

COMMENTS ON THE COMPANY'S PERFORMANCE FOR THE QUARTER

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

1. ECONOMIC AND FINANCIAL PERFORMANCE

The chief financial indicators are shown below:

CHIEF FINANCIAL INDICATORS
(including discontinued operations)

R\$ thousand	1Q12	1Q11	Δ Y-o-Y	4Q11	LTM12	LTM11
Net operating revenue	117,658	115,532	1.8%	125,387	483,639	464,654
Domestic market	102,150	100,037	2.1%	113,486	426,724	415,368
Export market	15,508	15,495	0.1%	11,901	56,915	49,286
Gross Profit (including *)	33,472	31,479	6.3%	49,879	144,440	161,241
(*) change in fair value of biological assets	-	-	-	15,551	14,327	36,193
Gross Margin	28.4%	27.2%	1.2p.p.	39.8%	29.9%	34.7%
Income before taxes and profit sharing	2,072	4,928	-58.0%	18,739	7,985	37,289
Operating Margin	1.8%	4.3%	-2.5p.p.	14.9%	1.7%	8.0%
Net Income	3,497	3,971	-11.9%	11,075	8,880	31,295
Net Margin	3.0%	3.4%	-0.4p.p.	8.8%	1.8%	6.7%

EBITDA - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

R\$ thousand	1Q12	1Q11	Δ Y-o-Y	4Q11	LTM12	LTM11
Income before taxes	2,072	4,928	-58.0%	18,739	7,985	37,289
Change in fair value of biological assets	-	-	-	(15,551)	(14,327)	(36,193)
Depletion	4,470	3,909	14.4%	5,137	17,962	21,932
Depreciation and amortization	9,756	9,183	6.2%	9,838	38,698	30,287
Financial income/expenses	11,911	8,019	48.5%	11,551	56,407	37,179
EBITDA	28,209	26,039	8.3%	29,714	106,725	90,494
Provisions(1)	-	2,091	-100.0%	588	3,890	9,374
Adjusted EBITDA	28,209	28,130	0.3%	30,302	110,615	99,868
Adjusted EBITDA Margin	24.0%	24.3%	-0.4p.p.	24.2%	22.9%	21.5%

(1) Provisions for IPI credits not representing cash disbursements for the period were added to the Adjusted EBITDA.

LTM12: last twelve months 2012 (April 2011 through March 2012) LTM11: last twelve months 2011 (April 2010 through March 2011)

Note: LTM (last twelve months) is the sum of the results calculated for the last twelve months. LTM is not a measure utilized in Brazilian accounting practices, and does not represent a statement of income for the period, nor should it be regarded as an alternative to net income from the standpoint of indicator of our operating performance. LTM has no standard definition and our definition thereof may not be comparable to that of other companies. Management utilizes this additional data to measure our operating performance for the period.

Note: EBITDA is the operating result plus net financial (income) expenses and of depreciation, depletion, and amortizations. It is not a measure utilized in Brazilian accounting practices, does not represent cash flow for the periods in question, and should not be regarded as an alternative to net income from the standpoint of an indicator of our operating performance, nor as an alternative to cash flow from the standpoint of a liquidity indicator. EBITDA has no standard definition and our definition thereof may not be comparable to that of other companies for EBITDA or adjusted EBITDA. Although, under Brazilian accounting practices, EBITDA does not represent an operating cash flow measurement, Management utilizes it to measure our operating performance. Furthermore, we understand that certain investors and financial analysts utilize EBITDA as an operating performance indicator for a company and/or its cash flow.

IRANI reports Adjusted EBITDA of R\$ 28,209 thousand in 1Q12, with a 24% margin

1Q12 Highlights (in thousands of reais):

- During this quarter, Net Operating Revenue increased by 1.8% over 1Q11. In the last twelve months, it increased by 4.1% over the previous period, amounting to R\$ 483,639.
- Gross Profit increased by 6.3% over 1Q11. In the last twelve months, it decreased by 10.4% over the same period in 2011. Gross Profit is influenced by the determination of the change in fair value of biological assets in June and December of each year.
- Net Income amounted to R\$ 3,497 in 1Q12, a reduction of 11.9% in relation to 1Q11. In the last twelve months, Net Income was R\$ 8,880.
- Adjusted EBITDA in 1Q12 was R\$ 28,209, with a 24.0% margin and remained stable in comparison with the same quarter in the preceding year of R\$ 28,130, with a 24.3% margin. In the last twelve months, adjusted EBITDA was R\$ 110,615, a 10.7% increase over R\$ 99,868 for the same period in the preceding year.
- Net Debt/EBITDA: 2.55 times in March 2012.
- Volume of corrugated cardboard packaging sales: 30 thousand metric tons, an increase of 1.6% over the same quarter in the preceding year.

2. OPERATING PERFORMANCE (not reviewed by independent auditors)

2.1 Market growth

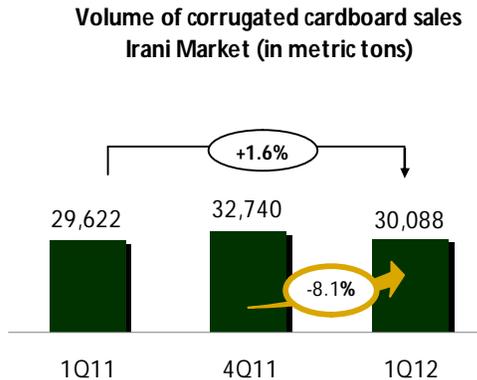
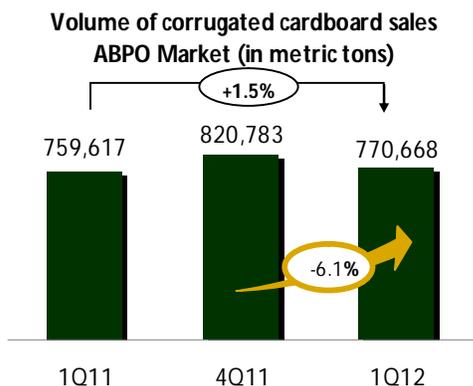
Corrugated Cardboard Sector - ABPO¹ vs. Irani comparison

ABPO Market [metric tons]

Irani Market [metric tons]

¹ABPO: Brazilian Corrugated Cardboard Association

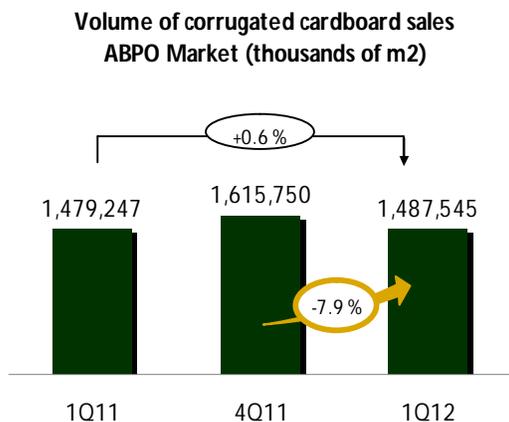
1Q12 ABPO (in metric tons and m²) are estimates. The official data could differ.



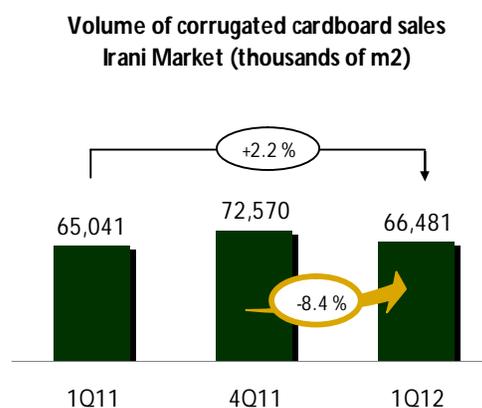
As shown in these tables, the volume of corrugated cardboard sales - **ABPO Market**, increased by 1.5% in 1Q12 over 1Q11, as did the volume of corrugated cardboard sales - **Irani Market**, showing an increase of 1.6% in the same period. Compared with 4Q11, the **ABPO Market** decreased 6.1% as did the **Irani Market** with an 8.1% drop. IRANI's market share (in metric tons) for this quarter was 3.9%.

Sales, in square meters, performed as follows:

ABPO Market [thousands of m²]

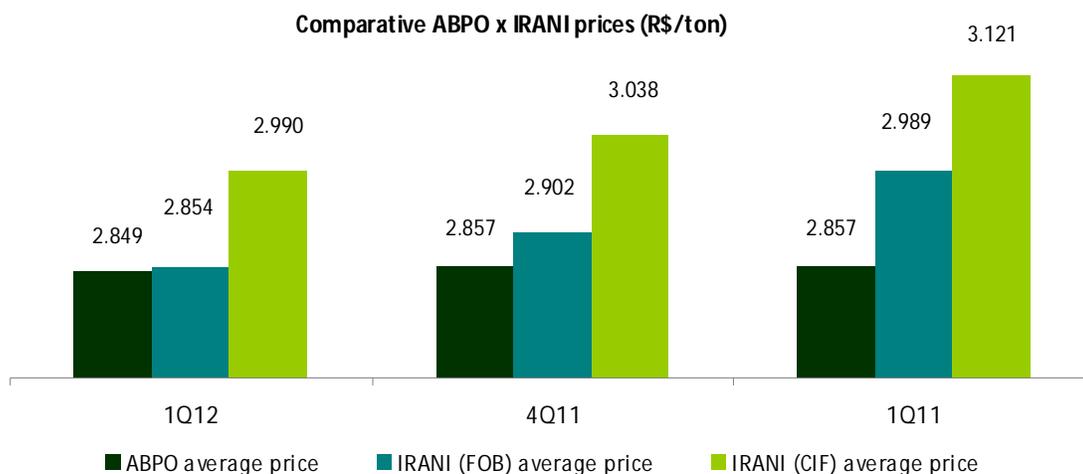


Irani Market [thousands of m²]



The volume of Corrugated Cardboard sales - **ABPO Market** in square meters, remained stable in 1Q12 as compared with 1Q11, while the Irani Market increased by 2.2% in the same period. Compared with 4Q11, **ABPO Market** showed a decrease of 7.9% as did **Irani Market** with a decrease of 8.4%. Irani's market share (in square meters) was 4.5%.

Average prices per metric ton decreased during the quarter, but remained at above average market price levels, as shown below:



Methodologies – For comparison adjustments, the prices consider:

- 1- IRANI prices are net of IPI, with PIS, COFINS, ICMS;
- 2- IRANI prices are adjusted based on a mix of market boxes and sheets;
- 3- ABPO prices are a mix of CIF and FOB prices.

TECHNICAL NOTE

The objective of ABPO is to establish the costs of the chief representative variables of the corrugated cardboard manufacturing sector’s industrial transactions. The methodology consists of utilizing the data provided by 24 companies, and extrapolating them to the industry sector, defined by ABPO and consisting of 80 companies (see 1 below). The estimates are based on 2008 data. With the values at this date, extension factors for each variable are calculated and subsequently applied to sample data of this and other years (see 2 below). As from 2009, the ABPO statistics were outsourced to the Fundação Getúlio Vargas, which changed the methodology and revised the Brazilian corrugated cardboard market data, retroactively to 2005, for metric ton and square meter values. (1) Only companies owning corrugator machinery were considered. For estimate purposes, the 80 companies were divided into two groups: those reporting to ABPO (24) and those that do not report to ABPO (56). (2) In 2008, the 24 companies reporting to ABPO were responsible for 71% of the billing of the 80 producers.

2.2 Production and Sales

Production and Sales volumes of the major products are shown below:

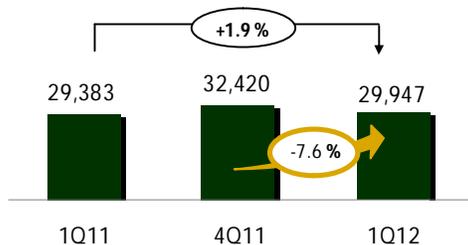
Corrugated cardboard packaging sector

Total corrugated cardboard packaging production at the two factories (São Paulo and Santa Catarina) increased a 1.9% per metric ton as compared with 1Q11 and decreased 7.6% as compared with 4Q11. Sales per metric ton increased by 1.6% over the same quarter of the previous year, and decreased by 8.1% against 4Q11.

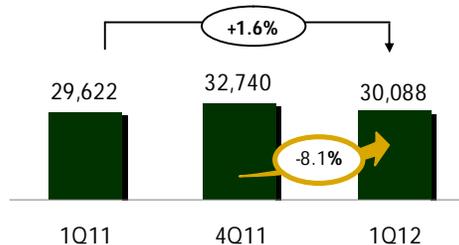
The São Paulo packaging factory’s sales volume totaled 11,663 metric tons of boxes and 5,261 metric tons of sheets in 1Q12 (11,121 metric tons of boxes and 5,332 metric tons of sheets in 1Q11).

The Santa Catarina packaging factory’s sales volume totaled 10,635 metric tons of boxes and 2,529 metric tons of sheets in 1Q12 (10,900 metric tons of boxes and 2,270 metric tons of sheets in 1Q11).

Corrugated cardboard production volume
Irani Market (in metric tons)



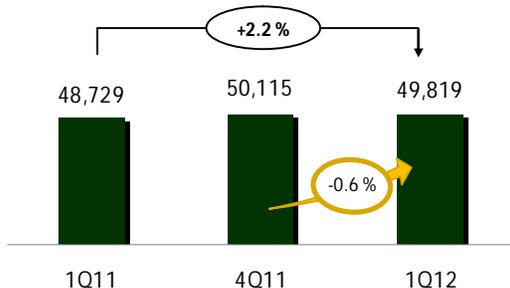
Volume of corrugated cardboard sales
Irani Market (in metric tons)



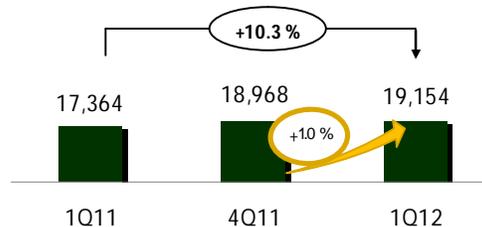
Packaging Paper Sector

Paper production in 1Q12 as compared with 1Q11 increased by 2.2% and, as compared with 4Q11 remained stable. Sales increased by 10.3% over 1Q11 and also as compared with 4Q11 with an 1.0% increase.

Total packaging paper production
(in metric tons)

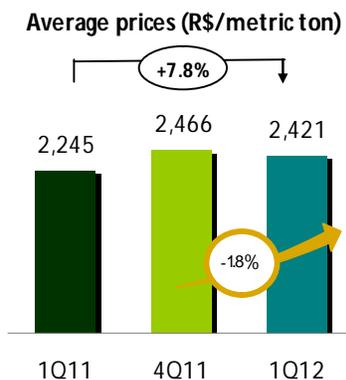


Total packaging paper sales
(in metric tons)



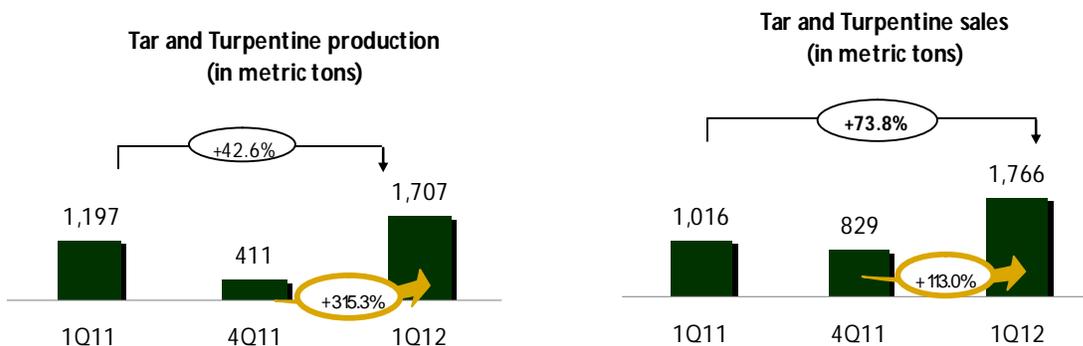
Transfers of paper for processing to the São Paulo corrugated packaging cardboard factory totaled 17,996 metric tons (17,231 metric tons in 1Q11 and 16,026 metric tons in 4Q11) and to the Santa Catarina corrugated packaging cardboard factory totaled 13,767 metric tons (15,015 metric tons in 1Q11 and 13,948 metric tons in 4Q11).

Average paper prices for 1Q12 increased over the same quarter in the prior year by 7.8% and decreased by 1.8% as compared with 4Q11.

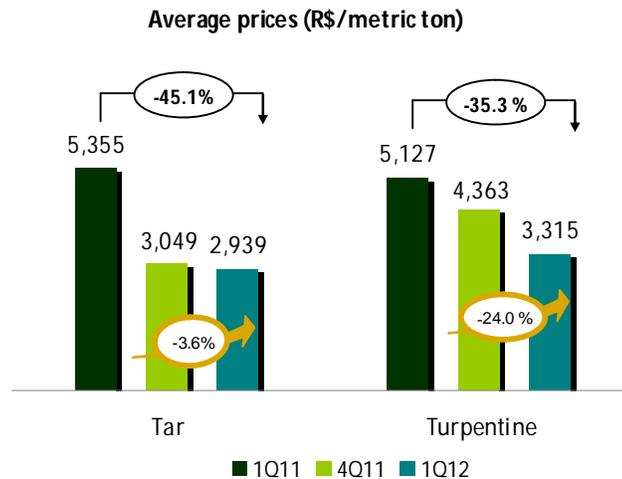


RS Forest products and resins

The Resins Unit production volumes increased by 42.6% over 1Q11, and sales increased by 73.8% over 1Q11. A comparison with 4Q11 shows an increase in production and sales volumes due to the end of the interharvest period.



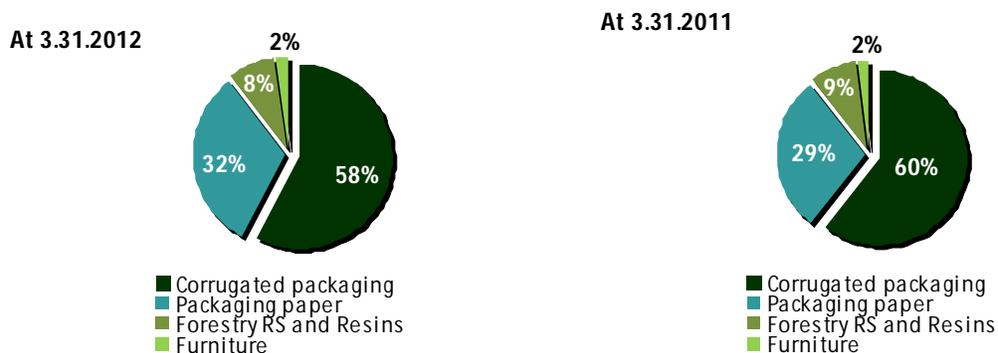
1Q12 average gross tar and turpentine prices decreased in comparison with both the preceding quarter and with the same quarter of the previous year.



2.3 Composition of Net Operating Revenue

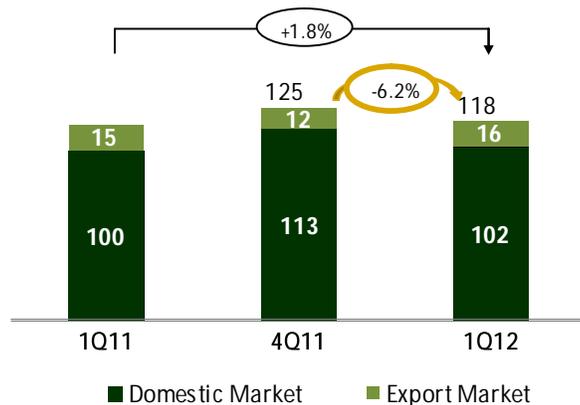
Net Operating Revenue by Sector [%]

As shown below, the corrugated cardboard packaging sector represented 58% of consolidated net operating revenue in 1Q12:



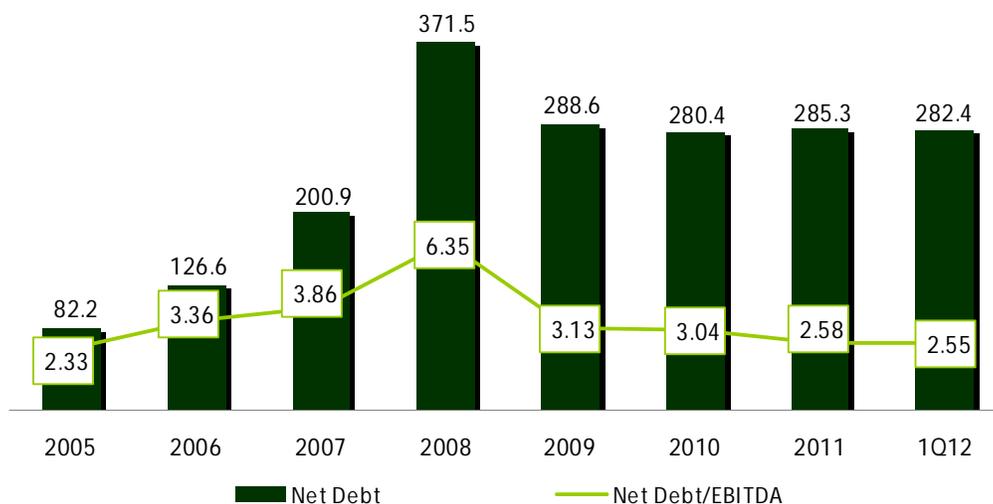
Net Operating Revenue by Market [R\$ million]

The Company's major market is the Brazilian domestic market, which represented 87% of consolidated Net Operating Revenue in 1Q12, in line with prior quarters.



3. INDEBTEDNESS AND FINANCIAL RESULT

3.1 Net Indebtedness [R\$ million]



The highest leveraged point of the Net Debt/EBITDA occurred in December 2008, due to the refinancing of the entire debt incurred in connection with the 2007 and 2008 investments. As from 2009, the benefits of the investments began as did settlement of the debt, and the Net Debt/EBITDA ratio reduced to 2.58 in 2011. In 1Q12, the Net Debt/EBITDA ratio closed at 2.55.

3.2 Financial Result

The Financial Result for the quarter was a net expense of R\$ 11,911 as compared with a net expense of R\$ 8,019 for the same quarter in the previous year.

The following table shows the Financial Result distribution.

R\$ thousands	1Q12	1Q11	4Q11	LQM12	LQM11
Financial Income	11,476	5,450	7,412	36,614	30,764
Financial Expenses	(23,387)	(13,469)	(18,963)	(93,021)	(67,943)
Financial Result	(11,911)	(8,019)	(11,551)	(56,407)	(37,179)

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

R\$ thousand	1Q12	1Q11	4Q11	LQM12	LQM11
Exchange rate gains	9,298	4,252	9,472	28,234	25,362
Exchange rate losses	(8,347)	(1,944)	(10,280)	(36,598)	(19,679)
Net exchange variation	951	2,308	(808)	(8,364)	5,683

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

R\$ thousand	1Q12	1Q11	4Q11	LQM12	LQM11
Financial Result with no exchange variation	(12,862)	(10,327)	(10,743)	(48,043)	(42,862)

The financial result for all periods was impacted by changes in the rates of the US dollar and Euro against the Brazilian real, as the Company's loans and financings are based on these rates.

LTM12: last twelve months 2012 (April 2011 through March 2012)

LTM11: last twelve months 2011 (April 2010 through March 2011)

4. INVESTMENTS

The Board of Directors approved investments of some R\$ 40.7 million for 2012, based on the proposed capital budget. These investments are directed towards maintenance, productivity improvements, and capacity expansion of certain of the Company's production lines.

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