COMMENTS ON THE COMPANY'S PERFORMANCE FOR 1Q13

The following information refers to the consolidated data. The amounts are presented in accordance with the standards of CVM (Brazilian Securities Commission), 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
(excluding discontinued operation)

R$ thousand- Consolidated Data	1Q13	1Q12	Δ 1Q13/1Q12	4Q12	LTM13	LTM12	Δ LTM13/LTM12
Net operating revenue	123,833	114,923	7.8%	129,215	492,359	473,188	4.1%
Domestic market	105,182	99,415	5.8%	114,101	427,070	416,273	2.6%
Export market	18,651	15,508	20.3%	15,114	65,289	56,915	14.7%
Gross profit (including *)	35,926	32,014	12.2%	72,962	171,877	138,207	24.4%
(*) change in fair value of biological assets	-	-	-	*39,027*	*36,767*	*14,327*	156.6%
Gross margin	29.0%	27.9%	1.1p.p.	56.5%	34.9%	29.2%	5.7p.p.
Profit (loss) before taxes and profit sharing	3,900	1,883	107.1%	33,619	26,913	2,704	895.3%
Operating margin	3.1%	1.6%	1.5p.p.	26.0%	5.5%	0.6%	4.9p.p.
Profit	**3,552**	**3,497**	1.6%	**29,302**	**26,436**	**8,880**	197.7%
Net margin	2.9%	3.0%	-0.1p.p.	22.7%	5.4%	1.9%	3.5p.p.

EBITDA - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

R$ thousand- Consolidated Data	1Q13	1Q12	Δ 1Q13/1Q12	4Q12	LTM13	LTM12	Δ LTM13/LTM12
Profit before taxes	**3,900**	**1,883**	107.1%	**33,619**	**26,913**	**2,704**	895.3%
Depletion	4,225	4,470	-5.5%	7,066	18,975	17,962	5.6%
Depreciation and amortization	7,794	9,741	-20.0%	10,544	38,782	38,646	0.4%
Finance result	10,981	11,881	-7.6%	11,125	49,451	56,297	-12.2%
EBITDA	**26,900**	**27,975**	-3.8%	**62,354**	**134,121**	**115,609**	16.0%
EBITDA of the discontinued operation (1)	-	234	-100.0%	6,272	6,767	192	3424.5%
Change in the fair value of biological assets (2)	-	-	-	(39,027)	(36,767)	(14,327)	156.6%
Share options/management participation (3)	144	-	-	3,078	3,452	5,251	-34.3%
Non-recurring expenses (4)	-	-	-	2,638	6,684	3,890	71.8%
Adjusted EBITDA	**27,044**	**28,209**	-4.1%	**35,315**	**114,257**	**110,615**	**3.3%**
Adjusted EBITDA Margin	21.8%	24.5%	-2.7p.p.	27.3%	23.2%	23.4%	-0.2p.p.

EBITDA is the operating result plus net finance (income) costs and depreciation, depletion, and amortizations. The Company opted to disclose the adjusted EBITDA as permitted by art. 4 of CVM Instruction 527, with the objective of providing information that better reflects the gross operating cash generation from its activities. These adjustments are based on the following:

1) Ebitda of the discontinued operation refers to the Ebitda generated by the closure of the subsidiary Meu Móvel de Madeira - Comércio de Móveis e Decorações Ltda., which occurred at the end of 2012.
2) Change in fair value of biological assets because it does not represent cash generation in the period.
3) Stock options/management participation: Share 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. Both do not represent disbursement of cash in the period.
4) Non-recurring expenses refer to expenses incurred with the public offering register request filed in August/2012, in addition to the assets disposal in the subsidiary HGE - Geração de Energia Sustentável LTDA.

Note: The information for 1Q12 and LTM12, presented for comparison purposes, was adjusted to reflect the exclusion of the discontinued operation and differs from the information previously disclosed.

LTM13: last twelve months 2013 (April 2012 to March 2013)
LTM12: last twelve months 2012 (April 2011 to March 2012)

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 profit from the standpoint of an indicator of 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 operating performance for the period.

IRANI presents net operating revenue of R$ 123.8 million in 1Q13, 7.8% higher than in 1Q12

1Q13 Highlights

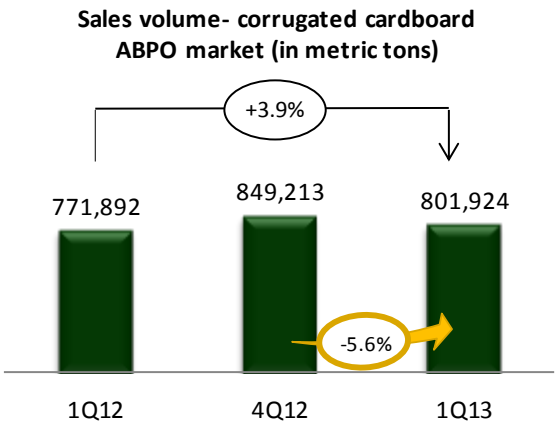
- Net operating revenue of R$ 123,833 thousand, an increase of 7.8% when compared to 1Q12, due to the recovery of prices in the Corrugated Cardboard Packaging Division, the increase in sales volume of the Packaging Paper Segment, which resulted from the beginning of the operations of the leased plant in Santa Luzia, State of Minas Gerais, and the appreciation of the Real against the U.S. dollar. In the last twelve months, net revenue increased by 4.1% over the prior year period, amounting to R$ 492,359 thousand.
- The gross profit of R$ 35,926 thousand, increased 12.2% in comparison with 1Q12. In the last twelve months, it increased by 24.4% over the same period in 2012.
- Net profit of R$ 3,552 thousand in 1Q13, R$ 3,497 thousand in 1Q12, increased 1.6%. In the last twelve months, net profit totaled R$ 26,436 thousand, against R$ 8,880 thousand for the same period in the preceding year.
- Adjusted EBITDA totaled R$ 27,044 thousand in 1Q13, with a margin of 21.8%, inferior to the R$ 28,209 thousand in 1Q12 with margin of 24.5%. In the last twelve months, adjusted EBITDA was R$ 114,257 thousand, a 3.3% increase over R$ 110,615 thousand for the same period in the preceding year.
- Net Debt/EBITDA: 2.87 times in March 2013.
- The volume of corrugated cardboard packaging sales was 30 thousand metric tons, thus remaining stable in relation to the same quarter of the prior year.
- On January 29, 2013, the parent company of Celulose Irani S.A. (Companhia Comercial de Imóveis ("CCI")) concluded the acquisition of Indústria de Papel e Papelão São Roberto S.A.
- On January 31 the Company and São Roberto entered into an Operating Restructuring and Implementation of the New Model of Management Agreement, aiming at implementing a new model of management and governance at São Roberto.
- On March 1, 2013, the plant in Santa Luzia, State of Minas Gerais, leased by São Roberto to the Company, started its packaging paper production operations, which increased the Company's annual packaging paper production capacity from 214,000 metric tons to 274,000 metric tons.

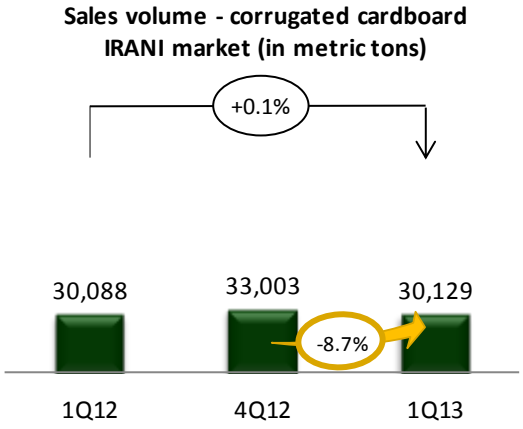
2. OPERATING PERFORMANCE (not reviewed by independent auditors)

2.1 Business Performance

Corrugated Cardboard Packaging sector

Corrugated Cardboard Sector - ABPO[1] vs. Irani comparison

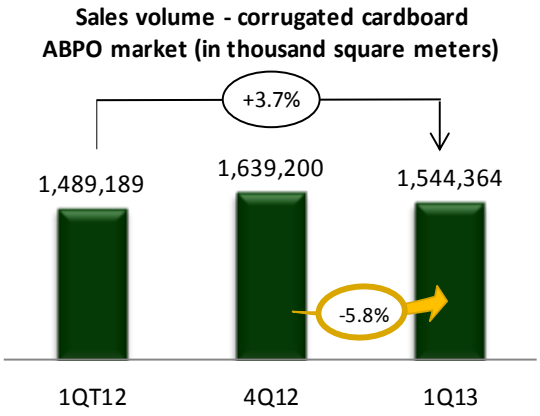


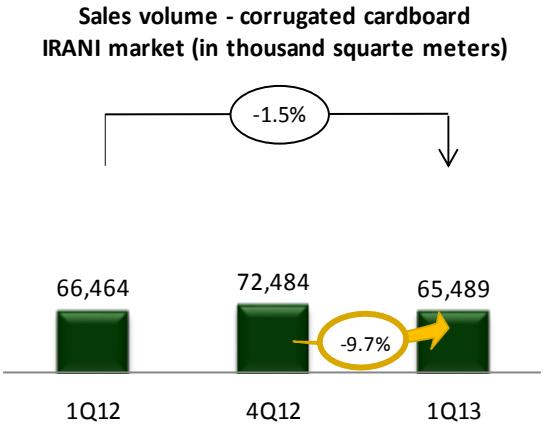


Source: ABPO

As shown in these charts, the volume of corrugated cardboard packaging sales - **ABPO Market** increased by 3.9% in 1Q13 over 1Q12, while the **IRANI Market** was stable in the same period. Compared with 4Q12, the **ABPO Market** decreased 5.6% as did the **Irani Market** with an 8.7% drop. IRANI's market share (in metric tons) for this quarter was 3.7%.

Sales, in square meters, were as follows:





Source: ABPO

[1] ABPO: Brazilian Corrugated Cardboard Association
1Q13 ABPO (in metric tons and square meters) are estimates. Official data may change.

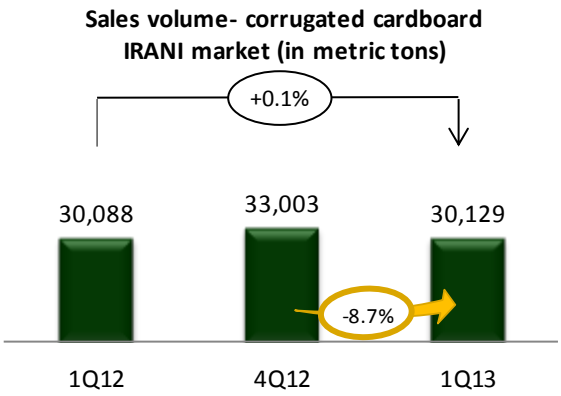
The volume of corrugated cardboard packaging sales - **ABPO Market**, in square meters, increased 3.7% in 1Q13 as compared with 1Q12, while the **IRANI Market** decreased 1.5% in this same quarter. Compared with 4Q12, the **ABPO Market** decreased 5.8% as did the **Irani Market** with a 9.7% drop. Irani's market share (in square meters) was 4.2%.

2.2 Production and sales

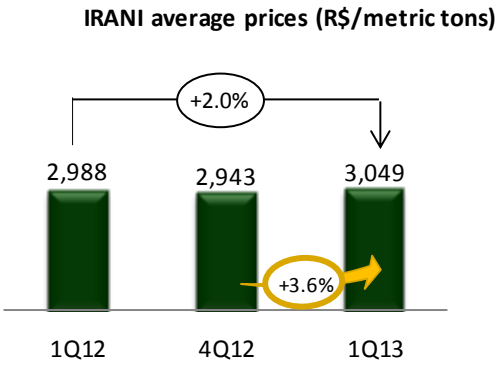
The production and sales volumes of the major products are presented below:

Corrugated Cardboard Packaging sector

The São Paulo corrugated cardboard packaging factory's sales volume totaled 11,854 metric tons of boxes and 5,486 metric tons of sheets in 1Q13 (11,663 metric tons of boxes and 5,261 metric tons of sheets in 1Q12). The Santa Catarina corrugated cardboard packaging factory's sales volume totaled 10,150 metric tons of boxes and 2,639 metric tons of sheets in 1Q13 (10,635 metric tons of boxes and 2,529 metric tons of sheets in 1Q12). In this quarter, the first stage of investments allocated to the automation of the packaging plants was concluded, which, in part, affected the availability in the packaging plants during the installations.



Average IRANI prices (CIF) per metric ton increased 2.0% during this quarter as compared with the same quarter of the prior year and 3.6% when compared to 4Q12, as follows:

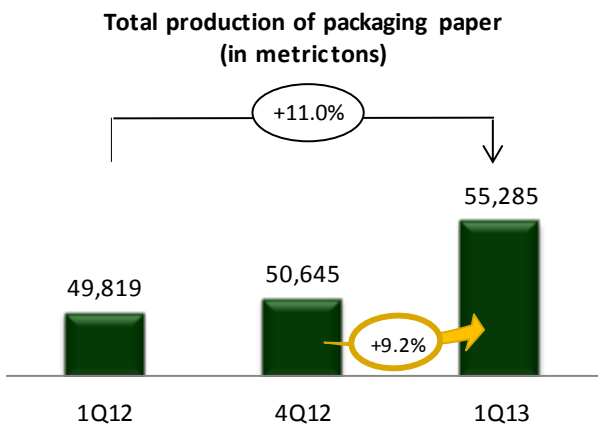


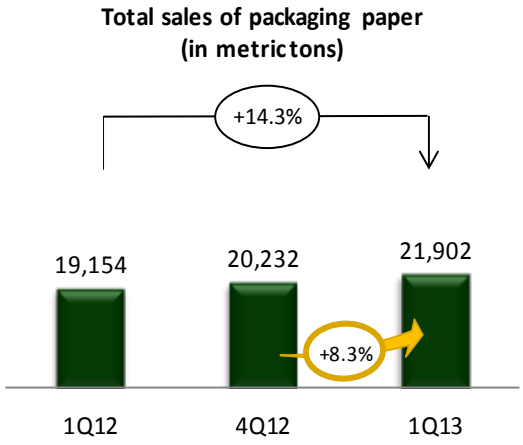
Methodologies - For comparison adjustments, the prices consider:
1 - IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS), Value-added Tax on Sales and Services (ICMS);
2 - IRANI prices are adjusted based on a mix of market boxes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

Packaging Paper Division

On March 1, 2013, the plant in Santa Luzia, State of Minas Gerais, leased to the Company by São Roberto S.A., started its packaging paper production operations.

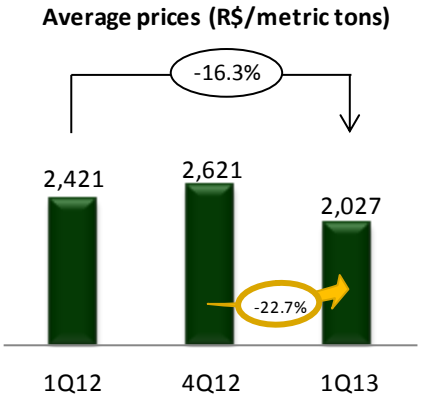
Packaging paper production grew 11.0% in 1Q13 in relation to 1Q12 and 9.2% in relation to 4Q12. Sales increased by 14.3% over 1Q12 and by 8.3% in comparison with 4Q12. The production and allocation of paper were as follows:





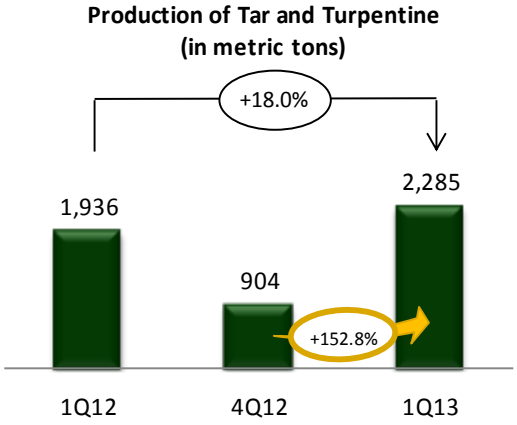
In 1Q13, transfers of paper for processing to the São Paulo corrugated packaging cardboard factory totaled 16,640 metric tons (17,996 metric tons in 1Q12 and 17,610 metric tons in 4Q12) and to the Santa Catarina corrugated cardboard packaging factory totaled 13,087 metric tons in 1Q13 (13,767 metric tons in 1Q12 and 12,882 metric tons in 4Q12).

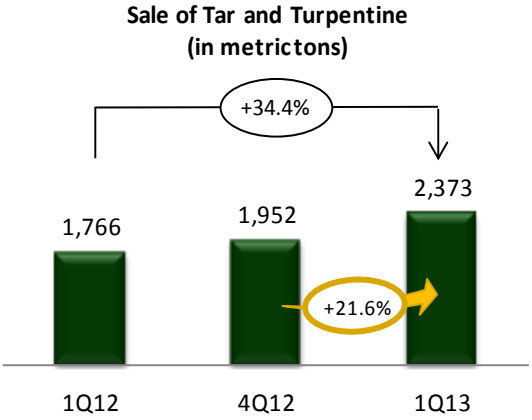
The average prices of paper in 1Q13 decreased by 16.3% and R$ 22.7% when compared to 1Q12 and 4Q12, respectively, mainly due to the beginning of the operations of the Santa Luzia plant, located in Minas Gerais. This plant sells only recycled paper, whose price is inferior to the other types of paper sold by the Company. As a result, the percentages decreased when compared to prior periods.



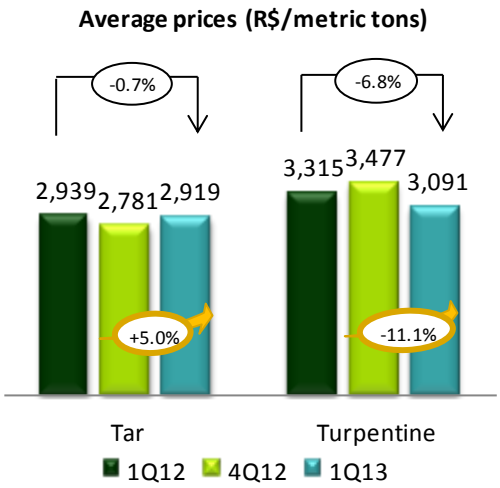
RS Forest and Resins Division:

In 1Q13, the RS Forest products segment produced and sold 64 thousand m³ of pine logs for the domestic market (82 thousand m³ in 1Q12) and supplied 913 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 volume of production and sales in the Resins Unit increased in 1Q13 because of the higher offer of gum resin in the local market, which allowed an additional purchase of this product from third parties.





Gross average prices of tar and turpentine decreased in 1Q13 when compared to the prior year period. On the other hand, the price of tar and turpentine increased and decreased, respectively, when compared to 4Q12. This variation occurred basically due to the lower demand in the international market.

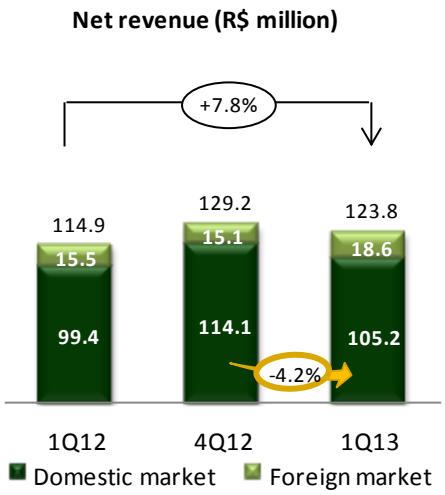


2.3 Net operating revenue

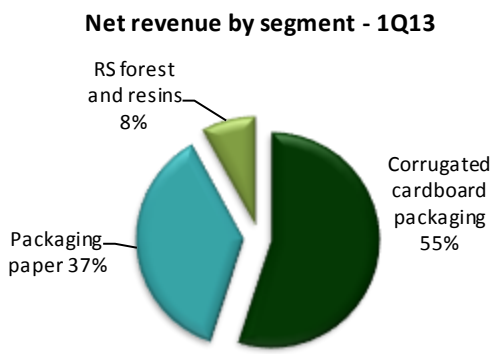
The net operating revenue in 1Q13 totaled R$ 123,833 thousand, with a growth of 7.8% in relation to 1Q12 and a reduction of 4.2% in relation to 4Q12. In the last 12 months, net operating revenue totaled R$ 492,359 thousand, an increase of 4.1% when compared to the prior year period, due to the recovery of prices in the Corrugated Cardboard Packaging segment, the increase in sales volume of the Packaging Paper segment, which resulted from the beginning of the operations of the leased plant in Santa Luzia, State of Minas Gerais, and the appreciation of the Real against the U.S. dollar.

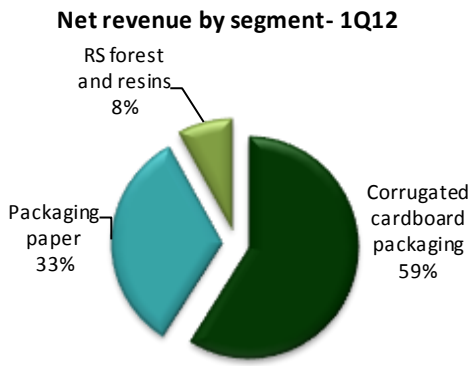
In the domestic market, the net operating revenue amounted to R$ 105,182 thousand in 1Q13, an increase of 5.8% over 1Q12 and a decrease of 7.8% when compared to 4Q12, representing 84.9% of the total net operating revenue in the Company's main operating market. In the last twelve months, it recorded R$ 427,070 thousand, that is, an increase of 2.6% over the same period in the previous year.

Exports in 1Q13 totaled R$ 18,651 thousand, a growth of 20.3% and 23.4% as compared to 1Q12 and 4Q12, respectively, and represented 15.1% of the total net operating revenue. During the last twelve months, exports totaled R$ 65,289 thousand, an increase of 14.7% over the same period in the preceding year.



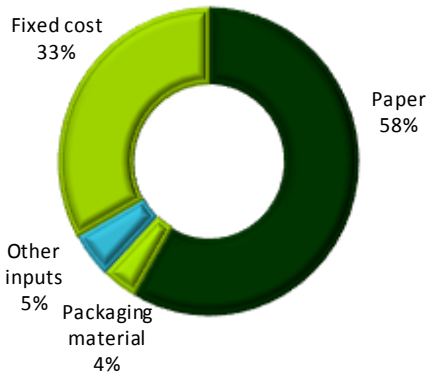
The main operating segment is the Corrugated Cardboard Packaging segment, responsible for 55% of the consolidated net revenue in 1Q13, followed by the segments of Packaging Paper with 37%, and RS Forest and Resins with 8%.



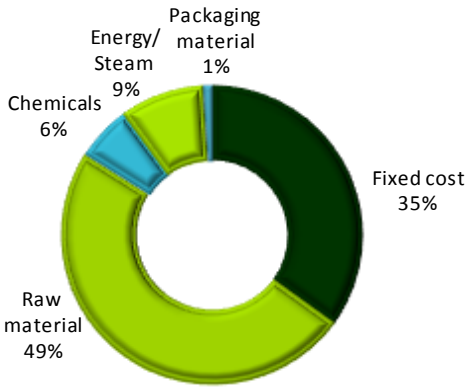


3. OPERATING COSTS AND EXPENSES

The cost of products sold in 1Q13 was R$ 87,907 thousand, 6.0% above 1Q12. In 1Q13, the cost of the Corrugated Cardboard Packaging segment is composed as follows:



The cost of the Packaging Paper segment in 1Q13 is composed as follows:



Selling expenses in 1Q13 totaled R$ 11,698 thousand, representing 9.4% of the consolidated net revenue, as compared to 8.3% in 1Q12.

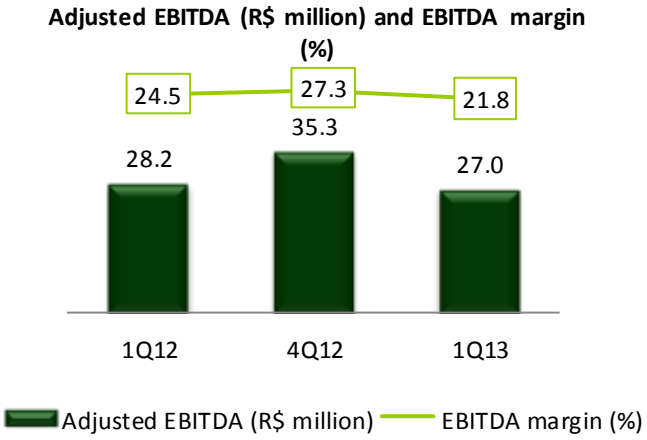
The **administrative expenses** were R$ 9,111 thousand in 1Q13, a decrease of 8.1% in comparison with 1Q12.

Other operating income/expenses resulted in an expense of R$ 236 thousand in 1Q13, against an expense of R$ 237 thousand in 1Q12.

4. OPERATING CASH GENERATION (ADJUSTED EBITDA)

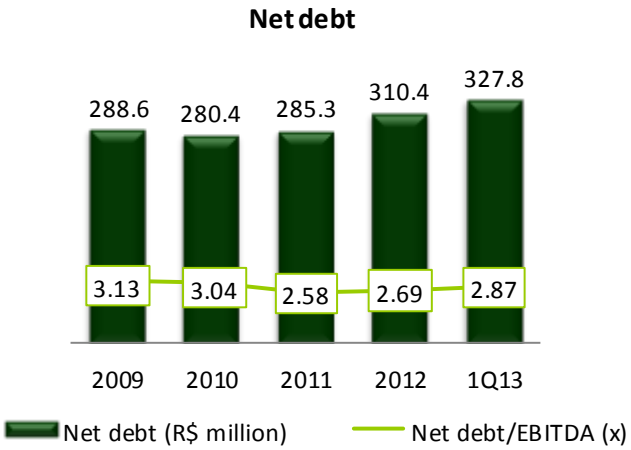
The operating cash generation, measured using the Adjusted EBITDA, totaled R$ 27,044 thousand in 1Q13, with a decrease of 4.1% in relation to the same quarter of the prior year and a decrease of 23.4% in relation to 4Q12. The Adjusted EBITDA margin in 1Q13 was 21.8%, 2.7 percentage points below 1Q12 and 5.5 percentage point below 4Q12. The changes in adjusted EBITDA and EBITDA margin were due to increases in costs and expenses as from the beginning of 2013, mainly related to personnel, which were not accompanied by an increase in the products' selling prices and margins.

In the last twelve months, the Adjusted EBITDA totaled R$ 114,257 thousand, with a margin of 23.2%.



5. INDEBTEDNESS AND FINANCE RESULT

5.1 Net indebtedness



At March 31, 2013, the consolidated net indebtedness totaled R$ 327.8 million, against R$ 310.4 million at December 31, 2012. The Net Debt/EBITDA ratio increased from 2.69 times at the end of 2012 to 2.87 times at the end of 1Q13. The change occurred mainly because of the payment of interim dividends, which reduced the cash balance, thus affecting the net debt, and the execution of the investments.

5.2 Finance result

In 1Q13, the finance costs totaled R$ 14,767 thousand versus R$ 23,355 in 1Q12 and R$ 13,675 thousand in 4Q12. The finance income reached R$ 3,786 thousand in 4Q12 versus R$ 11,474 thousand in the same quarter of the previous year and R$ 2,550 thousand in 4Q12. As a result, the finance costs amounted to R$ 10,981 thousand in 1Q13, which represented a reduction of 7.6% and 1.3% when compared to 1Q12 and 4Q12, respectively, mainly due to the exchange rate variation

payable included in 1Q12, which was recorded in equity and recognized in the statement of income as finance costs upon realization (hedge accounting) as from 2Q12.

The breakdown of the finance result is as follows:

R$ thousand	1Q13	1Q12	4Q12	LTM13	LTM12
Finance income	3,786	11,474	2,550	11,849	36,592
Finance costs	(14,767)	(23,355)	(13,675)	(61,300)	(92,889)
Finance result	(10,981)	(11,881)	(11,125)	(49,451)	(56,297)

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

R$ thousand	1Q13	1Q12	4Q12	LTM13	LTM12
Foreign exchange gains	1,713	9,298	1,430	4,872	28,234
Foreign exchange losses	(1,266)	(8,347)	(1,732)	(10,663)	(36,598)
Foreign exchange variations, net	447	951	(302)	(5,791)	(8,364)

The foreign exchange variation positively impacted the Company's result by R$ 447 thousand in 1Q13, due to the appreciation of the Brazilian real against the U.S. dollar.

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

R$ thousand	1Q13	1Q12	4Q12	LTM13	LTM12
Finance result without the foreign exchange variation	(11,428)	(12,832)	(10,823)	(43,660)	(47,933)

In 2012, the Company restructured the maturities of its commitments in foreign currency (U.S. dollar) in the amount of US$ 62.6 million, with the purpose of hedging its exports for the next five years. The exchange variation of these transactions is accounted for monthly in Equity and recorded in the results as finance costs, when realized (hedge accounting). In 1Q13, the amount recognized in Equity was R$ 1,342 thousand (negative).

Foreign exchange

The foreign exchange rate was R$ 2.04/US$ at December 31, 2012, decreasing during 1Q13 to reach R$ 2.01/US$ at the end of March. The average foreign exchange rate for the quarter was R$ 2.00/US$, 2.91% below than in 4Q12 and 12.99% higher than in the same period of 2012.

	1Q13	4Q12	1Q12	Δ1Q13/4Q12	Δ1Q13/1Q12
Average U.S. dollar	2.00	2.06	1.77	-2.91%	+12.99%
Final U.S. dollar	2.01	2.04	1.82	-1.47%	+10.44%

Source: Brazilian Central Bank (BACEN)

6. NET PROFIT

In 1Q13, net profit was R$ 3,552 thousand as compared to R$ 3,497 thousand in 1Q12 and R$ 29,302 thousand in 4Q12. In the last twelve months, the net result amounted to R$ 26,436 thousand over R$ 8,880 thousand for the prior year period.

7. INVESTMENTS

The Board of Directors approved investments of some R$ 75.6 million for 2013, 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.

8. CAPITAL MARKETS

IRANI's capital comprises 162,090,000 shares, of which 149,279,740 (92%) are common shares and 12,810,260 (8%) are preferred shares. At March 31, 2013, the Company had 3,964,140 treasury shares, of which 1,338,040 are common shares and 2,626,100 are preferred shares.

9. INTERIM DIVIDENDS

The Board of Directors' Meeting of January 24, 2013 approved the distribution of interim dividends from the retained earnings account balance in the annual balance sheet at December 31, 2011, which amounted to R$ 14.2 million, corresponding to R$ 0.090223 per common and preferred share. Payment to stockholders occurred on February 15, 2013.