(A free translation of the original in Portuguese)

Celulose Irani S.A.

Quarterly information (ITR) at March 31, 2018 and report on review of quarterly information

(A free translation of the original in Portuguese)

Contents

Company information

Capital composition 1

Parent company financial statements

Balance sheet - assets 2

Balance sheet - liabilities and equity 3

Statement of profit and loss 4

Statement of comprehensive income (loss) 5

Statement of cash flows - indirect method 6

Statement of changes in equity

1/1/2018 to 3/31/2018 7

1/1/2017 to 3/31/2017 8

Statement of value added 9

Consolidated financial statements

Balance sheet - assets 10

Balance sheet - liabilities and equity 11

Statement of profit and loss 12

Statement of comprehensive income (loss) 13

Statement of cash flows 14

Statement of changes in equity

1/1/2018 to 3/31/2018 15

1/1/2017 to 3/31/2017 16

Statement of value added 17

Comments on Company performance 18

Notes to the quarterly information 33

Opinions and Representations

Report on review of quarterly information - with exception 91

Executive Officers' statement on the quarterly information 94

Executive Officers' statement on the independent auditor's report 95

(A free translation of the original in Portuguese)

Company information / Capital composition

Number of shares (In thousands)	Current quarter 3/31/2018
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

(A free translation of the original in Portuguese)

Parent company financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2018	Prior year 12/31/2017
1	Total assets	1,519,294	1,499,886
1.01	Current assets	350,663	342,748
1.01.01	Cash and cash equivalents	85,992	75,896
1.01.02	Financial investments	0	8,732
1.01.02.02	Financial investments valued at amortized cost	0	8,732
1.01.02.02.01	Held-to-maturity securities	0	8,732
1.01.03	Accounts receivable	167,525	167,140
1.01.03.01	Trade receivables	167,525	167,140
1.01.04	Inventories	74,055	71,588
1.01.06	Taxes recoverable	7,541	5,757
1.01.08	Other current assets	15,550	13,635
1.01.08.03	Other	15,550	13,635
1.02	Non-current assets	1,168,631	1,157,138
1.02.01	Long-term receivables	40,406	42,638
1.02.01.03	Trade receivables	5,243	4,725
1.02.01.03.02	Other receivables	5,243	4,725
1.02.01.05	Biological assets	31,339	33,711
1.02.01.09	Other non-current assets	3,824	4,202
1.02.01.09.03	Taxes recoverable	2,056	2,067
1.02.01.09.04	Judicial deposits	1,768	2,135
1.02.02	Investments	254,953	246,514
1.02.02.01	Equity investments	221,522	212,909
1.02.02.01.02	Investments in subsidiaries	221,522	212,909
1.02.02.02	Investment properties	33,431	33,605
1.02.03	Property, plant and equipment	756,968	755,898
1.02.03.01	Property, plant and equipment in operation	756,968	755,898
1.02.04	Intangible assets	116,304	112,088
1.02.04.01	Intangible assets	116,304	112,088

(A free translation of the original in Portuguese)

Parent company financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2018	Prior year 12/31/2017
2	Total liabilities and equity	1,519,294	1,499,886
2.01	Current liabilities	313,095	313,451
2.01.01	Social and labor obligations	21,183	28,371
2.01.01.01	Payroll obligations	21,183	28,371
2.01.01.01.01	Social security obligations	21,183	28,371
2.01.02	Trade payables	95,995	96,187
2.01.03	Tax obligations	17,868	17,920
2.01.03.01	Federal taxes payable	8,960	9,336
2.01.03.01.03	Other federal taxes	8,960	9,336
2.01.03.02	State taxes payable	8,822	8,501
2.01.03.02.01	Taxes payable in installments	0	331
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	8,822	8,170
2.01.03.03	Municipal taxes payable	86	83
2.01.04	Borrowings	163,946	154,905
2.01.04.01	Borrowings	163,946	154,905
2.01.05	Other obligations	14,103	16,068
2.01.05.02	Other	14,103	16,068
2.01.05.02.01	Dividends and interest on capital payable	91	91
2.01.05.02.04	Other payables	11,940	14,515
2.01.05.02.05	Advances from customers	2,072	1,462
2.02	Non-current liabilities	871,744	845,722
2.02.01	Borrowings	627,047	617,191
2.02.01.01	Borrowings	627,047	617,191
2.02.02	Other obligations	12,779	11,863
2.02.02.02	Other	12,779	11,863
2.02.02.02.04	Other taxes payable	12,016	11,315
2.02.02.02.05	Other payables	763	548
2.02.03	Deferred taxes	167,916	160,975
2.02.03.01	Deferred income tax and social contribution	167,916	160,975
2.02.04	Provisions	64,002	55,693
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	64,002	55,693
2.03	Equity	334,455	340,713
2.03.01	Paid-up share capital	161,895	161,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	56,167	59,186
2.03.06	Carrying value adjustments	115,433	118,672

(A free translation of the original in Portuguese)

Parent company financial statements / statement of profit and loss

All amounts in thousands of reais unless otherwise stated

Code	Description	Accumulated - current quarter 1/1/2018 to 3/31/2018	Accumulated - prior year 1/1/2017 to 3/31/2017
3.01	Revenue from sales of goods, products and/or services	222,286	193,821
3.02	Cost of sales	-160,837	-142,839
3.02.01	Changes in the fair value of biological assets	1,579	4,001
3.02.02	Cost of goods sold	-162,416	-146,840
3.03	Gross profit	61,449	50,982
3.04	Operating income (expenses)	-37,674	-39,836
3.04.01	Selling expenses	-21,127	-20,113
3.04.02	General and administrative expenses	-12,675	-12,383
3.04.04	Other operating income	477	1,172
3.04.05	Other operating expenses	-7,932	-523
3.04.06	Equity in results of subsidiaries	3,583	-7,989
3.05	Profit before finance result and taxes	23,775	11,146
3.06	Finance result	-21,574	-29,517
3.06.01	Finance income	4,933	7,735
3.06.02	Finance costs	-26,507	-37,252
3.07	Profit (loss) before taxes on income	2,201	-18,371
3.08	Income tax and social contribution	-7,457	4,236
3.08.02	Deferred	-7,457	4,236
3.09	Profit (loss) from continuing operations	-5,256	-14,135
3.11	Profit (loss) for the period	-5,256	-14,135
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	-0.03190	-0.08600
3.99.01.02	Preferred shares	-0.03190	-0.08600

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current quarter 1/1/2018 to 3/31/2018	Accumulated - prior year 1/1/2017 to 3/31/2017
4.01	Profit (loss) for the period	-5,256	-14,135
4.02	Other comprehensive income (loss)	-1,002	10,448
4.02.01	Cash flow hedges	-1,518	15,831
4.02.02	Income tax and social contribution - cash flow hedges	516	-5,383
4.03	Comprehensive income (loss) for the period	-6,258	-3,687

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current quarter 1/1/2018 to 3/31/2018	Accumulated - prior year 1/1/2017 to 3/31/2017
6.01	Net cash provided by (used in) operating activities	2,324	-37,332
6.01.01	Cash from operations	38,230	31,801
6.01.01.01	Profit (loss) before income tax and social contribution	2,201	-18,371
6.04.01.02	Changes in the fair value of biological assets	-1,579	-4,001
6.01.01.03	Depreciation, amortization and depletion	12,546	12,464
6.01.01.05	Proceeds from sales of permanent assets	387	842
6.01.01.06	Equity in the results of subsidiaries	-3,583	7,989
6.01.01.07	Changes in the provision for civil, labor and tax contingencies	8,491	-182
6.01.01.08	Provision for impairment of trade receivables	230	195
6.01.01.12	Monetary variations and charges	19,537	32,865
6.01.02	Changes in assets and liabilities	-35,906	-69,133
6.01.02.01	Trade receivables	-615	-18,559
6.01.02.02	Inventories	-2,467	1,943
6.01.02.03	Taxes recoverable	-1,773	-1,207
6.01.02.04	Other assets	-2,066	1,439
6.01.02.06	Trade payables	-3,899	-16,884
6.01.02.07	Social security obligations	-7,188	-4,508
6.01.02.08	Advances from customers	610	348
6.01.02.09	Tax obligations	650	1,638
6.01.02.10	Payment of interest on borrowings	-16,616	-29,105
6.01.02.11	Payment of interest on debentures	0	-1,133
6.01.02.12	Other payables	-2,542	-3,105
6.02	Net cash provided by used in investing activities	-6,685	15,480
6.02.01	Purchases of property, plant and equipment	-13,885	-7,241
6.02.02	Purchases of biological assets	-1,131	-1,255
6.02.03	Purchases of intangible assets	-137	-61
6.02.06	Proceeds from sales of assets	-264	-586
6.02.12	Banks - restricted account	8,732	24,623
6.03	Net cash provided by (used in) financing activities	14,457	-35,417
6.03.01	Payment of dividends and interest on capital	0	-4,120
6.03.04	Proceeds from borrowings	51,155	16,460
6.03.05	Repayments of borrowings	-36,698	-47,757
6.05	Increase (decrease) in cash and cash equivalents	10,096	-57,269
6.05.01	Cash and cash equivalents at the beginning of the period	75,896	82,844
6.05.02	Cash and cash equivalents at the end of the period	85,992	25,575

Parent company financial statements / statement of changes in equity - 1/1/2018 to 3/31/2018

(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	59,186	0	118,672	340,713
5.03	Adjusted opening balances	161,895	960	59,186	0	118,672	340,713
5.05	Total comprehensive income (loss)	0	0	0	-5,256	-1,002	-6,258
5.05.01	Profit (loss) for the period	0	0	0	-5,256	0	-5,256
5.05.02	Other comprehensive income (loss)	0	0	0	0	-1,002	-1,002
5.05.02.08	Cash flow hedges	0	0	0	0	-1,002	-1,002
5.06	Internal changes in equity	0	0	-977	3,214	-2,237	0
5.06.04	Realized revenue reserve - biological assets	0	0	-825	825	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-152	152	0	0
5.06.06	Realization – deemed cost	0	0	0	2,237	-2,237	0
5.07	Closing balances	161,895	960	58,209	-2,042	115,433	334,455

Parent company financial statements / statement of changes in equity - 1/1/2017 to 3/31/2017

(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	154,829	0	127,507	445,191
5.03	Adjusted opening balances	161,895	960	154,829	0	127,507	445,191
5.05	Total comprehensive income	0	0	0	-14,135	10,448	-3,687
5.05.01	Profit for the period	0	0	0	-14,135	0	-14,135
5.05.02	Other comprehensive income	0	0	0	0	10,448	10,448
5.05.02.08	Cash flow hedges	0	0	0	0	10,448	10,448
5.06	Internal changes in equity	0	0	-131	2,367	-2,236	0
5.06.04	Realized revenue reserve - biological assets	0	0	-13	13	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-118	118	0	0
5.06.06	Realization –deemed cost	0	0	0	2,236	-2,236	0
5.07	Closing balances	161,895	960	154,698	-11,768	135,719	441,504

Parent company financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current quarter 1/1/2018 to 3/31/2018	Accumulated - prior year 1/1/2017 to 3/31/2017
7.01	Revenue	281,638	260,687
7.01.01	Sales of goods, products and/or services	281,391	257,342
7.01.02	Other income	477	3,540
7.01.04	Changes in the provision for impairment of trade receivables	-230	-195
7.02	Inputs purchased from third parties	-174,283	-145,065
7.02.01	Cost of sales	-142,078	-132,039
7.02.02	Materials, electricity, outsourced services and other	-32,205	-13,026
7.03	Gross value added	107,355	115,622
7.04	Retentions	-10,967	-8,463
7.04.01	Depreciation, amortization and depletion	-12,546	-12,464
7.04.02	Other	1,579	4,001
7.04.02.01	Changes in the fair value of biological assets	1,579	4,001
7.05	Net value added generated	96,388	107,159
7.06	Value added received through transfer	8,516	-254
7.06.01	Equity in the results of subsidiaries	3,583	-7,989
7.06.02	Finance income	4,933	7,735
7.07	Total value added to be distributed	104,904	106,905
7.08	Value added distributed	104,904	106,905
7.08.01	Personnel	41,199	38,177
7.08.01.01	Direct remuneration	32,114	29,916
7.08.01.02	Benefits	7,218	6,497
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	1,867	1,764
7.08.02	Taxes, fees and contributions	37,328	40,713
7.08.02.01	Federal	21,524	26,389
7.08.02.02	State	15,379	13,950
7.08.02.03	Municipal	425	374
7.08.03	Remuneration of third-party capital	28,996	39,783
7.08.03.01	Interest	26,519	37,252
7.08.03.02	Rentals	2,477	2,531
7.08.04	Remuneration of own capital	-2,619	-11,768
7.08.04.03	Retained earnings/accumulated deficit	-2,619	-11,768

(A free translation of the original in Portuguese)

Consolidated financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2018	Prior year 12/31/2017
1	Total assets	1,513,906	1,501,839
1.01	Current assets	354,364	345,461
1.01.01	Cash and cash equivalents	87,180	76,949
1.01.02	Financial investments	0	8,732
1.01.02.02	Financial investments valued at amortized cost	0	8,732
1.01.02.02.01	Held-to-maturity securities	0	8,732
1.01.03	Accounts receivable	169,363	168,124
1.01.03.01	Trade receivables	169,363	168,124
1.01.04	Inventories	74,520	72,152
1.01.06	Taxes recoverable	7,542	5,758
1.01.08	Other current assets	15,759	13,746
1.01.08.03	Other	15,759	13,746
1.02	Non-current assets	1,159,542	1,156,378
1.02.01	Long-term receivables	197,863	200,067
1.02.01.03	Trade receivables	5,270	4,751
1.02.01.03.02	Other receivables	5,270	4,751
1.02.01.05	Biological assets	188,430	190,796
1.02.01.09	Other non-current assets	4,163	4,520
1.02.01.09.03	Taxes recoverable	2,056	2,067
1.02.01.09.04	Judicial deposits	2,107	2,453
1.02.02	Investments	17,296	17,470
1.02.02.02	Investment properties	17,296	17,470
1.02.03	Property, plant and equipment	827,544	826,218
1.02.03.01	Property, plant and equipment in operation	827,544	826,218
1.02.04	Intangible assets	116,839	112,623
1.02.04.01	Intangible assets	116,839	112,623

(A free translation of the original in Portuguese)

Consolidated financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 3/31/2018	Prior year 12/31/2017
2	Total liabilities and equity	1,513,906	1,501,839
2.01	Current liabilities	294,103	301,759
2.01.01	Social and labor obligations	22,172	28,895
2.01.01.01	Payroll obligations	22,172	28,895
2.01.01.01.01	Social security obligations	22,172	28,895
2.01.02	Trade payables	74,410	82,951
2.01.03	Tax obligations	18,779	18,692
2.01.03.01	Federal taxes payable	9,821	10,076
2.01.03.01.03	Other federal taxes	9,821	10,076
2.01.03.02	State taxes payable	8,859	8,523
2.01.03.02.01	Taxes payable in installments	0	331
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	8,859	8,192
2.01.03.03	Municipal taxes payable	99	93
2.01.04	Borrowings	163,946	154,905
2.01.04.01	Borrowings	163,946	154,905
2.01.05	Other obligations	14,796	16,316
2.01.05.02	Other	14,796	16,316
2.01.05.02.01	Dividend and interest on capital payable	91	91
2.01.05.02.04	Other payables	12,276	14,759
2.01.05.02.05	Advances from customers	2,429	1,466
2.02	Non-current liabilities	885,340	859,359
2.02.01	Borrowings	627,047	617,191
2.02.01.01	Borrowings	627,047	617,191
2.02.02	Other obligations	12,779	11,863
2.02.02.02	Other	12,779	11,863
2.02.02.02.04	Other taxes payable	12,016	11,315
2.02.02.02.05	Other payables	763	548
2.02.03	Deferred taxes	181,096	174,208
2.02.03.01	Deferred income tax and social contribution	181,096	174,208
2.02.04	Provisions	64,418	56,097
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	64,418	56,097
2.03	Consolidated equity	334,463	340,721
2.03.01	Share capital	161,895	161,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	56,167	59,186
2.03.06	Carrying value adjustments	115,433	118,672
2.03.09	Non-controlling interests	8	8

Consolidated financial statements / statement of profit and loss

All amounts in thousands of reais unless otherwise stated

Code	Description	Accumulated - current quarter 1/1/2018 to 3/31/2018	Accumulated - prior year 1/1/2017 to 3/31/2017
3.01	Revenue from sales of goods, products and/or services	225,357	195,337
3.02	Cost of sales	-159,900	-152,602
3.02.01	Changes in the fair value of biological assets	817	-5,164
3.02.02	Cost of goods sold	-160,717	-147,438
3.03	Gross profit	65,457	42,735
3.04	Operating income/ expenses	-41,647	-32,264
3.04.01	Selling expenses	-21,127	-20,113
3.04.02	General and administrative expenses	-13,058	-12,806
3.04.04	Other operating income	485	1,228
3.04.05	Other operating expenses	-7,947	-573
3.05	Profit before finance result and taxes	23,810	10,471
3.06	Finance result	-21,565	-28,903
3.06.01	Finance income	4,943	8,356
3.06.02	Finance costs	-26,508	-37,259
3.07	Profit (loss) before taxes on income	2,245	-18,432
3.08	Income tax and social contribution	-7,501	4,297
3.08.01	Current	-98	-252
3.08.02	Deferred	-7,403	4,549
3.09	Profit (loss) from continuing operations	-5,256	-14,135
3.11	Consolidated profit (loss) for the period	-5,256	-14,135
3.11.01	Attributable to owners of the Parent	-5,256	-14,135
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	-0.03190	-0.08600
3.99.01.02	Preferred shares	-0.03190	-0.08600

Consolidated financial statements / statement of comprehensive income (loss)

(All amounts in thousands of reais)

Code	Description	Accumulated - current quarter 1/1/2018 to 3/31/2018	Accumulated - prior year 1/1/2017 to 3/31/2017
4.01	Consolidated profit (loss) for the period	-5,256	-14,135
4.02	Other comprehensive income (loss)	-1,002	10,448
4.02.01	Cash flow hedges	-1,518	15,831
4.02.02	Income tax and social contribution - cash flow hedges	516	-5,383
4.03	Consolidated comprehensive income (loss) for the period	-6,258	-3,687
4.03.01	Attributable to owners of the Parent	-6,258	-3,687

Consolidated financial statements / statement of cash flows - indirect method

(All amounts in thousands of reais)

Code	Description	Accumulated - current quarter 1/1/2018 to 3/31/2018	Accumulated - prior year 1/1/2017 to 3/31/2017
6.01	Net cash provided by (used in) operating activities	3,425	-36,292
6.01.01	Cash from operations	47,916	34,230
6.01.01.01	Profit (loss) before income tax and social contribution	2,245	-18,432
6.01.01.02	Changes in the fair value of biological assets	-817	5,164
6.01.01.03	Depreciation, amortization and depletion	17,831	13,661
6.01.01.05	Proceeds from sales of permanent assets	387	959
6.01.01.07	Provision for civil, labor and tax contingencies	8,503	-182
6.01.01.08	Provision for impairment of trade receivables	230	195
6.01.01.12	Monetary variations and charges	19,537	32,865
6.01.02	Changes in assets and liabilities	-44,491	-70,522
6.01.02.01	Trade receivables	-1,469	-18,639
6.01.02.02	Inventories	-2,368	2,074
6.01.02.03	Taxes recoverable	-1,773	-1,144
6.01.02.04	Other assets	-2,186	1,371
6.01.02.06	Trade payables	-12,561	-18,375
6.01.02.07	Social security obligations	-6,723	-4,220
6.01.02.08	Advances from customers	963	354
6.01.02.09	Taxes payable	692	1,330
6.01.02.10	Payment of interest on borrowings	-16,616	-29,105
6.01.02.11	Payment of interest on debentures	0	-1,133
6.01.02.12	Other payables	-2,450	-3,035
6.02	Net cash provided by (used in) investing activities	-7,651	14,766
6.02.01	Purchases of property, plant and equipment	-13,909	-7,296
6.02.02	Purchases of biological assets	-2,072	-1,914
6.02.03	Purchases of intangible assets	-137	-61
6.02.06	Proceeds from sales of assets	-265	-586
6.02.12	Banks - restricted account	8,732	24,623
6.03	Net cash provided by (used in) financing activities	14,457	-35,417
6.03.01	Payment of dividends and interest on capital	0	-4,120
6.03.04	Proceeds from borrowings	51,155	16,460
6.03.05	Repayments of borrowings	-36,698	-47,757
6.05	Increase (decrease) in cash and cash equivalents	10,231	-56,943
6.05.01	Cash and cash equivalents at the beginning of the period	76,949	103,885
6.05.02	Cash and cash equivalents at the end of the period	87,180	46,942

Consolidated financial statements / statement of changes in equity - 1/1/2018 to 3/31/2018

(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	Non-controlling interests	Consolidated equity
5.01	Opening balances	161,895	960	59,186	0	118,672	340,713	8	340,721
5.03	Adjusted opening balances	161,895	960	59,186	0	118,672	340,713	8	340,721
5.05	Total comprehensive income (loss)	0	0	0	-5,256	-1,002	-6,258	0	-6,258
5.05.01	Profit (loss) for the period	0	0	0	-5,256	0	-5,256	0	-5,256
5.05.02	Other comprehensive income (loss)	0	0	0	0	-1,002	-1,002	0	-1,002
5.05.02.08	Cash flow hedges	0	0	0	0	-1,002	-1,002	0	-1,002
5.06	Internal changes in equity	0	0	-977	3,214	-2,237	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-825	825	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-152	152	0	0	0	0
5.06.06	Realization – deemed cost	0	0	0	2,237	-2,237	0	0	0
5.07	Closing balances	161,895	960	58,209	-2,042	115,433	334,455	8	334,463

Consolidated financial statements / statement of changes in equity - 1/1/2017 to 3/31/2017

(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	Non-controlling interests	Consolidated equity
5.01	Opening balances	161,895	960	154,829	0	127,507	445,191	10	445,201
5.03	Adjusted opening balances	161,895	960	154,829	0	127,507	445,191	10	445,201
5.05	Total comprehensive income	0	0	0	-14,135	10,448	-3,687	0	-3,687
5.05.01	Profit for the period	0	0	0	-14,135	0	-14,135	0	-14,135
5.05.02	Other comprehensive income	0	0	0	0	10,448	10,448	0	10,448
5.05.02.08	Cash flow hedges	0	0	0	0	10,448	10,448	0	10,448
5.06	Internal changes in equity	0	0	-131	2,367	-2,236	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-13	13	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-118	118	0	0	0	0
5.06.06	Realization – deemed cost	0	0	0	2,236	-2,236	0	0	0
5.07	Closing balances	161,895	960	154,698	-11,768	135,719	441,504	10	441,514

Consolidated financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current quarter 1/1/2018 to 3/31/2018	Accumulated - prior year 1/1/2017 to 3/31/2017
7.01	Revenue	285,132	262,393
7.01.01	Sales of goods, products and/or services	284,877	258,992
7.01.02	Other income	485	3,596
7.01.04	Changes in the provision for impairment of trade receivables	-230	-195
7.02	Inputs purchased from third parties	-164,292	-141,807
7.02.01	Cost of sales	-130,779	-128,146
7.02.02	Materials, electricity, outsourced services and other	-33,513	-13,661
7.03	Gross value added	120,840	120,586
7.04	Retentions	-17,013	-18,825
7.04.01	Depreciation, amortization and depletion	-17,831	-13,661
7.04.02	Other	818	-5,164
7.04.02.01	Changes in the fair value of biological assets	818	-5,164
7.05	Net value added generated	103,827	101,761
7.06	Value added received through transfer	4,943	8,356
7.06.02	Finance income	4,943	8,356
7.07	Total value added to be distributed	108,770	110,117
7.08	Value added distributed	108,770	110,117
7.08.01	Personnel	43,523	40,538
7.08.01.01	Direct remuneration	33,700	31,601
7.08.01.02	Benefits	7,869	7,065
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	1,954	1,872
7.08.02	Taxes, fees and contributions	38,867	41,515
7.08.02.01	Federal	22,940	27,173
7.08.02.02	State	15,485	13,950
7.08.02.03	Municipal	442	392
7.08.03	Remuneration of third-party capital	28,999	39,832
7.08.03.01	Interest	26,520	37,259
7.08.03.02	Rentals	2,479	2,573
7.08.04	Remuneration of own capital	-2,619	-11,768
7.08.04.03	Retained earnings/accumulated deficit	-2,619	-11,768

Comments on Company performance

COMMENTS ON THE COMPANY'S PERFORMANCE FOR 1Q18

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

IRANI reports Adjusted EBITDA of R$ 42.3 million in 1Q18, with an 18.8% margin - an increase of 44.5% in relation to 1Q17

KEY INDICATORS - CONSOLIDATED	1Q18	4Q17	1Q17	Var. 1Q18/4Q17	Var. 1Q18/1Q17	LTM18	LTM17	Var. LTM18/LTM17
Economic and financial (R$ thousand)								
Net operating revenue	225,357	230,618	195,337	-2.3%	15.4%	889,189	780,725	13.9%
Domestic market	189,627	197,015	160,261	-3.7%	18.3%	762,497	649,311	17.4%
Foreign market	35,730	33,603	35,076	6.3%	1.9%	126,692	131,414	-3.6%
Gross profit (including*)	65,457	38,731	42,735	69.0%	53.2%	248,619	199,183	24.8%
(*) Change in the Fair Value of Biological Assets	*817*	*(22,012)*	*(5,164)*	-	-	*(4,866)*	*17,325*	-128.1%
Gross margin	***29.0%***	***16.8%***	**21.9%**	**12.2p.p.**	***7.1p.p.***	***28.0%***	***25.5%***	***2.5p.p.***
Operating result before taxes and profit sharing	2,245	(82,727)	(18,432)	-	-	(79,894)	(46,172)	73.0%
Operating margin	***1.0%***	***-35.9%***	**-9.4%**	**36.9p.p.**	***10.4p.p.***	***-9.0%***	***-5.9%***	***3.1p.p.***
Profit (loss)	(5,256)	(98,421)	(14,135)	-94.7%	-62.8%	(99,294)	(23,238)	327.3%
Net margin	***-2.3%***	***-42.7%***	**-7.2%**	**40.4p.p.**	**4.9p.p.**	***-11.2%***	***-3.0%***	***8.2p.p.***
Adjusted EBITDA [1]	42,341	51,545	29,296	-17.9%	44.5%	167,575	169,559	-1.2%
Adjusted EBITDA Margin	***18.8%***	***22.4%***	***15.0%***	**-3.6 p.p.**	***3.8p.p.***	***18.8%***	***21.7%***	***-2.9p.p.***
Net indebtedness [R$ million]	703.8	686.4	765.4	2.5%	-8.0%	703.8	765.4	-8.0%
Net debt / Adjusted EBITDA (x)	4.20	4.44	4.46	-5.4%	-5.8%	4.20	4.46	-5.8%
Net debt / Proforma adjusted EBITDA (x) [2]	3.49	3.68	3.83	-5.2%	-8.9%	3.49	3.83	-8.9%
Operating Data (in metric tons)								
Corrugated Cardboard Packaging (PO)								
Production/Sales	46,757	49,228	45,337	-5.0%	3.1%	194,676	179,987	8.2%
Packaging Paper								
Production	69,478	73,103	70,741	-5.0%	-1.8%	287,756	278,252	3.4%
Sales	22,213	22,234	21,435	-0.1%	3.6%	89,850	89,222	0.7%
RS Forest and Resins								
Production	3,745	2,732	3,610	37.1%	3.7%	11,976	12,186	-1.7%
Sales	3,667	4,167	3,460	-12.0%	6.0%	12,207	11,663	4.7%

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

- In 1Q18, net revenue increased by 15.4% in comparison with 1Q17 and decreased 2.3% in comparison with 4Q17, as an effect of the increase in prices and the higher sales volumes in the segments of Packaging Paper and Corrugated Cardboard Packaging, when compared to the same quarter of prior year.

- The sales volume for the Corrugated Cardboard Packaging segment increased by 3.1% when compared to 1Q17, totaling 46.7 thousand metric tons in 1Q18. The sales volume for the Packaging Paper segment totaled 22.2 thousand metric tons, recording an increase of 3.6% in the comparison with 1Q17. The RS Forest and Resins segment totaled 3.7 thousand metric tons, recording a decrease of 6.0%.

Comments on Company performance

- Gross profit in 1Q18 increased by 53.2% when compared to 1Q17 and by 69.0% when compared to 4Q17, reflecting mainly the revenue growth and the variation in the fair value of biological assets, which was positive in the quarter, in comparison with the negative variation in prior periods.

- The Company reported losses of R$ 5.2 million for 1Q18, compared to losses of R$ 14.1 million in 1Q17 and losses of R$ 98.4 million in 4Q17. Net result, when compared to 4Q17 was impacted by the provisions for contingencies and for impairment of trade receivables recognized in that period, which related to transactions accumulated from previous periods.

- Adjusted EBITDA in 1Q18 was computed at R$ 42.3 million, 44.5% higher than that computed for 1Q17, of R$ 29.3 million, mainly as a result of better sales performance and the decrease in the price of trimmings in the period. When compared to 4Q17, adjusted EBITDA was 17.9% lower, mainly due to sales of forests made in 4Q17, which generated an EBITDA of approximately R$18.7 million.

- Net debt/EBITDA ratio reached 4.20 times in March 2018. 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 2018 totaled R$ 87.2 million, with 79% of the debts maturing in the long term.

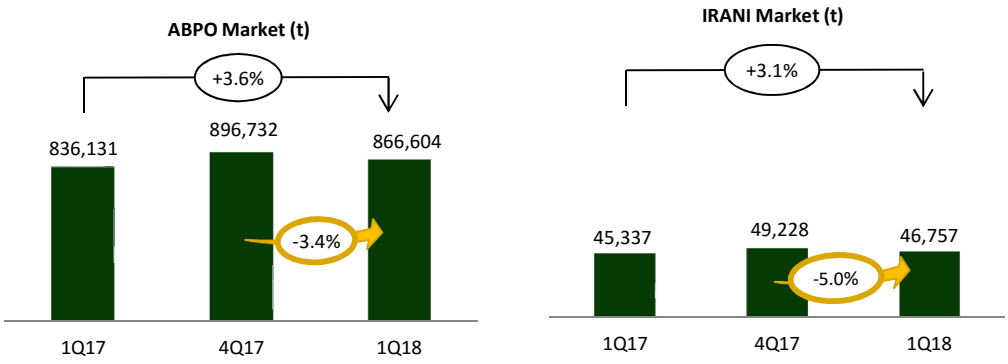
1Q18 Highlights

The expansion cycle in Brazil, which started in the second half of 2017, continued in the first quarter of 2018, as noticed by the GDP growth of 0.4% when compared to 4Q17. In the international scenario, the positive economic environment was maintained in the USA, China and Europe.

In 1Q18, the Brazilian Corrugated Cardboard Association (ABPO) recorded an increase of 3.6% in the amount of metric tons of corrugated cardboard shipped, in comparison with 1Q17. The sales volume of IRANI Market, in metric tons, increased by 3.1% in 1Q18. Compared to 4Q17, the ABPO Market decreased by 3.4%, and the IRANI Market decreased by 5.0%. In metric tons, IRANI's market share in the segment of Corrugated Cardboard Packaging corresponded to 5.4% in 1Q18, the same as in 1Q17, and to 5.5% in 4Q17.

Comments on Company performance

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



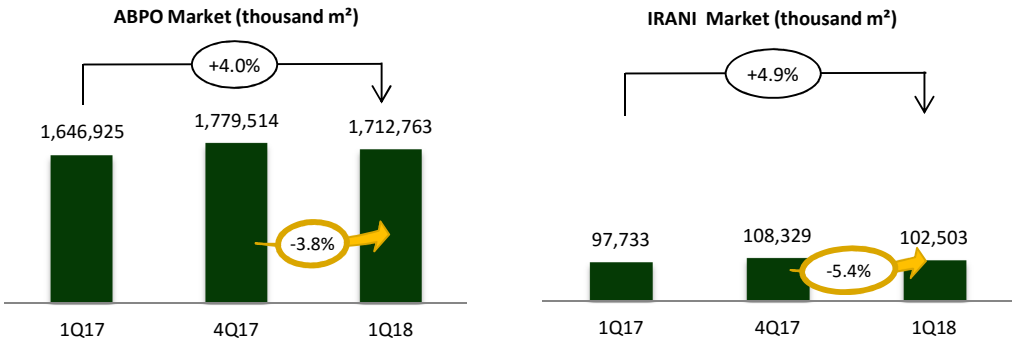
Source: ABPO

Source: IRANI

The sales volume of corrugated cardboard packaging in the ABPO Market, in square meters, increased by 4.0% in 1Q18 when compared to 1Q17, while the IRANI Market recorded an increase of 4.9% in the period. When compared to 4Q17, the ABPO Market decreased 3.8%, while the IRANI Market decreased 5.4%. IRANI's market share in square meters was 6.0%, 5.9% and 6.1% in 1Q18, 1Q17 and 4Q17, respectively.

In 1Q18, the Corrugated Cardboard Packaging segment represented 63% of IRANI"s net revenue, while the Packaging Paper and the Forest RS and Resins segments represented 28% and 9%, respectively. The domestic market accounted for 84% of net revenue and the foreign market, for 16%. The growth of 2.1 p.p. in the revenue from the domestic market when compared to 1Q17 arises mainly from the increase in the sales volume and prices of the Corrugated Cardboard Packaging segment, which is entirely intended for the domestic market.

Sales Volume (in square meters) - Corrugated Cardboard Packaging Segment (PO)



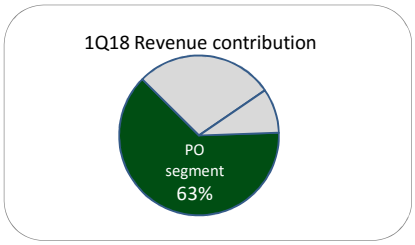
Source: ABPO

Source: IRANI

Comments on Company performance

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

1.1 Corrugated Cardboard Packaging (PO) segment

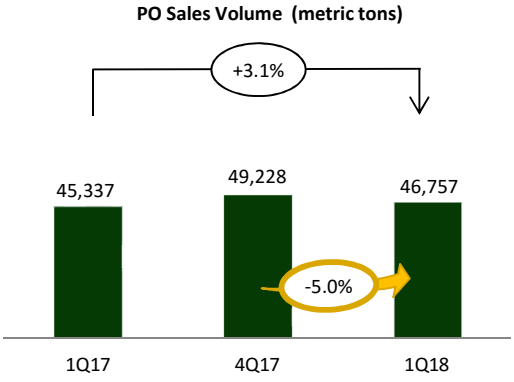


The sales volume of corrugated cardboard boxes and sheets totaled 46,757 metric tons, an increase of 3.1% in relation to 1Q17 and a decrease of 5.0% in relation to 4Q17. The sales performance of boxes increased by 4.0% when compared to 1Q17, and the sales of sheets increased by 1.1% in the comparison between the quarters. The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants accounted for 39%, 31% and 30%, respectively, of the total sales in 1Q18, with their entire production allocated to the domestic market.

The sales volume of the SP Indaiatuba Packaging plant totaled 13,114 metric tons of boxes and 5,072 metric tons of sheets in 1Q18 (compared to 12,395 metric tons of boxes and 5,064 metric tons of sheets in 1Q17).

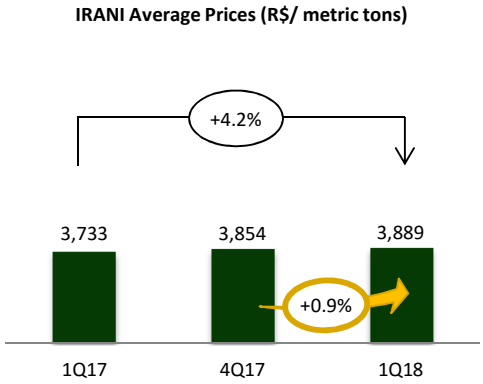
The sales volume of the SC Campina da Alegria Packaging plant totaled 11,747 metric tons of boxes and 2,843 metric tons of sheets in 1Q18 (compared to 10,399 metric tons of boxes and 3,121 metric tons of sheets in 1Q17).

The sales volume of the SP Vila Maria Packaging plant totaled 8,537 metric tons of boxes and 5,444 metric tons of sheets in 1Q18 (compared to 9,327 metric tons of boxes and 5,031 metric tons of sheets in 1Q17).



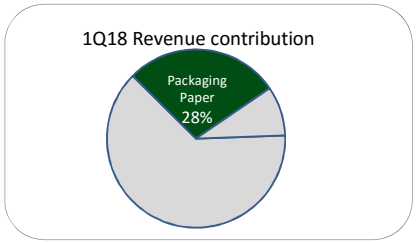
Average IRANI prices (CIF) per metric ton increased by 4.2% in 1Q18 when compared to 1Q17, and remained stable in relation to 4Q17, as shown below:

Comments on Company performance



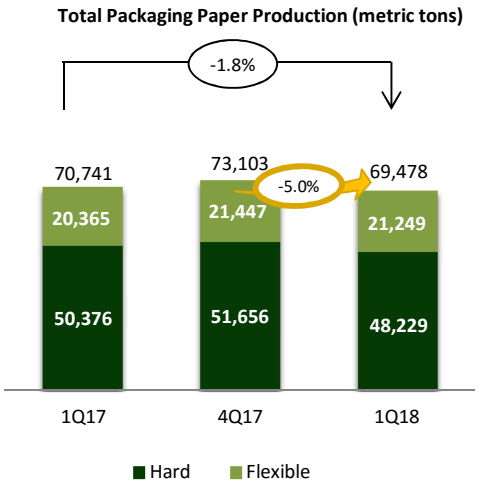
Note on methodology: IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

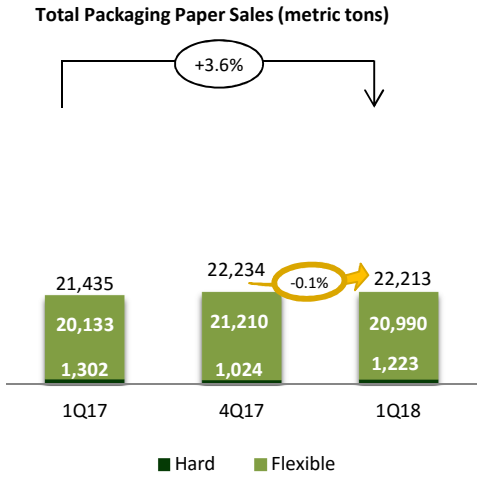
1.2 Packaging Paper Segment



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

The Company's total production of packaging paper in the quarter decreased by 1.8% when compared to 1Q17 and by 5.0% in relation to 4Q17. The sales volume increased by 3.6% in comparison with 1Q17, and remained stable when compared to 4Q17.

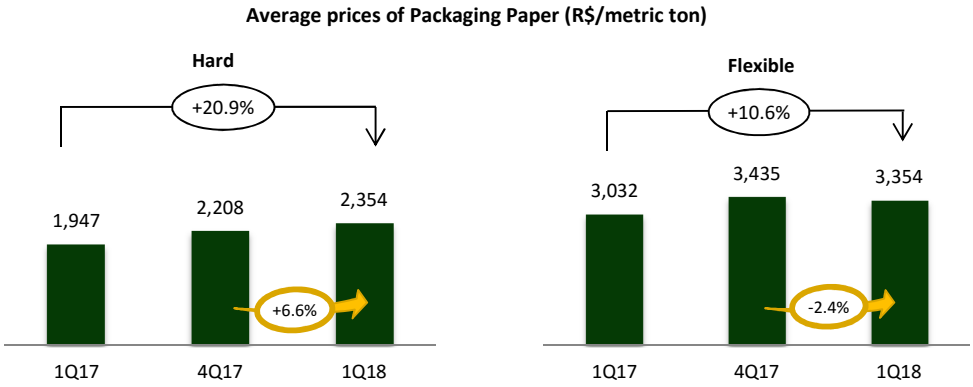




Comments on Company performance

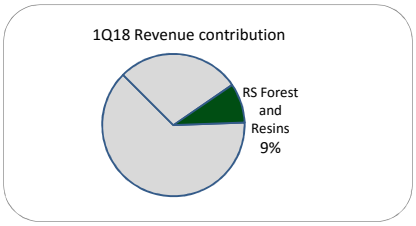
In 1Q18, internal transfers of paper for rigid packages (PO) totaled 48,475 metric tons (48,100t in 1Q17 and 48,942t in 4Q17), distributed as follows: 17,415 metric tons (17,900t in 1Q17 and 17,857t in 4Q17) to the SP Indaiatuba plant; 15,149 metric tons (15,557t in 1Q17 and 14,991t in 4Q17) to the SP Vila Maria plant; and 15,911 metric tons (14,643t in 1Q17 and 16,094t in 4Q17) to the SC Campina da Alegria plant. Therefore, of the total internal transfers made in the quarter, 36% were to SP Indaiatuba plant, 33% to SC Campina da Alegria plant and 31% to SP Vila Maria plant.

The hard packaging paper segment, which has low sales volume (only 1,223 metric tons in 1Q18, as shown in the chart above) and prices lower than those of the other papers sold by the Company, presented an increase of 20.9% in the prices for 1Q18 in relation to 1Q17, and an increase of 6.6% when compared to 4Q17. The prices of flexible packaging papers increased by 10.6% when compared to 1Q17, and decreased by 2.4% in the comparison with 4Q17.



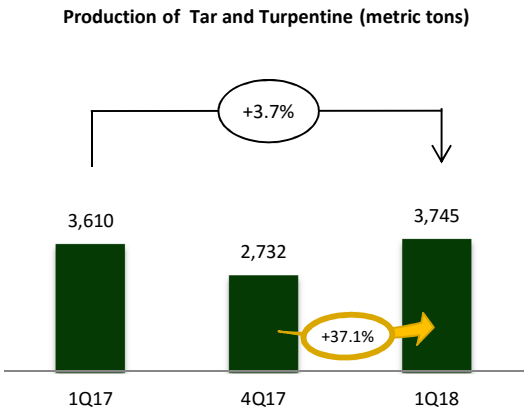
1.3 RS Forest and Resins Segment

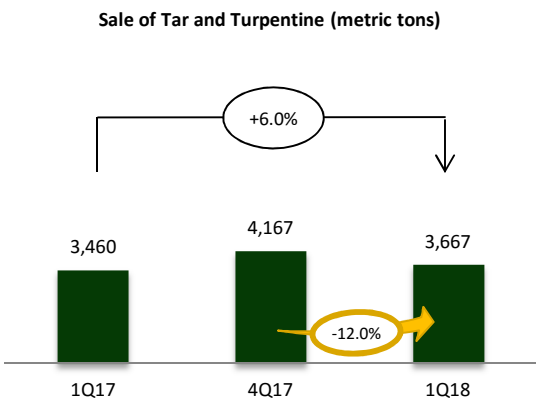
In 1Q18, the Forest segment of Rio Grande do Sul produced and sold 28 thousand cubic meters of pine logs in the domestic market (22 thousand cubic meters in 1Q17) and supplied 1,000 thousand metric tons of natural resins to the parent company Celulose Irani S.A., to be utilized in the industrial production of tar and turpentine.



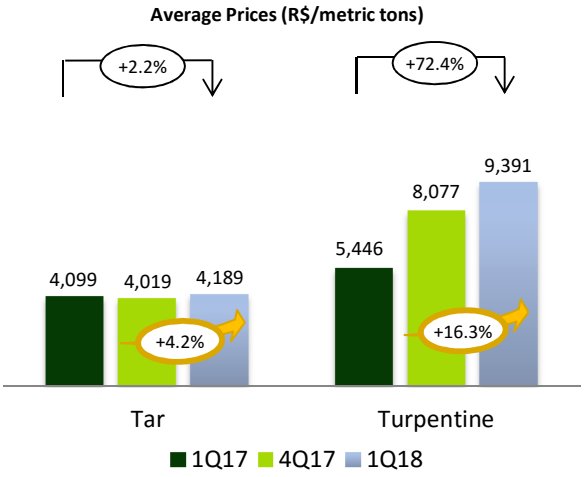
The production volume of the unit RS Resin Balneário Pinhal increased by 3.7% during the quarter, when compared to 1Q17, and by 37.1% when compared to 4Q17. The sales volume increased by 6.0% in relation to 1Q17 and decreased by 12.0% in relation to 4Q17.

Comments on Company performance





The gross average price of tar in 1Q18 was 2.2% and 4.2% above that of 1Q17 and 4Q17, respectively. The average price of turpentine increased by 72.4% when compared to 1Q17 and 16.3% in relation to 4Q17. The prices of these products vary according to the international market and the exchange rates.



2. ECONOMIC AND FINANCIAL PERFORMANCE

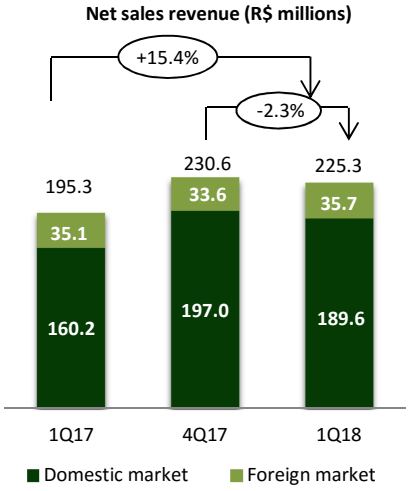
2.1 Net Operating Revenue

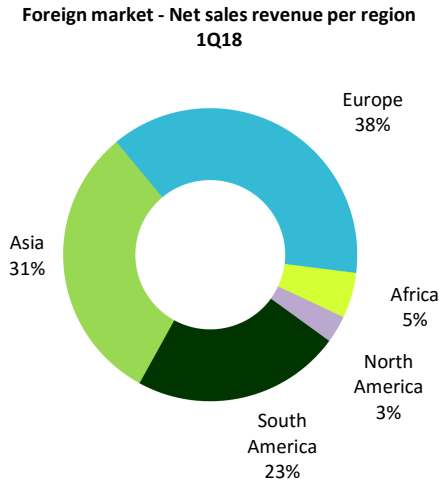
In 1Q18, net revenue totaled R$ 225,357 thousand, an increase of 15.4% in comparison with 1Q17 and a decrease of 2.3% in comparison with 4Q17, as an effect of the increase in prices and sales volumes in the segments of Packaging Paper and Corrugated Cardboard Packaging, when compared to the same quarter of prior year.

Comments on Company performance

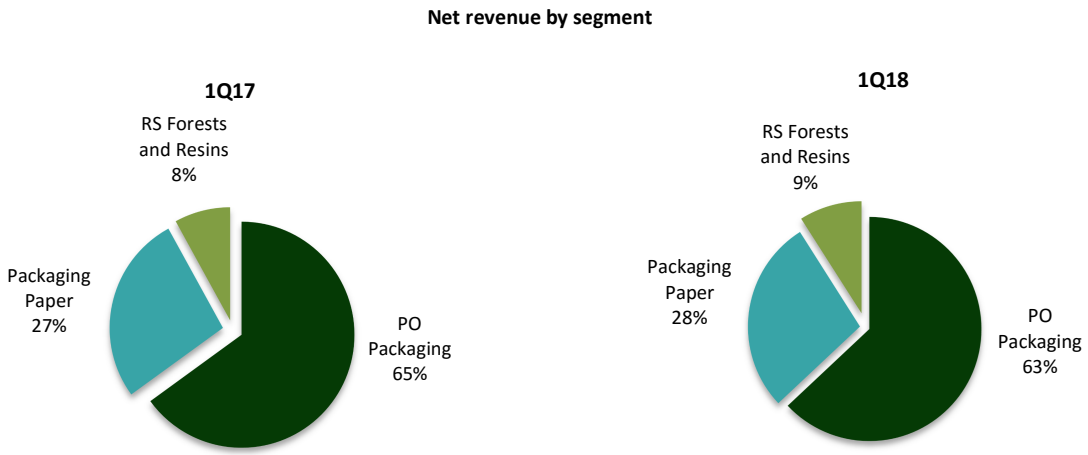
In the domestic market, net operating revenue amounted to R$ 189,627 thousand in the quarter, an increase of 18.3% against 1Q17, and a decrease of 3.7% against 4Q17, and corresponded to 84% of the Company's total revenue.

Exports in 1Q18 totaled R$ 35,730 thousand, a growth of 1.9% when compared to 1Q17 and of 6.3% in relation to 4Q17, representing 16% of total net operating revenue. Europe was the main destination of the exports, concentrating 38% of the export revenue. Other destinations were Asia (31%), South America (23%), Africa (5%) and North America (3%).





IRANI's main operating area is the Corrugated Cardboard Packaging (PO) segment, which accounted for 63% of the consolidated net revenue in 1Q18, followed by the segments of Packaging Paper with 28%, and RS Forest and Resins with 9%.

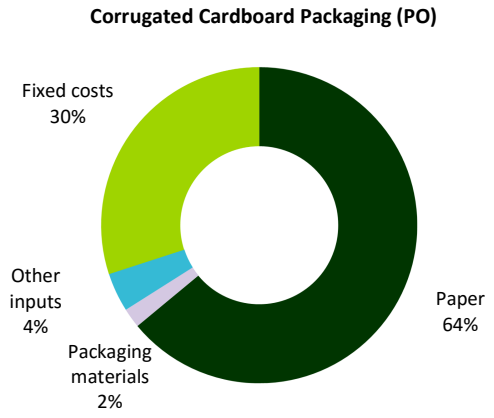


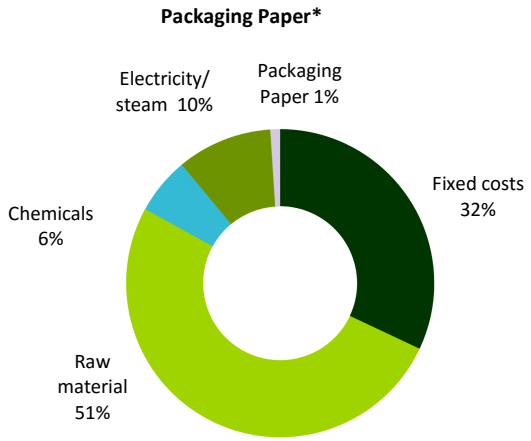
Comments on Company performance

2.2 Cost of Sales

The cost of sales in 1Q18 amounted to R$ 160,717 thousand, and was 9.0% higher than that recorded for 1Q17, when compared in absolute numbers. The changes in the fair value of biological assets were not considered in the cost of products sold.

The analysis of cost by business segment in 1Q18 is shown below:





*changes in the fair value of biological assets are not included in the cost of the Packaging Paper segment.

2.3 Operating Income and Expenses

Selling expenses in 1Q18 totaled R$ 21,127 thousand, representing 9.4% of the consolidated net revenue, against 10.3% in 1Q17.

Administrative expenses in 1Q18 were 2.0% higher than those recorded in 1Q17, totaling R$ 13,058 thousand (R$ 12,806 thousand in 1Q17) and accounted for 5.8% of the net consolidated revenue, against 6.6% in 1Q17.

Other operating income/expenses resulted in expenses of R$ 7,462 thousand in 1Q17, against expenses of R$ 655 thousand in 1Q17.

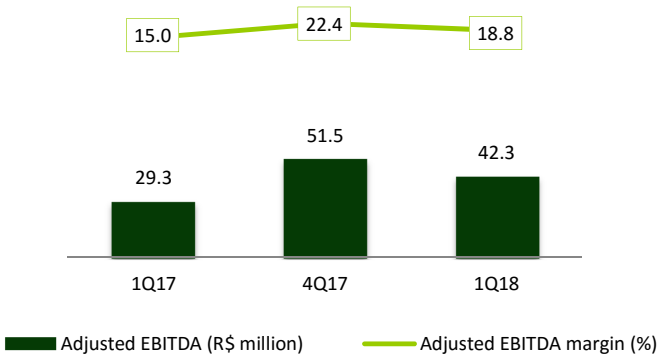
3. CASH PROVIDED BY OPERATING ACTIVITIES (ADJUSTED EBITDA)

Consolidated (R$ thousand)	1Q18	4Q17	1Q17	Var. 1Q18/4Q17	Var. 1Q18/1Q17	LTM18	LTM17	Var. LTM18/LTM17
Operating result before taxes and profit sharing	**2,245**	**(82,727)**	**(18,432)**	**-**	**-**	**(79,894)**	**(46,172)**	**73.0%**
Depletion	5,202	35,415	1,119	-85.3%	364.9%	45,844	58,041	-21.0%
Depreciation and amortization	12,629	14,038	12,542	-10.0%	0.7%	53,902	61,156	-11.9%
Finance result	21,565	26,751	28,903	-19.4%	-25.4%	98,968	109,875	-9.9%
EBITDA	**41,641**	**(6,523)**	**24,132**	**-**	**72.6%**	**118,820**	**182,900**	**-35.0%**
EBITDA margin	***18.5%***	***-2.8%***	***12.4%***	***21.3p.p.***	***6.1p.p.***	***13.4%***	***23.4%***	***-10.0p.p.***
Adjustments pursuant to CVM Instruction 527/12								
Change in the fair value of biological assets [1]	(817)	22,012	5,164	-103.7%	-115.8%	4,866	(17,325)	-
Non-recurring events [2]	1,517	36,056	-	-95.8%	-	43,889	3,984	1001.6%
Adjusted EBITDA	**42,341**	**51,545**	**29,296**	**-17.9%**	**44.5%**	**167,575**	**169,559**	**-1.2%**
Adjusted EBITDA Margin	***18.8%***	***22.4%***	***15.0%***	***-3.6 p.p.***	***3.8p.p.***	***18.8%***	***21.7%***	***-2.9p.p.***

[1] The change in the fair value of biological assets did not represent cash reduction in the period.
[2] Non-recurring events: The amount of R$ 1,517 thousand (1Q18) relates to the recognition of non-recurring tax provisions.

Cash provided by operating activities, measured by adjusted EBITDA, totaled R$ 42,341 thousand in 1Q18, representing an increase of 44.5% in relation to 1Q17, primarily achieved as a result of better sales performance, and the decrease in the price of trimmings during the period. In relation to 4Q17, cash from operations decreased by 17.9%, mainly because the sales of forests made in 4Q17 generated an EBITDA of approximately R$ 18.7 million. In 1Q17, the adjusted EBITDA margin reached 18.8%, an increase of 3.8 p.p. in relation to 1Q17. In relation to 4Q17, the margin decreased by 3.6 p.p.

Adjusted EBITDA (Million R$) and Adjusted EBITDA Margin (%)



4. FINANCE RESULT AND INDEBTEDNESS

Finance result was negative by R$ 21,565 thousand in 1Q18, a decrease of 25.4% when compared to 1Q17, mainly reflecting the lower exchange variation computed for the period. When compared to 4Q17, finance result decreased by 19.4%, influenced by the lower exchange variation and interest rates, in

Comments on Company performance

addition to the recognition of non-recurring finance costs of R$ 937 thousand, related to the enrollment in the Special Tax Regularization Program (PERT). Finance costs in 1Q18 totaled R$ 26,508 thousand, against R$ 37,259 thousand in 1Q17 and R$ 27,803 thousand in 4Q17. Finance income reached R$ 4,943 thousand in the quarter, compared to R$ 8,356 thousand in the same period of the previous year and R$ 1,052 thousand in 4Q17.

Finance result is broken down as follows:

R$ thousand	1Q18	4Q17	1Q17	LTM17[1]	LTM17[1]
Finance income	4,943	1,052	8,356	18,529	37,534
Finance costs	(26,508)	(27,803)	(37,259)	(117,497)	(147,409)
Finance result	(21,565)	(26,751)	(28,903)	(98,968)	(109,875)

[1] *Accumulated in the last twelve months.*

Finance income and costs disclosed include foreign exchange gains and losses, as follows:

R$ thousand	1Q18	4Q17	1Q17	LTM17[1]	LTM17[1]
Foreign exchange gains	3,821	2,196	3,658	13,825	21,235
Foreign exchange losses	(3,103)	(2,260)	(9,217)	(16,345)	(41,759)
Foreign exchange variation, net	718	(64)	(5,559)	(2,520)	(20,524)

[1] *Accumulated in the last twelve months.*

Finance result net of foreign exchange variation was as follows:

R$ thousand	1Q18	4Q17	1Q17	LTM17[1]	LTM17[1]
Finance Result Net of Foreign Exchange Variation	(22,283)	(26,687)	(23,344)	(96,448)	(89,351)

[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) in line with the estimated receivables in the same currency. Foreign exchange variations on these transactions are accounted for monthly in Equity and recognized in the statement of profit and loss as finance costs, at realization (hedge accounting). In 1Q18, the Company recognized hedge accounting losses of R$ 1,519 thousand (R$ 1,002 thousand net of taxes recorded in equity), and finance costs of R$ 112 thousand in the statement of profit and loss. In the year-to-date, the Company recorded the amount of R$ 119,508 thousand as exchange rate variation on transactions allocated to hedge accounting, to be recognized as profit/loss on realization, over the coming years. The amount of R$ 78,875 thousand was recognized in Equity (net of taxes).

Comments on Company performance

Foreign exchange rate

The exchange rate that was R$ 3.17/US$ at March 31, 2017, increased by 4.7% at the end of March 2018, reaching R$ 3.32/US$. The average exchange rate for the quarter was R$ 3.24/US$, 3.2% higher than in 1Q17, and stable in relation to 4Q17.

	1Q18	4Q17	1Q17	Δ1Q18/4Q17	Δ1Q18/1Q17
Average U.S. dollar	3.24	3.25	3.14	-0.3%	+3.2%
Final U.S. dollar	3.32	3.31	3.17	+0.3%	+4.7%

Source: Brazilian Central Bank

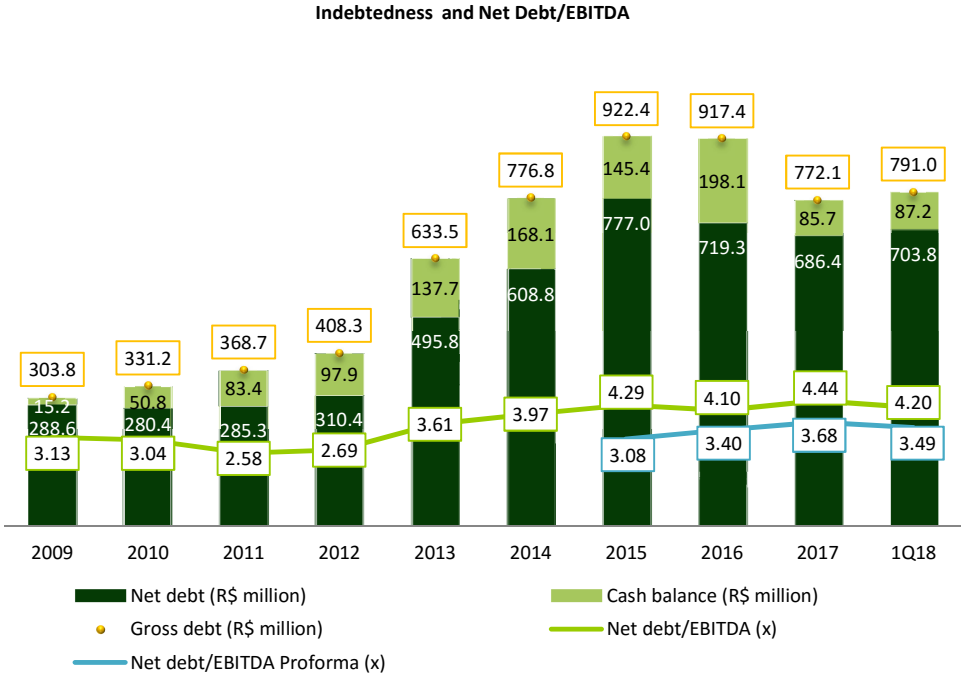
Indebtedness

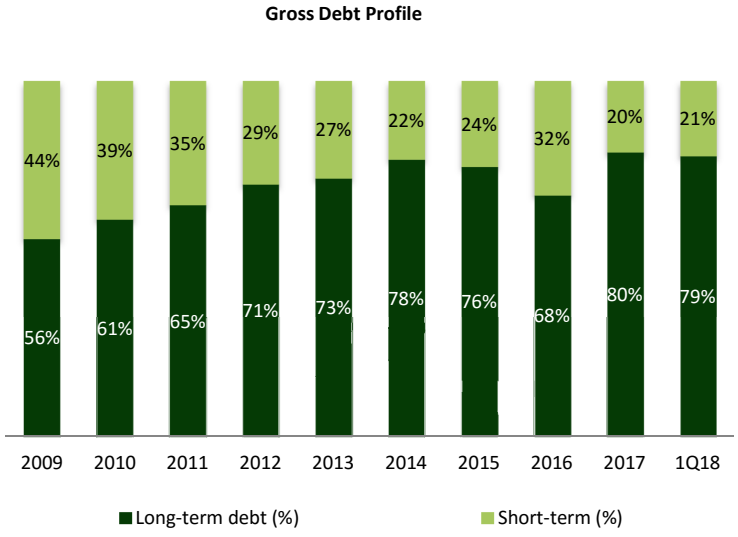
At March 31, 2018, consolidated gross indebtedness totaled R$ 791.0 million, compared to R$ 772.1 million at December 31, 2017. This increase resulted from the higher volume of borrowings contracted, which exceeded the volume of transactions settled in the period. At March 31, 2018, the Company's gross debt profile presented 21% of debts maturing in the short term and 79% in the long term.

At March 31, 2018, consolidated cash balance totaled R$ 87.2 million, compared to R$ 85.7 million at December 31, 2017.

At March 31, 2018, consolidated net indebtedness totaled R$ 703.8 million, against R$ 686.4 million at December 31, 2017. The net debt/EBITDA ratio decreased from 4.44 times at the end of 4Q17 to 4.20 times at the end of 1Q18. Excluding from net debt the exchange variation recorded as hedge accounting (Note 28 - Cash flow hedge), the pro forma net debt/EBITDA ratio would be 3.49 times at the end of 1Q18.

Comments on Company performance





5. PROFIT/LOSS

In 1Q18, the Company reported losses of R$ 5,256 thousand, compared to losses of R$ 14,135 thousand in 1Q17 and losses of R$ 98,421 thousand in 4Q17. The variation, in comparison with 4Q17, was mainly related to the recognition of provisions for contingencies and for impairment of trade receivables in

respect of transactions accumulated from prior periods. Over the last 12 months, net result corresponded to losses of R$ 99,294 thousand, compared to losses of R$ 23,238 thousand recorded for the same period of previous year.

6. INVESTMENTS

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

Investments in the quarter totaled R$ 20,139 thousand and were primarily allocated to the maintenance and improvement of facilities, computer software, machinery and equipment.

R$ thousand	1Q18
Land	21
Buildings	44
Equipment	12.364
Assets under lease	716
Intangible assets	4,975
Reforesting	2,019
Total	**20,139**

7. SHARE CAPITAL

At March 31, 2018, 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, 2018, the Company held in treasury 24,000 common shares and 2,352,100, preferred shares, totaling 2,376,100 shares. In the same period, common shares were traded at R$ 2.02 and preferred shares, at R$ 2.03.

Notes to the Quarterly Information

CELULOSE IRANI S.A.

CONTENTS

1. OPERATIONS
2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS
3. SIGNIFICANT ACCOUNTING PRACTICES
4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS
5. CASH AND CASH EQUIVALENTS
6. TRADE RECEIVABLES
7. INVENTORIES
8. TAXES RECOVERABLE
9. BANKS - RESTRICTED ACCOUNT
10. OTHER ASSETS
11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION
12. INVESTMENTS IN SUBSIDIARIES
13. INVESTMENT PROPERTIES
14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS
15. BIOLOGICAL ASSETS
16. BORROWINGS
17. TRADE PAYABLES
18. RELATED PARTIES
19. PROVISION FOR CIVIL, LABOR AND TAX CONTINGENCIES
20. EQUITY
21. LOSS PER SHARE
22. NET SALES REVENUE
23. COSTS AND EXPENSES BY NATURE
24. OTHER OPERATING INCOME AND EXPENSES
25. FINANCE INCOME AND COSTS
26. INCOME TAX AND SOCIAL CONTRIBUTION
27. INSURANCE
28. FINANCIAL INSTRUMENTS
29. OPERATING SEGMENTS
30. OPERATING LEASE AGREEMENTS (PARENT COMPANY)
31. GOVERNMENT GRANTS
32. NON-CASH TRANSACTIONS

Notes to the Quarterly Information

Celulose Irani S.A. - National Corporate Taxpayers' Registry (CNPJ) 92.791.243/0001-03

NOTES TO THE INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2018

(All amounts in thousands of reais unless otherwise stated)

1. OPERATIONS

Celulose Irani S.A. ("Company") is a corporation listed on the Novo Mercado segment of B3 S.A. - Brazil, Stock Exchange, OTC ("B3"), 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 the manufacture of corrugated cardboard packaging, packaging paper, resin products and their byproducts. The Company is also engaged in forestation and reforestation activities and utilizes the production chain of planted forests and paper recycling as the basis for all its production.

Its direct subsidiaries are listed in Note 4.

The Company is a direct subsidiary of Irani Participações S.A., a Brazilian privately-held corporation. Its ultimate 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 Board of Directors on April 24, 2018.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements included in the Quarterly Information Form (ITR) have been prepared in accordance with the Technical Pronouncement CPC 21 - Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), are presented in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of the Quarterly Information (ITR), and disclose all (and only) the applicable significant information related to the 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 and hedge instruments measured at their fair value.

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 on hand, deposits with 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.

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, where applicable. The provision for impairment of trade receivables is calculated based on losses estimated through an individual analysis of trade receivables, and is recognized at an amount considered sufficient by management to cover expected losses on the collection of these receivables.

d) Offsetting financial instruments

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

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, and 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) the probability 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 profit and loss.

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 in the parent company financial statements by the equity method, under which, 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

Investment properties are measured at cost.

Depreciation is recognized based on the estimated useful life of each asset on the straight-line basis, to fully write off the cost less the 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 profit and loss on the accrual basis of accounting.

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

i) Property, plant and equipment and intangible assets

Property, plant and equipment are stated at deemed cost less accumulated depreciation and impairment losses, where 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 the intended use and is calculated on the same basis as that for 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 expected 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 stage of technological development of each unit.

The Company's intangible assets comprise goodwill, computer software licenses, trademarks and the customer portfolio.

Goodwill is represented by the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair value of assets and liabilities of the acquiree. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. If a gain on advantageous purchase is determined, the amount is recorded as a gain in the statement of income 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 the CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose.

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 (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.

Notes to the Quarterly Information

The customer portfolio acquired in a business combination is recognized at fair value at the acquisition date, and is accounted for at fair value less 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 paper, corrugated cardboard boxes and sheets, and also for sale to third parties and extraction of gum resin. The 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 measured at fair value, less costs to sell. The variation during each period is recognized in the statement of profit and loss 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.

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. In the first quarter of 2017, the Company did not identify indications of impairment in its non-financial assets.

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 profit and loss, 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 individually for each company, based on the statutory rates prevailing at year-end. The Company calculates its taxes by applying the statutory rate of 34% on its taxable profit, while the subsidiaries Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. adopt a presumed 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 taxed under the presumed profit method, 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

Borrowings are stated at their original amounts, less the related transaction costs, where 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, where applicable, through the balance sheet dates, as described in the explanatory notes.

n) Hedge accounting

The Company documents, at the inception of the transaction, 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.

Changes in the hedging amounts classified in "Carrying value adjustments" within equity are shown in Note 20.

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 profit and loss for the period.

The amounts accumulated in equity are reclassified to the statement of income 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 income within "Finance results". The gain or loss relating to the ineffective portion is recognized in the statement of profit and loss 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 profit and loss for the period.

Notes to the Quarterly Information

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 the related expenses are recorded in the statement of profit and loss for the period. 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 inception of the lease. 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 profit and loss on the straight-line method, over the lease term.

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.

Notes to the Quarterly Information

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, revenues 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, in addition to the assistance of experts, where 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 biological assets at fair value (Note 15), the provision for tax, social security, civil and labor claims (Note 19), and the provision for impairment of assets.

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

The Company has ICMS incentives from the governments of the states of Santa Catarina and Minas Gerais. Supplementary Law 160 published in August 2017, and Confaz Agreement 190 published by the National Council of Fiscal Policy (Confaz) in December 2017 provided for (ii) the acquittal of tax credits, whether constituted or not, arising from tax exemptions, incentives, and financial or tax benefits established in disagreement with the provisions of the Federal Constitution, Article 155, paragraph 2, item XII, subitem "g", and (ii) the reinstatement of the respective tax exemptions, incentives, and financial or tax benefits.

In relation to the Confaz Agreement 190, the states of Santa Catarina and Minas Gerais published Decrees 1,555/18 and 47,394/18, respectively, revalidating the tax incentives granted to the Company in accordance with Supplementary Law 160/2017.

Although the Company has no tax incentive being judged by the Federal Supreme Court (STF), management has been monitoring, together with its legal advisors, the progress of this issue in the courts to assess possible impacts on its operations and consequent effects on the financial statements (Note 31).

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 variations at official rates, applicable to current and non-current assets and liabilities, and, where applicable, adjustments to realizable value.

Notes to the Quarterly Information

t) Revenue recognition

CPC 47 / IFRS 15 – Revenue from Contracts with Customers, which introduces a new approach for the recognition of revenue from contracts with customers, became effective on January 1, 2018. This standard establishes a five-step model aimed at determining whether the specific accounting criteria have been met.
The new process comprises the following steps: i) identification of the contract with the customer; ii) identification of the contractual performance obligations; iii) determination of the transaction price; iv) allocation of the transaction price to the contractual performance obligations; and v) recognition of the revenue as the performance obligations are satisfied. Accordingly, revenue from contracts with customers should be recognized for the amount of consideration the Company expects to receive in exchange for the goods and financial services provided to the customers. Management's evaluation of the effects of the new standard did not identify any changes or impacts on the recognition of these revenues, as regards possible variations in the amounts recorded or in the control activities carried out, since these revenues are recognized as the control over products and services is transferred to the customer. Revenue is shown net of taxes, returns, rebates, and discounts and after eliminating revenue between related parties.

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 profit and loss, and will be allocated based on the amortized cost and the effective rate over the period.

v) Statement of value added

The Brazilian corporate law requires the presentation of the statement of value added, parent company and consolidated, as an integral part of the set of financial statements presented by a publicly-traded entity. 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 has been prepared pursuant to the provisions of CPC 09 - "Statement of Value Added", with information obtained from the same accounting records used to prepare the financial statements.

Notes to the Quarterly Information

4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS

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

Ownership interest - (%)			
Subsidiaries - direct ownership	Business activity	3/31/2018	12/31/2017
Habitasul Florestal S.A.	Forest production	100.00	100.00
HGE - Geração de Energia Sustentável S.A. *	Electric power generation	100.00	100.00
Iraflor - Comércio de Madeiras LTDA.	Timber trading	99.99	99.99
Irani Geração de Energia Sustentável LTDA*	Electric power generation	99.56	99.56

* currently assessing 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 on consolidation. The accounting information of the subsidiaries, used for consolidation, was prepared at the same date as that of the parent company.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Fixed-income fund	29	29	31	31
Banks	13,201	8,860	13,399	9,060
Short-term investments	72,762	67,007	73,750	67,858
	85,992	75,896	87,180	76,949

The financial investments with immediate liquidity earn a fixed income at the average of 94 % of the Interbank Deposit Certificate (CDI) interest rate and mature in 90 days or less. These investments are held for the purpose of meeting short-term commitments.

Notes to the Quarterly Information

6. TRADE RECEIVABLES

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Receivables from:				
Trade receivables - domestic market	159,649	156,145	161,537	157,179
Trade receivables - foreign market	24,619	27,508	24,619	27,508
	184,268	183,653	186,156	184,687
Provision for impairment of trade receivables	(16,743)	(16,513)	(16,793)	(16,563)
	167,525	167,140	169,363	168,124

At March 31, 2018, consolidated trade receivables included an overdue amount of R$ 10,459, related to customers with no history of default, for which no provision was recorded.

The ageing analysis of trade receivables is as follows:

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Not yet due	157,848	153,891	158,904	154,811
Overdue for up to 30 days	5,399	14,187	6,067	14,230
Overdue from 31 to 60 days	1,186	4,872	1,288	4,892
Overdue from 61 to 90 days	12,876	2,616	12,887	2,616
Overdue from 91 to 180 days	835	2,227	837	2,227
Overdue for more than 180 days	6,124	5,860	6,173	5,911
	184,268	183,653	186,156	184,687

The average credit term on the sale of products is 50 days. The Company recognizes a provision for impairment of trade receivables for balances overdue for more than 180 days, based on an analysis of the financial position of each debtor. A provision for impairment of trade receivables is also recorded for balances overdue for less than 180 days when these balances are considered uncollectible, in view of the financial position of each debtor. Individual analyses, which take into consideration the credit risks, are performed for trade receivables that are not past due.

Changes in the provisions were as follows:

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Balance at the beginning of the period	(16,513)	(17,612)	(16,563)	(18,269)
Provision for recognized losses	(230)	(12,626)	(230)	(12,676)
Trade receivables written off as uncollectible the period as uncollectible	-	13,725	-	14,382
Balance at the end of the period	(16,743)	(16,513)	(16,793)	(16,563)

Notes to the Quarterly Information

A portion of receivables, amounting to R$ 97,732, has been assigned as collateral for certain financing transactions, as disclosed in Note 16.

The credit quality of financial assets that were neither past due nor impaired at March 31, 2018 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 late payment	92.00	146,192
b) Customers with history of late payment of up to 7 days	5.62	8,930
c) Customers with history of late payment of more than 7 days	2.38	3,782
		158,904

a) Performing customers with no history of late payment
b) Defaulting customers with a history of default of up to 7 days, with no history of delinquency.
c) Defaulting customers with a history of default of more than 7 days, with no history of delinquency.

7. INVENTORIES

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Finished products	8,851	8,321	9,250	8,828
Production materials	41,116	39,056	41,117	39,056
Consumable materials	23,555	23,674	23,620	23,731
Other inventories	533	537	533	537
	74,055	71,588	74,520	72,152

The cost of inventories recognized as an expense for the quarter totaled R$ 162,416 (R$ 146,840 in 1Q17) in the parent company and R$ 160,717 (R$ 147,438 in 2017) in the consolidated.

The cost of inventories recognized in the statement of profit and loss for the first quarter of 2018 does not include a write-down to net realizable value.

A portion of inventories, amounting to R$ 9,002, has been assigned as collateral for certain financing transactions, as disclosed in Note 16.

Notes to the Quarterly Information

8. TAXES RECOVERABLE

Taxes recoverable consist of the following:

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Value-added Tax on Sales and Services (ICMS)	4,672	4,313	4,672	4,313
Social Integration Program (PIS)/ Social Contribution on Revenues (COFINS)	1,464	832	1,464	832
Excise Tax (IPI)	511	400	511	400
Income tax	397	38	397	38
Social contribution	252	107	252	107
Income Tax Withheld at Source (IRRF) on investments	2,281	2,119	2,282	2,120
Other	20	15	20	15
	9,597	7,824	9,598	7,825
Current portion	7,541	5,757	7,542	5,758
Non-current portion	2,056	2,067	2,056	2,067

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

The credits arising from Income Tax Withheld at Source (IRRF) levied on financial investments are either used over the year at the computation of income tax payable, or offset against other federal taxes if any recoverable balance remains.

9. BANKS - RESTRICTED ACCOUNT

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Banco do Brasil - New York - a)	-	6,188	-	6,188
Banco Rabobank - b)	-	2,149	-	2,149
Banco Original	-	395	-	395
Total current	-	8,732	-	8,732
Current portion	-	8,732	-	8,732

a) The balance with Banco do Brasil - New York/ USA is represented by amounts in U.S. dollars retained to guarantee the repayment of quarterly installments of interest on the export prepayment loan obtained from Banco Credit Suisse, and assumed by Bank of America on March 28, 2018, as disclosed in Note 16.

b) The balance with Banco Rabobank is represented by financial investments redeemed at the maturity dates, in the first quarter of 2018, and transactions to finance working capital contracted with the respective banks.

Notes to the Quarterly Information

10. OTHER ASSETS

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Advances to suppliers	4,483	3,563	4,629	3,638
Receivables from employees	1,325	1,354	1,387	1,390
Renegotiation with customers	23,209	21,713	23,209	21,713
Prepaid expenses	1,407	795	1,407	795
Other receivables	4,443	5,009	4,471	5,035
	34,867	32,434	35,103	32,571
Provision for impairment of trade receivables under renegotiation	(14,074)	(14,074)	(14,074)	(14,074)
	20,793	18,360	21,029	18,497
Current portion	15,550	13,635	15,759	13,746
Non-current portion	5,243	4,725	5,270	4,751

Renegotiations with customers - these relate to overdue trade receivables for which debt acknowledgment agreements have been signed. The final maturity of the monthly installments will be in 2021, and the average interest rate ranges from 1% to 2% per month, recognized in the statement of profit and loss upon receipt. Some agreements contain clauses that require the provision of machinery, equipment and properties as collateral for the renegotiated debt amount. Individual analyses, which take into consideration the credit risks, are performed for trade receivables that are not past due.

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

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Balance at the beginning of the period	(14,074)	(5,407)	(14,074)	(5,407)
Provision for recognized losses	-	(10,964)	-	(10,964)
Renegotiations written off during the year as uncollectible	-	2,297	-	2,297
Balance at the end of the period	(14,074)	(14,074)	(14,074)	(14,074)

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

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.

Notes to the Quarterly Information

In the first quarter of 2018 and in 2017, 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.

ASSETS	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Deferred income tax asset				
On temporary provisions	557	4,137	557	4,137
On tax losses	17,093	17,093	17,093	17,093
Cash flow hedges	29,877	29,497	29,877	29,497
Deferred social contribution assets				
On temporary provisions	199	1,489	199	1,489
On tax losses	6,155	6,155	6,155	6,155
Cash flow hedges	10,756	10,619	10,756	10,619
	64,637	68,990	64,637	68,990

LIABILITIES	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Deferred income tax liabilities				
Exchange rate variation to be recognized on a cash basis	4,295	4,128	4,295	4,128
Fair value of biological assets	24,497	24,415	26,344	26,297
Deemed cost of property, plant and equipment	125,310	124,502	132,909	132,101
Government grants	586	590	586	590
Customer portfolio	732	781	732	781
Amortization of goodwill for tax purposes	15,574	14,675	15,574	14,675
Deferred social contribution liabilities				
Exchange rate variation to be recognized on a cash basis	1,546	1,486	1,546	1,486
Fair value of biological assets	8,819	8,789	9,817	9,806
Deemed cost of property, plant and equipment	45,112	44,823	47,848	47,558
Government grants	211	212	211	212
Customer portfolio	264	281	264	281
Amortization of goodwill for tax purposes	5,607	5,283	5,607	5,283
	232,553	229,965	245,733	243,198
Deferred tax liabilities (net)	167,916	160,975	181,096	174,208

In the period, management did not record 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:

Notes to the Quarterly Information

Deferred tax assets	Parent and Consolidated
Year	3/31/2018
2018	5,276
2019	11,681
2020	10,901
2021	8,855
2022 onward	27,924
	64,637

Changes in deferred income tax and social contribution were as follows:

Parent and Consolidated Assets	Opening balance - 1/1/2017	Recognized in profit or loss	Recognized in equity	Offset against liabilities	Closing balance - 3/31/2017
Deferred tax assets related to:					
Provision for profit sharing	(3,673)	-	-	-	(3,673)
Provision for sundry risks	(2,223)	270	-	-	(1,953)
Cash flow hedges	(42,020)	-	1,904	-	(40,116)
Total temporary differences	(47,916)	270	1,904	-	(45,742)
Tax losses	(43,642)	8,356	-	12,038	(23,248)
	(91,558)	8,626	1,904	12,038	(68,990)

Consolidated Assets	Opening balance - 1/1/2018	Recognized in profit or loss	Recognized in equity	Offset against liabilities	Closing balance - 3/31/2018
Deferred tax assets related to:					
Provision for profit sharing	(3,673)	3,673	-	-	-
Provision for sundry risks	(1,953)	1,197	-	-	(756)
Cash flow hedges	(40,116)	-	(517)	-	(40,633)
Total temporary differences	(45,742)	4,870	(517)	-	(41,389)
Tax losses	(23,248)	-	-	-	(23,248)
	(68,990)	4,870	(517)	-	(64,637)

Parent Liabilities	Opening balance 1/1/2017	Recognized in profit or loss	Closing balance 12/31/2017	Recognized in profit or loss	Closing balance 3/31/2018
Deferred tax liabilities related to:					
Exchange rate variations recognized on a cash basis	5,425	189	5,614	227	5,841
Fair value of biological assets	41,745	(8,541)	33,204	112	33,316
Deemed cost and review of useful lives	166,200	3,125	169,325	1,097	170,422
Government grants	1,334	(532)	802	(5)	797
Customer portfolio	1,332	(270)	1,062	(66)	996
Amortization of goodwill for tax purposes	15,070	4,888	19,958	1,223	21,181
	231,106	(1,141)	229,965	2,588	232,553

Consolidated Liabilities	Opening balance 1/1/2017	Recognized in profit or loss	Closing balance 12/31/2017	Recognized in profit or loss	Closing balance 3/31/2018
Deferred tax liabilities related to:					
Exchange rate variations recognized on a cash basis	5,425	189	5,614	227	5,841
Fair value of biological assets	45,055	(8,952)	36,103	58	36,161
Deemed cost and review of useful lives	176,534	3,125	179,659	1,098	180,757
Government grants	1,334	(532)	802	(5)	797
Customer portfolio	1,332	(270)	1,062	(66)	996
Amortization of goodwill for tax purposes	15,070	4,888	19,958	1,223	21,181
	244,750	(1,552)	243,198	2,535	245,733

12. INVESTMENTS IN SUBSIDIARIES

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Geração de Energia	Total
At December 31, 2016	144,655	109,912	558	232	255,357
Equity in the results of subsidiaries	(17,949)	14,465	(2)	(53)	(3,539)
Proposed dividends	(13,198)	(16,777)	-	-	(29,975)
Capital contribution	-	7,896	-	70	7,966
Capital decrease	-	(36,998)	-	-	(36,998)
Advance for future capital increase	20,098	-	-	-	20,098
At December 31, 2017	133,606	78,498	556	249	212,909
Equity in the results of subsidiaries	(3,199)	6,789	(7)	-	3,583
Capital contribution	-	5,030	-	-	5,030
At March 31, 2018	130,407	90,317	549	249	221,522

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Geração de Energia
Current				
Assets	4,028	21,817	17	14
Liabilities	(2,569)	(612)	(3)	-
Current assets/liabilities, net	1,459	21,205	14	14
Non-current				
Assets	142,011	69,651	534	237
Liabilities	(13,062)	(534)	-	-
Non-current assets/liabilities, net	128,949	69,117	534	237
Equity	130,407	90,322	549	251
Net revenue	5,378	9,515	-	-
Profit (loss) before taxation	(3,179)	7,164	(7)	-
Income tax and social contribution expense	(20)	(375)	-	-
`Profit (loss) for the period	(3,199)	6,789	(7)	-
Ownership interest - %	100.00	99.99	100.00	99.56

Notes to the Quarterly Information

At the Annual General Meeting held on April 26, 2017, the stockholders of the subsidiary Habitasul Florestal S.A. approved the distribution of additional dividends amounting to R$ 13,199, which were made available to the stockholders by December 31, 2017.

During 2017, the parent company Celulose Irani S.A. transferred the total amount of R$ 20,098 to the subsidiary Habitasul Florestal S.A. as advance for future capital increase, as follows: R$ 1,280 in hard cash, R$ 17,598 offset against dividends payable, and the remaining balance of R$1,220 through advance payments from customers.

During 2017, Iraflor Comércio de Madeiras Ltda. received a capital contribution from its parent company Celulose Irani S.A., amounting to R$ 7,896, which was paid up through the transfer of forest assets. In the first quarter of 2018, Iraflor Comércio de Madeiras Ltda. received a capital contribution of R$ 5,030 from its parent company Celulose Irani S.A., which was paid up through the transfer of forest assets.

On June 30, 2017, the partners decided to reduce the capital of the subsidiary Iraflor Comércio de Madeiras Ltda., which was excessive in relation to the entity's business purpose. The amount of R$ 36,998 was refunded to the parent company Celulose Irani S.A., through the payment of R$ 4,281 in hard cash, and the remaining balance, of R$ 32.717 through the assignment of existing credits in the subsidiary. The partners' ownership interests remained unchanged.

On April 27, 2017, the subsidiary Iraflor Comércio de Madeiras Ltda. approved the distribution of dividends referring to 2016, amounting to R$ 16,777. (The amount of R$ 3,897, relating to 2015, was paid in hard cash in 2016).

Notes to the Quarterly Information

13. INVESTMENT PROPERTIES

Parent

	Land	Buildings	Total
At December 31, 2017			
Opening balance	23,281	11,558	34,839
Disposals	(727)	-	(727)
Depreciation	-	(507)	(507)
Net book value	22,554	11,051	33,605
Cost	22,554	12,702	35,256
Accumulated depreciation	-	(1,651)	(1,651)
Net book value	22,554	11,051	33,605
At March 31, 2017			
Opening balance	22,554	11,051	33,605
Purchases	-	43	43
Disposals	(20)	(28)	(48)
Depreciation	-	(169)	(169)
Net book value	22,534	10,897	33,431
Cost	22,534	12,662	35,196
Accumulated depreciation	-	(1,765)	(1,765)
Net book value	22,534	10,897	33,431

Consolidated

	Land	Buildings	Total
At December 31, 2017			
Opening balance	7,086	11,558	18,644
Disposals	(667)	-	(667)
Depreciation	-	(507)	(507)
Net book value	6,419	11,051	17,470
Cost	6,419	12,702	19,121
Accumulated depreciation	-	(1,651)	(1,651)
Net book value	6,419	11,051	17,470
At March 31, 2018			
Opening balance	6,419	11,051	17,470
Purchases	-	43	43
Disposals	(20)	(28)	(48)
Depreciation	-	(169)	(169)
Net book value	6,399	10,897	17,296
Cost	6,399	12,662	19,061
Accumulated depreciation	-	(1,765)	(1,765)
Net book value	6,399	10,897	17,296

Notes to the Quarterly Information

Land

Relates mainly to plots of land with a total area of 4,454,406 m2, held by the parent company for the future construction of wind farms in the state of Rio Grande do Sul, and recognized at the cost of acquisition of R$ 16,166. The project for the implementation of wind farms is currently in the evaluation phase, through the subsidiary Irani Geração de Energia Sustentável Ltda.

Plots of land with a total area of 60.905 m², located in the municipality of Cachoeirinha, state of Rio Grande do Sul, are also recognized as investment properties, at the amount of R$ 6,207. The land, as well as the buildings on the site, are currently rented for the operations and headquarters of the related party Koch Metalúrgica S.A.

Buildings

These refer to buildings located in the municipality of Rio Negrinho, state of Santa Catarina, with a constructed area of 25,271 m², and valued at R$ 3,335, which are rented to companies in the region.

Investment properties also 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 valued at R$ 7,561.

Income and expenses related to investment properties that are rented are recognized in the statement of profit and loss, as shown below:

	3/31/2018	3/31/2017
Rental income	232	313
Direct operating expenditures that generated rental income	(198)	(173)

Investment properties are recognized at historical cost at December 31, 2017, and for disclosure purposes, the Company assessed the fair value less cost to sell of these properties at R$ 50,315 (parent company) and R$ 32,440 (consolidated). The appraisals were conducted by independent experts, who used market inputs related to prices for transactions carried out with similar properties.

Part of the Company's investment properties has been pledged as collateral for financial transactions in the amount of R$ 12,425.

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, 2017									
Opening balance	183,027	157,518	368,684	3,224	5,154	45,660	4,442	10,834	778,543
Purchases	-	33	7,959	37	440	24,695	1,946	-	35,110
Disposals	(5,909)	(89)	(611)	(2)	(35)	(2)	(98)	-	(6,746)
Transfers	-	3,431	21,147	1,637	2,573	(28,788)	-	-	-
Depreciation	-	(4,945)	(40,204)	(1,133)	(1,885)	-	(2,198)	(644)	(51,009)
Net book value	177,118	155,948	356,975	3,763	6,247	41,565	4,092	10,190	755,898
Cost	177,118	213,909	830,705	8,317	19,357	41,565	28,579	16,061	1,335,611
Accumulated depreciation	-	(57,961)	(473,730)	(4,554)	(13,110)	-	(24,487)	(5,871)	(579,713)
Net book value	177,118	155,948	356,975	3,763	6,247	41,565	4,092	10,190	755,898
At March 31, 2018									
Opening balance	177,118	155,948	356,975	3,763	6,247	41,565	4,092	10,190	755,898
Purchases	21	44	2,899	-	76	9,050	716	-	12,806
Disposals	-	(45)	(25)	-	(12)	(12)	(25)	-	(118)
Transfers	-	-	907	-	-	(907)	-	-	-
Depreciation	-	(1,212)	(9,104)	(320)	(258)	-	(564)	(160)	(11,618)
Net book value	177,139	154,735	351,652	3,443	6,053	49,696	4,220	10,030	756,968
	-	-	-	-	-	-	-	-	-
Cost	177,139	213,965	834,361	8,317	19,405	49,696	29,098	16,061	1,348,042
Accumulated depreciation	-	(59,230)	(482,709)	(4,874)	(13,352)	-	(24,878)	(6,031)	(591,074)
Net book value	177,139	154,735	351,652	3,443	6,053	49,696	4,220	10,030	756,968

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, 2017									
Opening balance	251,329	158,999	368,750	3,552	5,558	45,660	4,442	10,834	849,124
Purchases	-	33	8,030	81	449	24,713	1,946	-	35,252
Disposals	(5,912)	(89)	(610)	(2)	(112)	(2)	(98)	-	(6,825)
Transfers	-	3,431	21,147	1,637	2,573	(28,788)	-	-	-
Depreciation	-	(5,126)	(40,223)	(1,232)	(1,910)	-	(2,198)	(644)	(51,333)
Net book value	245,417	157,248	357,094	4,036	6,558	41,583	4,092	10,190	826,218
Cost	245,417	218,432	830,873	8,919	19,917	41,583	28,619	16,061	1,409,821
Accumulated depreciation	-	(61,184)	(473,779)	(4,883)	(13,359)	-	(24,527)	(5,871)	(583,603)
Net book value	245,417	157,248	357,094	4,036	6,558	41,583	4,092	10,190	826,218
At March 31, 2018									
Opening balance	245,417	157,248	357,094	4,036	6,558	41,583	4,092	10,190	826,218
Purchases	21	44	2,971	-	83	9,310	716	-	13,145
Disposals	-	(45)	(25)	-	(12)	(12)	(24)	-	(118)
Transfers	-	-	907	-	-	(907)	-	-	-
Depreciation	-	(1,259)	(9,110)	(345)	(263)	-	(564)	(160)	(11,701)
Net book value	245,438	155,988	351,837	3,691	6,366	49,974	4,220	10,030	827,544
Cost	245,438	218,488	834,602	8,920	19,972	49,974	29,138	16,061	1,422,593
Accumulated depreciation	-	(62,500)	(482,765)	(5,229)	(13,606)	-	(24,918)	(6,031)	(595,049)
Net book value	245,438	155,988	351,837	3,691	6,366	49,974	4,220	10,030	827,544

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

Notes to the Quarterly Information

b) Breakdown of intangible assets

Parent	Goodwill	Customer portfolio	Software	Software under development	Total
At December 31, 2017					
Opening balance	104,380	3,918	4,069	-	112,367
Purchases	-	-	1,696	-	1,696
Amortization	-	(792)	(1,183)	-	(1,975)
Net book value	104,380	3,126	4,582	-	112,088
Cost	104,380	7,081	12,321	-	123,782
Accumulated amortization	-	(3,955)	(7,739)	-	(11,694)
Net book value	104,380	3,126	4,582	-	112,088
At March 31, 2018					
Opening balance	104,380	3,126	4,582	-	112,088
Purchases	-	-	137	4,838	4,975
Amortization	-	(198)	(561)	-	(759)
Net book value	104,380	2,928	4,158	4,838	116,304
Cost	104,380	7,081	12,458	4,838	128,757
Accumulated amortization	-	(4,153)	(8,300)	-	(12,453)
Net book value	104,380	2,928	4,158	4,838	116,304

Consolidated	Goodwill	Customer portfolio	Software	Software under development	Total
At December 31, 2017					
Opening balance	104,380	3,918	4,604	-	112,902
Purchases	-	-	1,696	-	1,696
Disposals	-	-	-	-	-
Amortization	-	(792)	(1,183)	-	(1,975)
Net book value	104,380	3,126	5,117	-	112,623
Cost	104,380	7,081	12,860	-	124,321
Accumulated amortization	-	(3,955)	(7,743)	-	(11,698)
Net book value	104,380	3,126	5,117	-	112,623
At March 31, 2018					
Opening balance	104,380	3,126	5,117	-	112,623
Purchases	-	-	137	4,838	4,975
Disposals	-	-	-	-	-
Amortization	-	(198)	(561)	-	(759)
Net book value	104,380	2,928	4,693	4,838	116,839
Cost	104,380	7,081	12,997	4,838	129,296
Accumulated amortization	-	(4,153)	(8,304)	-	(12,457)
Net book value	104,380	2,928	4,693	4,838	116,839

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.

Notes to the Quarterly Information

	Rate - %	
	3/31/2018	12/31/2017
Buildings and constructions *	2.50	2.50
Equipment and facilities **	6.78	6.78
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.

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

Leasehold improvements relate to the renovation of the Packaging plant in Indaiatuba, state of São Paulo, and are depreciated on the straight-line method, at the rate of 4% (four percent) per year. The property is owned by the companies MCFD - Administração de Imóveis Ltda. and PFC - Administração de Imóveis Ltda., and the renovation costs were fully absorbed by Celulose Irani S.A.

The depreciation of property, plant and equipment in the first quarters of 2018 and 2017 was as follows:

	Parent		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Assets used in admin.activities	492	217	575	295
Assets used in production	11,126	11,653	11,126	11,653
	11,618	11,870	11,701	11,948

The amortization of intangible assets for the first quarters of 2018 and 2017 is shown below:

Notes to the Quarterly Information

	Parent		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Assets used in admin.activities	645	398	645	398
Assets used in production	114	70	114	70
	759	468	759	468

e) Impairment of property, plant and equipment

No indicators of impairment were identified in the first quarter of 2018 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. The amounts presented are based on valuation reports prepared specifically on the date the transactions were contracted, or on subsequent valuations, as contractually determined, as described below:

	3/31/18
Equipment and facilities	347,863
Buildings and constructions	116,545
Land	399,407
Total PP&E pledged as collateral	863,815

g) Customer portfolio

The customer portfolio acquired in the business combination is recognized at the fair value of R$ 7,081, and the amortization in the first quarter of 2018 amounted to R$ 198 (R$ 198 in the first quarter of 2017), resulting in a net carrying amount of R$ 2,928. Amortization is calculated on the straight-line basis, over the expected life of the relationship with the customer.

h) Goodwill

The goodwill arising from the business combination carried out in 2013 with São Roberto S.A., totaling R$ 104,380, is attributable to the expectation of future profitability.

Impairment tests for intangible assets:

At December 31, 2017, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash flow method. The recoverable value is based on the expected future profitability. These calculations use cash flow projections based on financial budgets approved by management, covering a five-year period and extrapolating to perpetuity in other periods, based on the estimated growth rates.

Notes to the Quarterly Information

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 based on the Capital Asset Pricing Model (CAPM) method, considering a number of components of borrowings, debt and own capital utilized by the Company to finance its activities.

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

	Assumptions
Average selling prices of Packaging Paper and Corrugated Cardboard Packaging (annual percentage growth rate)	4.0%
Gross margin (percentage on gross revenue)	26.2%
Estimated growth rate	5.0%
Discount rate (WACC)	11.92%

The impairment test applied to the cash generating units did not identify the need for recognizing loss in the period.

15. BIOLOGICAL ASSETS

The Company's biological assets mainly comprise the planting and cultivation of pine trees to supply pulp used in the production of packaging paper and resins, and sales of timber logs to third parties. All of the Company's biological assets form a single group named "forests", which is 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 sales of timber, 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 forest development and the fair value difference in relation to this cost. Consequently, the balance of biological assets as a whole is recorded at fair value as follows:

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Development cost of biological assets	21,620	25,391	46,649	45,099
Difference in the fair value of biological assets	9,719	8,320	141,781	145,697
	31,339	33,711	188,430	190,796

Of the total consolidated biological assets, R$ 100,990 (R$ 99,700 at December 31, 2017) relates to forests used as raw material for pulp and paper production. These forests are located close to the pulp and paper mill in Vargem Bonita, state of Santa Catarina, where they are consumed. Of this amount, R$

Notes to the Quarterly Information

67,714 (R$ 65,960 at December 31, 2017) relates 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 unit's production demand.

The consolidated biological assets used in the production of resins and sale of timber logs are located on the coast of the state of Rio Grande do Sul, and totaled R$ 87,440 (R$ 91,096 at December 31, 2017). 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 timber in the region.

a) Assumptions for recognition of the 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 - the Income Approach with depletion of the forest in one cycle - corresponds to the projection of expected future cash flows, discounted at the current rate for the regional market, 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 the 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 forests' projected production volumes are defined based on stratification, according to the type of each 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 stewardship 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) Planting expenses relate 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, an interval considered to be sufficient to prevent any disparity in the fair value balance of the biological assets recorded in its financial statements.

Notes to the Quarterly Information

	Consolidated		
	3/31/2018	12/31/2017	Impact on fair value of biological assets
Planted area (hectare)	17,475	17,475	Assumption increases, fair value increases
Remuneration of own assets that contribute - %	3.00%	3.00%	Assumption increases, fair value decreases
Discount rate - Own Forests SC - %	8.50%	8.50%	Assumption increases, fair value decreases
Discount rate - Own Forests RS - %	9.50%	9.50%	Assumption increases, fair value decreases
Discount rate - Partnerships - %	9.00%	9.00%	Assumption increases, fair value decreases
Average net sales price (m^3)	50.00	49.00	Assumption increases, fair value increases
Average Annual Increase (IMA) - SC Forests (*)	39.2	39.2	Assumption increases, fair value increases
Average Annual Increase (IMA) - RS Forests (*)	21.8	21.8	Assumption increases, fair value increases

* The Average Annual Increase (IMA) of Pine Forests in the states of Rio Grande do Sul and Santa Catarina is different because of the specific forest stewardship, species and 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. The IMA is measured in cubic meters per hectare/year.

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

The main changes in the period were as follows:

	Parent	Consolidated
Development expenses	4,935	7,997
Depletion		
Historical cost	(275)	(1,316)
Fair value	(393)	(9,119)
Cost of sales of forest	(31,326)	(31,326)
Transfer for capitalization in subsidiary (Iraflor)	(7,896)	-
Changes in the fair value	(1,030)	(10,847)
At 12/31/2017	33,711	190,796
Development expenses	1,079	2,019
Depletion		
Historical cost	-	(596)
Fair value	-	(4,606)
Transfer for capitalization in subsidiary (Iraflor)	(5,030)	-
Changes in the fair value	1,579	817
At 3/31/2018	31,339	188,430

Notes to the Quarterly Information

The depletion of biological assets in the first quarters of 2018 and 2017 was substantially recognized in the statement of profit and loss for the period, after an initial allocation to inventories, when the forests are harvested to be used in the production process or sold to third parties.

On December 19, 2017, the Company entered into a Purchase and Sale Agreement with Timber XI SPE S.A., through which the latter bought approximately 1,855 hectares of standing timber for R$ 19,100. As a result of this transaction, the Buyer and the Company signed a Service Agreement, through which the Company, in view of its extensive experience in this field, undertakes to provide forest stewardship services related to the forests, for a period of eight years.

In addition, as part of this transaction, the Company sold to the Buyer the property called Fazenda São Pedro, with approximately 1,520 hectares of total area, for R$ 12,166. Also in connection with the sale of Fazenda São Pedro, the Buyer and the Company signed a Rural Property Lease Agreement, through which the Company acquired the right to exploit its own forests planted on the property for a period of eight years. The sale agreement includes a repurchase option, exercisable at the end of the lease period, for the same amount, adjusted by the Amplified Consumer Price Index (IPCA) variation. The agreement was classified as operating lease.

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$ 55,500 million. Pursuant to the Contract, Global acquired the right to explore the Forests for 11 years. The forests sold do not compromise the Company's forest supply, since they exceed the strategic volume necessary to supply the plant of pulp.

As a result of this 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 Global with forest stewardship services related to the Forests.

Global granted to the Company's parent, Irani Participações S.A., purchase options for the acquisition of plots of forests. These options may be exercised annually, either directly by Irani Participações S.A. or through an associate, including the Company, over the next 11 (eleven) years. The options for the purchase of forests may or may not be exercised by Irani Participações or the Company, depending on the evolution of the forest market and the Company's strategy of wood supply. The purchase options related to the period from 2016 to 2018, totaling approximately 1,650 hectares of forests, were exercised by the Company.

In the first quarter of 2018, the contribution of new biological assets to the subsidiary Iraflor Comércio de Madeiras Ltda., amounting to R$ R$ 5,030, was authorized, and had the ultimate purpose of improving the management of forestry assets.

b) Biological assets pledged as collateral

Part of the biological assets of the Company and its subsidiaries, totaling R$ 82,908, is pledged as collateral for financing transactions. The pledged assets represent approximately 43% of the total biological assets, or the equivalent to 15.8 thousand hectares of land in use, and approximately 6.7 thousand hectares of planted forests.

Notes to the Quarterly Information

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. As a result of the transaction carried out with Timber XI SPE S.A., through which the Company sold approximately 1,520 hectares of land and entered into a Property Lease Agreement for eight years, approximately 732 hectares of forests were included in the production on third-party land. The amount of biological assets on third-party land accounts for approximately 5% 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	
		3/31/2018	12/31/2017
Current	**Annual charges - %**		
Local currency			
FINAME	Fixed at 3.27%, TJLP + 4.93%, SELIC + 5.64% and ECM + 3.65%	5,451	4,687
Working capital	Fixed at 9.80%, CDI + 5.46% and 134.8% of CDI	65,649	84,086
Working capital - Syndicated Loan	CDI + 5.00%	26,688	13,059
Finance lease	Fixed at 15.10%	1,157	928
BNDES	TJLP + 3.60%	9,019	8,413
Total local currency		107,964	111,173
Foreign currency			
Advances on foreign exchange contract	Fixed between 4.72% and 5.90%	16,334	26,800
Bank of America - PPE	Libor + 8.00%	11,736	467
Banco Santander - PPE	Libor + 6.95%	1,016	591
Banco Rabobank and Santander - PPE	Libor + 6.95%	25,137	14,195
Banco LBBW - FINIMP	Euribor + 1.55%	1,420	1,358
Banco De Lage Landen	8.20% p.a.	339	321
Total foreign currency		55,982	43,732
Total current		163,946	154,905
Non-current			
Local currency			
FINAME	Fixed at 3.27%, TJLP + 4.93%, SELIC + 5.64% and ECM + 3.65%	3,816	6,339
Working capital	Fixed at 9.80%, CDI + 5.46% and 134.8% of CDI	156,755	111,118
Working capital - Syndicated Loan	CDI + 5.00%	152,241	162,310
Finance lease	Fixed at 15.10%	1,749	1,482
BNDES	TJLP + 3.60%	30,602	33,237
Total local currency		345,163	314,486
Foreign currency			
Bank of America - PPE	Libor + 8.00%	112,133	122,668
Banco Santander - PPE	Libor + 6.95%	6,340	6,734
Banco Rabobank and Santander - PPE	Libor + 6.95%	160,592	170,450
Banco LBBW - FINIMP	Euribor + 1.55%	2,113	2,053
Banco De Lage Landen	8.20% p.a.	706	800
Total foreign currency		281,884	302,705
Total non-current		627,047	617,191
Total		790,993	772,096

	Parent and Consolidated	
Long-term maturities:	3/31/2018	12/31/2017
2019	172,510	207,635
2020	204,300	168,280
2021	153,275	144,431
2022 to 2024	96,962	96,845
	627,047	617,191

b) On March 28, 2018, Bank Credit Suisse presented us the contract entered into with Bank of America NA, through which the latter became the creditor of the Company's Credit Agreement and Export Prepayment Agreement (PPE) CBSBBR20101000015.

Notes to the Quarterly Information

b) Schedule for amortization of funding costs

b) Schedule for amortization of funding costs

	Parent and Consolidated					
	2018	2019	2020	2021	2022	Total
In local currency						
Working capital	(1,003)	(922)	(442)	(159)	(48)	(2,574)
Working capital - Syndicated Loan CCE	(1,122)	(1,352)	(1,040)	(679)	(219)	(4,412)
Total local currency	(2,125)	(2,274)	(1,482)	(838)	(267)	(6,986)
In foreign currency						
Bank of America NA - PPE	(447)	(495)	(183)	(28)	-	(1,153)
Banco Rabobank and Santander - PPE	(710)	(838)	(634)	(406)	(129)	(2,717)
Banco LBBW - FINIMP	(6)	-	-	-	-	(6)
Total foreign currency	(1,163)	(1,333)	(817)	(434)	(129)	(3,876)
	(3,288)	(3,607)	(2,299)	(1,272)	(396)	(10,862)

c) Significant operations contracted in the period

i) Working Capital - Banco BTG Pactual - Export Credit Note (CCE): two facility contracts totaling R$ 36.2 million, entered into with Banco BTG Pactual, maturing in March 2021, and subject to interest rate equivalent to the CDI variation plus 6.00% p.a. The borrowing will be repaid in monthly installments from April 2019. The extension of two export credit notes amounting to R$ 33.6 million was also agreed upon, under the same conditions above.

d) Collateral

Collateral for the 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$ 255,977. Other transactions have specific guarantees, as follows:

i) For the export prepayment financing contracted with Banco Credit Suisse, and transferred to Bank of America NA on March 28, 2018, the Company pledged as collateral the shares it holds in the subsidiary Habitasul Florestal S.A.
ii) For the export prepayment financing contracted with Banco Rabobank and Santander, land and forests amounting to R$ 164,878 were pledged as collateral.
iii) For the Working Capital - Syndicated Loan, contracted with Banco Itaú, Santander and Rabobank, the Company pledged as collateral land and forests amounting to R$ 156,709, and assignment of receivables amounting to R$ 15,000.
iv) For the financing contracted with the National Bank for Economic and Social Development (BNDES), an industrial property comprising the land, facilities and equipment, two commercial buildings and one residential building, in the total amount of R$ 121,436, were pledged as collateral.

Notes to the Quarterly Information

v) For the working capital loan (CCE) contracted with Banco BTG Pactual, secured and fiduciary guarantees consisting of the Company's assets and rights amounting to R$ 59,304 were pledged.

vi) To extend the maturity profile of the borrowings contracted with Itaú BBA, Santander and Rabobank, the Paper plant in the state of Santa Catarina, comprising the land, buildings and equipment, and totaling R$ 292,579, was pledged as additional collateral.

e) Restrictive Financial Covenants:

Some financing agreements entered into with financial institutions have restrictive covenants requiring the maintenance of financial ratios, calculated based on the consolidated financial statements. Non-compliance may trigger the accelerated maturity of the debt.

Financial ratios annually verified:

i) Banco Itaú BBA - CCE
ii) Banco Santander Brasil - PPE
iii) Working Capital - Syndicated Loan
iv) Banco Rabobank – CCE
v) Banco Santander – CCE
vi) Banco Rabobank and Santander - PPE
vii) Working Capital - Banco BTG Pactual - CCE

a) Net debt/EBITDA ratio:

	Contracted 2018	Contracted 2019	Contracted 2020	Contracted 2021
i) Banco Itaú BBA – CCE	4	3.5	3.5	3.5
ii) Banco Santander Brasil – PPE	4	3.5	3.5	3.5
iii) Working Capital – Syndicated Loan	4	3.5	3.5	3.5
iv) Banco Rabobank – CCE	4	3.5	3.5	3.5
v) Banco Santander – CCE	4	3.5	3.5	3.5
vi) Banco Rabobank and Santander – PPE	4	3.5	3.5	3.5
vii) Working Capital – Banco BTG Pactual CCE	4.5	4	3.5	-

Notes to the Quarterly Information

b) EBITDA/net finance costs ratio:

	Contracted 2018	Contracted 2019	Contracted 2020	Contracted 2021
i) Banco Itaú BBA – CCE	1.75	2	2	2
ii) Banco Santander Brasil – PPE	1.75	2	2	2
iii) Working Capital – Syndicated Loan	1.75	2	2	2
iv) Banco Rabobank – CCE	1.75	2	2	2
v) Banco Santander – CCE	1.75	2	2	2
vi) Banco Rabobank and Santander – PPE	1.75	2	2	2
vii) Working Capital – Banco BTG Pactual CCE	1.50	2	2	-

As the financial ratios are measured annually, there was no need to measure them on March 31, 2018. At December 31, 2017, the Company had complied with the financial ratios agreed upon with the creditors mentioned in items i) to vi). The Company obtained a waiver from the creditor Banco BTG Pactual (CCE), mentioned in item vii), for non-compliance with the ratio mentioned in item "b", EBITDA/net finance costs.

Financial ratios quarterly verified:

Bank of America - PPE

a) Net debt/EBITDA ratio:

	1Q18 to 3Q18	4Q18 to 3Q19	4Q19 to 3Q20	4Q20 to 2Q21
Contracted	5	4.5	4	3.5
Computed	3.5	-	-	-

b) EBITDA/net finance costs ratio:

	1Q18	2Q18 to 3Q18	4Q18 to 3Q21
Contracted	1.5	1.75	2
Computed	2.09	-	-

At March 31, 2018, and December 31, 2017, the Company had complied with the financial ratios contracted with Bank of America.

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

Notes to the Quarterly Information

17. TRADE PAYABLES

Payables to suppliers are as follows:

	Parent		Consolidated	
CURRENT LIABILITIES	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Internal				
Materials	55,479	59,042	55,719	59,276
Service providers	6,953	7,628	7,225	7,775
Carriers	10,370	14,867	10,381	14,876
Related parties	22,108	13,626	-	-
Other	643	629	643	629
Market				
Materials	442	395	442	395
	95,995	96,187	74,410	82,951

18. RELATED PARTIES

Parent	Receivables		Payables	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Habitasul Florestal S.A.	-	-	2,253	1,890
Iraflor - Com. de Madeiras Ltda	-	-	19,923	11,725
Management compensation	-	-	758	799
Management profit sharing	-	-	692	692
Habitasul Desenvolvimentos Imobiliarios	-	17	-	-
Irani Geração de Energia Sustentável Ltda	-	13	-	-
Koch Metalúrgica S.A.	19,836	19,686	-	-
Irani Participações S/A	2,073	751		-
Total	21,909	20,467	23,626	15,106
Current portion	4,166	2,724	23,626	15,106
Non-current portion	17,743	17,743	-	-

Notes to the Quarterly Information

Parent	Income		Expenses	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Habitasul Florestal S.A.	-	-	2,846	3,100
Iraflor - Com. de Madeiras Ltda	-	-	7,412	488
Druck, Mallmann, Oliveira & Advogados Associados	-	-	72	73
MCFD Administração de Imóveis Ltda	-	-	324	335
PFD Administradora de Imóveis Ltda			324	-
Irani Participações S/A	-	-	2,181	120
Habitasul Desenvolvimentos Imobiliarios	-	-	44	44
Koch Metalúrgica S.A.	150	150	-	-
Management compensation	-	-	1,297	1,219
Total	150	150	14,500	5,379

Consolidated	Receivables		Payables	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Habitasul Desenvolvimentos Imobiliarios	-	17	-	-
Koch Metalúrgica S.A.	19,836	19,686	-	-
Management compensation	-	-	758	799
Irani Participações S/A	2,073	751	-	-
Management profit sharing	-	-	692	692
Total	21,909	20,454	1,450	1,491
Current portion	4,166	2,711	1,450	1,491
Non-current portion	17,743	17,743	-	-

Consolidated	Income		Expenses	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Irani Participações S/A	-	-	2,181	120
Druck, Mallmann, Oliveira & Advogados Associados	-	-	72	73
MCFD Administração de Imóveis Ltda	-	-	324	335
PFD Administradora de Imóveis Ltda	-	-	324	-
Management compensation	-	-	1,310	1,232
Habitasul Desenvolvimentos Imobiliarios	-	-	44	44
Koch Metalúrgica S.A.	150	150	-	-
Total	150	150	4,255	1,804

The payables to the subsidiaries Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. relate to commercial transactions and acquisition of raw materials.

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 agreement signed on December 26, 2006, which is effective for 20 years, with the possibility of renewal. The monthly amount being paid to the related party is R$ 119. The total contractual monthly rental is R$ 238, adjusted annually based on the variation of the General Market Price Index (IGPM) disclosed by the Getúlio Vargas Foundation.

The receivables from Koch Metalúrgica S.A. relate to advance payments for acquisition of equipment in the amount of R$ 17,743, rental payments in the amount of R$1,968, and receivables for goods sold in the amount of R$ 125. These balances are maintained at historical values, without monetary adjustments

Notes to the Quarterly Information

or interest. The related parties Irani Participações S.A. and Companhia Comercial de Imóveis are the guarantors of these balances.

In the first quarter of 2018, management remuneration expenses, excluding payroll charges, totaled R$ 1,297 in the parent company (R$ 1,219 in the first quarter of 2017), and R$ 1,310 in the consolidated (R$ 1,232 in the first quarter of 2017).

The total management remuneration, in the maximum amount of R$ 12,000, was approved at the Annual General Meeting held on April 30, 2018. The amount paid in excess of the approved remuneration for the year will be ratified at an Extraordinary General Meeting being convened.

The payables to Irani Participações S/A. relate mainly to a guarantee remuneration contract, under which the Company remunerates sureties and guarantees granted by Irani Participações S/A. on behalf of the Company to facilitate the contracting of borrowings.

19. 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 provisions recorded for civil, labor and tax contingencies are sufficient to cover probable losses.

Breakdown of the balance of the provisions:

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Civil contingencies	1,338	1,716	1,338	1,716
Labor contingencies	6,922	6,428	7,338	6,832
Tax contingencies	55,742	47,549	55,742	47,549
Total	64,002	55,693	64,418	56,097

Notes to the Quarterly Information

Changes in the balance of provisions

Parent	12/31/2017	Provision	Payments	Reversal	3/31/2018
Civil	1,716	-	(28)	(350)	1,338
Labor	6,428	648	(154)	-	6,922
Tax	47,549	8,193	-	-	55,742
	55,693	8,841	(182)	(350)	64,002

Consolidated	12/31/2017	Provision	Payments	Reversal	3/31/2018
Civil	1,716	-	(28)	(350)	1,338
Labor	6,832	660	(154)	-	7,338
Tax	47,549	8,193	-	-	55,742
	56,097	8,853	(182)	(350)	64,418

The provisions recorded relate 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$ 1,338 was recorded at March 31, 2018 to cover possible losses arising from these contingencies.

b) Labor lawsuits are mainly related to claims filed by former employees for payment of overtime, health hazard premiums, hazardous duty premiums, occupational illnesses and occupational accidents. Based on past experience and on the opinion of its legal counsel, the Company maintained a provision of R$ 7,338 at March 31, 2018, which is considered sufficient to cover potential losses arising from labor contingencies.

c) Provisions for tax contingencies total R$ 55,742 and relate mainly to:

i) Administrative and judicial proceedings relating to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R$ 760, which await judgment.

(ii) Offset of federal taxes levied on its operations, based on the exclusion of the ICMS from the calculation basis of PIS and COFINS. On March 15, 2017, the matter was examined by the Federal Supreme Court (STF), which defined that "the ICMS does not make up the PIS and COFINS calculation basis". The decision taken by the STF, in view of its repercussion, should take effect for all the lawsuits in progress. Up to March 31, 2018, the amount offset totaled R$ 31,171, and a related provision for tax risks was recorded, at the adjusted amount of R$ 42,661.

iii) Recognition of ICMS Presumed Credit from the state of Minas Gerais, linked to the Letter of Intent for Investment in the Paper Plant located in the municipality of Santa Luzia. The related investments were not initiated because the Company waits for the Environmental Bodies'

Notes to the Quarterly Information

authorization, and also due to strategic market reasons. The amount recognized up to March 31, 2018 totaled R$ 5,378, and a related provision for tax risks was recorded, at the adjusted amount of R$ 7,505.

Contingencies

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, 2018, the amounts of these possible contingencies of a labor, civil, environmental and tax nature were as follows:

	Consolidated	
	3/31/2018	12/31/2017
Labor contingencies	11,841	15,289
Civil contingencies	7,167	7,897
Tax contingencies	71,831	70,389
	90,839	93,575

Labor contingencies:

The labor lawsuits assessed by management and the legal counsel as involving possible risk of loss amounted to R$ 11,841 at March 31, 2018 and relate mainly to indemnity claims (hazardous duty premiums, health hazard premiums, overtime, salary premiums, damages and losses arising from occupational accidents). These lawsuits are currently at different procedural stages.

Civil contingencies:

The civil lawsuits classified by management and its legal counsel as involving risk of possible losses totaled R$ 7,167 at March 31, 2018, and relate mainly to indemnity claims that are currently at different procedural stages.

Tax contingencies:

The tax lawsuits assessed by management and its legal counsel as involving possible losses totaled R$ 71,831 at March 31, 2018, and mainly include the following:

- Administrative and judicial proceedings relating to assessments received from the state government 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$ 41,141 at March 31, 2018. The Company is challenging these tax assessments at the administrative and judicial levels.

- Administrative and judicial proceedings 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 sale of the production of agro-industrial companies, and the offset of debts against credits arising from the application of a higher Environmental Occupational Risk (RAT) rate at the Company's Administrative Units. At March 31, 2018, these proceedings amounted to R$ 6,795. The Company is challenging these tax assessments at the administrative and judicial levels.

Notes to the Quarterly Information

- Administrative Proceedings related to Tax Assessments for PIS and COFINS, arising from alleged undue tax credits, amounting to R$ 5,961 at March 31, 2018. The Company has challenged these assessments at the administrative level and awaits judgment of the Special Appeals filed.

- Administrative Proceeding relating to federal taxes offset against deemed Excise Tax (IPI) credits on exports, amounting to R$ 5,939 at March 31, 2018. The Company is challenging this tax assessment at the judicial level.

- Proceedings relating to Tax Assessment Notices issued for the offset of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) against credits from the same taxes, amounting to R$ 3,165 at March 31, 2018. The Company is challenging these tax assessments at the administrative and judicial levels.

20. EQUITY

a) Share capital

At March 31, 2018, and December 31, 2017, the Company's share capital was R$ 161,895, 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 granted to holders of common shares; priority in the reimbursement of capital at the equity value, without premium, in the event of liquidation of the Company; and 100% Tag Along rights. The Company may issue preferred shares, without par value and with no voting rights, up to the limit of two thirds of its total shares, and may increase the existing types or classes of shares without the requirement of maintaining a fixed proportion between them.

b) Treasury shares

		Parent		Parent	
		3/31/2018		12/31/2017	
		Number of shares	Amount	Number of shares	Amount
i) Share buyback plan	Common shares	24,000	30	24,000	30
ii) Right to withdraw	Preferred shares	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 was to maximize the value of the shares for stockholders. This program was concluded within 365 days, on November 23, 2011.

iii) 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.

Notes to the Quarterly Information

c) Share-based payment

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

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

The 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 transfer to the legal reserve, as well as after 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, as approved by the Annual General Meeting. Certain agreements with creditors contain restrictive clauses relating to the distribution of dividends that exceed the minimum mandatory dividend.

iv) The tax incentives reserve was constituted with a portion of prior years' 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.

e) Carrying value adjustments

The carrying value adjustments account was established when the Company measured its property, plant and equipment (land, machinery and buildings) at deemed cost in the opening balance sheet, at the first-time adoption of IFRS. Its realization will take place 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, 2018, net of tax effects, represented a gain of R$ 194,308 (R$ 196,545 at December 31, 2017).

Notes to the Quarterly Information

The financial instruments designated as cash flow hedges, net of tax effects, were also recorded in carrying value adjustments, and corresponded to a loss of R$ 78,875 at March 31, 2018 (R$ 77,873 at December 31, 2017).

Changes in the carrying value adjustments account were as follows:

	Consolidated
At December 31, 2016	127,507
Cash flow hedges	3,695
Realization - deemed cost	(12,530)
At December 31, 2017	118,672
Cash flow hedges	1,002
Realization - deemed cost	(4,241)
At March 31, 2018	115,433

21. LOSS PER SHARE

Basic and diluted earnings (loss) per share are calculated by dividing the profit (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, diluted earnings (loss) per share are equal to basic earnings (loss) per share.

Basic and diluted earnings (loss) from continuing operations:

Notes to the Quarterly Information

	3/31/2018		
	Common shares (ON)	Preferred shares (PN)	Total shares (ON) and (PN)
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Loss for the year attributable to each category of shares	(4,922)	(334)	(5,256)
Basic and diluted loss per share - R$	(0.0319)	(0.0319)	

	3/31/2017		
	Common shares (ON)	Preferred shares (PN)	Total shares (ON) and (PN)
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Loss for the year attributable to each category of shares	(13,236)	(899)	(14,135)
Basic and diluted loss per share - R$	(0.0860)	(0.0860)	

22. NET SALES REVENUE

The Company's net sales revenue comprises the following:

	Parent		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Gross sales revenue	281,391	257,342	284,877	258,992
Taxes on sales	(56,784)	(59,943)	(57,084)	(60,049)
Sales returns	(2,321)	(3,578)	(2,436)	(3,606)
Net sales revenue	222,286	193,821	225,357	195,337

Notes to the Quarterly Information

23. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

	Parent		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Fixed and variable costs (raw materials and consumables)	(119,707)	(107,212)	(110,209)	(104,135)
Personnel expenses	(36,943)	(33,921)	(39,496)	(36,490)
Changes in the fair value of biological assets	1,579	4,001	817	(5,164)
Depreciation, amortization and depletion	(12,546)	(12,464)	(17,831)	(13,661)
Freight	(11,700)	(11,061)	(11,700)	(11,061)
Services contracted	(6,249)	(5,958)	(6,593)	(6,290)
Other selling expenses	(9,073)	(8,720)	(9,073)	(8,720)
Total costs and expenses by nature	(194,639)	(175,335)	(194,085)	(185,521)
Cost	(162,416)	(146,840)	(160,717)	(147,438)
Expense	(33,802)	(32,496)	(34,185)	(32,919)
Changes in the fair value of biological assets	1,579	4,001	817	(5,164)

24. OTHER OPERATING INCOME AND EXPENSES

Income	Parent		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Income from assets damaged and sold	60	396	60	446
Other operating income	417	776	425	782
	477	1,172	485	1,228

Expenses	Parent		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Cost of assets damaged and sold	(138)	(154)	(138)	(203)
Exclusion of ICMS from the PIS/COFINS contribution base	(6,120)	-	(6,120)	-
Fine for exclusion of ICMS from the PIS/COFINS contribution base	(1,107)	-	(1,107)	-
Provision for subsidy from the state government of Minas Gerais	(410)	-	(410)	-
Other operating expenses	(157)	(369)	(172)	(370)
	(7,932)	(523)	(7,947)	(573)
Total	(7,455)	649	(7,462)	655

The expense, recorded as exclusion of the State Value-Added Tax (ICMS) from PIS/COFINS tax basis, relates to the provision for tax risks, described in Note 20 c ii.

Notes to the Quarterly Information

25. FINANCE INCOME AND COSTS

	Parent		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Finance income				
Income from financial investments	711	3,517	721	4,135
Interest	324	532	324	535
Discounts obtained	77	28	77	28
	1,112	4,077	1,122	4,698
Foreign exchange variations				
Foreign exchange gains	3,821	3,658	3,821	3,658
Foreign exchange losses	(3,053)	(9,217)	(3,053)	(9,217)
Foreign exchange variations, net	768	(5,559)	768	(5,559)
Finance costs				
Interest	(22,911)	(27,492)	(22,912)	(27,492)
Discounts granted	(185)	(38)	(184)	(38)
Discounts/bank expenses	-	(14)	(1)	(17)
Other	(358)	(491)	(358)	(495)
	(23,454)	(28,035)	(23,455)	(28,042)
Finance result, net	(21,574)	(29,517)	(21,565)	(28,903)

26. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent		Consolidated	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Operating profit (loss) before taxation	2,201	(18,371)	2,245	(18,432)
Standard tax rate	34%	34%	34%	34%
Tax credit (expense) at standard rate	(748)	6,246	(763)	6,267
Tax effect of permanent (additions) exclusions:				
Equity in the results of subsidiaries	1,218	(2,716)	-	-
Subsidiaries taxed under the presumed profit method	-	-	1,220	(2,748)
Other permanent differences	(7,927)	706	(7,958)	778
	(7,457)	4,236	(7,501)	4,297
Current income tax and social contribution	-	-	(98)	(252)
Deferred income tax and social contribution	(7,457)	4,236	(7,403)	4,549
Effective tax rate - %	338.8	23.1	334.1	23.3

Notes to the Quarterly Information

27. INSURANCE

Insurance coverage is determined according to the nature of the risks to the assets, and is considered sufficient to cover possible losses arising from damages. At March 31, 2018, the Company had corporate insurance against fire, lightning, explosions, electrical damage and wind storm damage to plants, residential locations and offices, as well as general civil liability coverage and coverage of liabilities of officers and directors (D&O), with a total amount of R$ 479,340. 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 opted not to contract insurance coverage because the preventive measures against fire and other risks 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.

28. FINANCIAL INSTRUMENTS

Capital risk management

The Company's capital structure consists of its net debt (borrowings and debentures detailed in Note 16, less cash and banks and bank's restricted accounts, as disclosed in Notes 5 and 9), and equity (which includes issued share capital, reserves and retained earnings, as disclosed in Note 20).

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, 2018, the capital structure comprised 32% of own capital and 68% of third-party capital, mainly due to the effects of the exchange rate variation on foreign currency debt, which accounts for 42.71% of the Company's total debt, and also the effects of the exchange rate variation on hedge accounting, which reduces equity by R$ 78,875.

Debt to equity ratio

The debt to equity ratio at March 31, 2018 and December 31, 2017 was as follows:

Notes to the Quarterly Information

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Debt (a)	790,993	772,096	790,993	772,096
Cash and banks	(85,992)	(75,896)	(87,180)	(76,949)
Banks - restricted account	-	(8,732)	-	(8,732)
Net debt	705,001	687,468	703,813	686,415
Equity (b)	334,455	340,713	334,463	340,721
Debt to net assets ratio	2.11	2.02	2.10	2.01

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

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

Categories of financial instruments

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Financial assets				
Fair value through profit or loss				
Cash and banks	85,992	75,896	87,180	76,949
Amortized cost				
Trade receivables	167,525	167,140	169,363	168,124
Other receivables	10,460	8,993	10,522	9,029
Banks - restricted account	-	8,732	-	8,732
Financial liabilities				
Amortized cost				
Borrowings	790,993	772,096	790,993	772,096
Trade payables	95,995	96,187	74,410	82,951

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.

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.

Notes to the Quarterly Information

Foreign exchange rate risk

The Company has transactions in the foreign market that are exposed to fluctuations in the exchange rates of foreign currencies. At March 31, 2018 and December 31, 2017, these transactions resulted in a net liability exposure, as shown 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 26 months of exports, based on the average of exports carried out in the first quarter of 2018, and to 29 months of exports based on the average exports carried out in 2017.

	Parent		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Trade receivables	24,619	27,508	24,619	27,508
Banks - restricted account	-	6,188	-	6,188
Customer advances	(606)	(346)	(606)	(346)
Trade payables	(442)	(395)	(442)	(395)
Borrowings	(337,866)	(346,437)	(337,866)	(346,437)
Net exposure	(314,295)	(313,482)	(314,295)	(313,482)

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 a 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 is based on future market projections of B3 for the next reporting date (June 30, 2018).

2 – Adverse scenario: 25% deterioration in the foreign exchange rate compared to that projected for June 30, 2018.

3 – Remote scenario: 50% deterioration in the foreign exchange rate compared to that projected for June 30, 2018.

Transaction	Balance at 3/31/2018	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
	U$$	Rate	R$	Rate	R$	Rate	R$
Assets							
Trade receivables and Banks' restricted accounts	7,407	3.67	2,559	4.59	9,354	5.50	16,147
Liabilities							
Trade payables and advances from customers	(315)	3.67	(109)	4.59	(398)	5.50	(687)
Borrowings	(101,651)	3.67	(35,120)	4.59	(128,367)	5.50	(221,599)
Net effect			(32,670)		(119,411)		(206,139)

The Company maintains natural cash flow hedges on exports, at the amount of US$ 95,255, which, in accordance with the accounting practice, are not considered in this sensitivity analysis.

Notes to the Quarterly Information

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, 2018 were used as a basis for the projection of the future balance. The actual behavior of debt balances will follow the respective contracts, while balances receivable and payable may fluctuate due to the normal course of the activities of the Company and its subsidiaries. The settlement of transactions involving these projections 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 maintains its borrowings exposed to foreign exchange variations by making annual net payments that are equivalent to or below the receipts from its exports. Accordingly, 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 exposure to interest rate risk relates primarily to changes in market interest rates that affect the Company's assets and liabilities indexed to the TJLP (Long-term interest rate from BNDES), CDI (Interbank Deposit Certificate), SELIC (Official Interest Rate), LIBOR (London Interbank Offered Rate), EURIBOR (The Euro Interbank Offered Rate), and ECM (Currency Basket Charges).

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: for the definition of the base scenario, the CDI and SELIC rates used by the Company accompany the future market projections of B3 for the next reporting date (June 30, 2018). The TJLP is extracted from the BNDES. For LIBOR, EURIBOR and EMC, the rates used are those prevailing on the date of the analysis.

2 – Adverse scenario: 25% adjustment of interest rates compared to the level projected for June 30, 2018.

3 – Remote scenario: 50% adjustment of interest rates compared to the level projected for June 30, 2018.

Transaction	Index	Balance at 3/31/2018	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								
CDB	CDI	73,908	6.22%	(123)	7.78%	1,002	9.33%	2,126
Proceeds from borrowings								
Working capital	CDI	(391,675)	6.22%	726	7.78%	(5,911)	9.33%	(12,549)
BNDES	TJLP	(39,621)	6.60%	59	8.25%	(594)	9.90%	(1,248)
FINAME	TJLP	(4,662)	6.60%	7	8.25%	(70)	9.90%	(147)
FINAME	SELIC	(462)	6.23%	1	7.79%	(6)	9.35%	(14)
FINAME	ECM	(39)	4.56%	-	5.70%	-	6.84%	(1)
Financing - foreign currency	Libor 3M	(320,823)	2.34%	50	2.93%	(1,829)	3.51%	(3,708)
Financing - foreign currency	Euribor 6M	(3,539)	0.00%	-	0.00%	-	0.00%	-
Net effect				720		(7,408)		(15,541)

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:

Notes to the Quarterly Information

- The accounting balances of accounts receivable, and short-term accounts payable are presented in the Company's balance sheet at amounts that approximate their fair values due to the short terms of settlement.

- Borrowings - considering the renegotiations of recent debts and the interest rates on borrowings contracted, and based on market information, management believes that the fair value of borrowings do not differ significantly from its book value.

Credit risks

The Company's credit sales are managed through a credit rating and credit granting policy. Doubtful receivables are properly covered by a 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, where appropriate, credit guarantee coverage is requested.

Most of the renegotiations with customers are backed by debt acknowledgment agreements, machinery, equipment, and properties pledged as collateral, in addition to individual sureties to guarantee the amount of debt.

Risks of financial investments

The Company is exposed to risk in relation to the financial investments that comprise its cash and cash equivalents, and are planned to meet its cash flow needs. Management ensures that investments are made in financial institutions with which the Company has a stable relationship, through 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 from banks with a stable relationship with the Company;
iv) Fixed-income investment funds of conservative profile.

The table below shows the amounts of cash and cash equivalents invested by the Company in financial institutions, classified according to the S&P's and Fitch's rating scale for national financial institutions:

	Consolidated	
	3.31.18	Agency
National rating AA- (br)	11,258	S&P
National rating A+ (br)	60,953	S&P
National rating AA (br)	1,899	Fitch
	73,750	

Investments in the variable-income market are not allowed.

Liquidity risk

Notes to the Quarterly Information

Management monitors the liquidity level based on the expected cash flow, which comprises cash, 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 balance sheet liquidity ratios 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, 2018, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including accrued interest on these assets. Although the Company presents the aging analyses only for financial liabilities, the inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management, which is based on net assets and liabilities.

Parent

	2018	2019	2020	2021	As from 2022
Liabilities					
Trade payables	95,995	-	-	-	-
Borrowings	125,887	281,354	227,361	164,297	99,666
	221,882	281,354	227,361	164,297	99,666

Consolidated

	2018	2019	2020	2021	As from 2022
Liabilities					
Trade payables	74,410	-	-	-	-
Borrowings	125,887	281,354	227,361	164,297	99,666
	200,297	281,354	227,361	164,297	99,666

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.

The Company expects to meet its other obligations using the cash flow from operating activities and income earned on financial assets.

Derivative financial instruments

At March 31, 2018, the Company did not have any derivative financial instrument contracted.

Cash flow hedge

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.

Accordingly, the Company hedges the foreign exchange variation risk of its future cash flows by contracting non-derivative financial liabilities, which are considered as natural hedge. The currently effective hedging instruments contracted by the Company include an export prepayment contract (PPE)

Notes to the Quarterly Information

with Banco Credit Suisse, a PPE contract with Banco Rabobank and Santander, and a 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$ 78,875 at March 31, 2018 (R$ 77,873 in December 2017).

	Parent and Consolidated 3/31/2018	Parent and Consolidated 12/31/2017
Opening balance	117,989	123,587
Changes in cash flow hedges	1,631	3,867
Reclassification to the statement of profit and loss	(112)	(9,465)
	119,508	117,989
Opening balance	(40,116)	(42,019)
Taxes on changes in cash flow hedges	(555)	(1,315)
Taxes on reclassification to the statement of profit and loss	38	3,218
	(40,633)	(40,116)
Closing balance	78,875	77,873

The Company estimates the hedge 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 range between 80% and 125%.

The balances of effective variations on transactions designated as cash flow hedges are reclassified from equity to the statement of profit and loss for the period in which the foreign exchange variation of the hedge is effectively realized. The cash flow hedge results which are effective in offsetting the variations of 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 year. In the event of ineffectiveness identified in the year, the amount to be recognized in the statement of profit and loss would be R$ 78,875.

29. OPERATING SEGMENTS

a) Criteria for identification of operating segments

The Company's operating structure is segmented based on the manner in which management runs the business.

Management has defined the operating segments as follows: corrugated cardboard (PO) 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, in three production units: Campina da Alegria, in the state of Santa Catarina (SC), and Indaiatuba and Vila Maria, both in the state of São Paulo (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 its 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 timber, and extracts resin from pines trees, which is used as raw material for the production of tar and turpentine.

b) Consolidated information on operating segments

	Consolidated				
	3/31/2018				
	Packaging P.O.	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	141,461	45,842	2,324	-	189,627
Foreign market	-	16,824	18,906	-	35,730
Revenue from sales to third parties	141,461	62,666	21,230	-	225,357
Intersegment revenue	-	10,416	-	(10,416)	-
Total net sales	141,461	73,082	21,230	(10,416)	225,357
Changes in the fair value of biological assets	-	4,310	(3,493)	-	817
Cost of sales	(126,309)	(29,635)	(14,839)	10,066	(160,717)
Gross profit	15,152	47,757	2,898	(350)	65,457
Operating expenses	(21,600)	(7,103)	(2,354)	(10,590)	(41,647)
Operating result before finance income (costs)	(6,448)	40,654	544	(10,940)	23,810
Finance income (costs)	(9,500)	(10,515)	(1,550)	-	(21,565)
Net operating profit (loss)	(15,948)	30,139	(1,006)	(10,940)	2,245
Depreciation and amortization	(3,403)	(8,584)	(266)	(376)	(12,629)

Notes to the Quarterly Information

	Consolidated				
	3/31/2017				
	Packaging P.O.	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	125,725	32,811	1,725	-	160,261
Foreign market	-	20,552	14,524	-	35,076
Revenue from sales to third parties	125,725	53,363	16,249	-	195,337
Intersegment revenue	-	9,434	-	(9,434)	-
Total net sales	125,725	62,797	16,249	(9,434)	195,337
Changes in the fair value of biological assets	-	5,140	(10,304)	-	(5,164)
Cost of sales	(117,628)	(26,561)	(12,561)	9,312	(147,438)
Gross profit	8,097	41,376	(6,616)	(122)	42,735
Operating expenses	(15,398)	(5,120)	(1,541)	(10,205)	(32,264)
Operating result before finance income (costs)	(7,301)	36,256	(8,157)	(10,327)	10,471
Finance income (costs)	(12,581)	(14,449)	(1,873)	-	(28,903)
Net operating profit (loss)	(19,882)	21,807	(10,030)	(10,327)	(18,432)
Depreciation and amortization	(3,004)	(8,943)	(230)	(365)	(12,542)

The amounts in the column "Corporate/eliminations" relate basically to expenses of the corporate support area, which are not apportioned between the segments, and the eliminations relate to adjustments of transactions between other 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.

c) Net sales revenue

In the first quarter of 2018, net sales revenue totaled R$ 225,357, (R$ 195,337 in the first quarter of 2017).

Net sales revenue from exports in the first quarter of 2018 amounted to R$ 35,730 (R$ 35,076 in the first quarter of 2017), and relates to exports to various countries, as shown below:

Notes to the Quarterly Information

Consolidated 3/31/2018		
Country	Net export revenue	% of total revenue, net
Germany	5,340	2.37%
France	4,868	2.16%
Saudi Arabia	3,814	1.69%
Argentina	2,958	1.31%
Japan	2,074	0.92%
Netherlands	2,068	0.92%
Chile	1,712	0.76%
Paraguay	1,703	0.76%
South Africa	1,701	0.75%
China	1,690	0.75%
Turkey	1,185	0.53%
Portugal	1,125	0.50%
Peru	1,061	0.47%
India	874	0.39%
Mexico	831	0.37%
Hong Kong	584	0.26%
Uruguay	481	0.21%
Israel	344	0.15%
Kuwait	264	0.12%
Colombia	225	0.10%
Canada	164	0.07%
Trinidad and Tobago	152	0.07%
Austria	117	0.05%
Egypt	83	0.04%
Bolivia	82	0.04%
Other countries	230	0.10%
	35,730	15.85%

Consolidated 3/31/2017		
Country	Net export revenue	% of total revenue, net
China	7,758	3.97%
Germany	3,729	1.91%
Saudi Arabia	3,174	1.62%
Argentina	2,420	1.24%
South Africa	2,320	1.19%
Chile	1,910	0.98%
Netherlands	1,121	0.57%
Paraguay	1,097	0.56%
Kuwait	847	0.43%
Hong Kong	841	0.43%
Turkey	796	0.41%
Japan	762	0.39%
Uruguay	711	0.36%
Singapore	699	0.36%
India	687	0.35%
Austria	684	0.35%
Peru	623	0.32%
Portugal	618	0.32%
Malaysia	585	0.30%
France	419	0.21%
Pakistan	416	0.21%
Bolivia	406	0.21%
Norway	380	0.19%
Mexico	345	0.18%
Other countries	1,728	0.88%
	35,076	17.96%

In the first quarter of 2018, net sales revenue in the domestic market totaled R$ 189,627, (R$ 160,261 in the first quarter of 2017).

In the first quarter of 2018, a single customer accounted for 5.4% of net sales in the domestic market of the Corrugated Cardboard Packaging segment, equivalent to R$ 7,664. The Company's other sales in the domestic and foreign markets were spread over a number of customers, none of them accounting for more than 10% of net sales.

30. OPERATING LEASE AGREEMENTS (PARENT COMPANY)

Rental of production plant properties

At December 31, 2017, the Company had one rental agreement for a production unit, 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.

Notes to the Quarterly Information

The rental agreement entered into on December 26, 2006, for the Packaging Plant, in Indaiatuba, SP, is effective for 20 years, with a contracted monthly rental of R$ 238, annually adjusted based on the General Market Price Index (IGPM) variation.

Rental expenses net of taxes, where applicable, were recognized by the parent company in the first quarter of 2018, as follows:

- Rentals of production units = R$ 715 (R$ 649 in the first quarter of 2017);
- Rentals of commercial and administrative units = R$ 93 (R$ 73 in the first quarter of 2017).

Future commitments arising from these contracts totaled a minimum amount of R$ 48,617 at March 31, 2018. The rentals were calculated at present value, using the accumulated Amplified Consumer Price Index (IPCA) for the last 12 months, i.e., 2.68% per year.

	Up to 1 year	From 1 to 5 years	After 5 years	Total
Future operating leases	3,237	12,869	32,511	48,617
Operating leases at present value	3,153	11,737	24,687	39,577

Lease of planting area

The Company has entered into non-cancellable lease agreements for production of biological assets on third-party land, comprising a total area of approximately 880 hectares of planted land. Of the total leased area, approximately 732 hectares correspond to the lease agreement signed with Timber XI SPE S.A., as detailed in Note 15, pursuant to which the Company committed to make annual payments. For other small areas, there are lease commitments subject to monthly payments, which comprise the Company's operating leases, as shown below.

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

Non-cancellable operating lease commitments

The rentals were calculated at present value, using the accumulated Amplified Consumer Price Index (IPCA) for the last 12 months, i.e., 2.68% per year.

	Up to 1 year	From 1 to 5 years	After 5 years	Total
Future operating leases	1,053	5,644	4,375	11,072
Operating leases at present value	1,025	5,147	2,578	8,750

Notes to the Quarterly Information

31. GOVERNMENT GRANTS

The Company has ICMS incentives from the states of Santa Catarina and Minas Gerais:

i. ICMS/SC – Prodec: under this program, 60% of the ICMS increase in the state of Santa Catarina, calculated on an average basis (comprising the period from 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 investments planned and maintenance of jobs, in addition to the maintenance of regular status with the State obligations. The Company has complied 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 11.63% 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 said benefits.

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 December 31, 2017, the Company had deferred ICMS liabilities of R$ 19,941 (R$ 17,597 net of government grants).

ii. ICMS/SC – Presumed Credit: for the purpose of enabling the expansion of the industrial unit located in Vargem Bonita, the government of the state of Santa Catarina grants as a principal benefit the recording of presumed credits in an ICMS memorandum account, on taxed shipments carried out by the Company within the state, of 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 of approximately R$ 600,000, which will be incurred over the five years of the benefit grant, with the possibility of renewal for an equal period, and will be used to expand the paper and packaging production capacity.

iii. ICMS/MG - Presumed Credit: For the purpose of enabling the expansion of the industrial unit in Santa Luzia, the government of the state of Minas Gerais grants as a principal benefit, the recording of ICMS presumed credit, resulting in the effective payment of 2% on shipments of products manufactured by the Company. The total investment is estimated at approximately R$ 220,000 million, to 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.

Notes to the Quarterly Information

32. NON-CASH TRANSACTIONS

The Company carried out non-cash transactions relating to investment activities, which were not reflected in the statement of cash flows.

During the first quarter of 2018, the Company made payments for purchases of property, plant and equipment, amounting to R$ 4,021, which were directly financed by suppliers. In addition, a capital contribution of R$ 5,030 was made in the subsidiary Iraflor Comércio de Madeiras Ltda., through planted forests.

* * *

Report on review of quarterly information - ITR

To the Board Members and Directors of

Celulose Irani S.A.
Porto Alegre – RS

Introduction
We have reviewed the interim, individual and consolidated financial information of Celulose Irani S.A. ("Company"), contained in the Quarterly Information - ITR Form for the quarter ended March 31, 2018, which comprise the balance sheet on March 31, 2018 and related statements of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the quarter then ended, including explanatory notes.

Management is responsible for the preparation of the interim financial information in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review
We conducted our review in accordance with the Brazilian and international review standards for interim 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 in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures 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.

Basis for qualified conclusion
As described in note 15 to the quarterly information, on April 11, 2016, the Company and its subsidiary Iraflor Comércio de Madeiras Ltda. entered into an agreement for purchase and sale of 4,644 hectares of forest, for the amount of R$55,500 thousand, with Global Fund Reflorestamento e Exploração de Madeira Ltda. ("buyer"). On the same date, the buyer granted annual call options in favor of the Company's parent company (Irani Participações S.A.) and its subsidiaries, including the Company, in relation to the volume of forest wood, which may be exercised during a period of 11 years (as of 2016), for the fixed value established in the agreement, updated by the IPCA. The call options for the periods from 2016 to 2018, which total approximately 1,650 hectares of forests, were exercised by the Company.

As result of this transaction, in 2016 the Company recognized in its consolidated financial statements the amount of R$ 55,500 thousand as income from sale of forests (other income) and R$ 51,845 thousand as cost of forests sold (other expenses) in connection with the write-off of the respective forests (formerly classified as biological assets).

CPC 30 (R1) – Revenues and its equivalent IAS 18, in effect at the time of the transaction, indicate that if the seller retains risks and benefits of the property of an asset subject to repurchase option, the transaction is characterized as financing agreement and does not entail income recognition. According the characteristics of this transaction, the Company does not transfer to the buyer substantially all the risks and benefits inherent in the property of the respective forests nor the capacity to direct and control the use of the forest until the repurchase options per fixed price and restatement at IPCA expire. Consequently, the transaction should have been characterized as financing agreement and the income should not have been recognized. Certain elements in financial statements for the year ended December 31, 2017 and March 31, 2018 would have been significantly affected if the transaction has been calculated in this manner. The effects of this matter have not been determined.

Qualified conclusion on individual and consolidated interim information
Based on our review, except for the effects of the subject mentioned in "Basis for qualified conclusion" section, we are not aware of any other event that make us believe that individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB and applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission - CVM.

Report on review of quarterly information - ITR

Other matters
Statements of added value
The individual and consolidated interim financial information related to statements of added value (DVA) for the three-month period ended March 31, 2018, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes, was submitted to review procedures carried out jointly with the audit of Company's quarterly information. To form a conclusion, we evaluated whether these statements are reconciled with interim financial information and accounting records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, except for the effects of the subject mentioned in "Basis for qualified conclusion" section, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with individual and consolidated interim financial information taken as a whole.

Corresponding values
Corresponding amounts related to individual and consolidated balance sheets as of December 31, 2017 were previously audited by other independent auditors who issued a report dated April 26, 2018, with qualified opinion regarding the subject mentioned in paragraph "Basis for qualified conclusion", and the individual and consolidated statement of income, of comprehensive income, of changes in equity and of cash flows for the quarter ended March 31, 2017 were previously reviewed by other independent auditors, who issued an unqualified conclusion report dated April 28, 2017. The corresponding amounts referring to the parent company and consolidated Statements of Added Value, for the quarter ended March 31, 2017, have been submitted to the same review procedures by the aforementioned independent auditors, and, based on their review, nothing came to their attention that caused them to believe that these statements had not been properly prepared, in all material respects, in relation to the parent company and consolidated interim financial information taken as a whole.

Porto Alegre, June 21, 2018

KPMG Auditores Independentes
CRC SP-014428/F-7

(Original review report in Portuguese signed by)
Cristiano Jardim Seguecio
Accountant CRC SP-244525/O-9 T-RS

EXECUTIVE OFFICERS' STATEMENT ON THE INTERIM FINANCIAL STATEMENTS

For the purposes of Article 25 of CVM Instruction 480/09

As Executive Officers of Celulose Irani S.A., a corporation headquartered at Rua General João Manoel, 157, 9th floor, room 903, in the city of Porto Alegre, state of Rio Grande do Sul, enrolled in the National Corporate Taxpayers Registry (CNPJ/MF) under No.92.791.243/0001-03, **WE DECLARE**, in compliance with the provisions established in paragraph 1, Article 25 of CVM Instruction 480, of December 7, 2009, that: (i) we reviewed, discussed and agreed with the opinion expressed in the independent auditor's report of the Company referring to the interim financial statements for the quarter ended March 31, 2018; and (ii) we reviewed, discussed and agreed with the Company's interim financial statements for the quarter ended March 31, 2018.

Porto Alegre, RS, June 21, 2018.

Sérgio Luiz Cotrim Ribas - CEO
Odivan Carlos Cargnin - Administration, Finance and Investors Relations Officer
Henrique Zugman – Paper and Forest Business Officer
Lindomar Lima de Souza – Packaging Business Officer
Fabiano Alves de Oliveira – People, Strategy, and Management Officer

EXECUTIVE OFFICERS' STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT

For the purposes of Article 25 of CVM Instruction 480/09

As Executive Officers of Celulose Irani S.A., a corporation headquartered at Rua General João Manoel, 157, 9th floor, room 903, in the city of Porto Alegre, state of Rio Grande do Sul, enrolled in the National Corporate Taxpayers Registry (CNPJ/MF) under No.92.791.243/0001-03, WE DECLARE, in compliance with the provisions established in paragraph 1, Article 25 of CVM Instruction 480, of December 7, 2009, that: (i) we reviewed, discussed and agreed with the opinion expressed in the independent auditor's report of the Company referring to the interim financial statements for the quarter ended March 31, 2018; and (ii) we reviewed, discussed and agreed with the Company's interim financial statements for the quarter ended March 31, 2018.

Porto Alegre, RS, June 21, 2018.

Sérgio Luiz Cotrim Ribas - CEO
Odivan Carlos Cargnin - Administration, Finance and Investors Relations Officer
Henrique Zugman – Paper and Forest Business Officer
Lindomar Lima de Souza – Packaging Business Officer
Fabiano Alves de Oliveira – People, Strategy, and Management Officer