of the consolidated net revenue in 1Q14, followed by the segments of Packaging Paper with 27%, and RS Forest and Resins with 8%.



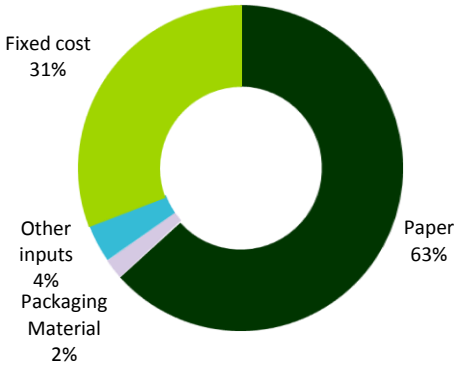
2.2 Cost of products sold

Cost of products sold in 1Q14 was R$ 138,303 thousand, 57.3% above that of 1Q13 in absolute figures and 12.1 p.p. over the net revenue variation, which resulted from the ordinary increase in fixed costs, mainly because of the collective labor agreements signed at the end of 2013. The positive variation of the fair value of biological assets is not being considered in the cost of products sold.

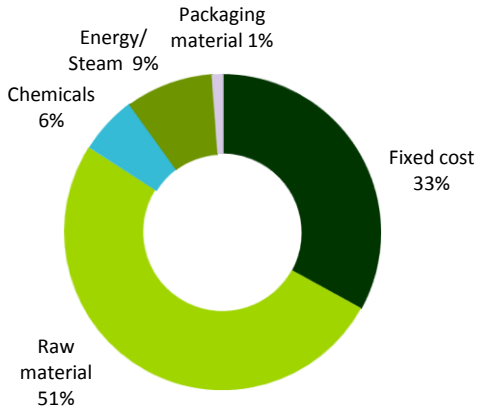
The composition of cost per business segment of IRANI in 1Q14 is shown in the charts below.

Comments on company performance

Corrugated Cardboard Packaging



Packaging Paper*



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

2.3 Operating income and expenses

Selling expenses in 1Q14 totaled R$ 16,407 thousand representing 9.1% of the consolidated net revenue, compared to 9.4% in 1Q13. This 0.3% increase resulted mainly from the decrease in selling costs and the increase in net revenue, without the corresponding increase in expenses.

Administrative expenses for 1Q14 increased by 24.8% over 1Q13, totaling R$ 11,370 thousand, Expenses were mainly impacted by the consolidation of São Roberto's operations as from October 2013.

Other operating income (expenses) resulted in an income of R$ 458 thousand in 1Q14, against an expense of R$ 236 thousand in 1Q13.

Comments on company performance

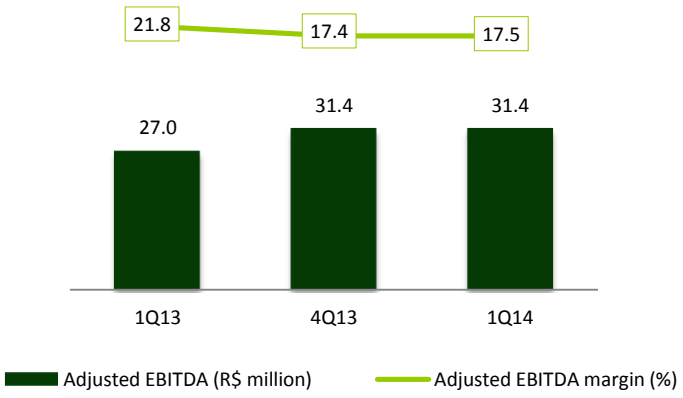
3. OPERATING CASH GENERATION (ADJUSTED EBITDA)

Consolidated (R$ thousand)	1Q14	4Q13	1Q13	Variation 1Q14/4Q13	Variation 1Q14/1Q13	LTM14 [1]	LTM13 [1]	Variation LTM14/LTM13	PRO-FORMA* LTM14	PRO-FORMA* LTM13
Profit (loss) before taxes and profit sharing	**(4,399)**	**29,379**	**3,900**	-115.0%	-212.8%	**47,810**	**26,913**	77.6%	**46,675**	**(5,264)**
Depletion	5,463	5,742	4,225	-4.9%	29.3%	22,624	18,975	19.2%	22,624	18,975
Depreciation and amortization	11,714	10,238	7,794	14.4%	50.3%	38,335	38,782	-1.2%	41,851	49,007
Finance result	20,229	16,003	10,981	26.4%	84.2%	62,176	49,451	25.7%	68,007	77,580
EBITDA	**33,007**	**61,362**	**26,900**	-46.2%	22.7%	**170,945**	**134,121**	**27.5%**	**179,157**	**140,298**
EBITDA margin	***18.4%***	***34.0%***	***21.7%***	***-15.6p.p.***	***-3.3p.p.***	***25.9%***	***27.2%***	***-1.3p.p.***	***25.0%***	***21.4%***
Adjustments pursuant to CVM Instruction 527/12										
EBITDA of the discontinued operations [2]	-	-	-	-	-	-	6,767	-	-	6,767
Changes in the fair value of biological assets [3]	(1,625)	(11,017)	-	-85.3%	-	(21,732)	(36,767)	-40.9%	(21,732)	(36,767)
Stock options/management participation [4]	-	7,636	144	-	-	7,929	3,452	129.7%	7,929	3,452
Non-recurring events [5]	-	(26,594)	-	-	-	(26,594)	6,684	-497.9%	(25,312)	13,186
Adjusted EBITDA	**31,382**	**31,387**	**27,044**	**0.0%**	**16.0%**	**130,548**	**114,257**	**14.3%**	**140,042**	**126,936**
Adjusted EBITDA Margin	***17.5%***	***17.4%***	***21.8%***	***0.1p.p.***	***-4.3p.p.***	***19.8%***	***23.2%***	***-3.4p.p.***	***19.5%***	***19.4%***

[1] *Accumulated in the last twelve months.*
[2] *EBITDA of the discontinued operations refers to the EBITDA generated by the closure of the subsidiary Meu Móvel de Madeira - Comércio de Móveis e Decorações Ltda.*
[3] *Change in fair value of biological assets because it does not represent cash generation in the period.*
[4] *Stock options/management participation: Stock options correspond to the fair value of the instruments and its offsetting entry is the Capital Reserve recorded in Equity, and the management profit sharing is related to the distribution of the Company's financial results. Neither of the two amounts represents a cash disbursement in the period.*
[5] *Non-recurring events relate to the impairment losses on machinery in the amount of R$ 4,590 thousand, the positive result for the enrollment in the Tax Recovery Program (REFIS) in the subsidiary Ind. Papel e Papelão São Roberto S.A. in the amount of R$ 33,432 thousand and loss due to other investment changes in the subsidiary in the amount of R$ 2,248 thousand.*
**Pro-forma: 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$ 31,382 thousand in 1Q14, with an increase of 16.0% in relation to 1Q13 and stable in relation to 4Q13. Adjusted EBITDA margin in 1Q14 reached 17,5%, a decrease of 4.3 p.p. in relation to 1Q13, as a result of lower margins in the subsidiary São Roberto S.A., consolidated into the Company's operations at the end of 2013 and remained stable when compared to 4Q13.

Adjusted EBITDA (R$ million) and adjusted EBITDA margin (%)



4. FINANCE RESULT AND INDEBTEDNESS

Finance result was negative by R$ 20,229 thousand in 1Q14, representing an increase of 84.2% and 26.4% in comparison with 1Q13 and 4Q13, respectively, and influenced by the increase in the indebtedness levels assumed upon the consolidation of the operations of São Roberto S.A. In 1Q14, the finance costs totaled R$ 25,782 thousand, compared to R$ 14,767 thousand in 1Q13 and R$ 23,514 thousand in 4Q13. Finance income reached R$ 5,553 thousand in 1Q14 versus R$ 3,786 thousand in the same period of the previous year and R$ 7,511 thousand in 4Q13.

Comments on company performance

The composition of the finance result is as follows:

R$ thousand	1Q14	4Q13	1Q13	LTM14[1]	LTM13[1]
Finance income	5,553	7,511	3,786	21,458	11,849
Finance costs	(25,782)	(23,514)	(14,767)	(83,634)	(61,300)
Finance result	(20,229)	(16,003)	(10,981)	(62,176)	(49,451)

[1]Accumulated in the last twelve months.

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

R$ thousand	1Q14	4Q13	1Q13	LTM14[1]	LTM13[1]
Foreign exchange gains	2,569	1,448	1,713	8,714	4,872
Foreign exchange losses	(3,343)	(2,109)	(1,266)	(11,572)	(10,663)
Foreign exchange variations, net	(774)	(661)	447	(2,858)	(5,791)

[1]Accumulated in the last twelve months.

The foreign exchange variation impacted negatively the Company's result by R$ 774 thousand in 1Q14, due to the devaluation of the Brazilian real against the U.S. dollar in that quarter.

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

R$ thousand	1Q14	4Q13	1Q13	LTM14[1]	LTM13[1]
Finance result net of foreign exchange variation	(19,455)	(15,342)	(11,428)	(59,318)	(43,660)

[1]Accumulated in the last twelve months.

In 2012, the Company restructured the maturities of its commitments in foreign currency (U.S. 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 1Q14, the amount recognized in equity was R$ 3,921 thousand.

Foreign exchange

The foreign exchange rate, which was R$ 2.34/US$ at December 31, 2013, decreased by 3.54%, to R$ 2.26/US$ at the end of March. The average foreign exchange rate for the quarter was R$ 2.37/US$, being 4.41% higher than in 4Q13 and 18.50% higher than in 1Q13.

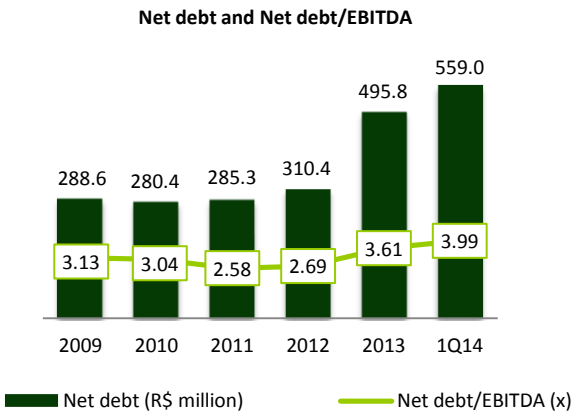
Comments on company performance

	1Q14	4Q13	1Q13	Δ1Q14/4Q13	Δ1Q14/1Q13
Average U.S. Dollar	2.37	2.27	2.00	+4.41%	+18.50%
Final U.S. Dollar	2.26	2.34	2.01	-3.54%	+12.44%

Source: Brazilian Central Bank (BACEN)

Net indebtedness

At March 31, 2014, the consolidated net indebtedness totaled R$ 559.0 million, against R$ 495.8 million at December 31, 2013. The net debt/EBITDA ratio increased from 3.61 times at the end of December 2013 to 3.99 times at the end of 1Q14. This variation was mainly due to the increase in the indebtedness levels assumed through the consolidation of the operations of the subsidiary São Roberto S.A., the new borrowings taken to cover the investments, the distribution of dividends decided on January 31, 2014 and the increased needs for working capital. 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 positive results of the operations of the subsidiary São Roberto S.A., in synergy with the operations carried out by the parent company Celulose Irani S.A., and the return on the current investments, mainly relating to the renovation of the Paper Machine # 1 (MP 1).



5. PROFIT (LOSS)

In 1Q14, net result was negative by R$ 3,244 thousand, compared to positive results of R$ 3,552 thousand in 1Q13 and R$ 42,825 thousand in 4Q13. In the last twelve months, the net result amounted to R$ 60,612 thousand over R$ 26,436 thousand for the same period of prior year.

Comments on company performance

6. INVESTMENTS

The capital budget proposed by Management and approved by the Company's Board of Directors for 2014 establishes investments of approximately R$ 61.4 million. Investments made in 1Q14 amounted to R$ 26,512 thousand. The major investment currently in progress consists of the expansion and modernization of the MP I, which will expand the paper production capacity by 3,000 metric tons/month as from July 2014.

On March 20, 2014, the Board of Directors approved the signature of the Protocol of Intentions with the Government of the State of Minas Gerais, with the objective of expanding the industrial unit located in Santa Luzia, State of Minas Gerais. The total investment is estimated at approximately R$ 220 million and is expected to start in 2014 and finish in 2017. The amount invested will be used in the modernization and expansion of the MP 7 production capacity, from the current 60,000 metric tons/year to 86,400 metric tons/year and also in the construction of a new plant of corrugated cardboard packaging, with production capacity of 60,000 metric tons/year.

7. CAPITAL MARKETS

At March 31, 2014, IRANI's capital comprised 166,720,235 shares, of which 153,909,975 (92%) were common shares and 12,810,260 (8%) were preferred shares. At March 31, 2014, 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$ 533,761 thousand.

7.1 Dividends

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

8 REPURCHASE OF SHARES

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

9 EVENTS AFTER THE REPORTING PERIOD

The Stockholders' Ordinary General Meeting held on April 16, 2014 approved the increase in the Company's capital through the capitalization of the Legal Reserve and Profits Retention Reserve, in the amount of R$ 35,000,000.00. The Company's capital increased from R$ 116,894,847.81 to R$ 151,894,847.81, without the issue of new shares.

CELULOSE IRANI S.A.

Notes to the Quarterly Information
at March 31, 2014
All amounts in thousands of reais unless otherwise stated

Celulose Irani S.A.

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CELULOSE IRANI S.A.

Notes to the Quarterly Information
at March 31, 2014
All amounts in thousands of reais unless otherwise stated

1. GENERAL INFORMATION

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

The direct subsidiaries are listed in Note 4.

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

The issue of these interim financial statements was authorized by the Company's Board of Directors on April 16, 2014.

2. PRESENTATION OF THE INTERIM 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) in a process of convergence with the IFRS, as well as in accordance with the standards established by the Brazilian Securities Commission (CVM).

The parent company interim financial statements have been prepared in conformity with the accounting practices adopted in Brazil, which differ from IFRS practices adopted in separate interim financial statements with respect to the measurement of investments in subsidiaries by the equity method of accounting which, for purposes of IFRS, would be measured at cost or fair value.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Functional currency and translation of foreign currencies

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

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

b) Cash and cash equivalents

Cash and cash equivalents comprise cash, banks and highly liquid investments with 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 flows of the portfolios of financial assets.

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

e) Inventories

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

f) Investments

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

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

Transactions, balances and unrealized gains on related party transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset 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 customer portfolio, trademarks, 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 interim

financial statements. If negative goodwill is determined, the amount is recorded as a gain in profit or loss for the period on the date of acquisition. Goodwill is tested annually for impairment and 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 for the quarter ended March 31, 2014.

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 operations, since it excludes income or expenses taxable or deductible in other periods, as well as permanently non-taxable or non-deductible items. The provision for income tax and social contribution is calculated for each company individually, based on the statutory

rates prevailing at the end of the period. The Company calculates its taxes at a rate of 34% on its taxable profit. However, the subsidiaries Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. adopted the deemed rate of 3.08%, and Irani Trading S.A. adopted the deemed rate of 10.88%, based on their revenue.

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

k) Borrowings and debentures

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

l) Hedge accounting

The Company documents, at the inception of the transaction, the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking hedging transactions. The Company also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the hedge instruments that are used in the transactions are highly effective in offsetting changes in the cash flow of hedged items.
The changes in the hedging amounts classified in "Carrying value adjustments" within equity are shown in Note. 21.

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

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 takes place). The gain or loss relating to the effective portion of instruments hedging highly probable transactions is recognized in the statement of operations within "Finance costs". The gain or loss relating to the ineffective portion is recognized in the statement of operations for the period.

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

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 operations. Finance leases are recorded in the same manner as financed purchases, recognizing at the beginning of the lease the property, plant and equipment item and a financing liability (lease). Property, plant and equipment items acquired under finance leases are depreciated at the rates specified in Note 13.

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

n) Provisions

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

o) Significant accounting judgments, estimates and assumptions

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

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

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

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

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

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

Provisional Measure (MP) 627 was issued on November 11, 2013. This MP repeals the Transitional Tax System (RTT) and, among other provisions, (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 recorded on the equity accounting method.

The MP becomes effective as from 2015. The Company evaluated the possible effects that could arise from the application of this regulation and, even considering the uncertainties regarding the MP, Management 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 operations and will be appropriated based on the amortized cost and the effective interest rate.

s) Statement of value added

The Brazilian corporate law requires the presentation of the parent company and consolidated statements of value added as an integral part of the set of interim financial statements presented by a publicly-traded entity. However, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements. This statement is intended to evidence the wealth created by the Company and its distribution during the periods presented.

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

4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS

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

Ownership interest - (%)		
Subsidiaries - direct ownership	3/31/2014	12/31/2013
Habitasul Florestal S.A.	100.00	100.00
Irani Trading S.A.	100.00	100.00
HGE - Geração de Energia Sustentável LTDA.	99.98	99.98
Iraflor - Comércio de Madeiras LTDA.	99.99	99.99
Ind. Papel e Papelão São Roberto S.A.	100.00	100.00
Irani Geração de Energia Sustentável LTDA.	99.43	99.00

The accounting practices of the subsidiaries are consistent with those adopted by the Company. Intercompany balances and investments and equity of subsidiaries, as well as intercompany transactions and unrealized profits and/or losses, have been eliminated in consolidation. The subsidiaries' accounting information used for consolidation was prepared as at the same date as the Company's accounting information.
Subsidiaries' operations are described in Note 12.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Fixed fund	21	20	31	31
Banks	3,374	3,199	3,754	3,602
Short term bank deposits	46,585	119,081	55,369	131,372
	49,980	122,300	59,154	135,005

Short term bank deposits (CDB) are remunerated at the average of 101.08% of the Interbank Deposit Certificate (CDI) rate.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Trade receivables:				
Customers - domestic market	155,763	125,700	148,497	134,720
Customers - foreign market	13,484	9,200	13,513	9,229
	169,247	134,900	162,010	143,949
Provision for impairment of trade receivables	(7,012)	(6,933)	(14,114)	(13,979)
	162,235	127,967	147,896	129,970

At March 31, 2014, the amount of R$ 16,534 in consolidated trade receivables was overdue and not subject to provision. The balance relates to independent customers with no history of default.

Trade receivables by maturity are as follows:

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Not yet due	129,589	115,773	131,362	118,386
Overdue up to 30 days	17,449	9,486	8,180	8,029
Overdue from 31 to 60 days	11,641	1,186	4,250	1,714
Overdue from 61 to 90 days	1,815	321	2,127	385
Overdue from 91 to 180 days	626	419	1,121	639
Overdue for more than 180 days	8,127	7,715	14,970	14,796
	169,247	134,900	162,010	143,949

The average credit term on the sale of products is 49 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	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
At the beginning of the period	(6,933)	(6,232)	(13,979)	(6,918)
Contribution from subsidiary	-	-	-	(6,300)
Provision for losses recognized	(79)	(701)	(135)	(761)
At the end of the period	(7,012)	(6,933)	(14,114)	(13,979)

A portion of the receivables, amounting to R$ 88,451 was assigned as collateral for certain financial transactions, as disclosed in Notes 15 and 16.

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

Quality - trade receivables

		Consolidated
Customer category	History - %	Amount receivable
a) Customers with no history of default	92.8	121,943
b) Customers with history of default of up to 7 days	5.87	7,711
c) Customers with history of default over 7 days	1.30	1,708
		131,362

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

7. INVENTORIES

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Finished products	6,222	6,142	7,017	7,118
Production materials	29,518	27,830	34,991	33,037
Consumable materials	16,917	16,620	20,130	19,795
Other	537	439	537	888
	53,194	51,031	62,675	60,838

The cost of inventories recognized as an expense for the quarter totaled R$ 128,752 (R$ 88,877 in 1Q13) in the parent company and R$ 138,303 (R$ 87,907 in 1Q13) in the consolidated.

The cost of inventory recognized in the statement of operations 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	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
ICMS	6,068	5,464	6,957	6,765
Social Integration Program (PIS)/Social Contribution on Revenue (COFINS)	-	1,737	556	3,330
Excise Tax (IPI)	200	175	227	197
Income tax	254	168	254	168
Social contribution	87	62	87	62
Income Tax Withheld at Source (IRRF) on investments	1,159	734	1,291	824
	7,768	8,340	9,372	11,346
Current	4,266	5,133	5,456	7,721
Non-current	3,502	3,207	3,916	3,625

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

9. BANKS - RESTRICTED ACCOUNT

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Banco do Brasil - New York – (a)	1,246	1,161	1,246	1,161
Banco Itaú - b)	-	-	3,686	1,569
Total current	1,246	1,161	4,932	2,730
Current	1,246	1,161	4,932	2,730

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

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

10. OTHER ASSETS

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Advances to suppliers	1,449	1,433	1,879	2,038
Employee receivables	947	1,078	1,094	1,285
Renegotiations with customers	7,282	7,237	8,347	7,268
Prepaid expenses	941	1,297	1,109	1,534
Credits receivable - XKW Trading	6,998	6,814	6,998	6,814
Other receivables	741	629	1,718	2,115
	18,358	18,488	21,145	21,054
Provision for impairment of trade receivables - renegotiation	(1,839)	(1,840)	(1,839)	(1,840)
	16,519	16,648	19,306	19,214
Current	11,815	9,956	14,203	11,672
Non-current	4,704	6,692	5,103	7,542

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

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

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
At the beginning of the period	(1,840)	(1,664)	(1,840)	(1,664)
Provision for losses recognized	-	(176)	-	(176)
Amounts recovered in the period	1	-	1	-
At the end of the period	(1,839)	(1,840)	(1,839)	(1,840)

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

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

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution are calculated on the temporary differences for tax purposes, tax losses, adjustments of deemed cost and variations in the fair value of biological assets.
In 2013 and 2014, the Company computed income tax and social contribution on the effects of foreign exchange variations taxed on a cash basis, and recorded a deferred tax liability related to unrealized exchange variations.
Deferred tax liabilities were recognized based on the fair value of biological assets and the deemed cost of property, plant and equipment, as well as adjustments relating to the review of the useful lives of property, plant and equipment.
The initial tax impacts on the deemed cost of property, plant and equipment were recognized in equity.

ASSETS	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Deferred income tax assets				
On temporary differences	9,232	11,295	11,212	13,539
On tax losses	4,162	1,462	4,162	1,462
Deferred social contribution assets				
On temporary differences	3,324	4,066	4,036	4,873
On tax losses	1,499	527	1,499	527
	18,217	17,350	20,909	20,401

CELULOSE IRANI S.A.

Notes to the Quarterly Information at March 31, 2014

All amounts in thousands of reais unless otherwise stated

LIABILITIES	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Deferred income tax liabilities				
Exchange rate variations taxed on a cash basis	1,428	1,303	1,428	1,303
Interest on debentures	-	-	4,104	3,810
Fair value of biological assets	34,238	34,966	36,051	36,737
Deemed cost of property, plant and equipment and review of useful lives	87,618	87,596	137,252	137,495
Government grants	687	631	687	631
Cash flow hedges	(4,925)	(6,410)	(4,925)	(6,410)
Adjustment to present value	-	-	2,961	3,030
Customer portfolio	-	-	1,527	1,574
Trademarks	-	-	327	327
Deferred social contribution liabilities				
Exchange rate variations taxed on a cash basis	514	469	514	469
Interest on debentures	-	-	1,477	1,372
Fair value of biological assets	12,326	12,588	13,304	13,544
Deemed cost of property, plant and equipment and review of useful lives	31,542	31,535	49,442	49,498
Government grants	247	227	247	227
Cash flow hedges	(1,773)	(2,308)	(1,773)	(2,308)
Adjustment to present value	-	-	1,065	1,091
Customer portfolio	-	-	549	566
Trademarks	-	-	118	118
	161,902	160,597	244,355	243,074
Deferred tax liabilities (net)	143,685	143,247	223,446	222,673

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

Deferred tax assets	Consolidated
Period	3/31/2014
2014	10,061
2015	7,283
2016	3,565
	20,909

Deferred tax liabilities	Consolidated
Period	3/31/2014
2014	8,308
2015	9,139
2016	10,053
2017	11,058
2018 onwards	205,797
	244,355

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

Parent company Assets	Opening balance 12/31/2013	Recognized in the results	REFIS	Closing balance 3/31/2014
Deferred tax assets related to:				
Provision for bonuses	3,649	(2,458)	-	1,191
Provision for sundry risks	11,661	(347)	-	11,314
Other	51	-	-	51
Total temporary differences	15,361	(2,805)	-	12,556
Tax losses	1,989	3,672	-	5,661
	17,350	867	-	18,217

Consolidated Assets	Opening balance 12/31/2013	Recognized in the results	REFIS	Closing balance 3/31/2014
Deferred tax assets related to:				
Provision for bonuses	3,649	(2,458)	-	1,191
Provision for sundry risks	14,712	(706)	-	14,006
Other	51	-	-	51
Total temporary differences	18,412	(3,164)	-	15,248
Tax losses	1,989	3,672	-	5,661
	20,401	508	-	20,909

Parent company Liabilities	Opening balance 12/31/2013	Recognized in the results	Recorded in equity	Closing balance 3/31/2014
Deferred tax liabilities related to:				
Exchange rate variations taxed on a cash basis	1,772	170	-	1,942
Fair value of biological assets	47,554	(990)	-	46,564
Deemed cost of property, plant and equipment and useful life review	119,131	29	-	119,160
Government grants	858	76	-	934
Cash flow hedges	(8,718)	-	2,020	(6,698)
	160,597	(715)	2,020	161,902

Consolidated Liabilities	Opening balance	Recognized in the results	Recorded in equity	Closing balance
	12/31/2013			3/31/2014
Deferred tax liabilities related to:				
Exchange rate variations taxed on a cash basis	1,772	170	-	1,942
Interest on debentures	5,182	399	-	5,581
Fair value of biological assets	50,282	(927)	-	49,355
Deemed cost of property, plant and equipment and useful life review	186,993	(299)	-	186,694
Government grants	858	76	-	934
Cash flow hedges	(8,718)	-	2,020	(6,698)
Adjustment to present value	4,121	(95)	-	4,026
Customer portfolio	2,140	(64)	-	2,076
Trademarks	445	-	-	445
	243,074	(740)	2,020	244,355

12. INVESTMENTS

	Habitasul Forestry	Irani Trading company	Iraflor Comércio de Madeiras	HGE Geração de Energia	Wave Paticipações S.A.	Ind. Papel e Papelão São Roberto	Irani Geração de Energia	Total
At December 31, 2012	111,980	107,557	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
Equity in the results of subsidiaries	4,615	3,996	(154)	(4)	-	(8,362)	(28)	63
Capital increase	-	-	12,369	-	-	-	-	12,369
Capital reduction	-	-	-	(393)	-	-		(393)
Spin-off	-	-	-	(234)	-	-	234	-
At March 31, 2014	124,483	120,116	79,951	534	-	35,676	503	361,260
Liabilities	19,545	27,471	673	1	-	301,286	2	
Equity	124,483	120,116	79,958	534	-	35,676	507	
Assets	144,028	147,587	80,631	535	-	336,962	509	
Net revenue	4,632	4,345	5,332	-	-	36,639	-	
Profit (loss) for the period	4,615	3,996	(154)	(4)	-	(8,362)	(29)	
Ownership interest - %	100.00	100.00	99.99	99.98	-	100.00	99.43	

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

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. These operations are performed in the State of Santa Catarina. In 2013, this subsidiary received a capital contribution from Celulose Irani S.A. amounting to R$ 13,259, which was paid up through an increase in forest assets amounting to R$ 13,251, and R$ 8 in cash. In the first quarter of 2014, this subsidiary received a capital contribution from Celulose Irani S.A. amounting to R$ 12,369, which was paid up through an increase in forest assets amounting to R$ 12,365, and R$ 4 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 evaluating projects for implementation.

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

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

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

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	Advance of supplier of PP&E	Finance lease assets	Leasehold improvements	Total
At December 31, 2012										
Net book value	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
At December 31, 2013										
Opening balance	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
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
At March 31, 2014										
Opening balance	123,887	32,923	326,117	651	4,419	59,821	14,603	12,949	12,741	588,111
Additions	-	-	1,562	1,402	278	11,103	9,115	-	-	23,460
Disposals	-	-	(3)	(127)	-	-	(18,981)	(28)	-	(19,139)
Transfers	-	1,388	2,762	-	100	(4,250)	-	-	-	-
Depreciation	-	(292)	(7,972)	(68)	(257)	-	-	(857)	(160)	(9,606)
Net book value	123,887	34,019	322,466	1,858	4,540	66,674	4,737	12,064	12,581	582,826
Cost	123,887	43,394	572,884	3,436	10,857	66,674	4,737	29,914	16,061	871,844
Accumulated depreciation	-	(9,375)	(250,418)	(1,578)	(6,317)	-	-	(17,850)	(3,480)	(289,018)
Net book value	123,887	34,019	322,466	1,858	4,540	66,674	4,737	12,064	12,581	582,826

CELULOSE IRANI S.A.

Notes to the Quarterly Information
at March 31, 2014
All amounts in thousands of reais unless otherwise stated

Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other	Construction in progress	Advance of supplier of PP&E	Finance lease assets	Leasehold improvements	Total
At December 31, 2012										
Net book value	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
At December 31, 2013										
Opening balance	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
Consolidation of 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
At March 31, 2014										
Opening balance	251,586	154,282	371,703	1,049	4,747	64,651	14,603	13,041	12,741	888,403
Additions	-	-	1,833	1,490	172	12,905	9,115	-	-	25,515
Disposals	-	-	(3)	(170)	(9)	-	(18,981)	(52)	-	(19,215)
Transfers	-	1,388	2,762	-	100	(4,250)	-	-	-	-
Depreciation	-	(1,194)	(9,092)	(73)	(67)	-	-	(839)	(160)	(11,425)
Net book value	251,586	154,476	367,203	2,296	4,943	73,306	4,737	12,150	12,581	883,278
Cost	251,586	202,607	696,482	4,145	13,013	73,306	4,737	30,027	16,061	1,291,964
Accumulated depreciation	-	(48,131)	(329,279)	(1,849)	(8,070)	-	-	(17,877)	(3,480)	(408,686)
Net book value	251,586	154,476	367,203	2,296	4,943	73,306	4,737	12,150	12,581	883,278

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

b) Composition of intangible assets

Parent company	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2013					
Opening balance	-	-	-	1,220	1,220
Additions	-	-	-	427	427
Amortization	-	-	-	(631)	(631)
Net book value	-	-	-	1,016	1,016
At March 31, 2014					
Opening balance	-	-	-	1,016	1,016
Additions	-	-	-	104	104
Amortization	-	-	-	(91)	(91)
Net book value	-	-	-	1,029	1,029

Consolidated	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2013					
Opening balance	-	-	-	1,223	1,223
Additions	-	-	-	508	508
Consolidation of subsidiary	1,473	104,380	6,617	40	112,510
Amortization	-	-	(323)	(755)	(1,078)
Net book value	1,473	104,380	6,294	1,016	113,163
At March 31, 2014					
Opening balance	1,473	104,380	6,294	1,016	113,163
Additions	-	-	-	104	104
Amortization	-	-	(198)	(91)	(289)
Net book value	1,473	104,380	6,096	1,029	112,978

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 - %	
	3/31/2014	12/31/2013
Buildings and constructions *	2.19	2.19
Equipment and facilities **	5.86	5.86
Furniture, fittings and IT equipment	5.71	5.71
Vehicles and tractors	20.0	20.0
Computer software	20.0	20.0
Customer portfolio	11.11	11.11

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

d) Other information

Construction in progress refers to works for the improvement and maintenance of the production process in the Packaging Paper and Corrugated Cardboard Packaging plants in Vargem Bonita, State of Santa Catarina, and the Corrugated Cardboard Packaging plant in Indaiatuba, State of São Paulo, the major improvements being the new pulp purification and the refining upgrade, in addition to the renovation of the paper machine #1, both of them expected to be completed during 2014. In the period, finance charges amounting to R$ 242 were capitalized at an average rate of 4.41% per annum, related to new funds utilized to finance specific investment projects.

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

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

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

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

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Administrative	320	137	381	195
Productive	9,286	6,772	11,044	7,326
	9,606	6,909	11,425	7,521

The amortization of intangible assets for the first quarter of 2014 and 2013 is as follows:

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Administrative	77	256	246	256
Productive	14	17	43	17
	91	273	289	273

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, of which R$ 6,229 was recorded in equity as carrying value adjustments (R$ 4,111 net of tax), and R$ 4,590 was recorded in the statement of operations.

In relation to the other assets of the Company, no indicators of impairment were identified at March 31, 2014.

f) Assets pledged as collateral

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

	3/31/2014
Equipment and facilities	90,848
Buildings and constructions	124,663
Land	240,514
Total assets pledged	456,025

g) Goodwill

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

The composition of goodwill is as follows:

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

h) Trademarks

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

i) Customer portfolio

The customer portfolio acquired in the business combination between Indústria de Papel e Papelão São Roberto S.A. and Wave Participações S.A. is recognized at the fair value of R$ 6,617, and its amortization during the period was R$ 198, resulting in the net balance of R$ 6,096. 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 to supply raw material for the production of pulp used in the packaging paper production process, production of resins and sales of timber logs to third parties. All of the Company's biological assets form a single group named "forests", measured together at fair value on a quarterly basis. Because the harvesting of the

forests planted is realized based on the requirements for raw material and timber sales, and also considering that all areas are replanted, the changes in the fair value of these biological assets are not significantly affected at the time of harvesting.

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

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Cost of development of biological assets	44,413	43,900	54,521	53,724
Difference in fair value of biological assets	89,391	102,738	211,360	215,001
	133,804	146,638	265,881	268,725

The Company considers that R$ 183,409 of the total biological assets relates to forests used as raw material for pulp and paper production, of which R$ 123,003 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$ 82,472, and are located on the coast of Rio Grande do Sul. The resin is extracted based on the generation capacity of this product by the forest, and the trees for sale of logs are extracted based on the demand for timber in the region.

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

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

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

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

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

(iv) The prices adopted for biological assets are those charged for the 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 quarterly basis) within an interval considered to be sufficient to prevent any lag in the fair value balance of biological assets recorded in the interim financial statements.

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

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

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

Main changes

The changes in the period were as follows:

	Parent company	Consolidated
At December 31, 2012	159,912	263,292
Development expenses	5,557	6,721
Depletion		
Historical cost	(965)	(3,499)
Fair value	(647)	(17,887)
Transfers for capitalization of subsidiary	(13,251)	-
Disposals	(9)	(9)
Changes in fair value	(3,959)	20,107
At December 31, 2013	146,638	268,725
Development expenses	893	994
Depletion		
Historical cost	(150)	(748)
Fair value	-	(4,715)
Transfers for capitalization of subsidiary	(12,365)	-
Disposals	-	-
Changes in fair value	(1,212)	1,625
At March 31, 2014	133,804	265,881

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

On June 3, 2011, the Company's Board of Directors approved the capital contribution to Iraflor Comércio de Madeiras Ltda. through the transfer of forest assets owned by the Company. In the first quarter of 2014, the contribution of new biological assets, amounting to R$ 12,365 (R$ 13,251 in 2013), 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$ 137,290, pledged as collateral for financing transactions. The pledged assets represent approximately 52% of total biological assets, equivalent to 24.2 thousand hectares of land used, with approximately 14.3 thousand hectares of planted forests.

c) Production on third party land

The Company has entered into non-cancelable lease agreements for the production of biological assets on third party land, called partnerships. These agreements are valid until all planted forests in these areas are harvested in a

cycle of approximately 15 years. The amount of biological assets in third party land represents 9.3% of the total area with the Company's biological assets.

15. BORROWINGS

	Parent company		Consolidated		
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	
Current					
Local currency					
Government Agency for Machinery and Equipment Financing (FINAME)	7,108	5,646	8,217	6,893	a)
Working capital	40,615	37,093	42,363	47,073	b)
Working capital - CDCA	22,310	16,490	22,310	16,490	c)
Finance leases	1,169	1,303	1,300	1,435	d)
National Bank for Economic and Social Development (BNDES)	-	-	11,546	10,327	e)
Total local currency	71,202	60,532	85,736	82,218	
Foreign currency					
Advances on foreign exchange contracts	9,148	12,175	9,148	12,175	f)
Banco Credit Suisse	10,881	5,535	10,881	5,535	g)
Banco Itaú BBA	10,990	11,969	10,990	11,969	h)
Banco Santander PPE	2,742	2,640	2,742	2,640	i)
Banco do Brasil	2,048	2,151	2,048	2,151	j)
Banco Citibank	2,911	3,017	2,911	3,017	k)
Total foreign currency	38,720	37,487	38,720	37,487	
Total current	109,922	98,019	124,456	119,705	
Non-current					
Local currency					
Government Agency for Machinery and Equipment Financing (FINAME)	23,974	21,855	24,228	22,300	a)
Working capital	112,862	98,049	112,862	98,049	b)
Working capital – CDCA	51,681	54,070	51,681	54,070	c)
Finance leases	995	1,244	1,180	1,462	d)
National Bank for Economic and Social Development (BNDES)	-	-	47,106	48,262	e)
Total local currency	189,512	175,218	237,057	224,143	
Foreign currency					
Banco Credit Suisse	74,846	83,172	74,846	83,172	g)
Banco Itaú BBA	22,028	28,505	22,028	28,505	h)
Banco Santander PPE	10,015	10,367	10,015	10,367	i)
Banco do Brasil	1,299	1,597	1,299	1,597	j)
Banco Citibank	2,246	3,071	2,246	3,071	k)
Total foreign currency	110,434	126,712	110,434	126,712	
Total non-current	299,946	301,930	347,491	350,855	
Total	409,868	399,949	471,947	470,560	

	Parent company		Consolidated	
Long-term maturities:	3/31/2014	12/31/2013	3/31/2014	12/31/2013
2015	70,838	85,769	73,698	90,010
2016	145,218	142,335	149,946	147,062
2017	61,638	57,360	67,715	63,437
2018	20,741	15,185	27,811	22,255
2019 to 2024	1,512	1,281	28,322	28,091
	299,946	301,930	347,491	350,855

Local currency borrowings:

a) FINAME - subject to an annual average interest rate of 4.61% with final maturity in 2024.

b) Working capital - subject to an annual average interest rate of 12.68% with final maturity in the second half of 2018.

Transaction costs:

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

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

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

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

Year	Principal
2014	167
2015	207
2016	151
2017	104
2018	56
	685

c) Working capital - CDCA

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

The CDCA relates to the credit rights arising from the Rural Producer Notes ("CPR"), issued by the subsidiary Iraflor Comércio de Madeiras Ltda., which

have Celulose Irani S.A. as the creditor, under the terms of Law 8,929, of August 22, 1994.

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

Transaction costs:

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

Year	Principal
2014	458
2015	484
2016	310
2017	108
	1,360

d) Finance leases - these are subject to an annual average interest rate of 14.38% with final maturity in the second half of 2018.

	Parent company		Consolidated	
Long term maturities of finance leases:	3/31/2014	12/31/2013	3/31/2014	12/31/2013
2015	495	738	599	875
2016	378	384	459	465
2017	67	67	67	67
2018	55	55	55	55
	995	1,244	1,180	1,462

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

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

Foreign currency borrowings:

Borrowings in foreign currency at March 31, 2014 are adjusted by the exchange variations of the US Dollar, and bear annual average interest of 8.02%.

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

g) The financing from Banco Credit Suisse is adjusted for U.S. Dollar exchange rate fluctuations and is repayable in quarterly installments. This transaction relates to prepayments for future exports.

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

Transaction costs:

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

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

Year	Principal
2014	901
2015	1,588
2016	2,209
2017	396
	5,094

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

Year	Principal
2014	86
2015	78
2016	32
2017	4
	200

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

Transaction costs:

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

Year	Principal
2014	39
2015	50
2016	40
2017	28
2018	15
	172

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

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

Transaction costs:

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

Year	Principal
2014	19
2015	10
	29

Collaterals:

Collaterals for the borrowings include sureties of the controlling companies and/or statutory liens on land, buildings, machinery and equipment, biological assets (forests), commercial pledges and assignments of receivables amounting to R$ 305,301. Some transactions have specific guarantees, as follows:

i) For working capital - Certificates of Agribusiness Receivables (CDCA) - the Company provided collaterals of approximately R$ 79,962, including:

- Assignment of credit rights relating to Rural Producer Notes (CPRs) in favor of the creditor;
- Mortgages on some of the Company's properties in favor of the banks for a total area equivalent to 5,288 hectares;

- Statutory liens on pine and eucalyptus forests on the mortgaged properties owned by the issuer.

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

Restrictive financing covenants:

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

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

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. As these measurements are performed annually, their verification is not required at March 31, 2014.

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) 3.75x for the quarters between March 31, 2014 and September 30, 2014; (iv) 3.25x for the quarter ending December 31, 2014; and (v) 3.00x for the quarters ending as from March 31, 2015.

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

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

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

16. DEBENTURES

First issue of simple debentures

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

Transaction costs:

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

Year	Principal
2014	679
2015	226
	905

Collateral:

Debentures have collateral in the amount of R$ 164,093, 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$ 36,735;
- 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, which are listed below, could trigger the accelerated maturity of the debt.

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

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

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

Second issue of simple debentures

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

Transaction costs:

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

Year	Principal
2014	240
2015	251
2016	173
2017	86
	750

Collateral:

Debentures have collateral in the amount of R$ 66,313, as follows:

- Assignment in favor of the Land Trustee of Celulose Irani in conformity with the terms and conditions determined in the Private Instrument of Assignment of Real Estate of Irani and Other Covenants, in first degree, in the amount of R$ 13,386 and in 2nd degree in the amount of R$ 31,252.
- Agricultural pledge of certain assets in favor of the Forest Assets Trustee of Celulose Irani in conformity with the terms and conditions of the Private Instrument of Agricultural Pledge and Other Covenants.
- Assignment of receivables in favor of the Receivables Trustee of Celulose Irani, equivalent to 25% of the outstanding principal balance of the Debentures.

Restrictive financial covenants:

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

The restrictive financial covenants are as follows:

a) The ratio between net debt and EBITDA for the year ended December 31, 2012 cannot be higher than 3.50x.
b) The ratio between net debt and EBITDA for the year ended December 31, 2013 cannot be higher than 3.65x.

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

Issuance of debentures - Subsidiaries

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

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

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

Transaction costs:

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

Year	Principal
2014	518
2015	615
2016	461
2017	286
2018	87
	1,967

Collateral:

Debentures 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 covenants, measured on an annual basis, are as follows:

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

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

<u>First Private Issue of Simple Debentures</u>

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

Transaction costs:

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

Year	Principal
2014	647
2015	631
	1,278

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	3/31/2014	12/31/2013	3/31/2014	12/31/2013
2014	23,452	36,045	37,249	49,686
2015	80,326	79,216	42,314	42,390
2016	12,315	11,942	30,873	30,511
2017	12,400	12,030	31,132	30,772
2018	-	-	9,556	9,567
	128,493	139,233	151,124	162,926
Current	38,706	38,545	57,844	53,041
Non-current	89,787	100,688	93,280	109,885

CELULOSE IRANI S.A.

Notes to the Quarterly Information
at March 31, 2014
All amounts in thousands of reais unless otherwise stated

17. TRADE PAYABLES

Payables to suppliers are as follows:

	Parent company		Consolidated	
CURRENT	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Domestic				
Materials	48,342	58,331	50,089	59,739
Property, plant and equipment	2,000	15,097	2,000	15,097
Service providers	3,533	4,560	4,119	5,446
Carriers	5,416	7,478	6,274	8,514
Related parties	43,987	34,127	-	-
Property, plant and equipment being shipped	1,165	1,165	1,165	1,165
Consignments	66	66	66	66
Foreign				
Materials	117	501	339	548
	104,626	121,325	64,052	90,575

18. TAXES PAYABLE IN INSTALLMENTS

The amounts are as follows:

CURRENT

	Parent company		Consolidated	
Federal Tax Installments	3/31/2014	12/31/2013	3/31/2014	12/31/2013
REFIS installments - Federal Revenue Service (RFB)	2,555	2,503	2,574	2,530
REFIS installments RFB - Subsidiary	-	-	3,375	3,288
Employer's INSS payable in installments	826	811	835	845
Northeast Development Fund (FNDE) payable in installments	-	-	28	28
	3,381	3,314	6,812	6,691

	Parent company		Consolidated	
State Tax Installments	3/31/2014	12/31/2013	3/31/2014	12/31/2013
ICMS payable in installments	923	1,452	923	1,452
ICMS payable in installments - Subsidiary	-	-	2,008	2,117
	923	1,452	2,931	3,569
Total installments	4,304	4,766	9,743	10,260

NON-CURRENT

	Parent company		Consolidated	
Federal Tax Installments	3/31/2014	12/31/2013	3/31/2014	12/31/2013
REFIS installments - RFB	581	1,289	581	1,289
REFIS installments RFB - Subsidiary	-	-	34,270	33,636
Employer's INSS payable in installments	69	271	69	271
FNDE payable in installments	-	-	53	58
	650	1,560	34,973	35,254

	Parent company	Consolidated

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State Tax Installments	3/31/2014	12/31/2013	3/31/2014	12/31/2013
ICMS payable in installments	-	-	-	-
ICMS payable in installments - Subsidiary	-	-	4,561	4,905
	-	-	4,561	4,905
Total installments	650	1,560	39,534	40,159

Long-term maturities:	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
2015	110	398	3,185	4,392
2016	56	128	4,156	4,122
2017	56	128	4,129	5,002
2018	56	128	2,826	2,220
2019 onwards	372	778	25,238	24,423
	650	1,560	39,534	40,159

REFIS RFB - The Company opted for the REFIS tax refinancing program regulated by Law 11,941/09 and Provisional Measure 470/09, for the payment of its taxes in installments. The installments are paid monthly and are subject to interest at the Special System for Settlement and Custody (SELIC) rate. The corresponding amount is being paid in 180 installments.

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

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

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

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

CELULOSE IRANI S.A.

Notes to the Quarterly Information
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All amounts in thousands of reais unless otherwise stated

19. RELATED PARTY TRANSACTIONS

Parent company	Accounts receivable		Accounts payable		Debentures payable	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Irani Trading S.A.	3,349	3,349	1,680	1,437	56,416	55,241
Habitasul Florestal S.A.	4,638	4,638	3,058	66	-	-
HGE - Geração de Energia	-	-	-	393	-	-
Management	1,049	1,005	-	-	-	-
Iraflor - Comércio de Madeiras LTDA.	-	-	30,311	25,056	-	-
Management remuneration	-	-	1,205	1,949	-	-
Management profit sharing	-	-	11,439	11,439	-	-
Irani Geração de Energia Sustentável LTDA	-	-	272	297	-	-
Ind. Papel São Roberto S.A	48,402	36,198	9,140	8,018	-	-
Total	57,438	45,190	57,105	48,655	56,416	55,241
Current portion	56,389	44,185	57,105	48,655	-	-
Non-current portion	1,049	1,005	-	-	56,416	55,241

Parent company	Income		Expenses	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Companhia Com.de Imóveis	-	836	-	-
Ind. Papel São Roberto S.A.	1,451	5,272	2,841	5,134
Irani Trading S.A.	-	-	4,352	4,280
Habitasul Florestal S.A.	-	-	3,306	1,252
Iraflor - Comércio de Madeiras Ltda.	-	-	5,385	3,209
Druck, Mallmann, Oliveira & Advogados Associados	-	-	58	54
MCFD Administração de Imóveis Ltda.	-	-	269	255
Irani Participações S.A.	-	-	120	120
Habitasul Desenvolvimentos Imobiliários	-	-	37	29
Share-based payment	-	-	-	124
Management remuneration	-	-	1,820	1,691
Total	1,451	6,108	18,189	16,148

Consolidated	Accounts receivable		Accounts payable	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Management remuneration	-	-	1,205	1,949
Management	1,049	1,005	-	-
Management profit sharing	-	-	11,439	11,439
Total	1,049	1,005	12,644	13,388
Current portion	-	-	12,644	13,388
Non-current portion	1,049	1,005	-	-

Consolidated	Income		Expenses	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Irani Participações S.A.	-	-	120	120
Companhia Com.de Imóveis	-	836	-	-
Druck, Mallmann, Oliveira & Advogados Associados	-	-	58	54
MCFD Administração de Imóveis Ltda.	-	-	269	255
Management remuneration	-	-	1,850	1,703
Habitasul Desenvolvimentos Imobiliários	-	-	37	29
Ind. Papel São Roberto S.A.	-	5,272	-	5,134
Share-based payment	-	-	-	124
Total	-	6,108	2,335	7,419

The receivables from/payables to the subsidiaries Irani Trading S.A., Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. refer to commercial transactions as well as the acquisition of raw material and the supply of products. The transactions were compatible with the respective market conditions and prices. The receivables of the parent company from the subsidiaries Irani Trading S.A. and Habitasul Florestal S.A. relate to dividends for 2013.

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

On August 19, 2010, the Company issued simple debentures, which were acquired by the subsidiary Irani Trading S.A. The debentures are subject to the IPCA plus annual interest of 6% and mature as disclosed in Note 16.

In 2011, 2012, 2013 and in the first quarter of 2014, the Company transferred to Iraflor the amount of R$ 66,451 in planted forests as a capital contribution. On June 16, 2011, the subsidiary Iraflor issued Rural Producer Notes (CPR) with final maturity in June 2018 and which represent the Company's rights to receive wood in this period. Based on the credit rights from the CPRs, the Company issued Agribusiness Credit Right Certificates (CDCA) on June 20, 2011, in favor of Banco Itaú BBA S.A. and Banco Rabobank International Brasil S.A.

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

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

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

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

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

The payables to Indústria de Papel e Papelão São Roberto S.A. represent the operations established in the Lease Agreement and Other Covenants ("Lease Agreement"), through which São Roberto leased to the Company its paper production industrial plant located in the city of Santa Luzia, State of Minas Gerais, and are as follows: i) a portion of the monthly amount of the lease of R$ 476; ii) the purchase by the Company of the inventory of materials for production at the Agreement's beginning date (the Lease agreement started on March 1, 2013, is effective for a six year period, can be renewed and is adjusted annually by the IPCA); and iii) the purchase by the Company of raw material and accessories for corrugated cardboard boxes.

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

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

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

Management remuneration expenses, net of payroll charges, totaled R$ 1,850 as at March 31, 2014 (R$ 1,703 as at March 31, 2013). The total management remuneration was approved at the Stockholders' General Meeting held on April 16, 2014, at the maximum amount of R$ 11,000.

20. PROVISION FOR CIVIL, LABOR AND TAX RISKS

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

The provision for contingencies is comprised as follows:

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Civil provisions	1,318	1,318	1,326	1,326
Labor provisions	630	630	4,506	5,566
Tax provisions	31,062	31,960	36,288	37,186
Total	33,010	33,908	42,120	44,078
Judicial deposits	645	628	1,122	1,122

Parent company	12/31/2013	Provision	Payments	Reversal	3/31/2014
Civil	1,318	-	-	-	1,318
Labor	630	-	-	-	630
Tax	31,960	506	-	(1,404)	31,062
	33,908	506	-	(1,404)	33,010

Consolidated	12/31/2013	Provision	Payments	Reversal	3/31/2014
Civil	1,326	-	-	-	1,326
Labor	5,566	-	(2)	(1,058)	4,506
Tax	37,186	506	-	(1,404)	36,288
	44,078	506	(2)	(2,462)	42,120

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 March 31, 2014 to cover losses arising from these contingencies. Judicial deposits relating to these lawsuits amount to R$ 263 and are classified in non-current assets.
b) Labor lawsuits related, among other matters, to claims filed by former employees for payment of overtime, health hazard premiums, hazardous duty premiums, occupational illnesses and accidents. Based on past experience and

the opinion of legal counsel, the Company made a provision of R$ 1,568 at March 31, 2014, 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 resulting from business combinations for labor lawsuits filed by former employees related to health hazard and hazardous duty premium, estimated at R$ 2,938.

c) The provision for tax contingencies refers to the offsetting of federal taxes with IPI credits on the acquisition of trimmings by the Company. The amount offset from April 2009 to December 2011 was R$ 20,446. The updated balance at March 31, 2014 totaled R$ 31,062.
The tax lawsuits evaluated by the legal advisors as involving possible losses were accrued because of the business combination, and totaled R$ 5,226. They mainly include the following litigation:

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

	Consolidated	
	3/31/2014	12/31/2013
Labor	14,862	14,862
Civil	2,612	2,612
Environmental	875	875
Tax	74,960	71,413
	93,309	89,762

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 shown 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 much 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$ 74,960 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 awaiting a decision on the Special Appeal filed by the Company.

- Tax Collection Proceeding 2004.72.03.001555-8 filed by the National Institute of Social Security (INSS) with respect to a Debt Assessment Notice for payment of social contribution on gross revenue from the sale of agribusiness companies' production, which as at December 31, 2013, involves the amount of 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$ 33,964 at March 31, 2014. The Company filed defense arguments in respect of these tax assessments.

- Administrative Proceedings 11080.009902/2006-89, 11080.009904/2006-88 and 11080.009905/2006-12 related to federal taxes offset against deemed IPI credits on exports, 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 March 31, 2014 was R$ 116,895 (R$ 116,895 at December 31, 2013), represented by 153,909,975 common shares and 12,810,260 preferred shares, totaling 166,720,235 shares, without par value. The holders of preferred shares are entitled to: dividends under the same conditions adopted for common shares; priority in the reimbursement of capital, without a premium, in the event of liquidation of the Company; and 100% Tag Along rights. The Company may issue preferred shares, without par value and without voting rights, up to the limit of two thirds of the Company's total shares, and increase existing share types or classes without maintaining the proportion among the shares of each type or class.

b) Treasury shares

		Parent company 3/31/2014		Parent company 12/31/2013	
		Number	Amount	Number	Amount
i) Share buyback plan	Common	24,000	30	24,000	30
	Preferred	-	-	-	-
ii) Right to withdraw	Preferred	2,352,100	6,804	2,352,100	6,804
		2,376,100	6,834	2,376,100	6,834

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

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

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

c) Revenue reserves

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

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

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

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

e) Carrying value adjustments

The carrying value adjustments account was constituted when the Company measured its property, plant and equipment (land, machinery and buildings) at deemed cost in the opening balance sheet upon the initial adoption of IFRS. The realization will occur as the related deemed cost is depreciated, at which time the amounts involved will also be adjusted in the basis for calculating dividends. The balance at March 31, 2014, net of tax, represented a gain of R$ 233,810 (R$ 236,016 at December 31, 2013).

The amounts of the financial instruments classified as cash flow hedges, net of tax effects, were also recorded in carrying value adjustments, and corresponded to a cumulative loss of R$ 13,001 at March 31, 2014 (R$ 16,922 at December 31, 2013). Changes in the carrying value adjustments account were as follows:

	Consolidated
At December 31, 2012	243,241
Cash flow hedges	(10,793)
Realization - deemed costs	(8,311)
Realization - deemed costs (subsidiaries)	(932)
Carrying value adjustments - São Roberto	(4,111)
At December 31, 2013	219,094
Cash flow hedges	3,922
Realization - deemed costs	(271)
Realization - deemed costs (subsidiaries)	(1,936)
At March 31, 2014	220,809

22. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) 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 (loss) per share are the same as the basic earnings (loss) per share.

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

	3/31/2014		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	150,084,788	10,389,660	160,474,448
Loss for the period attributable to each category of share	(3,034)	(210)	(3,244)
Basic and diluted loss per share - R$	(0.0202)	(0.0202)	

	3/31/2013	
		Common and preferred shares

	Common shares	Preferred shares	Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each category of share	3,291	261	3,552
Basic and diluted earnings per share - R$	0.0222	0.0222	

23. STOCK OPTION PLAN

Celulose Irani had a share-based remuneration plan, settled with its own shares, under which the Company received services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the granting of the options was recognized as an expense. The total amount to be expensed was determined with reference to the fair value of the options granted. Non-market vesting conditions were included in assumptions regarding the number of options that are expected to vest. The total expense was 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 revised its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognized the impact of the revisions to the original estimates, if any, in the statement of operations, with a corresponding adjustment to equity.

First Stock Option Plan (Program I)

The stock options were granted to managers and certain employees, in accordance with the decision of the Board of Directors on May 9, 2012, approved at the Extraordinary General Meeting held on May 25, 2012. The exercise price of the options granted was R$ 1.26 per common or preferred share. The options had a vesting period up to December 31, 2013. The options were exercised from April 1, 2013 to April 30, 2013.The employee paid the exercise price and the corresponding shares were pledged in favor of the Company up to December 31, 2013. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

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

	Average exercise price per share - 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 follows:
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 was the vesting period of the share-based compensation plan.

24. NET SALES REVENUE

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

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Gross sales revenue	209,553	156,782	232,690	160,728
Taxes on sales	(44,963)	(35,464)	(50,917)	(35,727)
Sales returns	(1,615)	(1,168)	(1,946)	(1,168)
Net sales revenue	162,975	120,150	179,827	123,833

25. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Fixed and variable costs (raw materials and consumables)	(105,065)	(63,668)	(100,682)	(57,819)
Personnel	(20,030)	(22,544)	(26,204)	(23,386)
Changes in the fair value of biological assets	(1,212)	-	1,625	-
Depreciation, amortization and depletion	(9,847)	(7,799)	(17,177)	(12,019)
Freight	(6,675)	(6,043)	(8,962)	(6,043)
Services contracted	(4,512)	(3,556)	(5,701)	(3,794)
Selling expenses	(6,168)	(5,811)	(7,354)	(5,655)
Total costs and expenses by nature	(153,509)	(109,421)	(164,455)	(108,716)
Costs	(129,964)	(88,877)	(136,678)	(87,907)
Expenses	(23,545)	(20,544)	(27,777)	(20,809)

26. OTHER OPERATING INCOME AND EXPENSES

Income	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Income from sales of assets	26	50	26	50
Other operating income	949	408	1,581	411
	975	458	1,607	461

Expenses	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Cost of assets damaged and sold	(194)	(333)	(194)	(333)
Other operating expenses	(578)	(218)	(955)	(220)
Share-based payment	-	(144)	-	(144)
	(772)	(695)	(1,149)	(697)
Total	203	(237)	458	(236)

27. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Operating profit (loss) before taxation	(4,825)	3,404	(4,399)	3,900
Statutory rate	34%	34%	34%	34%
Tax credit (expenses) at statutory rate	1,641	(1,157)	1,496	(1,326)
Tax effect of (additions) deductions:				
Equity in the earnings of subsidiaries	21	1,430	-	-
Differences in rates of taxation of subsidiaries	-	-	1,466	738

Change in fair value of biological assets	412	-	(552)	-
Other differences	(493)	(76)	(1,255)	289
Share-based payment	-	(49)	-	(49)
	1,581	148	1,155	(348)
Current income tax and social contribution	-	-	(94)	(162)
Deferred income tax and social contribution	1,581	148	1,249	(186)

28. FINANCE RESULT

	Parent company		Consolidated	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Finance income				
Income from financial investments	2,014	1,447	2,215	1,470
Interest	514	503	652	503
Discounts obtained	99	98	111	100
	2,627	2,048	2,978	2,073
Foreign exchange variations				
Foreign exchange gains	2,575	1,713	2,575	1,713
Foreign exchange losses	(3,350)	(1,266)	(3,350)	(1,266)
Foreign exchange variations, net	(775)	447	(775)	447
Finance costs				
Interest	(16,064)	(13,532)	(21,967)	(13,241)
Discounts granted	(76)	(51)	(79)	(51)
Discounts/bank expenses	(16)	(27)	(17)	(27)
Other	(253)	(179)	(369)	(182)
	(16,409)	(13,789)	(22,432)	(13,501)
Finance result, net	(14,557)	(11,294)	(20,229)	(10,981)

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 March 31, 2014, the Company had corporate insurance against fire, lightning, explosions, electrical damage and wind storm damage to plants, residential locations and offices, as well as general civil liability coverage and coverage of liabilities of officers and directors (D&O), with a total amount of R$ 488,145. The Company also contracted group life insurance for employees with a minimum coverage of 24 times the employee's salary or a maximum coverage of R$ 500, in addition to insurance for the fleet of vehicles at market value.

With respect to the forests, the Company assessed the existing risks and elected not to contract insurance coverage because the preventive measures against fire and other forest risks have proved efficient. Management understands that the risk

management structure related to the forests is appropriate to ensure the continuity of the Company's activities.

30. FINANCIAL INSTRUMENTS

Capital management

The Company's capital structure consists of its net debt (borrowings and debentures 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 March 31, 2014 was 47% of its own capital and 53% 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 March 31, 2014 and December 31, 2013 was as follows:

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Debt (a)	538,361	539,182	623,071	633,486
Cash and banks	49,980	122,300	59,154	135,005
Held-to-maturity investments	1,246	1,161	4,932	2,730
Net debt	487,135	415,721	558,985	495,751
Equity (b)	488,907	488,229	488,920	488,241
Net indebtedness ratio	1.00	0.85	1.14	1.02

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

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

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Categories of financial instruments

	Parent company		Consolidated	
Financial assets	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Held-to-maturity investments	1,246	1,161	4,932	2,730
Banks - restricted accounts	1,246	1,161	4,932	2,730
Loans and receivables				
Cash and banks	49,980	122,300	59,154	135,005
Trade receivables	162,235	127,967	147,896	129,970
Other receivables	6,390	6,475	7,602	6,713
Financial liabilities				
Amortized cost				
Borrowings	409,868	399,949	471,947	470,560
Debentures	128,493	139,233	151,124	162,926
Trade payables	104,626	121,325	64,052	90,575

Financial risk factors

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

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

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

Exchange rate risk

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

The total net foreign exchange exposure was equivalent to 16 months of exports based on the average of exports in the three-month period ended March 31, 2014, and 22 months of exports based on the average of exports in the three-month period ended March 31, 2013. As most of the borrowings in foreign currency is repayable

in the long term, the Company believes that it will generate sufficient cash flow in foreign currency to settle its long term liabilities in foreign currency.

	Parent company		Consolidated	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Trade receivables	13,484	9,200	13,513	9,229
Banks - restricted accounts	1,246	1,161	1,246	1,161
Advances from customers	(120)	(144)	(120)	(144)
Trade payables	(117)	(501)	(339)	(548)
Borrowings	(149,154)	(164,199)	(149,154)	(164,199)
Net exposure	(134,661)	(154,483)	(134,854)	(154,501)

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

1- Base scenario: maintenance of the exchange rate at levels approximating those effective for the period in which these financial statements were prepared.

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

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

Operation	At 3/31/2014 U$$ (000)	Base scenario Gain (loss) Rate	Base scenario Gain (loss) R$	Adverse scenario Gain (loss) Rate	Adverse scenario Gain (loss) R$	Remote scenario Gain (loss) Rate	Remote scenario Gain (loss) R$
Assets							
Accounts receivable	6,522	2.21	(372)	2.76	3,224	3.31	6,822
Liabilities							
Accounts payable	(203)	2.21	12	2.76	(100)	3.31	(212)
Borrowings	(65,910)	2.21	3,763	2.76	(32,584)	3.31	(68,942)
Net effect			3,403		(29,460)		(62,332)

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 March 31, 2014 were utilized as a basis for the projection of the future balance. The actual behavior of debt balances and derivative instruments will depend on the respective contracts, whereas balances receivable and payable could fluctuate due to the normal activities of the Company and its subsidiaries. The settlement of transactions involving these estimates could result in amounts different

from those estimated due to the subjectivity of the process utilized in the preparation of these analyses. The Company tries to maintain its borrowings and derivative transactions exposed to exchange rate changes with annual net payments equivalent to the receipts from exports. Consequently, the Company seeks to hedge its cash flow against foreign currency risks, and the effects of the scenarios above, if they materialize, are not expected to generate an economic impact on its results.

Interest rate risk

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

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

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

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

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

Operation	Index	At 3/31/2014	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
			Rate % p.a.	R$	Rate % p.a.	R$	Rate % p.a.	R$
Cash and cash equivalents								
CDBs	CDI	55,270	10.80%	282	13.50%	1,807	16.20%	3,333
Borrowings								
Working capital	CDI	96,660	10.80%	(559)	13.50%	(3,577)	16.20%	(6,594)
Debentures	CDI	156,025	10.80%	(780)	13.50%	(4,993)	16.20%	(9,205)
National Bank for Economic and Social Development (BNDES)	TJLP	63,739	5.00%	-	6.25%	(797)	7.50%	(1,593)
Working capital	IPCA	75,352	6.15%	-	7.69%	(1,159)	9.23%	(2,318)
Financing - foreign currency	LIBOR	21,261	0.33%	8	0.41%	(10)	0.49%	(27)
Net effect		468,307		(1,049)		(8,729)		(16,404)

Fair value against carrying amount

The fair value of financial assets and liabilities represents the amount for which the instrument could be exchanged between willing parties in an arm's length

transaction, rather than in a forced sale. The following methods and assumptions were used in the fair value estimate:

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

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

	Parent company		Parent company	
	3/31/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at amortized cost				
Banks - restricted accounts	1,246	1,246	1,161	1,161
Cash and banks	49,980	49,980	122,300	122,300
Trade receivables	162,235	162,235	127,967	127,967
Other receivables	6,390	6,390	6,475	6,475
	219,851	219,851	257,903	257,903
Liabilities measured at amortized cost				
Trade payables	104,626	104,626	121,325	121,325
Borrowings	409,868	409,868	399,949	399,949
Debentures	128,493	128,493	139,233	139,233
	642,987	642,987	660,507	660,507

	Consolidated		Consolidated	
	3/31/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at amortized cost				
Banks - restricted accounts	4,932	4,932	2,730	2,730
Cash and banks	59,154	59,154	135,005	135,005
Trade receivables	147,896	147,896	129,970	129,970
Other receivables	7,602	7,602	6,713	6,713
	219,584	219,584	274,418	274,418
Liabilities measured at amortized cost				
Trade payables	64,052	64,052	90,575	90,575
Borrowings	471,947	471,947	470,560	470,560
Debentures	151,124	151,124	162,926	162,926
	687,123	687,123	724,061	724,061

Credit risk

The Company's credit sales are managed through a strict credit rating and granting procedure. Doubtful receivables are properly covered by 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 its Cash and cash equivalents. These are maintained to meet the cash flow needs of the Company, and Management ensures that the investments are made in financial institutions with which it has a stable relationship, by means of the application of the financial policy that determines the allocation of cash, without limitations, to:
i) Government securities issued by and/or with co-obligation of the National Treasury;
ii) CDBs in banks with a stable relationship with the Company;
iii) Debentures issued by banks with a stable relationship with the Company;
iv) Fixed-income investment funds with a conservative profile.

It is forbidden to invest funds in the variable-income market.

Liquidity risk

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

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

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Parent company

	2014	2015	2016	2017	As from 2018
Liabilities					
Trade payables	104,626	-	-		-
Borrowings	93,370	92,079	147,748	62,028	1,511
Debentures	26,509	99,959	32,534	32,495	971
Other liabilities	4,304	124	56	56	414
	228,809	192,162	180,338	94,579	2,896
Assets					
Cash and cash equivalents	49,980	-	-	-	-
Banks - restricted accounts	1,246	-	-	-	-
Trade receivables - not yet due	129,589	-	-	-	-
Renegotiations with customers	3,609	986	638	182	28
Other assets	8,205	2,870	-	-	-
	192,629	3,856	638	182	28
	(36,180)	(188,306)	(179,700)	(94,397)	(2, 868)

Consolidated

	2014	2015	2016	2017	As from 2018
Liabilities					
Trade payables	64,052	-	-		-
Borrowings	100,317	96,070	152,902	68,766	31,240
Debentures	41,669	52,499	32,534	32,495	33,311
Other liabilities	9,743	3,199	4,156	4,543	27.636
	215,781	151,768	189,592	105,804	92.187
Assets					
Cash and cash equivalents	59,154	-	-	-	-
Banks - restricted accounts	4,932	-	-	-	-
Trade receivables - not yet due	131,362	-	-	-	-
Renegotiations with customers	4,674	986	638	182	28
Other assets	9,529	3,269	-	-	-
	209,651	4,255	638	182	28
	(6,130)	(147,513)	(188,954)	(105,622)	(92,159)

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

At the end of the reporting period, the Company had unused credit facilities totaling R$ 99,441, which increases as borrowing items are settled. The Company expects to meet its other obligations using the cash flow from operating activities and income earned on financial assets.

Derivative financial instruments

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

those linked to loan transactions are recognized directly in the statement of operations.

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

a) Derivative financial instruments measured at fair value

On March 31, 2014, the Company did not have derivative financial instruments measured at fair value.

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

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

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

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

Cash flow hedges

The Company adopted hedge accounting on May 1, 2012 for operations contracted to cover the foreign exchange variation risk of exports, classified as a cash flow

hedge, pursuant to the parameters described in the Brazilian accounting standards CPC 38 and 40, technical guidance OCPC 03 and IAS 39.

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

The hedged cash flows are the estimated exports up to 2017, and the amount recorded in equity based on hedge accounting amounted to R$ 13,001 at March 31, 2014
(R$ 16,922 in December 2013).

	Parent company and Consolidated	Parent company and Consolidated
	3/31/2014	12/31/2013
Opening balance - fair value	25,640	9,286
Change in cash flow hedge	(4,873)	17,558
Reclassification to the statement of operations	(1,068)	(1,204)
	19,699	25,640
Opening balance - tax	(8,718)	(3,157)
Taxes on change in cash flow hedge	1,657	(5,970)
Taxes on reclassification to the statement of operations	363	409
	(6,698)	(8,718)
Closing balance	13,001	16,922

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

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

The Company did not identify any ineffectiveness in the period.

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

31. OPERATING SEGMENTS

a) Criteria for identification of operating segments

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

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

RS Forest and Resins 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.

CELULOSE IRANI S.A.

Notes to the Quarterly Information at March 31, 2014

All amounts in thousands of reais unless otherwise stated

b) Consolidated information on operating segments

	Consolidated 3/31/2014				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	117,132	34,081	2,513	156	153,882
Foreign market	-	14,903	11,042	-	25,945
Revenue from sales to third parties	117,132	48,984	13,555	156	179,827
Revenue between segments	-	4,595	-	(4,595)	-
Total net sales	117,132	53,579	13,555	(4,439)	179,827
Changes in the fair value of biological assets	-	(1,927)	3,552	-	1,625
Cost of products sold	(106,557)	(25,323)	(9,924)	3,501	(138,303)
Gross profit	10,575	26,329	7,183	(938)	43,149
Operating expenses	(12,000)	(3,971)	(1,035)	(10,313)	(27,319)
Operating result before finance result	(1,425)	22,358	6,148	(11,251)	15,830
Finance result	(12,575)	(8,712)	(145)	1,203	(20,229)
Net operating profit (loss)	(14,000)	13,646	6,003	(10,048)	(4,399)
Total assets	591,985	627,299	151,486	196,873	1,567,643
Total liabilities	321,460	248,478	16,957	491,828	1,078,723
Equity	35,676	240,251	136,182	76,811	488,920

	Consolidated 3/31/2013				
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	68,047	33,417	3,553	165	105,182
Foreign market	-	12,125	6,526	-	18,651
Revenue from sales to third parties	68,047	45,542	10,079	165	123,833
Revenue between segments	-	2,986	-	(2,986)	-
Total net sales	68,047	48,528	10,079	(2,821)	123,833
Changes in the fair value of biological assets	-	-	-	-	-
Cost of products sold	(55,656)	(26,991)	(7,055)	1,795	(87,907)
Gross profit	12,391	21,537	3,024	(1,026)	35,926
Operating expenses	(8,531)	(3,518)	(949)	(8,047)	(21,045)
Operating result before finance result	3,860	18,019	2,075	(9,073)	14,881
Finance result	(5,146)	(5,920)	(218)	303	(10,981)
Net operating profit (loss)	(1,286)	12,099	1,857	(8,770)	3,900
Total assets	163,911	725,645	134,935	201,963	1,226,454
Total liabilities	67,296	265,758	8,951	439,672	781,677
Equity	-	382,315	123,800	(61,338)	444,777

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

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

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

c) Net sales revenue

In the first quarter of 2014, net sales revenue totaled R$ 179,827, (R$ 123,833 in the first quarter of 2013).

The net sales revenue from exports in 2014 amounted to R$ 25,945 (R$ 18,651 in the first quarter of 2013), which relates to the various countries as follows:

Consolidated 3/31/2014			Consolidated 3/31/2013		
Country	Export revenue, net	% of total revenue, net	Country	Export revenue, net	% of total revenue, net
Netherlands	6,811	3.80%	Netherlands	3,683	3.00%
Argentina	4,771	2.70%	Argentina	3,312	2.70%
Saudi Arabia	2,734	1.50%	Saudi Arabia	2,417	2.00%
France	2,455	1.40%	South Africa	1,755	1.40%
South Africa	1,849	1.00%	France	1,294	1.00%
Chile	1,261	0.70%	Portugal	882	0.70%
Paraguay	975	0.50%	Chile	844	0.70%
Peru	946	0.50%	Paraguay	760	0.60%
Norway	704	0.40%	Norway	653	0.50%
Spain	650	0.40%	Peru	649	0.50%
India	578	0.30%	Turkey	437	0.40%
Bolivia	415	0.20%	India	408	0.30%
Singapore	340	0.20%	Bolivia	374	0.30%
Portugal	276	0.20%	Venezuela	223	0.20%
Germany	187	0.10%	Germany	174	0.10%
Japan	158	0.10%	United Arab Emirates	164	0.10%
Venezuela	132	0.10%	Colombia	159	0.10%
Other countries	703	0.40%	Other countries	463	0.40%
	25,945	14.50%		18,651	15.00%

In the first quarter of 2014, net sales revenue in the domestic market totaled R$ 153,882, (R$ 105,182 in the first quarter of 2013).

In the first quarter of 2014, a single customer accounted for 15.2% of net sales in the domestic market of the Corrugated Cardboard Packaging Division, equivalent to R$ 17,959. The Company's other sales in the domestic and foreign markets were diluted among various customers, and no customer accounted for more than 10% of net sales.

32. OPERATING LEASE AGREEMENTS (PARENT COMPANY)

Rental of production units

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

The rental agreements of the production units are as follows:

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

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

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

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

- Rentals of production units = R$ 6,062 (R$ 5,105 at 3/31/2013)
- Rentals of commercial and administrative units = R$ 102 (R$ 101 at 3/31/2013)

The future commitments at March 31, 2014 relating to these agreements totaled a minimum amount of R$ 131,360. The rentals were calculated at present value, using the IGPM accumulated in the last twelve months, of 7.31% p.a.

	No later than 1 year	1 to 5 years	After 5 years	Total
Future operating leases	25,352	58,319	47,689	131,360
Operating leases at present value	23,625	46,886	25,390	95,901

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 to 5 years	After 5 years	Total
Future operating leases	350	1,676	2,050	4,076
Operating leases at present value	326	1,306	1,244	2,876

33. 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 been required in the absence of the benefits, resulting in R$ 2,747.

The benefit is effective for 14 years, from January 2009 to December 2022, or up to the limit of R$ 55,199 of deferred ICMS. At March 31, 2014, the Company had deferred ICMS recorded in liabilities in the amount of R$ 23,512 (net of government subsidies R$ 20,765).

34. INVESTMENT COMMITMENTS

On March 21, 2014, the Company signed a Protocol of Intentions with the Government of the State of Minas Gerais, with the objective of expanding the industrial unit located in Santa Luzia, State of Minas Gerais. The total investment is estimated at approximately R$ 220 million and is expected to start in 2014 and finish in 2017. The investment will be made in the modernization and expansion of the production capacity of the Paper Machine # 7 (MP 7), and also in the construction of a new plant of corrugated cardboard packaging.

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 the quarter ended March 31, 2014, the Company purchased property, plant and equipment in the amount of R$ 13,002, financed directly by suppliers, and also made a capital contribution with planted forests to the subsidiary Iraflor Comércio de Madeiras Ltda. in the amount of R$ 12,365.

During the quarter ended March 31, 2013, the Company purchased property, plant and equipment in the amount of R$ 6,474, financed directly by suppliers, and also made a capital contribution with planted forests to the subsidiary Iraflor Comércio de Madeiras Ltda. in the amount of R$ 4,020.

36. EVENTS AFTER THE REPORTING PERIOD

The Stockholders' Extraordinary General Meeting held on April 16, 2014 approved the increase in the Company's capital through the capitalization of the Legal Reserve and Profit Retention Reserve accounts, in the amounts of R$ 5,157 and R$ 29,843, respectively, totaling R$ 35,000. The Company's capital increased from R$ 116,895 to R$ 151,895, without the issue of new shares.

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