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 Stock Exchange. 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 its production.

The direct subsidiaries are listed in Note 4.

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

The issue of these financial statements was authorized by the Board of Directors on April 24, 2013.

2. PRESENTATION OF FINANCIAL STATEMENTS

The parent company and consolidated interim accounting information, contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2013, has 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 convergence with the IFRS, as well as the standards established by the Brazilian Securities Commission (CVM).

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

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

The financial statements have been prepared under the historical cost convention, except for certain financial instruments and biological assets measured at fair values and property, plant and equipment measured at deemed cost at January 1, 2009, the date of the initial adoption of the new Technical Pronouncements 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 assets.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Functional currency and translation of foreign currencies

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

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

b) Cash and cash equivalents

Cash and cash equivalents comprise cash, banks and highly liquid investments with low risk of change in value and 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 effect 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 in 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 a 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 flows of the financial asset or a 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 are evidences 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 flows is estimated and the impairment loss is recognized in the statement of income.

e) Inventories

Inventories are stated at the lower of average production or acquisition cost and net realizable value. The net realizable value corresponds to the inventories' estimated selling price less the estimated costs of completion and the estimated expenditures necessary to make the sale.

f) Investments

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

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

Transactions, balances and unrealized gains on related-party transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. 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 costs of construction in progress. Assets are classified in appropriate categories of property, plant and equipment when completed and ready for the intended use. Depreciation begins when the assets are ready for the intended use on the same basis as other property, plant and equipment items.

Depreciation is calculated on 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 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 an expense as incurred.

h) Biological assets

The Company's biological assets are primarily represented by pine forests, which are used in the production of packaging paper, corrugated cardboard boxes and sheets and also for sale to third parties and extraction of gum resin. Pine forests are located near the pulp and paper factory in Santa Catarina, and also in Rio Grande do Sul, where they are used for production of gum resin and 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 change in 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 flows. Such reviews have not indicated the need to recognize impairment losses.

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

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

The Company recognizes deferred income tax and social contribution on temporary differences for tax purposes, tax losses, deemed cost adjustments and change 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 the 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 original amounts, less the relating transaction costs, when applicable, adjusted based on indices established by 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) Derivative financial instruments

Some derivatives, depending on their nature, are measured at fair value at the balance sheet date, with the changes in fair value recorded as finance income or costs in the result for the period. Certain derivatives are measured and recognized in the statement of income for the period as finance income or costs, since they form part of a single financial instrument (derivative financial instrument linked to funding transactions).

m) 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 cash flows of hedged items. Changes in the hedging amounts classified in "Carrying value adjustments" within equity are shown in Note 21.

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

The amounts accumulated in equity are reclassified to the statement of income in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of instruments hedging highly probable transactions is recognized in the statement of income within "Finance costs". The gain or loss relating to the ineffective portion is recognized in the statement of income for the period.

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

n) Leases

The Company as the lessee

Leases of property, plant and equipment in which the Company substantially assumes all ownership risks and benefits are classified as finance leases. All other leases are classified as operating leases and the related expense is recorded in the result for the period. Finance leases are recorded in the same manner as financed purchases, recognizing at the beginning of the lease the property, plant and equipment item and a financing liability (lease). Property, plant and equipment items acquired under finance leases are depreciated at the rates specified in Note 13.
Operating lease payments (net of any incentives received from the lessor) are recognized in the statement of income on the straight-line method over the lease term.

o) 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 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.

p) Significant accounting judgments, estimates and assumptions

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

Accounting judgments, estimates and assumptions adopted by Management were based on the best information available at the reporting date, the experience of past events, projections about future events, and the assistance of experts, when applicable.
The 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 claims (Note 20), and the provision for impairment of assets.

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

i) The Company has Value-added Tax on Sales and Services (ICMS) incentive granted by the State Government of Santa Catarina. 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 financial statements.

q) Determination of results

Revenue and expenses are recognized on the accrual 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.

r) 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.

s) Government grants

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

t) Statement of value added

The Brazilian corporate law requires the presentation of the statement of value added, parent company and consolidated, as an integral part of the set of financial statements presented by a publicly-traded entity. For IFRS, this statement is presented as

supplementary information, and not part of the required set of financial statements. The purpose of this statement is to show the wealth created by the Company and its distribution during the reporting period.

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

4. CONSOLIDATION OF FINANCIAL STATEMENTS

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

Ownership interest - (%)		
Subsidiaries - direct ownership	3/31/2013	12/31/2012
Habitasul Florestal S.A.	100.00	100.00
Irani Trading S.A.	100.00	100.00
HGE - Geração de Energia Sustentável LTDA	99.98	99.98
Iraflor - Comércio de Madeiras LTDA.	99.99	99.99

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 of the same date as the Company's accounting information.
The operations of subsidiaries are described in Note 12.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Fixed fund	18	18	22	21
Banks	1,018	1,245	1,072	1,373
Short-term bank deposits	98,589	93,788	100,059	95,528
	99,625	95,051	101,153	96,922

Short-term bank deposits (CDBS) are remunerated at the average of 100.93% of the Interbank Deposit Certificate (CDI) rate.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Trade receivables:				
Customers - domestic market	100,553	91,600	104,476	95,252
Customers - foreign market	10,768	8,417	10,797	8,447
	111,321	100,017	115,273	103,699
Provision for impairment of trade receivables	(6,529)	(6,232)	(7,215)	(6,918)
	104,792	93,785	108,058	96,781

At March 31, 2013, the amount of R$ 12,694 in consolidated trade receivables was overdue and not provisioned. The balance referred to independent customers with no history of default.

Trade receivables by maturity are as follows:

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Not yet due	92,520	84,302	95,364	86,729
Overdue up to 30 days	8,765	6,237	9,173	6,811
Overdue from 31 to 60 days	1,976	1,899	1,984	1,900
Overdue from 61 to 90 days	542	240	543	241
Overdue from 91 to 180 days	238	89	241	95
Overdue for more than 180 days	7,280	7,250	7,968	7,923
	111,321	100,017	115,273	103,699

The average credit term on the sale of products is 51 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 impairment of trade receivables is also constituted for balances past due less than 180 days, when the amounts are considered uncollectible, taking into consideration the financial position of each debtor.

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Balance at the beginning of the year/period	(6,232)	(5,835)	(6,918)	(6,544)
Provision for losses recognized	(297)	(397)	(297)	(397)
Amounts recovered in the period	-	-	-	23
Balance at the end of the year/period	(6,529)	(6,232)	(7,215)	(6,918)

Part of the receivables, amounting to approximately R$ 50,093, was assigned as collateral for certain financial transactions, among which were the pledge for 25% of the amount of the outstanding balance of the principal of debentures (Note 16) and the equivalent to 3 lease installments of the CCI operation (Note 15).

The credit quality of financial assets that were neither past due nor impaired at March 31, 2013 was assessed by reference to historical information about default rates, as follows:

Quality - trade receivables

Customer category	History-%	Consolidated Amount receivable
a) Customers with no history of default	89.7	85,542
b) Customers with history of default of up to 7 days	7.5	7,152
c) Customers with history of default over 7 days	2.8	2,670
		95,364

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	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Finished products	3,262	4,334	3,262	4,334
Production materials	25,879	19,931	25,879	19,931
Consumable materials	14,749	13,040	14,804	13,086
Other	761	759	761	759
	44,651	38,064	44,706	38,110

The cost of inventories recognized as an expense for the quarter totaled R$ 88,877 (R$ 83,583 in 1Q12) in the parent company and R$ 87,907 (R$ 82,909 in 1Q12) in the consolidated.

The cost of inventories recognized as an expense did not include any write-down of inventory to net realizable value. Management expects inventories to be used in less than 12 months.

8. TAXES RECOVERABLE

Taxes recoverable consist of the following:

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
ICMS on the acquisition of property, plant and equipment	4,395	4,239	4,395	4,239
ICMS	196	277	196	277
Contribution on Revenues (COFINS)	1,411	852	1,411	852
Excise Tax (IPI)	104	88	104	88
Income tax	151	74	151	74
Social contribution	58	29	58	29
Withholding Income Tax (IRRF)	275	1,290	275	1,290
	6,590	6,849	6,590	6,849
Current	3,786	4,083	3,786	4,083
Non-current	2,804	2,766	2,804	2,766

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

9. BANKS - RESTRICTED ACCOUNT

	Parent and Consolidated	
	3/31/2013	12/31/2012
Banco do Brasil - New York - (a)	711	931
	711	931
Current	711	931
Non-current	-	-

(a) Banco do Brasil - New York / The United States of America- 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 2013. Because of the renegotiation of the contract subject to the retention on April 27, 2012, only the contractual interest will be due up to November 2014.

10. OTHER ASSETS

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Carbon credits	-	4,378	-	4,378
Advances to suppliers	1,167	467	1,753	940
Employee receivables	1,392	1,418	1,406	1,432
Renegotiation with customers	3,632	3,404	3,663	3,435
Prepaid expenses	1,053	1,056	1,066	1,075
Credits receivable - XKW Trading	7,895	7,674	7,895	7,674
Other receivables	2,008	718	4,423	3,129
	17,147	19,115	20,206	22,063
Current	10,842	12,309	11,491	12,845
Non-current	6,305	6,806	8,715	9,218

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

Renegotiation with customers - refers to overdue receivables for which debt acknowledgment agreements were formalized. The final maturity of the monthly installments will be in November 2014 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 impairment on the amount of the renegotiated credits. In order to cover losses, R$ 1,770 of credits were provisioned and deducted from the amount presented in the Parent Company (R$ 3,632) and Consolidated (R$ 3,663).

Prepaid expenses - refer primarily to premiums paid when contracting the insurance for all the Company's units, recognized in the statement of income for the period 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.

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

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

In 2012 and 2013, the Company computed income tax and social contribution on the effects of foreign exchange variations taxed on the cash basis and recorded a deferred tax liability related to unrealized exchange variations.
Deferred tax liabilities were recognized based on the fair value of biological assets and the deemed cost of property, plant and equipment, as well as adjustments relating to the review of the useful lives of property, plant and equipment, treated as Tax Transitional Regime (RTT) and recorded in this account.
The initial tax impacts on the deemed cost of property, plant and equipment were recognized in equity.

ASSETS	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Deferred income tax assets				
On temporary differences	9,211	11,462	9,211	11,462
On tax losses	4,173	1,624	4,173	1,624
Deferred social contribution assets				
On temporary differences	3,497	4,126	3,497	4,126
On tax losses	1,502	585	1,502	585
	18,383	17,797	18,383	17,797

LIABILITIES	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Deferred income tax liabilities				
Exchange rate variations taxed on the cash basis	1,870	1,661	1,870	1,661
Interest on debentures	-	-	2,952	2,683
Fair value of biological assets	36,940	37,230	38,299	38,628
Deemed cost of property, plant and equipment and review of useful lives	86,499	86,074	107,341	106,913
Government grants	483	505	483	505
Cash flow hedges	(1,813)	(2,322)	(1,813)	(2,322)
Deferred social contribution liabilities				
Exchange rate variations taxed on the cash basis	673	598	673	673
Interest on debentures	-	-	1,063	891
Fair value of biological assets	13,298	13,403	14,032	14,133
Deemed cost of property, plant and equipment and review of useful lives	31,138	30,986	38,641	38,489
Government grants	174	182	174	182
Cash flow hedges	(653)	(836)	(653)	(836)
	168,609	167,481	203,062	201,600
Deferred tax liabilities (net)	150,226	149,684	184,679	183,803

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

Deferred tax assets Period	Consolidated 3/31/2013
2013	5,927
2014	810
2015	1,512
2016	2,397
2017 onwards	7,737
	18,383

Deferred tax liabilities Period	Consolidated 3/31/2013
2013	1,531
2014	2,245
2015	2,470
2016	2,717
2017 onwards	194,099
	203,062

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

Parent company	Opening balance - 12/31/2012	Recognized in the results	Discontinued operations	Closing balance - 3/31/2013
Deferred tax assets related to:				
Provision for bonuses	2,614	(1,804)	-	810
Provision for sundry risks	12,846	(619)	-	12,227
Other	128	48	-	176
Total temporary differences	15,588	(2,375)	-	13,213
Tax losses	2,209	2,961	-	5,170
	17,797	586	-	18,383

Consolidated	Opening balance - 12/31/2012	Recognized in the results	Discontinued operations	Closing balance - 3/31/2013
Deferred tax assets related to:				
Provision for bonuses	2,614	(1,804)	-	810
Provision for sundry risks	12,846	(619)	-	12,227
Other	177	48	-	225
Total temporary differences	15,637	(2,375)	-	13,262
Tax losses	2,160	2,961	-	5,121
	17,797	586	-	18,383

Parent company	Opening balance 12/31/2012	Recognized in the results	Recorded in equity	Closing balance 3/31/2013
Deferred tax liabilities related to:				
Exchange rate variations taxed on the cash basis	2,259	284	-	2,543
Interest on debentures	-	-		-
Fair value of biological assets	50,633	(395)	-	50,238
Deemed cost of biological assets and useful life review	117,060	578	-	117,638
Government grants	687	(29)	-	657
Cash flow hedges	(3,158)	-	691	(2,467)
	167,481	438	691	168,609

Consolidated	Opening balance 12/31/2012	Recognized in the results	Recorded in equity	Closing balance 3/31/2013
Deferred tax liabilities related to:				
Exchange rate variations taxed on the cash basis	2,335	208	-	2,543
Interest on debentures	3,573	442		4,015
Fair value of biological assets	52,761	(429)	-	52,332
Deemed cost of biological assets and useful life review	145,402	580	-	145,982
Government grants	687	(29)	-	657
Cash flow hedges	(3,158)	-	691	(2,467)
	201,600	772	691	203,062

12. INVESTMENTS

	Habitasul Florestal	Irani Trading	Iraflor Comércio de Madeiras	HGE Geração de Energia	Meu Móvel de Madeira	Total
At December 31, 2011	115,033	90,524	38,130	3,529	1,359	248,575
Equity in the results of subsidiaries	1,613	11,820	9,083	(2,946)	-	19,570
Equity in the results of discontinued operations	-	-	-	-	596	596
Proposed dividends	(14,086)	(14,450)	(594)	-	-	(29,130)
Capital increase	-	4,563	3,370	700	2,011	10,644
Advances for future capital increase	9,420	15,100	-	-	-	24,520
Decrease in capital - Meu Móvel de Madeira	-	-	-	-	(2,049)	(2,049)
Sale of interest in Meu Móvel de Madeira	-	-	-	-	(1,917)	(1,917)
At December 31, 2012	111,980	107,557	49,989	1,283	-	270,809
Equity in the results of subsidiaries	450	3,007	776	(27)	-	4,206
Capital increase	-	-	4,020	-	-	4,020
At March 31, 2013	112,430	110,564	54,785	1,256	-	279,035
Liabilities	16,126	31,299	392	4	-	
Equity	112,431	110,556	54,789	1,256	-	
Assets	128,557	141,855	55,181	1,260	-	
Net revenue	4,330	4,284	3,338	-	-	
Profit (loss) for the period	450	3,007	776	(27)	-	
Ownership interest - %	100.00	100.00	99.99	99.98	-	

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

The activities of the subsidiary Irani Trading S.A. include intermediation in the export and import of products, the export of products acquired for resale and the management and rental

of properties. In May 2012, the subsidiary received a capital contribution from the parent company Celulose Irani S.A. in the amount of R$ 4,563, paid up through the transfer of property, plant and equipment.

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. On January 25, 2013 the subsidiary received a capital contribution from the parent company Celulose Irani S.A. in the amount of R$ 4,020, paid up through the transfer of forest assets.

The subsidiary HGE Geração de Energia Sustentável 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 continues to be in the preoperating stage and is evaluating projects for implementation.

13. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Composition of property, plant and equipment:

Parent company

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other	Construction in progress	Advances to suppliers	Assets under finance leases	Leasehold improvements	Total
At December 31, 2011										
Net book value	123,901	29,114	326,772	497	3,563	20,614	759	16,592	14,027	535,839
At December 31, 2012										
Opening balance	123,901	29,114	326,772	497	3,563	20,614	759	16,592	14,027	535,839
Additions	-	583	4,130	92	346	27,587	14,568	1,226	-	48,532
Disposals	-	-	(130)	-	-	(135)	(9,297)	(54)	-	(9,616)
Transfers	-	4,318	21,887	-	712	(26,917)	-	-	-	-
Depreciation	-	(1,276)	(31,480)	(181)	(925)	-	-	(3,175)	(643)	(37,680)
Cost	123,901	40,692	542,676	1,850	8,588	21,149	6,030	28,523	16,061	789,470
Accumulated depreciation	-	(7,953)	(221,497)	(1,442)	(4,892)	-	-	(13,934)	(2,677)	(252,395)
Net book value	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
At March 31, 2013										
Opening balance	123,901	32,739	321,179	408	3,696	21,149	6,030	14,589	13,384	537,075
Additions	-	2	1,187	394	261	9,398	7,653	419	-	19,314
Disposals	-	-	(306)	-	(11)	(3,223)	(6,311)	-	-	(9,851)
Transfers	-	48	-	-	-	(48)	-	-	-	-
Depreciation	-	(258)	(5,576)	(44)	(73)	-	-	(797)	(161)	(6,909)
Cost	123,901	40,742	543,557	2,244	8,838	27,276	7,372	28,942	16,061	798,933
Accumulated depreciation	-	(8,211)	(227,073)	(1,486)	(4,965)	-	-	(14,731)	(2,838)	(259,304)
Net book value	123,901	32,531	316,484	758	3,873	27,276	7,372	14,211	13,223	539,629

Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	(*) Other	Construction in progress	Advances to suppliers	Assets under finance leases	Leasehold improvements	Total
At December 31, 2011										
Net book value	174,487	117,372	326,868	584	6,481	21,024	759	16,709	14,027	678,311
At December 31, 2012										
Opening balance	174,487	117,372	326,868	584	6,481	21,024	759	16,709	14,027	678,311
Additions	1,688	4,469	4,177	124	363	27,689	14,567	1,222	-	54,299
Disposals	(61)	(138)	(131)	-	(2,212)	(234)	(9,296)	(55)	-	(12,127)
Assets of discontinued operation	-	-	(75)	(27)	(206)	-	-	(62)	-	(370)
Transfers	-	4,318	21,887	-	712	(26,917)	-	-	-	-
Depreciation	-	(3,870)	(31,428)	(205)	(1,038)	-	-	(3,195)	(643)	(40,379)
Cost	176,114	153,062	542,798	1,953	9,077	21,562	6,030	28,563	16,061	955,220
Accumulated depreciation	-	(30,911)	(221,500)	(1,477)	(4,977)	-	-	(13,944)	(2,677)	(275,486)
Net book value	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
At March 31, 2013										
Opening balance	176,114	122,151	321,298	476	4,100	21,562	6,030	14,619	13,384	679,734
Additions	-	2	1,187	394	270	9,398	7,653	418	-	19,322
Disposals	-	-	(306)	-	(11)	(3,223)	(6,311)	-	-	(9,851)
Transfers	-	48	-	-	-	(48)	-	-	-	-
Depreciation	-	(857)	(5,577)	(47)	(81)	-	-	(799)	(160)	(7,521)
Cost	176,114	153,112	543,679	2,347	9,336	27,689	7,372	28,981	16,061	964,691
Accumulated depreciation	-	(31,768)	(227,077)	(1,524)	(5,058)	-	-	(14,743)	(2,837)	(283,007)
Net book value	176,114	121,344	316,602	823	4,278	27,689	7,372	14,238	13,224	681,684

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

b) Composition of intangible assets

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

	Parent company	Consolidated
At December 31, 2011		
Net book value	1,088	1,103
At December 31, 2012		
Opening balance	1,088	1,103
Additions	574	607
Disposals	(13)	(58)
Amortization	(429)	(429)
Cost	5,722	5,726
Accumulated amortization	(4,502)	(4,503)
Net book value	1,220	1,223
At March 31, 2013		
Opening balance	1,220	1,223
Additions	43	43
Amortization	(273)	(273)
Cost	5,765	5,769
Accumulated amortization	(4,775)	(4,776)
Net book value	990	993

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 - %
Buildings and constructions *	2.25
Equipment and facilities **	6.45
Furniture, fittings and IT equipment	5.71
Vehicles and tractors	20.00

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

d) Other information

Construction in progress refers to projects for the improvement and maintenance of the production process of the Packaging Paper and Corrugated Cardboard Packaging Units in Vargem Bonita - SC and the Packaging Unit in Indaiatuba - SP. During the period, finance charges in the amount of R$ 124 were capitalized at an average rate of 9.18% per annum, related to new funds utilized to finance specific investment projects.

Advances to suppliers refer to investments in the Packaging Paper and Corrugated Cardboard Packaging Units in Vargem Bonita - SC.

The Company has finance lease agreements with machinery, IT equipment and vehicles, with purchase option clauses, negotiated at a fixed rate and 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 the 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.

Of the total depreciation of property, plant and equipment for 1Q13, in the parent company, R$ 6,772 refers to cost of products sold and R$ 137 to administrative and selling expenses (in 1Q12, R$ 8,727 and R$ 275, respectively). In the consolidated for 1Q13, R$ 7,326 refers to cost of products sold and R$ 195 to administrative and selling expenses (in 1Q12, R$ 9,300 and R$ 333, respectively). The variation in the depreciation of property, plant and equipment in 1Q13 over 1Q12 is a result of the review carried by the Company of the useful lives of its assets, as required by CPC 27, which is being applied prospectively as from 1Q13.

Of the total amortization of intangible assets for 1Q13, in the parent company, R$ 17 refers to cost of products sold and R$ 256 to administrative and selling expenses (in 1Q12, R$ 10 and R$ 98, respectively). In the consolidated for 1Q13, R$ 17 refers to cost of products sold and R$ 256 to administrative and selling expenses (in 1Q12, R$ 17 and R$ 256, respectively).

e) Impairment of property, plant and equipment

The Company did not identify any indicators of impairment of its assets at March 31, 2013.

f) Assets pledged as collateral

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

	Consolidated
	3/31/2013
Equipment and facilities	24,796
Buildings and constructions	90,722
Land	99,779
Total assets pledged	215,297

14. BIOLOGICAL ASSETS

The Company's biological assets comprise mainly the planting and cultivation of pine trees for the supply of raw material for the production of pulp used in the packaging paper production process, production of resins and sales of timber logs to third parties. All of the Company's biological assets form a single group named "forests", measured together at fair value on a six-monthly basis. Because the harvesting of the forests planted is realized based on the

requirement 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	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Cost of development of biological assets	41,054	40,932	80,429	78,602
Difference in fair value	115,157	118,980	179,710	184,690
Biological assets at fair value	156,211	159,912	260,139	263,292

The Company considers that R$ 192,284 of the total biological assets relates to forests used as raw material for pulp and paper production, of which R$ 139,809 refers to mature forests with more than six years. The remaining amount refers to growing forests, which still need forestry treatments. 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 requirement of raw material for pulp and paper production, and forests are replanted when cut, forming a renovation cycle that meets the production demand of the unit.

The biological assets utilized for the production of resins and the sale of timber logs totaled R$ 67,855 and are located on the coast of RS. 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 supply of 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 flows in accordance with the projected productivity cycle of forests, determined considering 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 the analysis of the return targeted by investors for forest 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 a production cycle of the forests. Forest management alternatives are created to establish the optimum long-term production flow, to maximize the yield of the forests.

(iv) The prices adopted for biological assets are those charged in two past years, based on market researches in the regions where the assets are located. Prices are calculated in

R$/cubic meter, taking into consideration the costs necessary to bring the assets to the point of sale or consumption.

(v) Asset development expenses refer to the formation costs of biological assets incurred by the Company.

(vi) The depletion of biological assets is calculated based on their average fair value, multiplied by the volume harvested in the period.

(vii) The Company reviews the fair value of its biological assets periodically (in general on a semiannual basis), which is considered to be an interval deemed sufficient to prevent any lag in the balance of the fair value of biological assets recorded in the financial statements. In 1Q13, no change in fair value of biological assets was recognized.

The main assumptions considered in the calculation of the fair value of biological assets include: i) the remuneration of own contributing assets (lease), at the rate of 3% per year, and ii) a discount rate of 8.0% per year for SC and RS assets.

In this period, the Company validated the assumptions and criteria used to evaluate the fair value of its biological assets, and identified no significant changes which could affect such fair value. In the current period, no other events impacted the valuation of the biological assets, such as rainstorms, lightning and others that could affect the forests.

Main changes

The changes in the period were as follows:

	Parent company	Consolidated
At 12/31/2011	128,516	239,997
Development expenses	5,126	5,748
Depletion		
Historical cost	(601)	(3,369)
Fair value	(1,764)	(15,851)
Transfers for capitalization of subsidiary	(3,370)	-
Changes in fair value	32,005	36,767
At 12/31/2012	159,912	263,292
Development expenses	936	1,072
Depletion		
Historical cost	(159)	(2,610)
Fair value	(458)	(1,615)
Transfers for capitalization of subsidiary	(4,020)	-
At 3/31/2013	156,211	260,139

The depletion of biological assets was mainly charged to production cost, after an initial allocation to inventories when forests are harvested and the subsequent utilization in the production process or 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. The contribution of further biological assets, amounting to R$ 4,020, was authorized in the three-month period ended March 31, 2013. 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$ 117,736, pledged as collateral for financial transactions. The pledged assets represent approximately 45% of total biological assets, equivalent to 20.6 thousand hectares of land used, with approximately 10.3 thousand hectares of planted forests.

c) Production on third-party land

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

15. BORROWINGS

	Parent company		Consolidated		
	3/31/2013	12/31/2012	3/31/2013	12/31/2012	
Current					
Local currency					
Government Agency for Machinery and Equipment Financing (FINAME)	3,491	2,641	3,491	2,641	a)
Working capital	23,472	33,288	23,472	33,288	b)
Working capital - CDCA	17,091	16,306	17,091	16,306	c)
Finance leases	1,441	1,419	1,456	1,433	d)
Real Estate Credit Note (CCI)	-	-	5,524	8,839	e)
Total local currency	45,495	53,654	51,034	62,507	
Foreign currency	-				
Finance leases	2,132	2,839	2,132	2,839	f)
Advances on exchange contracts	2,046	8,490	2,046	8,490	g)
Banco Credit Suisse	683	738	683	738	h)
Banco Santander (Brazil)	1,640	1,690	1,640	1,690	i)
Banco Itaú BBA	9,739	-	9,739	-	j)
Banco do Brasil	1,447	1,329	1,447	1,329	k)
Banco Citibank	1,695	1,632	1,695	1,632	l)
Total foreign currency	19,382	16,718	19,382	16,718	
Total current	64,877	70,372	70,416	79,225	
Non-current					
Local currency					
Government Agency for Machinery and Equipment Financing (FINAME)	11,508	7,796	11,508	7,796	a)
Working capital	61,482	18,880	61,482	18,880	b)
Working capital - CDCA	69,940	66,741	69,940	66,741	c)

Finance leases	1,014	982	1,020	993	d)
Total local currency	143,944	94,399	143,950	94,410	
Foreign currency					
Banco Credit Suisse	74,079	75,051	74,079	75,051	h)
Banco Itaú BBA	29,323	34,716	29,323	34,716	j)
Banco do Brasil	2,142	2,048	2,142	2,048	k)
Banco Citibank	2,525	2,776	2,525	2,776	l)
Total foreign currency	108,069	114,591	108,069	114,591	
Total non-current	252,013	208,990	252,019	209,001	
Total	316,890	279,362	322,435	288,226	

	Parent company		Consolidated	
Long-term maturities:	3/31/2013	12/31/2012	3/31/2013	12/31/2012
2014	39,459	46,322	39,466	46,333
2015	60,496	58,952	60,496	58,952
2016	113,711	67,654	113,711	67,654
2017 to 2019	38,347	36,062	38,346	36,062
	252,013	208,990	252,019	209,001

Local currency loans:

a) FINAME - subject to an annual average interest rate of 6.09% with final maturity in 2019.

b) Working capital - subject to an annual average interest rate of 8.20% with final maturity in the first half of 2015.

Transaction costs:

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

Year	Principal
2013	65
2014	36
2015	19
	120

c) Working capital - CDCA

On June 20, 2011, the Company issued Certificates of Agribusiness Receivables (CDCA), in 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 as the creditor Celulose Irani S.A., as set forth in Law 8,929 of August 22, 1994.

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

Transaction costs:

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

Year	Principal
2013	557
2014	634
2015	484
2016	310
2017	109
	2,094

d) Finance leases - subject to an annual average interest rate of 14.83% with final maturity in the first half of 2016.

	Parent company		Consolidated	
Long-term maturities of finance leases:	3/31/2013	12/31/2012	3/31/2013	12/31/2012
2014	631	780	637	791
2015	356	202	356	202
2016	27	-	27	-
	1,014	982	1,020	993

e) Real Estate Credit Note (CCI)

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

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

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

Foreign currency loans:

Foreign currency denominated loans at March 31, 2013 were adjusted for U.S. dollar or Euro exchange rate fluctuations and bear annual average interest of 8.20% and 4.09% for transactions in U.S. dollars and Euros, respectively.

f) Finance leases are adjusted for U.S. dollar exchange rate fluctuations and are repayable in quarterly installments, with final maturity at the end of 2013.

g) 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 2013.

h) The financing from Banco Credit Suisse is adjusted for U.S. dollar exchange rate fluctuations and is repayable in quarterly installments. This transaction refers to prepayments of future exports.

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

Transaction costs:

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

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

Year	Principal
2013	722
2014	1,142
2015	1,588
2016	2,209
2017	396
	6,057

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

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

Transaction costs:

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

Year	Principal
2013	116
2014	122
2015	78
2016	32
2017	4
	352

k) Banco do Brasil - adjusted for U.S. dollar exchange rate fluctuations and repayable in semiannual installments with final maturity in 2015.

l) 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 a transaction cost 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
2013	31
2014	27
2015	10
	68

Collateral:

The collateral for the loans includes sureties of the controlling stockholders and/or statutory liens on land, buildings, machinery and equipment, biological assets (forests), commercial pledges and assignments of receivables amounting to R$ 76,633. Some transactions have specific guarantees, as follows:

i) For working capital - Certificate of Agribusiness Receivables (CDCA), the Company provided collaterals of approximately R$ 82,580, including:

- Assignment of credit rights relating to Rural Producer Notes (CPRs) in favor of the creditor.
- Mortgage on some of the Company's properties in favor of the banks for a total area equivalent to 9,500 hectares.
- Statutory lien on pine and eucalyptus forests on the mortgaged properties owned by the issuer.

ii) For the Real Estate Credit Note (CCI), the Company provided collaterals in favor of the Securitizer of approximately R$ 38,904, including:

- Mortgage on some properties of Celulose Irani S.A., registration Nos. 2,479, 2,481 and 8,535 of the Real Estate Registry Office of the Judiciary District of Ponte Serrada, SC.
- Agricultural pledge of forest assets (pine and eucalyptus trees) planted in the mortgaged areas, mentioned in the previous item.
- Assignment of lease receivables, in the amount equivalent to three monthly installments due by the lessee Celulose Irani S.A. to the lessor Irani Trading S.A., as determined by the lease agreement.

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

Restrictive financial covenants:

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

i) Working capital - Certificate of Agribusiness Receivables (CDCA)
ii) Real Estate Credit Note (CCI)
iii)Banco Itaú BBA

Some restrictive financial covenants linked to compliance with certain financial ratios, measured on a quarterly basis, were established and the non-compliance with these covenants could generate the accelerated maturity of the debt.

a) The ratio between net debt and EBITDA over the last 12 months must not exceed 3 times (3.00x) as from the quarter ended June 30, 2012. However, if in a specific quarter (Reference Quarter), the non-compliance with the ratio between net debt and EBITDA over the last 12 months has occurred in a period when the foreign exchange variation is positive and higher than 15%, it is established that only in this case the Issuer will be released from complying with such financial ratio for this quarter. The indicator will be measured again based on the results for the immediately subsequent quarter, in which period the ratio between net debt and EBITDA over the last 12 months must not exceed the limit previously established for the Reference Quarter.

b) The ratio between EBITDA and net financial expenses over the last 12 months must not be lower than 2.00x as from the quarter ended June 30, 2012.

c) The ratio between EBITDA and net revenue over the last 12 months must not be lower than 17% over the entire transaction period, until full compliance with all obligations arising from the Issue Documents.

The Company complied with the covenants described above at March 31, 2013.

iv) Banco Credit Suisse

a) Net debt/EBITDA ratio of (i) 3.00x for the quarters ended between June 30, 2012 and March 31, 2015, and (ii) 3.75x for the subsequent quarters up to 2017.

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

The Company complied with the covenants described above at March 31, 2013.

v) Banco Santander (Brazil) (analysis performed only at the end of each year).

a) EBITDA margin equal to or higher than 17%;
b) Ratio between net debt and EBITDA, maximum of 3x;
c) Maximum financial leverage of 2x the tangible stockholders' equity, as defined in the agreement.

Key:
TJLP - Long-term interest rate.
CDI - Interbank deposit rate
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 as 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 a transaction cost 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
2013	639
2014	893
2015	226
	1,758

Collateral:

Debentures have collateral in the amount of R$ 156,008, as follows:

- Assignment in favor of the Land Trustee of Celulose Irani in conformity with the terms and conditions determined in the Private Instrument of Assignment of Real Estate of Irani and Other Covenants, which will guarantee the debt up to the limit of R$ 26,527.
- 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 relating to compliance with certain financial ratios, measured on a quarterly basis, were established. Non-compliance with these covenants could generate the accelerated maturity of the debt. The covenants, set out below, were fully complied with in the period:

a) The ratio between net debt and EBITDA over the last 12 months must not exceed 3 times (3.00x) as from the quarter ended June 30, 2012. However, if in a specific quarter (Reference Quarter), the non-compliance with the ratio between net debt and EBITDA over the last 12 months has occurred in a period when the foreign exchange variation is positive and higher than 15%, it is established that only in this case the Issuer will be released from complying with such financial ratio for this quarter. The indicator will be measured again based on the results for the immediately subsequent quarter, in which period the ratio between net debt and EBITDA over the last 12 months must not exceed the limit previously established for the Reference Quarter.

b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00x as from the quarter ended June 30, 2012.

c) The ratio between EBITDA and net revenues over the last 12 months must not be lower than 17% over the entire transaction period, until full compliance with all the obligations arising from the Issue Documents.

The Company complied with the covenants described above at March 31, 2013.

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

Transaction costs:

This transaction incurred a transaction cost 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
2013	287
2014	321
2015	251
2016	173
2017	87
	1,119

Collateral:

Debentures will have collateral in the amount of R$ 63,251, 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$ 9,055 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 relating to compliance with certain financial ratios, measured on an annual basis, were established. Non-compliance with these covenants could generate the accelerated maturity of the debt. The covenants, set out below, were fully complied with in the period:

a) The ratio between net debt and EBITDA 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 ration 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 March 31, 2013.

First private issue of simple debentures

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

Transaction costs:

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

Year	Principal
2013	78
2014	588
2015	1,082
	1,748

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	3/31/2013	12/31/2012	3/31/2013	12/31/2012
2013	23,878	36,526	23,878	36,526
2014	35,598	36,089	35,598	36,089
2015	75,131	74,175	23,323	23,440
2016	12,192	11,935	12,192	11,935
2017	12,279	12,013	12,278	12,014
	159,078	170,738	107,269	120,004
Current	38,525	39,026	38,525	39,026
Non-current	120,553	131,712	68,744	80,978

17. TRADE PAYABLES

Payables to suppliers are as follows:

	Parent company		Consolidated	
CURRENT	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Domestic				
Materials	40,064	31,265	40,024	31,210
Property, plant and equipment	1,509	2,112	1,509	2,112
Service providers	2,171	2,453	2,255	2,597
Carriers	6,220	5,511	6,222	5,514
Related parties	20,498	16,500	-	-
Property, plant and equipment being shipped	1,113	2,168	1,113	2,168
Consignment	65	65	65	65
Foreign				
Materials	179	81	179	81
	71,819	60,155	51,367	43,747

18. TAXES PAYABLE IN INSTALLMENTS

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

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

The amounts are as follows:

Federal Tax Installments	Parent company 3/31/2013	Parent company 12/31/2012	Consolidated 3/31/2013	Consolidated 12/31/2012
REFIS installments - Federal Revenue Service	2,366	2,330	2,366	2,360
Employer's INSS payable in installments	773	767	900	862
FNDE payable in installments	-	-	25	25
	3,139	3,097	3,291	3,247

State Tax Installments	Parent company 3/31/2013	Parent company 12/31/2012	Consolidated 3/31/2013	Consolidated 12/31/2012
ICMS payable in installments	2,042	1,988	2,042	1,988
	2,042	1,988	2,042	1,988
Total installments	5,181	5,085	5,333	5,235

NON-CURRENT LIABILITIES

Federal Tax Installments	Parent company 3/31/2013	Parent company 12/31/2012	Consolidated 3/31/2013	Consolidated 12/31/2012
REFIS installments - Federal Revenue Service	3,284	3,919	3,284	3,945
Employer's INSS payable in installments	838	1,022	864	1,054
FNDE payable in installments	-	-	72	76
	4,122	4,941	4,220	5,075

State Tax Installments	Parent company 3/31/2013	Parent company 12/31/2012	Consolidated 3/31/2013	Consolidated 12/31/2012
ICMS payable in installments	828	1,304	828	1,304
	828	1,304	828	1,304
Total installments	4,950	6,245	5,048	6,379

Long-term maturities:	Parent company 3/31/2013	Parent company 12/31/2012	Consolidated 3/31/2013	Consolidated 12/31/2012
2014	1,636	2,393	1,688	2,527
2015	561	618	586	618
2016	303	343	324	343
2017 onwards	2,450	2,891	2,450	2,891
	4,950	6,245	5,048	6,379

INSS - Refers to the refinancing of social security contributions established by Law 10,684/03, where the Company opted for Refis in November 2009.
Federal Revenue Service - Refers to refinancing of federal taxes established by Law 10,684/03, where the Company opted for Refis in November 2009, and refinancing of other IPI debts in the current amount of R$ 5,649, of which R$ 2,196 refers to principal and R$ 3,453 to fines and arrears interest. This amount is being paid in 180 installments and is subject to the SELIC interest rate.

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

19. RELATED-PARTY TRANSACTIONS

Parent company	Receivables		Payables		Debentures payable	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Irani Trading S.A.	3,136	3,136	1,581	1,415	51,808	50,734
Habitasul Florestal S.A.	2,171	2,171	755	81	-	-
HGE - Geração de Energia	-	-	495	601	-	-
Management	1,574	1,553	-	-	-	-
Iraflor - Com. de Madeiras Ltda.	-	-	18,162	15,004	-	-
Management remuneration	-	-	658	1,630	-	-
Management profit sharing	-	-	8,210	8,210	-	-
Habitasul Desenvolvimentos Imobiliários	-	-	10	-	-	-
Ind. Papel São Roberto S.A	1,256	-	5,134	-	-	-
Companhia Com.de Imóveis	1,146	310	-	-	-	-
Total	9,283	7,170	35,005	26,941	51,808	50,734
Current portion	7,709	5,617	35,005	26,941	-	-
Non-current portion	1,574	1,553	-	-	51,808	50,734

Parent company	Revenue		Expenses	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Companhia Com.de Imóveis	836	-	-	-
Ind. Papel São Roberto S.A	5,272	-	5,134	-
Irani Trading S.A.	-	-	4,280	4,308
Habitasul Florestal S.A.	-	-	1,252	1,039
Iraflor - Com. de Madeiras Ltda.	-	-	3,209	-
Druck, Mallmann, Oliveira & Advogados Associados	-	-	54	51
MCFD Administração de Imóveis Ltda.	-	-	255	261
Irani Participações S/A	-	-	120	120
Habitasul Desenvolvimentos Imobiliários	-	-	29	27
Share-based payment	-	-	124	-
Management remuneration	-	-	1,691	1,153
Total	6,108	-	16,148	6,959

Consolidated	Receivables		Payables		Revenue		Expenses	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Irani Participações S/A	-	-	-	-	-	-	120	120
Companhia Com.de Imóveis	1,146	310	-	-	836	-	-	-
Druck, Mallmann, Oliveira & Advogados Associados	-	-	-	-	-	-	53	80
MCFD Administração de Imóveis Ltda.	-	-	-	-	-	-	255	261
Management remuneration	-	-	658	1,770	-	-	1,703	1,241
Habitasul Desenvolvimentos Imobiliários	-	-	-	-	-	-	29	27
Ind. Papel São Roberto S.A.	1,256	-	5,134	-	5,272	-	5,134	-
Share-based payment	-	-	-	-	-	-	124	-
Management	1,574	1,553	-	-	-	-	-	-
Management profit sharing	-	-	8,210	8,210	-	-	-	-
Total	3,976	1,863	14,002	9,980	6,108	-	7,418	1,729
Current portion	-	310	14,002	9,980				
Non-current portion	3,976	1,553	-	-				

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 respective market conditions and prices. The receivables of the parent company from the subsidiaries Irani Trading S.A. and Habitasul Florestal S.A. are related to the mandatory minimum dividends for 2012.

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

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

In 2011, 2012 and 2013, the Company transferred to Iraflor the amount of R$ 44,865 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 representing the Company's rights to receive wood in this period. Based on the credit rights from the CPRs, on June 20, 2011, the Company issued Agribusiness Credit Right Certificates (CDCA) in favor of Banco Itaú BBA S.A and Banco Rabobank International Brasil S.A.

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

The amount payable to HGE - Geração de Energia Sustentável relates to the amount of capital to be paid up by the end of 2013, relating to the contractual amendment for a capital increase.

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

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

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

The amount payable to Druck, Mallmann, Oliveira & Advogados Associados refers to legal advisory services, based on an agreement entered into on June 1, 2006 for an unspecified period, adjusted annually based on the variation of the National Consumer Price Index (INPC).

The payables to Indústria de Papel e Papelão São Roberto S.A. are represented by 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$ 450; ii) the purchase by the Company of the inventories of materials for production at the Agreement's beginning date (the Lease agreement started on March 1, 2013, is effective for a ten-year period, can be renewed and is adjusted annually by the IPCA); and iii) purchase by the Company of raw material and accessories for corrugated cardboard boxes.

The receivables from Indústria de Papel e Papelão São Roberto S.A. relate to: i) the sales of paper for packaging by the Company, and ii) the Operating Restructuring and Implementation of the New Model of Management ("Restructuring Agreement"), through which the Company will render to São Roberto services of restructuring and strategic, methodological, operational and economic and financial reorganization, aiming 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") related 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 compensation relate to directors' fees and variable long-term compensation.

Management remuneration expenses, net of payroll taxes, totaled R$ 1,703 at March 31, 2013 (R$ 1,241 at March 31, 2012). The total management remuneration was approved at the General Meeting of Stockholders held on April 29, 2013, in the maximum amount of R$ 10,000.

20. PROVISION FOR CIVIL, LABOR AND TAX RISKS

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

The provision for contingencies is comprised as follows:

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Civil	977	977	985	985
Labor	598	598	875	892
Tax	34,254	36,160	34,254	36,160
Total	35,829	37,735	36,114	38,037
Judicial deposits	582	574	640	632

Parent company	12/31/2012	Provision	Payments	Reversal	3/31/2013
Civil	977	-	-	-	977
Labor	598	-	-	-	598
Tax	36,160	400	-	(2,306)	34,254
	37,735	400	-	(2,306)	35,829

Consolidated	12/31/2012	Provision	Payments	Reversal	3/31/2013
Civil	985	-	-	-	985
Labor	892	-	(17)	-	875
Tax	36,160	400	-	(2,306)	34,254
	38,037	400	(17)	(2,306)	36,114

The provision for contingencies refers basically to:

a) Civil lawsuits related, among other matters, to indemnity claims in connection with termination of agreements with sales representatives. A provision of R$ 985 was recorded at March 31, 2013 to cover losses arising from these contingencies. Judicial deposits relating to these lawsuits amount to R$ 278 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 legal counsel's opinion, the Company provisioned R$ 875 at March 31, 2013, which is considered to be sufficient to cover losses arising from labor contingencies. Judicial deposits relating to these lawsuits amount to R$ 362 and are classified in non-current assets.

c) The provision for tax contingencies refers to offsets of federal taxes with IPI credits on the acquisition of trimmings by the Company. The amount offset from April 2008 to December 2011 was R$ 23,508. The adjusted balance at March 31, 2013 totaled R$ 34,254.

Contingencies

No provisions were recorded for contingencies in respect of which the likelihood of loss has been assessed by the legal counsel as possible, but not probable. The amounts of the related labor, civil, environmental and tax lawsuits at March 31, 2013, were as follows:

	Consolidated	
	3/31/2013	12/31/2012
Labor	14,280	14,280
Civil	2,650	2,650
Environmental	1,000	1,000
Tax	67,809	73,025
	85,739	90,955

Labor contingencies:

The labor lawsuits assessed by the legal counsel as involving possible losses total R$ 14,280 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$ 2,650 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. If it is not possible to make such restoration, it will be converted into an indemnity. Even considering that this matter is difficult to quantify, the Company believes that the amount of compensatory damages will be less than the maximum estimated amount of R$ 1,000.

Tax contingencies:
The tax proceedings assessed by the legal counsel as involving possible losses total R$ 67,809 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$ 10,559 at March 31, 2013. The lawsuit is currently in the Taxpayers' Council (CC) awaiting the decision on the Special Appeal filed by the Company.

- Tax collection lawsuit 2004.72.03.001555-8 filed by the National Institute of Social Security (INSS) with respect to a Debt Assessment Notice for payment of social contribution on gross revenue from the sale of agroindustrial companies' production, which at March 31, 2013, involves the amount of R$ 5,034. The lawsuit was suspended by a court decision and is awaiting the decision on the Action for Annulment 2005.71.00.002527-8.

- Administrative proceedings 11080.013972/2007-12 and 11080.013973/2007-67, involving R$ 4,480 at March 31, 2012, 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 State of Santa Catarina for alleged undue ICMS tax credits on the acquisition of material used in the production of industrial plants in this state which amounted to R$ 30,990 at March 31, 2013. The Company filed defense arguments in respect of these tax assessments.

- Administrative proceedings 11080.009902/2006-89, 11080.009904/2006-88 and 11080.009905/2006-12 related to federal taxes offset against IPI deemed credit on exports supposedly calculated improperly, in the amount of R$ 7,104 at March 31, 2013. The Company has challenged these proceedings at the administrative levels and is awaiting the decision on the appeals filed with the Taxpayers' Council.

21. EQUITY

a. Capital

The Company's capital at March 31, 2013 was R$ 103,976, represented by 149,279,740 common shares and 12,810,260 preferred shares, totaling 162,090,000 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 2/3 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 3/31/2013		Parent company 12/31/2012	
		Number	Amount	Number	Amount
i) Acquired from former directors	Common	92,040	48	92,040	48
	Preferred	-	-	-	-
ii) Share buyback plan	Common	1,246,000	1,610	1,246,000	1,610
	Preferred	274,000	380	274,000	380
iii) Right to withdraw	Common	-	-	-	-
	Preferred	2,352,100	6,804	2,352,100	6,804
		3,964,140	8,842	3,964,140	8,842

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

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

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

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

c. Revenue reserves

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

5% of 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 first-time 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 offset of losses and the transfer to the legal reserve, as well as the distribution of dividends. The respective resources will be allocated to investments in property, plant and equipment previously approved by the Board of Directors or may be distributed in the future, if so decided by the stockholders' meeting. Certain agreements with creditors contain restrictive clauses relating to the distribution of dividends above the mandatory minimum dividend.

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

d. 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 first-time 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 base for calculating dividends. The balance at March 31, 2013, net of tax, represented a gain of R$ 247,020 (R$ 249,570 at December 31, 2012).
The amounts of the financial instruments classified as cash flow hedges, net of tax effects, are also recorded in carrying value adjustments and corresponded to a loss of R$ 4,786 at March 31, 2013 (R$ 6,129 at December 31, 2012).

22. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing earnings or loss from continuing and discontinued operations attributable to the Company's stockholders by the

weighted average shares outstanding during the period. The Company is not subject to the effects of potential dilution such as debt convertible into shares. Consequently, diluted earnings per share are the same as the basic earnings per share.

i) Basic and diluted earnings of continuing operations

	3/31/2013		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	3,291	261	3,552
Basic and diluted earnings per share - R$	0.0222	0.0222	

	3/31/2012		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	12,536,260	160,477,960
Profit for the period attributable to each type of share	3,069	287	3,356
Basic and diluted earnings per share - R$	0.0207	0.0229	

ii) Basic and diluted earnings of discontinued operations

	3/31/2013		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	11,752,227	159,693,927
Profit for the period attributable to each type of share	-	-	-
Basic and diluted earnings per share - R$	-	-	

	3/31/2012		
	Common shares	Preferred shares	Common and preferred shares Total
Weighted average number of shares	147,941,700	12,536,260	160,477,960
Loss for the period attributable to each type of share	130	11	141
Basic and diluted loss per share - R$	0.0009	0.0010	

23. SHARE OPTION PLAN

Celulose Irani operates a share-based compensation plan, settled with shares, under which the Company receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by

reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

First Share Option Plan (Program I)

The share 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 will be R$ 1.26 per common or preferred share. The options have a vesting period up to December 31, 2013. The options can be exercised from January 1, 2013 to April 30, 2013. The employee must pay the exercise price and the corresponding shares will be pledged in favor of the Company up to December 31, 2013, after which they will be released. Should the employee leave the Company for any reason after exercising the option, but before December 31, 2013, the shares acquired will be returned to the Company and the beneficiaries will be compensated with the amount paid when the option was exercised, with no additional interest or monetary restatement charges. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

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

	Average exercise price in R$ per share option	Number of options
Granted on May 9, 2012	1.26	1,612,040
At March 31, 2013	1.26	1,612,040

There were 1,612,040 exercisable options at March 31, 2013. The options exercise period ends on April 30, 2013.

The share options outstanding at March 31, 2013 have the following expiry date and exercise prices:

Expiry date	Exercise price in R$ per share	December 31, 2012
April 30, 2013	1.26	1,612,040
	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:

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, the vesting period of the share-based remuneration plan.

24. NET SALES REVENUE

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

	Parent company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Gross sales revenue	156,782	142,507	160,728	147,118
Taxes on sales	(35,464)	(31,130)	(35,727)	(31,454)
Sales returns	(1,168)	(741)	(1,168)	(741)
Net sales revenue	120,150	110,636	123,833	114,923

25. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

	Parent company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Fixed and variable costs (raw materials and consumables)	(63,747)	(57,541)	(57,898)	(51,246)
Personnel	(22,544)	(21,454)	(23,386)	(22,342)
Depreciation, amortization and depletion	(7,720)	(9,483)	(11,940)	(14,129)
Freight	(6,043)	(4,440)	(6,043)	(4,439)
Services contracted	(3,556)	(3,482)	(3,794)	(3,620)
Selling expenses	(5,811)	(5,275)	(5,655)	(5,146)
	(109,421)	(101,675)	(108,716)	(100,922)
Other expenses, net				
Cost of /revenue from sales of assets	(333)	(140)	(333)	(596)
Sale of permanent assets	50	154	50	170
Other income (expenses)	46	294	47	189
	(237)	308	(236)	(237)
Total costs and expenses by nature	(109,658)	(101,367)	(108,952)	(101,159)

26. OTHER OPERATING INCOME AND EXPENSES

Income	Parent company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Proceeds from sale of assets	50	14	50	30
Other operating income	408	497	411	504
	458	511	461	534

Expenses	Parent company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Cost of assets damaged and sold	(333)	(37)	(333)	(485)
Other operating expenses	(218)	(166)	(220)	(286)
Share-based payment	(144)	-	(144)	-
	(695)	(203)	(697)	(771)
Total	(237)	308	(236)	(237)

27. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Operating profit before tax effects	3,404	1,536	3,900	1,883
Statutory rate	34%	34%	34%	34%
Tax expense at statutory rate	(1,157)	(522)	(1,326)	(640)
Tax effect of permanent (additions) / deductions:				
Equity in the results of subsidiaries	1,430	1,638	-	-
Difference in rates for taxation of subsidiaries			738	1,162
Other permanent differences	(76)	(48)	289	951
Share-based payment	(49)	752	(49)	-
	148	1,820	(348)	1,473
Current income tax and social contribution	-	-	(162)	(197)
Deferred income tax and social contribution	148	1,820	(186)	1,670

28. FINANCE RESULT

	Parent company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Finance income				
Income from financial investments	1,447	1,858	1,470	1,890
Interest	503	254	503	255
Discounts obtained	98	32	100	33
	2,048	2,144	2,073	2,178
Foreign exchange variations				
Foreign exchange gains	1,713	9,155	1,713	9,155
Foreign exchange gains - derivatives at fair value	-	143	-	141
Foreign exchange losses	(1,266)	(8,081)	(1,266)	(8,090)
Foreign exchange losses - derivatives at fair value	-	(266)	-	(265)
Foreign exchange variations, net	447	951	447	941
Finance costs				
Interest	(13,532)	(15,086)	(13,241)	(14,580)
Discounts granted	(51)	(38)	(51)	(41)
Discounts/bank expenses	(27)	(267)	(27)	(266)
Other	(179)	(113)	(182)	(113)
	(13,789)	(15,504)	(13,501)	(15,000)
Finance result, net	(11,294)	(12,409)	(10,981)	(11,881)

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, 2013, the Company had corporate insurance against fire, lightning, explosion, electric damages and windstorm for plants, residential locations and offices, as well as general civil liability coverage and coverage of liabilities of officers and directors (D&O), in the total amount of R$ 316,140. The Company also contracted group life insurance for employees with a minimum coverage of R$ 10 and a maximum coverage of R$ 500, in addition to insurance for the fleet of vehicles at market value.

The risk assumptions adopted, in view of their nature, are not part of the scope of the audit or review of the financial statements and, therefore, were not examined by our independent auditors.

With respect to the forests, the Company assessed the existing risks and elected not to contract insurance coverage because the preventive measures against fire and other forest risks have proved efficient. Management understands that the risk management structure related to the forests is appropriate to ensure the continuity of the Company's activities.

30. FINANCIAL INSTRUMENTS

Capital management

The Company's capital structure consists of its net debt (borrowings detailed in Notes 15 and 16, less cash and banks and held-to-maturity investments) and equity (which includes issued capital, reserves and retained earnings, as stated in Note 21).

The Company is not subject to any external capital requirement.

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 own capital and between 50% and 30% of third-party capital. At March 31, 2013, the capital structure was 58% of own capital and 42% of third-party capital, which is in line with target levels.

Debt to equity ratio

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

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Debt (a)	475,968	450,100	429,704	408,230
Cash and banks	99,625	95,051	101,153	96,922
Held-to-maturity investments	711	931	711	931
Net debt	375,632	354,118	327,840	310,377
Equity (b)	444,771	453,999	444,777	454,005
Net indebtedness ratio	0.84	0.78	0.74	0.68

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

(b) Equity includes all the parent company's capital and reserves.

Categories of financial instruments

	Parent company		Consolidated	
Financial assets	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Held-to-maturity investments	711	931	711	931
Loans and receivables				
Cash and banks	99,625	95,051	101,153	96,922
Trade receivables	104,792	93,785	108,058	96,781
Other receivables	5,024	9,200	5,069	9,245
Financial liabilities				
Amortized cost				
Borrowings	316,890	279,362	316,911	279,387
Debentures	159,078	170,738	107,269	120,004
Real Estate Credit Note	-	-	5,524	8,839
Trade payables	71,819	60,155	51,367	43,747

The instruments carried at fair value are classified as Level 2 based on quoted prices (unadjusted) in active markets for identical assets, in addition to information adopted by the market.

Financial risk factors

The Company is exposed to a variety of financial risks: market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk. In order to provide a framework for the Company's financial management, the Company has 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, 2013 and December 31, 2012, these transactions resulted in a net exposure as shown below.

The total net foreign exchange exposure was equivalent to 23 months of exports based on the average of exports in the quarter ended March 31, 2012, and 19 months of exports based on the average of exports in the quarter ended March 31, 2013. As most of the borrowings in foreign currency are repayable in the long-term, the Company believes that it will generate sufficient cash flow in foreign currency to settle its long-term liabilities in foreign currency.

	Parent company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Trade receivables	10,768	8,417	10,797	8,447
Carbon credits receivable	-	4,378	-	4,378
Banks - restricted account	711	931	711	931
Advances from customers	(220)	(199)	(220)	(199)
Trade payables	(179)	(81)	(179)	(81)
Borrowings	(127,451)	(131,309)	(127,451)	(131,309)
Net exposure	(116,371)	(117,863)	(116,342)	(117,833)

The Company has identified the main risk factors that could generate losses in connection with its financial instruments. Accordingly, we have developed a sensitivity analysis, 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 in the period these financial statements were prepared.

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

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

Account	At 3/31/2013		Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)
	USD	Rate	R$	Rate	R$	Rate	R$
Assets							
Trade receivables	4,471	1.97	(2,709)	2.46	(510)	2.95	1,690
Liabilities							
Trade payables	(155)	1.97	94	2.46	18	2.95	(59)
Borrowings	(49,515)	1.97	30,006	2.46	5,645	2.95	(18,717)
Net effect			27,391		5,153		(17,085)

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, 2013 were utilized as a basis for the projection of the future balance. The actual behavior of debt balances and derivative instruments will depend on the respective contracts, whereas balances receivable and payable could fluctuate due to the normal activities of the Company and its subsidiaries. The settlement of transactions involving these estimates could result in amounts different from those estimated due to the subjectivity of the process utilized in the preparation of these analyses. The Company tries to maintain its fundings and derivatives transactions exposed to exchange rate changes with annual net payments equivalent to receipts from exports. Consequently, the Company seeks to hedge its cash flow against foreign currency risks, and the effects of the scenarios above, if they materialize, are not expected to generate an economic impact on its results.

Interest rate risk

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

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

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

2 - Adverse scenario: adjustment of 25% of interest rates based on the level at March 31, 2013.

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

Account			Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
	Index	At 3/31/2013	Rate % p.a.	R$	Rate % p.a.	R$	Rate % p.a.	R$
Cash and cash equivalents								
CDBs	CDI	99,974	7.01%	60	8.76%	1,807	10.52%	3,555
Borrowings								
Working capital	CDI	24,235	7.01%	(18)	8.76%	(532)	10.52%	(1,046)
Debentures	CDI	111,894	7.01%	(30)	8.76%	(908)	10.52%	(1,785)
National Bank for Economic and Social Development (BNDES)	TJLP	6,822	5.00%	-	6.25%	(85)	7.50%	(171)
Working capital	IPCA	89,125	6.31%	-	7.89%	(1,406)	9.47%	(2,812)
Financing - foreign currency	Libor	9,969	0.45%	6	0.56%	(5)	0.68%	(17)
Financing - foreign currency	Euribor	1,640	0.34%	-	0.43%	(2)	0.51%	(3)
Net effect				18		(1,131)		(2,279)

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 3/31/2013		Parent company 12/31/2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value	-	-	-	-
	-	-	-	-
Assets measured at amortized cost				
Held-to-maturity investments	711	711	931	931
Cash and banks	99,625	99,625	95,051	95,051
Trade receivables	104,792	104,792	93,785	93,785
Other receivables	5,024	5,024	9,200	9,200
	210,152	210,152	198,967	198,967

Liabilities measured at fair value	-	-	-	-
	-	-	-	-
Liabilities measured at amortized cost				
Trade payables	71,819	71,819	60,155	60,155
Borrowings	316,890	316,890	279,362	279,362
Debentures	159,078	159,078	170,738	170,738
	547,787	547,787	510,255	510,255

	Consolidated 3/31/2013		Consolidated 12/31/2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value	-	-	-	-
	-	-	-	-
Assets measured at amortized cost				
Held-to-maturity investments	711	711	931	931
Cash and banks	101,153	101,153	96,922	96,922
Trade receivables	108,058	108,058	96,781	96,781
Other receivables	5,069	5,069	9,245	9,245
	214,991	214,991	203,879	203,879
Liabilities measured at fair value	-	-	-	-
	-	-	-	-
Liabilities measured at amortized cost				
Trade payables	51,367	51,367	43,747	43,747
Borrowings	322,435	322,435	288,226	288,226
Debentures	107,269	107,269	120,004	120,004
	481,071	481,071	451,977	451,977

Credit risk

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

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

Additionally, the Company is exposed to credit risk in relation to the financial investments that comprise the group Cash and cash equivalents. These are maintained to meet the cash flow needs of the Company, and Management ensures that the investments are made in financial institutions with which it has a stable relationship, by means of the application of the financial policy that determines the allocation of cash, without limitations, to:

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

Liquidity risk

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

Parent company

	2013	2014	2015	As from 2016
Liabilities				
Trade payables	71,819	-	-	-
Borrowings	73,769	73,294	83,052	174,858
Debentures	34,056	46,152	86,824	27,850
Other liabilities	5,181	1,636	561	2,753
	184,825	121,082	170,437	205,461
Assets				
Cash and cash equivalents	99,625	-	-	-
Bank - restricted account	711	-	-	-
Trade receivables - not yet due	92,520	-	-	-
Other assets	2,712	1,664	573	75
	195,568	1,664	573	75
	10,743	(119,418)	(169,864)	(205,386)

Consolidated

	2013	2014	2015	As from 2016
Liabilities				
Trade payables	51,367	-	-	-
Borrowings	80,591	73,294	83,052	174,858
Debentures	34,056	46,152	29,131	27,850
Other liabilities	5,333	1,688	586	2,774
	171,347	121,134	112,769	205,482
Assets				
Cash and cash equivalents	101,153	-	-	-
Bank - restricted account	711	-	-	-
Trade receivables - not yet due	95,364	-	-	-
Other assets	2,712	1,664	573	75
	199,940	1,664	573	75
	28,593	(119,470)	(112,196)	(205,407)

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

The Company has access to credit facilities with a total amount not utilized at the end of the reporting period of R$ 115,623, which increases as borrowings are settled. The Company expects to meet its other obligations using the cash flows 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. The derivative financial instruments are measured at fair value and those linked to loan transactions are recognized directly in the results.

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

a) Derivative financial instruments carried at fair value

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

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

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

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

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

Cash flow hedges

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

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

The hedged cash flows are the estimated exports up to 2017, and the amount recorded in equity from hedge accounting amounted to R$ 4,786 at March 31, 2013.

	Parent company and Consolidated
	3/31/2013
Opening balance	9,286
Change in cash flow hedge	(1,869)
Reclassification to the statement of income	(164)
	7,253
Opening balance	(3,157)
Taxes on change in cash flow hedge	634
Taxes on reclassification to the statement of income	56
	(2,467)
Closing balance	4,786

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 80% to 125%.

The balances of variations of transactions treated as cash flow hedges are reclassified from equity to the statement of income for the period when the foreign exchange variation of the hedge is effectively realized. The cash flow hedge results effective in the offsetting of the variations in the hedged expenses are recorded as a reduction of these expenses, decreasing or increasing the operating result, whereas the non-effective results are recorded as finance income or costs for the period.
The Company did not identify 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 segment - this segment manufactures light and heavy corrugated cardboard boxes and sheets, and has two production units, one next to the paper plant in Vargem Bonita, SC, and another in Indaiatuba, 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 Division, with a production unit located in Vargem Bonita, State of Santa Catarina, and another one located in Santa Luzia, State of Minas Gerais.

RS Forest and Resins segment - through this segment, the Company plants pine trees for its own use, sells wood and extracts resin from pines trees, which is used as raw material for the production of tar and turpentine.

b) Consolidated information on operating segments

	Consolidated				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
Revenues 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 income (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

	Consolidated				3/31/2012
	Corrugated Cardboard Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	67,539	27,797	4,079	-	99,415
Foreign market	-	10,209	5,299	-	15,508

Revenue from sales to third parties	67,539	38,006	9,378	-	114,923
Revenues between segments	-	2,324	-	(2,324)	-
Total net sales	67,539	40,330	9,378	(2,324)	114,923
Changes in the fair value of biological assets	-	-	-	-	-
Cost of products sold	(53,789)	(25,423)	(7,294)	3,597	(82,909)
Gross profit	13,750	14,907	2,084	1,273	32,014
Operating expenses	(7,227)	(2,708)	(373)	(7,942)	(18,250)
Operating result before finance result	6,523	12,199	1,711	(6,669)	13,764
Finance result	(5,917)	(6,402)	(12)	450	(11,881)
Net operating income (loss)	4,843	15,998	16,734	(30,890)	1,883
Total assets	153,136	686,992	138,913	204,139	1,183,180
Total liabilities	52,434	290,630	15,882	356,487	715,433
Equity	-	257,870	115,758	94,119	467,747

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

Financial income (expense) was allocated to operating segment taking into consideration the specific allocation of each financial income and expense to its segment, and the allocation of common income and expenses based on the working capital requirement of each segment.

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

c) Net sales revenue

Net revenue from sales for the quarter ended March 31, 2013 totaled R$ 123,833 (R$ 114,923 at March 31, 2012).

Net revenue from export sales for the quarter ended March 31, 2013 amounted to R$ 18,651 (R$ 15,508 at March 31, 2012), which relates to various countries as follows:

Consolidated 3/31/2013			Consolidated 3/31/2012		
Country	Export revenue, net	% of total revenue, net	Country	Export revenue, net	% of total revenue, net
Netherlands	3,683	3.00%	Argentina	3,164	2.80%
Argentina	3,312	2.70%	Netherlands	2,578	2.20%
Saudi Arabia	2,417	2.00%	Saudi Arabia	2,254	2.00%
South Africa	1,755	1.40%	France	1,210	1.10%
France	1,294	1.00%	Chile	1,039	0.90%
Portugal	882	0.70%	Venezuela	839	0.70%
Chile	844	0.70%	Peru	799	0.70%
Paraguay	760	0.60%	Paraguay	770	0.70%
Norway	653	0.50%	South Africa	447	0.40%
Peru	649	0.50%	Spain	426	0.40%
Turkey	437	0.40%	Norway	390	0.30%
India	408	0.30%	Bolivia	303	0.30%
Bolivia	374	0.30%	Turkey	243	0.20%
Venezuela	223	0.20%	Uruguay	204	0.20%

Germany	174	0.10%	Colombia	185	0.20%
United Arab Emirates	164	0.10%	Germany	180	0.20%
Colombia	159	0.10%	United States	156	0.10%
Other countries	463	0.40%	Other countries	321	0.30%
	18,651	15.00%		15,508	13.70%

The Company's net revenue from domestic sales for the quarter ended March 31, 2013 totaled R$ 105,182 (R$ 99,415 at March 31, 2012).

In the quarter ended March 31, 2013, a single customer accounted for 15.8% of net sales in the domestic market of the Corrugated Cardboard Packaging segment, equivalent to R$ 10,751. The Company's other sales in the domestic and foreign markets were diluted among various customers and no customer accounted for more than 10% of net sales.

32. DISCONTINUED OPERATION

The Company's Board of Directors, in the meeting held on December 20, 2012, approved the divestiture of the subsidiary Meu Móvel de Madeira - Comércio de Móveis e Decorações Ltda., which occurred on the same date. The sales price will be received in annual installments up to 2016, monetarily restated by the IPCA plus 2.5% p.a. The balance receivable is recorded in Other Assets, as mentioned in Note 10. The net result of the sale of the discontinued operation was R$ 3,940 and is included in the account Other operating income, in the amount of R$ 5,969, with deferred income tax and social contribution of (R$ 2,029).

The results and cash flows from the discontinued operation are presented as follows:

RESULT FROM DISCONTINUED OPERATION	3/31/2012
Net revenue	2,735
Cost of products sold	(1,277)
Gross profit	1,458
Selling, general and administrative expenses	(1,245)
Interest income	2
Finance costs	(32)
Other operating income	7
Operating profit before tax effects	190
Income tax and social contribution	(49)
Net profit from discontinued operations	141

CASH FLOWS FROM OPERATING ACTIVITIES	3/31/2012
Profit before income tax and social contribution	190
Reconciliation of profit with net cash provided by operating activities:	
Depreciation, amortization and depletion	14
Inflation adjustments and financial charges	23
	227

33. OPERATING LEASE AGREEMENTS

Rental of production units

The Company had three rental agreements of production units at March 31, 2013, in addition to other rental agreements for small commercial and administrative units, all classified as operating leases and allocated to expenses on the 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$ 187, adjusted annually based on the IGPM variation.

c) Rental agreement entered into on March 1, 2013 related to the rental of the Paper Unit in Santa Luzia, MG, effective for 10 years and with a contracted monthly rental of R$ 450, adjusted annually based on the IPCA variation.

The rental amounts recognized as expenses for the quarter ended March 31, 2013 by the parent company, net of taxes, when applicable, were as follows:

- Rentals of production units = R$ 5,105 (R$ 4,614 at March 31, 2012)
- Rentals of commercial and administrative units = R$ 101 (R$ 93 at March 31, 2012)

The future commitments at March 31, 2013 arising from these agreements totaled a minimum amount of R$ 170,788. The rentals were calculated at present value, using the IGPM accumulated in the last twelve months of 8.05% p.a.

	No later than 1 year	1-5 years	After 5 years	Total
Future operating leases	25,071	46,784	98,933	170,788
Operating leases at present value	23,203	36,081	49,559	108,843

Lease of planting area

The Company entered into non-cancelable lease agreements for the production of biological assets in third-party land, called partnerships, in a total area of 3,200 hectares, of which 2,255 hectares comprise the planted area. For certain areas there is a lease commitment to be disbursed monthly as shown below.

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

Non-cancelable operating lease commitments

	No later than 1 year	1-5 years	After 5 years	Total
Future operating leases	237	1,539	1,945	3,721
Operating leases at present value	219	1,169	1,088	2,476

34. GOVERNMENT GRANTS

The Company has ICMS tax incentives in the State of Santa Catarina, where 60% of the ICMS increase, calculated on an average base (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 this benefit, 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, in the event it did not have the benefit, resulting in R$ 1,931.

The benefit is effective for 14 years, from January 2009 to December 2022, or up to the limit of R$ 55,199 of deferred ICMS. The Company had deferred ICMS amounting to R$ 19,478 recorded in liabilities at March 31, 2013 (net of government subsidies, R$ 17,547).

35. TRANSACTIONS NOT AFFECTING CASH

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

For the three-month period 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.

For the three-month period ended March 31, 2012, the Company purchased property, plant and equipment in the amount of R$ 114, 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$ 3,370.