(A free translation of the original in Portuguese)

Celulose Irani S.A.

Quarterly information (ITR) at June 30, 2017 and report on review of quarterly information

Celulose Irani S.A.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of

Celulose Irani S.A.

Porto Alegre - RS

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Celulose Irani S.A. ("Company"), included in the Interim Financial Information Form (ITR), for the quarter ended June 30, 2017, which comprises the balance sheet as at June 30, 2017 and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial 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 Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would

become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Interim Financial Information (ITR) referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVA") for the six-month period ended June 30, 2017, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR) and is considered as supplemental information for International Financial Reporting Standards - IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

Audit and review of prior-year figures

The Interim Financial Information (ITR) mentioned in the first paragraph includes financial information corresponding to the statements of profit and loss, of comprehensive income, of changes in equity, of cash flows and of value added for the quarter ended June 30, 2016, obtained from the Interim Financial Information (ITR) for the quarter then ended, and the balance sheet as at December 31, 2016 obtained from the financial statements for the year ended December 31, 2016, presented for purposes of comparison. The review of the Interim Financial Information (ITR) for the quarter ended June 30, 2016 and the audit of the financial statements for the year ended December 31, 2016 were conducted under the responsibility of other independent auditor, who issued unqualified review and auditor's reports thereon, dated July 29, 2016 and February 24, 2017, respectively.

The accompanying individual and consolidated interim financial information has been

Celulose Irani S.A.

translated into English for the convenience of readers outside Brazil.

Porto Alegre, August 11, 2017

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Marcelo de Figueiredo Seixas
Engagement Partner

(A free translation of the original in Portuguese)

Contents

Company information
Capital composition 1
Cash proceeds 2
Parent company financial statements
Balance sheet - assets 3
Balance sheet - liabilities and equity 4
Statement of profit and loss 5
Statement of comprehensive income (loss) 6
Statement of cash flows - indirect method 7
Statement of changes in equity
1/1/2017 to 6/30/2017 8
1/1/2016 to 6/30/2016 9
Statement of value added 10
Consolidated financial statements
Balance sheet - assets 11
Balance sheet - liabilities and equity 12
Statement of profit and loss 13
Statement of comprehensive income (loss) 14
Statement of cash flows 15
Statement of changes in equity
1/1/2017 to 6/30/2017 16
1/1/2016 to 6/30/2016 17
Statement of value added 18
Comments on Company performance 19
Notes to the Quarterly Information 33
Opinions and Representations
Report on review of quarterly information - without exception 102

(A free translation of the original in Portuguese)

Company information / Capital composition

Number of shares (In thousands)	Current quarter 6/30/2017
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

Cash proceeds

Event	Date of approval	Description	Initial date of payment	Type of share	Class of share	Amount per share (Reais/share)
Board of Directors' Meeting	3/8/2017	Dividend	3/9/2017	Common		0.02474
Board of Directors' Meeting	3/8/2017	Dividend	3/9/2017	Preferred		0.02474

(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 6/30/2017	Prior year 12/31/2016
1	Total assets	1,553,225	1,696,939
1.01	Current assets	349,712	426,676
1.01.01	Cash and cash equivalents	26,923	82,844
1.01.02	Financial investments	43,040	94,198
1.01.02.02	Financial investments valued at amortized cost	43,040	94,198
1.01.02.02.01	Held-to-maturity securities	43,040	94,198
1.01.03	Accounts receivable	187,823	158,044
1.01.03.01	Trade receivables	170,225	153,644
1.01.03.02	Other receivables	17,598	4,400
1.01.03.02.02	Dividends receivable	17,598	4,400
1.01.04	Inventories	69,065	66,875
1.01.06	Taxes recoverable	5,224	5,233
1.01.08	Other current assets	17,637	19,482
1.01.08.03	Other	17,637	19,482
1.02	Non-current assets	1,203,513	1,270,263
1.02.01	Long-term receivables	97,140	89,157
1.02.01.03	Trade receivables	13,087	15,220
1.02.01.03.02	Other receivables	13,087	15,220
1.02.01.05	Biological assets	79,876	69,696
1.02.01.09	Other non-current assets	4,177	4,241
1.02.01.09.03	Taxes recoverable	2,102	2,392
1.02.01.09.04	Judicial deposits	2,075	1,849
1.02.02	Investments	221,334	290,196
1.02.02.01	Equity investments	186,809	255,357
1.02.02.01.02	Investments in subsidiaries	186,809	255,357
1.02.02.02	Investment properties	34,525	34,839
1.02.03	Property, plant and equipment	772,457	778,543
1.02.03.01	Property, plant and equipment in operation	772,457	778,543
1.02.04	Intangible assets	112,582	112,367
1.02.04.01	Intangible assets	112,582	112,367

(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 6/30/2017	Prior year 12/31/2016
2	Total liabilities and equity	1,553,225	1,696,939
2.01	Current liabilities	435,331	476,019
2.01.01	Social and labor obligations	26,254	24,235
2.01.01.01	Payroll obligations	26,254	24,235
2.01.01.01.01	Social security obligations	26,254	24,235
2.01.02	Trade payables	72,797	111,849
2.01.03	Tax obligations	16,040	19,828
2.01.03.01	Federal taxes payable	6,705	11,294
2.01.03.01.03	Other federal taxes	6,705	11,294
2.01.03.02	State taxes payable	9,280	8,460
2.01.03.02.01	Taxes payable in installments	1,293	2,008
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	7,987	6,452
2.01.03.03	Municipal taxes payable	55	74
2.01.04	Borrowings	301,238	298,040
2.01.04.01	Borrowings	287,686	266,926
2.01.04.02	Debentures	13,552	31,114
2.01.05	Other obligations	19,002	22,067
2.01.05.02	Other	19,002	22,067
2.01.05.02.01	Dividends and interest on capital payable	104	4,234
2.01.05.02.04	Other payables	16,727	16,478
2.01.05.02.05	Advances from customers	2,171	1,355
2.02	Non-current liabilities	681,959	775,729
2.02.01	Borrowings	524,461	619,335
2.02.01.01	Borrowings	524,461	609,983
2.02.01.02	Debentures	0	9,352
2.02.02	Other obligations	11,656	10,742
2.02.02.02	Other	11,656	10,742
2.02.02.02.03	Taxes payable in installments	0	204
2.02.02.02.04	Other taxes payable	11,502	10,538
2.02.02.02.05	Other payables	154	0
2.02.03	Deferred taxes	133,388	139,548
2.02.03.01	Deferred income tax and social contribution	133,388	139,548
2.02.04	Provisions	12,454	6,104
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	12,454	6,104
2.03	Equity	435,935	445,191
2.03.01	Paid-up share capital	161,895	161,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	146,371	154,829
2.03.06	Carrying value adjustments	126,709	127,507

Parent company financial statements / statement of profit and loss

All amounts in thousands of reais unless otherwise stated

Code	Description	Current quarter 4/1/2017 to 6/30/2017	Accumulated - current year 1/1/2017 to 6/30/2017	Same quarter - prior year 4/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2016 to 6/30/2016
3.01	Revenue from sales of goods, products and/or services	207,072	400,894	193,974	383,041
3.02	Cost of sales	-141,966	-284,804	-137,978	-281,737
3.02.01	Changes in the fair value of biological assets	3,893	7,895	9,704	11,416
3.02.02	Cost of goods sold	-145,859	-292,699	-147,682	-293,153
3.03	Gross profit	65,106	116,090	55,996	101,304
3.04	Operating income (expenses)	-41,175	-81,012	-27,570	-53,438
3.04.01	Selling expenses	-23,392	-43,506	-20,750	-40,959
3.04.02	General and administrative expenses	-18,406	-30,789	-13,031	-27,042
3.04.04	Other operating income	889	2,061	35,960	38,083
3.04.05	Other operating expenses	-6,680	-7,203	-31,471	-34,591
3.04.06	Equity in results of subsidiaries	6,414	-1,575	1,722	11,071
3.05	Profit before finance result and taxes	23,931	35,078	28,426	47,866
3.06	Finance result	-26,546	-56,063	-25,606	-53,022
3.06.01	Finance income	5,465	13,200	11,589	20,999
3.06.02	Finance costs	-32,011	-69,263	-37,195	-74,021
3.07	Profit (loss) before taxes on income	-2,615	-20,985	2,820	-5,156
3.08	Income tax and social contribution	3,818	8,053	65	6,360
3.08.01	Current	0	0	2	2
3.08.02	Deferred	3,818	8,053	63	6,358
3.09	Profit (loss) from continuing operations	1,203	-12,932	2,885	1,204
3.11	Profit (loss) for the period	1,203	-12,932	2,885	1,204
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0.00730	-0.07870	0.01760	0.00730
3.99.01.02	Preferred shares	0.00730	-0.07870	0.01760	0.00730

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

(All amounts in thousands of reais)

Code	Description	Current quarter 4/1/2017 to 6/30/2017	Accumulated - current year 1/1/2017 to 6/30/2017	Same quarter - prior year 4/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2016 to 6/30/2016
4.01	Profit (loss) for the period	1,203	-12,932	2,885	1,204
4.02	Other comprehensive income (loss)	-6,773	3,676	29,461	59,661
4.02.01	Cash flow hedges	-10,262	5,570	44,638	90,395
4.02.02	Income tax and social contribution - cash flow hedges	3,489	-1,894	-15,177	-30,734
4.03	Comprehensive income (loss) for the period	-5,570	-9,256	32,346	60,865

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2017 to 6/30/2017	Accumulated - prior year 1/1/2016 to 6/30/2016
6.01	Net cash provided by (used in) operating activities	-25,208	-7,993
6.01.01	Cash from operations	71,301	80,869
6.01.01.01	Profit (loss) before income tax and social contribution	-20,985	-5,156
6.04.01.02	Changes in the fair value of biological assets	-7,895	-11,416
6.01.01.03	Depreciation, amortization and depletion	25,823	61,178
6.01.01.05	Proceeds from sales of permanent assets	931	-1,446
6.01.01.06	Equity in the results of subsidiaries	1,575	-11,071
6.01.01.07	Changes in the provision for civil, labor and tax contingencies	6,608	-5,992
6.01.01.08	Provision for impairment of trade receivables	660	341
6.01.01.09	Provision for losses on other assets	2,042	2
6.01.01.12	Monetary variations and charges	62,542	54,429
6.01.02	Changes in assets and liabilities	-96,509	-88,862
6.01.02.01	Trade receivables	-17,241	-19,268
6.01.02.02	Inventories	-2,190	-6,153
6.01.02.03	Taxes recoverable	299	4,286
6.01.02.04	Other assets	1,710	-12,961
6.01.02.05	Dividends received	16,778	0
6.01.02.06	Trade payables	-40,895	7,539
6.01.02.07	Social security obligations	2,019	-15,453
6.01.02.08	Advances from customers	816	628
6.01.02.09	Tax obligations	-3,027	-2,459
6.01.02.10	Payment of interest on borrowings	-52,739	-38,256
6.01.02.11	Payment of interest on debentures	-2,184	0
6.01.02.12	Other payables	145	-6,765
6.02	Net cash provided by used in investing activities	67,741	21,315
6.02.01	Purchases of property, plant and equipment	-16,805	-23,762
6.02.02	Purchases of biological assets	-2,383	-2,549
6.02.03	Purchases of intangible assets	-1,149	-55
6.02.04	Capital contribution in subsidiary	0	-45
6.02.05	Capital reduction in subsidiary	36,997	43,797
6.02.06	Proceeds from sales of assets	-674	5,026
6.02.12	Banks - restricted account	51,755	-1,097
6.03	Net cash provided by (used in) financing activities	-98,454	-70,452
6.03.01	Payment of dividends and interest on capital	-4,130	-311
6.03.03	Debentures paid	-27,430	0
6.03.04	Proceeds from borrowings	59,872	30,199
6.03.05	Repayments of borrowings	-126,766	-100,340
6.05	Increase (decrease) in cash and cash equivalents	-55,921	-57,130
6.05.01	Cash and cash equivalents at the beginning of the period	82,844	80,079
6.05.02	Cash and cash equivalents at the end of the period	26,923	22,949

Parent company financial statements / statement of changes in equity - 1/1/2017 to 6/30/2017

(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 (loss)	0	0	0	-8,458	-798	-9,256
5.05.01	Profit (loss) for the period	0	0	0	-12,932	0	-12,932
5.05.02	Other comprehensive income (loss)	0	0	0	4,474	-798	3,676
5.05.02.06	Realization of deemed cost	0	0	0	4,474	-4,474	0
5.05.02.08	Cash flow hedges	0	0	0	0	3,676	3,676
5.06	Internal changes in equity	0	0	-388	388	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-143	143	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-245	245	0	0
5.07	Closing balances	161,895	960	154,441	-8,070	126,709	435,935

Parent company financial statements / statement of changes in equity - 1/1/2016 to 6/30/2016

(All amounts in thousands of reais)

Code	Description	Paid-up share capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income (loss)	Equity
5.01	Opening balances	161,895	960	160,731	0	73,029	396,615
5.03	Adjusted opening balances	161,895	960	160,731	0	73,029	396,615
5.05	Total comprehensive income	0	0	0	5,678	55,187	60,865
5.05.01	Profit for the period	0	0	0	1,204	0	1,204
5.05.02	Other comprehensive income	0	0	0	4,474	55,187	59,661
5.05.02.06	Realization of deemed cost	0	0	0	4,474	-4,474	0
5.05.02.08	Cash flow hedges	0	0	0	0	59,661	59,661
5.06	Internal changes in equity	0	0	-17,508	17,508	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-17,317	17,317	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-191	191	0	0
5.07	Closing balances	161,895	960	143,223	23,186	128,216	457,480

Parent company financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2017 to 6/30/2017	Accumulated - prior year 1/1/2016 to 6/30/2016
7.01	Revenue	530,946	555,843
7.01.01	Sales of goods, products and/or services	524,683	496,120
7.01.02	Other income	6,923	60,064
7.01.04	Changes in the provision for impairment of trade receivables	-660	-341
7.02	Inputs purchased from third parties	-301,489	-290,614
7.02.01	Cost of sales	-258,417	-241,832
7.02.02	Materials, electricity, outsourced services and other	-41,030	-48,780
7.02.03	Loss/recovery of assets	-2,042	-2
7.03	Gross value added	229,457	265,229
7.04	Retentions	-17,928	-49,762
7.04.01	Depreciation, amortization and depletion	-25,823	-61,178
7.04.02	Other	7,895	11,416
7.04.02.01	Changes in the fair value of biological assets	7,895	11,416
7.05	Net value added generated	211,529	215,467
7.06	Value added received through transfer	11,625	32,070
7.06.01	Equity in the results of subsidiaries	-1,575	11,071
7.06.02	Finance income	13,200	20,999
7.07	Total value added to be distributed	223,154	247,537
7.08	Value added distributed	223,154	247,537
7.08.01	Personnel	79,461	75,937
7.08.01.01	Direct remuneration	62,618	60,017
7.08.01.02	Benefits	13,258	12,464
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	3,585	3,456
7.08.02	Taxes, fees and contributions	77,386	68,282
7.08.02.01	Federal	51,927	45,022
7.08.02.02	State	24,697	22,537
7.08.02.03	Municipal	762	723
7.08.03	Remuneration of third-party capital	74,377	80,132
7.08.03.01	Interest	69,263	74,021
7.08.03.02	Rentals	5,114	6,111
7.08.04	Remuneration of own capital	-8,070	23,186
7.08.04.03	Retained earnings/accumulated deficit	-8,070	23,186

(A free translation of the original in Portuguese)

Consolidated financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2017	Prior year 12/31/2016
1	Total assets	1,567,649	1,679,951
1.01	Current assets	333,813	444,287
1.01.01	Cash and cash equivalents	27,425	103,885
1.01.02	Financial investments	43,040	94,198
1.01.02.02	Financial investments valued at amortized cost	43,040	94,198
1.01.02.02.01	Held-to-maturity securities	43,040	94,198
1.01.03	Accounts receivable	171,061	154,227
1.01.03.01	Trade receivables	171,061	154,227
1.01.04	Inventories	69,106	67,051
1.01.06	Taxes recoverable	5,397	5,297
1.01.08	Other current assets	17,784	19,629
1.01.08.03	Other	17,784	19,629
1.02	Non-current assets	1,233,836	1,235,664
1.02.01	Long-term receivables	259,416	254,994
1.02.01.03	Trade receivables	13,114	15,248
1.02.01.03.02	Other receivables	13,114	15,248
1.02.01.05	Biological assets	241,834	235,407
1.02.01.09	Other non-current assets	4,468	4,339
1.02.01.09.03	Taxes recoverable	2,102	2,392
1.02.01.09.04	Judicial deposits	2,366	1,947
1.02.02	Investments	18,391	18,644
1.02.02.02	Investment properties	18,391	18,644
1.02.03	Property, plant and equipment	842,912	849,124
1.02.03.01	Property, plant and equipment in operation	842,912	849,124
1.02.04	Intangible assets	113,117	112,902
1.02.04.01	Intangible assets	113,117	112,902

(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 6/30/2017	Prior year 12/31/2016
2	Total liabilities and equity	1,567,649	1,679,951
2.01	Current liabilities	436,241	445,377
2.01.01	Social and labor obligations	27,251	24,719
2.01.01.01	Payroll obligations	27,251	24,719
2.01.01.01.01	Social security obligations	27,251	24,719
2.01.02	Trade payables	71,835	79,849
2.01.03	Tax obligations	16,461	20,461
2.01.03.01	Federal taxes payable	7,117	11,913
2.01.03.01.02	Taxes payable in installments	0	3
2.01.03.01.03	Other federal taxes	7,117	11,910
2.01.03.02	State taxes payable	9,280	8,468
2.01.03.02.01	Taxes payable in installments	1,293	2,008
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	7,987	6,460
2.01.03.03	Municipal taxes payable	64	80
2.01.04	Borrowings	301,238	298,040
2.01.04.01	Borrowings	287,686	266,926
2.01.04.02	Debentures	13,552	31,114
2.01.05	Other obligations	19,456	22,308
2.01.05.02	Other	19,456	22,308
2.01.05.02.01	Dividend and interest on capital payable	104	4,234
2.01.05.02.04	Other payables	17,149	16,701
2.01.05.02.05	Advances from customers	2,203	1,373
2.02	Non-current liabilities	695,466	789,373
2.02.01	Borrowings	524,461	619,335
2.02.01.01	Borrowings	524,461	609,983
2.02.01.02	Debentures	0	9,352
2.02.02	Other obligations	11,656	10,742
2.02.02.02	Other	11,656	10,742
2.02.02.02.03	Taxes payable in installments	0	204
2.02.02.02.04	Other taxes payable	11,502	10,538
2.02.02.02.05	Other payables	154	0
2.02.03	Deferred taxes	146,895	153,192
2.02.03.01	Deferred income tax and social contribution	146,895	153,192
2.02.04	Provisions	12,454	6,104
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	12,454	6,104
2.03	Consolidated equity	435,942	445,201
2.03.01	Share capital	161,895	161,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	146,371	154,829
2.03.06	Carrying value adjustments	126,709	127,507
2.03.09	Non-controlling interests	7	10

Consolidated financial statements / statement of profit and loss

All amounts in thousands of reais unless otherwise stated

Code	Description	Current quarter 4/1/2017 to 6/30/2017	Accumulated - current year 1/1/2017 to 6/30/2017	Same quarter - prior year 4/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2016 to 6/30/2016
3.01	Revenue from sales of goods, products and/or services	208,859	404,196	196,314	387,721
3.02	Cost of sales	-136,919	-289,521	-137,920	-275,008
3.02.01	Changes in the fair value of biological assets	10,480	5,316	7,924	12,829
3.02.02	Cost of goods sold	-147,399	-294,837	-145,844	-287,837
3.03	Gross profit	71,940	114,675	58,394	112,713
3.04	Operating income/ expenses	-47,928	-80,192	-30,422	-66,039
3.04.01	Selling expenses	-23,392	-43,505	-20,750	-40,959
3.04.02	General and administrative expenses	-18,746	-31,552	-13,392	-27,818
3.04.04	Other operating income	894	2,122	56,764	58,890
3.04.05	Other operating expenses	-6,684	-7,257	-53,044	-56,152
3.05	Profit before finance result and taxes	24,012	34,483	27,972	46,674
3.06	Finance result	-26,328	-55,231	-24,926	-51,001
3.06.01	Finance income	5,685	14,041	12,273	23,025
3.06.02	Finance costs	-32,013	-69,272	-37,199	-74,026
3.07	Profit (loss) before taxes on income	-2,316	-20,748	3,046	-4,327
3.08	Income tax and social contribution	3,519	7,816	-161	5,531
3.08.01	Current	-123	-375	-300	-825
3.08.02	Deferred	3,642	8,191	139	6,356
3.09	Profit (loss) from continuing operations	1,203	-12,932	2,885	1,204
3.11	Consolidated profit (loss) for the period	1,203	-12,932	2,885	1,204
3.11.01	Attributable to owners of the Parent	1,203	-12,932	2,885	1,204
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0.00730	-0.07870	0.01760	0.00730
3.99.01.02	Preferred shares	0.00730	-0.07870	0.01760	0.00730

Consolidated financial statements / statement of comprehensive income

(All amounts in thousands of reais)

Code	Description	Current quarter 4/1/2017 to 6/30/2017	Accumulated - current year 1/1/2017 to 6/30/2017	Same quarter - prior year 4/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2016 to 6/30/2016
4.01	Consolidated profit (loss) for the period	1,203	-12,932	2,885	1,204
4.02	Other comprehensive income (loss)	-6,773	3,676	29,461	59,661
4.02.01	Cash flow hedges	-10,262	5,570	44,638	90,395
4.02.02	Income tax and social contribution - cash flow hedges	3,489	-1,894	-15,177	-30,734
4.03	Consolidated comprehensive income (loss) for the period	-5,570	-9,256	32,346	60,865
4.03.01	Attributable to owners of the Parent	-5,570	-9,256	32,346	60,865

Consolidated financial statements / statement of cash flows - indirect method

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2017 to 6/30/2017	Accumulated - prior year 1/1/2016 to 6/30/2016
6.01	Net cash provided by (used in) operating activities	-7,180	15,205
6.01.01	Cash from operations	75,484	119,783
6.01.01.01	Profit (loss) before income tax and social contribution	-20,748	-4,327
6.01.01.02	Changes in the fair value of biological assets	-5,316	-12,829
6.01.01.03	Depreciation, amortization and depletion	28,642	89,605
6.01.01.05	Proceeds from sales of permanent assets	1,054	-1,446
6.01.01.07	Provision for civil, labor and tax contingencies	6,608	-5,992
6.01.01.08	Provision for impairment of trade receivables	660	341
6.01.01.09	Provision for losses on other assets	2,042	2
6.01.01.12	Monetary variations and charges	62,542	54,429
6.01.02	Changes in assets and liabilities	-82,664	-104,578
6.01.02.01	Trade receivables	-17,494	-19,655
6.01.02.02	Inventories	-2,055	-6,382
6.01.02.03	Taxes recoverable	190	4,250
6.01.02.04	Other assets	1,518	-13,020
6.01.02.06	Trade payables	-9,993	-6,469
6.01.02.07	Social security obligations	2,532	-14,951
6.01.02.08	Advances from customers	830	627
6.01.02.09	Taxes payable	-3,613	-3,994
6.01.02.10	Payment of interest on borrowings	-52,739	-38,256
6.01.02.11	Payment of interest on debentures	-2,184	0
6.01.02.12	Other payables	344	-6,728
6.02	Net cash provided by (used in) investing activities	29,174	-23,533
6.02.01	Purchases of property, plant and equipment	-16,885	-23,807
6.02.02	Purchases of biological assets	-3,870	-3,597
6.02.03	Purchases of intangible assets	-1,149	-55
6.02.05	Capital reduction in subsidiaries	-3	0
6.02.06	Proceeds from sales of assets	-674	5,026
6.02.07	Capital decrease in non-controlling interests	0	-3
6.02.12	Banks - restricted account	51,755	-1,097
6.03	Net cash provided by (used in) financing activities	-98,454	-70,452
6.03.01	Payment of dividends	-4,130	-311
6.03.03	Debentures paid	-27,430	0
6.03.04	Proceeds from borrowings	59,872	30,199
6.03.05	Repayments of borrowings	-126,766	-100,340
6.05	Increase (decrease) in cash and cash equivalents	-76,460	-78,780
6.05.01	Cash and cash equivalents at the beginning of the period	103,885	125,732
6.05.02	Cash and cash equivalents at the end of the period	27,425	46,952

Consolidated financial statements / statement of changes in equity - 1/1/2017 to 6/30/2017

(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
5.04	Capital transactions with owners	0	0	0	0	0	0	-3	-3
5.04.09	Capital increase/decrease in non-controlling interests	0	0	0	0	0	0	-3	-3
5.05	Total comprehensive income (loss)	0	0	0	-8,458	-798	-9,256	0	-9,256
5.05.01	Profit (loss) for the period	0	0	0	-12,932	0	-12,932	0	-12,932
5.05.02	Other comprehensive income (loss)	0	0	0	4,474	-798	3,676	0	3,676
5.05.02.06	Realization of deemed cost	0	0	0	4,474	-4,474	0	0	0
5.05.02.08	Cash flow hedges	0	0	0	0	3,676	3,676	0	3,676
5.06	Internal changes in equity	0	0	-388	388	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-143	143	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-245	245	0	0	0	0
5.07	Closing balances	161,895	960	154,441	-8,070	126,709	435,935	7	435,942

Consolidated financial statements / statement of changes in equity - 1/1/2016 to 6/30/2016

(All amounts in thousands of reais)

Code	Description	Paid-up share capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income (loss)	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	161,895	960	160,731	0	73,029	396,615	13	396,628
5.03	Adjusted opening balances	161,895	960	160,731	0	73,029	396,615	13	396,628
5.04	Capital transactions with owners	0	0	0	0	0	0	-3	-3
5.04.09	Capital increase/decrease in non-controlling interests	0	0	0	0	0	0	-3	-3
5.05	Total comprehensive income	0	0	0	5,678	55,187	60,865	0	60,865
5.05.01	Profit for the period	0	0	0	1,204	0	1,204	0	1,204
5.05.02	Other comprehensive income	0	0	0	4,474	55,187	59,661	0	59,661
5.05.02.06	Realization of deemed cost	0	0	0	4,474	-4,474	0	0	0
5.05.02.08	Cash flow hedges	0	0	0	0	59,661	59,661	0	59,661
5.06	Internal changes in equity	0	0	-17,508	17,508	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-17,317	17,317	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-191	191	0	0	0	0
5.07	Closing balances	161,895	960	143,223	23,186	128,216	457,480	10	457,490

Consolidated financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2017 to 6/30/2017	Accumulated - prior year 1/1/2016 to 6/30/2016
7.01	Revenue	534,615	581,876
7.01.01	Sales of goods, products and/or services	528,292	501,343
7.01.02	Other income	6,983	80,874
7.01.04	Changes in the provision for impairment of trade receivables	-660	-341
7.02	Inputs purchased from third parties	-295,911	-272,668
7.02.01	Cost of sales	-250,744	-222,432
7.02.02	Materials, electricity, outsourced services and other	-43,125	-50,234
7.02.03	Loss/recovery of assets	-2,042	-2
7.03	Gross value added	238,704	309,208
7.04	Retentions	-23,326	-76,776
7.04.01	Depreciation, amortization and depletion	-28,642	-89,605
7.04.02	Other	5,316	12,829
7.04.02.01	Changes in the fair value of biological assets	5,316	12,829
7.05	Net value added generated	215,378	232,432
7.06	Value added received through transfer	14,041	23,025
7.06.02	Finance income	14,041	23,025
7.07	Total value added to be distributed	229,419	255,457
7.08	Value added distributed	229,419	255,457
7.08.01	Personnel	84,188	80,392
7.08.01.01	Direct remuneration	65,970	63,117
7.08.01.02	Benefits	14,411	13,617
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	3,807	3,658
7.08.02	Taxes, fees and contributions	78,861	71,636
7.08.02.01	Federal	53,366	48,086
7.08.02.02	State	24,700	22,789
7.08.02.03	Municipal	795	761
7.08.03	Remuneration of third-party capital	74,440	80,243
7.08.03.01	Interest	69,272	74,026
7.08.03.02	Rentals	5,168	6,217
7.08.04	Remuneration of own capital	-8,070	23,186
7.08.04.03	Retained earnings/accumulated deficit	-8,070	23,186

Comments on company performance

COMMENTS ON THE COMPANY'S PERFORMANCE FOR 2Q17

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

Irani reports Net Revenue of R$ 208.8 million in 2Q17, an increase of 6.4% in relation to 2Q16

KEY INDICATORS - CONSOLIDATED	2Q17	1Q17	2Q16	Var. 2Q17/1Q17	Var. 2Q17/2Q16	6M17	6M16	Var. 6M17/6M16	LTM17	LTM16	Var. LTM17/LTM16
Economic and Financial Indicators (R$ thousand)											
Net operating revenue	208,859	195,337	196,314	6.9%	6.4%	404,196	387,721	4.2%	793,270	778,432	1.9%
Domestic market	178,538	160,261	158,210	11.4%	12.8%	338,799	304,593	11.2%	669,639	630,569	6.2%
Foreign market	30,321	35,076	38,104	-13.6%	-20.4%	65,397	83,128	-21.3%	123,631	147,863	-16.4%
Gross profit (including*)	71,940	42,735	58,394	68.3%	23.2%	114,675	112,713	1.7%	212,729	217,758	-2.3%
(*) Change in fair value of biological assets	*10,480*	*(5,164)*	*7,924*	-	32.3%	*5,316*	*12,829*	-58.6%	*19,881*	*(760)*	-
Gross margin	***34.4%***	***21.9%***	***29.7%***	**12.5p.p.**	***4.7p.p.***	***28.4%***	***29.1%***	***-0.7p.p.***	***26.8%***	***28.0%***	***-1.2p.p.***
Operating result before taxes and profit sharing	(2,316)	(18,432)	3,046	-87.4%	-176.0%	(20,748)	(4,327)	379.5%	(51,534)	(17,162)	200.3%
Operating margin	***-1.1%***	***-9.4%***	**1.6%**	**8.3p.p.**	***-2.7p.p.***	***-5.1%***	***-1.1%***	***-4.0p.p.***	***-6.5%***	***-2.2%***	***-4.3p.p.***
Net result	1,203	(14,135)	2,885	-	-58.3%	(12,932)	1,204	-1174.1%	(24,920)	(11,954)	108.5%
Net margin	***0.6%***	***-7.2%***	**1.5%**	**7.8p.p.**	***-0.9p.p.***	***-3.2%***	***0.3%***	***-3.5p.p.***	***-3.1%***	***-1.5%***	***-1.6p.p.***
Adjusted EBITDA [1]	33,513	29,296	90,387	14.4%	-62.9%	62,809	125,438	-49.9%	112,685	219,694	-48.7%
Adjusted EBITDA Margin	***16.0%***	***15.0%***	***46.0%***	**1.0p.p.**	***-30.0p.p.***	***15.5%***	***32.4%***	***-16.9p.p.***	***14.2%***	***28.2%***	***-14.0p.p.***
Net debt [R$ million]	755.2	756.4	710.3	-0.2%	6.3%	755.2	710.3	6.3%	755.2	710.3	6.3%
Net debt / Adjusted EBITDA (x)	6.70	4.46	3.23	50.2%	107.4%	6.70	3.23	107.4%	6.70	3.23	107.4%
Net debt / Proforma adjusted EBITDA (x) [2]	5.65	3.83	2.64	47.5%	114.0%	5.65	2.64	114.0%	5.65	2.64	114.0%
Operating data (metric tons)[3]											
Corrugated Cardboard Packaging (PO)											
Production/Sales	46,980	45,337	44,985	3.6%	4.4%	92,317	88,503	4.3%	181,982	189,282	-3.9%
Packaging Paper											
Production	72,485	70,741	73,023	2.5%	-0.7%	143,226	140,958	1.6%	277,714	286,712	-3.1%
Sales	22,310	21,435	21,788	4.1%	2.4%	43,745	41,948	4.3%	89,744	83,356	7.7%
RS Forest and Resins											
Production	2,763	3,610	3,090	-23.5%	-10.6%	6,373	6,440	-1.0%	11,859	10,713	10.7%
Sales	2,728	3,460	3,118	-21.2%	-12.5%	6,188	7,127	-13.2%	11,273	11,019	2.3%

[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.
[3] The assumptions used for measuring the volumes of the Corrugated Cardboard Packaging (PO) and Packaging Paper segments were reviewed in 1Q17 and changed in relation to the previous year.

- Net revenue in 2Q17 increased by 6.4% in the comparison with 2Q16, and 6.9% in relation to 1Q17, which reflects, mainly, the better performance of sales volume and prices in the domestic market, and the decrease in revenue from the foreign market, due to the lower volume of exports and the depreciation of the U.S. dollar.

- The sales volume for the Corrugated Cardboard Packaging segment increased by 4.4% when compared to 2Q16, totaling 46.9 thousand metric tons in 2Q17. The Packaging Paper segment totaled 22.3 thousand metric tons, an increase of 2.4% in the comparison with 2Q16. The RS Forest and Resins segment totaled 2.7 thousand metric tons, recording a decrease of 12.5%.

Comments on company performance

- Gross profit increased by 23.2% in 2Q17 when compared to 2Q16 and 68.3% in relation to 1Q17, mainly as a result of the positive change in the fair value of biological assets, which had been negative in 1Q17, and the reduction of production costs, due to the fall in the price of scrap in the period.

- The Company reported profit of R$ 1.2 million for 2Q17, compared to profit of R$ 2.9 million in 2Q16, and losses of R$ 14.1 million in 1Q17. The main factors that impacted the net result were the changes in the fair value of biological assets and cost reduction, already evidenced by the increase in gross profit.

- Adjusted EBITDA in 2Q17 was computed at R$ 33.5 million, 62.9% below that computed for 2Q16, of R$ 90.4 million, mainly as a result of an additional sale of wood (forest) amounting to R$ 55.5 million, which was carried out in 2Q16. When compared to 1Q17, adjusted EBITDA was 14.4% higher, mainly due to the cost reduction that resulted from the lower price of scrap in the period.

- The net debt/EBITDA ratio was 6.70 times in June 2017. Excluding from net debt the exchange variation recorded as hedge accounting, the net debt/EBITDA ratio would be 5.65 times.

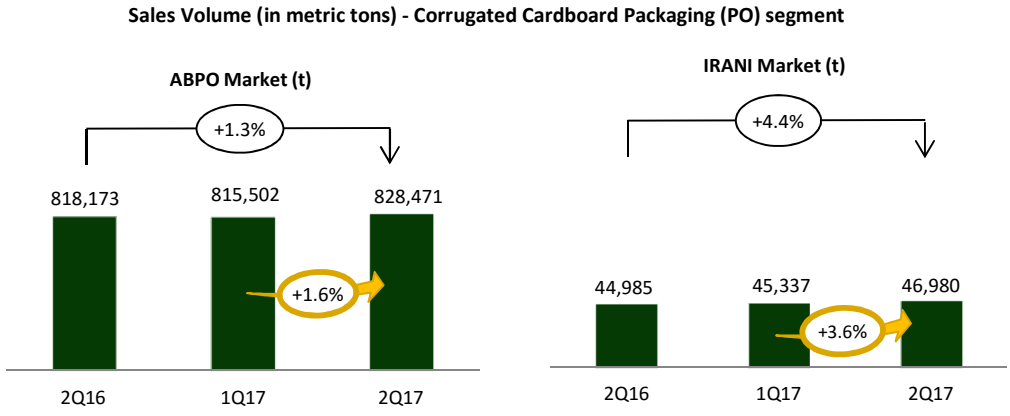
- The cash position at the end of June 2017 was R$ 70.5 million, with 64% of the debts maturing in the long term.

2Q17 Highlights

The Brazilian economy continued to show signs of recovery in the second quarter of 2017. Official data for the first quarter showed a GDP increase of 1% in relation to the previous quarter, and market prospects point to stability for the second quarter of the year. In the international scenario, the economic environment continues to be very positive, with favorable data from the USA, China and Europe.

In 2Q17, the Brazilian Corrugated Cardboard Association (ABPO) recorded an increase of 1.3% in the amount of metric tons of corrugated cardboard shipped, in comparison with 2Q16. The sales volume of IRANI Market, in metric tons, increased by 4.4% in 2Q17. In the comparison with the previous quarter, the ABPO Market increased by 1.6%, and the IRANI Market increased by 3.6%. In metric tons, the IRANI's market share in the Corrugated Cardboard Packaging segment corresponded to 5.7% in 2Q17, 5.5% in 2Q16, and 5.6% in 1Q17.

Comments on company performance

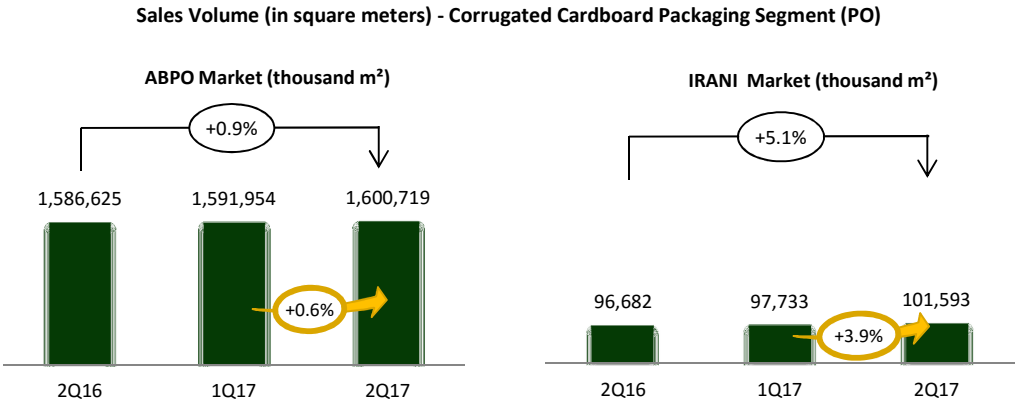


Source: ABPO

Source: IRANI

The sales volume (in square meters) of corrugated cardboard packaging in the ABPO Market remained stable in 2Q17 when compared to 2Q16, while the IRANI Market increased by 5.1% in the period. In the comparison with 1Q17, the ABPO Market remained stable, while the IRANI Market recorded an increase of 3.9%. In square meters, IRANI's market share corresponded to 6.3% in 2Q17, and 6.1% in 2Q16 and 1Q17.

In 2Q17, the Corrugated Cardboard Packaging segment represented 65% of IRANI"s net revenue, while the Packaging Paper segment represented 28%, and the RS Forest and Resins segment, 7%. The domestic market accounted for 85% of net revenue, and the foreign market, for 15%. The growth of 4.9 p.p. in revenue from the domestic market when compared to 2Q16 arises mainly from the increase in the sales volume of the Corrugated Cardboard Packaging segment, which is entirely intended to the domestic market.



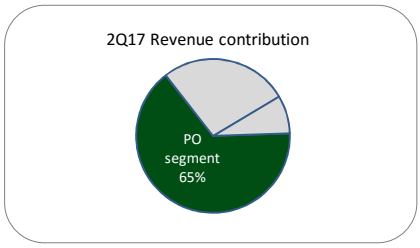
Source: ABPO

Source: IRANI

Comments on company performance

1. OPERATING PERFORMANCE (not reviewed by independent auditor)

1.1 Corrugated Cardboard Packaging (PO) segment

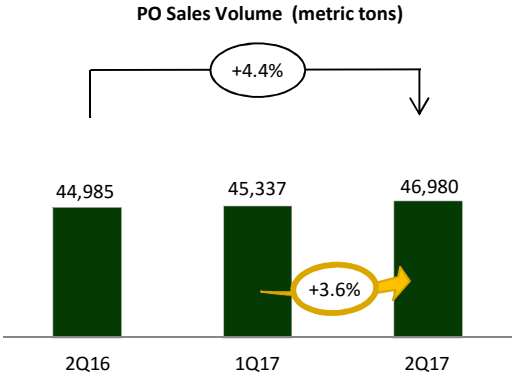


The sales volume of corrugated cardboard boxes and sheets totaled 46,980 metric tons, with an increase of 4.4% in relation to 2Q16 and of 3.6% in relation to 1Q17. In the comparison between the current quarter and 2Q16, the sales of boxes increased by 1.3%, and the sales of sheets increased by 13.2%. The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants accounted for 40%, 28% and 32%, respectively, of the total sales in 2Q17, with their entire production allocated to the domestic market.

The sales volume of the SP Indaiatuba Packaging plant totaled 13,108 metric tons of boxes and 5,479 metric tons of sheets in 2Q17 (compared to 12,691 metric tons of boxes and 4,942 metric tons of sheets in 2Q16).

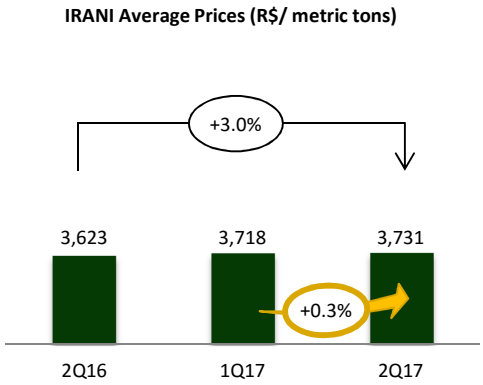
The sales volume of the SC Campina da Alegria Packaging plant totaled 10,516 metric tons of boxes and 2,828 metric tons of sheets in 2Q17 (compared to 11,174 metric tons of boxes and 2,059 metric tons of sheets in 2Q16).

The sales volume of the SP Vila Maria Packaging plant totaled 9,842 metric tons of boxes and 5,207 metric tons of sheets in 2Q17 (compared to 9,179 metric tons of boxes and 4,941 metric tons of sheets in 2Q16).



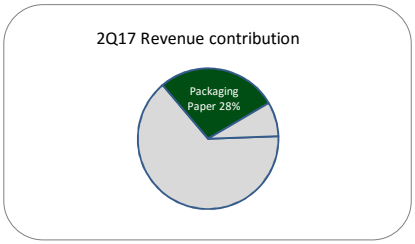
In 2Q17, the average IRANI (CIF) price per metric ton increased by 3.0% when compared to 2Q16 and remained stable in relation to 1Q17, as shown below:

Comments on company performance



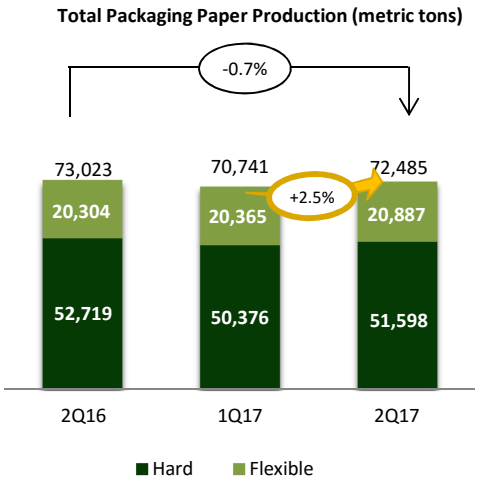
Note on methodology: IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

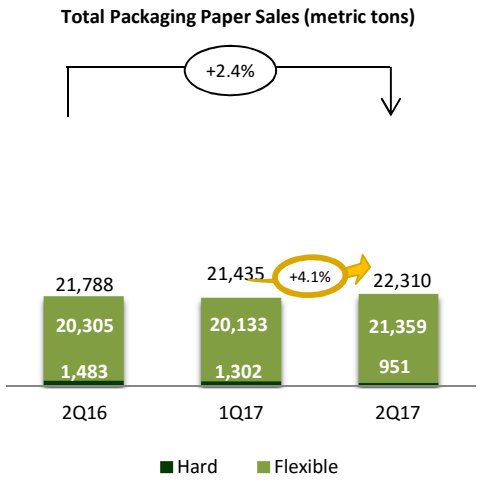
1.2 Packaging Paper Segment



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 remained stable when compared to 2Q16 and increased by 2.5% in relation to 1Q17. The segment sales volume increased by 2.4% in comparison with 2Q16, and by 4.1% in comparison with 1Q17.



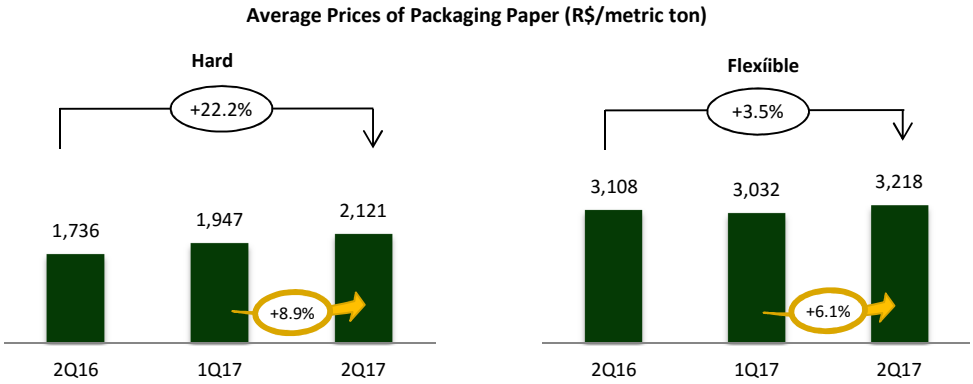


In 2Q17, internal transfers of paper for rigid packages (PO segment) totaled 49,597 metric tons (48,834 metric tons in 2Q16 and 48,100 metric tons in 1Q17), distributed as follows: 18,073 metric tons (18,803

Comments on company performance

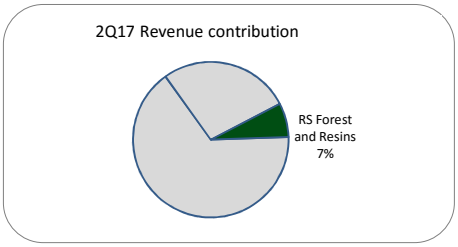
metric tons in 2Q16 and 17,900 metric tons in 1Q17) to SP Indaiatuba plant; 16,427 metric tons (15,376 metric tons in 2Q16 and 15,557 metric tons in 1Q17) to SP Vila Maria plant; and 15,096 metric tons (14,665 metric tons in 2Q16 and 14,643 metric tons in 1Q17) to SC Campina da Alegria plant. Therefore, of the total internal transfers made in the quarter, 37% were to SP Indaiatuba plant, 30% to SC Campina da Alegria plant and 33% to SP Vila Maria plant.

The segment of hard packaging paper, which records lower sales volume (only 951 metric tons in 2Q17, as shown in the chart above) and prices lower than those of the other papers sold by the Company, recorded an increase of 22.2% in the price when compared to 2Q16 and of 8.9% when compared to 1Q17. The prices of flexible packaging papers increased by 3.5% and 6.1%, respectively, when compared to 2Q16 and 1Q17.



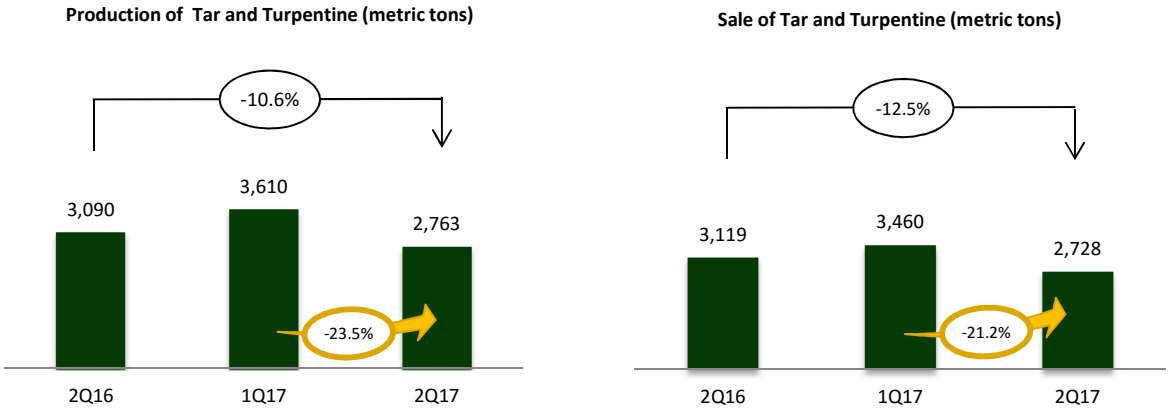
1.3 RS Forest and Resins Segment

In 2Q17, the Forest segment of Rio Grande do Sul produced and sold 24 thousand cubic meters of pine logs in the domestic market (19 thousand cubic meters in 2Q16) and supplied 1,000 metric tons of natural resins to be utilized in the industrial production of tar and turpentine.

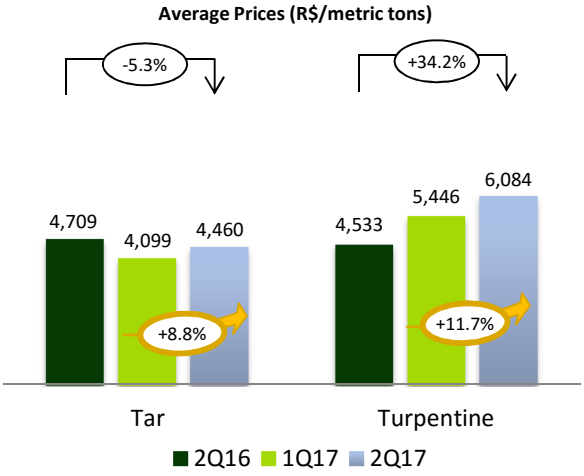


In 2Q17, the production volume of the unit RS Resin Balneário Pinhal decreased by 10.6% when compared to 2Q16, and by 23.5% when compared to 1Q17. Likewise, the sales volume decreased by 12.5% in relation to 2Q16 and by 21.2% in relation to 1Q17.

Comments on company performance



In the quarter, the average gross price of tar was 5.3% below that of 2Q16 and 8.8% higher than that of 1Q17. The price of turpentine increased by 34.2% in the comparison with 2Q16 and 11.7% in relation to 1Q17. The prices of these products vary according to the international market and the exchange rates.



2. ECONOMIC AND FINANCIAL PERFORMANCE

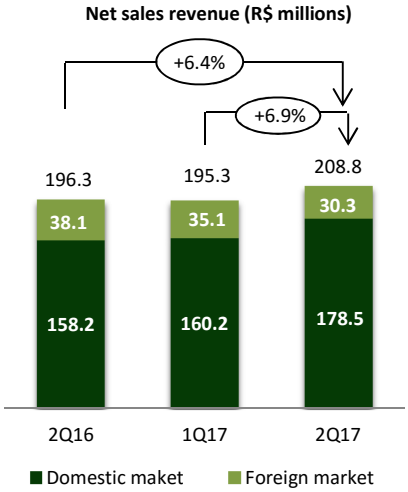
2.1 Net operating revenue

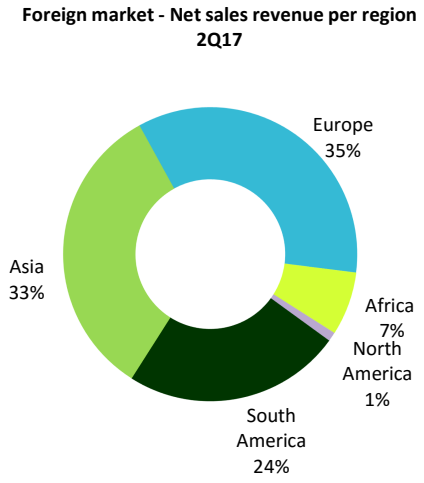
Net operating revenue recorded for 2Q17 totaled R$ 208,859 thousand, representing an increase of 6.4% in the comparison with 2Q16, and an increase of 6.9% in relation to 1Q17, which reflects, mainly, the better performance of sales volume and prices in the domestic market, and the decrease in revenue from the foreign market, due to the lower volume of exports and the depreciation of the U.S. dollar.

Comments on company performance

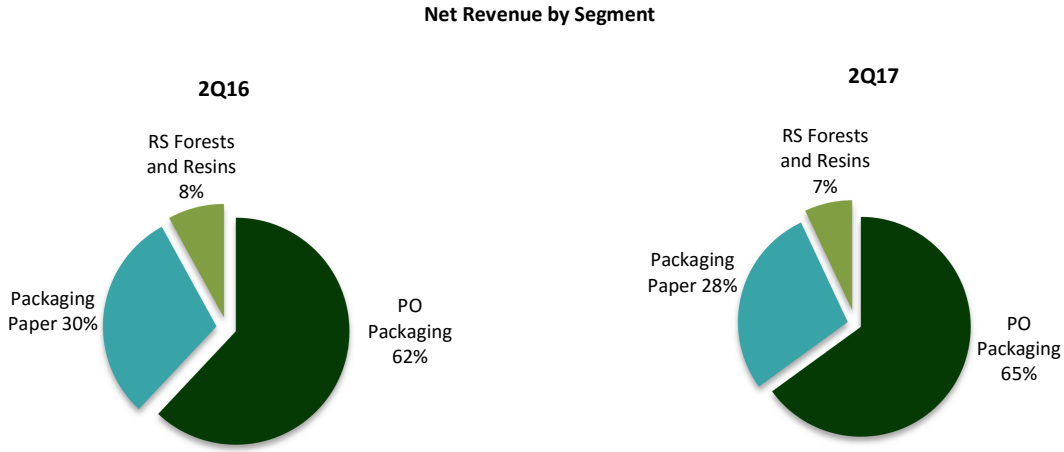
In the domestic market, net operating revenue amounted to R$ 178,538 thousand in the quarter, an increase of 12.8% against 2Q16 and of 11.4% against 1Q17, and corresponded to 85% of the Company's total revenue.

The exports in 2Q17 totaled R$ 30,321 thousand, a decrease of 20.4% when compared to 2Q16 and of 13.6% in relation to 1Q17, and corresponded to 15% of the Company's total net operating revenue. Europe was the main destination of the exports, with 35% of the export revenue concentrated in that region. Other destinations were: Asia (33%), South America (24%), Africa (7%) and North America (1%).





IRANI's main operating area is the Corrugated Cardboard Packaging (PO) segment, which accounted for 65% of the consolidated net revenue in 2Q17, followed by the segments of Packaging Paper with 28%, and RS Forest and Resins with 7%.

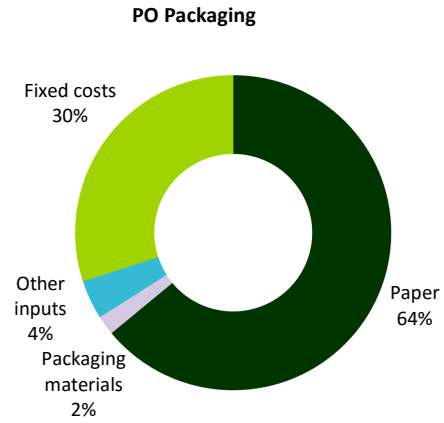


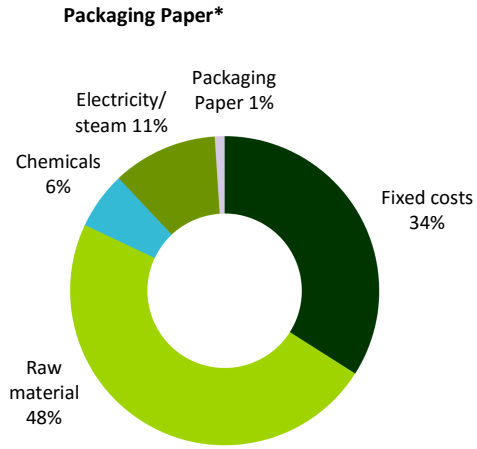
Comments on company performance

2.2 Cost of Sales

Cost of sales in 2Q17 amounted to R$ 147,399 thousand, or 1.1% higher than that of 2Q16, 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 2Q17 is shown in the charts 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 2Q17 totaled R$ 23,392 thousand, representing 11.2% of the consolidated net revenue, compared to 10.6% in 2Q16.

Administrative expenses in 2Q17 were 40.0% higher than those recorded for 2Q16, totaling R$ 18,746 thousand (R$ 13,392 thousand in 2Q16) and accounted for 9.0% of the net consolidated revenues, against 6.8% in 2Q16. The increase in expenses was due to the restructuring of the Board of Directors and Executive Board, and represented a non-recurring impact.

Other operating income/expenses corresponded to expenses of R$ 5,790 thousand in 2Q17, against income of R$ 3,720 thousand in 2Q16.

Comments on company performance

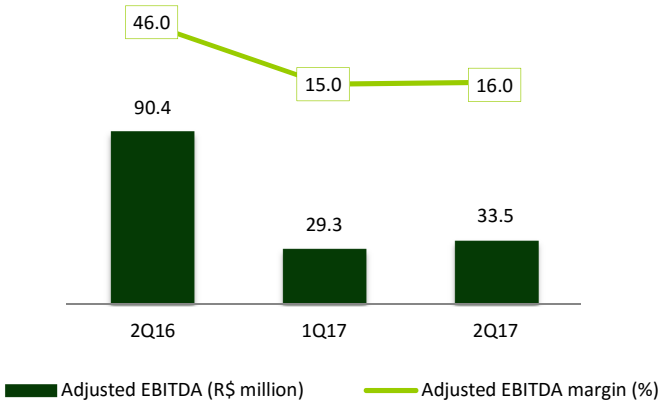
3. CASH PROVIDED BY OPERATING ACTIVITIES (ADJUSTED EBITDA)

Consolidated (R$ thousand)	2Q17	1Q17	2Q16	Var. 2Q17/1Q17	Var. 2Q17/2Q16	6M17	6M16	Var. 6M17/6M16	LTM17	LTM16	Var. LTM17/LTM16
Operating result before taxes and profit sharing	**(2,316)**	**(18,432)**	**3,046**	**-87.4%**	**-176.0%**	**(20,748)**	**(4,327)**	**379.5%**	**(51,534)**	**(17,162)**	**200.3%**
Depletion	1,542	1,119	54,443	37.8%	-97.2%	2,661	58,437	-95.4%	5,140	69,682	-92.6%
Depreciation and amortization	13,439	12,542	15,896	7.2%	-15.5%	25,981	31,168	-16.6%	58,699	61,277	-4.2%
Finance result	26,328	28,903	24,926	-8.9%	5.6%	55,231	51,001	8.3%	111,277	101,621	9.5%
EBITDA	**38,993**	**24,132**	**98,311**	**61.6%**	**-60.3%**	**63,125**	**136,279**	**-53.7%**	**123,582**	**215,418**	**-42.6%**
EBITDA margin	***18.7%***	***12.4%***	***50.1%***	***6.3p.p.***	***-31.4p.p.***	***15.6%***	***35.1%***	***-19.5p.p.***	***15.6%***	***27.7%***	***-12.1p.p.***
Adjustments pursuant to CVM Instruction 527/12											
Change in the fair value of biological assets [1]	(10,480)	5,164	(7,924)	-302.9%	32.3%	(5,316)	(12,829)	-58.6%	(19,881)	760	-2715.9%
Management profit sharing	-	-	-	-	-	-	-	-	-	55	-
Non-recurring events[2]	5,000	-	-	-	-	5,000	1,988	151.5%	8,984	3,461	159.6%
Adjusted EBITDA	**33,513**	**29,296**	**90,387**	**14.4%**	**-62.9%**	**62,809**	**125,438**	**-49.9%**	**112,685**	**219,694**	**-48.7%**
Adjusted EBITDA Margin	***16.0%***	***15.0%***	***46.0%***	***1.0p.p.***	***-30.0p.p.***	***15.5%***	***32.4%***	***-16.9p.p.***	***14.2%***	***28.2%***	***-14.0p.p.***

[1] The change in the fair value of biological assets did not represent cash reduction in the period.
[2] Non-recurring events relate to the bonus granted to the former Chairman of the Board of Directors, which does not characterize as recurring expense for the period.

Cash provided by operating activities, measured by adjusted EBITDA, totaled R$ 33,513 thousand in 2Q17, a decrease of 62.9% in relation to 2Q16, and an increase of 14.4% in relation to 1Q17. In 2Q17, the adjusted EBITDA margin reached 16.0%, a decrease of 30.0 p.p. in relation to 2Q16, when an additional sales of wood (forest) amounting to R$ 55.5 million was carried put. In relation to 1Q17, the margin increased by 1.0 p.p.

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



4. FINANCE RESULT AND INDEBTEDNESS

Finance result was negative by R$ 26,328 thousand in 2Q17, representing an increase of 5.6% in comparison with 2Q16, positively influenced by the effects of the appreciation of the real against the U.S. dollar, and negatively affected by the higher interest rates and the realization of hedge accounting. A decrease of 8.9% was recorded when compared to 1Q17, mainly impacted by the reduction of the effects of foreign exchange variations in the period. In 2Q17, finance costs totaled R$ 32,013 thousand

Comments on company performance

against R$ 37,199 thousand in 2Q16 and R$ 37,259 thousand in 1Q17. Finance income amounted to R$ 5,685 thousand in 2Q17, against R$ 12,273 thousand in the same period of prior year and R$ 8,356 thousand in 1Q17.

Finance result is broken down as follows:

R$ thousand	2Q17	1Q17	2Q16	6M17	6M16	LTM17[1]	LTM16[1]
Finance income	5,685	8,356	12,273	14,041	23,025	30,946	41,332
Finance costs	(32,013)	(37,259)	(37,199)	(69,272)	(74,026)	(142,223)	(142,953)
Finance result	(26,328)	(28,903)	(24,926)	(55,231)	(51,001)	(111,277)	(101,621)

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

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

R$ thousand	2Q17	1Q17	2Q16	6M17	6M16	LTM17[1]	LTM16[1]
Foreign exchange gains	2,836	3,658	8,895	6,494	16,082	15,176	26,665
Foreign exchange losses	(6,004)	(9,217)	(13,359)	(15,221)	(25,042)	(34,404)	(46,300)
Foreign exchange variation, net	(3,168)	(5,559)	(4,464)	(8,727)	(8,960)	(19,228)	(19,635)

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

Finance result net of foreign exchange variation was as follows:

R$ thousand	2Q17	1Q17	2Q16	6M17	6M16	LTM17[1]	LTM16[1]
Finance Result Net of Foreign Exchange Variation	(23,160)	(23,344)	(20,462)	(46,504)	(42,041)	(92,049)	(81,986)

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

For the purpose of hedging its exports in the coming years, the Company maintains the maturity flow of its commitments in foreign currency (U.S. dollars) aligned with the estimated receivables in 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 2Q17, the Company recognized hedge accounting losses of R$ 10,262 thousand (R$ 6,773 thousand net of taxes recorded in equity), and finance costs of R$ 3,525 thousand in the statement of profit and loss. In the year-to-date, the Company maintains the amount of R$ 118,019 thousand recorded as exchange rate variation on transactions allocated to hedge accounting, to be recognized in the statement of profit and loss on realization, over the coming years. The amount of R$ 77,893 thousand is recognized in Equity (net of taxes).

Comments on company performance

Foreign exchange rate

The exchange rate computed as R$ 3.21/US$ at June 30, 2016, increased by 3.12% at the end of June 2017, reaching R$ 3.31/US$. The average exchange rate for the quarter was R$ 3.21/US$, or 2.23% higher than in 1Q17 and 8.55% below that of 2Q16.

	2Q17	1Q17	2Q16	Δ2Q17/1Q17	Δ2Q17/2Q16
Average U.S. dollar	3.21	3.14	3.51	+2.23%	-8.55%
Final U.S. dollar	3.31	3.17	3.21	+4.42%	+3.12%

Source: Brazilian Central Bank

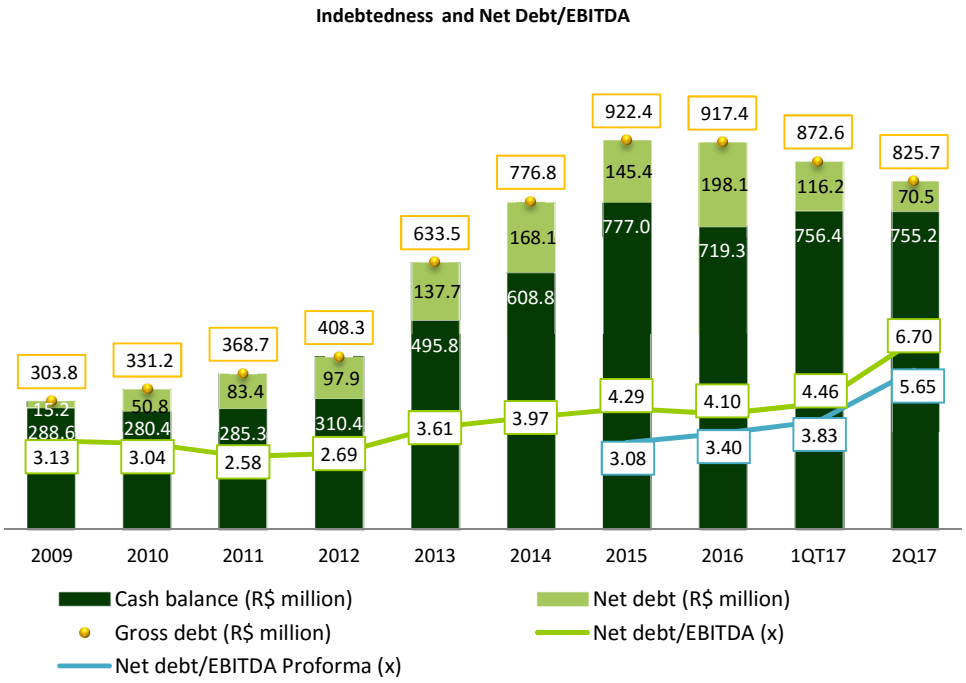
Indebtedness

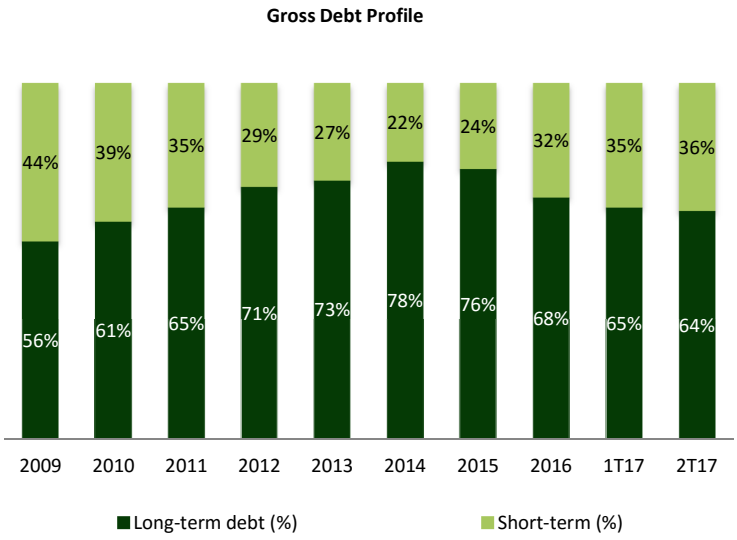
At June 30, 2017, consolidated gross indebtedness totaled R$ 825.7 million, compared to R$ 872.6 million at March 31, 2017. The change in this indicator was adversely impacted by the appreciation of the U.S. dollar against the real and positively impacted by the settlements made in the period, which exceeded the amounts of new borrowings. At June 30, 2017, the Company's gross debt profile presented 36% of debts maturing in the short term and 64% in the long term.

Consolidated cash balance totaled R$ 70.5 million at June 30, 2017, compared to R$ 116.2 million at March 31, 2017. Cash was mainly impacted by the payments of financial transactions and increased need for working capital in the period.

At June 30, 2017, consolidated gross debt totaled R$ 755.2 million, compared to R$ 756.4 million at March 31, 2017. As a result, the net debt/EBITDA ratio changed from 4.46 times at the end of 1Q17 to 6.70 times at the end of 2Q17. Excluding from net debt the exchange variation recorded as hedge accounting (Note 29 - Cash flow hedge), the pro forma net debt/EBITDA ratio would be 5.65 times at the end of 2Q17.

Comments on company performance





5. PROFIT/LOSS

In 2Q17, the Company reported profit of R$ 1,203 thousand, compared to profit of R$ 2,885 thousand in 2Q16 and losses of R$ 14,135 thousand in 1Q17. The net result in 2Q17 was mainly impacted by the change in the fair value of biological assets, which had been negative in 1Q17. Over the last 12 months,

Comments on company performance

net result corresponded to losses of R$ 24,920 thousand, compared to losses of R$ 11,954 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.

R$ thousand	2Q17	6M17
Equipment	9,594	17,957
Assets under lease	140	1,006
Intangible assets	1,088	1,149
Reforestation	1,937	3,772
Total	**12,759**	**23,884**

The investments in the quarter totaled R$ 12,759 thousand and were basically allocated to the maintenance and improvement of facilities, computer software, machinery and equipment.

7. SHARE CAPITAL

At June 30, 2017, 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 June 30, 2017, the Company held in treasury 2,376,100 shares, of which 24,000 are common shares and 2,352,100, preferred shares. In the same period, common shares were traded at R$ 2.54, and preferred shares, at R$ 2.70.

Notes to the Quarterly Information

CELULOSE IRANI S.A.

NOTES TO THE FINANCIAL STATEMENTS

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
13. INVESTMENT PROPERTIES
14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS
15. BIOLOGICAL ASSETS
16. BORROWINGS
17. DEBENTURES
18. TRADE PAYABLES
19. RELATED PARTIES
20. PROVISION FOR CIVIL, LABOR AND TAX CONTINGENCIES
21. EQUITY
22. EARNINGS/(LOSS) PER SHARE
23. NET SALES REVENUE
24. COSTS AND EXPENSES BY NATURE
25. OTHER OPERATING INCOME AND EXPENSES
26. FINANCE INCOME AND COSTS
27. INCOME TAX AND SOCIAL CONTRIBUTION
28. INSURANCE
29. FINANCIAL INSTRUMENTS
30. OPERATING SEGMENTS
31. OPERATING LEASE AGREEMENTS (PARENT COMPANY)
32. GOVERNMENT GRANTS
33. 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 JUNE 30, 2017

(All amounts in thousands of reais unless otherwise indicated)

1. OPERATIONS

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

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 August 9, 2017.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The parent company and consolidated interim financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and disclose all (and only) the applicable significant information related to 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 measured at fair value, and property, plant and equipment items measured at deemed cost on the date of transition to IFRS/CPCs.

Notes to the Quarterly Information

3. SIGNIFICANT ACCOUNTING PRACTICES

a) Functional currency and translation of foreign currencies

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

Foreign-currency transactions are originally recorded at the exchange rate effective on the transaction date. Gains and losses arising from the difference between the balances in foreign currency and the translation into the functional currency are recognized in the statement of profit and loss, 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. Cash and cash equivalents are classified under financial instruments as "Loans and receivables."

c) Trade receivables and provision for impairment of trade receivables

Trade receivables are recorded at their original amounts plus the effect of foreign exchange rate changes, where applicable. The provision for impairment of trade receivables is calculated based on losses estimated through an individual analysis of trade receivables which considers the history of losses, and is recognized at an amount considered sufficient by the Company's management to cover expected losses on the collection of these receivables. Trade receivables are classified under financial instruments as "Loans and 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. 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 under the equity method in the parent company interim financial statements.

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

Intercompany transactions, balances and unrealized gains on transactions between related parties are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of the subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by the Company.

Notes to the Quarterly Information

h) Investment properties

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

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

Any gain or loss from the sale or write-off of an item recorded in investment properties is determined as the difference between the 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, when applicable. In the case of qualifying assets, borrowing costs are capitalized as part of the costs of construction in progress. These assets are classified in the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation begins when these assets become ready for 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 represents 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 interim financial statements. If a gain on advantageous purchase is determined, the amount is recorded as a gain in the statement of profit and loss 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 related 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, which are identified according to the operating segment.

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the software (three to five years). Costs associated with maintaining computer software programs are expensed as incurred.

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

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

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 periodically measured at fair value less selling expenses, and 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 2016 and in the first six-month period of 2017, the Company did not identify indications of impairment in its non-financial assets.

Notes to the Quarterly Information

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 and debentures

Borrowings and debentures 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.

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

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

The amounts accumulated in equity are reclassified to the statement of profit and loss 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 profit and loss 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.

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.

Notes to the Quarterly Information

The Company as the lessor

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

p) Provisions

A provision is recognized in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle this obligation, and the amount can be reliably estimated. Provisions are recorded at amounts considered sufficient by management to cover probable losses, and are adjusted through the balance sheet date, based on the nature of each risk, and the opinion of the Company's legal counsel.

q) Employee benefits

Profit sharing

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

r) Significant accounting judgments, estimates and assumptions

In the preparation of the interim financial statements, judgments, estimates and assumptions were used to account for certain assets, liabilities, 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, and 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 20), and the provision for impairment of assets.

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

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

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

s) Determination of the results of operations

Revenue and expenses are recognized on the accrual basis and include interest, charges and the effects of exchange rate variations at official rates, applicable to current and non-current assets and liabilities, and, where applicable, adjustments to realizable value.

t) Revenue recognition

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

Sales revenue is recognized when all of the following conditions are met:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the products;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the products sold;
- the amount of revenue can be measured reliably;
- it is probable that economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Quarterly Information

u) Government grants

The financing of taxes, granted directly or indirectly by the Government, at interest rates below market rates, is recognized as a government grant and measured as the difference between the amounts obtained and the fair value calculated based on market interest rates. This difference is recorded with a corresponding entry to sales revenue in the statement of 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 parent company and consolidated statements of value added as an integral part of the interim financial statements. Under IFRS, the presentation of this statement is considered supplementary information, and not a required part of the set of financial statements. The purpose of this statement is to show the wealth created by the Company and its distribution during the reporting periods.

The statement of value added has been prepared pursuant to the provisions of CPC 09 - "Statement of Value Added", with information obtained from the same accounting records used in the preparation of the interim financial statements.

4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS

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

		Ownership interest - (%)	
Subsidiaries - direct ownership	Activity	6/30/2017	12/31/2016
Habitasul Florestal S.A.	Forest production	100.00	100.00
HGE - Geração de Energia Sustentável S.A. *	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	99.51	99.43

* 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, were eliminated on consolidation. The accounting information of the subsidiaries used for consolidation was prepared at the same date as that of the Company's accounting information.

Notes to the Quarterly Information

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Fixed-income fund	31	33	33	34
Banks	4,027	3,610	4,527	3,759
Financial investments with immediate liquidity	22,865	79,201	22,865	100,092
	26,923	82,844	27,425	103,885

The financial investments with immediate liquidity in Bank Deposit Certificates (CDBs) earn an average of 99.97 % of the Interbank Deposit Certificate (CDI) interest rate and have a maturity of 90 days or less. These investments are held for the purpose of meeting short-term commitments.

6. TRADE RECEIVABLES

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Receivables:				
Trade receivables - domestic market	155,474	151,194	156,310	152,434
Trade receivables - foreign market	19,298	20,062	19,298	20,062
	174,772	171,256	175,608	172,496
Provision for impairment of trade receivables	(4,547)	(17,612)	(4,547)	(18,269)
	170,225	153,644	171,061	154,227

At June 30, 2017, consolidated trade receivables included an overdue amount of R$ 20,767, related to customers that do not have a history of default, for which no provision was recorded.

Notes to the Quarterly Information

The ageing analysis of trade receivables is as follows:

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Not yet due	149,530	129,543	150,294	129,947
Overdue for up to 30 days	8,952	15,679	8,953	15,769
Overdue from 31 to 60 days	5,796	3,961	5,797	3,962
Overdue from 61 to 90 days	1,499	2,164	1,501	2,164
Overdue from 91 to 180 days	2,062	1,377	2,062	1,446
Overdue for more than 180 days	6,933	18,532	7,001	19,208
	174,772	171,256	175,608	172,496

The average credit term on the sale of products is 57 days. The Company recognizes a provision for impairment of trade receivables for balances past due for over 180 days, based on an analysis of the financial position of each debtor and history of default. A provision for impairment of trade receivables is also recorded for balances overdue for less than 180 days when these balances are considered uncollectible, taking into consideration the financial position of each debtor.

Changes in the provisions were as follows:

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Balance at the beginning of the period	(17,612)	(14,733)	(18,269)	(15,390)
Provision for recognized losses	(660)	(2,879)	(660)	(2,879)
Trade receivables written off as uncollectible during the period	13,725	-	14,382	-
Balance at the end of the period	(4,547)	(17,612)	(4,547)	(18,269)

A portion of the receivables, amounting to R$ 79,177, has been assigned as collateral for certain financing transactions, as disclosed in Notes 16 and 17.

The credit quality of financial assets that were neither past due nor impaired at June 30, 2017 was assessed with reference to historical information on default rates, as follows:

Notes to the Quarterly Information

Quality of trade receivables

		Consolidated
Customer category	History -%	Amount receivable
a) Customers with no history of late payment	93.14	139,984
b) Customers with history of late payment of up to 7 days	5.67	8,522
c) Customers with history of late payment of more than 7 days	1.19	1,788
		150,294

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	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Finished products	7,435	7,689	7,435	7,792
Production materials	38,853	36,012	38,853	36,012
Consumable materials	22,244	22,695	22,285	22,768
Other inventories	533	479	533	479
	69,065	66,875	69,106	67,051

The cost of inventories recognized in the statement of profit and loss for the second quarter of 2017 totaled R$ 145,859 (R$ 147,682 in the second quarter of 2016) in the parent company and R$ 147,399 (R$ 145,844 in the second quarter of 2016) in the consolidated. For the six-month period ended June 30, 2017, the balance recorded in the statement of profit and loss was R$ 292,699 (R$ 293,153 in the six-month period ended June 30, 2016) in the parent company, and R$ 294,837 (R$ 287,837 in the six-month period ended June 30, 2016) in the consolidated.

The cost of inventories recognized in the statement of profit and loss for the second quarter of 2017 does not include a write-down to net realizable value. Management expects the remaining inventory items to be realized in less than 12 months.

Notes to the Quarterly Information

8. TAXES RECOVERABLE

Taxes recoverable consist of the following:

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Value-added Tax on Sales and Services (ICMS)	4,572	5,234	4,572	5,234
Social Integration Program (PIS)/ Social Contribution on Revenues (COFINS)	657	155	657	155
Excise Tax (IPI)	285	187	285	187
Income tax	137	137	137	137
Social contribution	107	103	107	103
Withholding Income Tax (IRRF) on investments	1,561	1,799	1,734	1,863
Other	7	10	7	10
	7,326	7,625	7,499	7,689
Current portion	5,224	5,233	5,397	5,297
Non-current portion	2,102	2,392	2,102	2,392

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.

9. BANKS - RESTRICTED ACCOUNT

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Banco do Brasil - New York - (a)	13,054	13,537	13,054	13,537
Banco Itaú - b)	8,725	18,545	8,725	18,545
Banco Santander - b)	-	30,995	-	30,995
Banco Rabobank - b)	8,124	18,584	8,124	18,584
Banco Itaú Trustee - b)	13,137	12,537	13,137	12,537
Total current	43,040	94,198	43,040	94,198

a) The balances with Banco do Brasil - New York/ USA - are represented by amounts in U.S. dollars retained to guarantee the settlement of the quarterly installments of the export prepayment loan obtained from Credit Suisse Bank, and relates to the installment falling due in August 2017.

b) Banco Itaú, Banco Santander, Banco Rabobank, and Banco Itaú Trustee - represented by financial investments that will be redeemed in 2017 and 2018, at the maturity dates of transactions to finance working capital contracted with the respective banks.

10. OTHER ASSETS

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Advances to suppliers	2,043	3,518	2,112	3,613
Receivables from employees	1,554	1,616	1,679	1,640
Renegotiation with customers	21,427	24,325	21,427	24,352
Prepaid expenses	1,061	1,706	1,061	1,706
Receivable from XKW Trading	4,951	4,624	4,951	4,624
Other receivables	4,840	4,320	4,820	4,349
	35,876	40,109	36,050	40,284
Provision for impairment of trade receivables under renegotiation	(5,152)	(5,407)	(5,152)	(5,407)
	30,724	34,702	30,898	34,877
Current portion	17,637	19,482	17,784	19,629
Non-current portion	13,087	15,220	13,114	15,248

Renegotiations with customers - relate to overdue trade receivables for which debt acknowledgment agreements have been signed. The monthly installments will mature 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.

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

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Balance at the beginning of the period	(5,407)	(4,049)	(5,407)	(4,049)
Provision for recognized losses	(2,042)	(1,358)	(2,042)	(1,358)
Renegotiations written off during the period as uncollectible	2,297	-	2,297	-
Balance at the end of the period	(5,152)	(5,407)	(5,152)	(5,407)

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.

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

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME

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

In 2017 and 2016, 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	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Deferred income tax assets:				
on temporary provisions	5,234	4,335	5,234	4,335
on tax losses	42,584	32,090	42,584	32,090
Cash flow hedges	29,505	30,897	29,505	30,897
Deferred social contribution assets:				
on temporary provisions	1,885	1,561	1,885	1,561
on tax losses	15,331	11,552	15,331	11,552
Cash flow hedges	10,622	11,123	10,622	11,123
	105,161	91,558	105,161	91,558

Notes to the Quarterly Information

LIABILITIES	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Deferred income tax liabilities:				
Exchange rate variation recognized on a cash basis	4,147	3,989	4,147	3,989
Fair value of biological assets	32,615	30,695	34,674	32,844
Deemed cost of property, plant and equipment	124,115	122,206	131,714	129,805
Government grants	769	981	769	981
Customer portfolio	880	979	880	979
Amortization of goodwill for tax purposes	12,878	11,081	12,878	11,081
Deferred social contribution liabilities:				
Exchange rate variation recognized on a cash basis	1,493	1,436	1,493	1,436
Fair value of biological assets	11,741	11,050	12,854	12,211
Deemed cost of property, plant and equipment	44,681	43,994	47,417	46,729
Government grants	277	353	277	353
Customer portfolio	317	353	317	353
Amortization of goodwill for tax purposes	4,636	3,989	4,636	3,989
	238,549	231,106	252,056	244,750
Deferred tax liabilities (net)	133,388	139,548	146,895	153,192

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

Deferred tax assets	Consolidated
Year	6/30/2017
2017	8,214
2018	15,175
2019	12,125
2020	6,940
2021 onward	62,707
	105,161

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

Parent Assets	Opening balance - 12/31/2016	Recognized in profit or loss	Recognized in equity	Closing balance - 6/30/2017
Deferred tax assets related to:				
Provision for profit sharing	(3,673)	832	-	(2,841)
Provision for sundry risks	(2,223)	(2,055)	-	(4,278)
Cash flow hedges	(42,020)	-	1,893	(40,127)
Total temporary differences	(47,916)	(1,223)	1,893	(47,246)
Tax losses	(43,642)	(14,273)	-	(57,915)
	(91,558)	(15,496)	1,893	(105,161)

Notes to the Quarterly Information

Consolidated Assets	Opening balance - 12/31/2016	Recognized in profit or loss	Recognized in equity	Closing balance - 6/30/2017
Deferred tax assets related to:				
Provision for profit sharing	(3,673)	832	-	(2,841)
Provision for sundry risks	(2,223)	(2,055)	-	(4,278)
Cash flow hedges	(42,020)	-	1,893	(40,127)
Total temporary differences	(47,916)	(1,223)	1,893	(47,246)
Tax losses	(43,642)	(14,273)	-	(57,915)
	(91,558)	(15,496)	1,893	(105,161)

Parent Liabilities	Opening balance 12/31/2016	Recognized in profit or loss	Closing balance 6/30/2017
Deferred tax liabilities related to:			
Exchange rate variations recognized on a cash basis	5,425	215	5,640
Fair value of biological assets	41,745	2,611	44,356
Deemed cost and review of useful lives	166,200	2,596	168,796
Government grants	1,334	(288)	1,046
Customer portfolio	1,332	(135)	1,197
Amortization of goodwill for tax purposes	15,070	2,444	17,514
	231,106	7,443	238,549

Consolidated Liabilities	Opening balance 12/31/2016	Recognized in profit or loss	Closing balance 6/30/2017
Deferred tax liabilities related to:			
Exchange rate variations recognized on a cash basis	5,425	215	5,640
Fair value of biological assets	45,055	2,473	47,528
Deemed cost and review of useful lives	176,534	2,597	179,131
Government grants	1,334	(288)	1,046
Customer portfolio	1,332	(135)	1,197
Amortization of goodwill for tax purposes	15,070	2,444	17,514
	244,750	7,306	252,056

12. INVESTMENTS

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Geração de Energia	Total
At December 31, 2015	130,582	140,828	563	258	272,231
Equity in the results of subsidiaries	18,473	16,778	(5)	(116)	35,130
Proposed dividends	(4,400)	(3,897)	-	-	(8,297)
Capital contribution	31,721	-	94	90	31,905
Capital decrease	-	(43,797)	-	-	(43,797)
Advance for future capital increase	(31,721)	-	(94)	-	(31,815)
At December 31, 2016	144,655	109,912	558	232	255,357
Equity in the results of subsidiaries	(6,758)	5,227	(1)	(43)	(1,575)
Proposed dividends	(13,199)	(16,777)	-	-	(29,976)
Capital decrease	-	(36,997)	-	-	(36,997)
At June 30, 2017	124,698	61,365	557	189	186,809

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Geração de Energia
Current				
Assets	2,135	923	23	1
Liabilities	(19,700)	(144)	-	(47)
Current assets/liabilities, net	(17,565)	779	23	(46)
Non-current				
Assets	155,396	60,964	534	237
Liabilities	(13,132)	(375)	-	-
Non-current assets/liabilities, net	142,264	60,589	534	237
Equity	124,699	61,368	557	191
Net revenue	8,401	2,146	-	-
Profit (loss) before taxation	(6,737)	5,682	(1)	(44)
Income tax and social contribution expense	(21)	(455)	-	-
Profit (loss) for the period	(6,758)	5,227	(1)	(44)
Ownership interest - %	100.00	99.99	100.00	99.51

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, to be paid up to December 31, 2017. At December 31, 2016, minimum mandatory dividends of 25%, amounting to R$ 4,400, were distributed.

In 2016, advances for future capital increase made in 2014 (R$ 10,743) and 2015 (R$ 20,978) were capitalized, in the total amount of R$ 31,721.

On April 26, 2017, the subsidiary Iraflor Comércio de Madeiras Ltda. approved the distribution of dividends relating 2016, amounting to R$ 16,777 and paid in cash (R$ 3,897 relating to 2015 and approved in 2016, also paid in cash).

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 company's business purpose. The amount of R$ 36,997 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$ 32.716, through the assignment of existing credits in the subsidiary. The partners' ownership interests remained unchanged.

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

Notes to the Quarterly Information

13. INVESTMENT PROPERTIES

Parent

	Land	Buildings	Total
At December 31, 2016			
Opening balance	23,281	12,051	35,332
Depreciation	-	(493)	(493)
Net book value	23,281	11,558	34,839
Cost	23,281	12,702	35,983
Accumulated depreciation	-	(1,144)	(1,144)
Net book value	23,281	11,558	34,839
At June 30, 2017			
Opening balance	23,281	11,558	34,839
Disposals	(61)	-	(61)
Depreciation	-	(253)	(253)
Net book value	23,220	11,305	34,525
Cost	23,220	12,702	35,922
Accumulated depreciation	-	(1,397)	(1,397)
Net book value	23,220	11,305	34,525

Consolidated

	Land	Buildings	Total
At December 31, 2016			
Opening balance	7,086	12,051	19,137
Depreciation	-	(493)	(493)
Net book value	7,086	11,558	18,644
Cost	7,086	12,702	19,788
Accumulated depreciation	-	(1,144)	(1,144)
Net book value	7,086	11,558	18,644
At June 30, 2017			
Opening balance	7,086	11,558	18,644
Depreciation	-	(253)	(253)
Net book value	7,086	11,305	18,391
Cost	7,086	12,702	19,788
Accumulated depreciation	-	(1,397)	(1,397)
Net book value	7,086	11,305	18,391

Notes to the Quarterly Information

Land

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

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

Buildings

Refer to the buildings located in the municipality of Rio Negrinho (Sate of Santa Catarina) with a constructed area of 25,271 m², which are rented to companies in the region.

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

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

	6/30/2017	6/30/2016
Rental income	629	1,237
Direct operating expenditures that generated rental income	(375)	(415)

Investment properties are recognized at historical cost and, for disclosure purposes, at December 31, 2016, the Company assessed the fair value less cost to sell of these properties at R$ 54,132 (parent company) and R$ 35,980 (consolidated). The appraisals were conducted by independent experts, who applied market evidences related to prices for transactions carried out with similar properties.

Notes to the Quarterly Information

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Breakdown of property, plant and equipment

Parent	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Assets under finance lease	Leasehold improvements	Total
At December 31, 2016									
Opening balance	183,027	156,265	393,972	2,907	6,281	29,399	6,217	11,459	789,527
Purchases	-	-	6,353	1,177	693	43,145	609	-	51,977
Disposals	-	-	(1,074)	(13)	(52)	(25)	(162)	-	(1,326)
Transfers	-	3,986	22,610	-	263	(26,859)	-	-	-
Depreciation	-	(2,733)	(53,177)	(847)	(2,031)	-	(2,222)	(625)	(61,635)
Net book value	183,027	157,518	368,684	3,224	5,154	45,660	4,442	10,834	778,543
Cost	183,027	210,545	802,756	6,647	15,393	45,660	26,747	16,061	1,306,836
Accumulated depreciation	-	(53,027)	(434,072)	(3,423)	(10,239)	-	(22,305)	(5,227)	(528,293)
Net book value	183,027	157,518	368,684	3,224	5,154	45,660	4,442	10,834	778,543
At June 30, 2017									
Opening balance	183,027	157,518	368,684	3,224	5,154	45,660	4,442	10,834	778,543
Purchases	-	-	3,078	16	277	14,430	1,006	-	18,807
Disposals	-	-	(157)	-	-	(2)	(98)	-	(257)
Transfers	-	2,267	16,080	705	2,009	(21,061)	-	-	-
Depreciation	-	(2,452)	(19,332)	(504)	(925)	-	(1,101)	(322)	(24,636)
Net book value	183,027	157,333	368,353	3,441	6,515	39,027	4,249	10,512	772,457
Cost	183,027	212,812	821,646	7,368	17,633	39,027	27,655	16,061	1,325,229
Accumulated depreciation	-	(55,479)	(453,293)	(3,927)	(11,118)	-	(23,406)	(5,549)	(552,772)
Net book value	183,027	157,333	368,353	3,441	6,515	39,027	4,249	10,512	772,457

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, 2016									
Opening balance	251,329	157,942	394,036	3,337	6,685	29,399	6,223	11,459	860,410
Purchases	-	-	6,370	1,177	700	43,145	609	-	52,001
Disposals	-	-	(1,074)	(13)	(52)	(25)	(163)	-	(1,327)
Transfers	-	3,986	22,610	-	263	(26,859)	-	-	-
Depreciation	-	(2,929)	(53,192)	(949)	(2,038)	-	(2,227)	(625)	(61,960)
Net book value	251,329	158,999	368,750	3,552	5,558	45,660	4,442	10,834	849,124
Cost	251,329	215,067	802,850	7,205	16,028	45,660	26,787	16,061	1,380,987
Accumulated depreciation	-	(56,068)	(434,100)	(3,653)	(10,470)	-	(22,345)	(5,227)	(531,863)
Net book value	251,329	158,999	368,750	3,552	5,558	45,660	4,442	10,834	849,124
At June 30, 2017									
Opening balance	251,329	158,999	368,750	3,552	5,558	45,660	4,442	10,834	849,124
Purchases	-	-	3,189	60	278	14,430	1,006	-	18,963
Disposals	(4)	-	(205)	-	(71)	(2)	(98)	-	(380)
Transfers	-	2,267	16,080	705	2,009	(21,061)	-	-	-
Depreciation	-	(2,543)	(19,339)	(552)	(937)	-	(1,101)	(322)	(24,794)
Net book value	251,325	158,723	368,475	3,765	6,837	39,027	4,249	10,512	842,912
Cost	251,325	217,334	821,805	7,970	18,195	39,027	27,695	16,061	1,399,412
Accumulated depreciation	-	(58,611)	(453,330)	(4,205)	(11,358)	-	(23,446)	(5,549)	(556,500)
Net book value	251,325	158,723	368,475	3,765	6,837	39,027	4,249	10,512	842,912

(*) Balance relating 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	Total
At December 31, 2016				
Opening balance	104,380	4,710	1,396	110,486
Purchases	-	-	3,314	3,314
Amortization	-	(792)	(641)	(1,433)
Net book value	104,380	3,918	4,069	112,367
Cost	104,380	5,502	11,861	121,743
Accumulated amortization	-	(1,584)	(7,792)	(9,376)
Net book value	104,380	3,918	4,069	112,367
At June 30, 2017				
Opening balance	104,380	3,918	4,069	112,367
Purchases	-	-	1,149	1,149
Amortization	-	(396)	(538)	(934)
Net book value	104,380	3,522	4,680	112,582
Cost	104,380	5,502	13,010	122,892
Accumulated amortization	-	(1,980)	(8,330)	(10,310)
Net book value	104,380	3,522	4,680	112,582

Consolidated	Goodwill	Customer portfolio	Software	Total
At December 31, 2016				
Opening balance	104,380	4,710	1,931	111,021
Purchases	-	-	3,314	3,314
Amortization	-	(792)	(641)	(1,433)
Net book value	104,380	3,918	4,604	112,902
Cost	104,380	7,081	10,821	122,282
Accumulated amortization	-	(3,163)	(6,217)	(9,380)
Net book value	104,380	3,918	4,604	112,902
At June 30, 2017				
Opening balance	104,380	3,918	4,604	112,902
Purchases	-	-	1,149	1,149
Amortization	-	(396)	(538)	(934)
Net book value	104,380	3,522	5,215	113,117
Cost	104,380	7,081	11,970	123,431
Accumulated amortization	-	(3,559)	(6,755)	(10,314)
Net book value	104,380	3,522	5,215	113,117

Notes to the Quarterly Information

c) Depreciation/amortization method

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

	Rate - %	
	6/30/2017	12/31/2016
Buildings and constructions *	2.50	2.19
Equipment and facilities **	6.78	5.86
Furniture, fittings and IT equipment	5.71	5.71
Vehicles and tractors	20.00	20.00
Software	20.00	20.00
Customer portfolio	11.11	11.11

* includes weighted rates of leasehold improvements
** includes 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 refer to the renovation of the Corrugated Cardboard 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 six-month periods of 2017 and 2016 was as follows:

	Parent		Consolidated	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Assets used in administrative activities	435	706	594	871
Assets used in production	24,201	29,429	24,200	29,429
	24,636	30,135	24,794	30,300

Notes to the Quarterly Information

The amortization of intangible assets in the first six-month periods of 2017 and 2016 was as follows:

	Parent		Consolidated	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Assets used in administrative activities	794	530	794	530
Assets used in production	140	93	140	93
	934	623	934	623

e) Impairment of property, plant and equipment

No indicators of impairment were identified in the first six-month period of 2017 that could affect the realization value of the Company's and subsidiaries' assets.

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:

	6/30/2017
Equipment and facilities	113,213
Buildings and constructions	80,011
Land	399,506
Total assets pledged as collateral	592,730

g) Customer portfolio

The customer portfolio acquired in the business combination is recognized at the fair value of R$ 6,617, and the amortization in the first six-month period of 2017 amounted to R$ 396 (R$ 396 in the first six-month period of 2016), resulting in a net carrying amount of R$ 3,522. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

Notes to the Quarterly Information

h) Goodwill

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

Impairment tests for intangible assets:

At December 31, 2016, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash flow method for the Cash-generating Unit (CGU). The recoverable value of the CGU was based on the expected future profitability. These calculations 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. The test was not performed at June 30, 2017, since it is performed annually.

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

The main data used to calculate the discounted cash flow is presented below:

	Assumptions
Average selling prices of Packaging Paper and Corrugated Cardboard Packaging (annual percentage growth rate)	5.5%
Gross margin (percentage on gross revenue)	27.7%
Estimated growth rate	5.0%
Discount rate (Wacc)	9.66%

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

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

Notes to the Quarterly Information

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	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Development cost of biological assets	33,657	31,372	51,670	48,398
Difference in the fair value of biological assets	46,219	38,324	190,164	187,009
	79,876	69,696	241,834	235,407

Of the total consolidated biological assets, R$ 140,840 (R$ 127,722 at December 31, 2016) refers 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$ 109,740 (R$ 95,363 at December 31, 2016) 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.

Biological assets utilized for the production of resins and sale of timber logs totaled R$ 100,994 (R$ 107,685 at December 31, 2016), and are located on the coast of the State of Rio Grande do Sul. The resin is extracted based on the capacity of the existing forest to generate this product, and the trees for sale of logs are extracted based on the demand for wood in the region.

Notes to the Quarterly Information

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 corresponds to the projection of future cash flows, in accordance with the projected productivity of the forests in the cutting cycles, which are determined based on the optimization of production, considering the price changes and the growth of biological assets;
(ii) The discount rate used for cash flows was the Cost of Own Capital (Capital Asset Pricing Model - CAPM). The cost of capital is estimated through an analysis of the return targeted by investors for forest assets;
(iii) The projected productivity volumes of the forests are defined based on stratification, according to the type of species, inputs for production planning, as well as the age, productive potential and production cycle of the forests. This projected volume corresponds to the Average Annual Increase (IMA). Forest 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 the interim financial statements.

	Consolidated		
	6/30/2017	12/31/2016	Impact on fair value of biological assets
Planted area (hectare)	20,282	19,837	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 - %	9.00%	9.00%	Assumption increases, fair value decreases
Discount rate - Own Forests RS - %	10.00%	10.00%	Assumption increases, fair value decreases
Discount rate - Partnerships - %	10.00%	10.00%	Assumption increases, fair value decreases
Average net sales price (m^3)	48.00	48.00	Assumption increases, fair value increases
Average Annual Increase (IMA) - SC Forests (*)	39.7	39.7	Assumption increases, fair value increases
Average Annual Increase (IMA) RS Forests (*)	21.9	21.9	Assumption increases, fair value increases

* The Average Annual Increase (IMA) of the Pine Forests in the States of Rio Grande do Sul and Santa Catarina is different because of the specific forest stewardship, species 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.

Notes to the Quarterly Information

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

In the first six-month period of 2017, the forests of the subsidiary Habitasul Florestal S.A., located in the State of Rio Grande do Sul, were hit by forest fire. The fire hit 1,255 hectares of pine forest, of which 77 hectares of standing forest did not suffered major damage and may be resin-coated and have its timber sold, and 1,178 hectares of young forests, aged between one to eight years, will require restoration.

The effects of this event on the fair value of the biological assets, estimated at approximately R$ 5,400, were recognized in the financial statements for the first six-month period of 2017, together with the other effects of changes in the fair value.

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
At December 31, 2015	92,870	261,559
Development expenses	5,115	7,370
Depletion		
Historical cost	(12,049)	(17,418)
Fair value	(18,178)	(43,498)
Changes in the fair value	1,938	27,394
At December 31, 2016	69,696	235,407
Development expenses	2,285	3,772
Depletion		
Historical cost	-	(213)
Fair value	-	(2,448)
Changes in the fair value	7,895	5,316
At June 30, 2017	79,876	241,834

The depletion of biological assets in the first six-month periods of 2017 and 2016 was mainly charged to the statement of profit and loss for the period, after an initial allocation to inventory when forests were harvested, and subsequently used in the production process or sold to third parties.

Notes to the Quarterly Information

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 volume necessary according to the strategy to supply the plant of pulp.

As a result of the transaction, Global and the Company also entered into a Service Agreement, through which the Company, in view of its extensive experience in this field, undertakes to provide 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 the Forests. These options may be exercised annually, 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.

b) Biological assets pledged as collateral

Part of the biological assets of the Company and its subsidiaries, totaling R$ 74,589, is pledged as collateral for financing transactions. The pledged assets represent approximately 31% of the total biological assets, equivalent to 15.8 thousand hectares of land in use, and approximately 6.7 thousand hectares of planted forests.

c) Production on third-party land

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

Notes to the Quarterly Information

16. BORROWINGS

a) Breakdown of accounting balances

		Parent and Consolidated	
		6/30/2017	12/31/2016
Current	**Annual charges - %**		
Local currency			
FINAME	Fixed at 4.12%, TJLP + 4.74%, SELIC + 5.61% and ECM + 3.65%	6,641	7,580
Working Capital	Fixed at 10.92% and CDI + 3.92%	119,752	112,328
Working capital - CDCA	IPCA + 10.22%	-	22,629
Working capital - Syndicated Loan	CDI + 5.00%	27,814	7,172
Finance lease	Fixed at 17.02%	560	263
BNDES	TJLP + 3.60%	8,134	7,509
Total local currency		162,901	157,481
Foreign currency			
Advances on foreign exchange contract	Fixed between 4.90% and 6.80%	31,410	28,807
Banco Credit Suisse - PPE	Libor + 7.50%	33,032	24,360
Banco Itaú BBA - CCE	Fixed at 5.80%	-	8,087
Banco Santander PPE	Libor + 5.50%	3,975	3,657
Banco Rabobank e Santander PPE	Libor + 5.95%	54,788	43,108
Banco LBBW - FINIMP	Euribor + 1.55%	1,259	1,110
Banco De Lage Landen	8.20% p.a.	321	316
Total foreign currency		124,785	109,445
Total current		287,686	266,926
Non-current			
Local currency			
FINAME	Fixed at 4.12%, TJLP + 4.74%, SELIC + 5.61% and ECM + 3.65%	8,013	8,495
Working Capital	Fixed at 10.92% and CDI + 3.92%	95,951	119,492
Working capital - Syndicated Loan	CDI + 5.00%	154,009	177,451
Finance lease	Fixed at 17.02%	947	471
BNDES	TJLP + 3.60%	37,083	41,088
Total local currency		296,003	346,997
Foreign currency			
Banco Credit Suisse - PPE	Libor + 7.50%	89,500	104,000
Banco Santander - PPE	Libor + 5.50%	3,660	3,606
Banco Rabobank and Santander - PPE	Libor + 5.95%	131,735	151,327
Banco LBBW - FINIMP	Euribor + 1.55%	2,603	2,950
Banco De Lage Landen	8.20% p.a.	960	1,103
Total foreign currency		228,458	262,986
Total non-current		524,461	609,983
Total		812,147	876,909

	Parent and Consolidated	
Long-term maturities:	6/30/2017	12/31/2016
2018	130,277	221,707
2019	190,959	187,603
2020	131,458	129,824
2021 to 2024	71,767	70,849
	524,461	609,983

b) Schedule for amortization of funding costs

	Parent and Consolidated					
	2017	2018	2019	2020	2021	Total
In local currency						
Working capital	(547)	(548)	(221)	(84)	(5)	(1,405)
Working capital - Syndicated Loan CCE	(609)	(1,122)	(842)	(504)	(111)	(3,188)
Total in local currency	(1,156)	(1,670)	(1,063)	(588)	(116)	(4,593)
In foreign currency						
Banco Credit Suisse - PPE	(519)	(831)	(396)	(21)	-	(1,767)
Banco Rabobank and Santander - PPE	(178)	(311)	(233)	(150)	(71)	(943)
Banco LBBW - FINIMP	(32)	(15)	-	-	-	(47)
Total in foreign currency	(729)	(1,157)	(629)	(171)	(71)	(2,757)
	(1,885)	(2,827)	(1,692)	(759)	(187)	(7,350)

c) Significant operations contracted in the period

i) Advance on Foreign Exchange Contracts (ACC) amounting to US$ 4,735 (equivalent to R$ 14,974 on the contract date), maturing up to March 2018, and subject to fixed interest rate ranging from 4.94% to 6.80% p.a.

ii) Working Capital - Banco BTG Pactual - Export Credit Note (CCE): facility contract of R$ 38.3 million, entered into with Banco BTG Pactual, maturing in November 2018, and subject to interest rate equivalent to the CDI variation plus 4.30% p.a. The borrowing will be repaid in 15 quarterly installments beginning February 2018.

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$ 261,152. Other transactions have specific guarantees, as follows:

i) For the export prepayment financing contracted with Banco Credit Suisse, 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 provided as collateral land and forests amounting to R$ 149,943, 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.

v) For the working capital loan (CCE) contracted with Banco BTG Pactual, secured and fiduciary guarantees consisting of the following Company's assets and rights amounting to R$ 60,936 were pledged to the Trustee:

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

e) Restrictive Financial Covenants:

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

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

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

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

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

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

At June 30, 2017, there was no need to measure these financial ratios, as they are measured annually.

vii) Banco BTG - CCE

a) The net debt/EBITDA ratio over the last 12 months must not exceed: 4.00 times.

Notes to the Quarterly Information

b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00 times.

At June 30, 2017, there was no need to measure these financial ratios, as they are measured annually.

viii) Banco Credit Suisse - PPE

a) Net debt/EBITDA ratio of (i) 3.00 times for the quarters ended between June 30, 2012 and September 30, 2013; (ii) 3.65 times for the quarter ended December 31, 2013; (iii) 3.75 times for the quarters ended between March 31, 2014 and June 30, 2014; (iv) 4.50 times for the quarter ended September 30, 2014; (v) 3.25 times for the quarter ended December 31, 2014; (vi) 4.25 times for the quarters ended between March 31, 2015 and September 30, 2015; (vii) 3.00 times for the quarter ended December 31, 2015; (viii) 4.50 times for the quarters ended between March 31, 2016 and December 31, 2016; (ix) 4.25 times for the quarters ended between March 31, 2017 and September 30, 2017; and (x) 3.00 times for the quarters ended from December 31, 2017.

b) EBITDA/net finance costs ratio of 2.00 times for the quarters ended from June 30, 2012 to 2020.

At June 30, 2017, the Company obtained a waiver for the financial ratios agreed upon with Banco Credit Suisse.

ix) Working Capital - Syndicated Loan

a) The ratio between net debt and EBITDA over the last 12 months must not exceed: 3.80 times for the year ended December 31, 2016; 4.00 times for the year ended December 31, 2017; and 3.00 times from the year ended December 31, 2018.

b) The ratio between EBITDA and net finance costs over the last 12 months must not be lower than 2.00 times for the years ended from December 31, 2016.

At June 30, 2017, there was no need to measure these financial ratios, as they are measured annually.

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. DEBENTURES

a) Breakdown of accounting balances

			Parent and Consolidated	
Current	**Issue**	**Annual charges - %**	6/30/2017	12/31/2016
In local currency				
Simple Debentures	11/30/2012	CDI + 2.75%	12,985	12,077
Simple Debentures	5/20/2013	CDI + 4.30%	567	19,037
Total current			13,552	31,114
Non-current				
In local currency				
Simple Debentures	5/20/2013	CDI + 4.30%	-	9,352
Total non-current			-	9,352
Total			13,552	40,466

	Parent and Consolidated	
Long-term maturities:	6/30/2017	12/31/2016
2018	-	9,352
	-	9,352

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

b) Schedule for amortization of funding costs

	Issue	2017	2018
In local currency			
Simple Debentures	11/30/2012	(39)	-
Simple Debentures	5/20/2013	(278)	(232)
Total in local currency		(317)	(232)

Notes to the Quarterly Information

c) Collateral

i) The Debentures issued on November 30, 2012 have secured guarantees totaling R$ 13,137, invested with Banco Itaú.

d) Restrictive Financial Covenants:

Simple debentures issued on November 30, 2012 have restrictive covenants which are verified on an annual basis, as presented below:

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

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

At June 30, 2017, there was no need to measure these financial ratios, as they are measured annually.

Simple debentures issued on May 20, 2013 have restrictive covenants which are verified on an annual basis, as presented below:

a) The net debt/EBITDA ratio over the last 12 months must not exceed: 3.65 times for the year ended December 31, 2013; 3.25 times for the year ended December 31, 2014; and 3.00 times from the year ended December 31, 2015, except for the year ended December 31, 2016, when the ratio must not exceed 4.5 times.

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

At June 30, 2017, there was no need to measure these financial ratios, as they are measured annually.

Notes to the Quarterly Information

18. TRADE PAYABLES

Payables to suppliers are as follows:

	Parent		Consolidated	
CURRENT LIABILITIES	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Internal				
Materials	51,749	57,539	52,024	57,578
Service providers	7,532	6,118	7,596	6,254
Carriers	11,376	14,852	11,383	14,858
Related parties	1,308	32,181	-	-
Other	536	824	536	824
External				
Materiais	296	335	296	335
	72,797	111,849	71,835	79,849

19. RELATED PARTIES

Parent	Receivables		Payables	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Habitasul Florestal S.A.	17,598	4,400	924	983
Bonuses to Directors	-	-	3,870	-
Iraflor - Com. de Madeiras Ltda	-	-	412	31,349
Management remuneration	-	-	853	828
Management profit sharing	-	-	692	692
Habitasul Desenvolvimentos Imobiliarios	17	17	-	-
Irani Geração de Energia Sustentável Ltda.	47	-	-	-
Koch Metalúrgica S.A.	19,517	18,960	-	-
Total	37,179	23,377	6,751	33,852
Current portion	19,436	4,417	6,751	33,852
Non-current portion	17,743	18,960	-	-

Parent	Income		Expenses		Income		Expenses	
	Quarter ended		Quarter ended		Six-month period ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Habitasul Florestal S.A.	-	-	2,293	3,094	-	-	5,393	6,600
Bonuses to Directors	-	-	5,000	-			5,000	
Iraflor - Com. de Madeiras Ltda	-	-	1,122	4,130	-	-	1,610	10,944
Druck, Mallmann, Oliveira & Advogados Associados	-	-	72	67	-	-	145	134
MCFD Administração de Imóveis Ltda	-	-	324	309	-	-	659	618
Irani Participações S/A	-	-	120	120	-	-	240	240
Habitasul Desenvolvimentos Imobiliarios	-	-	44	45	-	-	88	104
Koch Metalúrgica S.A.	150	457	-	-	300	914	-	-
Management remuneration	-	-	2,125	1,917	-	-	4,183	3,824
Total	150	457	11,100	9,682	300	914	17,318	22,464

Notes to the Quarterly Information

Consolidated	Receivables		Payables	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Habitasul Desenvolvimentos Imobiliários	17	17	-	-
Koch Metalúrgica S.A.	19,517	18,960	-	-
Management remuneration	-	-	853	828
Bonuses to Directors	-	-	3,870	-
Management profit sharing	-	-	692	692
Total	19,534	18,977	5,415	1,520
Current portion	1,791	17	5,415	1,520
Non-current portion	17,743	18,960	-	-

Consolidated	Income		Expenses		Income		Expenses	
	Quarter ended		Quarter ended		Six-month period ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016	42916	42551
Irani Participações S/A	-	-	120	120	-	-	240	240
Bonuses to Directors	-	-	5,000	-	-	-	5,000	-
Druck, Mallmann, Oliveira & Advogados Associados	-	-	72	67	-	-	145	134
MCFD Administração de Imóveis Ltda	-	-	324	309	-	-	659	618
Management remuneration	-	-	2,151	1,930	-	-	4,222	3,854
Habitasul Desenvolvimentos Imobiliarios	-	-	44	45	-	-	88	104
Koch Metalúrgica S.A.	150	457	-	-	300	914	-	-
Total	150	457	7,711	2,471	300	914	10,354	4,950

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 transactions were carried out in accordance with the respective market conditions and prices. The amounts receivable by the parent company from the subsidiary Habitasul Florestal S.A. relate to dividends for 2016.

The amount payable to MCFD Administração de Imóveis Ltda. is equivalent to 50% of the monthly rental of the Packaging Plant in Indaiatuba (SP), in accordance with 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.

Management remuneration expenses, excluding payroll charges, totaled R$ 4,222 in the first six-month period of 2017 (R$ 3,854 in the first six-month period of 2016). The total annual management remuneration was approved by the Annual General Meeting held on April 19, 2017, at the maximum amount of R$ 12,000. On June 30, 2017, the Board of Directors approved a bonus of R$ 5,000 to be granted to the former Chairman of the Board, Dr. Pericles de Freitas Druck, as a gesture of appreciation for his invaluable contribution to the Company's development. Dr. Druck resigned from his position, aiming at giving continuity to the succession process in the management of the Group's companies.

Notes to the Quarterly Information

20. PROVISION FOR CIVIL, LABOR AND TAX CONTINGENCIES

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

Breakdown of the balance of the provisions:

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Civil contingencies	1,703	1,400	1,703	1,400
Labor contingencies	3,173	3,677	3,173	3,677
Tax contingencies	7,578	1,027	7,578	1,027
Total	12,454	6,104	12,454	6,104

Parent	12/31/2016	Provision	Payments	Reversal	6/30/2017
Civil	1,400	303	-	-	1,703
Labor	3,677	156	(258)	(402)	3,173
Tax	1,027	6,551	-	-	7,578
	6,104	7,010	(258)	(402)	12,454

Consolidated	12/31/2016	Provision	Payments	Reversal	6/30/2017
Civil	1,400	303	-	-	1,703
Labor	3,677	156	(258)	(402)	3,173
Tax	1,027	6,551	-	-	7,578
	6,104	7,010	(258)	(402)	12,454

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$ 1,703 was recorded at June 30, 2017 to cover possible losses arising from these contingencies.

Notes to the Quarterly Information

b) Labor lawsuits related to, among other issues, 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 the opinion of its legal counsel, the Company maintained a provision of R$ 3,173 at June 30, 2017, which is considered sufficient to cover potential losses arising from labor contingencies.

c) The provisions for tax contingencies total R$ 7,578 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$ 720, 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 14, 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, to begin with, should take effect for all the lawsuits in progress, due to its repercussion. In the quarter, the amount offset was R$6,145, and a related provision for tax risks was recorded, at the adjusted amount of R$6,496.

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 June 30, 2017, the amounts of these possible contingencies of a labor, civil, environmental and tax nature were as follows:

	Consolidated	
	6/30/2017	12/31/2016
Labor contingencies:	11,499	11,924
Civil contingencies	7,176	6,944
Tax contingencies	87,761	84,802
	106,436	103,670

Labor contingencies:

The labor lawsuits assessed by management and the legal counsel as involving possible risk of loss total R$ 11,499 and relate mainly to indemnity claims (hazardous duty premiums, health hazard premiums, overtime, salary premiums, damages and losses arising from occupational accidents). Management expects a favorable outcome on these lawsuits, which are currently at different court levels.

Notes to the Quarterly Information

Civil contingencies:

The civil lawsuits classified by management and its legal counsel as possible losses total R$ 7,176 and primarily include indemnity claims, which are currently at different court levels and for which management expects a favorable outcome.

Tax contingencies:

The tax lawsuits assessed by management and its legal counsel as involving possible losses total R$ 87,761 and mainly include the following:

- Administrative Proceeding 10925.000172/2003-66 related to a tax notification for alleged irregularity in the offsetting of IPI credits, amounting to R$ 12,547 at June 30, 2017. This proceeding has been closed at the administrative level and the tax collection lawsuit 5003956-50.2016.404.7203 has been filed. Currently awaits judgment of the Motion to Stay Execution 5001969-42.2017.4.04.7203.

- Tax Collection Lawsuit 2004.72.03.001555-8 filed by the National Institute of Social Security (INSS), with respect to a Debt Assessment Notice referring to the payment of social security contribution on the gross revenue from sales of the production of agro-industrial companies, amounting to R$ 5,195 at June 30, 2017. The lawsuit has been suspended by court decision and awaits judgment of the Action for Annulment 2005.71.00.002527-8.

- Administrative Proceeding 11080-729.991/2016-55, amounting to R$ 852 at June 30, 2017, relates to the assessment notice issued by the National Institute of Social Security (INSS), which challenges the offsetting of debts against credits arising from the application of a higher Environmental Occupational Risk (RAT) rate at the Company's Administrative Units. The proceeding awaits judgment.

- Administrative Proceedings 11080.013972/2007-12 and 11080.013973/2007-67, amounting to R$ 5,742 at June 30, 2017, related to tax assessments for PIS and COFINS, originating from an alleged undue tax credit. The Company has challenged these assessments at the administrative level and awaits judgment of the respective Voluntary Appeals.

- Administrative Proceeding 11080.014747/2008-84, amounting to R$ 2,415 at June 30, 2017, relating to tax assessments for IRPJ. The Company awaits judgement of its Special Appeal at the administrative level.

- Administrative Proceeding 11080.014746/2008-30, amounting to R$ 632 at June 30, 2017, relating to tax assessments for CSLL. This proceeding has been closed at the administrative level and the tax collection lawsuit 5042523-71.2016.4.04.7100 has been filed. Currently awaits judgment of the Motion to Stay Execution 5080232-43.2016.4.04.7100.

Notes to the Quarterly Information

- Administrative Proceeding 11080.009904/2006-88 relating to federal taxes offset against deemed IPI credits on exports, which were allegedly miscalculated. The restated amount involved was R$ 5,334 at June 30, 2017. The Company is discussing these notices at the administrative level and awaits judgement of the respective appeal by the Brazilian Administrative Council of Tax Appeals (CARF).

- Administrative Proceeding 11080.009902/2006-89, with a restated amount of R$ 1,051 at June 30, 2017, relates to federal taxes offset against deemed IPI credits on exports. This proceeding has been closed at the administrative level and the Company currently awaits judgment of the respective Tax Collection Lawsuit to start the dispute at court level.

- Administrative Proceeding 11080.009905/2006-12 with a restated amount of R$ 5,729 at June 30, 2017, relates to federal taxes offset against deemed IPI credits on exports. This proceeding has been closed at the administrative level and the tax collection lawsuit 5001467-40.2016.4.04.7203 has been filed. Currently awaits judgment of the Motion to Stay Execution 5000889-43.2017.4.04.7203.

- Administrative and judicial proceedings referring to assessments received from the State of Santa Catarina for allegedly undue ICMS tax credits recorded on the purchase of materials used in the manufacturing units located in that State, which amounted to R$ 40,515 at June 30, 2017. The Company is challenging these tax assessments at the administrative and judicial levels.

21. EQUITY

a) Share capital

The Company's share capital at June 30, 2017 was R$ 161,895 (R$ 161,895 at December 31, 2016), 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.

Notes to the Quarterly Information

b) Treasury shares

		Parent		Parent	
		6/30/2017		12/31/2016	
		Number of shares	Value	Number of shares	Value
ii) Share buyback plan	Common	24,000	30	24,000	30
iii) Right to withdraw	Preferred	2,352,100	6,804	2,352,100	6,804
		2,376,100	6,834	2,376,100	6,834

i) Share buyback plan: the objective 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.

c) Share-based payment

In 2013, the Company realized a share-based remuneration program, called the First Stock Option Plan Program (Program I), settled with its own shares, under which the Company received services from employees as consideration for equity instruments (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 in 2013, from April 1 to April 30. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

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

d) Revenue reserves

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

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

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

(iii) The profit retention reserve comprises the remaining profits after the offsetting of losses and 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 by 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 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 June 30, 2017, net of tax effects, represented a gain of R$ 204,602 (R$ 209,075 at December 31, 2016).

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$ 77,893 at June 30, 2017 (R$ 81,568 at December 31, 2016).

Changes in the carrying value adjustments account were as follows:

	Consolidated
At December 31, 2015	73,029
Cash flow hedges	63,425
Realization - deemed cost	(8,947)
At December 31, 2016	127,507
Cash flow hedges	3,676
Realization - deemed cost	(4,474)
At June 30, 2017	126,709

Notes to the Quarterly Information

22. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share are calculated by dividing the profit 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:

	Quarter ended 6/30/2017		
	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	1,126	77	1,203
Basic and diluted loss per share - R$	0.0073	0.0073	

	Quarter ended 6/30/2016		
	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
Profit for the period attributable to each category of shares	2,701	184	2,885
Basic and diluted earnings (loss) per share - R$	0.0176	0.0176	

	Six-month Period Ended 6/30/2017		
	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
Profit (loss) for the period attributable to each category of shares	(12,109)	(823)	(12,932)
Basic and diluted earnings (loss) per share - R$	(0.0787)	(0.0787)	

	Six-month Period Ended 6/30/2016		
	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
Profit (loss) for the period attributable to each category of shares	1,127	77	1,204
Basic and diluted earnings (loss) per share - R$	0.0073	0.0073	

Notes to the Quarterly Information

23. NET SALES REVENUE

The Company's net sales revenue comprises the following:

	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Gross sales revenue	267,341	251,932	524,683	496,120
Taxes on sales	(58,397)	(55,184)	(118,339)	(106,186)
Returns	(1,872)	(2,774)	(5,450)	(6,893)
Net sales revenue	207,072	193,974	400,894	383,041

	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Gross sales revenue	269,300	254,549	528,292	501,343
Taxes on sales	(58,525)	(55,461)	(118,574)	(106,729)
Returns	(1,916)	(2,774)	(5,522)	(6,893)
Net sales revenue	208,859	196,314	404,196	387,721

24. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Fixed and variable costs (raw materials and consumables)	(109,629)	(77,574)	(216,842)	(180,762)
Personnel expenses	(36,034)	(33,588)	(69,955)	(67,356)
Change in the fair value of biological assets	3,893	9,704	7,895	11,416
Depreciation, amortization and depletion	(13,359)	(45,989)	(25,823)	(61,178)
Freight	(11,194)	(11,797)	(22,255)	(23,206)
Services contracted	(5,575)	(3,562)	(11,533)	(10,899)
Other selling expenses	(11,866)	(8,953)	(20,586)	(17,753)
Total costs and expenses by nature	(183,764)	(171,759)	(359,099)	(349,738)
Costs	(145,859)	(147,682)	(292,699)	(293,153)
Expenses	(41,798)	(33,781)	(74,295)	(68,001)
Change in the fair value of biological assets	3,893	9,704	7,895	11,416

Notes to the Quarterly Information

	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Fixed and variable costs (raw materials and consumables)	(107,114)	(49,438)	(211,249)	(142,869)
Personnel expenses	(38,512)	(35,998)	(75,002)	(72,147)
Change in the fair value of biological assets	10,480	7,924	5,316	12,829
Depreciation, amortization and depletion	(14,981)	(70,339)	(28,642)	(89,605)
Freight	(11,194)	(11,797)	(22,255)	(23,206)
Services contracted	(5,870)	(3,461)	(12,160)	(11,034)
Other selling expenses	(11,866)	(8,953)	(20,586)	(17,753)
Total costs and expenses by nature	(179,057)	(172,062)	(364,578)	(343,785)
Costs	(147,399)	(145,844)	(294,837)	(287,837)
Expenses	(42,138)	(34,142)	(75,057)	(68,777)
Change in the fair value of biological assets	10,480	7,924	5,316	12,829

25. OTHER OPERATING INCOME AND EXPENSES

Income	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Cost of assets damaged and sold	101	235	497	1,519
Income from sale of forests	-	34,700	-	34,700
Other operating income	788	1,025	1,564	1,864
	889	35,960	2,061	38,083

Expenses	Parent		Controladora	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Cost of assets damaged and sold	(7)	(164)	(161)	(1,305)
Cost of forests sold	-	(30,269)	-	(30,269)
Social security contribution on accrued vacation pay for prior years	-	-	-	(1,988)
Other operating expenses	(6,673)	(1,038)	(7,042)	(1,029)
	(6,680)	(31,471)	(7,203)	(34,591)
Total	(5,791)	4,489	(5,142)	3,492

Notes to the Quarterly Information

Income	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Cost of assets damaged and sold	101	235	547	1,519
Income from sale of forests	-	55,500	-	55,500
Other operating income	793	1,029	1,575	1,871
	894	56,764	2,122	58,890

Expenses	Consolidado		Consolidado	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Cost of assets damaged and sold	(7)	(164)	(210)	(1,305)
Cost of forests sold	-	(51,825)	-	(51,825)
Social security contribution on accrued vacation pay for prior years	-	-	-	(1,988)
Other operating expenses	(6,677)	(1,055)	(7,047)	(1,034)
	(6,684)	(53,044)	(7,257)	(56,152)
Total	(5,790)	3,720	(5,135)	2,738

26. FINANCE INCOME AND FINANCE COSTS

	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Finance income				
Income from financial investments	2,125	1,956	5,642	3,427
Interest	473	675	1,005	1,383
Discounts obtained	31	63	59	108
	2,629	2,694	6,706	4,918
Foreign exchange variation				
Foreign exchange gains	2,836	8,895	6,494	16,081
Foreign exchange losses	(6,004)	(13,359)	(15,221)	(25,042)
Foreign exchange variations, net	(3,168)	(4,464)	(8,727)	(8,961)
Finance costs				
Interest	(25,517)	(23,334)	(53,010)	(47,961)
Discounts granted	(92)	(80)	(130)	(208)
Discounts/bank expenses	(9)	(30)	(23)	(48)
Other	(389)	(392)	(879)	(762)
	(26,007)	(23,836)	(54,042)	(48,979)
Finance results, net	(26,546)	(25,606)	(56,063)	(53,022)

Notes to the Quarterly Information

	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Finance income				
Income from financial investments	2,344	2,640	6,480	5,446
Interest	474	675	1,008	1,390
Discounts obtained	31	63	59	108
	2,849	3,378	7,547	6,944
Foreign exchange variation				
Foreign exchange gains	2,836	8,895	6,494	16,081
Foreign exchange losses	(6,004)	(13,359)	(15,221)	(25,042)
Foreign exchange variations, net	(3,168)	(4,464)	(8,727)	(8,961)
Finance costs				
Interest	(25,517)	(23,335)	(53,010)	(47,962)
Discounts granted	(92)	(80)	(130)	(208)
Discounts/bank expenses	(9)	(31)	(23)	(50)
Other	(391)	(394)	(888)	(764)
	(26,009)	(23,840)	(54,051)	(48,984)
Finance results, net	(26,328)	(24,926)	(55,231)	(51,001)

27. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Operating profit (loss) before taxation	(2,615)	2,820	(20,985)	(5,156)
Standard tax rate	34%	34%	34%	34%
Tax credit (expense) at standard rate	889	(959)	7,135	1,753
Tax effect of permanent (additions) exclusions:				
Equity in the results of subsidiaries	2,181	585	(536)	-
Subsidiaries taxed under the deemed profit method	-	-	-	3,764
Other permanent differences	748	439	1,454	843
	3,818	65	8,053	6,360
Current income tax and social contribution	-	2	-	2
Deferred income tax and social contribution	3,818	63	8,053	6,358
Effective tax rate - %	146.0	(2.3)	38.4	123.4

Notes to the Quarterly Information

	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Operating profit (loss) before taxation	(2,316)	3,046	(20,748)	(4,327)
Standard tax rate	34%	34%	34%	34%
Tax credit (expense) at standard rate	787	(1,036)	7,054	1,471
Tax effect of permanent (additions) exclusions:				
Subsidiaries taxed under the deemed profit method	(1,914)	358	(2,748)	2,591
Other permanent differences	4,646	517	3,510	1,469
	3,519	(161)	7,816	5,531
Current income tax and social contribution	(123)	(300)	(375)	(825)
Deferred income tax and social contribution	3,642	139	8,191	6,356
Effective tax rate - %	151.9	5.3	37.7	127.8

28. 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 June 30, 2017, the Company had corporate insurance against fire, lightning, explosions, electrical damage and wind storm damage to plants, residential areas and offices, as well as general civil liability coverage and Directors and Officers liability insurance (D&O), at the total amount of R$ 576,240. The Company also contracted group life insurance for employees, with a minimum coverage of 24 times the employee's salary or a maximum coverage of R$ 500, in addition to insurance for the fleet of vehicles with coverage at market value.

With respect to forests, the Company assessed the existing risks and 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.

The risk assumptions adopted, because of their nature, are not part of the scope of an audit of financial statements. Consequently, these assumptions were not examined by the independent auditors.

Notes to the Quarterly Information

29. FINANCIAL INSTRUMENTS

Capital risk management

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

The Company is not subject to any external capital requirements.

The Company's management periodically reviews its capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Company intends to maintain a capital structure consisting of between 50% and 70% of own capital and between 50% and 30% of third-party capital. At June 30, 2017, the capital structure comprised 38% of own capital and 62% of third-party capital, mainly due to the effects of the exchange rate variation on foreign currency debt, which accounts for 42.78% of the Company's total debt, and also the effects of the exchange rate variation on hedge accounting, which reduces equity by R$ 77,893.

Debt to equity ratio

The debt to equity ratio at June 30, 2017 and December 31, 2016 was as follows:

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Debt (a)	825,699	917,375	825,699	917,375
Cash and banks	(26,923)	(82,844)	(27,425)	(103,885)
Banks - restricted account	(43,040)	(94,198)	(43,040)	(94,198)
Net debt	755,736	740,333	755,234	719,292
Equity (b)	435,935	445,191	435,942	445,201
Debt to net assets ratio	1.73	1.66	1.73	1.62

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

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

Notes to the Quarterly Information

Categories of financial instruments

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Financial assets				
Loans and receivables				
Cash and banks	26,923	82,844	27,425	103,885
Trade receivables	170,225	153,644	171,061	154,227
Other receivables	17,829	20,534	17,954	20,585
Banks - restricted account	43,040	94,198	43,040	94,198
Financial liabilities				
Amortized cost				
Borrowings	812,147	876,909	812,147	876,909
Debentures	13,552	40,466	13,552	40,466
Trade payables	72,797	111,849	71,835	79,849

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. The derivative instruments currently in effect were contracted to hedge the obligations arising from the Company's borrowings in foreign currencies or exports, and were approved by the Board of Directors.

Foreign exchange rate risk

The Company has transactions in the foreign market that are exposed to fluctuations in the exchange rates of foreign currencies. At June 30, 2017 and December 31, 2016, these transactions resulted in a net liability exposure, as shown in the table below.

As most of the borrowings in foreign currency are repayable in the long-term, the Company hedges the net foreign exchange exposure with the equivalent to 30 months of exports, based on the average of exports carried out in the first six-month period of 2017, and to 27 months of exports based on the average exports carried out in 2016.

Notes to the Quarterly Information

	Parent		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Receivables	19,298	20,062	19,298	20,062
Banks - restricted account	13,054	13,537	13,054	13,537
Customer advances	(528)	(139)	(528)	(139)
Trade payables	(296)	(335)	(296)	(335)
Borrowings	(353,243)	(372,431)	(353,243)	(372,431)
Net exposure	(321,715)	(339,306)	(321,715)	(339,306)

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 accompanies the future market projections of BMF&Bovespa for the next reporting date (September 30, 2017).

2 - Adverse scenario: 25% deterioration in the foreign exchange rate compared to that at September 30, 2017.

3 - Remote scenario: 50% deterioration in the foreign exchange rate compared to that at September 30, 2017.

Account	Balance at 6/30/2017	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
	US$	Rate	R$	Rate	R$	Rate	R$
Assets							
Trade receivables and Banks - restricted account	9,779	3.22	(818)	4.03	7,066	4.84	14,952
Liabilities							
Trade payables and advances from customers	(249)	3.22	21	4.03	(180)	4.84	(381)
Borrowings	(106,778)	3.22	8,928	4.03	(77,150)	4.84	(163,264)
Cash flow hedges on exports	95,729	3.22	(8,005)	4.03	69,167	4.84	146,369
Net effect			126		(1,097)		(2,324)

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 June 30, 2017 were used as a basis for the projection of the future balance. The actual behavior of debt balances and derivative instruments will depend on the respective contracts, while balances receivable and payable may fluctuate due to the normal course of the 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 and derivative transactions exposed to foreign exchange changes 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), or IPCA (Extended National Consumer Price Index).

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 BMF&Bovespa for the next reporting date (September 30, 2017). The TJLP is extracted from the BNDES. For LIBOR, EURIBOR and IPCA, the rates used are those prevailing on the date of the analysis.

2 - Adverse scenario: 25% adjustment of interest rates compared to the level at September 30, 2017.

3 - Remote scenario: 50% adjustment of interest rates compared to the level at September 30, 2017.

Account			Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
	Index	Balance at 6/30/2017	Rate % p.a.	R$	Rate % p.a.	R$	Rate % p.a.	R$
Cash and cash equivalents								
CDB	CDI	53,313	9.20%	(389)	11.50%	563	13.80%	1,516
Proceeds from borrowings								
Working capital	CDI	(375,032)	9.20%	3,807	11.50%	(5,508)	13.80%	(14,822)
Debentures	CDI	(14,101)	9.20%	136	11.50%	(197)	13.80%	(531)
BNDES	TJLP	(45,218)	7.00%	-	8.75%	(791)	10.50%	(1,583)
FINAME	TJLP	(6,091)	7.00%	-	8.75%	(107)	10.50%	(213)
FINAME	SELIC	(515)	9.21%	6	11.51%	(7)	13.82%	(19)
FINAME	ECM	(218)	4.28%	-	5.35%	(2)	6.42%	(5)
Financing - foreign currency	Libor 3M	(311,764)	1.30%	(16)	1.63%	(1,033)	1.96%	(2,049)
Financing - foreign currency	Libor 12M	(7,635)	1.75%	-	2.18%	(34)	2.62%	(67)
Financing - foreign currency	Euribor 6M	(3,909)	0.00%	-	0.00%	-	0.00%	-
Net effect				3,544		(7,116)		(17,773)

Fair value vs. book value

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

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

Notes to the Quarterly Information

- Borrowings are considered at the present value using the current market rate and the Company's credit risk. There is no significant difference between the fair value and the book value.

Credit risk

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

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

Additionally, 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;
iii) Debentures issued by 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 rating scale for national financial institutions:

	Consolidated
	6/30/2017
National rating AA- (br)	21,791
National rating A- (br)	1,074
	22,865

Investments in variable-income market are not allowed.

Liquidity risk

Management monitors the liquidity level based on the expected cash flow, which comprises cash, short-term financial investments, flows of receivables and payables, and repayment of borrowings. The liquidity management policy involves the projection of cash flows on the currencies used, and considers the level of net assets necessary to achieve these projections, the monitoring of the liquidity ratios of the

Notes to the Quarterly Information

balance sheet in relation to internal and external regulatory requirements, and the maintenance of debt financing plans.

The table below shows the maturity ranges of the financial liabilities contracted by the Company, where the reported amounts include the principal and fixed interest on transactions, calculated using rates and indices in effect at June 30, 2017, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including accrued interest on these assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management, since it is based on net assets and liabilities.

Parent

	2017	2018	2019	2020	As from 2021
Liabilities					
Trade payables	72,797	-	-	-	-
Borrowings	158,954	308,396	206,695	138,472	72,993
Debentures	13,700	539	-	-	-
Other liabilities	1,004	335	-	-	-
	246,455	309,270	206,695	138,472	72,993
Assets					
Cash and cash equivalents	26,923	-	-	-	-
Banks - restricted account	43,040	-	-	-	-
Trade receivables - not yet due	170,225	-	-	-	-
Renegotiation with customers	942	8,622	4,873	1,765	73
Other assets	14,449	-	-	-	-
	255,579	8,622	4,873	1,765	73
	9,124	(300,648)	(201,822)	(136,707)	(72,920)

Consolidated

	2017	2018	2019	2020	As from 2021
Liabilities					
Trade payables	71,835	-	-	-	-
Borrowings	158,954	308,396	206,695	138,472	72,993
Debentures	13,700	539	-	-	-
Other liabilities	1,004	335	-	-	-
	245,493	309,270	206,695	138,472	72,993
Assets					
Cash and cash equivalents	27,425	-	-	-	-
Banks - restricted account	43,040	-	-	-	-
Trade receivables - not yet due	171,061	-	-	-	-
Renegotiation with customers	942	8,622	4,873	1,765	73
Other assets	14,623	-	-	-	-
	257,091	8,622	4,873	1,765	73
	11,598	(300,648)	(201,822)	(136,707)	(72,920)

Notes to the Quarterly Information

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

At the end of the reporting period, the Company had unused credit facilities totaling R$ 80,242, which increase as borrowings are repaid. The Company expects to meet its other obligations using the cash flow from operating activities and income earned on financial assets.

Derivative financial instruments measured at fair value

The Company did not have any derivative financial instruments measured at fair value at June 30, 2017.

Derivative financial instruments linked to borrowings (recognized directly in the statement of profit and loss)

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

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

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

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

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

The purpose of this swap transaction was to align the transaction price and the related maturity dates to those of the original transaction. The swap contract cannot be settled separately.

The notional value attributed at the contracting date was R$ 30,000, settled in June 2017.

Notes to the Quarterly Information

Cash flow hedges

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

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

The hedged cash flows are the estimated exports up to 2021, and the amount recorded in equity based on hedge accounting amounted to R$ 77,893 at June 30, 2017 (R$ 81,568 in December 2016).

	Parent and Consolidated 6/30/2017	Parent and Consolidated 12/31/2016
Opening balance	123,587	219,686
Change in cash flow hedges	3,911	(77,543)
Reclassification to the statement of profit and loss	(9,479)	(18,556)
	118,019	123,587
Opening balance	(42,019)	(74,693)
Taxes on change in cash flow hedges	(1,330)	26,365
Taxes on reclassification to the statement of profit and loss	3,223	6,309
	(40,126)	(42,019)
Closing balance	77,893	81,568

The Company calculates the effectiveness based on the U.S. dollar offset methodology, according to which the variations in the fair value of the hedge instrument are compared with the variations in the fair value of the hedged item, which should be 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 when the foreign exchange variation of the hedge is effectively realized. The cash flow hedge results which are effective in the offsetting of 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 period. In the event of ineffectiveness in the period, the amount to be recognized in the statement of profit and loss would be R$ 77,893.

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

30. 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:

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

Packaging Paper: this segment produces low and high-weight Kraft paper and recycled paper for the domestic and foreign markets. In addition, part of 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 wood and extracts resin from pines trees, which is used as raw material for the production of tar and turpentine.

Notes to the Quarterly Information

b) Consolidated information on operating segments

	Consolidated				
	Quarter ended 6/30/2017				
	Corrrugated Cardboard Packaging PO	Packaging Paper	RS Forest Resins	Corporate/ Eliminations	Total
Net sales:					
Domestic market	135,609	41,111	1,818	-	178,538
Foreign market	-	17,671	12,650	-	30,321
Revenue from sales to third parties	135,609	58,782	14,468	-	208,859
Intersegment revenue	-	10,669	-	(10,669)	-
Total net sales	135,609	69,451	14,468	(10,669)	208,859
Changes in the fair value of biological assets	-	6,330	4,150	-	10,480
Cost of goods sold	(120,064)	(26,544)	(11,344)	10,553	(147,399)
Gross profit	15,545	49,237	7,274	(116)	71,940
Operating expenses	(23,589)	(6,667)	(1,472)	(16,200)	(47,928)
Operating result before finance income (costs)	(8,044)	42,570	5,802	(16,316)	24,012
Finance income (costs)	(11,455)	(13,288)	(1,585)	-	(26,328)
Net operating profit (loss)	(19,499)	29,282	4,217	(16,316)	(2,316)
Total assets	404,263	761,668	177,390	224,328	1,567,649
Total liabilities	334,061	618,124	76,675	102,847	1,131,707
Equity	30,256	238,962	130,792	35,932	435,942

	Consolidated				
	Six-month Period Ended 6/30/2017				
	Corrrugated Cardboard Packaging PO	Packaging Paper	RS Forest Resins	Corporate/ Eliminations	Total
Net sales:					
Domestic market	261,334	73,922	3,543	-	338,799
Foreign market	-	38,223	27,174	-	65,397
Revenue from sales to third parties	261,334	112,145	30,717	-	404,196
Intersegment revenue	-	20,103	-	(20,103)	-
Total net sales	261,334	132,248	30,717	(20,103)	404,196
Changes in the fair value of biological assets	-	11,470	(6,154)	-	5,316
Cost of goods sold	(237,692)	(53,105)	(23,905)	19,865	(294,837)
Gross profit	23,642	90,613	658	(238)	114,675
Operating expenses	(38,986)	(11,787)	(3,013)	(26,406)	(80,192)
Operating result before finance income (costs)	(15,344)	78,826	(2,355)	(26,644)	34,483
Finance income (costs)	(24,036)	(27,737)	(3,458)	-	(55,231)
Net operating profit (loss)	(39,380)	51,089	(5,813)	(26,644)	(20,748)
Total assets	404,263	761,668	177,390	224,328	1,567,649
Total liabilities	334,061	618,124	76,675	102,847	1,131,707
Equity	30,256	238,962	130,792	35,932	435,942

Notes to the Quarterly Information

	Consolidated				
	Quarter ended 6/30/2016				
	Corrrugated Cardboard Packaging PO	Packaging Paper	RS Forest Resins	Corporate/ Eliminations	Total
Net sales:					
Domestic market	122,379	34,107	1,724	-	158,210
Foreign market	-	24,284	13,820	-	38,104
Revenue from sales to third parties	122,379	58,391	15,544	-	196,314
Intersegment revenue	-	5,258	-	(5,258)	-
Total net sales	122,379	63,649	15,544	(5,258)	196,314
Changes in the fair value of biological assets	-	8,389	(465)	-	7,924
Cost of goods sold	(107,808)	(30,966)	(12,082)	5,012	(145,844)
Gross profit	14,571	41,072	2,997	(246)	58,394
Operating expenses	(16,676)	(2,290)	(1,386)	(10,070)	(30,422)
Operating result before finance income (costs)	(2,105)	38,782	1,611	(10,316)	27,972
Finance income (costs)	(10,838)	(12,362)	(1,726)	-	(24,926)
Net operating profit (loss)	(12,943)	26,420	(115)	(10,316)	3,046
Total assets	598,694	713,121	161,020	88,919	1,561,754
Total liabilities	301,020	499,990	69,746	233,505	1,104,261
Equity	44,198	142,320	134,274	136,698	457,490

	Consolidated				
	Six-month Period Ended 6/30/2016				
	Corrrugated Cardboard Packaging PO	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	237,348	63,950	3,295	-	304,593
Foreign market	-	49,301	33,827	-	83,128
Revenue from sales to third parties	237,348	113,251	37,122	-	387,721
Intersegment revenue	-	7,066	-	(7,066)	-
Total net sales	237,348	120,317	37,122	(7,066)	387,721
Changes in the fair value of biological assets	-	10,522	2,307	-	12,829
Cost of goods sold	(208,774)	(57,779)	(27,752)	6,468	(287,837)
Gross profit	28,574	73,060	11,677	(598)	112,713
Operating expenses	(33,522)	(7,566)	(2,769)	(22,182)	(66,039)
Operating result before finance income (costs)	(4,948)	65,494	8,908	(22,780)	46,674
Finance income (costs)	(22,097)	(25,113)	(3,791)	-	(51,001)
Net operating profit (loss)	(27,045)	40,381	5,117	(22,780)	(4,327)
Total assets	598,694	713,121	161,020	88,919	1,561,754
Total liabilities	301,020	499,990	69,746	233,505	1,104,261
Equity	44,198	142,320	134,274	136,698	457,490

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

Notes to the Quarterly Information

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 management does not use this information by segment.

c) Net sales revenue

In the second quarter of 2017, net sales revenue totaled R$ 208,859 (R$ 196,314 in the second quarter of 2016). In the first six-month period of 2017, net sales revenue totaled R$ 404,196 (R$ 387,721 in the first six-month period of 2016).

Net sales revenue from exports in the second quarter of 2017 amounted to R$ 30,321 (R$ 38,104 in the second quarter of 2016). In the first six-month period of 2017, net sales revenue from exports totaled R$ 65,397 (R$ 83,128 in the first six-month period of 2016), distributed across various countries, as follows:

Consolidated		
Quarter ended 6/30/2017		
Country	Net export revenue	% of total net revenue
Germany	4,984	2.39%
Saudi Arabia	4,471	2.14%
Argentina	2,734	1.31%
France	2,536	1.21%
South Africa	2,094	1.00%
Netherlands	1,448	0.69%
Chile	1,386	0.66%
Japan	1,302	0.62%
China	1,232	0.59%
Paraguay	1,112	0.53%
Singapore	989	0.47%
Peru	673	0.32%
Kuwait	646	0.31%
Bolivia	627	0.30%
Spain	586	0.28%
Portugal	551	0.26%
Turkey	430	0.21%
India	407	0.19%
Malaysia	354	0.17%
Uruguay	317	0.15%
Austria	301	0.14%
Colombia	278	0.13%
Taiwan	134	0.06%
Mexico	133	0.06%
Israel	119	0.06%
Serbia	113	0.05%
Canada	87	0.04%
Other countries	277	0.13%
	30,321	14.52%

Consolidated		
Quarter ended 6/30/2016		
Country	Net export revenue	% of total net revenue
Germany	6,447	3.28%
China	5,343	2.72%
Argentina	5,327	2.71%
Saudi Arabia	3,971	2.02%
South Africa	2,299	1.17%
Chile	1,705	0.87%
France	1,546	0.79%
Paraguay	1,444	0.74%
Spain	1,169	0.60%
Portugal	1,012	0.52%
Peru	942	0.48%
Netherlands	879	0.45%
Bolivia	805	0.41%
Turkey	728	0.37%
Japan	575	0.29%
Austria	567	0.29%
Singapore	518	0.26%
Dubai	488	0.25%
Israel	358	0.18%
Kuwait	351	0.18%
Uruguay	328	0.17%
Canada	249	0.13%
United Kingdom	224	0.11%
Pakistan	174	0.09%
Colombia	143	0.07%
Norway	135	0.07%
Malaysia	100	0.05%
Other countries	277	0.14%
	38,104	19.41%

Notes to the Quarterly Information

Consolidated			Consolidated		
Six-month Period Ended 6/30/2017			Six-month Period Ended 6/30/2016		
Country	Net export revenue revenue	% of total net revenue	Country	Net export revenue revenue	% of total net revenue
China	8,990	2.22%	Germany	12,293	3.17%
Germany	8,713	2.16%	China	11,686	3.01%
Saudi Arabia	7,645	1.89%	Argentina	10,451	2.70%
Argentina	5,154	1.28%	Saudi Arabia	8,094	2.09%
South Africa	4,414	1.09%	France	5,764	1.49%
Chile	3,296	0.82%	South Africa	4,315	1.11%
France	2,955	0.73%	Chile	3,997	1.03%
Netherlands	2,569	0.64%	Paraguay	3,499	0.90%
Paraguay	2,209	0.55%	Spain	2,520	0.65%
Japan	2,064	0.51%	Peru	2,284	0.59%
Singapore	1,688	0.42%	Japan	1,843	0.48%
Kuwait	1,493	0.37%	Netherlands	1,710	0.44%
Peru	1,296	0.32%	Turkey	1,680	0.43%
Turkey	1,226	0.30%	Portugal	1,566	0.40%
Portugal	1,169	0.29%	Singapore	1,553	0.40%
India	1,094	0.27%	Uruguay	1,287	0.33%
Bolivia	1,033	0.26%	Bolivia	1,234	0.32%
Uruguay	1,028	0.25%	Austria	1,131	0.29%
Austria	985	0.24%	United Arabic Emirates	918	0.24%
Malaysia	939	0.23%	Dubai	739	0.19%
Hong Kong	841	0.21%	Pakistan	629	0.16%
Spain	904	0.22%	Norway	527	0.14%
Mexico	478	0.12%	Malaysia	502	0.13%
Pakistan	416	0.10%	Israel	486	0.13%
Norway	380	0.09%	Canada	359	0.09%
Colombia	407	0.10%	Kuwait	351	0.09%
Taiwan	134	0.03%	Serbia	326	0.08%
Israel	399	0.10%	Colombia	293	0.08%
Canada	341	0.08%	United States of America	256	0.07%
Serbia	159	0.04%	United Kingdom	224	0.06%
Other countries	978	0.24%	Other countries	611	0.16%
	65,397	16.18%		83,128	21.44%

In the domestic market, net sales revenue in the second quarter of 2017 totaled R$ 178,538 (R$ 158,210 in the second quarter of 2016). In the first six-month period of 2017, net sales revenue in the domestic market totaled R$ 338,799 (R$ 304,593 in the first six-month period of 2016).

In the second quarter of 2017, a single customer accounted for 3.9% of net sales in the domestic market of the Corrugated Cardboard Packaging segment, equivalent to R$ 5,289. The Company's other sales in the domestic and foreign markets were spread over a number of customers, without any customer accounting for more than 10% of net sales.

Notes to the Quarterly Information

31. OPERATING LEASE AGREEMENTS (PARENT COMPANY)

Rental of production plant properties

At June 30, 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.

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 recognized in the second quarter of 2017 by the parent company, net of taxes, where applicable, were as follows:

- Rentals of production units = R$ 715 (R$ 618 in the second quarter of 2016);
- Rentals of commercial and administrative units = R$ 80 (R$ 70 in the second quarter of 2016).

The future commitments arising from these contracts totaled a minimum amount of R$ 44,820 at June 30, 2017. The rentals were calculated at present value, using the accumulated IGPM index in the last 12 months, i.e., 0.78% negative per year.

	Up to 1 year	From 1 year to 5 years	After 5 years	Total
Future operating leases	3,155	12,376	29,289	44,820
Operating leases at present value	3,180	12,722	31,804	47,706

Lease of planting area

The Company has entered into non-cancellable lease agreements for the production of biological assets on third-party land, referred to as partnerships, which covers a total area of 3,0 thousand hectares, of which 2,2 thousand hectares comprise the planted area. For certain areas, there is a lease commitment, subject to monthly payments, as shown below.

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

Non-cancellable operating lease commitments

The rentals were calculated at present value, using the accumulated IGPM index in the last 12 months, i.e., 0.78% negative per year.

	Up to 1 year	From 1 year to 5 years	After 5 years	Total
Future operating leases	244	1,658	340	2,242
Operating leases at present value	246	1,701	363	2,310

Notes to the Quarterly Information

32. GOVERNMENT GRANTS

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

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

These incentives are subject to charges at an annual contractual rate of 4.0%. In order to calculate the present value of these benefits, the Company used the average rate of 14.54% 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 June 30, 2017, the Company had deferred ICMS liabilities of R$ 19,557 (net of government grants of R$ 16,481).

ii. ICMS/SC - Presumed Credit: For the purpose of enabling the expansion of the industrial unit located in Vargem Bonita, the State of Santa Catarina grants as a principal benefit the recording of presumed credits in an ICMS memorandum account, on taxed shipments carried out by the Company in 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 approximately R$ 600,000, which will be incurred over the next five years, and will be used to expand the production capacity of the Packaging Paper plant by 135,000 metric tons/year and of the Corrugated Cardboard Packaging plant by 24,000 metric tons/year.

iii. ICMS/MG - Presumed Credit: For the purpose of enabling the expansion of the industrial unit in Santa Luzia, the State of Minas Gerais grants 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, starting in 2014 and expected to be concluded in 2017. This amount will be invested in the modernization and expansion of the production capacity of Paper Machine No. 7 (PM 7), and also in the construction of a new corrugated cardboard packaging plant.

Notes to the Quarterly Information

33. NON-CASH TRANSACTIONS

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

In the six-month period ended June 30, 2017, the Company purchased property, plant and equipment, intangible assets and biological assets amounting to R$ 1,980, which were financed directly by the suppliers.

In the six-month period ended June 30, 2016, the Company purchased property, plant and equipment, intangible assets, and biological assets amounting to R$ 4,310, which were financed directly by the suppliers.

* * *

Report on review of quarterly information - without exception

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of

Celulose Irani S.A.

Porto Alegre - RS

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Celulose Irani S.A. ("Company"), included in the Interim Financial Information Form (ITR), for the quarter ended June 30, 2017, which comprises the balance sheet as at June 30, 2017 and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial 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 Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Interim Financial Information (ITR) referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Report on review of quarterly information - without exception

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVA") for the six-month period ended June 30, 2017, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR) and is considered as supplemental information for International Financial Reporting Standards - IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

Audit and review of prior-year figures

The Interim Financial Information (ITR) mentioned in the first paragraph includes financial information corresponding to the statements of profit and loss, of comprehensive income, of changes in equity, of cash flows and of value added for the quarter ended June 30, 2016, obtained from the Interim Financial Information (ITR) for the quarter then ended, and the balance sheet as at December 31, 2016 obtained from the financial statements for the year ended December 31, 2016, presented for purposes of comparison. The review of the Interim Financial Information (ITR) for the quarter ended June 30, 2016 and the audit of the financial statements for the year ended December 31, 2016 were conducted under the responsibility of other independent auditor, who issued unqualified review and auditor's reports thereon, dated July 29, 2016 and February 24, 2017, respectively.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Porto Alegre, August 11, 2017

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Marcelo de Figueiredo Seixas
Engagement Partner