The consolidated financial statements were prepared in accordance with CVM Standards and the CPCs, and comply with international financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial and operational information is presented based on consolidated figures and in Brazilian real. Non-financial data, such as volumes, quantity, average price were not examined by our independent auditors.

Adjusted EBITDA of R$ 115,422 thousand in 2012, 4.4 % superior to 2011. EBITDA Margin were of 23.9%.

CHIEF FINANCIAL INDICATORS

(excluding discontinued operation)

R$ thousand- Consolidated Data	4Q12	4Q11	Δ 4Q12/4Q11	3Q12	2012	2011	Δ 2012/2011
Net operating revenue	129,215	122,520	5.5%	121,830	483,449	471,614	2.5%
Domestic market	114,101	110,619	3.1%	108,559	421,303	414,712	1.6%
Export market	15,114	11,901	27.0%	13,271	62,146	56,902	9.2%
Gross profit (including *)	72,962	48,692	49.8%	32,499	167,965	137,832	21.9%
(*) change in fair value of biological assets	*39,027*	*15,551*	151.0%	-	*36,767*	*14,327*	156.6%
Gross margin	56.5%	39.7%	16.8p.p.	26.7%	34.7%	29.2%	5.5p.p.
Profit (loss) before taxes and profit sharing	33,619	13,540	148.3%	(3,010)	24,895	5,683	338.1%
Operating margin	26.0%	11.1%	14.9p.p.	-2.5%	5.1%	1.2%	3.9p.p.
Profit (loss)	**29,302**	**11,075**	164.6%	**(687)**	**26,381**	**9,354**	182.0%
Net margin	22.7%	9.0%	13.7p.p.	-0.6%	5.5%	2.0%	3.5p.p.

EBITDA - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

R$ thousand- Consolidated Data	4Q12	4Q11	Δ 4Q12/4Q11	3Q12	2012	2011	Δ 2012/2011
Profit (loss) before taxes	**33,619**	**13,540**	148.3%	**(3,010)**	**24,895**	**5,683**	338.1%
Depletion	7,066	5,137	37.6%	3,985	19,220	17,401	10.5%
Depreciation and amortization	10,544	9,823	7.3%	10,103	40,729	38,078	7.0%
Finance result	11,125	11,524	-3.5%	10,818	50,351	52,433	-4.0%
EBITDA	**62,354**	**40,024**	55.8%	**21,896**	**135,195**	**113,595**	19.0%
EBITDA of the discontinued operation (1)	6,272	(10)	n/a	344	7,002	36	n/a
Change in the fair value of biological assets (2)	(39,027)	(15,551)	151.0%	-	(36,767)	(14,327)	156.6%
Stock options/management participation (3)	3,078	5,251	-41.4%	(67)	3,308	5,251	-37.0%
Non-recurring expenses (4)	2,638	588	348.6%	4,046	6,684	5,981	11.8%
Adjusted EBITDA	**35,315**	**30,302**	16.5%	**26,219**	**115,422**	**110,536**	**4.4%**
Adjusted EBITDA Margin	27.3%	24.7%	2.6p.p.	21.5%	23.9%	23.4%	0.5p.p.

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

1) EBITDA of the discontinued operation refers to the EBITDA generated by the closure of the subsidiary Meu Móvel de Madeira - Comércio de Móveis e Decorações Ltda., which occurred at the end of 2012.
2) Change in fair value of biological assets because it does not mean cash generation in the period.
3) Stock options/management profit sharing: Stock options correspond to the fair value of the instruments and its offsetting entry is the Capital Reserve recorded in Equity, and the management profit sharing is related to the distribution of the Company's financial results. Both do not represent disbursement of cash in the period.
4) Non-recurring expenses refer to expenses incurred with the public offering register request filed in August/2012, in addition to the assets disposal in the subsidiary HGE - Geração de Energia Sustentável LTDA.

Note: The 2011 information presented for comparison purposes was adjusted to reflect the exclusion of the discontinued operation and differs from the information disclosed in 2011.

HIGHLIGHTS IN 2012

The year of 2012 was marked by the Brazilian economy's low growth, plus instability and uncertainty in the main world markets, especially Europe. The Brazilian corrugated cardboard market presented a moderate growth in 2012, with an improvement that was felt mainly in the second six-month period, in response to the government measures adopted to stimulate the economy. The Brazilian shipment of corrugated cardboard in metric tons during 2012 was 2.6% higher than in 2011, according to data provided by the Brazilian Corrugated Cardboard Association (ABPO), in line with the growth of the Company in its main operating segment, which represented 58% of its billings.

IRANI's consolidated Net Operating Revenue increased 2.5% in 2012 as compared to 2011. In the comparison of the quarters, the Net Operating Revenue in 4Q12 was 5.5% higher than in 4Q11 and 6.1% higher than in 3Q12.

The U.S. dollar closing exchange rate in 2012 was 8.5% higher than in 2011, which contributed to increase, in Brazilian reais, the debt denominated in foreign currency. Because of the Company's financial policy of keeping over time the payment levels of the commitments in foreign currency equivalent or lower than the payments received in these same currencies, there is a natural cash flow hedge, not generating additional or unexpected mismatches due to abrupt changes in the foreign currency quotations.

Net Profit in 2012 was R$ 26,381 thousand, against R$ 9,354 thousand in 2011, with a positive impact from the change in fair value of biological assets in 4Q12. The change in fair value of biological assets is remeasured semi-annually, in the second and fourth quarters. When comparing the quarters, Net Profit amounted to R$ 29,302 thousand in 4Q12, R$ 11,075 thousand in 4Q11 and there was a net loss of R$ 687 thousand in 3Q12.

Adjusted EBITDA reached R$ 115,422 thousand, with an increase of 4.4% in 2012 when compared to R$ 110,536 thousand in 2011. The EBTIDA margin increased 0.5p.p. in 2012, reaching 23.9%, against 23.4% in 2011. In 4Q12, adjusted EBITDA was R$ 35,315 thousand, with a margin of 27.3%, 16.5% higher than the R$ 30,302 thousand in 4Q11 and 34.7% higher than the R$ 26,219 thousand in 3Q12.

The net debt /EBITDA ratio that was 2.58 times in 2011 increased to 2.69 times in 2012, influenced by the U.S. dollar exchange rate increase observed in 2012, which caused an impact on the accounting balances of the debts linked to the foreign currency.

The sales volume of the Corrugated Cardboard Packaging Segment was 126 thousand metric tons in 2012, a growth of 2.1% in relation to 2011, and 33 thousand metric tons in 4Q12, representing stability in comparison with the same quarter in the prior year and 3Q12.

<u>2nd Issue of Debentures</u>

As disclosed in the significant event notice of November 30, 2012, the Board of Directors approved the 2nd public issue of simple debentures, not convertible into shares, of the secured guarantee type, in a sole series, for public distribution with restricted efforts of placement. The issue comprised 60 debentures, with a unit nominal value of R$ 1,000,000.00, totaling, on the issue date, R$ 60,000,000.00. The debentures mature in 5 (five) years as from

November 30, 2012, therefore, on November 30, 2017. The payment for the debentures was made on December 26, 2012.

Sale of the Furniture Segment

On December 20, 2012, the Board of Directors approved the divestiture by the Company of the subsidiary Meu Móvel de Madeira - Comércio de Móveis e Decorações Ltda., which represented the sale of the Furniture Operational Segment. This subsidiary represented, during 2012, approximately 3% of the consolidated net operating revenue of the Company.

1. OPERATING PERFORMANCE

Celulose Irani S.A. is comprised of three Segments. Segments are organized in accordance with the market in which they operate, are independent in their operations but are integrated or an appropriate basis, seeking to optimize the use of pine planted forests, through their multi-use, and vertical integration of the businesses.

Corrugated Cardboard Packaging Division, this division produces boxes and light and heavy corrugated cardboard sheets, and has two industrial units in the cities of Vargem Bonita - SC and Indaiatuba -SP.

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

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

Subsidiaries

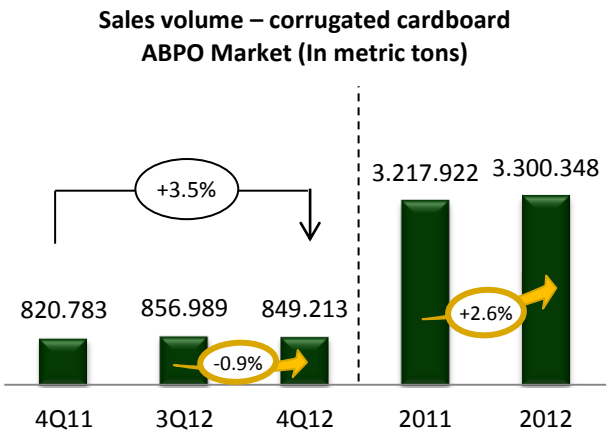
Celulose Irani S.A. has the following subsidiaries:

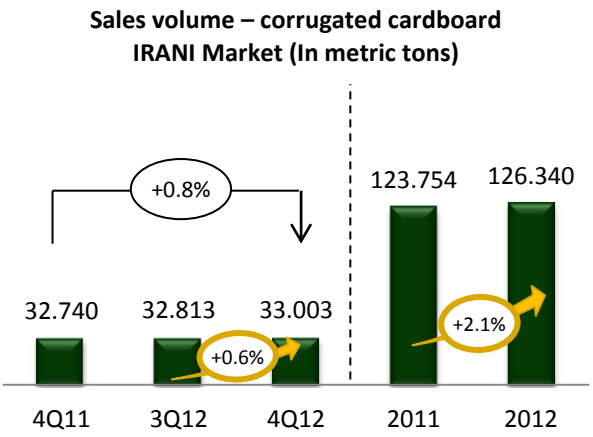
- Irani Trading S.A., which makes all the Company's exports and operates in the real estate area in the management and rental of properties.
- Habitasul Florestal S.A., with a forest base of 8.5 thousand hectares of pine planted forests, supplier of resin to the unit Resinas da Celulose Irani S.A. and also supplier of wood for clients in the region.
- HGE - Geração de Energia Sustentável Ltda., which has as corporate objective the generation, transmission and distribution of electric power sourced from wind energy and is in the pre-operating phase.
- Iraflor Comércio de Madeiras Ltda., which carries out activities related to the management and sale of wood and forests for the parent company Celulose Irani S.A. and also for the market.

1.1. Business Performance

Corrugated Cardboard Packaging sector

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

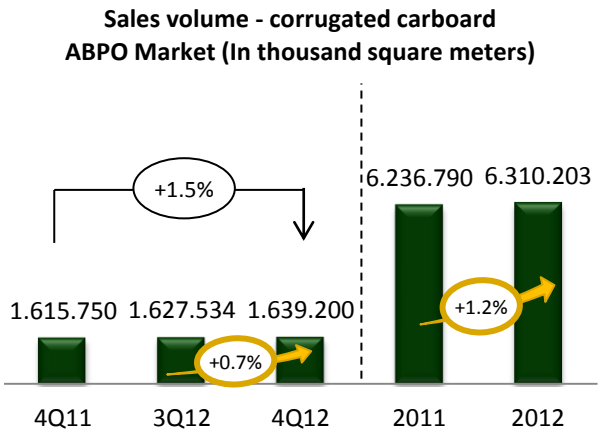


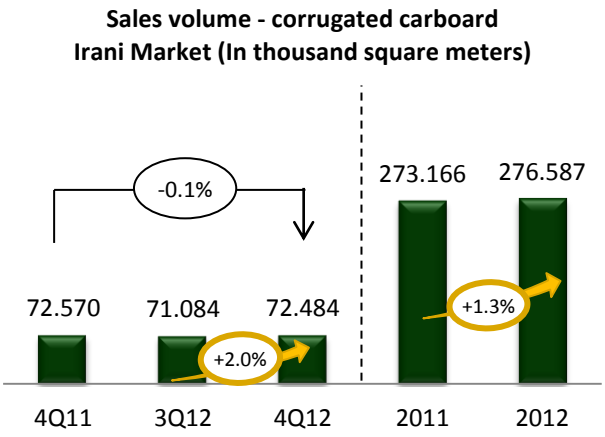


Source: ABPO

As shown in these charts, the volume of corrugated cardboard packaging sales - **ABPO Market** increased by 3.5% in 4Q12 over 4Q11, while the **IRANI Market** was stable in the same period. Compared with 3Q12, the **ABPO Market** presented stability as well as the **IRANI Market**. In the year-to-date, sales of IRANI increased 2.1% in comparison with 2011, in line with the market, which increased by 2.6% in the same period, according to data provided by ABPO. IRANI's market share (in metric tons) in 2012 was 3.8%.

Sales, in square meters, were as follows:





Source: ABPO

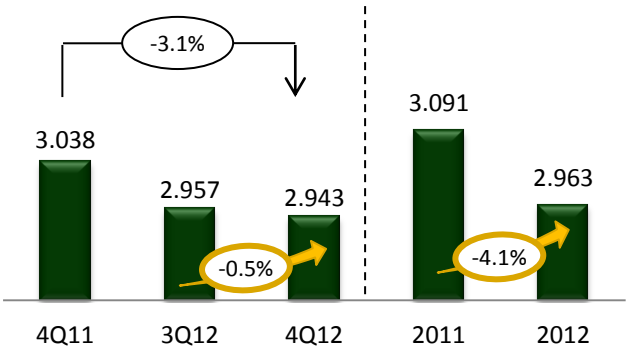
The share of the local packaging market of the Corrugated Cardboard Packaging Sector maintained stable in comparison with the prior year. The volume of corrugated cardboard packaging sales - **ABPO Market**, in square meters, increased 1.5% in 4Q12 as compared with 4Q11, while the **IRANI Market** remained stable. Compared with 3Q12, the **ABPO Market** was stable, whereas the **IRANI Market** had a better performance and increased 2.0%. In 2012, the sales volume of the **ABPO Market** presented an increase of 1.2% in comparison with 2011,

and the **IRANI Market** increased 1.3% in comparison with the same period. IRANI's market share (in square meters) was 4.4% in 2012.

The sales volume of the Corrugated Cardboard Packaging plant in São Paulo reached in 4Q12, 12,838 metric tons of boxes and 6,525 metric tons of sheets (12,566 metric tons of boxes and 5,936 metric tons of sheets in 4Q11) and, in 2012, totaled 49,182 metric tons of boxes and 22,860 metric tons of sheets (45,952 metric tons of boxes and 23,329 metric tons of sheets in 2011). The Corrugated Cardboard Packaging plant in Santa Catarina recorded sales volume in 4Q12 of 10,602 metric tons of boxes and 3,037 metric tons of sheets (11,274 metric tons of boxes and 2,964 metric tons of sheets in 4Q11) and, in 2012, totaled 43,423 metric tons of boxes and 10,876 metric tons of sheets (44,514 metric tons of boxes and 9,960 metric tons of sheets in 2011).

Average IRANI prices (CIF) per metric ton decreased 3.1% during 4Q12 as compared with the same quarter of the prior year, and remained stable when compared to 3Q12. In 2012, there was a reduction of 4.1% in comparison with 2011.

IRANI average prices (R$/metric tons)



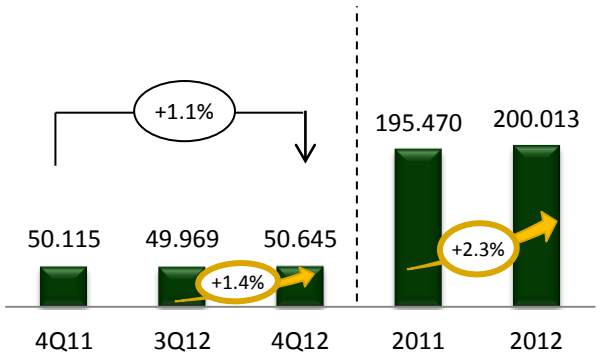
Methodologies - For comparison adjustments, the prices consider:
1 - IRANI prices are net of Excise Tax (IPI), with Social Integration Program (PIS), Social Contribution on Revenues (COFINS), State Value-added Tax (ICMS);
2 - IRANI prices are adjusted based on a mix of market boxes and sheets.

Packaging Paper Division

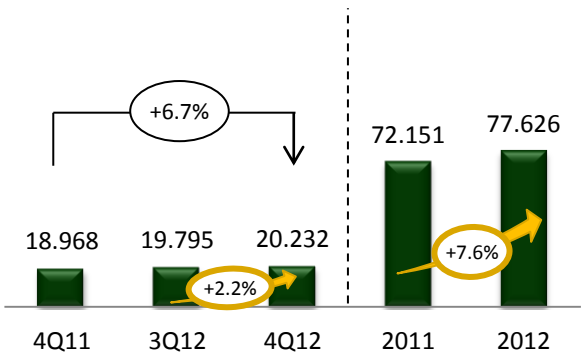
Celulose Irani S.A. had a participation of approximately 4.0% in the local production of Packaging Paper in 2012 (including transfers to its plants) according to preliminary data from Bracelpa - Associação Brasileira de Papel e Celulose. The Paper Unit has four machines, one of them uses trimmings as the base of its production. And the other machines, use basically Kraft pulp of own production.

Packaging paper production grew 1.1% in 4Q12 in relation to 4Q11 and 1.4% in relation to 3Q12. In 2012, the paper production totaled 200,013 metric tons, a 2.3% increase in comparison with the previous year. Sales increased by 6.7% over 4Q11 and by 2.2% in comparison with 3Q12. Sales in 2012 grew 7.6% in comparison with 2011. The production and destination of the papers produced had the following composition in 2012:

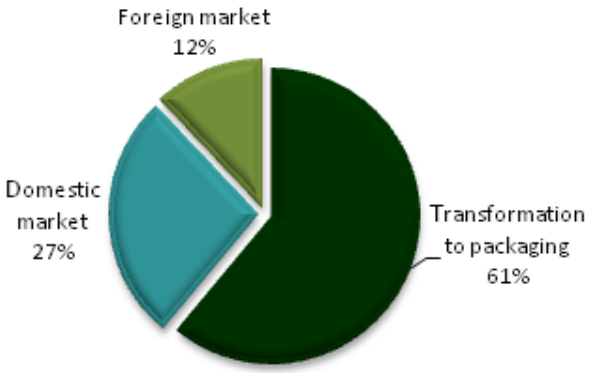
Total production of packaging paper
(In metric tons)



Total sales of packaging paper
(In metric tons)



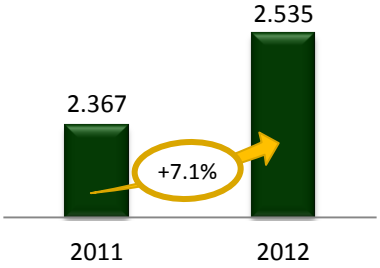
Shipment/Billings of paper in 2012 (in metric tons)



In 4Q12, transfers of paper for transformation in the Corrugated Cardboard Packaging plant in São Paulo reached 17,610 metric tons (16,026 metric tons in 4Q11 and 17,133 metric tons in 3Q12). In 2012, 69,531 metric tons were transferred in comparison with 67,523 metric tons in 2011. For the Corrugated Cardboard Packaging plant in Santa Catarina 12,882 metric tons were transferred in 4Q12 (13,948 metric tons in 4Q11 and 13,927 metric tons in 3Q12). In 2012, 53,654 metric tons were transferred while in 2011 transfers reached 56,255 metric tons.

Average prices of paper in 2012 increased by 7.1%, in relation to the end of 2011, mainly influenced by the U.S. dollar exchange rate, which had a significant increase in the period, in addition to a natural increase in the prices.

Average prices (R$/metric tons)

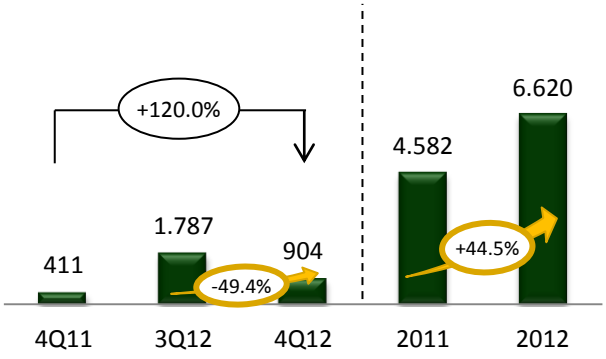


In the forest area, investments in reforestation continued, which ensures the future supply of wood to the pulp plant. In 2012, in areas owned by the Company, 935.3 ha of Pine Forests were planted to be used as wood for the pulp process, and 51.5 ha of Eucalyptus Forests to be used as biomass (generation of energy). The production of own wood in 2012 totaled approximately 374 thousand metric tons, of which 337 thousand metric tons of pine (for pulp) and eucalyptus (for energy) for own consumption and 37 thousand metric tons of timber logs sold to the market.

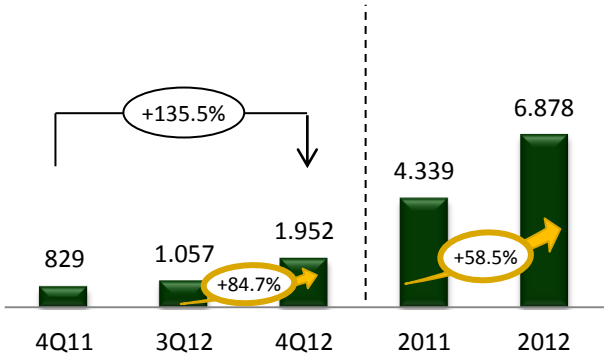
RS Forest and Resins Division

In 2012, the RS Forest products segment produced and sold 318 thousand m³ of pine logs for the domestic market and also supplied 3.5 thousand metric tons of natural resins to the parent company Celulose Irani S.A. to be utilized in the industrial production of tar and turpentine. Production and sales volumes in the Resins Unit presented a strong increase in 2012 as compared to 2011. This increase was possible due to the greater offer of gum resin in the market of the region, allowing an additional purchase of gum resin from third parties.

Production of Tar and Turpentine (in metric tons)

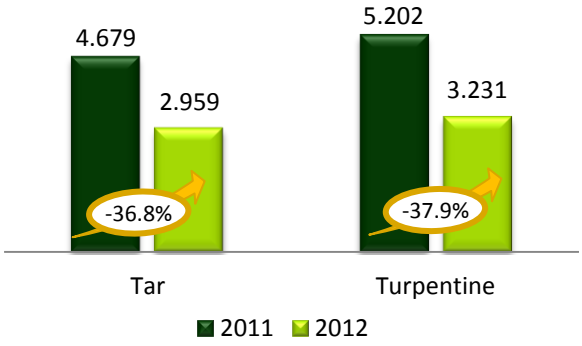


Sale of Tar and Turpentine (in metric tons)



The average gross tar and turpentine prices decreased in 2012 in comparison with 2011. This variation occurred basically due to the decrease in the demand in the international market.

Average prices (R$/metric tons)



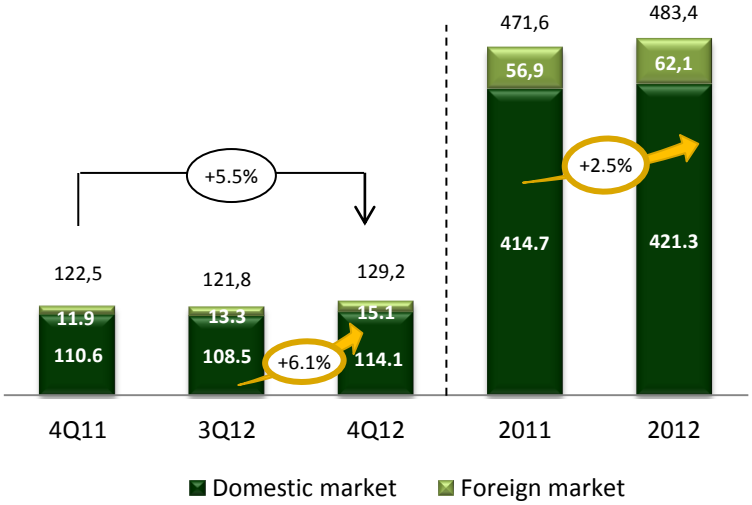
1.2. Net operating revenue

The net operating revenue in 4Q12 totaled R$ 129,215 thousand, with a growth of 5.5% in relation to 4Q11, and 6.1% in relation to 3Q12. In 2012, it totaled R$ 483,449 thousand, with an increase of 2.5% in relation to the prior year, due to the increase in price and sales volume in the Packaging Paper Segment.

In the domestic market, net operating revenue was R$ 114,101 thousand in 4Q12, an increase of 3.1% and 5.1% as compared to 4Q11 and 3Q12, respectively. In 2012, local sales reached R$ 421,303 thousand, an increase of 1.6% in relation to 2011 which was R$ 414,712 thousand. The domestic market represented, in 2012, 87.1% of the total net operating revenue, and is the Company's main line of business.

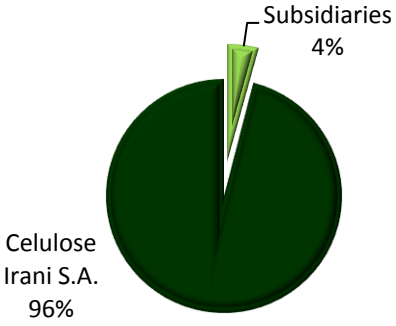
Exports in 4Q12 totaled R$ 15,114 thousand, a growth of 27.0% and 13.9% as compared to 4Q11 and 3Q12, respectively. In 2012, exports totaled R$ 62,146 thousand, an increase of 9.2% in relation to 2011 when they totaled R$ 56,902 thousand. The foreign market represented, in 2012, 12.9% of the total net operating revenue.

Net revenue (R$ million)



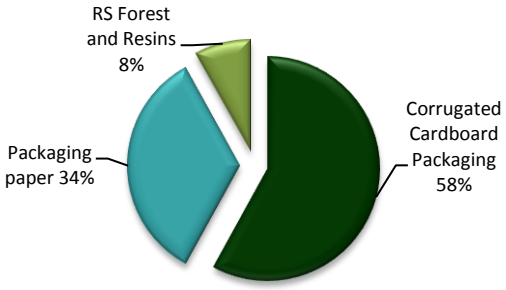
The composition of the Consolidated Net Operating Revenue in 2012 was as follows:

Composition of Consolidated Net Operating Revenue

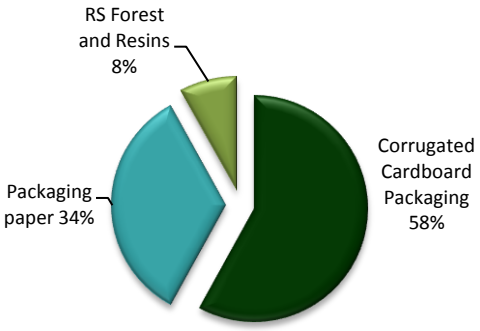


The main operating segment is the Corrugated Cardboard Packaging segment, responsible for 58% of the consolidated net revenue in 2012, followed by the segments of Packaging Paper with 34%, and RS Forest and Resins with 8%.

Net Revenue by Segment - 2012



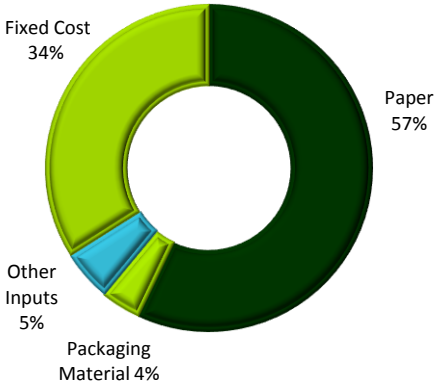
Net Revenue by Segment - 2011



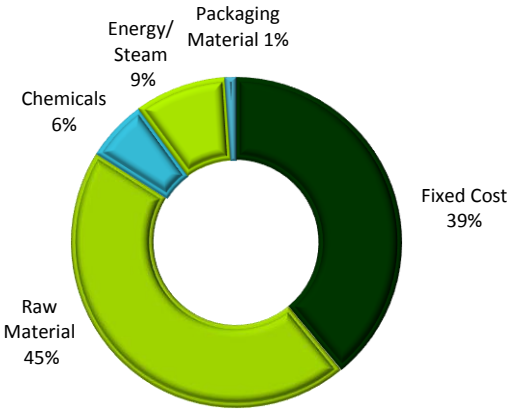
2. OPERATING COSTS AND EXPENSES

The cost of products sold in 4Q12 was R$ 95,281 thousand, 6.6% above 4Q11. In 2012, it totaled R$ 352,251 thousand, an increase of 1.2% in relation to 2011. The positive variation of the fair value of biological assets is not being considered when comparing the cost of sales in both periods.

In 2012, the cost of the Corrugated Cardboard Packaging segment is composed as follows:



In 2012, the cost of the Packaging Paper* segment is composed as follows:



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

Selling expenses in 4Q12 totaled R$ 11,751 thousand representing 9.1% of the net revenue, as compared to 7.8% in 4Q11. In 2012, selling expenses were R$ 42,897 thousand and represented 8.9% of the net revenue, as compared to 8.6% in 2011.

Administrative expenses totaled R$ 10,974 thousand in 4Q12, an increase of 5.4% in relation to 4Q11 and R$ 40,653 thousand in 2012, an increase of 6.2% in relation to 2011.

Other operating revenue/expenses resulted in an expense of R$ 2,561 thousand in 4Q12, against a revenue of R$ 1,621 thousand in 4Q11. In 2012, there was an expense of R$ 6,238 thousand against a revenue of R$ 4,406 thousand in 2011. In 2012, the Company recorded in the statement of income the expenses with the request for a public share offering in the amount of R$ 4,046 thousand, which was withdrawn in August 2012.

3. GROSS PROFIT

Gross profit in 4Q12 was R$ 72,962 thousand, an increase of 49.8% and of 124.5% in comparison with 4Q11 and 3Q12, respectively. In 2012, it totaled R$ 167,965 thousand, as compared with the R$ 137,832 thousand of 2011,

presenting an increase of 21.9%. The Gross Margin in 2012 was 34.7%, 5.5 percentage points higher than in 2011, mainly due to the change in the fair value of biological assets that was R$ 36,767 thousand in 2012 and R$ 14,327 thousand in 2011.

4. EVALUATION OF FAIR VALUE OF BIOLOGICAL ASSETS (FORESTS)

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

Effects of the changes in the fair value of biological assets

R$ thousand	2012	2011
Change in the fair value of biological assets	36,767	14,327
Depletion of the fair value of biological assets	(15,851)	(13,535)

The increase in market value of the Company's forests, in 2012, was due to the increase in volume of wood from the forests (forest inventory), because of this increase (natural growth) in the year and the increase in average prices in 2012 in relation to the prices practiced in the previous year.

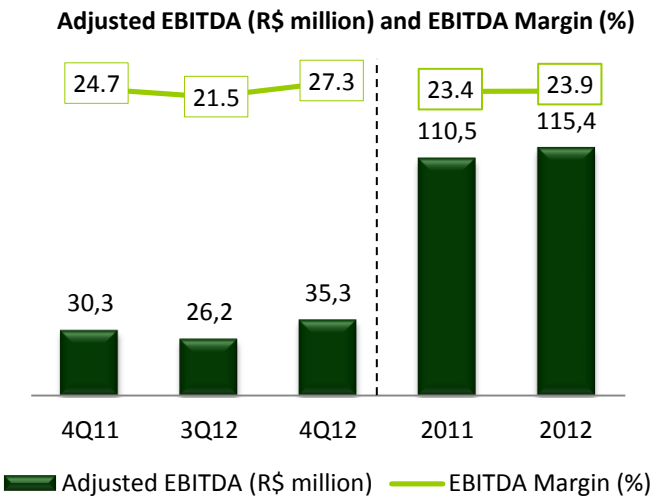
The change in fair value of biological assets, as well as their depletion, is recognized in the Cost of Products Sold. This new accounting determination allows a more precise evaluation of the market value of the Company's forests, and results in improved financial information.

5. PROFIT (LOSS) BEFORE TAXES AND PROFIT SHARING

The profit (loss) before taxes and profit sharing in 4Q12 was R$ 33,619 thousand, as compared to R$ 13,540 thousand in 4Q11 and negative R$ 3,010 thousand in 3Q12. In 2012, profit (loss) before taxes and profit sharing totaled R$ 24,895 thousand, an increase in comparison to 2011, which was R$ 5,683 thousand. The growth in profit (loss) is positively affected by the changes in fair value of biological assets, which increased in 2012 in relation to 2011.

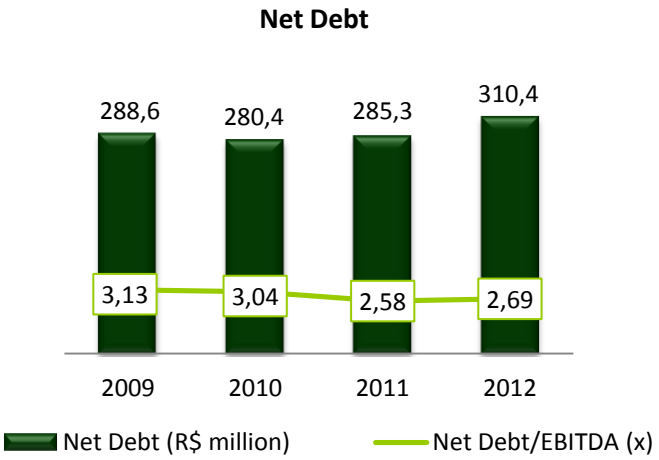
6. OPERATING CASH GENERATION (ADJUSTED EBITDA)

The operating cash generation, measured using the Adjusted EBITDA, totaled R$ 35,315 thousand in 4Q12, with an increase of 16.5% in relation to the same quarter of the prior year and a growth of 34.7% in relation to 3Q12. In 2012, Adjusted EBITDA totaled R$ 115,422 thousand, an increase of 4.4% in comparison with the prior year. The Adjusted EBITDA margin increased from 23.4% in 2011 to 23.9% in 2012.



7. INDEBTEDNESS AND FINANCE RESULT

7.1. Net indebtedness



At December 31, 2012, the consolidated net indebtedness totaled R$ 310.4 million, against R$ 285.3 million at December 31, 2011. The Net Debt/EBITDA increased from 2.58 times at the end of 2011 to 2.69 times at the end of 2012. The change arose mainly from the increase in the U.S. dollar exchange rate in 2012, which caused impacts on the accounting balances of the debts linked to foreign currency.

7.2. Finance result

In 4Q12, the finance costs totaled R$ 13,675 thousand versus R$ 18,928 thousand in 4Q11. Finance costs reduced from R$ 82,996 thousand in 2011 to R$ 69,889 thousand in 2012.

The finance income reached R$ 2,550 thousand in 4Q12 versus R$ 7,404 thousand in the same quarter of the previous year. In 2012, R$ 19,538 thousand was recorded against R$ 30,563 thousand in 2011. The finance result was a net expense of R$ 11,125 thousand in 4Q12 and a net expense of R$ 50,351 thousand in 2012, a decrease of 3.5% in comparison with 4Q11 and 4.0% in comparison with 2011, respectively.

The distribution of the finance result was as follows:

R$ thousand	4Q12	4Q11	3Q12	2012	2011
Finance income	2,550	7,404	2,069	19,538	30,563
Finance costs	(13,675)	(18,928)	(12,887)	(69,889)	(82,996)
Finance result	(11,125)	(11,524)	(10,818)	(50,351)	(52,433)

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

R$ thousand	4Q12	4Q11	3Q12	2012	2011
Foreign exchange gains	1,430	9,472	529	12,457	23,188
Foreign exchange losses	(1,732)	(10,280)	(860)	(17,744)	(30,195)
Foreign exchange variations, net	(302)	(808)	(331)	(5,287)	(7,007)

The foreign exchange variation negatively impacted the Company's result by R$ 302 thousand in the 4Q12 and R$ 5,287 in 2012, due to the devaluation of the Brazilian real against the U.S. dollar and the Euro.

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

R$ thousand	4Q12	4Q11	3Q12	2012	2011
Finance result without the foreign exchange variation	(10,823)	(10,716)	(10,487)	(45,064)	(45,426)

In 2Q12, the Company restructured the maturities of its commitments in foreign currency (U.S. dollar) in the amount of US$ 62.6 million, with the purpose of hedging its exports for the next five years. The exchange variation of these transactions is accounted for monthly in Equity and recorded in the results as finance costs, when realized (hedge accounting). In 4Q12, the amount recognized in Equity was R$ 470 thousand, totaling R$ 6,129 thousand in 2012.

Foreign exchange

The foreign exchange rate was R$ 2.03/US$ at September 30, 2012 and remained stable during the fourth quarter to reach R$ 2.04/US$ at the end of December. The average quarter foreign exchange rate was R$ 2.06/US$, 1.48% higher than in 3Q12 and 14.44% higher than in the same period of 2011. In 2012, the average exchange rate increased 16.77% to R$ 1.95/US$.

	4Q12	3Q12	4Q11	Δ 4Q12/3Q12	Δ 4Q12/4Q11	2012	2011	Δ 2012/2011
Average U.S. dollar	2.06	2.03	1.80	+1.48%	+14.44%	1.95	1.67	+16.77%
Final U.S. dollar	2.04	2.03	1.88	+0.49%	+8.51%	2.04	1.88	+8.51%

Source: Brazilian Central Bank (BACEN)

8. NET PROFIT

In 4Q12, net profit was R$ 29,302 thousand as compared to R$ 11,075 thousand in 4Q11 and a loss of R$ 687 thousand in 3Q12. The result of 4Q12 had a positive impact due to the change in fair value of biological assets. Net profit in 2012 amounted to R$ 26,381 thousand, an increase of 182.0% as compared to 2011, when it was R$ 9,354 thousand.

9. INVESTMENTS

The Company maintains its strategy of investing in the modernization and automation of its production processes. Investments made on an accounting basis in 2012 totaled R$ 51,358 thousand, as follows:

Land	R$ 1,688 thousand
Buildings	R$ 4,469 thousand
Equipment	R$ 37,624 thousand
Leased assets	R$ 1,222 thousand
Intangible assets	R$ 607 thousand
Reforestation	R$ 5,748 thousand
Total	**R$ 51,358 thousand**

In 2012, investments were basically made in improvements and replacements necessary for the efficient operation of the equipment and physical infrastructure of the Company, and in the closing of some projects that started in 2011.

The most important and significant investments are related to the automation of the printers in the Corrugated Cardboard Packaging plant in SC and SP, in addition to the acquisition of a new printer for the production line of the Packaging plant in SP.

10. CAPITAL MARKETS

Irani's capital comprises 162,090,000 shares, of which 149,279,740 (92%) are common shares and 12,810,260 (8%) are preferred shares. The Company has 3,964,140 treasury shares, of which 1,338,040 are common shares and 2,626,100 are preferred shares.

Dividends

The Extraordinary and Ordinary General Meeting of April 19, 2012 approved the payment of complementary dividends based on the last annual balance sheet at December 31, 2011, which amounted to R$ 5.5 million, corresponding to R$ 0.03387 per common share and R$ 0.03990 per preferred share.

The Board of Directors' Meeting of July 20, 2012 approved the payment of interim dividends from the retained earnings account balance in the last annual balance sheet at December 31, 2011, which amounted to R$ 14.2 million, corresponding to R$ 0.090223 per common and preferred share.

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

The Company's management is proposing for approval of the Ordinary General Meeting the distribution of dividends referring to 2012, in the amount of R$ 9,789 thousand, corresponding to R$ 0.06 per common and preferred share. These amounts will be tax-free.

11. SUSTAINABILITY

Adopting sustainability in the business means operating in accordance with a management model that seeks to balance the economic, social and environmental development. IRANI assumed this challenge and adopted this model because it believes that it can be more competitive and that the balance and synergy between these pillars produce lasting and admirable results. Celulose Irani S.A., committed with sustainable development, issues annually and voluntarily the **Sustainability Report**. This is a document in which the Company measures, informs and accounts to the stakeholders its organizational development. Transparency on the economic, environmental and social impacts becomes a basic component in the relationships with stakeholders and the market in general. The methodology adopted follows the guidelines of GRI - Global Reporting Initiative, in its version G3.1. The Sustainability Report of 2011 reached once again the **A+** level of application of GRI and is available on www.irani.com.br. The 2012 Sustainability Report will be made available up to June 2013.

11.1. Awards and Recognitions in 2012

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

- Brazilian Environmental Benchmarking Award - Mais Projetos
- Época Negócios Yearbook - 1st in the agribusiness sector in HR and Innovation - Época Magazine
- Materiality Case presented in the study *Report Sustentabilidade* (Report Sustainability)
- Certificate of Excellence in Sustainable Management in the Southern Region - Editora Expressão
- Brazilian Environmental Action Award in the Category "Best Work with Air" - Jornal do Brasil and Casa Brasil
- Época Magazine Green Company Award - Época magazine and PwC
- Expressão Ecology Award - Editora Expressão
- Roberto Hiraishi Embanews Brazilian Packaging Award
- Social Responsibility Award - the State Legislature of Santa Catarina
- Champions of Innovation Award - Amanhã Magazine

11.2. Environmental Performance Management

Celulose Irani S.A. is aware of the importance of preserving the environment, exercising social responsibility, seeking sustainable development through clean technologies and reducing the environmental impacts. For this reason, the Company operates in conformity with the current environmental legislation, adopts in its activities measures and provisions for environmental protection technically proved and economically feasible, considers the

technological research and transfer in all of its activities and maintains an Environmental Management System that seeks continuous improvement in its activities.

The Clean Development Mechanism (CDM) projects of the Co-Generation Plant and the Effluent Treatment Station are highlights in the environmental area. These projects contribute to minimize the global warming and reduce the greenhouse gas emissions, making feasible the sale of carbon credits. Every year, the Company has the GHG Emissions Inventory checked through a certifying entity. During the years from 2006 to 2012 it was verified that IRANI is a carbon-neutral company by nature, that is, it removes more GHG from the atmosphere than it emits.

In addition to investing in technologies to preserve the environment, IRANI, with the objective of informing employees and residents in nearby towns, supports and fosters projects aiming at environmental education. Through these projects, the Company disseminates the environmental preservation and conservation culture and seeks to strengthen the sustainable development concepts and practice. Further information about the environmental actions of the Company may be obtained in the Sustainability Report, available on www.irani.com.br, under the link "Sustainability".

12. SOCIAL PERFORMANCE INDICATORS

12.1. Human Development

At the end of 2012, Irani had 1,766 employees. Committed to the improvement of the internal organizational climate, the Company invests in its employees' training, benefits, health, insurance and quality of life, in addition to prioritizing the direct communication between leaders and teams, always aiming at a Participatory Management and respecting the diversity of its employees.

During 2012, the Company invested R$ 10,672 thousand in benefits related to meals, transportation, life insurance and health care plan, R$ 1,759 thousand in courses designed and personal development and R$ 2,979 thousand in the employees' profit sharing program (PPR).

The Company maintains five structural programs for people development in accordance with its Mission and Vision: *Cresce* (Grow), *Motiva* (Motivate) *Supera* (Overcome), *Gera* (Create) and *Cuida* (Care) Programs. The Grow Program includes a set of courses designed to develop and improve the technical skills and behavior of the personnel. The Motivate Program fosters the organizational climate management, establishing a stimulating and motivating work environment. The Overcome Program seeks to evaluate the performance of each employee of IRANI and pay a variable compensation based on the individual performance. The Create Program has the objective of ensuring that all persons hired are adapted and integrated into the organizational culture, that they can be monitored in their development and that, by the end of the employment relationship, it is evidenced that both (employee and Company) grew. And, finally, the Care Program, which objective is to improve the existing culture, stimulating behavioral changes in relation to health and safety issues, and to improve the physical conditions of the work environment, making it safer. With these Programs, the management of IRANI understands that it is administering the production and the strengthening of the human capital, essential for the achievement of the Company's plans. Further information about the social performance of the Company may be obtained in the Sustainability Report, available on www.irani.com.br, under the link "Sustainability".

12.2. Society

The Company creates initiatives that contribute to reduce the social inequality and develop children and young people in the citizenship, sports, culture, education and environmental preservation areas. As part of its actions on behalf of the society, the Company fosters and sponsors educational, cultural and sports projects always with the objective of continuing with the actions and self-development of the community. Among the projects developed are the Plan for Renovation of Campina da Alegria that motivated changes in the type of management of the community and assets; the partnership with Junior Achievement of Santa Catarina, which stimulates the corporate volunteering spirit and the dissemination of issues related to sustainability; the partnership with SESI/SC and the Municipalities of Vargem Bonita (SC), Irani (SC), Ponte Serrada (SC) and Balneário Pinhal (RS) in SESI Project 'Athlete of the Future' (PAF); Broto do Galho Project in partnership with Sebrae/SC and also the Municipality of Vargem Bonita (SC); and the Environmental Guard Project, developed in partnership with that same Municipality, the Environmental Military Police of Concórdia (SC) and Basic School Galeazzo Paganelli. A total of R$ 203 thousand was allocated to these projects, other donations and social sponsorships in 2012. Further information about the social projects and partnerships with the communities involving the Company may be obtained in the Sustainability Report, available on www.irani.com.br, under the link "Sustainability".

13. PUBLIC SHARE OFFERING

In 2012, the Company filed with CVM a request for register in order to make a public share offering. The objective of the offering was to raise funds to implement its investment plan. Due to changes in the scenario abroad and in capital markets in the second half of the year, which made it impossible to raise such funds, the Company withdrew the request for registering the offer. The Company's management is evaluating the best time to resume the raising of funds strategy.

14. OUTLOOK

The expectations for 2013 are positive, despite the challenges that Brazil is to face. The world scenario gives signs of more stability, although doubts persist in relation to the Euro Zone, which may generate some instability. The USA continues on its path to recovery and has already reached in 2012 a growth in GDP above 2%. On the other hand, the emerging countries continue with interesting growth rates and leveraging the world economy. Although Brazil had a weak GDP growth in 2012, expectations are positive due to the increase in the purchasing power of families and in the great need for investments in infrastructure which should be implemented. The increase in family income continues favoring consumption and, therewith, the Paper and Corrugated Cardboard Packaging Sector. Accordingly, we believe that 2013 will be a year in which economic growth in Brazil will return, with positive effects on the Company's businesses.

For additional information, access our website – www.irani.com.br/ri, or contact our Investors' Relations area:

Odivan Carlos Cargnin – odivancargnin@irani.com.br

Tel.: (51) 3220 3542 Fax.: (51) 3220 3757

Evandro Zabott – evandrozabott@irani.com.br

Tel.: (49) 3527 5192 Fax.: (49) 3527 5185

Adriana Wagner – adrianawagner@irani.com.br

Tel.: (49) 3527 5194 Fax.: (49) 3527 5185

Address: Rua Francisco Lindner, 477Joaçaba/SC 89.600-000

E-mail: ri@irani.com.br

The statements contained in this notice regarding the perspectives of businesses and the potential for the Company's growth are mere forecasts, based on the expectations of management regarding the future of the Company. These expectations are highly dependent on market changes, in Brazil's general economic performance and in the international markets, and therefore are subject to changes.

Annex 1 – Consolidated Balance Sheet (R$ thousand)

ASSETS	12/31/12	12/31/11	LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/12	12/31/11
CURRENT ITEM	**249,672**	**231,684**	**CURRENT ITEM**	**219,882**	**213,693**
Cash and cash equivalents	96,922	74,722	Funding	79,225	102,278
Trade accounts receivable	96,781	92,231	Debentures	39,026	26,000
Inventories	38,110	38,356	Trade accounts payable	43,747	37,713
Recoverable taxes	4,083	8,687	Payroll and related charges	23,657	19,021
Banks restricted account	931	5,143	Taxes payable	6,684	7,031
Other assets	12,845	12,545	IR and CSLL payable	891	869
			Tax in installments	5,235	4,682
			Advances form customers	975	1,159
NONCURRENT ITEM	**958,418**	**950,070**	Dividends payable	9,957	5,607
Recoverable taxes	2,766	2,162	Other payables	10,485	9,333
IR and social contribution deferred	-	16,632			
Escrow deposits	632	1,258			
Banks restricted account	-	3,531	**NONCURRENT ITEM**	**534,203**	**503,811**
Other assets	9,218	2,079	Funding	209,001	179,983
Related parties	1,553	-	Debentures	80,978	60,480
Investment property	-	4,997	Tax in Installments	6,379	10,839
Property, plant and equipment	679,734	678,311	Taxes payable	16,005	11,062
Intangible	1,223	1,103	Other payables	-	219
Biological assets	263,292	239,997	Income tax and social contribution deferred	183,803	199,511
			Reserve for civil, labur and tax risks	38,037	41,717
			SHAREHOLDERS' EQUITY	**454,005**	**464,250**
			Capital	103,976	63,381
			Treasury shares	377	-
			Legal reserve	106,405	142,302
			Equity valuation adjustments	243,241	258,547
			Shareholders equity assigned to the participation of controlling shareholders	453,999	464,230
			Participation of non controlling shareholders	6	20
TOTAL ASSETS	**1,208,090**	**1,181,754**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**1,208,090**	**1,181,754**

The accompanying notes are na integral part of the financial statements.

Annex 2 – Consolidated Statements of Income (R$ thousand)

	4Q12	3Q12	4Q11	2012	2011
Continuing Operations					
Net Revenue From Sales	**129,215**	**121,830**	**122,520**	**483,449**	**471,614**
Fair value variation biological assets	39,027	-	15,551	36,767	14,327
Cost of products sold	(95,281)	(89,331)	(89,380)	(352,251)	(348,110)
Gross Profit	**72,961**	**32,499**	**48,692**	**167,965**	**137,831**
(Operating (Expenses) Income	**(28,217)**	**(24,691)**	**(23,635)**	**(92,719)**	**(79,715)**
Selling Expenses	(11,751)	(11,012)	(9,596)	(42,897)	(40,598)
General and administrative	(10,974)	(10,163)	(10,409)	(40,653)	(38,272)
Other operating income	938	739	2,061	2,952	6,854
Other operatinf expenses	(3,499)	(4,255)	(440)	(9,190)	(2,448)
Management participation	(2,931)	-	(5,251)	(2,931)	(5,251)
Profit before financial result and Taxes	**44,744**	**7,808**	**25,057**	**75,246**	**58,116**
Net financial income (expenses)	(11,125)	(10,818)	(11,524)	(50,351)	(52,433)
Financial income	2,550	2,069	7,404	19,538	30,563
Financial expenses	(13,675)	(12,887)	(18,928)	(69,889)	(82,996)
Income (loss) before taxes	**33,619**	**(3,010)**	**13,533**	**24,895**	**5,683**
Income tax and social contribution current	(301)	(186)	2,002	(997)	(2,062)
Income tax and social contibution deferred	(8,093)	2,265	(4,434)	(2,052)	5,885
Non controlling shareholders	-	(1)	42	(2)	(5)
Net profit (loss) from continuing operations	**25,225**	**(932)**	**11,143**	**21,844**	**9,501**
Discontinued operation					
Net profit (loss) from discontinued operation	4,077	245	(68)	4,537	(147)
Profit for the year	**29,302**	**(687)**	**11,075**	**26,381**	**9,354**

The accompanying notes are na integral part of the financial statements.