(A free translation of the original in Portuguese)

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Company information / Capital composition

Number of shares (In thousands)	Current quarter 3/31/2016
Paid-up capital	
Common shares	153.910
Preferred shares	12,810
Total	166.720
Treasury shares	
Common shares	24
Preferred shares	2.352
Total	2.376

Parent company financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2016	Prior year 12/31/2015
1	Total assets	1,603,428	1,660,328
1.01	Current assets	308,868	330,735
1.01.01	Cash and cash equivalents	38,785	80,079
1.01.02	Financial investments	26,735	19,722
1.01.02.02	Financial investments valued at amortized cost	26,735	19,722
1.01.02.02.01	Held-to-maturity securities	26,735	19,722
1.01.03	Customers	146,191	135,277
1.01.03.01	Trade receivables	146,191	135,277
1.01.04	Inventories	67,082	67,119
1.01.06	Taxes recoverable	7,096	9,245
1.01.08	Other current assets	22,979	19,293
1.01.08.03	Other	22,979	19,293
1.02	Non-current assets	1,294,560	1,329,593
1.02.01	Long-term receivables	124,327	122,017
1.02.01.03	Trade receivables	22,528	23,557
1.02.01.03.02	Other receivables	22,528	23,557
1.02.01.05	Biological assets	95,847	92,870
1.02.01.08	Receivables from related parties	1,169	1,154
1.02.01.08.04	Receivables from other related parties	1,169	1,154
1.02.01.09	Other non-current assets	4,783	4,436
1.02.01.09.03	Taxes recoverable	2,955	3,066
1.02.01.09.04	Judicial deposits	1,828	1,370
1.02.02	Investments	272,992	307,563
1.02.02.01	Equity investments	237,783	272,231
1.02.02.01.02	Investments in subsidiaries	237,783	272,231
1.02.02.02	Investment properties	35,209	35,332
2/1/2003	Property, plant and equipment	787,052	789,527
1.02.03.01	Property, plant and equipment in operation	787,052	789,527
1.02.04	Intangible assets	110,189	110,486
1.02.04.01	Intangible assets	110,189	110,486

Parent company financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2016	Prior year 12/31/2015
2	Total liabilities and equity	1,603,428	1,660,328
2.01	Current liabilities	372,934	395,194
2.01.01	Social and labor obligations	27,854	40,774
2.01.01.01	Payroll obligations	27,854	40,774
2.01.01.01.01	Social security obligations	27,854	40,774
2.01.02	Trade payables	96,007	86,793
2.01.03	Tax obligations	20,178	21,007
2.01.03.01	Federal taxes payable	10,382	10,926
2.01.03.01.02	Taxes payable in installments	4	7
2.01.03.01.03	Other federal taxes	10,378	10,919
2.01.03.02	State taxes payable	9,687	9,991
2.01.03.02.01	Taxes payable in installments	2,120	2,185
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	7,567	7,806
2.01.03.03	Municipal taxes payable	109	90
2.01.04	Borrowings	205,977	216,868
2.01.04.01	Borrowings	177,540	195,620
2.01.04.02	Debentures	28,437	21,248
2.01.05	Other obligations	22,918	29,752
2.01.05.02	Other	22,918	29,752
2.01.05.02.01	Dividends and interest on capital payable	479	479
2.01.05.02.04	Other payables	21,005	28,076
2.01.05.02.05	Advances from customers	1,434	1,197
2.02	Non-current liabilities	805,361	868,519
2.02.01	Borrowings	637,912	705,552
2.02.01.01	Borrowings	602,701	665,761
2.02.01.02	Debentures	35,211	39,791
2.02.02	Other obligations	11,156	12,216
2.02.02.02	Other	11,156	12,216
2.02.02.02.03	Taxes payable in installments	1,504	1,918
2.02.02.02.04	Other taxes payable	9,652	10,298
2.02.03	Deferred taxes	142,528	133,266
2.02.03.01	Deferred income tax and social contribution	142,528	133,266
2.02.04	Provisions	13,765	17,485
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	13,765	17,485
2.03	Equity	425,133	396,615
2.03.01	Paid-up share capital	161,895	161,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	161,286	160,731
2.03.06	Carrying value adjustments	100,992	73,029

Parent company financial statements / statement of operations

All amounts in thousands of reais unless otherwise stated

Code	Description	Accumulated - current year 1/1/2016 to 3/ 31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
3.01	Revenue from sales of goods, products and/or services	189,067	180,432
3.02	Cost of sales	-143,759	-131,580
3.02.01	Changes in the fair value of biological assets	1,712	-1,867
3.02.02	Cost of products sold	-145,471	-129,713
3.03	Gross profit	45,308	48,852
3.04	Operating income (expenses)	-25,869	-23,431
3.04.01	Selling expenses	-20,209	-18,514
3.04.02	General and administrative expenses	-14,011	-11,165
3.04.04	Other operating income	2,122	758
3.04.05	Other operating expenses	-3,120	-776
3.04.06	Equity in results of subsidiaries	9,349	6,266
3.05	Profit before finance result and taxes	19,439	25,421
3.06	Finance result	-27,415	-24,771
3.06.01	Finance income	9,410	7,877
3.06.02	Finance costs	-36,825	-32,648
3.07	Profit before taxes on income	-7,976	650
3.08	Income tax and social contribution	6,295	2,480
3.08.02	Deferred	6,295	2,480
3.09	Profit (loss) from continuing operations	-1,681	3,130
3.11	Profit (loss) for the period	-1,681	3,130
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	-0.01020	0.01900
3.99.01.02	Preferred shares	-0.01020	0.01900

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 3/31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
4.01	Profit (loss) for the period	-1,681	3,130
4.02	Other comprehensive income (loss)	30,199	-43,920
4.02.01	Cash flow hedges	45,757	-66,545
4.02.02	Income tax and social contribution - cash flow hedges	-15,558	22,625
4.03	Comprehensive income (loss) for the period	28,518	-40,790

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 3/31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
6.01	Net cash provided by (used in) operating activities	-25,791	-12,132
6.01.01	Cash from operations	20,209	39,974
6.01.01.01	Profit (loss) before income tax and social contribution	-7,976	650
6.04.01.02	Changes in the fair value of biological assets	-1,712	1,867
6.01.01.03	Depreciation, amortization and depletion	15,189	14,710
6.01.01.05	Proceeds from sales of permanent assets	-1,173	1
6.01.01.06	Equity in the results of subsidiaries	-9,349	-6,266
6.01.01.07	Provision for civil, labor and tax contingencies	-3,705	-3,349
6.01.01.08	Provision for impairment of trade receivables	125	78
6.01.01.09	Provision for losses on other assets	0	708
6.01.01.12	Monetary variations and charges	28,810	31,335
6.01.01.20	Write-down to net realizable value	0	240
6.01.02	Changes in assets and liabilities	-46,000	-52,106
6.01.02.01	Trade receivables	-11,039	-19,305
6.01.02.02	Inventories	37	-4,255
6.01.02.03	Taxes recoverable	2,260	-1,509
6.01.02.04	Other assets	-3,130	-6,713
6.01.02.06	Trade payables	6,528	-2,231
6.01.02.07	Social security obligations	-12,920	-6,413
6.01.02.08	Advances from customers	237	5,367
6.01.02.09	Tax obligations	-1,884	344
6.01.02.10	Payment of interest on borrowings	-18,997	-12,421
6.01.02.11	Payment of interest on debentures	0	-3,285
6.01.02.12	Other payables	-7,092	-1,685
6.02	Net cash provided by (used in) used in investing activities	24,495	-11,064
6.02.01	Purchases of property, plant and equipment	-11,287	-9,712
6.02.02	Purchases of biological assets	-1,344	-1,070
6.02.03	Purchases of intangible assets	-15	-468
6.02.05	Capital reduction in subsidiary	43,797	0
6.02.06	Proceeds from sales of assets	2,946	186
6.02.12	Banks - restricted account	-9,602	0
6.03	Net cash provided by (used in) financing activities	-39,998	-48,354
6.03.01	Payment of dividends	0	-12,619
6.03.03	Debentures paid	0	-17,204
6.03.04	Proceeds from borrowings	13,116	20,654
6.03.05	Repayments of borrowings	-53,114	-39,185
6.05	Increase (decrease) in cash and cash equivalents	-41,294	-71,550
6.05.01	Cash and cash equivalents at the beginning of the period	80,079	153,948
6.05.02	Cash and cash equivalents at the end of the period	38,785	82,398

Parent company financial statements / statement of changes in equity - 1/1/2016 to 3/31/2016

(All amounts in thousands of reais)

Code	Description	Paid-up share capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income (loss)	Equity
5.01	Opening balances	161,895	960	160,731	0	73,029	396,615
5.03	Adjusted opening balances	161,895	960	160,731	0	73,029	396,615
5.05	Total comprehensive income (loss)	0	0	0	555	27,963	28,518
5.05.01	Loss for the period	0	0	0	-1,681	0	-1,681
5.05.02	Other comprehensive income (loss)	0	0	0	2,236	27,963	30,199
5.05.02.06	Realization of deemed cost	0	0	0	2,236	-2,236	0
5.05.02.08	Cash flow hedges	0	0	0	0	30,199	30,199
5.06	Internal changes in equity	0	0	-916	916	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-832	832	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-84	84	0	0
5.07	Closing balances	161,895	960	159,815	1,471	100,992	425,133

Parent company financial statements / statement of changes in equity - 1/1/2015 to 3/31/2015

(All amounts in thousands of reais)

Code	Description	Paid-up share capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income (loss)	Equity
5.01	Opening balances	151,895	960	166,139	0	178,617	497,611
5.03	Adjusted opening balances	151,895	960	166,139	0	178,617	497,611
5.05	Total comprehensive income (loss)	0	0	0	5,325	-46,115	-40,790
5.05.01	Profit for the period	0	0	0	3,130	0	3,130
5.05.02	Other comprehensive income (loss)	0	0	0	2,195	-46,115	-43,920
5.05.02.06	Realization of deemed cost	0	0	0	2,195	-2,195	0
5.05.02.08	Cash flow hedges	0	0	0	0	-43,920	-43,920
5.06	Internal changes in equity	0	0	-915	915	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-61	61	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-854	854	0	0
5.07	Closing balances	151,895	960	165,224	6,240	132,502	456,821

Parent company financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 3/31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
7.01	Revenues	249,337	237,986
7.01.01	Sales of goods, products and/or services	244,188	237,306
7.01.02	Other income	5,274	758
7.01.04	Changes in the provision for impairment of trade receivables	-125	-78
7.02	Inputs purchased from third parties	-141,256	-132,328
7.02.01	Cost of sales	-121,403	-124,251
7.02.02	Materials, electricity, outsourced services and other	-19,853	-8,077
7.03	Gross value added	108,081	105,658
7.04	Retentions	-13,477	-16,577
7.04.01	Depreciation, amortization and depletion	-15,189	-14,710
7.04.02	Other	1,712	-1,867
7.04.02.01	Changes in the fair value of biological assets	1,712	-1,867
7.05	Net value added generated	94,604	89,081
7.06	Value added received through transfer	18,759	14,143
7.06.01	Equity in the results of subsidiaries	9,349	6,266
7.06.02	Finance income	9,410	7,877
7.07	Total value added to be distributed	113,363	103,224
7.08	Value added distributed	113,363	103,224
7.08.01	Personnel	37,757	36,708
7.08.01.01	Direct remuneration	29,851	29,174
7.08.01.02	Benefits	6,141	5,905
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	1,765	1,629
7.08.02	Taxes, fees and contributions	34,133	27,678
7.08.02.01	Federal	21,910	18,926
7.08.02.02	State	11,838	8,353
7.08.02.03	Municipal	385	399
7.08.03	Remuneration of third-party capital	40,002	35,708
7.08.03.01	Interest	36,825	32,648
7.08.03.02	Rentals	3,177	3,060
7.08.04	Remuneration of own capital	1,471	3,130
7.08.04.03	Retained earnings	1,471	3,130

Consolidated financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2016	Prior year 12/31/2015
1	Total assets	1,593,178	1,658,591
1.01	Current assets	312,743	377,185
1.01.01	Cash and cash equivalents	40,751	125,732
1.01.02	Financial investments	26,735	19,722
1.01.02.02	Financial investments valued at amortized cost	26,735	19,722
1.01.02.02.01	Held-to-maturity securities	26,735	19,722
1.01.03	Customers	147,558	135,854
1.01.03.01	Trade receivables	147,558	135,854
1.01.04	Inventories	67,180	67,219
1.01.06	Taxes recoverable	7,402	9,245
1.01.08	Other current assets	23,117	19,413
1.01.08.03	Other	23,117	19,413
1.02	Non-current assets	1,280,435	1,281,406
1.02.01	Long-term receivables	292,836	290,838
1.02.01.03	Trade receivables	22,555	23,584
1.02.01.03.02	Other receivables	22,555	23,584
1.02.01.05	Biological assets	264,224	261,559
1.02.01.08	Receivables from related parties	1,169	1,154
1.02.01.08.04	Receivables from other related parties	1,169	1,154
1.02.01.09	Other non-current assets	4,888	4,541
1.02.01.09.03	Taxes recoverable	2,955	3,066
1.02.01.09.04	Judicial deposits	1,933	1,475
1.02.02	Investments	19,014	19,137
1.02.02.02	Investment properties	19,014	19,137
1.02.03	Property, plant and equipment	857,861	860,410
1.02.03.01	Property, plant and equipment in operation	857,861	860,410
1.02.04	Intangible assets	110,724	111,021
1.02.04.01	Intangible assets	110,724	111,021

Consolidated financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2016	Prior year 12/31/2015
2	Total liabilities and equity	1,593,178	1,658,591
2.01	Current liabilities	349,567	380,413
2.01.01	Social and labor obligations	28,501	41,152
2.01.02	Trade payables	67,942	70,135
2.01.03	Tax obligations	21,050	22,283
2.01.03.01	Federal taxes payable	11,188	12,169
2.01.03.01.02	Taxes payable in installments	29	37
2.01.03.01.03	Other federal taxes	11,159	12,132
2.01.03.02	State taxes payable	9,749	10,021
2.01.03.02.01	Taxes payable in installments	2,120	2,185
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	7,629	7,836
2.01.03.03	Municipal taxes payable	113	93
2.01.04	Borrowings	205,977	216,868
2.01.04.01	Borrowings	177,540	195,620
2.01.04.02	Debentures	28,437	21,248
2.01.05	Other obligations	26,097	29,975
2.01.05.02	Other	26,097	29,975
2.01.05.02.01	Dividend and interest on capital payable	479	479
2.01.05.02.04	Other payables	21,373	28,278
2.01.05.02.05	Advances from customers	4,245	1,218
2.02	Non-current liabilities	818,468	881,550
2.02.01	Borrowings	637,912	705,552
2.02.01.01	Borrowings	602,701	665,761
2.02.01.02	Debentures	35,211	39,791
2.02.02	Other obligations	11,156	12,218
2.02.02.02	Other	11,156	12,218
2.02.02.02.03	Taxes payable in installments	1,504	1,920
2.02.02.02.04	Other taxes payable	9,652	10,298
2.02.03	Deferred taxes	155,537	146,197
2.02.03.01	Deferred income tax and social contribution	155,537	146,197
2.02.04	Provisions	13,863	17,583
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	13,863	17,583
2.03	Consolidated equity	425,143	396,628
2.03.01	Share capital	161,895	161,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	161,286	160,731
2.03.06	Carrying value adjustments	100,992	73,029
2.03.09	Non-controlling interests	10	13

Consolidated financial statements / statement of operations

All amounts in thousands of reais unless otherwise stated

Code	Description	Accumulated - current year 1/1/2016 to 3/ 31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
3.01	Revenue from sales of goods, products and/or services	191,407	182,771
3.02	Cost of sales	-137,088	-127,423
3.02.01	Changes in the fair value of biological assets	4,905	510
3.02.02	Cost of products sold	-141,993	-127,933
3.03	Gross profit	54,319	55,348
3.04	Operating income/ expenses	-35,617	-30,019
3.04.01	Selling expenses	-20,209	-18,514
3.04.02	General and administrative expenses	-14,426	-11,492
3.04.04	Other operating income	2,126	762
3.04.05	Other operating expenses	-3,108	-775
3.05	Profit before finance result and taxes	18,702	25,329
3.06	Finance result	-26,075	-24,435
3.06.01	Finance income	10,752	8,217
3.06.02	Finance costs	-36,827	-32,652
3.07	Profit before taxes on income	-7,373	894
3.08	Income tax and social contribution	5,692	2,236
3.08.01	Current	-526	-185
3.08.02	Deferred	6,218	2,421
3.09	Profit (loss) from continuing operations	-1,681	3,130
3.11	Consolidated profit (loss) for the period	-1,681	3,130
3.11.01	Attributable to owners of the Parent	-1,681	3,130
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	-0.01020	0.01900
3.99.01.02	Preferred shares	-0.01020	0.01900

Consolidated financial statements / statement of comprehensive income (loss)

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 3/ 31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
4.01	Consolidated profit (loss) for the period	-1,681	3,130
4.02	Other comprehensive income (loss)	30,199	-43,920
4.02.01	Cash flow hedges	45,757	-66,545
4.02.02	Income tax and social contribution - cash flow hedges	-15,558	22,625
4.03	Consolidated comprehensive income (loss) for the period	28,518	-40,790
4.03.01	Attributable to owners of the Parent	28,518	-40,790

Consolidated financial statements / statement of cash flows - indirect method

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 3/31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
6.01	Net cash provided by (used in) operating activities	-25,152	-10,852
6.01.01	Cash from operations	31,045	48,254
6.01.01.01	Profit (loss) before income tax and social contribution	-7,373	894
6.01.01.02	Changes in the fair value of biological assets	-4,905	-510
6.01.01.03	Depreciation, amortization and depletion	19,266	18,857
6.01.01.05	Proceeds from sales of permanent assets	-1,173	1
6.01.01.07	Provision for civil, labor and tax contingencies	-3,705	-3,349
6.01.01.08	Provision for impairment of trade receivables	125	78
6.01.01.09	Provision for losses on other assets	0	708
6.01.01.12	Monetary variations and charges	28,810	31,335
6.01.01.20	Write-down to net realizable value	0	240
6.01.02	Changes in assets and liabilities	-56,197	-59,106
6.01.02.01	Trade receivables	-11,829	-19,440
6.01.02.02	Inventories	39	-4,268
6.01.02.03	Taxes recoverable	1,954	-1,509
6.01.02.04	Other assets	-3,148	-6,750
6.01.02.06	Trade payables	-4,851	-5,643
6.01.02.07	Social security obligations	-12,651	-6,268
6.01.02.08	Advances from customers	3,027	1,700
6.01.02.09	Taxes payable	-2,815	399
6.01.02.10	Payment of interest on borrowings	-18,997	-12,421
6.01.02.11	Payment of interest on debentures	0	-3,285
6.01.02.12	Other payables	-6,926	-1,621
6.02	Net cash used in investing activities	-19,831	-11,470
6.02.01	Purchases of property, plant and equipment	-11,324	-10,118
6.02.02	Purchases of biological assets	-1,833	-1,070
6.02.03	Purchases of intangible assets	-15	-468
6.02.06	Proceeds from sales of assets	2,946	186
6.02.07	Capital decrease in non-controlling interests	-3	0
6.02.12	Banks - restricted banks account	-9,602	0
6.03	Net cash provided by (used in) financing activities	-39,998	-48,354
6.03.01	Payment of dividends	0	-12,619
6.03.03	Debentures paid	0	-17,204
6.03.04	Proceeds from borrowings	13,116	20,654
6.03.05	Repayments of borrowings	-53,114	-39,185
6.05	Increase (decrease) in cash and cash equivalents	-84,981	-70,676
6.05.01	Cash and cash equivalents at the beginning of the period	125,732	165,985
6.05.02	Cash and cash equivalents at the end of the period	40,751	95,309

Consolidated financial statements / statement of changes in equity - 1/1/2016 to 3/31/2016

(All amounts in thousands of reais)

Code	Description	Paid-up share capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings or accumulated deficit	Other comprehensive income (loss)	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	161,895	960	160,731	0	73,029	396,615	13	396,628
5.03	Adjusted opening balances	161,895	960	160,731	0	73,029	396,615	13	396,628
5.04	Capital transactions with owners	0	0	0	0	0	0	-3	-3
5.04.10	Capital increase (decrease) in non-controlling interests	0	0	0	0	0	0	-3	-3
5.05	Total comprehensive income (loss)	0	0	0	555	27,963	28,518	0	28,518
5.05.01	Profit (loss) for the period	0	0	0	-1,681	0	-1,681	0	-1,681
5.05.02	Other comprehensive income (loss)	0	0	0	2,236	27,963	30,199	0	30,199
5.05.02.06	Realization of deemed cost	0	0	0	2,236	-2,236	0	0	0
5.05.02.08	Cash flow hedges	0	0	0	0	30,199	30,199	0	30,199
5.06	Internal changes in equity	0	0	-916	916	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-832	832	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-84	84	0	0	0	0
5.07	Closing balances	161,895	960	159,815	1,471	100,992	425,133	10	425,143

Consolidated financial statements / statement of changes in equity - 1/1/2015 to 3/31/2015

(All amounts in thousands of reais)

Code	Description	Paid-up share capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income (loss)	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	151,895	960	166,139	0	178,617	497,611	14	497,625
5.03	Adjusted opening balances	151,895	960	166,139	0	178,617	497,611	14	497,625
5.05	Total comprehensive income (loss)	0	0	0	5,325	-46,115	-40,790	0	-40,790
5.05.01	Profit for the period	0	0	0	3,130	0	3,130	0	3,130
5.05.02	Other comprehensive income (loss)	0	0	0	2,195	-46,115	-43,920	0	-43,920
5.05.02.06	Realization of deemed cost	0	0	0	2,195	-2,195	0	0	0
5.05.02.08	Cash flow hedges	0	0	0	0	-43,920	-43,920	0	-43,920
5.06	Internal changes in equity	0	0	-915	915	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-61	61	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-854	854	0	0	0	0
5.07	Closing balances	151,895	960	165,224	6,240	132,502	456,821	14	456,835

Consolidated financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 3/31/2016	Accumulated - prior year 1/1/2015 to 3/31/2015
7.01	Revenue	251,947	240,587
7.01.01	Sales of goods, products and/or services	246,794	239,903
7.01.02	Other income	5,278	762
7.01.04	Changes in the provision for impairment of trade receivables	-125	-78
7.02	Inputs purchased from third parties	-130,767	-124,459
7.02.01	Cost of sales	-109,990	-115,059
7.02.02	Materials, electricity, outsourced services and other	-20,777	-9,400
7.03	Gross value added	121,180	116,128
7.04	Retentions	-14,361	-18,347
7.04.01	Depreciation, amortization and depletion	-19,266	-18,857
7.04.02	Other	4,905	510
7.04.02.01	Changes in the fair value of biological assets	4,905	510
7.05	Net value added generated	106,819	97,781
7.06	Value added received through transfer	10,752	8,217
7.06.02	Finance income	10,752	8,217
7.07	Total value added to be distributed	117,571	105,998
7.08	Value added distributed	117,571	105,998
7.08.01	Personnel	39,974	38,101
7.08.01.01	Direct remuneration	31,390	30,089
7.08.01.02	Benefits	6,722	6,326
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	1,862	1,686
7.08.02	Taxes, fees and contributions	36,081	29,045
7.08.02.01	Federal	23,717	20,151
7.08.02.02	State	11,959	8,470
7.08.02.03	Municipal	405	424
7.08.03	Remuneration of third-party capital	40,045	35,722
7.08.03.01	Interest	36,827	32,652
7.08.03.02	Rentals	3,218	3,070
7.08.04	Remuneration of own capital	1,471	3,130
7.08.04.03	Profits reinvested for the period	1,471	3,130

Comments on company performance

COMMENTS ON THE COMPANY'S PERFORMANCE FOR 1Q16

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

IRANI reports Net Revenue of R$ 191 million in 1Q16, an increase of 4.7% in relation to 1Q15

KEY INDICATORS - CONSOLIDATED	1Q16	4Q15	1Q15	Var. 1Q16/4Q15	Var. 1Q16/1Q15	LTM16	LTM15	Var. LTM16/LTM15
Economic and Financial Indicators (R$ thousand)								
Net Operating Income	191,407	193,930	182,771	-1.3%	4.7%	767,394	741,443	3.5%
Domestic Market	146,383	167,132	152,441	-12.4%	-4.0%	623,909	642,518	-2.9%
Foreign Market	45,024	26,798	30,330	68.0%	48.4%	143,485	98,925	45.0%
Gross Profit (including*)	54,319	41,450	55,348	31.0%	-1.9%	220,842	234,890	-6.0%
(*) Change in the Fair Value of Biological Assets	*4,905*	*(14,372)*	*510*	-	861.8%	*(2,054)*	*28,301*	-107.3%
Gross Margin	***28.4%***	***21.4%***	**30.3%**	**7.0p.p.**	***-1.9p.p.***	***28.8%***	***31.7%***	***-2.9p.p.***
Operating Result Before Taxes and Profit Sharing	(7,373)	(15,162)	894	-51.4%	-924.7%	(7,305)	33,669	-121.7%
Operating Margin	***-3.9%***	***-7.8%***	**0.5%**	**3.9p.p.**	***-4.4p.p.***	***-1.0%***	***4.5%***	***-5.5p.p.***
Net Result	(1,681)	(16,844)	3,130	-90.0%	-153.7%	(4,316)	62,953	-106.9%
Net Margin	***-0.9%***	***-8.7%***	**1.7%**	**7.8p.p.**	***-2.6p.p.***	***-0.6%***	***8.5%***	***-9.1p.p.***
Adjusted EBITDA [1]	35,051	43,279	43,676	-19.0%	-19.7%	172,583	165,778	4.1%
Adjusted EBITDA Margin	***18.3%***	***22.3%***	***23.9%***	**-4.0p.p.**	***-5.6p.p.***	***22.5%***	***22.4%***	***0.1p.p.***
Net Debt [R$ million]	776.4	777.0	723.7	-0.1%	7.3%	776.4	723.7	7.3%
Adjusted Net Debt/EBITDA (x)	4.50	4.29	4.37	4.9%	3.0%	4.50	4.37	3.0%
Pro-forma Net Debt/ EBITDA (x) [2]	3.49	3.08	n.a.	13.3%	n.a.	3.49	n.a.	n.a.
Operating Data (in metric tons)								
Corrugated Cardboard Packaging (PO)								
Production/Sales	44,179	52,306	49,062	-15.5%	-10.0%	193,492	199,685	-3.1%
Paper for Packaging								
Production	67,935	72,865	71,722	-6.8%	-5.3%	283,461	272,365	4.1%
Sales	20,421	21,432	17,710	-4.7%	15.3%	80,180	75,337	6.4%
RS Forest and Resins								
Production	3,350	1,677	2,897	99.8%	15.6%	10,423	9,079	14.8%
Sales	4,009	1,252	2,801	220.2%	43.1%	10,790	8,973	20.2%

[1] EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) - see the related section in this release.
[2] Excludes foreign exchange variation accounted for as hedge accounting from net debt.

- The sales volume for the Corrugated Cardboard Packaging segment decreased by 10.0% when compared to 1Q15, totaling 44.1 thousand metric tons in 1Q16. The Packaging Paper segment, with a total of 20.4 thousand metric tons, recorded an increase of 15.3% when compared to 1Q15. The Resins segment increased by 43.1%, reaching 4.0 thousand metric tons.

- The net revenue for 1Q16 was 4.7% higher than that recorded for 1Q15 and 1.3% lower than in 4Q15, positively impacted by the sales in foreign currency to the foreign market.

Comments on company performance

- The gross profit for 1Q16 decreased by 1.9% in comparison with 1Q15 and increased by 31.0% in comparison with 4Q15, mainly as an effect of the variation in the fair value of the biological assets, which had been negative in 4Q15.

- The Company reported a loss of R$ 1.7 million for 1Q16, compared to profits of R$ 3.1 million in 1Q15 and losses of R$ 16.8 million in 4Q15. The impact caused by the finance result in 1Q16 was higher than in 1Q15.

- In 1Q16, the adjusted EBITDA amounted to R$ 35.0 million, 19.7% below the R$ 43.7 million computed for 1Q15, mainly as a result of the annual scheduled shutdown at the paper plant in Campina da Alegria and the increase in the cost of paper scrap.

- The EBITDA margin, of 18.3% in 1Q16, shows a decrease in relation to the 23.9% presented in 1Q15.

- The net debt/EBITDA ratio was 4.50 times in March 2016. Excluding from net debt the exchange variation recorded as hedge accounting, the net debt/EBITDA ratio would be 3.49 times.

- The cash position at the end of March 2016 was R$ 67.5 million, with 76% of the debts maturing in the long term.

- Events after the reporting date: in April 2016, the Company sold 4,664 hectares of planted forests to Global Fund Reflorestamento e Exploração de Madeira Ltda., for R$ 55.5 million. This transaction had the purpose of preserving the Company's liquidity and enabling to increase the planted areas in the Midwest region of the State of Santa Catarina, in partnership with Global Fund, aiming at future expansions.

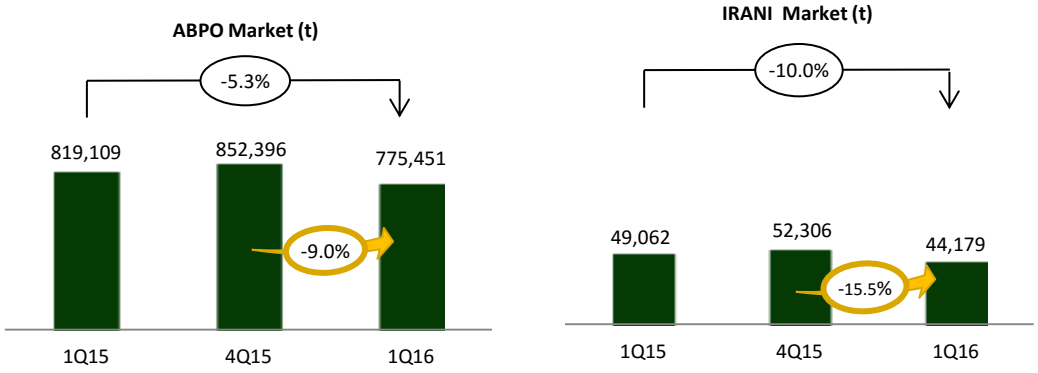
Highlights of 1Q16

In the first quarter of 2016, the main Brazilian economic and financial indicators continued to face strong deterioration. The Brazilian GDP shrank by 3.8% in 2015 when compared to 2014, recording the worst result in 25 years. The economic recession increases the unemployment rate and affects the income, and the political uncertainties continue to restrict the government's ability to formulate and implement policies.

Comments on company performance

In 1Q16, the Brazilian Corrugated Cardboard Association (ABPO) recorded a drop of 5.3% in the metric tons of corrugated cardboard shipped, in comparison with 1Q15. The sales volume of IRANI Market, in metric tons, decreased by 10.0% in 1Q16. Compared to 4Q15, the ABPO Market decreased by 9.0%, and the IRANI Market decreased by 15.5%. The IRANI's market share in the Corrugated Cardboard Packaging segment, in metric tons, was 5.6% in 1Q16, 6.0% in 1Q15, and 6.1% in 4Q15.

Sales Volume (in metric tons) - Corrugated Cardboard Packaging (PO) segment



Source: ABPO

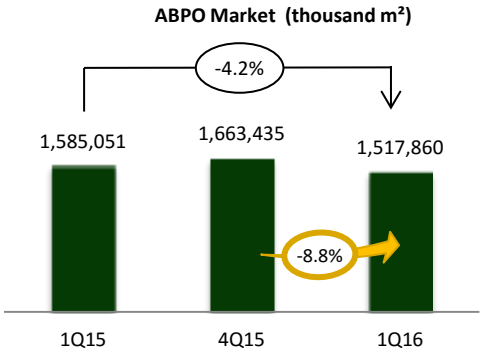
Source: IRANI

The sales volume (in square meters) of corrugated cardboard packaging in the ABPO Market decreased by 4.2% in 1Q16 when compared to 1Q15, while the IRANI Market recorded a decrease of 11.7% in the period. When compared to 4Q15, the ABPO Market decreased by 8.8%, and the IRANI Market decreased by 15.8%. In square meters, IRANI's market share was 6.1% in 1Q16, and 6.6% in 1Q15 and 4Q15.

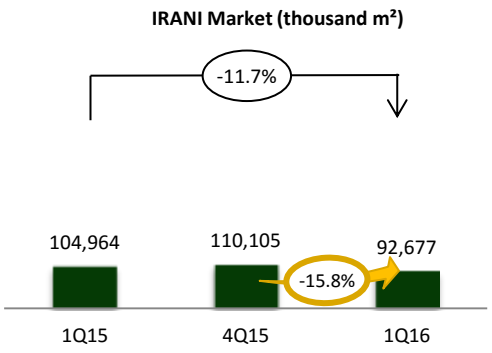
In 1Q16, the Corrugated Cardboard Packaging (PO) segment represented 60% of IRANI’s net revenue, while the Packaging Paper segment represented 29%, and the Forest RS and Resins segment, 11%. In turn, the domestic market accounted for 76% of net revenue and the foreign market, for 24%. The growth of 6.9 p.p. in the revenue from the foreign market when compared to 1Q15 arises mainly from the appreciation of the U.S. dollar, which affects the revenues from this market.

Comments on company performance

Sales Volume (in m²) - Corrugated Cardboard Packaging (PO) segment



Source: ABPO

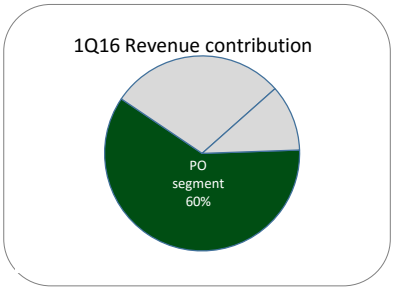


Source: IRANI

ABPO data for 1Q16 (in metric tons and square meters) refer to forecast for closing. Official data may present changes.

1. OPERATING PERFORMANCE (not reviewed by the independent auditor)

1.1 Corrugated Cardboard Packaging (PO) segment



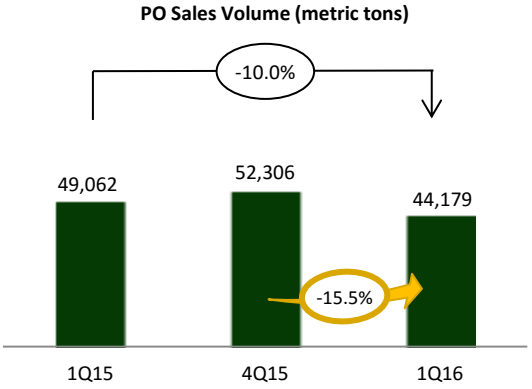
The sales volume of corrugated cardboard boxes and sheets totaled 44,179 metric tons, a decrease of 10.0% in relation to 1Q15 and of 15.5% in relation to 4Q15. The sales performance of boxes presented a reduction of 5.7% when compared to 1Q15 and the sales of sheets decreased by 19.6% in the comparison between the quarters. The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants accounted for 39%, 30% and 31%, respectively, of the total sold in 1Q16, and their entire production was allocated to the domestic market.

The sales volume of the SP Indaiatuba Packaging plant totaled 12,250 metric tons of boxes and 4,697 metric tons of sheets in 1Q16 (compared to 12,563 metric tons of boxes and 5,848 metric tons of sheets in 1Q15).

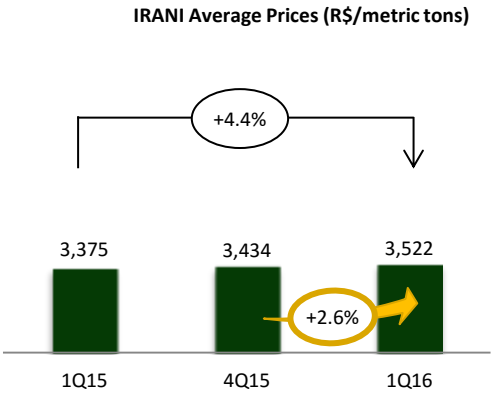
Comments on company performance

The sales volume of the SC Campina da Alegria Packaging plant totaled 10,263 metric tons of boxes and 3,103 metric tons of sheets in 1Q16 (compared to 11,163 metric tons of boxes and 3,551 metric tons of sheets in 1Q15).

The sales volume of the SP Vila Maria Packaging plant totaled 9,527 metric tons of boxes and 4,340 metric tons of sheets in 1Q16 (compared to 10,233 metric tons of boxes and 5,704 metric tons of sheets in 1Q15).



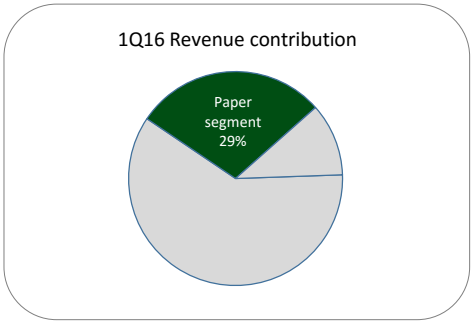
Average IRANI prices (CIF) per metric ton increased by 4.4% in 1Q16 when compared to 1Q15, and by 2.6% in relation to 4Q15, as shown below:



Note on methodology: IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS), and are adjusted in accordance with the market mix of boxes and sheets.

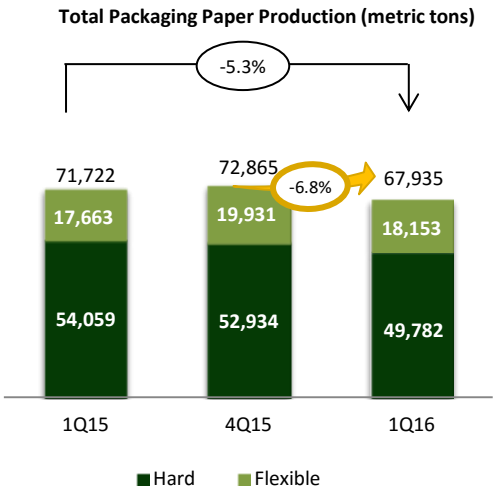
Comments on company performance

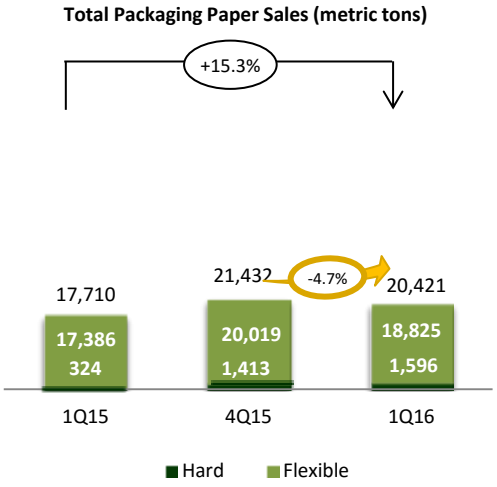
1.2 Packaging Paper Segment



IRANI operates in the Packaging Paper segment, both in the rigid packaging (corrugated cardboard) and flexible packaging (sack kraft paper) markets.

The Company's total production of packaging paper in the quarter was below that recorded for 1Q15 and 4Q15, by 5.3% and 6.8%, respectively, due to the annual scheduled shutdown at the paper plant in Campina da Alegria. The sales volume increased by 15.3% in comparison with 1Q15, and decreased by 4.7% in relation to 4Q15.



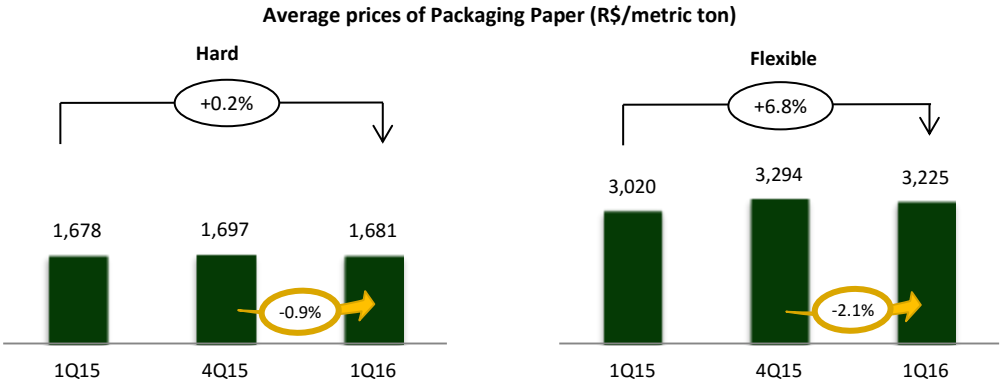


In 1Q16, internal transfers of paper for rigid packages (PO) totaled 46,828 metric tons (51,638t in 1Q15 and 52,819t in 4Q15), distributed as follows: 17,656 metric tons (19,150t in 1Q15 and 20,549t in 4Q15) to the SP Indaiatuba plant; 14,836 metric tons (17,273t in 1Q15 and 16,428t in 4Q15) to the SP Vila Maria plant; and 14,336 metric tons (15,215t in 1Q15 and 15,842t in 4Q15) to the SC Campina da Alegria plant. Therefore, of the total internal transfers carried out in the quarter, 38% were to SP Indaiatuba plant, 30% to SC Campina da Alegria plant and 32% to SP Vila Maria plant.

The prices practiced by the hard packaging paper segment, which accounts for a small share of the sales volume (only 1,596 metric tons in 1Q16, as shown in the chart above), and that are lower than those of the other types of paper sold by the Company, remained stable during 1Q16, when compared to 1Q15 and

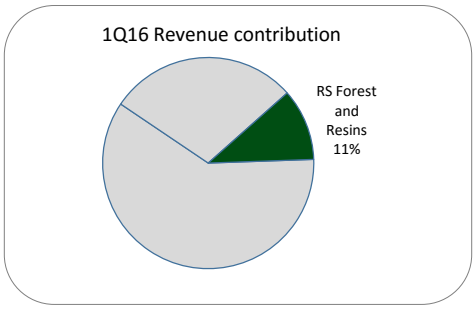
Comments on company performance

4Q15. On the other hand, the prices of flexible packaging papers increased by 6.8% when compared to 1Q15 and decreased by 2.1% when compared to 4Q15. The average prices of the Company followed the market trend and were positively impacted by the higher exchange rates practiced on exports.



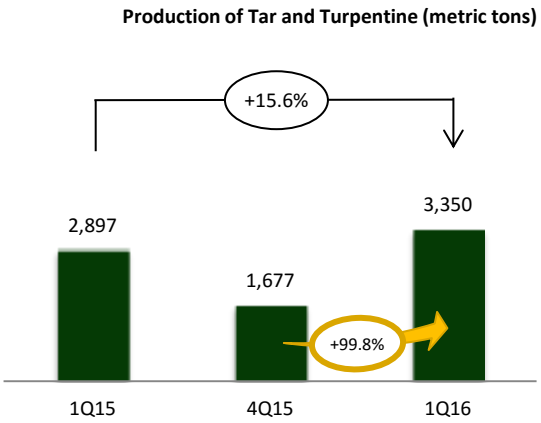
1.3 RS Forest and Resins Segments

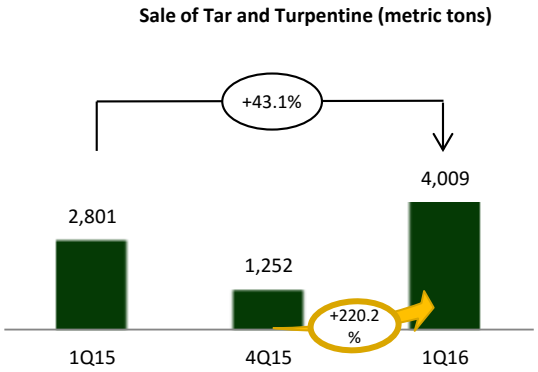
In 1Q16, the Forest segment of Rio Grande do Sul produced and sold 15 thousand cubic meters of pine logs in the domestic market (11 thousand cubic meters in 1Q15) and supplied 1,339 thousand metric tons of natural resins to the parent company Celulose Irani S.A., to be utilized in the industrial production of tar and turpentine.



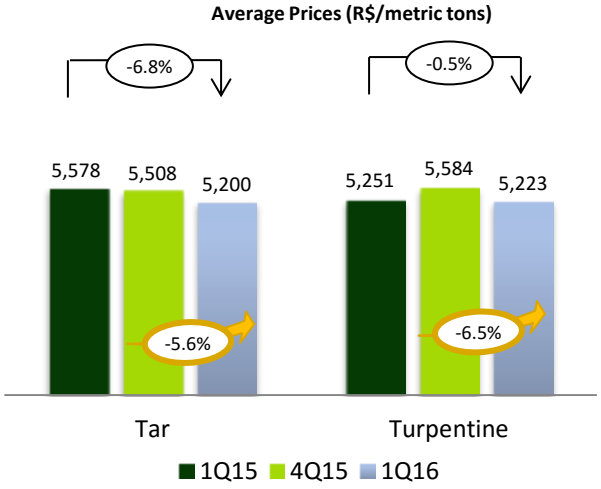
The production volume of the unit RS Resin Balneário Pinhal increased by 15.6% in 1Q16, when compared to 1Q15, and by 99.8% when compared to 4Q15. Likewise, the sales volume increased by 43.1% in relation to 1Q15 and 220.2% in relation to 4Q15. This increase was due to the greater availability of raw material, mainly in relation to the 4Q15, the off-season period.

Comments on company performance





The average gross price of tar in 1Q16 was 6.8% and 5.6% below that of 1Q15 and 4Q15, respectively. The price of turpentine remained stable when compared to 1Q15 and decreased by 6.5% in relation to 4Q15.



2. ECONOMIC AND FINANCIAL PERFORMANCE

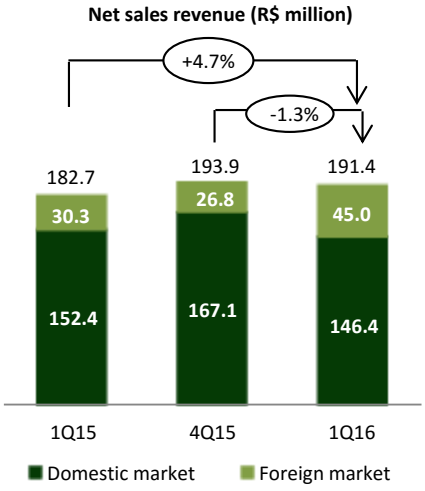
2.1 Net Operating Revenue

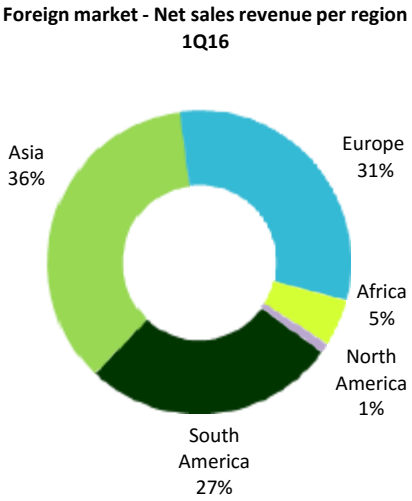
Net operating revenue for 1Q16 totaled R$ 191,407 thousand, 4.7% above that for 1Q15 and 1.3% below that for 4Q15. The positive variation reflects the appreciation of the US dollar on transactions in the foreign market and the weaker performance of the domestic market, mainly in the PO segment.

In the domestic market, net operating revenue amounted to R$ 146,383 thousand in the quarter, a decrease of 4.0% over 1Q15 and of 12.4% over 4Q15, and represented 76% of the Company's total revenue.

Comments on company performance

Exports in 1Q16 totaled R$ 45,024 thousand, a growth of 48.4% when compared to 1Q15 and of 68.0% in relation to 4Q15, and represented 24% of total net operating revenue. Asia was the main destination of the exports, with 36% of the export revenue concentrated in that region. Other markets include Europe (31%), South America (27%), Africa (5%) and North America (1%).





The Company's main operating segment is the Corrugated Cardboard Packaging segment, responsible for 60% of the consolidated net revenue in 1Q16, followed by the segments of Packaging Paper with 29%, and RS Forest and Resins with 11%. The growth of four percentage points in the representativeness of the Packaging Paper segment, as well as the growth of two percentage points in the RS Forest and Resins segment in relation to 1Q15 was mainly due to the higher exchange rates practiced on sales to the foreign market and the weaker performance of the domestic market in the PO segment.

Comments on company performance

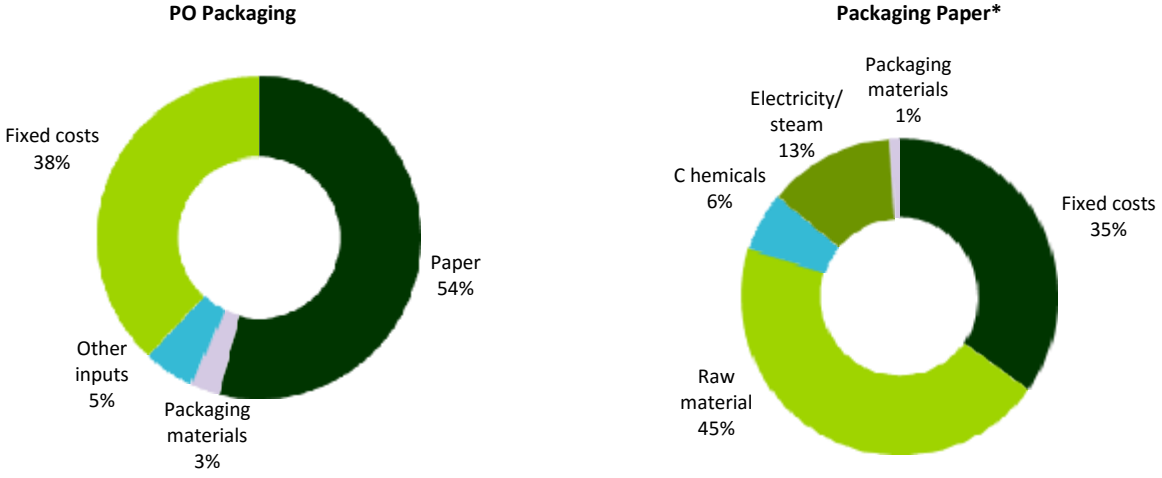
Net revenue by segment



2.2 Cost of sales

The cost of sales in 1Q16 amounted to R$ 141,993 thousand, 11.0% higher than that of 1Q15, when compared in absolute numbers. The positive variation in the fair value of biological assets was not considered in the cost of products sold.

The composition of cost by IRANI's operation segment in 1Q16 is shown in the charts below.



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

Comments on company performance

2.3 Operating Income and Expenses

Selling expenses in 1Q16 totaled R$ 20,209 thousand and represented 10.6% of the consolidated net revenue, compared to 10.1% in 1Q15.

Administrative expenses in 1Q16 were 25.5% higher, in relation to the 1Q15, totaling R$ 14,426 thousand and represented 7,5% of the consolidated net revenue for 1Q16, mainly due to the reinstatement of the INSS on the payroll, and represented 6.3% of the consolidated net revenues for 1Q15.

Other operating income/expenses resulted in an expense of R$ 982 thousand in 1Q16, against an expense of R$ 13 thousand in 1Q15.

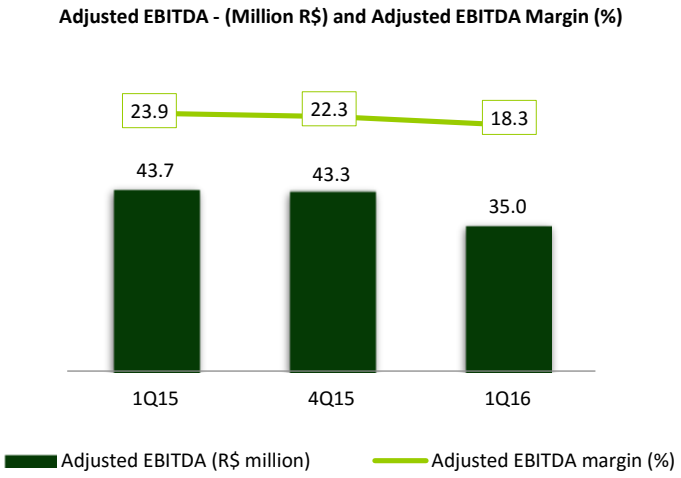
3. CASH PROVIDED BY OPERATING ACTIVITIES (ADJUSTED EBITDA)

Consolidated (R$ thousand)	1Q16	4Q15	1Q15	Var. 1Q16/4Q15	Var. 1Q16/1Q15	LTM16	LTM15	Var. LTM16/LTM15
Operating Result Before Taxes and Profit Sharing	**(7,373)**	**(15,162)**	**894**	-51.4%	-924.7%	**(7,305)**	**33,669**	-121.7%
Depletion	3,994	5,164	4,422	-22.7%	-9.7%	20,151	20,577	-2.1%
Depreciation and Amortization	15,272	15,259	14,435	0.1%	5.8%	59,954	53,275	12.5%
Finance Result	26,075	22,118	24,435	17.9%	6.7%	94,213	75,546	24.7%
EBITDA	**37,968**	**27,379**	**44,186**	38.7%	-14.1%	**167,013**	**183,067**	**-8.8%**
Margem EBITDA	***19.8%***	***14.1%***	***24.2%***	***5.7p.p.***	***-4.4p.p.***	***21.8%***	***24.7%***	***-2.9p.p.***
Adjustments pursuant to CVM Instruction 527/12								
Change in the Fair Value of Biological Assets [1]	(4,905)	14,372	(510)	-134.1%	861.8%	2,054	(28,301)	-
Management Profit Sharing [2]	-	55	-	-	-	55	6,287	-99.1%
Non-recurring Events[3]	1,988	1,473	-	35.0%	-	3,461	4,725	-26.8%
Adjusted EBITDA	**35,051**	**43,279**	**43,676**	**-19.0%**	**-19.7%**	**172,583**	**165,778**	**4.1%**
Adjusted EBITDA Margin	***18.3%***	***22.3%***	***23.9%***	***-4.0p.p.***	***-5.6p.p.***	***22.5%***	***22.4%***	***0.1p.p.***

[1] The change in the fair value of biological assets does not represent a cash reduction in the period.
[2] Management profit sharing: The amount of R$ 55 thousand (UDM16) refers to the distribution of the Company's results and does not represent a cash disbursement in the period.
[3] Non-recurring events refer to the write-off of an intangible asset (São Roberto trademark), totaling R$ 1,473 thousand (4Q15), and an accrued social security contribution on the provision for vacation pay for prior periods, due to a change in the taxation regime (reinstatement of ICMS), totaling R$ 1,988 thousand (1Q16), and do not represent a cash reduction/disbursement in the period.

The operating cash generation, measured using the adjusted EBITDA, totaled R$ 35,501 thousand in 1Q16, with a decrease of 19.7% in relation to 1Q15 and 19.0% in relation to 4Q15. The adjusted EBITDA margin decreased by 5.6 percentage points in 1Q16, reaching 18.3%, which was mainly due to the annual scheduled shutdown at the paper plant in Campina da Alegria and the increase in the cost of paper scrap in the period.

Comments on company performance



4. FINANCE RESULT AND INDEBTEDNESS

The finance result was negative by R$ 26,075 thousand in 1Q16, representing an increase of 6.7% in comparison to 1Q15 and of 17.9% when compared to 4Q15, mainly influenced by the effects of the appreciation of the US dollar against the real, the realization of hedge accounting and the increase in interest rates. In 1Q16, finance costs totaled R$ 36,827 thousand, compared to R$ 32,652 thousand in 1Q15, and R$ 30,895 thousand in 4Q15. Finance income amounted to R$ 10,752 thousand in 1Q16, against R$ 8,217 thousand recorded in 1Q15, and R$ 8,777 thousand in 4Q15.

Finance result is broken down as follows:

R$ thousand	1Q16	4Q15	1Q15	LTM16[1]	LTM15[1]
Finance income	10,752	8,777	8,217	37,763	27,823
Finance costs	(36,827)	(30,895)	(32,652)	(131,976)	(103,369)
Finance result	(26,075)	(22,118)	(24,435)	(94,213)	(75,546)

[1] Accumulated in the last twelve months.

The table below presents the foreign exchange gains and losses on the Company's finance income and costs:

R$ thousand	1Q16	4Q15	1Q15	LTM16[1]	LTM15[1]
Foreign exchange gains	7,187	4,265	3,867	23,205	10,235
Foreign exchange losses	(11,683)	(5,385)	(11,062)	(37,579)	(19,815)
Foreign exchange variation, net	(4,496)	(1,120)	(7,195)	(14,374)	(9,580)

[1] Accumulated in the last twelve months.

Comments on company performance

Finance result net of foreign exchange variation was as follows:

R$ thousand	1Q16	4Q15	1Q15	LTM16[1]	LTM15[1]
Finance Result Net of Foreign Exchange Variation	(21,579)	(20,998)	(17,240)	(79,839)	(65,966)

[1] Accumulated in the last twelve months.

For the purpose of hedging its exports in the coming years, the Company maintains the maturity flow of its commitments in foreign currency (U.S. dollars) aligned with the estimated receivables in U.S. dollars. Foreign exchange variations on these transactions are accounted for monthly in Equity and recognized in the statement of operations, as finance costs, when realized (hedge accounting). In 1Q16, the Company recognized hedge accounting gains of R$ 45,757 thousand (R$ 30,199 thousand net of the taxes recorded in equity), and the amount recognized in the statement of operations, as finance costs, was R$ 3,823 thousand. In the year-to-date, the Company maintains the amount of R$ 173,929 thousand recorded as exchange rate variation on transactions allocated to hedge accounting, to be recognized in the results on realization, over the coming years. The amount of R$ 114,794 thousand is recognized in Equity (net of taxes).

Foreign exchange rate

The exchange rate that was R$ 3.21/US$ at March 31, 2015, increased by 10.90% at the end of March 2016, reaching R$ 3.56/US$. The average exchange rate for the quarter was R$ 3.90/US$, or 1.56% higher than in 4Q15 and 35.89% higher than in 1Q15.

	1Q16	4Q15	1Q15	Δ1Q16/4Q15	Δ1Q16/1Q15
Average U.S. dollar	3.90	3.84	2.87	+1.56%	+35.89%
Final U.S. dollar	3.56	3.90	3.21	-8.72%	+10.90%

Source: Bacen

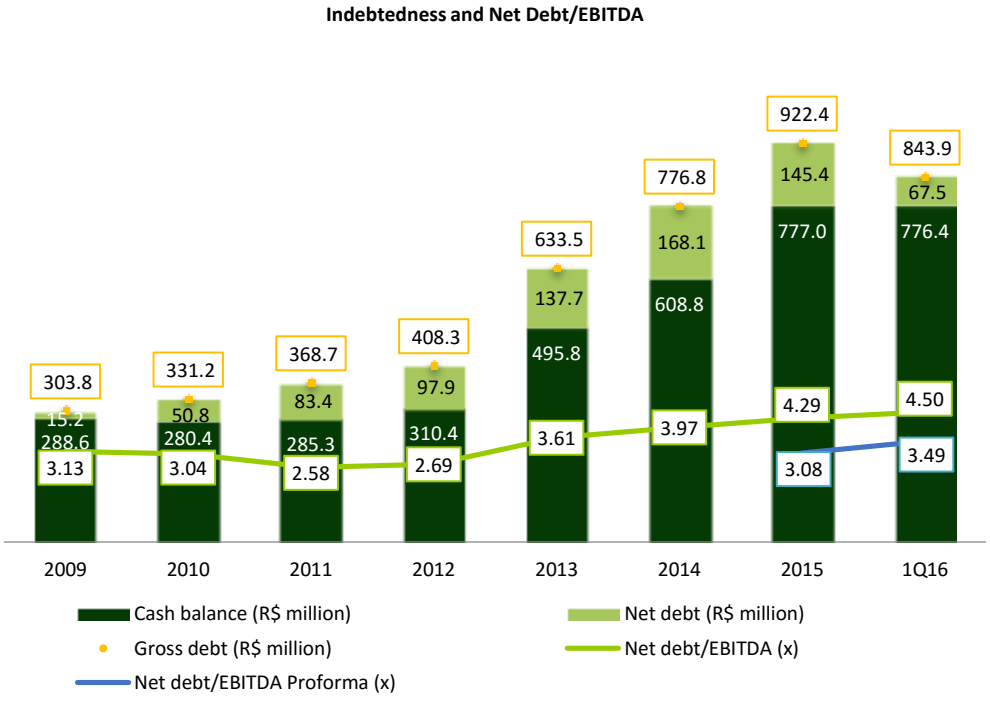
Indebtedness

At March 31, 2016, the consolidated gross indebtedness totaled R$ 843.9 million, compared to R$ 922.4 million at December 31, 2015. The variation in this indicator was influenced by the payments for financial operations in the period and the decrease in the R$/US$ exchange rate. At March 31, 2016, the Company's gross debt profile presented 24% of debts maturing in the short term and 76% in the long term.

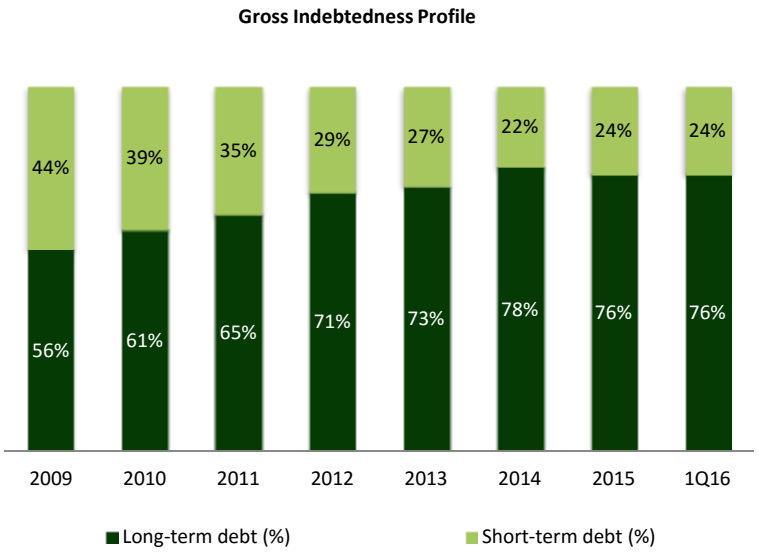
At March 31, 2016, the consolidated cash balance totaled R$ 67.5 million, compared to R$ 145.4 million at December 31, 2015. The cash balance was mainly affected by the payments for financial operations and other obligations, and by the increased need for working capital.

Comments on company performance

Consequently, the consolidated net indebtedness at March 31, 2016 totaled R$ 776.4 million, compared to R$ 777.0 million at December 31, 2015. The net debt/EBITDA ratio changed from 4.29 times at the end of 2015 to 4.50 times at the end of 1Q16. Excluding the exchange variation recorded as hedge accounting from the net debt (Note 30 - Cash flow hedge), the pro forma net debt/EBITDA ratio would be 3.49 at the end of 1Q16.



Comments on company performance



5. NET RESULT

In 1Q16, the Company reported losses of R$ 1,681 thousand, compared to profits of R$ 3,130 thousand in 1Q15 and losses of R$ 16,844 thousand in 4Q15. Over the last 12 months, net result was represented by losses of R$ 4,316 thousand, compared to profits of R$ 62,953 thousand recorded for the same period of the previous year. The main factor in the comparison between the quarters was the higher negative impact caused by the finance result in 1Q16.

6. INVESTMENTS

The Company maintains its strategy of investing in the modernization and automation of its production processes.

R$ thousand	1Q16
Equipment	14,061
Intangible assets	15
Reforesting	1,754
Total	**15,830**

The investments in the quarter totaled R$ 15,830 thousand and were primarily intended for the maintenance and improvement of facilities, computer software, machinery and equipment.

Comments on company performance

7. SHARE CAPITAL

At March 31, 2016, IRANI's capital was represented by 166,720,235 shares, of which 153,909,975 (92%) are common shares and 12,810,260 (8%), preferred shares. At March 31, 2016, the Company held in treasury 2,376,100 shares, of which 24,000 are common shares and 2,352,100, preferred shares. In the same period, common shares were traded at R$ 2.46, and preferred shares, at R$ 3.11.

Events after the reporting period

On April 11, 2016, after the approval at the Board of Directors' Meeting held on April 8, 2016, the Company and its subsidiary Iraflor Comércio de Madeiras Ltda. entered into a Contract for Purchase and Sale of Standing Timber with Global Fund Reflorestamento e Exploração de Madeiras Ltda. ("Global"), through which the Company sold approximately 4,644 hectares of standing timber to Global, for the amount of R$ 55.5 million. Pursuant to the Contract, Global acquired the right to explore the Forests for 11 years. As a result of the transaction, Global and the Company also entered into a Service Agreement, through which the Company, in view of its extensive experience in this field, undertakes to provide to Global forest stewardship services related to the Forests. Global granted purchase options to Irani Participações S.A., the Company's parent, for acquisition of plots of the Forests. These options may be exercised annually over the next 11 (eleven) years, and plots of forests may be acquired during this period, directly by Irani Participações S.A. or through an associate, including the Company.

CELULOSE IRANI S.A.

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Celulose Irani S.A.
National Corporate Taxpayers' Registry (CNPJ) 92.791.243/0001-03
NOTES TO THE INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016
(All amounts in thousands of reais unless otherwise stated)

1. OPERATIONS

Celulose Irani S.A. ("Company") is a corporation listed on the São Paulo Futures, Commodities and Securities Exchange (BM&FBovespa S.A.), and headquartered at Rua General João Manoel, 157, 9th floor, in the city of Porto Alegre, State of Rio Grande do Sul, Brazil. The Company and its subsidiaries are mainly 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 interim financial statements was authorized by the Company's Board of Directors on April 20, 2016.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The parent company and consolidated interim financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and disclose all (and only) the applicable significant information related to interim financial statements, which is consistent with the information utilized by management in the performance of its duties.

The interim financial statements have been prepared under the historical cost convention, except for the biological assets measured at fair value and property, plant and equipment measured at deemed cost on the date of transition to IFRS/CPCs.

Notes to the Quarterly Information

3. SIGNIFICANT ACCOUNTING PRACTICES

a) Functional currency and translation of foreign currencies

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

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

b) Cash and cash equivalents

Cash and cash equivalents comprise cash, banks and highly liquid investments with a low risk of change in value and maturing in 90 days or less, which are held for the purpose of meeting short-term cash commitments. Cash and cash equivalents are classified in financial instruments as "loans and receivables."

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 considering the history of losses, and is recognized at an amount considered sufficient by the Company's management to cover expected losses on the collection of these receivables. Trade receivables are classified in financial instruments as "Loans and receivables."

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the Quarterly Information

e) Impairment of financial assets

The Company assesses, at each balance sheet date, whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognized only if there is objective evidence that one or more events have an impact on the estimated future cash flows of the financial asset or group of financial assets, which can be estimated reliably.

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 the conditions and/or the economy that indicate a reduction in estimated future cash flows of the portfolios of financial assets.

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

f) Inventories

Inventories are stated at the lower of average production or acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale.

g) Investments

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

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

Intercompany transactions, balances and unrealized gains on transactions between related parties are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of

impairment of the asset transferred. The accounting policies of the subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by the Company.

h) Investment properties

Depreciation is recognized based on the estimated useful life of each asset on the straight-line basis, to fully write off the cost less residual value of each asset over its expected useful life. The estimated useful life, residual values and depreciation methods are reviewed annually, and the effects of any changes in estimates are accounted for prospectively.

Income from rented investment properties is recognized in the statement of operations on the accrual basis of accounting.

Any gain or loss from the sale or write-off of an item recorded in investment properties is determined as the difference between the sales amount received and the carrying amount of the asset sold, and recognized in the statement of operations.

i) 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. These assets are classified in the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation begins when these assets become ready for their intended use and is calculated on the same basis as that of other property, plant and equipment items.

The Company calculates depreciation on the straight-line method, taking into consideration the estimated useful lives of the assets, based on expectations 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 goodwill, computer software licenses, trademarks and the customer portfolio.

Goodwill represents the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair value of the assets and liabilities of the acquiree. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated interim financial statements. If a gain on advantageous purchase is determined, the amount is

recorded as a gain in the statement of operations for the period, at the acquisition date. Goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination from which the goodwill arose, identified according to the operating segment.

Computer software licenses acquired 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 expensed as incurred.

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value, at the acquisition date. The Company's trademarks do not have a defined useful life and, therefore, are not amortized.

The customer portfolio acquired in a business combination is recognized at fair value on the acquisition date, and is accounted for at fair value less the accumulated amortization. Amortization is calculated on the straight-line basis, over the expected life of the relationship with the customer.

j) Biological assets

The Company's biological assets are represented mainly by pine forests, which are used in the production of packaging papers, 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 plant in the State of Santa Catarina and also in the State of Rio Grande do Sul, where they are used for the production of gum resin and sale of timber logs.

Biological assets are periodically measured at fair value less selling expenses, and the variation during each period is recognized in the statement of operations as a change in the fair value of biological assets. The measurement of the fair value of biological assets is based on certain assumptions, as disclosed in Note 15.

Notes to the Quarterly Information

k) Assessment of impairment of non-financial assets

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. The reviews conducted in 2015 did not indicate the need to recognize any impairment losses.

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

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

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

Deferred tax assets and liabilities are presented net in the balance sheet when there is a legally enforceable right and the intention to offset them upon the calculation of current taxes, generally when related to the same legal entity and the same tax authority.

m) Borrowings and debentures

Borrowings and debentures are stated at their original amounts, less the related transaction costs, when applicable, and adjusted based on indices established in the contracts entered into with the creditors. Interest is also calculated using the effective interest rate method, as well as the effects of foreign exchange rate changes, when applicable, through the balance sheet dates, as described in the notes to the financial statements.

Notes to the Quarterly Information

n) Hedge accounting

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of hedged items.

The changes in the hedging amounts, classified in "Carrying value adjustments" in equity, are shown in Note 21.

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

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

When a transaction is no longer expected to occur, the cumulative gain or loss that had been reported in equity is immediately transferred to the statement of operations for the period.

o) Leases

The Company as the lessee

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases and recorded in the statement of operations. The finance leases are recorded in the same manner as a financed purchase, recognizing a property, plant and equipment item and a financing liability (lease) at the beginning of the lease agreement. Property, plant and equipment items acquired under finance leases are depreciated at the rates disclosed in Note 14.

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

Notes to the Quarterly Information

The Company as the lessor

Lease income from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognized on a straight-line basis over the lease term.

p) 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, it is probable that an outflow of resources will be required to settle this obligation, and the amount can be reliably estimated. Provisions are recorded at amounts considered sufficient by management to cover probable losses, and are adjusted through the balance sheet date, based on the nature of each risk and the opinion of the Company's legal counsel.

q) Employee benefits

Profit sharing

The Company recognizes liabilities and expenses for profit sharing based on a methodology that takes into consideration the profit attributable to each of the operating segments. The provisions are recognized according to the terms of the agreement entered into between the Company and the employees' representatives, which are reviewed on an annual basis.

r) Significant accounting judgments, estimates and assumptions

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

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

Therefore, the interim financial statements contain a number of estimates, including, but not limited to, the determination of the useful lives of property, plant and equipment (Note 14), the realization of deferred tax assets (Note 11), the provision for impairment of trade receivables (Notes 6 and 10), the measurement of the fair value of biological assets (Note 15), the provision for tax, social security, civil and labor claims (Note 20), and the provision for impairment of assets.

Notes to the Quarterly Information

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

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

Although the Company has no tax incentive being judged by the STF, it has been following, together with its legal advisors, the evolution of this issue in the courts to assess possible impacts on its operations and consequent effects on the interim financial statements (Note 32).

s) Determination of the results of operations

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.

t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of products and services, less any expected returns, trade discounts and/or bonuses granted to the customer and other similar deductions. Revenue between the Company and its subsidiaries is eliminated from 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 products;
- 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 measured reliably.

Notes to the Quarterly Information

u) Government grants

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

v) Statement of value added

Brazilian Corporate Law requires the presentation of the parent company and consolidated statements of value added as an integral part of the interim financial statements. Under IFRS, the presentation of this statement is considered supplementary information, and not a required part of the set of financial statements. The purpose of this statement is to show the wealth created by the Company and its distribution during the reporting periods.

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 interim financial statements.

4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS

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

		Ownership interest - (%)	
Subsidiaries - direct ownership	Activity	3/31/2016	12/31/2015
Habitasul Florestal S.A.	Forest production	100.00	100.00
HGE - Geração de Energia Sustentável LTDA *	Power generation	100.00	100.00
Iraflor - Comércio de Madeiras LTDA	Timber sales	99.99	99.99
Irani Geração de Energia Sustentável LTDA *	Power generation	99.43	99.43

* currently reviewing wind power projects for implementation

The accounting practices of the subsidiaries are consistent with those adopted by the Company. Intercompany balances and investments and equity in the results of subsidiaries, as well as intercompany transactions and unrealized profits and/or losses, have been eliminated. The accounting information of the subsidiaries used for consolidation considers the same date as that of the Company's accounting information.

Notes to the Quarterly Information

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Fixed-income fund	29	29	30	32
Banks	2,106	3,275	2,297	3,499
Financial investments with immediate liquidity	36,650	76,775	38,424	122,201
	38,785	80,079	40,751	125,732

The financial investments with immediate liquidity in Bank Deposit Certificates (CDBs) earn an average of 99.88 % of the Interbank Deposit Certificate (CDI) interest rate and have a maturity of 90 days or less. These investments are held for the purpose of meeting short-term commitments.

6. TRADE RECEIVABLES

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Trade receivables:				
Trade receivables - domestic market	136,322	130,605	138,346	131,839
Trade receivables - foreign market	24,727	19,405	24,727	19,405
	161,049	150,010	163,073	151,244
Provision for impairment of trade receivables.	(14,858)	(14,733)	(15,515)	(15,390)
	146,191	135,277	147,558	135,854

At March 31, 2016, the amount of R$ 24,450 in consolidated trade receivables was overdue and not provided for. This balance relates to independent customers with no history of default.

The ageing analysis of trade receivables is as follows:

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Not yet due	122,148	116,233	123,108	116,709
Less than 30 days overdue	13,118	11,374	13,337	11,425
31 to 60 days overdue	5,340	3,662	5,424	3,666
61 to 90 days overdue	1,767	664	1,843	670
91 to 180 days overdue	1,340	2,059	1,360	2,059
More than 180 days overdue	17,336	16,018	18,001	16,715
	161,049	150,010	163,073	151,244

Notes to the Quarterly Information

The average credit term on the sale of products is 42 days. The Company recognizes a provision for impairment of trade receivables for balances past due for over 180 days, based on an analysis of the financial position of each debtor and past default experience. A provision for impairment of trade receivables is also recorded for balances past due for less than 180 days when these balances are considered as uncollectible, based on the financial position of each debtor.

The changes in the provisions were as follows:

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Balance at the beginning of the period	(14,733)	(13,836)	(15,390)	(14,494)
Provision for losses recognized	(125)	(897)	(125)	(897)
Amounts recovered in the period	-	-	-	1
Balance at the end of the period	(14,858)	(14,733)	(15,515)	(15,390)

A portion of the receivables, amounting to R$ 73,764, has been assigned as collateral for certain financing transactions, as disclosed in Notes 16 and 17.

The credit quality of financial assets that were neither past due nor impaired at March 31, 2016 was assessed with reference to historical information on default rates, as follows:

Quality of trade receivables

		Consolidated
Customer category	History - %	Amount receivable
a) Customers with no history of default	88.31	108,717
b) Customers with history of default of up to 7 days	9.11	11,215
c) Customers with history of default of more than 7 days	2.58	3,176
		123,108

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.

Notes to the Quarterly Information

7. INVENTORIES

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Finished products	5,925	10,265	5,925	10,265
Production materials	38,965	32,046	38,965	32,046
Consumable materials	21,717	21,494	21,815	21,594
Other inventories	544	3,601	544	3,601
	67,151	67,406	67,249	67,506
Write-down to net realizable value	(69)	(287)	(69)	(287)
	67,082	67,119	67,180	67,219

The cost of inventories recognized as an expense for the quarter totaled R$ 145,471 (R$ 129,713 in 1Q15) in the parent company and R$ 141,993 (R$ 127,933 in 1Q15) in the consolidated.

The cost of inventories recognized in the statement of operations in the first quarter of 2016 does not include a write-down to net realizable value. Management expects the remaining inventory items to be realized in less than 12 months.

8. TAXES RECOVERABLE

Taxes recoverable consist of the following:

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Value-added Tax on Sales and Services (ICMS)	6,085	7,282	6,085	7,282
Social Integration Program (PIS)/ Social Contribution on Revenues (COFINS)	240	894	240	894
Excise Tax (IPI)	142	101	142	101
Income tax	199	340	199	340
Social contribution	39	39	39	39
Withholding Income Tax (IRFF) on investments	3,346	3,655	3,652	3,655
	10,051	12,311	10,357	12,311
Current	7,096	9,245	7,402	9,245
Non-current	2,955	3,066	2,955	3,066

Notes to the Quarterly Information

ICMS credits are primarily comprised of credits generated on purchases of property, plant and equipment, which are recoverable in 48 consecutive monthly installments, as determined by the applicable tax legislation.

9. BANKS - RESTRICTED ACCOUNT

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Banco do Brasil - New York	26,735	19,722	26,735	19,722
Total current	26,735	19,722	26,735	19,722

The balances with Banco do Brasil - New York/ United States of America - are represented by amounts in U.S. dollars retained to guarantee the settlement of the quarterly installments of the export prepayment loan obtained from Credit Suisse Bank, referring to the installment falling due in May 2016. The contract, which deals with the retention realized on September 26, 2014, has been renegotiated and establishes that only the contractual interest will be due up to May 2017.

10. OTHER ASSETS

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Advances to suppliers	4,991	3,503	5,064	3,575
Receivables from employees	3,703	2,269	3,738	2,284
Renegotiations with customers	33,495	33,358	33,526	33,390
Prepaid expenses	1,089	1,513	1,089	1,513
Receivable from XKW Trading	4,873	4,697	4,873	4,697
Other receivables	1,405	1,559	1,431	1,587
	49,556	46,899	49,721	47,046
Provision for impairment of trade receivables under renegotiation	(4,049)	(4,049)	(4,049)	(4,049)
	45,507	42,850	45,672	42,997
Current	22,979	19,293	23,117	19,413
Non-current	22,528	23,557	22,555	23,584

Renegotiations with customers - refers to overdue trade receivables for which debt acknowledgment agreements have been formalized. The final maturity of the monthly installments will be in 2021, and the average interest rate is 1% to 2% per month, recognized in the statement of operations upon receipt. Some agreements contain clauses that require the provision of machinery, equipment and properties as collateral for the renegotiated debt amount.

Notes to the Quarterly Information

The Company assesses the customers with balances under renegotiation and, when applicable, records a provision for impairment of the amount of the renegotiated debts, as shown below:

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Balance at the beginning of the period	(4,049)	(2,043)	(4,049)	(2,043)
Provision for losses recognized	-	(2,006)	-	(2,006)
Balance at the end of the period	(4,049)	(4,049)	(4,049)	(4,049)

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

Receivables from XKW Trading Ltda. - refer to the sale of the former subsidiary Meu Móvel de Madeira Ltda. on December 20, 2012, in annual installments with final maturity in 2017.

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

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

In 2016 and 2015, the Company computed income tax and social contribution on foreign exchange variations on a cash basis, and recorded a deferred tax liability related to unrealized foreign exchange variations.

Deferred tax liabilities were recognized based on the fair value of biological assets and the deemed cost of property, plant and equipment.

The initial tax impacts on the deemed cost of property, plant and equipment were recognized with a corresponding entry to equity.

Notes to the Quarterly Information

ASSETS	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Deferred income tax assets				
On temporary provisions	4,639	7,159	4,639	7,159
On tax losses	21,402	11,793	21,402	11,793
Cash flow hedges	43,482	54,922	43,482	54,922
Deferred social contribution assets				
On temporary provisions	1,677	2,577	1,677	2,577
On tax losses	7,706	4,246	7,706	4,246
Cash flow hedges	15,654	19,772	15,654	19,772
	94,560	100,469	94,560	100,469

LIABILITIES	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Deferred income tax liabilities				
Unrealized foreign exchange gains taxed on a cash basis	3,538	1,922	3,538	1,922
Fair value of biological assets	37,678	37,565	39,414	39,251
Deemed cost of property, plant and equipment	122,656	122,764	130,255	130,363
Government grants	943	949	943	949
Customer portfolio	1,128	1,177	1,128	1,177
Amortization of goodwill for tax purposes	8,386	7,487	8,386	7,487
Deferred social contribution liabilities				
Unrealized foreign exchange gains taxed on a cash basis	1,274	692	1,274	692
Fair value of biological assets	13,564	13,523	14,501	14,434
Deemed cost of property, plant and equipment	44,156	44,195	46,893	46,930
Government grants	340	342	340	342
Customer portfolio	406	424	406	424
Amortization of goodwill for tax purposes	3,019	2,695	3,019	2,695
	237,088	233,735	250,097	246,666
Deferred tax liabilities, net	142,528	133,266	155,537	146,197

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

Deferred tax liabilities, net	Consolidated
Year	3/31/2016
2016	8,503
2017	9,354
2018	10,289
2019	11,085
2020 onward	116,306
	155,537

Notes to the Quarterly Information

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

Parent Assets	Opening balance 12/31/2015	Recognized in profit or loss	Recognized in equity	Closing balance 3/31/2016
Deferred tax assets related to:				
Provision for profit sharing	(3,752)	2,122	-	(1,630)
Provision for sundry risks	(5,984)	1,298	-	(4,686)
Cash flow hedges	(74,694)	-	15,558	(59,136)
Other	-	-	-	-
Total temporary differences	(84,430)	3,420	15,558	(65,452)
Tax losses	(16,039)	(13,069)	-	(29,108)
	(100,469)	(9,649)	15,558	(94,560)

Consolidated Assets	Opening balance 12/31/2015	Recognized in profit or loss	Recognized in equity	Closing balance 3/31/2016
Deferred tax assets related to:				
Provision for profit sharing	(3,752)	2,122	-	(1,630)
Provision for sundry risks	(5,984)	1,298	-	(4,686)
Cash flow hedges	(74,694)	-	15,558	(59,136)
Other	-	-	-	-
Total temporary differences	(84,430)	3,420	15,558	(65,452)
Tax losses	(16,039)	(13,069)	-	(29,108)
	(100,469)	(9,649)	15,558	(94,560)

Parent Liabilities	Opening balance 12/31/2015	Recognized in profit or loss	Closing balance 3/31/2016
Deferred tax liabilities related to:			
Foreign exchange variation taxed on the cash basis	2,614	2,198	4,812
Fair value of biological assets	51,088	154	51,242
Deemed cost and review of useful lives	166,959	(147)	166,812
Government grants	1,291	(8)	1,283
Customer portfolio	1,601	(67)	1,534
Amortization of goodwill for tax purposes	10,182	1,223	11,405
	233,735	3,353	237,088

Notes to the Quarterly Information

Consolidated Liabilities	Opening balance 12/31/2015	Recognized in profit or loss	Closing balance 3/31/2016
Deferred tax liabilities related to:			
Foreign exchange variation taxed on the cash basis	2,614	2,198	4,812
Fair value of biological assets	53,685	230	53,915
Deemed cost and useful life review	177,293	(145)	177,148
Government grants	1,291	(8)	1,283
Customer portfolio	1,601	(67)	1,534
Amortization of goodwill for tax purposes	10,182	1,223	11,405
	246,666	3,431	250,097

12. INVESTMENTS

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Geração de Energia	Total
At December 31, 2014	131,913	112,335	540	386	245,174
Equity in the results of subsidiaries	(6,575)	3,897	(71)	(128)	(2,877)
Proposed dividends	(15,734)	(522)	-	-	(16,256)
Capital increase	-	25,118	-	-	25,118
Advances for future capital increase	20,978	-	94	-	21,072
At December 31, 2015	130,582	140,828	563	258	272,231
Equity in the results of subsidiaries	3,565	5,810	(2)	(24)	9,349
Capital reduction	-	(43,797)	-		(43,797)
At March 31, 2016	134,147	102,841	561	234	237,783
Liabilities	17,308	797	-	7	
Equity	134,148	102,848	562	236	
Assets	151,456	103,645	562	243	
Net revenue	4,543	8,468	-	-	
Profit (loss) for the period	3,565	5,810	(2)	(25)	
Ownership interest - %	100.00	99.99	100.00	99.43	

At the subsidiary Habitasul Florestal S.A., the dividends approved related to 2015, of R$ 15,734, were paid in cash.

During 2015, the Company made an advance for future capital increase in the subsidiary Habitasul Florestal S.A. in the amount of R$ 20,978.

In 2015, Iraflor Comércio de Madeiras Ltda. received a capital contribution from its parent company Celulose Irani S.A., amounting to R$ 25,118, which was paid up through the transfer of forest assets.

Notes to the Quarterly Information

At the subsidiary Iraflor Comércio de Madeiras Ltda., the dividends approved related to 2015, of R$ 522, were paid in cash.

On March 10, 2016, the partners decided to reduce the capital of the subsidiary Iraflor Comércio de Madeiras Ltda., which was excessive in relation to the company's business purpose. The amount of R$ 43,797 was refunded to the parent company Celulose Irani S.A., in cash, with no changes to the partners' ownership interests.

13. INVESTMENT PROPERTIES

Parent

	Land	Buildings	Total
At December 31, 2015			
Opening balance	16,427	3,927	20,354
Additions	6,926	8,299	15,225
Disposals	(72)	-	(72)
Depreciation	-	(175)	(175)
Net book value	23,281	12,051	35,332
Cost	23,281	12,702	35,983
Accumulated depreciation	-	(651)	(651)
Net book value	23,281	12,051	35,332
At March 31, 2016			
Opening balance	23,281	12,051	35,332
Depreciation	-	(123)	(123)
Net book value	23,281	11,928	35,209
Cost	23,281	12,702	35,983
Accumulated depreciation	-	(774)	(774)
Net book value	23,281	11,928	35,209

Consolidated

	Land	Buildings	Total
At December 31, 2015			
Opening balance	160	3,927	4,087
Additions	6,926	8,299	15,225
Depreciation	-	(175)	(175)
Net book value	7,086	12,051	19,137
Cost	7,086	12,702	19,788
Accumulated depreciation	-	(651)	(651)
Net book value	7,086	12,051	19,137
At March 31, 2016			
Opening balance	7,086	12,051	19,137
Depreciation	-	(123)	(123)
Net book value	7,086	11,928	19,014
Cost	7,086	12,702	19,788
Accumulated depreciation	-	(774)	(774)
Net book value	7,086	11,928	19,014

Notes to the Quarterly Information

Land

Refers mainly to land held by the parent company for the future construction of wind farms in the State of Rio Grande do Sul, recognized at cost of acquisition. The project for the implementation of wind farms is currently in the evaluation phase, through the subsidiary Irani Geração de Energia Sustentável Ltda.

At the meeting held on December 18, 2015, the Board of Directors approved the purchase of land where the headquarters of Koch Metalúrgica S.A. are located, for R$ 6,926. The land, in the municipality of Cachoeirinha, State of Rio Grande do Sul, has a total area of 67,957 m² and will be possibly used for the implementation of a packaging plant in the future.

Buildings

Refer to the buildings located in Rio Negrinho, State of Santa Catarina, with a constructed area of 25,271 m², which are rented to companies in the region, and are recorded at net book value on the balance sheet date.

Investment properties now include the buildings purchased together with the land where the headquarters of Koch Metalúrgica S.A. are located, with a constructed area of 16,339 m² and amounting to R$ 8,229.

The rental income from investment properties is recognized in the statement of operations.

The investment properties are stated at historical cost, and for disclosure purposes, the Company assessed the fair value less cost to sell of these properties at R$ 53,312 (parent company) and R$ 37,118 (consolidated). The appraisals were conducted by independent experts, who applied market evidences related to prices for recent transactions with similar properties.

Notes to the Quarterly Information

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Breakdown of property, plant and equipment

Parent	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Assets under finance lease	Leasehold improvements	Total
At December 31, 2015									
Opening balance	183,028	152,122	419,467	3,031	5,719	19,525	9,152	12,099	804,143
Additions	-	580	7,943	539	761	33,675	-	-	43,498
Disposals	(1)	-	(518)	-	(24)	(15)	(90)	-	(648)
Transfers	-	6,521	16,360	33	872	(23,786)	-	-	-
Depreciation	-	(2,176)	(48,977)	(696)	(2,132)	-	(2,845)	(640)	(57,466)
Net book value	183,027	157,047	394,275	2,907	5,196	29,399	6,217	11,459	789,527
Cost	183,027	208,439	785,015	5,532	14,066	29,399	28,481	16,061	1,270,020
Accumulated depreciation	-	(51,392)	(390,740)	(2,625)	(8,870)	-	(22,264)	(4,602)	(480,493)
Net book value	183,027	157,047	394,275	2,907	5,196	29,399	6,217	11,459	789,527
At March 31, 2016									
Opening balance	183,027	157,047	394,275	2,907	5,196	29,399	6,217	11,459	789,527
Additions	-	-	1,785	230	168	11,869	-	-	14,052
Disposals	-	-	(811)	-	(37)	(901)	(24)	-	(1,773)
Transfers	-	696	17,043	-	24	(17,763)	-	-	-
Depreciation	-	(577)	(12,769)	(191)	(464)	-	(598)	(155)	(14,754)
Net book value	183,027	157,166	399,523	2,946	4,887	22,604	5,595	11,304	787,052
Cost	183,027	209,135	803,032	5,762	14,221	22,604	28,457	16,061	1,282,298
Accumulated depreciation	-	(51,969)	(403,509)	(2,816)	(9,334)	-	(22,862)	(4,757)	(495,246)
Net book value	183,027	157,166	399,523	2,946	4,887	22,604	5,595	11,304	787,052

Notes to the Quarterly Information

Consolidated	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Assets under finance lease	Leasehold improvements	Total
At December 31, 2015									
Opening balance	251,399	153,969	419,485	3,294	6,088	19,972	9,166	12,099	875,472
Additions	57	580	7,962	725	773	33,228	-	-	43,325
Disposals	(1)	-	(518)	-	(24)	(15)	(90)	-	(648)
Transfers	-	6,521	16,360	33	872	(23,786)	-	-	-
Depreciation	-	(2,359)	(48,933)	(715)	(2,239)	-	(2,853)	(640)	(57,739)
Net book value	251,455	158,711	394,356	3,337	5,470	29,399	6,223	11,459	860,410
Cost	251,455	212,941	785,110	6,090	16,125	29,399	28,522	16,061	1,345,703
Accumulated depreciation	-	(54,230)	(390,754)	(2,753)	(10,655)	-	(22,299)	(4,602)	(485,293)
Net book value	251,455	158,711	394,356	3,337	5,470	29,399	6,223	11,459	860,410
At March 31, 2016									
Opening balance	251,455	158,711	394,356	3,337	5,470	29,399	6,223	11,459	860,410
Additions	-	-	1,789	230	173	11,869	-	-	14,061
Disposals	-	-	(811)	-	(37)	(901)	(24)	-	(1,773)
Transfers	-	696	17,043	-	24	(17,763)	-	-	-
Depreciation	-	(622)	(12,772)	(217)	(471)	-	(600)	(155)	(14,837)
Net book value	251,455	158,785	399,605	3,350	5,159	22,604	5,599	11,304	857,861
Cost	251,455	213,637	803,131	6,320	16,285	22,604	28,498	16,061	1,357,990
Accumulated depreciation	-	(54,852)	(403,526)	(2,970)	(11,126)	-	(22,899)	(4,757)	(500,129)
Net book value	251,455	158,785	399,605	3,350	5,159	22,604	5,599	11,304	857,861

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

Report on review of quarterly information - without exception

b) Breakdown of intangible assets

Parent	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2015					
Opening balance	1,473	104,380	5,502	921	112,276
Additions	-	-	-	970	970
Disposals	(1,473)	-	-	(84)	(1,557)
Amortization	-	-	(792)	(411)	(1,203)
Net book value	-	104,380	4,710	1,396	110,486
Cost	-	104,380	5,502	8,547	118,429
Accumulated amortization	-	-	(792)	(7,151)	(7,943)
Net book value	-	104,380	4,710	1,396	110,486
At March 31, 2016					
Opening balance	-	104,380	4,710	1,396	110,486
Additions	-	-	-	15	15
Amortization	-	-	(198)	(114)	(312)
Net book value	-	104,380	4,512	1,297	110,189
Cost	-	104,380	5,502	8,562	118,444
Accumulated amortization	-	-	(990)	(7,265)	(8,255)
Net book value	-	104,380	4,512	1,297	110,189

Consolidated	Trademarks	*Goodwill*	Customer portfolio	*Software*	Total
At December 31, 2015					
Opening balance	1,473	104,380	5,502	1,456	112,811
Additions	-	-	-	970	970
Disposals	(1,473)	-	-	(84)	(1,557)
Amortization	-	-	(792)	(411)	(1,203)
Net book value	-	104,380	4,710	1,931	111,021
Cost	-	104,380	7,081	7,507	118,968
Accumulated amortization	-	-	(2,371)	(5,576)	(7,947)
Net book value	-	104,380	4,710	1,931	111,021
At March 31, 2016					
Opening balance	-	104,380	4,710	1,931	111,021
Additions	-	-	-	15	15
Amortization	-	-	(198)	(114)	(312)
Net book value	-	104,380	4,512	1,832	110,724
Cost	-	104,380	7,081	7,522	118,983
Accumulated amortization	-	-	(2,569)	(5,690)	(8,259)
Net book value	-	104,380	4,512	1,832	110,724

Notes to the Quarterly Information

c) Depreciation/amortization method

The table below shows the annual depreciation/amortization rates based on the economic useful lives of the assets. The rates are presented at the annual weighted average.

	Rate - %	
	3/31/2016	12/31/2015
Buildings and constructions *	2.19	2.19
Equipment and facilities **	5.86	5.86
Furniture, fittings and IT equipment	5.71	5.71
Vehicles and tractors	20.00	20.00
Software	20.00	20.00
Customer portfolio	11.11	11.11

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

d) Other information

Construction in progress refers to works for improvement and maintenance of the Company's production process, among which the new scanner MP - VII in the Santa Luzia Paper unit (MG) should be highlighted. The new scanner, which has the purpose of improving quality, will be concluded in 2016.

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

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

The depreciation of property, plant and equipment in the first quarters of 2016 and 2015 was as follows:

Notes to the Quarterly Information

	Parent		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Used in administrative activities	352	318	435	377
Used in production	14,402	13,648	14,402	13,648
	14,754	13,966	14,837	14,025

The amortization of intangible assets in 1Q16 and 1Q15 was as follows:

	Parent		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Used in administrative activities	265	349	265	348
Used in production	47	62	47	62
	312	411	312	410

e) Impairment of property, plant and equipment

No indicators of impairment were identified in the first quarter of 2016 that could affect the realizable values of the assets of the Company and its subsidiaries.

f) Assets pledged as collateral

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

	3/31/2016
Equipment and facilities	111,875
Buildings and constructions	40,680
Land	229,088
Total PP&E pledged as collateral	381,643

g) Trademark

The trademark acquired through business combination was recognized at the fair value of R$ 1,473 at the acquisition date. In 2015, the brand was discontinued and derecognized.

h) Customer portfolio

The customer portfolio acquired in the business combination is recognized at the fair value of R$ 6,617, and the amortization in the first quarter of 2016 amounted to R$ 198 (R$ 196 in the first quarter of 2015), resulting in a net carrying amount of R$ 4,512. Amortization is calculated on the straight-line basis, over the expected life of the relationship with the customer.

i) Goodwill

The goodwill arising from the business combination with São Roberto S.A., recognized at R$ 104,380, is attributable to the expectation of future profitability.

Impairment tests for intangible assets:

At December 31, 2015, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash flow method for the Cash-generating Unit (CGU). The recoverable value of the CGU was based on the expected future profitability. These calculations utilize cash flow projections based on financial budgets approved by management, covering a six-year period and extrapolating to perpetuity in the other periods, based on estimated growth rates. The test was not realized at March 31, 2016, since it is performed annually.

The cash flows were discounted to present value through the application of a rate determined by the Weighted Average Cost of Capital (WACC), which was calculated through the Capital Asset Pricing Model method, considering a number of components of borrowings, debt and own capital utilized by the Company to finance its activities.

The main data utilized for the calculation of the discounted cash flow is presented below:

	Assumptions
Average sales prices of Paper for Packaging and Corrugated Cardboard Packaging (% of the annual growth rate)	5.5%
Gross margin (% of net revenue)	29.3%
Estimated growth rate	5.0%
Discount rate (WACC)	9.56%

The impairment test of the cash generating units did not identify the need for recognizing loss in the year.

Management believes that future changes in the sale price net of taxes may change the recoverable value of the CGU. For sensitivity calculation purposes, we understand that, even if the net selling price of the products falls by 5% over the next six years of the discounted cash flow projections, the recoverable value will still remain higher than the value in use.

15. BIOLOGICAL ASSETS

The Company's biological assets mainly comprise the planting and cultivation of pine trees to supply raw materials for the production of pulp used in the packaging paper production process, production of resins and sales of timber logs to third parties. All of the Company's biological assets form a single group named "forests", measured together at fair value on a quarterly basis. Because the harvesting of the forests planted is carried out based on the consumption of raw materials and timber sales, and also considering that all areas are replanted, the fair values 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 forests and the fair value difference in relation to the cost of formation. Consequently, the balance of biological assets as a whole is recorded at fair value as follows:

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Expenses incurred with formation of biological assets	39,571	38,599	59,703	58,727
Difference in the fair value of biological assets	56,276	54,271	204,521	202,832
	95,847	92,870	264,224	261,559

Of the total biological assets, R$ 173,316 refers to forests used as raw material for the production of pulp and paper, which are located nearby the pulp and paper plant in Vargem Bonita, State of Santa Catarina, where they are consumed. Of this amount, R$ 131,622 refers to mature forests, which are more than six years old. The remaining amount refers to growing forests, which still require forestry treatments.

The forests are harvested mainly based on the consumption of raw materials for pulp and paper production, and are replanted as soon as harvested, creating a renovation cycle that meets the plant's production demand.

The biological assets utilized for the production of resins and sale of timber logs totaled R$ 90,908 and are located on the coast of the State of Rio Grande do Sul. The resin is extracted based on the

capacity of the existing forest to generate this product, and the trees for sale of logs are extracted based on the demand for wood in the region.

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

The Company recognizes its biological assets at fair value based on the following assumptions:

(i) The methodology used to measure the fair value of biological assets corresponds to the projection of future cash flows, in accordance with the projected productivity of the forests in the cutting cycles, which are determined based on the optimization of production, considering the price changes and the growth of biological assets.

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

(iii) The projected productivity volumes of the forests are defined based on stratification, according to the type of species, inputs for production planning, as well as the age, productive potential and production cycle of the forests. This projected volume corresponds to the Average Annual Increase (IMA). Forest management alternatives are created to establish the optimum long-term production flow which is ideal to maximize the yield of the forests.

(iv) The prices adopted for biological assets are those practiced in the last three years, based on market research in the regions where the assets are located. Prices are calculated in R$/cubic meter, taking into consideration the costs incurred to bring the assets to a condition that enables their sale or consumption.

(v) Expenditure on planting corresponds to the costs incurred by the Company in the development of biological assets.

(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 on a quarterly basis, which is an interval considered sufficient to prevent any disparity in the fair value balance of the biological assets recorded in the interim financial statements.

	Consolidated		
	3/31/2016	12/31/2015	Impact on fair value of biological assets
Planted area (in hectares)	23,909	23,909	Assumption increases, fair value increases
Remuneration of the Company's own contributing assets - %	3.00%	3.00%	Assumption increases, fair value decreases
Discount rate - Own areas - %	9.50%	9.50%	Assumption increases, fair value decreases
Discount rate - Partnerships - %	10.00%	10.00%	Assumption increases, fair value decreases
Net average selling price (m³)	47.00	46.00	Assumption increases, fair value increases
Average annual increase - Forests in Santa Catarina (*)	39.4	39.4	Assumption increases, fair value increases
Average annual increase - Forests in Rio Grande do Sul (*)	22.3	22.3	Assumption increases, fair value increases

* The Average Annual Increase (IMA) of the Pine Forests in the States of Rio Grande do Sul and Santa Catarina is different because of the specific forest stewardship, species, soil and climatic conditions of each State. The forests in Santa Catarina are handled aiming at their use for pulp production, while the forests of Rio Grande do Sul are handled for extraction of gum resin and subsequent sale of timber logs.

Notes to the Quarterly Information

During the period, the Company validated the assumptions and criteria used to determine the fair value of its biological assets, and performed the valuation of all its biological assets.

In the first quarter of 2016, no other events had a negative impact on the valuation of the biological assets, such as rainstorms, lightning or other events that could affect the forests.

In accordance with the fair value measurement hierarchy, the calculation of biological assets is classified as Level 3 due to its complexity and structure.

Main changes

The changes in the period were as follows:

	Parent	Consolidated
At 12/31/2014	101,114	281,621
Planting	4,719	6,662
Acquisition of forests	-	305
Depletion		
Historical cost	(779)	(3,635)
Fair value	(815)	(16,944)
Transfer for capitalization in the subsidiary Iraflor	(25,118)	-
Changes in fair value	13,749	(6,450)
At 12/31/2015	92,870	261,559
Planting	1,265	1,754
Depletion		
Historical cost	-	(485)
Fair value	-	(3,509)
Changes in fair value	1,712	4,905
At 3/31/2016	95,847	264,224

The depletion of biological assets in the first quarter of 2016 and in the first quarter of 2015 was mainly charged to production cost, after an initial allocation to inventory, when forests were harvested, and the subsequent utilization in the production process or sale to third parties.

In 2015, a transfer of new biological assets, amounting to R$ 25,118, was authorized. The purpose of this transaction was to improve the management of forest assets and the raising of funds through Agribusiness Credit Right Certificates (CDCA), as mentioned in Note 16.

Notes to the Quarterly Information

b) Biological assets pledged as collateral

Part of the biological assets of the Company and its subsidiaries, totaling R$ 87,030, is pledged as collateral for financing transactions. The pledged assets represent approximately 33% of the total biological assets, equivalent to 15.9 thousand hectares of land in use, and approximately 6.8 thousand hectares of planted forests.

c) Production on third-party land

The Company has entered into non-cancellable lease agreements for production of biological assets on third-party land, called partnerships. These agreements are effective until all forests planted in these areas are harvested, over a cycle of approximately 15 years. The amount of biological assets on third-party land accounts for approximately 10% of the total area with the Company's biological assets.

Notes to the Quarterly Information

16. BORROWINGS

a) Breakdown of accounting balances

		Parent and Consolidated	
		3/31/2016	12/31/2015
Current	**Annual charges - %**		
Local currency			
FINAME	Fixed at 3.45% and TJLP + 4.05%	7,234	7,521
Working capital	Fixed at 8.16%; CDI + 3.93% and TJLP + 6.00%	46,583	52,815
Working capital - CDCA	IPCA + 10.22%	23,707	21,910
Finance leases	Fixed at 15.66%	306	443
BNDES	TJLP + 3.60%	6,210	13,737
Total in local currency		84,040	96,426
Foreign currency			
Advances on foreign exchange contracts	Fixed at 3.80% and 6.00%	22,511	34,174
Banco Itaú BBA - CCE	Fixed at 5.80%	18,152	19,509
Banco Santander PPE	Libor + 5.50%	4,197	4,392
Banco do Brasil - FINIMP	Libor + 2.50%	-	195
Banco Citibank - FINIMP	Libor + 4.09%	311	915
Banco Rabobank and Santander PPE	Libor + 5.95%	47,030	38,683
Banco LBBW - FINIMP	Euribor + 1.55%	1,299	1,326
Total in foreign currency		93,500	99,194
Total current		177,540	195,620
Non-current			
Local currency			
FINAME	Fixed at 3.45% and TJLP + 4.05%	11,761	13,287
Working capital	Fixed at 8.16%; CDI + 3.93% and TJLP + 6.00%	151,242	183,207
Working capital - CDCA	IPCA + 10.22%	20,704	20,008
Finance lease	Fixed at 15.66%	99	114
BNDES	TJLP + 3.60%	46,169	39,743
Total in local currency		229,975	256,359
Foreign currency			
Banco Credit Suisse - PPE	Libor + 7,50%	139,566	153,052
Banco Itaú BBA - CCE	Fixed at 5.80%	19,834	9,537
Banco Santander PPE	Libor + 5.50%	7,875	8,640
Banco Rabobank and Santander PPE	Libor + 5.95%	200,628	233,138
Banco LBBW - FINIMP	Euribor + 1.55%	4,823	5,035
Total in foreign currency		372,726	409,402
Total non-current		602,701	665,761
Total		780,241	861,381

	Parent and Consolidated	
Long-term maturities:	3/31/2016	12/31/2015
2017	167,850	209,915
2018	172,257	180,339
2019	143,672	151,993
2020 to 2024	118,922	123,514
	602,701	665,761

Notes to the Quarterly Information

b) Schedule for amortization of funding costs

	Parent and Consolidated						
	2016	2017	2018	2019	2020	2021	Total
In local currency							
Working capital	(505)	(574)	(339)	(119)	(33)	-	(1,570)
Working capital - CDCA	(209)	(108)	-	-	-	-	(317)
Total in local currency	(714)	(682)	(339)	(119)	(33)	-	(1,887)
In foreign currency							
Banco Credit Suisse - PPE	(801)	(1,086)	(831)	(396)	(21)	-	(3,135)
Banco Itaú BBA - CCE	(18)	(4)	-	-	-	-	(22)
Banco Rabobank and Santander PPE	(315)	(385)	(311)	(233)	(150)	(70)	(1,464)
Banco LBBW - FINIMP	(104)	(81)	(15)	-	-	-	(200)
Total in foreign currency	(1,238)	(1,556)	(1,157)	(629)	(171)	(70)	(4,821)
	(1,952)	(2,238)	(1,496)	(748)	(204)	(70)	(6,708)

c) Significant operations contracted in the period

i) Advance on Foreign Exchange Contracts (ACC) amounting to US$ 3 million (equivalent to R$ 12,330 on the contract date), maturing up to January 2017, subject to fixed interest rate of 6% p.a.

d) Collateral

Collateral for borrowings include sureties of the controlling companies and/or mortgages or statutory liens on land, buildings, machinery and equipment, biological assets (forests), commercial pledges and assignments of receivables, amounting to approximately R$ 265,265. Other transactions have specific guarantees, as follows:

i) For working capital - Agribusiness Credit Rights Certificate (CDCA) - the Company provided secured guarantees of approximately R$ 40,725, as follows:

- Assignment of credit rights relating to Rural Producer Notes (CPRs) in favor of the creditor;
- Mortgages on some of the Company's properties, with a total area of 3,263 hectares, in favor of the banks;
- Statutory lien on pine and eucalyptus forests existing in the mortgaged properties owned by the Issuer.

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

ii) For the Export Prepayment (PPE) financing from Banco Rabobank and Santander, land and forests amounting to R$ 116,008 were pledged as collateral.

e) Restrictive Financial Covenants:

Certain financing agreements with financial institutions have restrictive covenants requiring the maintenance of financial ratios, calculated based on the consolidated financial statements, as shown below:

i) Working capital - CDCA
ii) Banco Itaú BBA - CCE
iii) Banco Santander Brasil - PPE
iv) Banco Rabobank and Santander - PPE
v) Banco Rabobank - CCE

Restrictive financial covenants were determined requiring compliance with certain financial ratios, on annual bases. Non-compliance may trigger the accelerated maturity of the debt.

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

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

c) The ratio between EBITDA and net revenue over the last 12 months must not be lower than 17% for the years ended from December 31, 2013.

At March 31, 2016, there was no need to measure these financial ratios, as they are measured annually.

vi) Banco Credit Suisse - PPE

a) Net debt/EBITDA ratio of (i) 3.00 times for the quarters ended between June 30, 2012 and September 30, 2013; (ii) 3.65 times for the quarter ended December 31, 2013; (iii) 3.75 times for the quarters ended March 31, 2014 and June 30, 2014; (iv) 4.50 times for the quarter ended September 30, 2014; (v) 3.25 times for the quarter ended December 31, 2014; (vi) 4.25 times for the quarters ended between March 31, 2015 and September 30, 2015; (vii) 3.00 times for

the quarters ended from December 31, 2015; (viii) 4.50 times for the quarters ended between March 31, 2016 and December 31, 2016; (ix) 4.25 times for the quarters ended between March 31, 2017 and September 30, 2017; and (x) 3.00 times for the quarters ended from December 31, 2017.

b) EBITDA/net finance costs ratio of 2.00 times for the quarters ended from June 30, 2012 to 2021.

At March 31, 2016, the Company complied with all the financial ratios agreed upon with Banco Credit Suisse.

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

17. DEBENTURES

a) Breakdown of accounting balances

	Date of		Parent and Consolidated	
Current	**issue**	**Annual charges %**	3/31/2016	12/31/2015
In local currency				
Simple debentures	11/30/2012	CDI + 2.75%	13,142	12,163
Simple debentures	5/20/2013	CDI + 2.75%	15,295	9,085
Total current			28,437	21,248
Non-current				
In local currency				
Simple debentures	11/30/2012	CDI + 2.75%	11,937	11,913
Simple debentures	5/20/2013	CDI + 2.75%	23,274	27,878
Total non-current			35,211	39,791
Total			63,648	61,039

	Parent and Consolidated	
Long-term maturities:	3/31/2016	12/31/2015
2017	30,508	30,656
2018	4,703	9,135
	35,211	39,791

Notes to the Quarterly Information

The debentures issued by the Company are not convertible into shares.

b) Schedule for amortization of funding costs

	Date of issue	2016	2017	2018
In local currency				
Simple debentures	11/30/2012	(152)	(63)	-
Simple debentures	5/20/2013	(425)	(245)	(33)
Total in local currency		(577)	(308)	(33)

c) Collateral

i) The debentures issued on November 30, 2012 have secured guarantees totaling R$ 56,887, as follows:

- Statutory lien on pieces of land owned by Celulose Irani in favor of the Trustee, in conformity with the terms and conditions set out in the Private Instrument of Assignment of Real Estate of Irani and other Covenants, amounting to R$ 10,263 (first degree) and R$ 32,079 (second degree).
- Agricultural pledge of certain forest assets owned by Celulose Irani in favor of the Trustee, in conformity with the terms and conditions of the Private Instrument of Agricultural Pledge and Other Covenants.
- Assignment of credit rights held by Celulose Irani in favor of the Trustee, equivalent to 25% of the outstanding principal balance of the Debentures;

ii) The Debentures issued on May 20, 2013 have secured and fiduciary guarantees in favor of the Trustee, consisting of the following Company's assets and rights, amounting to R$ 49,942:

- Statutory lien on real estate in favor of the Trustee;
- Statutory lien on industrial equipment of the Paper Plant located in Santa Luzia, State of Minas Gerais;
- Assignment of 25% of the outstanding principal balance of receivables over the life of the debentures.

d) Restrictive Financial Covenants:

Simple debentures issued on November 30, 2012 and May 20, 2013 have restrictive covenants that are verified on an annual basis, as presented below:

a) The ratio between net debt and EBITDA over the last 12 months must not exceed: 3.50 times for the year ended December 31, 2012; 3.65 times for the year ended December 31, 2013; 3.25 times for the year ended December 31, 2014; and 3.00 times from the year ended December 31, 2015.

b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00 times for the years ended from December 31, 2012.

At March 31, 2016, there was no need to measure these financial ratios, as they are measured annually.

18. TRADE PAYABLES

Payables to suppliers are as follows:

	Parent		Consolidated	
CURRENT	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Domestic suppliers				
Materials	48,010	48,539	46,911	48,176
Service providers	7,471	6,143	7,586	6,305
Carriers	11,617	14,019	11,619	14,028
Related parties	27,083	16,466	-	-
Other	1,266	520	1,266	520
Foreign suppliers				
Materials	560	1,106	560	1,106
	96,007	86,793	67,942	70,135

Notes to the Quarterly Information

19. RELATED PARTIES

Parent	Receivables		Payables	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Habitasul Florestal S.A.	-	-	5,085	745
Management	1,169	1,154	-	-
Iraflor - Com. de Madeiras Ltda	-	-	23,284	15,721
Management compensation	-	-	736	716
Management profit sharing	-	-	9,236	17,780
Habitasul Desenvolvimentos Imobiliarios	54	54	-	-
Irani Geração de Energia Sustentável LTDA	-	-	3	23
Koch Metalúrgica S.A.	152	-	-	4,786
Total	1,375	1,208	38,344	39,771
Current	206	54	38,344	39,771
Non-current	1,169	1,154	-	-

Parent	Income		Expenses	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Habitasul Florestal S.A.	-	-	3,506	1,868
Iraflor - Com. de Madeiras Ltda	-	-	6,814	5,374
Druck, Mallmann, Oliveira & Advogados Associados	-	-	67	61
MCFD Administração de Imóveis Ltda	-	-	309	279
Irani Participações S/A	-	-	120	120
Habitasul Desenvolvimentos Imobiliarios	-	-	59	31
Koch Metalúrgica S.A.	457	11	-	-
Management compensation	-	-	1,907	2,023
Total	457	11	12,782	9,756

Consolidated	Receivables		Payables	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Habitasul Desenvolvimentos Imobiliarios	54	54	-	-
Koch Metalúrgica S.A.	152	-	-	4,786
Management compensation	-	-	736	716
Management	1,169	1,154	-	-
Management profit sharing	-	-	9,236	17,780
Total	1,375	1,208	9,972	23,282
Current	206	54	9,972	23,282
Non-current	1,169	1,154	-	-

Notes to the Quarterly Information

Consolidated	Income		Expenses	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Irani Participações S/A	-	-	120	120
Druck, Mallmann, Oliveira & Advogados Associados	-	-	67	61
MCFD Administração de Imóveis Ltda	-	-	309	279
Management remuneration	-	-	1,924	2,036
Habitasul Desenvolvimentos Imobiliarios	-	-	59	31
Koch Metalúrgica S.A.	457	11	-	-
Total	457	11	2,479	2,527

The receivables from/payables to the subsidiaries Habitasul Florestal S.A. and Iraflor Comércio de Madeiras Ltda. refer to commercial transactions, as well as the acquisition of raw materials and supply of products. The transactions were carried out in accordance with the respective market conditions and prices.

Receivables from Management refer to loans granted by the Company to its officers, which will be settled during 2016.

The amount payable to MCFD Administração de Imóveis Ltda. is equivalent to 50% of the monthly rental of the Packaging Plant in Indaiatuba (SP), in accordance with an agreement signed on December 26, 2006 and effective for 20 years, with the possibility of renewal. The monthly amount being paid to the related party is R$ 113. The total contracted monthly rental is R$ 227, adjusted annually based on the variation of the General Market Price Index (IGPM) disclosed by the Getúlio Vargas Foundation.

The debt to Koch Metalúrgica S.A. refers to the acquisition of property, as disclosed in Note 13.

Management remuneration expenses, excluding payroll charges, totaled R$ 1,924 at March 31, 2016 (R$ 2,036 at March 31, 2015). The total management remuneration, in the maximum amount of R$ 11,000, was approved at the Annual General Meeting held on April 20, 2016.

20. PROVISION FOR CIVIL, LABOR AND TAX CONTINGENCIES

The Company and its subsidiaries are parties to tax, civil and labor lawsuits and administrative proceedings of a tax nature. Management, supported by the opinion of its attorneys and legal counsel, believes that the balance of the provision for civil, labor and tax contingencies is sufficient to cover probable losses.

Notes to the Quarterly Information

Breakdown of the balance of the provision:

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Civil contingencies	1,260	1,260	1,260	1,260
Labor contingencies	2,948	3,340	3,046	3,438
Tax contingencies	9,557	12,885	9,557	12,885
Total	13,765	17,485	13,863	17,583

Parent	12/31/2015	Additions	Payments	Reversal	3/31/2016
Civil	1,260	-	-	-	1,260
Labor	3,340	-	(15)	(377)	2,948
Tax	12,885	239	-	(3,567)	9,557
	17,485	239	(15)	(3,944)	13,765

Consolidated	12/31/2015	Additions	Payments	Reversal	3/31/2016
Civil	1,260	-	-	-	1,260
Labor	3,438	-	(15)	(377)	3,046
Tax	12,885	239	-	(3,567)	9,557
	17,583	239	(15)	(3,944)	13,863

The provisions recorded refer mainly to:

a) Civil lawsuits relate, among other matters, to indemnity claims in respect of termination of agreements with sales representatives. A provision of R$ 1,260 was recorded at March 31, 2016, to cover losses arising from these contingencies.

b) Labor lawsuits mainly relate 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 on the opinion of its legal counsel, the Company maintained recorded a provision of R$ 3,046 at March 31, 2016, which is considered sufficient to cover potential losses arising from labor contingencies.

c) The provisions for tax contingencies totaled R$ 9,557 and relate mainly to:

Notes to the Quarterly Information

i) Offsetting of federal taxes against IPI credits on purchases of paper scrap by the Company. The amount offset from April 2011 to December 2011 was R$ 5,189, and the adjusted balance at March 31, 2016 totaled R$ 8,623.

ii) Administrative and judicial proceedings relating to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R$ 618, which are awaiting judgment.

Contingencies not provided for

No provisions were recorded for contingencies in respect of which the likelihood of loss has been assessed as possible by management and the legal counsel. At March 31, 2016, the amounts of these possible contingencies of labor, civil, environmental and tax nature were as follows:

	Consolidated	
	3/31/2016	12/31/2015
Labor contingencies	8,956	10,239
Civil contingencies	5,446	5,446
Tax contingencies	88,880	83,524
	103,282	99,209

Labor contingencies:

The labor lawsuits assessed by management and the legal counsel as involving possible losses total R$ 8,956 and refer mainly to indemnity claims (hazardous duty premiums, health hazard premiums, overtime, salary premiums, damages and losses arising from occupational accidents). Management expects a favorable outcome for these lawsuits, which are currently at different court levels.

Civil contingencies:

The civil lawsuits classified by management and its legal counsel as possible losses total R$ 5,446 and primarily include indemnity claims, which are currently at different court levels and for which management expects a favorable outcome.

Tax contingencies:

The tax lawsuits assessed by management and its legal counsel as involving possible losses total R$ 88,880 and mainly include the following:

- Administrative proceeding 10925.000172/2003-66 related to a tax notification for an alleged irregularity in the offsetting of IPI credits, amounting to R$ 10,241 at March 31, 2016. This

proceeding is currently awaiting a decision on the Special Appeal filed by the Company at the Taxpayers' Council.

- Tax Collection Lawsuit 2004.72.03.001555-8 filed by the National Institute of Social Security (INSS), with respect to a Debt Assessment Notice referring to the payment of social security contribution on the gross revenue from the sale of the production of agro-industrial companies, amounting to R$ 5,124 at March 31, 2016. The lawsuit has been suspended by court decision and the Company awaits judgment of the Action for Annulment 2005.71.00.002527-8.

- Administrative Proceedings 11080.013972/2007-12 and 11080.013973/2007-67, amounting to R$ 5,399 at March 31, 2016, related to tax assessments for PIS and COFINS, arise from an alleged undue tax credit. The Company has challenged these assessments at the administrative level and is awaiting judgment of the respective Voluntary Appeals.

- Administrative Proceeding 11080.014747/2008-84, amounting to R$ 2,235 at March 31, 2016, related to tax assessments for IRPJ. The Company awaits judgment of its Special Appeal filed at the administrative level.

- Administrative Proceeding 11080.014746/2008-30 amounting to R$ 611 at March 31, 2016 and related to tax assessment for CSLL, in respect of which an unappeasable decision has already been rendered at the administrative level. The Company is currently starting a dispute at the judicial level.

- Administrative Proceeding 11080.009904/2006-88 relates to federal taxes offset against deemed IPI credits on exports, which were allegedly miscalculated. The restated amount involved was R$ 5,073 at March 31, 2016. The Company is discussing these notices at the administrative level and awaiting the judgment of the respective appeal by the Brazilian Administrative Council of Tax Appeals (CARF).

- Administrative Proceedings 11080.009905/2006-12 and 11080.009902/2006-89, with a restated amount of R$ 5,553 at March 31, 2016, relate to federal taxes offset against deemed IPI credits on exports, in respect of which an unappeasable decisions have already been rendered at the administrative level. The Company is currently awaiting the collection process to commence a judicial dispute.

- Administrative Proceeding 11080.730311/2014-84, with a restated amount of R$ 10,056 at March 31, 2016, referring to the allegation by the Brazilian Federal Revenue Service (RFB) that IRANI failed to recognize income from the use of income tax and social contribution losses established by Law 11,941/09. The Company is currently awaiting the decision on the Objection/Administrative Defense filed.

- Administrative and judicial proceedings referring to assessments received from the State of Santa Catarina for allegedly undue ICMS tax credits recorded on the purchase of materials used in the manufacturing units located in that State, which amounted to R$ 39,534 at March 31, 2016. The Company is challenging these tax assessments at the administrative and judicial levels.

Notes to the Quarterly Information

21. EQUITY

a) Share capital

The Company's share capital at March 31, 2016 was R$ 161,895 (R$ 161,895 at December 31, 2015), represented by 153,909,975 common shares and 12,810,260 preferred shares, totaling 166,720,235 shares, without par value. The holders of preferred shares are entitled to dividends under the same conditions as those for common shares; priority in the reimbursement of capital, without a premium, in the event of liquidation of the Company; and a 100% tag-along right. The Company may issue preferred shares, without par value and voting rights, up to the limit of two thirds of its total shares, and increase the existing types or classes of shares without maintaining a fixed proportion between them.

The Extraordinary General Meeting held on April 23, 2015 approved a proposal to increase the Company's share capital, through the capitalization of the legal reserve, in the amount of R$ 2,829, and the profit retention reserve, in the amount of R$ 7,171, totaling R$ 10,000. Accordingly, the Company's share capital increased from R$ 151,895 to R$ 161,895, without the issue of new shares.

b) Treasury shares

		Parent		Parent	
		3/31/2016		12/31/2015	
		Number of shares	Value	Number of shares	Value
i) Share repurchase plan	Common	24,000	30	24,000	30
ii) Right of withdrawal	Preferred	2,352,100	6,804	2,352,100	6,804
		2,376,100	6,834	2,376,100	6,834

i) Share buyback plan: 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.

ii) Right of withdrawal: the shares acquired suffered changes in relation to the advantages attributed to the Company's preferred shares, as approved at the Annual and Extraordinary General Meeting held on April 19, 2012. Dissenting holders of preferred shares had the right to withdraw from the Company and receive a reimbursement for their shares, based on the equity value recorded in the balance sheet at December 31, 2011.

The Company's management will propose, in due course, either the allocation of these shares to treasury stock, or their cancellation.

c) Share-based payment

In 2013, the Company introduced a share-based remuneration program, called the First Stock Option Plan Program (Program I), settled with its own shares, under which the Company received services from employees as consideration for the Company's equity instruments (options).

The stock options were granted to management and certain employees, in accordance with the decision of the Board of Directors on May 9, 2012 and approval at the Extraordinary General Meeting held on May 25, 2012. The options were exercised from April 1, 2013 to April 30, 2013. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The options exercised by the participants totaled 1,612,040 shares, at the average exercise price of R$ 1.26 per share.

d) Revenue reserves

Revenue reserves comprise: i) legal reserve, ii) biological assets reserve, iii) profit retention reserve, and iv) tax incentives reserve.

i) In conformity with the Company's bylaws, 5% of the annual profit is transferred to the legal reserve, which can be used to offset losses or increase capital.

ii) The biological assets reserve was constituted because the Company measured its biological assets at fair value in the opening balance sheet at the first-time adoption of IFRS. The creation of this statutory reserve was approved at the Extraordinary General Meeting held on February 29, 2012, when the amount previously recognized in the unrealized profits reserve was transferred to this account.

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

iv) The tax incentives reserve was constituted by the portion of profit arising from government grants for investments, as disclosed in items (ii) and (iii) of Note 32, and was not included in the mandatory dividend calculation basis.

Notes to the Quarterly Information

e) Carrying value adjustments

The carrying value adjustments account was recorded when the Company measured its property, plant and equipment (land, machinery and buildings) at deemed cost in the opening balance sheet, at first-time adoption of IFRS. Their realization will occur as the related deemed cost is depreciated, at which time the related amounts will also be adjusted in the basis for calculating dividends. The balance at March 31, 2016, net of tax effects, represented a gain of R$ 215,786 (R$ 218,022 at December 31, 2015).

The effects of the financial instruments designated as cash flow hedges, net of tax, were also recorded in carrying value adjustments, and corresponded to a loss of R$ 114,794 at March 31, 2016 (R$ 144,993 at December 31, 2015).

The changes in the carrying value adjustments account were as follows:

	Consolidated
At December 31, 2014	178,617
Cash flow hedges	(96,541)
Realization - deemed cost	(9,047)
At December 31, 2015	73,029
Cash flow hedges	30,199
Realization - deemed cost	(2,236)
At March 31, 2016	100,992

Notes to the Quarterly Information

22. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share are calculated by dividing the profit or loss from continuing and discontinued operations attributable to the Company's stockholders by the weighted average number of shares outstanding during the period. The shares are not subject to the effects of potential dilution, such as debt convertible into shares. Consequently, the diluted earnings (loss) per share equal the basic earnings (loss) per share.

Basic and diluted earnings (loss) from continuing operations:

	3/31/2016		
	Common shares	Preferred shares	Common and preferred shares - Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit (loss) for the period attributable to each type of share	(1,574)	(107)	(1,681)
Basic and diluted earnings (loss) per share - R$	(0.0102)	(0.0102)	

	3/31/2015		
	Common shares	Preferred shares	Common and preferred shares - Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit (loss) for the period attributable to each type of share	2,931	199	3,130
Basic and diluted earnings (loss) per share - R$	0.0190	0.0190	

23. NET SALES REVENUE

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

	Parent		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Gross sales revenue	244,188	237,306	246,794	239,903
Taxes on sales	(51,002)	(55,206)	(51,268)	(55,455)
Returns	(4,119)	(1,668)	(4,119)	(1,677)
Net sales revenue	189,067	180,432	191,407	182,771

Notes to the Quarterly Information

24. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

	Parent		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Fixed and variable costs (raw and consumable materials)	(103,498)	(93,028)	(93,741)	(85,755)
Personnel costs	(33,768)	(28,361)	(36,149)	(29,824)
Change in the fair value of biological assets	1,712	(1,867)	4,905	510
Depreciation, amortization and depletion	(15,189)	(14,710)	(19,266)	(18,857)
Freight	(11,409)	(9,822)	(11,409)	(9,822)
Outsourced services	(7,337)	(5,074)	(7,573)	(5,284)
Selling expenses	(8,490)	(8,397)	(8,490)	(8,397)
Total costs and expenses by nature	(177,979)	(161,259)	(171,723)	(157,429)
Costs	(145,471)	(129,713)	(141,993)	(127,933)
Expenses	(34,220)	(29,679)	(34,635)	(30,006)
Change in the fair value of biological assets	1,712	(1,867)	4,905	510

25. OTHER OPERATING INCOME AND EXPENSES

Income	Parent		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Income from assets damaged and sold	1,284	186	1,284	186
Other operating income	838	572	842	576
	2,122	758	2,126	762

Expenses	Parent		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Cost of assets damaged and sold	(1,132)	(40)	(1,120)	(40)
Social security contribution on the provision for vacation pay of prior years	(1,988)	-	(1,988)	-
Other operating expenses	-	(736)	-	(735)
	(3,120)	(776)	(3,108)	(775)
Total	(998)	(18)	(982)	(13)

Notes to the Quarterly Information

26. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Operating profit (loss) before taxation	(7,976)	650	(7,373)	894
Standard tax rate	34%	34%	34%	34%
Tax credit (debit) at the standard rate	2,712	(221)	2,507	(304)
Tax effect of permanent deductions (additions):				
Equity in the results of subsidiaries	3,179	2,130	-	-
Subsidiaries taxed under the deemed profit method	-	-	2,233	1,798
Other permanent differences	404	571	952	742
	6,295	2,480	5,692	2,236
Current income tax and social contribution	-	-	(526)	(185)
Deferred income tax and social contribution	6,295	2,480	6,218	2,421
Effective rate - %	78.9	(381.5)	77.2	(250.1)

On May 13, 2014, Provisional Measure (MP) 627 was converted into Law 12,973/14 and repealed the Transitional Tax System (RTT), among other provisions. It is effective as from 2015, but could have been adopted early in 2014, as did the Company, after a detailed study. The main impact of this early adoption related to the dividends calculated based on the profits recorded up to the end of 2013, which are tax exempted.

27. FINANCE INCOME AND FINANCE COSTS

	Parent		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Finance income				
Income from financial investments	1,471	3,407	2,813	3,747
Interest	708	582	708	582
Discounts obtained	44	21	44	21
	2,223	4,010	3,565	4,350
Foreign exchange variation				
Foreign exchange gains	7,187	3,867	7,187	3,867
Foreign exchange losses	(11,683)	(11,062)	(11,683)	(11,062)
Net foreign exchange variation	(4,496)	(7,195)	(4,496)	(7,195)
Finance costs				
Interest	(24,627)	(21,333)	(24,627)	(21,335)
Discounts granted	(127)	(26)	(127)	(26)
Banking expenses	(19)	(27)	(21)	(27)
Other	(369)	(200)	(369)	(202)
	(25,142)	(21,586)	(25,144)	(21,590)
Finance result, net	(27,415)	(24,771)	(26,075)	(24,435)

28. INSURANCE

Insurance coverage is determined according to the nature of the risks involving the assets, and is considered sufficient to cover possible losses arising from damages. At March 31, 2016, the Company had corporate insurance against fire, lightning, explosions, electrical damage and wind storm damage to plants, residential areas and offices, as well as general civil liability coverage and directors' and officers' liability (D&O), with a total coverage of R$ 576,240. The Company also contracted group life insurance for employees with a minimum coverage of 24 times the employee's salary, or a maximum coverage of R$ 500, in addition to insurance for the fleet of vehicles with coverage at market value.

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

29. FINANCIAL INSTRUMENTS

Capital management

The Company's capital structure consists of its net indebtedness (borrowings and debentures detailed in Notes 16 and 17, less cash and banks and restricted bank accounts, as disclosed in Notes 5 and 9), and equity (which includes issued capital, reserves and retained earnings, as disclosed in Note 21).

The Company is not subject to any external capital requirements.

The Company's management periodically reviews its capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Company intends to maintain a capital structure consisting of between 50% and 70% of own capital and between 50% and 30% of third-party capital. At March 31, 2016, the capital structure comprised 35% of own capital and 65% of third-party capital, mainly due to the effects of exchange rate variation on debts in foreign currency, which account for 55.3% of the Company's total debt, and the exchange rate variation on hedge accounting, which reduced equity by R$ 114,794.

Notes to the Quarterly Information

Debt to equity ratio

The debt to equity ratio at March 31, 2016 and December 31, 2015 was as follows:

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Debt (a)	843,889	922,420	843,889	922,420
Cash and banks	(38,785)	(80,079)	(40,751)	(125,732)
Restricted bank accounts	(26,735)	(19,722)	(26,735)	(19,722)
Net debt	778,369	822,619	776,403	776,966
Equity (b)	425,133	396,615	425,143	396,628
Net debt ratio	1.83	2.07	1.83	1.96

(a) Debt is defined as short and long-term borrowings, including debentures, as detailed in Notes 16 and 17.

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

Categories of financial instruments

	Parent		Consolidated	
Financial assets	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Investments held to maturity	26,735	19,722	26,735	19,722
Restricted bank accounts	26,735	19,722	26,735	19,722
Loans and receivables				
Cash and banks	38,785	80,079	40,751	125,732
Trade receivables	146,191	135,277	147,558	135,854
Other receivables	33,149	31,578	33,215	31,625
Financial liabilities				
Amortized cost				
Borrowings	780,241	861,381	780,241	861,381
Debentures	63,648	61,039	63,648	61,039
Trade payables	96,007	86,793	67,942	70,135

Financial risk factors

The Company is exposed to various financial risks, such as market risk (including currency risk and interest rate risk), credit risk, and liquidity risk.

Notes to the Quarterly Information

In order to provide a framework for its financial management, the Company has maintained in effect, since 2010, a Financial Management Policy that determines rules and defines guidelines for the use of financial instruments.

The Company does not enter into derivative transactions or transactions involving other financial assets for speculative purposes. The derivative instruments currently in effect were contracted to hedge the obligations arising from the Company's borrowings in foreign currencies or exports and were approved by the Board of Directors.

Foreign exchange rate risk

The Company has transactions exposed to fluctuations in the exchange rates of foreign currencies. At March 31, 2016 and December 31, 2015, these transactions resulted in a net liability exposure, as shown in the table below.

As most of the borrowings in foreign currency are repayable in the long-term, the Company hedges the net foreign exchange exposure with the equivalent to 28 months of exports, based on the average of exports carried out in 2016, and to 39 months of exports based on the average exports carried out in 2015.

	Parent		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Trade receivables	24,727	19,405	24,727	19,405
Restricted bank accounts	26,735	19,722	26,735	19,722
Advances from customers	(302)	(443)	(302)	(443)
Trade payables	(560)	(1,106)	(560)	(1,106)
Borrowings	(466,226)	(508,596)	(466,226)	(508,596)
Net exposure	(415,626)	(471,018)	(415,626)	(471,018)

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

1 - Base scenario: for the definition of the base scenario, the U.S. dollar quotation used by the Company accompanies the future market projections of BM&FBovespa for the next reporting date (June 30, 2016).

2 - Adverse scenario: 25% deterioration in the foreign exchange rate compared to that at June 30, 2016.

Notes to the Quarterly Information

3 - Remote scenario: 50% deterioration in the foreign exchange rate compared to that at June 30, 2016.

Transaction	Balance at 3/31/2016	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
	U$$	Rate	R$	Rate	R$	Rate	R$
Assets							
Trade receivables and restricted bank accounts	14,460	3.61	785	4.52	13,846	5.42	26,910
Liabilities							
Trade payables and advances from customers	(242)	3.61	(13)	4.52	(232)	5.42	(450)
Borrowings	(131,003)	3.61	(7,109)	4.52	(125,443)	5.42	(243,797)
Net effect			(6,337)		(111,829)		(217,337)

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, 2016 were used 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, while balances receivable and payable may fluctuate due to the normal course of the Company's and its subsidiaries' activities. The settlement of transactions involving these estimates may result in amounts that differ from those estimated due to the subjectivity of the process used in the preparation of these analyses. The Company tries to maintain the level of its borrowings and derivative transactions exposed to foreign exchange changes, with annual net payments that are equivalent to or below the receipts from its 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 material impacts on its cash flow.

Interest rate risk

The Company may 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) from BNDES, Interbank Deposit Certificate (CDI), Special System for Settlement and Custody (SELIC), London Interbank Offered Rate (LIBOR) or Amplified Consumer Price Index (IPCA).

The sensitivity analysis calculated for the base, adverse and remote scenarios on the borrowings subject to floating interest rates is as follows:

1 - Base scenario: maintenance of the CDI and TJLP interest rates for the next reporting date (June 30, 2016). These estimates are based on future market projections of BM&FBovespa for the CDI and the TJLP extracted from the National Bank for Economic and Social Development (BNDES).

2 - Adverse scenario: 25% adjustment of interest rates compared to the level at June 30, 2016.

Notes to the Quarterly Information

3 - Remote scenario: 50% adjustment of interest rates compared to the level at June 30, 2016.

Transaction	Index	At 3/31/2016	Base scenario Gain (loss) Rate (%) p.a.	Base scenario Gain (loss) R$	Adverse scenario Gain (loss) Rate (%) p.a.	Adverse scenario Gain (loss) R$	Remote scenario Gain (loss) Rate (%) p.a.	Remote scenario Gain (loss) R$
Cash and cash equivalents								
Bank Deposit Certificate (CDB)	CDI	38,579	14.07%	(20)	17.59%	1,149	21.11%	2,317
New borrowings								
Working capital	CDI	(175,924)	14.07%	121	17.59%	(6,992)	21.11%	(14,106)
Debentures	CDI	(64,566)	14.07%	40	17.59%	(2,294)	21.11%	(4,627)
National Bank for Economic and Social Development (BNDES)	TJLP	(52,379)	7.50%	-	9.38%	(982)	11.25%	(1,964)
Government Agency for Machinery and Equipment Financing (FINAME)	TJLP	(3,002)	7.50%	-	9.38%	(56)	11.25%	(113)
Working capital	IPCA	(44,728)	9.39%	434	11.73%	(616)	14.08%	(1,666)
Financing - foreign currency	Libor 3M	(392,134)	0.63%	(18)	0.79%	(635)	0.94%	(1,252)
Financing - foreign currency	Libor 12M	(12,072)	1.21%	1	1.51%	(36)	1.81%	(72)
Financing - foreign currency	Euribor 6M	(6,322)	0.00%	-	0.00%	-	0.00%	-
Net effect on result				558		(10,463)		(21,483)

Fair value vs. book value

Fair value is the price for which an asset would be sold or a liability transferred in a transaction between parties willing to negotiate, determined on the measurement date. The following methods and assumptions were used to estimate the fair value:

- Cash and cash equivalents, accounts receivable, short-term accounts payable are presented in the Company's balance sheet at amounts at their fair values due to the 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.

The fair value of financial liabilities is equivalent to their carrying amount, since the impact of the discount to present value is not significant.

Credit risks

The Company's credit sales are managed through a credit rating and credit granting policy. Doubtful receivables are properly covered by the provision for impairment.

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

Additionally, the Company is exposed to credit risk in relation to the financial investments that comprise its cash and cash equivalents, which are maintained to meet the cash flow requirements. Management ensures that the investments are made in financial institutions with which the Company

has a stable relationship, by means of the application of the financial policy that determines the allocation of cash, without limitations, to:

i) Government securities issued by and/or with co-obligation of the National Treasury;
ii) CDBs at banks that maintain a stable relationship with the Company;
iii) Debentures issued by banks that maintain a stable relationship with the Company;
iv) Fixed-income investment funds of conservative profile.

Investments in the variable-income market (shares) are not allowed.

Liquidity risk

Management monitors the liquidity level based on the expected cash flow, which comprises cash, short-term financial investments, flows of receivables and payables, and repayment of borrowings. The liquidity management policy involves the projection of cash flows on the currencies used, and considers 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 maintenance of 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, 2016, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including accrued interest on these assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management, since it is based on net assets and liabilities.

Parent

	2016	2017	2018	2019	2020 onward
Liabilities					
Trade payables	96,007	-	-	-	-
Borrowings	160,193	243,641	191,909	154,458	123,530
Debentures	25,504	31,577	9,461	-	-
Other liabilities	1,623	2,008	335	-	-
	283,327	277,226	201,705	154,458	123,530
Assets					
Cash and cash equivalents	38,785	-	-	-	-
Restricted bank accounts	26,735	-	-	-	-
Trade receivables not yet due	146,191	-	-	-	-
Renegotiations with customers	17,012	4,791	3,714	3,123	806
Other assets	14,798	1,263	-	-	-
	243,521	6,054	3,714	3,123	806
	(39,806)	(271,172)	(197,991)	(151,335)	(122,724)

Notes to the Quarterly Information

Consolidated					
	2016	2017	2018	2019	2020 onward
Liabilities					
Trade payables	67,942	-	-	-	-
Borrowings	160,193	243,641	191,909	154,458	123,530
Debentures	25,504	31,577	9,461	-	-
Other liabilities	1,649	2,008	335	-	-
	255,288	277,226	201,705	154,458	123,530
Assets					
Cash and cash equivalents	40,751	-	-	-	-
Restricted bank accounts	26,735	-	-	-	-
Trade receivables not yet due	147,558	-	-	-	-
Renegotiations with customers	17,043	4,791	3,714	3,123	806
Other assets	14,932	1,263	-	-	-
	247,019	6,054	3,714	3,123	806
	(8,269)	(271,172)	(197,991)	(151,335)	(122,724)

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

At the end of the reporting period, the Company had unused credit facilities totaling R$ 79,684, which increase as borrowings are repaid. The Company expects to meet its other obligations using the cash flow from operating activities and income earned on financial assets.

Derivative financial instruments measured at fair value

The Company did not have any derivative financial instruments measured at fair value at March 31, 2016.

Derivative financial instruments linked to borrowings (recognized directly in the statement of operations)

Given their nature, the derivative instruments described below were considered, together with the debt, to be a single instrument at amortized cost.

i) On March 23, 2012, the Company entered into a cash flow swap transaction with Banco Itaú BBA to change the remuneration and risks associated with the interest rate of the transaction entered into between the parties on the same date, under an Export Credit Bill (CCE) contract. The notional value attributed at the contracting date was R$ 40,000 (equivalent to USD 21,990 thousand at that date), decreasing as the payments of the semi-annual installments are made under the contract, until its final maturity in March 2017.

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

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

ii) On July 25, 2014, the Company contracted an interest rate swap with Banco Santander, in order to change the remuneration associated with the interest rate of the transactions entered into between the parties in January 2013, under Export Credit Bill (CCE) and Export Credit Note (NCE) contracts. The maturity of these contracts, which would be January 2016, was extended to June 2017. The current fixed rates of the contracts were changed to rates indexed to the TJLP.

The notional value attributed at the contracting date was R$ 30,000, payable only at the end of the contract term.

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 on a separate basis.

Cash flow hedges

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

The Company hedges the foreign exchange rate variation risk of its future cash flows through the cash flow hedge, in which the hedging instruments are non-derivative financial liabilities contracted by the Company. The currently effective hedging financial instruments contracted by the Company include an Export Prepayment (PPE) contract with Banco Credit Suisse, an Export Credit Bill (CCE) contract with Banco Itaú BBA, a PPE contract with Banco Rabobank and Santander, and another PPE contract with Banco Santander.

The hedged cash flows are the estimated exports up to 2021, and the amount recorded in equity based on hedge accounting amounted to R$ 114,794 at March 31, 2016 (R$ 144,993 in December 2015).

	Parent and Consolidated 3/31/2016	Parent and Consolidated 12/31/2015
Opening balance	219,686	73,412
Changes in cash flow hedges	(41,934)	158,165
Reclassification to the statement of operations	(3,823)	(11,891)
	173,929	219,686
Opening balance - taxes	(74,693)	(24,960)
Taxes on changes in cash flow hedges	14,258	(53,776)
Taxes on reclassification to the statement of operations	1,300	4,043
	(59,135)	(74,693)
Closing balance	114,794	144,993

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

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

The Company did not identify any ineffectiveness in the period.

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

30. OPERATING SEGMENTS

a) Identification criteria for operating segments

The Company segmented its operating structure based on the manner in which management runs the business.

Management defined the operating segments as follows: corrugated cardboard packaging; packaging paper; and RS forest and resins, described below:

Notes to the Quarterly Information

Corrugated Cardboard (PO) Packaging: this segment manufactures light and heavy corrugated cardboard boxes and sheets, and has three production units: Campina da Alegria (SC), Indaiatuba (SP), and Vila Maria (SP).

Packaging Paper: this segment produces low and high-weight Kraft paper and recycled paper for the domestic and foreign markets. In addition, part of the production is sent to the Corrugated Cardboard Packaging segment. It has two production units: Campina da Alegria (SC) and Santa Luzia (MG).

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

c) Consolidated information on operating segments

	Consolidated 3/31/2016				
	Corrugated Cardboard Packaging	Paper for Packaging	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	114,969	29,843	1,571	-	146,383
Foreign market	-	25,017	20,007	-	45,024
Revenues from sales to third parties	114,969	54,860	21,578	-	191,407
Inter-segment revenues	-	1,808	-	(1,808)	-
Total net sales	114,969	56,668	21,578	(1,808)	191,407
Changes in the fair value of biological assets	-	2,133	2,772	-	4,905
Cost of products sold	(100,966)	(26,813)	(15,670)	1,456	(141,993)
Gross profit (loss)	14,003	31,988	8,680	(352)	54,319
Operating expenses	(16,846)	(5,276)	(1,383)	(12,112)	(35,617)
Operating profit (loss) before finance result	(2,843)	26,712	7,297	(12,464)	18,702
Finance result	(11,259)	(12,751)	(2,065)	-	(26,075)
Net operating profit (loss)	(14,102)	13,961	5,232	(12,464)	(7,373)
Total assets	593,615	766,731	151,886	80,946	1,593,178
Total liabilities	335,969	530,822	86,815	214,429	1,168,035
Equity	44,198	148,840	131,463	100,642	425,143

Notes to the Quarterly Information

	Consolidated 3/31/2015				
	Corrugated Cardboard Packaging	Paper for Packaging	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	120,972	29,888	1,581	-	152,441
Foreign market	-	15,847	14,483	-	30,330
Revenues from sales to third parties	120,972	45,735	16,064	-	182,771
Inter-segment revenues	-	5,848	-	(5,848)	-
Total net sales	120,972	51,583	16,064	(5,848)	182,771
Changes in the fair value of biological assets	-	(1,205)	1,715	-	510
Cost of products sold	(103,873)	(18,587)	(11,037)	5,564	(127,933)
Gross profit (loss)	17,099	31,791	6,742	(284)	55,348
Operating expenses	(14,589)	(4,756)	(952)	(9,722)	(30,019)
Operating profit (loss) before finance result	2,510	27,035	5,790	(10,006)	25,329
Finance result	(12,317)	(12,583)	465	-	(24,435)
Net operating profit (loss)	(9,807)	14,452	6,255	(10,006)	894
Total assets	575,475	767,046	168,732	121,094	1,632,347
Total liabilities	147,661	519,277	25,898	482,676	1,175,512
Equity	76,864	243,480	133,694	2,797	456,835

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

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

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

Notes to the Quarterly Information

c) Net sales revenue

In the first quarter of 2016, net sales revenue totaled R$ 191,407, (R$ 182,771 in the first quarter of 2015).

The net sales revenue from exports in 2016 amounted to R$ 45,024 (R$ 30,330 in the first quarter of 2015), distributed across various countries, as follows:

	Consolidated 3/31/2016	
Country	Net revenue from exports	% of total net revenue
China	6,343	3.31%
Germany	5,846	3.05%
Argentina	5,124	2.68%
France	4,218	2.20%
Saudi Arabia	4,123	2.15%
Chile	2,292	1.20%
Spain	1,351	0.71%
Paraguay	2,055	1.07%
South Africa	2,016	1.05%
Peru	1,342	0.70%
Japan	1,268	0.66%
Singapore	1,035	0.54%
Uruguay	959	0.50%
Turkey	952	0.50%
United Arab Emirates	918	0.48%
Netherlands	831	0.43%
Austria	564	0.29%
Portugal	554	0.29%
Pakistan	455	0.24%
Bolivia	429	0.22%
Malasia	402	0.21%
Norway	392	0.20%
Serbia	275	0.14%
United States	256	0.13%
Dubai	251	0.13%
Colombia	150	0.08%
Israel	128	0.07%
Other countries	495	0.26%
	45,024	23.52%

	Consolidated 3/31/2015	
Country	Net revenue from exports	% of total net revenue
Germany	6,769	3.70%
Argentina	3,728	2.04%
Saudi Arabia	3,553	1.94%
France	3,380	1.85%
South Africa	1,427	0.78%
Peru	1,227	0.67%
China	1,155	0.63%
Japan	1,069	0.58%
Paraguay	981	0.54%
Kuwait	973	0.53%
Bolivia	817	0.45%
Chile	741	0.41%
Austria	698	0.38%
Netherlands	670	0.37%
Portugal	667	0.36%
Norway	389	0.21%
Hong Kong	350	0.19%
United Kingdom	316	0.17%
Canada	310	0.17%
Uruguay	222	0.12%
Colombia	202	0.11%
Singapore	192	0.11%
Other countries	494	0.27%
	30,330	16.58%

In the domestic market, net sales revenue totaled R$ 146,383 in the first quarter of 2016 (R$ 152,441 in the first quarter of 2015).

In the first quarter of 2016, a single customer accounted for 4.1% of net sales in the domestic market of the Corrugated Cardboard Packaging segment, equivalent to R$ 4,714. The Company's other sales in the domestic and foreign markets were spread over a number of customers, without any customer accounting for more than 10% of net sales.

31. OPERATING LEASE AGREEMENTS (PARENT COMPANY)

Rental of production plant properties

The Company had one rental agreement for a production unit at March 31, 2016, in addition to other minor rental agreements for commercial and administrative units, all of which were classified as operating leases and allocated to expenses on the accrual basis over the lease period.

The rental agreement entered into on December 26, 2006, referring to the rental of the Packaging Plant in Indaiatuba, SP, is effective for 20 years, with a contracted monthly rental of R$ 227, which is annually adjusted based on the General Market Price Index (IGPM) variation.

The rental expenses recognized by the parent company in the first quarter of 2016, net of taxes when applicable, were as follows:

- Rentals of production units = R$ 618 (R$ 615 in the first quarter of 2015);
- Rentals of commercial and administrative units = R$ 70 (R$ 65 in the first quarter of 2015).

The future commitments arising from these contracts totaled a minimum amount of R$ 121,847 at March 31, 2016. The rentals were calculated at present value, using the accumulated IGPM index in the last 12 months, i.e., 11.57% per year.

	No later than 1 year	Later than 1 year and no later than 5 years	Later than 5 years	Total
Future operating leases	3,384	17,930	100,533	121,847
Operating leases at present value	3,033	12,132	30,330	45,495

Lease of planting area

The Company entered into non-cancellable lease agreements for the production of biological assets on third-party land, referred to as partnerships, which covers a total area of 3,3 thousand hectares, of which 2,2 thousand hectares comprise the planted area. For certain areas, there is a lease commitment, subject to monthly payments, as shown below.

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

Non-cancellable operating lease commitments

The rentals were calculated at present value, using the accumulated IGPM index in the last 12 months, i.e., 11.57% per year.

	No later than 1 year	Later than 1 year and no later than 5 years	Later than 5 years	Total
Future operating leases	379	2,646	1,345	4,370
Operating leases at present value	339	1,793	551	2,683

32. GOVERNMENT GRANTS

The Company has Value-added Tax on Sales and Services (ICMS) incentives from the States of Santa Catarina and Minas Gerais:

i. ICMS/SC - Development Program for Companies of the State of Santa Catarina (PRODEC): Under this program, 60% of the ICMS increase in the State of Santa Catarina, calculated on an average basis (September 2006 to August 2007) prior to the investments made, are deferred for payment after 48 months. This benefit is calculated monthly and subject to the completion of the planned investments and the maintenance of jobs, in addition to the maintenance of a regular status with the State. The Company has been in compliance with all the requirements.

These incentives are subject to charges at an annual contractual rate of 4.0%. In order to calculate the present value of these benefits, the Company used the average rate of 17.35% as the cost of funding on the base date for credit lines with characteristics similar to those applicable to the respective disbursements, which would have been required in the absence of the benefits, and obtained the result of R$ 3,772.

The benefit is effective for 14 years, from January 2009 to December 2022, or up to the limit of R$ 55,199 of deferred ICMS. At March 31, 2016, the Company had deferred ICMS liabilities of R$ 18,552 (net of government grants of R$ 14,780).

ii. ICMS/SC - Presumed Credit: For the purpose of enabling the expansion of the industrial unit located in Vargem Bonita, the State of Santa Catarina grants as a principal benefit the recording of a presumed credit in an ICMS memorandum account, on taxed shipments realized by the Company in the State, referring to products manufactured with recyclable material corresponding to, at least, 40% of the raw material cost, so that the final tax burden on the own operation is equivalent to 2.25%. The expected investment is approximately R$ 600,000, which will be incurred over the

next five years, and will be used to expand the production capacity of the Packaging Paper plant by 135,000 metric tons/year and of the Corrugated Cardboard Packaging plant by 24,000 metric tons/year.

iii. ICMS/MG - Presumed Credit: For the purpose of enabling the expansion of the industrial unit in Santa Luzia, the State of Minas Gerais grants the ICMS presumed credit as a principal benefit, resulting in the effective payment of 2% of the amount of the shipment of products manufactured by the Company. The total investment, estimated at approximately R$ 220,000, was expected to start in 2014 and be concluded in 2017. This amount will be invested in the modernization and expansion of the production capacity of Paper Machine No. 7 (PM 7), and also in the construction of a new corrugated cardboard packaging plant.

33. TRANSACTIONS NOT AFFECTING CASH

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

During the first quarter of 2016, the Company paid R$ 2,658 for purchases of property, plant and equipment, which were financed directly by suppliers.

During the first quarter of 2015, the Company purchased property, plant and equipment items amounting to R$ 123, which were financed directly by suppliers.

34. EVENTS AFTER THE REPORTING PERIOD

On April 11, 2016, the Company and its subsidiary Iraflor Comércio de Madeiras Ltda. entered into a Contract for Purchase and Sale of Standing Timber with Global Fund Reflorestamento e Exploração de Madeira Ltda. ("Global"), through which the Company sold approximately 4,644 hectares of standing timber to Global, for R$ 55.5 million. Pursuant to the Contract, Global acquired the right to explore the Forests for 11 years.

As a result of the transaction, Global and the Company also entered into a Service Agreement, through which the Company, in view of its extensive experience in this field, undertakes to provide to Global forest stewardship services related to the Forests.

Global granted purchase options to Irani Participações S.A., the Company's parent, for the acquisition of plots of the Forests. These options may be exercised annually over the next 11 (eleven) years, so that plots of forests may be acquired during this period, directly by Irani Participações S.A. or through an associate, including the Company.

Report on review of quarterly information - without exception

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Celulose Irani S.A., included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2016, comprising the balance sheet as at that date and the statements of operations, comprehensive income (loss), changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the parent company interim information

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

Notes to the Quarterly Information

Conclusion on the consolidated interim information

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

Other matters

Statement of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2016. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Porto Alegre, April 28, 2016.

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

Maurício Colombari
Contador CRC 1SP195838/O-3 "S" RS