(A free translation of the original in Portuguese)

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Company information / Capital composition

Number of shares (In thousands)	Current quarter 6/30/2016
Paid-up capital	
Common shares	153,910
Preferred shares	12,810
Total	166,720
Treasury shares	
Common shares	24
Preferred shares	2,352
Total	2,376

Parent company financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
1	Total assets	1,577,684	1,660,328
1.01	Current assets	303,954	330,735
1.01.01	Cash and cash equivalents	22,949	80,079
1.01.02	Financial investments	15,785	19,722
1.01.02.02	Financial investments valued at amortized cost	15,785	19,722
1.01.02.02.01	Held-to-maturity securities	15,785	19,722
1.01.03	Trade receivables	154,204	135,277
1.01.03.01	Customers	154,204	135,277
1.01.04	Inventories	73,272	67,119
1.01.06	Taxes recoverable	4,797	9,245
1.01.08	Other current assets	32,947	19,293
1.01.08.03	Other	32,947	19,293
1.02	Non-current assets	1,273,730	1,329,593
1.02.01	Long-term receivables	105,168	122,017
1.02.01.03	Trade receivables	23,524	23,557
1.02.01.03.02	Other receivables	23,524	23,557
1.02.01.05	Biological assets	76,554	92,870
1.02.01.08	Receivables from related parties	0	1,154
1.02.01.08.04	Receivables from other related parties	0	1,154
1.02.01.09	Other non-current assets	5,090	4,436
1.02.01.09.03	Taxes recoverable	3,228	3,066
1.02.01.09.04	Judicial deposits	1,862	1,370
1.02.02	Investments	274,637	307,563
1.02.02.01	Equity investments	239,550	272,231
1.02.02.01.02	Investments in subsidiaries	239,550	272,231
1.02.02.02	Investment properties	35,087	35,332
2/1/2003	Property, plant and equipment	784,007	789,527
1.02.03.01	Property, plant and equipment in operation	784,007	789,527
1.02.04	Intangible assets	109,918	110,486
1.02.04.01	Intangible assets	109,918	110,486

Parent company financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
2	Total liabilities and equity	1,577,684	1,660,328
2.01	Current liabilities	406,946	395,194
2.01.01	Social and labor obligations	25,321	40,774
2.01.01.01	Payroll obligations	25,321	40,774
2.01.01.01.01	Social security obligations	25,321	40,774
2.01.02	Trade payables	98,659	86,793
2.01.03	Tax obligations	20,060	21,007
2.01.03.01	Federal taxes payable	10,425	10,926
2.01.03.01.02	Taxes payable in installments	1	7
2.01.03.01.03	Other federal taxes	10,424	10,919
2.01.03.02	State taxes payable	9,575	9,991
2.01.03.02.01	Taxes payable in installments	2,053	2,185
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	7,522	7,806
2.01.03.03	Municipal taxes payable	60	90
2.01.04	Borrowings	248,759	216,868
2.01.04.01	Borrowings	212,930	195,620
2.01.04.02	Debentures	35,829	21,248
2.01.05	Other obligations	14,147	29,752
2.01.05.02	Other	14,147	29,752
2.01.05.02.01	Dividends and interest on capital payable	168	479
2.01.05.02.04	Other payables	12,154	28,076
2.01.05.02.05	Advances from customers	1,825	1,197
2.02	Non-current liabilities	713,258	868,519
2.02.01	Borrowings	524,264	705,552
2.02.01.01	Borrowings	493,650	665,761
2.02.01.02	Debentures	30,614	39,791
2.02.02	Other obligations	19,907	12,216
2.02.02.02	Other	19,907	12,216
2.02.02.02.03	Taxes payable in installments	1,080	1,918
2.02.02.02.04	Other taxes payable	9,621	10,298
2.02.02.02.05	Other payables	9,206	0
2.02.03	Deferred taxes	157,643	133,266
2.02.03.01	Deferred income tax and social contribution	157,643	133,266
2.02.04	Provisions	11,444	17,485
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	11,444	17,485
2.03	Equity	457,480	396,615
2.03.01	Paid-up share capital	161,895	161,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	166,409	160,731
2.03.06	Carrying value adjustments	128,216	73,029

Parent company financial statements / statement of income

(All amounts in thousands of reais unless otherwise stated)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Accumulated - current year 1/1/2016 to 6/30/2016	Same quarter of prior year 4/1/2015 to 6/30/2015	Accumulated - prior year 1/1/2015 to 6/30/2015
3.01	Revenue from sales of products	193,974	383,041	181,411	361,843
3.02	Cost of sales	-137,978	-281,737	-126,098	-257,678
3.02.01	Changes in the fair value of biological assets	9,704	11,416	5,195	3,328
3.02.02	Cost of products sold	-147,682	-293,153	-131,293	-261,006
3.03	Gross profit	55,996	101,304	55,313	104,165
3.04	Operating income (expenses)	-27,570	-53,438	-24,760	-48,192
3.04.01	Selling expenses	-20,750	-40,959	-19,283	-37,798
3.04.02	General and administrative expenses	-13,031	-27,042	-11,383	-22,548
3.04.04	Other operating income	35,960	38,083	907	1,665
3.04.05	Other operating expenses	-31,471	-34,591	-842	-1,618
3.04.06	Equity in results of subsidiaries	1,722	11,071	5,841	12,107
3.05	Profit before finance result and taxes	28,426	47,866	30,553	55,973
3.06	Finance result	-25,606	-53,022	-17,947	-42,719
3.06.01	Finance income	11,589	20,999	8,272	16,149
3.06.02	Finance costs	-37,195	-74,021	-26,219	-58,868
3.07	Profit (loss) before taxes on income	2,820	-5,156	12,606	13,254
3.08	Income tax and social contribution	65	6,360	-2,083	399
3.08.01	Current	2	2	-2	-2
3.08.02	Deferred	63	6,358	-2,081	401
3.09	Profit from continuing operations	2,885	1,204	10,523	13,653
3.11	Profit for the period	2,885	1,204	10,523	13,653
3.99	Earnings per share - (reais / share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.01760	0.00730	0.06400	0.08310
3.99.01.02	Preferred shares	0.01760	0.00730	0.06400	0.08310

Parent company financial statements / statement of comprehensive income

(All amounts in thousands of reais)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Accumulated - current year 1/1/2016 to 6/30/2016	Same quarter of prior year 4/1/2015 to 6/30/2015	Accumulated - prior year 1/1/2015 to 6/30/2015
4.01	Profit for the period	2,885	1,204	10,523	13,653
4.02	Other comprehensive income (loss)	29,461	59,661	8,635	-35,284
4.02.01	Cash flow hedges	44,638	90,395	13,084	-53,461
4.02.02	Income tax and social contribution - cash flow hedges	-15,177	-30,734	-4,449	18,177
4.03	Comprehensive income (loss) for the period	32,346	60,865	19,158	-21,631

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

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2015 to 6/30/2015
6.01	Net cash provided (used) in operating activities	-7,993	-747
6.01.01	Cash from operations	80,869	72,477
6.01.01.01	Profit (loss) before income tax and social contribution	-5,156	13,254
6.04.01.02	Changes in the fair value of biological assets	-11,416	-3,328
6.01.01.03	Depreciation, amortization and depletion	61,178	29,217
6.01.01.05	Proceeds from sales of permanent assets	-1,446	258
6.01.01.06	Equity in the results of subsidiaries	-11,071	-12,107
6.01.01.07	Provision for civil, labor and tax contingencies	-5,992	-6,399
6.01.01.08	Provision for impairment of trade receivables	341	292
6.01.01.09	Provision for losses on other assets	2	712
6.01.01.12	Monetary variations and charges	54,429	50,338
6.01.01.20	Write-down to net realizable value	0	240
6.01.02	Changes in assets and liabilities	-88,862	-73,224
6.01.02.01	Trade receivables	-19,268	-9,692
6.01.02.02	Inventories	-6,153	-7,576
6.01.02.03	Taxes recoverable	4,286	-3,115
6.01.02.04	Other assets	-12,961	-14,774
6.01.02.06	Trade payables	7,539	-3,213
6.01.02.07	Social security obligations	-15,453	-910
6.01.02.08	Advances from customers	628	5,493
6.01.02.09	Tax obligations	-2,459	-4,790
6.01.02.10	Payment of interest on borrowings	-38,256	-34,693
6.01.02.11	Payment of interest on debentures	0	-5,451
6.01.02.12	Other payables	-6,765	5,497
6.02	Net cash provided by (used in) used in investing activities	21,315	-20,365
6.02.01	Purchases of property, plant and equipment	-23,762	-19,555
6.02.02	Purchases of biological assets	-2,549	-2,219
6.02.03	Purchases of intangible assets	-55	-468
6.02.04	Capital contribution in subsidiary	-45	0
6.02.05	Capital reduction in subsidiary	43,797	0
6.02.06	Proceeds from sales of assets	5,026	414
6.02.07	Advance for future capital increase	0	-17
6.02.12	Banks - restricted account	-1,097	1,480
6.03	Net cash used in financing activities	-70,452	-91,093
6.03.01	Payment of dividends	-311	-12,642
6.03.03	Debentures paid	0	-21,908
6.03.04	Proceeds from borrowings	30,199	31,950
6.03.05	Repayments of borrowings	-100,340	-88,493
6.05	Decrease in cash and cash equivalents	-57,130	-112,205
6.05.01	Cash and cash equivalents at the beginning of the period	80,079	153,948
6.05.02	Cash and cash equivalents at the end of the period	22,949	41,743

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	Carrying value adjustments	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 changes in equity - 1/1/2015 to 6/30/2015

(All amounts in thousands of reais)

Code	Description	Paid-up share capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Carrying value adjustments	Equity
5.01	Opening balances	151,895	960	166,139	0	178,617	497,611
5.03	Adjusted opening balances	151,895	960	166,139	0	178,617	497,611
5.04	Capital transactions with owners	10,000	0	-10,000	0	0	0
5.04.01	Capital increase	10,000	0	-10,000	0	0	0
5.05	Total comprehensive income (loss)	0	0	0	18,141	-39,772	-21,631
5.05.01	Profit for the period	0	0	0	13,653	0	13,653
5.05.02	Other comprehensive income (loss)	0	0	0	4,488	-39,772	-35,284
5.05.02.06	Realization of deemed cost	0	0	0	4,488	-4,488	0
5.05.02.08	Cash flow hedges	0	0	0	0	-35,284	-35,284
5.06	Internal changes in equity	0	0	-1,998	1,998	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-138	138	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,860	1,860	0	0
5.07	Closing balances	161,895	960	154,141	20,139	138,845	475,980

Parent company financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2015 to 6/30/2015
7.01	Revenues	555,843	476,528
7.01.01	Sales of products	496,120	475,155
7.01.02	Other income	60,064	1,665
7.01.04	Changes in the provision for impairment of trade receivables	-341	-292
7.02	Inputs purchased from third parties	-290,614	-271,160
7.02.01	Cost of sales	-241,832	-251,964
7.02.02	Materials, electricity, outsourced services and other	-48,780	-19,196
7.02.03	Loss/recovery of assets	-2	0
7.03	Gross value added	265,229	205,368
7.04	Retentions	-49,762	-25,889
7.04.01	Depreciation, amortization and depletion	-61,178	-29,217
7.04.02	Other	11,416	3,328
7.04.02.01	Changes in the fair value of biological assets	11,416	3,328
7.05	Net value added generated	215,467	179,479
7.06	Value added received through transfer	32,070	28,256
7.06.01	Equity in the results of subsidiaries	11,071	12,107
7.06.02	Finance income	20,999	16,149
7.07	Total value added to be distributed	247,537	207,735
7.08	Value added distributed	247,537	207,735
7.08.01	Personnel	75,937	73,708
7.08.01.01	Direct remuneration	60,017	58,256
7.08.01.02	Benefits	12,464	12,195
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	3,456	3,257
7.08.02	Taxes, fees and contributions	68,282	55,335
7.08.02.01	Federal	45,022	38,821
7.08.02.02	State	22,537	15,748
7.08.02.03	Municipal	723	766
7.08.03	Remuneration of third-party capital	80,132	65,039
7.08.03.01	Interest	74,021	58,868
7.08.03.02	Rentals	6,111	6,171
7.08.04	Remuneration of own capital	23,186	13,653
7.08.04.03	Retained earnings	23,186	13,653

Consolidated financial statements / balance sheet - assets

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
1	Total assets	1,561,751	1,658,591
1.01	Current assets	329,465	377,185
1.01.01	Cash and cash equivalents	46,952	125,732
1.01.02	Financial investments	15,785	19,722
1.01.02.02	Financial investments valued at amortized cost	15,785	19,722
1.01.02.02.01	Held-to-maturity securities	15,785	19,722
1.01.03	Trade receivables	155,168	135,854
1.01.03.01	Customers	155,168	135,854
1.01.04	Inventories	73,601	67,219
1.01.06	Taxes recoverable	4,833	9,245
1.01.08	Other current assets	33,126	19,413
1.01.08.03	Other	33,126	19,413
1.02	Non-current assets	1,232,286	1,281,406
1.02.01	Long-term receivables	248,204	290,838
1.02.01.03	Trade receivables	23,551	23,584
1.02.01.03.02	Other receivables	23,551	23,584
1.02.01.05	Biological assets	219,458	261,559
1.02.01.08	Receivables from related parties	0	1,154
1.02.01.08.04	Receivables from other related parties	0	1,154
1.02.01.09	Other non-current assets	5,195	4,541
1.02.01.09.03	Taxes recoverable	3,228	3,066
1.02.01.09.04	Judicial deposits	1,967	1,475
1.02.02	Investments	18,892	19,137
1.02.02.02	Investment properties	18,892	19,137
1.02.03	Property, plant and equipment	854,737	860,410
1.02.03.01	Property, plant and equipment in operation	854,737	860,410
1.02.04	Intangible assets	110,453	111,021
1.02.04.01	Intangible assets	110,453	111,021

Consolidated financial statements / balance sheet - liabilities and equity

(All amounts in thousands of reais)

Code	Description	Current quarter 6/30/2016	Prior year 12/31/2015
2	Total liabilities and equity	1,561,751	1,658,591
2.01	Current liabilities	377,973	380,413
2.01.01	Social and labor obligations	26,201	41,152
2.01.02	Trade payables	67,976	70,135
2.01.03	Tax obligations	20,631	22,283
2.01.03.01	Federal taxes payable	10,971	12,169
2.01.03.01.02	Taxes payable in installments	19	37
2.01.03.01.03	Other federal taxes	10,952	12,132
2.01.03.02	State taxes payable	9,592	10,021
2.01.03.02.01	Taxes payable in installments	2,053	2,185
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	7,539	7,836
2.01.03.03	Municipal taxes payable	68	93
2.01.04	Borrowings	248,759	216,868
2.01.04.01	Borrowings	212,930	195,620
2.01.04.02	Debentures	35,829	21,248
2.01.05	Other obligations	14,406	29,975
2.01.05.02	Other	14,406	29,975
2.01.05.02.01	Dividend and interest on capital payable	168	479
2.01.05.02.04	Other payables	12,393	28,278
2.01.05.02.05	Advances from customers	1,845	1,218
2.02	Non-current liabilities	726,288	881,550
2.02.01	Borrowings	524,264	705,552
2.02.01.01	Borrowings	493,650	665,761
2.02.01.02	Debentures	30,614	39,791
2.02.02	Other obligations	19,907	12,218
2.02.02.02	Other	19,907	12,218
2.02.02.02.03	Taxes payable in installments	1,080	1,920
2.02.02.02.04	Other taxes payable	9,621	10,298
2.02.02.02.05	Other payables	9,206	0
2.02.03	Deferred taxes	170,575	146,197
2.02.03.01	Deferred income tax and social contribution	170,575	146,197
2.02.04	Provisions	11,542	17,583
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	11,542	17,583
2.03	Consolidated equity	457,490	396,628
2.03.01	Share capital	161,895	161,895
2.03.02	Capital reserves	960	960
2.03.04	Revenue reserves	166,409	160,731
2.03.06	Carrying value adjustments	128,216	73,029
2.03.09	Non-controlling interests	10	13

Consolidated financial statements / statement of income

(All amounts in thousands of reais unless otherwise stated)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Accumulated - current year 1/1/2016 to 6/30/2016	Same quarter of prior year 4/1/2015 to 6/30/2015	Accumulated - prior year 1/1/2015 to 6/30/2015
3.01	Revenue from sales of products	196,314	387,721	185,276	368,047
3.02	Cost of sales	-137,920	-275,008	-123,798	-251,221
3.02.01	Changes in the fair value of biological assets	7,924	12,829	6,630	7,140
3.02.02	Cost of products sold	-145,844	-287,837	-130,428	-258,361
3.03	Gross profit	58,394	112,713	61,478	116,826
3.04	Operating income/ expenses	-30,422	-66,039	-31,057	-61,076
3.04.01	Selling expenses	-20,750	-40,959	-19,283	-37,798
3.04.02	General and administrative expenses	-13,392	-27,818	-11,842	-23,335
3.04.04	Other operating income	56,764	58,890	910	1,674
3.04.05	Other operating expenses	-53,044	-56,152	-842	-1,617
3.05	Profit before finance result and taxes	27,972	46,674	30,421	55,750
3.06	Finance result	-24,926	-51,001	-17,518	-41,953
3.06.01	Finance income	12,273	23,025	8,704	16,921
3.06.02	Finance costs	-37,199	-74,026	-26,222	-58,874
3.07	Profit (loss) before taxes on income	3,046	-4,327	12,903	13,797
3.08	Income tax and social contribution	-161	5,531	-2,380	-144
3.08.01	Current	-300	-825	-273	-458
3.08.02	Deferred	139	6,356	-2,107	314
3.09	Profit from continuing operations	2,885	1,204	10,523	13,653
3.11	Consolidated profit for the period	2,885	1,204	10,523	13,653
3.11.01	Attributable to owners of the Parent Company	2,885	1,204	10,523	13,653
3.99	Earnings per share - (reais / share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.01760	0.00730	0.06400	0.08310
3.99.01.02	Preferred shares	0.01760	0.00730	0.06400	0.08310

Consolidated financial statements / statement of comprehensive income

(All amounts in thousands of reais)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Accumulated - current year 1/1/2016 to 6/30/2016	Same quarter of prior year 4/1/2015 to 6/30/2015	Accumulated - prior year 1/1/2015 to 6/30/2015
4.01	Consolidated profit for the period	2,885	1,204	10,523	13,653
4.02	Other comprehensive income (loss)	29,461	59,661	8,635	-35,284
4.02.01	Cash flow hedges	44,638	90,395	13,084	-53,461
4.02.02	Income tax and social contribution - cash flow hedges	-15,177	-30,734	-4,449	18,177
4.03	Consolidated comprehensive income (loss) for the period	32,346	60,865	19,158	-21,631
4.03.01	Attributable to owners of the Parent Company	32,346	60,865	19,158	-21,631

Consolidated financial statements / statement of cash flows - indirect method

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2015 to 6/30/2015
6.01	Net cash provided by operating activities	15,205	4,661
6.01.01	Cash from operations	119,783	90,466
6.01.01.01	Profit (loss) before income tax and social contribution	-4,327	13,797
6.01.01.02	Changes in the fair value of biological assets	-12,829	-7,140
6.01.01.03	Depreciation, amortization and depletion	89,605	38,342
6.01.01.05	Proceeds from sales of permanent assets	-1,446	258
6.01.01.07	Provision for civil, labor and tax contingencies	-5,992	-6,373
6.01.01.08	Provision for impairment of trade receivables	341	292
6.01.01.09	Provision for losses on other assets	2	712
6.01.01.12	Monetary variations and charges	54,429	50,338
6.01.01.20	Write-down to net realizable value	0	240
6.01.02	Changes in assets and liabilities	-104,578	-85,805
6.01.02.01	Trade receivables	-19,655	-8,810
6.01.02.02	Inventories	-6,382	-7,633
6.01.02.03	Taxes recoverable	4,250	-3,115
6.01.02.04	Other assets	-13,020	-14,957
6.01.02.06	Trade payables	-6,469	-10,754
6.01.02.07	Social security obligations	-14,951	-551
6.01.02.08	Advances from customers	627	-702
6.01.02.09	Taxes payable	-3,994	-4,766
6.01.02.10	Payment of interest on borrowings	-38,256	-36,859
6.01.02.11	Payment of interest on debentures	0	-3,285
6.01.02.12	Other payables	-6,728	5,627
6.02	Net cash used in investing activities	-23,533	-20,786
6.02.01	Purchases of property, plant and equipment	-23,807	-19,993
6.02.02	Purchases of biological assets	-3,597	-2,219
6.02.03	Purchases of intangible assets	-55	-468
6.02.06	Proceeds from sales of assets	5,026	414
6.02.07	Capital decrease in non-controlling interests	-3	0
6.02.12	Banks - restricted account	-1,097	1,480
6.03	Net cash used in financing activities	-70,452	-91,093
6.03.01	Payment of dividends	-311	-12,642
6.03.03	Debentures paid	0	-21,908
6.03.04	Proceeds from borrowings	30,199	31,950
6.03.05	Repayments of borrowings	-100,340	-88,493
6.05	Decrease in cash and cash equivalents	-78,780	-107,218
6.05.01	Cash and cash equivalents at the beginning of the period	125,732	165,985
6.05.02	Cash and cash equivalents at the end of the period	46,952	58,767

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 or accumulated deficit	Carrying value adjustments	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 changes in equity - 1/1/2015 to 6/30/2015

(All amounts in thousands of reais)

Code	Description	Paid-up share capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Carrying value adjustments	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	151,895	960	166,139	0	178,617	497,611	14	497,625
5.03	Adjusted opening balances	151,895	960	166,139	0	178,617	497,611	14	497,625
5.04	Capital transactions with owners	10,000	0	-10,000	0	0	0	0	0
5.04.01	Capital increase	10,000	0	-10,000	0	0	0	0	0
5.05	Total comprehensive income (loss)	0	0	0	18,141	-39,772	-21,631	0	-21,631
5.05.01	Profit for the period	0	0	0	13,653	0	13,653	0	13,653
5.05.02	Other comprehensive income (loss)	0	0	0	4,488	-39,772	-35,284	0	-35,284
5.05.02.06	Realization of deemed cost	0	0	0	4,488	-4,488	0	0	0
5.05.02.08	Cash flow hedges	0	0	0	0	-35,284	-35,284	0	-35,284
5.06	Internal changes in equity	0	0	-1,998	1,998	0	0	0	0
5.06.04	Realized revenue reserve - biological assets	0	0	-138	138	0	0	0	0
5.06.05	Realized revenue reserve - biological assets (subsidiaries)	0	0	-1,860	1,860	0	0	0	0
5.07	Closing balances	161,895	960	154,141	20,139	138,845	475,980	14	475,994

Consolidated financial statements / statement of value added

(All amounts in thousands of reais)

Code	Description	Accumulated - current year 1/1/2016 to 6/30/2016	Accumulated - prior year 1/1/2015 to 6/30/2015
7.01	Revenues	581,876	483,501
7.01.01	Sales of products	501,343	482,119
7.01.02	Other income	80,874	1,674
7.01.04	Changes in the provision for impairment of trade receivables	-341	-292
7.02	Inputs purchased from third parties	-272,668	-255,084
7.02.01	Cost of sales	-222,432	-232,833
7.02.02	Materials, electricity, outsourced services and other	-50,234	-22,251
7.02.03	Loss/recovery of assets	-2	0
7.03	Gross value added	309,208	228,417
7.04	Retentions	-76,776	-31,202
7.04.01	Depreciation, amortization and depletion	-89,605	-38,342
7.04.02	Other	12,829	7,140
7.04.02.01	Changes in the fair value of biological assets	12,829	7,140
7.05	Net value added generated	232,432	197,215
7.06	Value added received through transfer	23,025	16,921
7.06.02	Finance income	23,025	16,921
7.07	Total value added to be distributed	255,457	214,136
7.08	Value added distributed	255,457	214,136
7.08.01	Personnel	80,392	76,932
7.08.01.01	Direct remuneration	63,117	60,379
7.08.01.02	Benefits	13,617	13,163
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	3,658	3,390
7.08.02	Taxes, fees and contributions	71,636	58,494
7.08.02.01	Federal	48,086	41,533
7.08.02.02	State	22,789	16,135
7.08.02.03	Municipal	761	826
7.08.03	Remuneration of third-party capital	80,243	65,057
7.08.03.01	Interest	74,026	58,875
7.08.03.02	Rentals	6,217	6,182
7.08.04	Remuneration of own capital	23,186	13,653
7.08.04.03	Retained earnings	23,186	13,653

Comments on company performance

COMMENTS ON THE COMPANY'S PERFORMANCE IN 2Q16

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

IRANI reports Net Revenue of R$ 196 million in 2Q16, an increase of 6.0% in relation to 2Q15

KEY INDICATORS - CONSOLIDATED	2Q16	1Q16	2Q15	Var. 2Q16/1Q1	Var. 2Q16/2Q1	6M16	6M15	Var. 6M16/6M15	LTM16	LTM15	Var. LTM16/LTM15
Economic and Financial Indicators (R$ thousand)											
Net Operating Revenue	196,314	191,407	185,276	2.6%	6.0%	387,721	368,047	5.3%	778,432	752,052	3.5%
Domestic market	158,210	146,383	151,550	8.1%	4.4%	304,593	303,991	0.2%	630,569	641,635	-1.7%
Foreign market	38,104	45,024	33,726	-15.4%	13.0%	83,128	64,056	29.8%	147,863	110,417	33.9%
Gross Profit (including*)	58,394	54,319	61,478	7.5%	-5.0%	112,713	116,826	-3.5%	217,758	242,086	-10.0%
(*) Change in the Fair Value of Biological Assets	*7,924*	*4,905*	*6,630*	61.5%	19.5%	*12,829*	*7,140*	79.7%	*(760)*	*24,131*	-103.1%
Gross Margin	***29.7%***	***28.4%***	***33.2%***	**1.3p.p.**	***-3.5p.p.***	***29.1%***	***31.7%***	***-2.6p.p.***	***28.0%***	***32.2%***	***-4.2p.p.***
Operating Result before Taxation and Profit Sharing	3,046	(7,373)	12,903	-	-76.4%	(4,327)	13,797	-131.4%	(17,162)	37,176	-146.2%
Operating Margin	***1.6%***	***-3.9%***	***7.0%***	**5.5p.p.**	***-5.4p.p.***	***-1.1%***	***3.7%***	***-4.8p.p.***	***-2.2%***	***4.9%***	***-7.1p.p.***
Net result	2,885	(1,681)	10,523	-	-72.6%	1,204	13,653	-91.2%	(11,954)	63,979	-118.7%
Net Margin	***1.5%***	***-0.9%***	***5.7%***	***2.4p.p.***	***-4.2p.p.***	***0.3%***	***3.7%***	***-3.4p.p.***	***-1.5%***	***8.5%***	***-10.0p.p.***
Adjusted EBITDA [1]	90,387	35,051	43,276	157.9%	108.9%	125,438	86,952	44.3%	219,694	174,464	25.9%
Adjusted EBITDA Margin	***46.0%***	***18.3%***	***23.4%***	**27.7p.p.**	***22.6p.p.***	***32.4%***	***23.6%***	***8.8p.p.***	***28.2%***	***23.2%***	***5.0p.p.***
Net Debt [R$ million]	710.3	776.4	702.6	-8.5%	1.1%	710.3	702.6	1.1%	710.3	702.6	1.1%
Adjusted Net Debt/EBITDA (x)	3.23	4.50	4.03	-28.2%	-19.9%	3.23	4.03	-19.9%	3.23	4.03	-19.9%
Net Debt/ Pro forma Adjusted EBITDA (x) [2]	2.64	3.49	n.a.	-24.4%	n.a.	2.64	n.a.	n.a.	2.64	n.a.	n.a.
Operating Data (metric tons)											
Corrugated Cardboard Packaging (PO)											
Production/Sales	45,562	44,179	47,582	3.1%	-4.2%	89,741	96,644	-7.1%	191,472	200,055	-4.3%
Packaging Paper											
Production	73,023	67,935	69,772	7.5%	4.7%	140,958	141,494	-0.4%	286,712	281,547	1.8%
Sales	22,122	20,421	17,990	8.3%	23.0%	42,543	35,700	19.2%	84,312	76,218	10.6%
RS Forest and Resins											
Production	3,090	3,350	2,800	-7.8%	10.4%	6,440	5,697	13.0%	10,713	9,211	16.3%
Sales	3,119	4,009	2,887	-22.2%	8.0%	7,128	5,688	25.3%	11,022	9,634	14.4%

[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 recorded as hedge accounting.

- When compared to 2Q15 and 1Q16, the net revenue for 2Q16 was 6.0% and 2.6% higher, respectively. The positive variation reflects the relative stability in prices and sales volume during the period.

- The sales volume for the Corrugated Cardboard Packaging segment increased by 4.2% when compared to 2Q15, totaling 45.6 thousand metric tons in 2Q16. The Packaging Paper sales volume totaled 22.1 thousand metric tons, recording a 23.0% increase in comparison with 2Q15. The Resins sales volume increased by 8.0%, reaching 3.1 thousand metric tons.

- The gross profit in 2Q16 decreased by 5.0% when compared to 2Q15 and increased by 7.5% in comparison with 1Q16, reflecting mainly the revenue growth and the variation in the fair value of biological assets, which was higher than in 1Q16.

Comments on company performance

- The reported net income was R$ 2.9 million for 2Q16, compared to net income of R$ 10.5 million in 2Q15 and a loss of R$ 1.7 million in 1Q16. The improved result in the comparison between 1Q16 and 2Q16 was mainly due to the positive variation in the fair value of the biological assets, and also to additional sales of wood (forest) during the period.

- In 2Q16, the adjusted EBITDA amounted to R$ 90.4 million, 108.9% higher than the R$ 43.3 million computed for 2Q15, mainly as a result of additional sales of wood (forest) of R$ 55.5 million.

- The EBITDA margin of 46.0% in 2Q16 increased in relation to the 23.4% margin presented in 2Q15.

- The net debt/EBITDA ratio was 3.23 times in June 2016. Excluding from net debt the exchange variation recorded as hedge accounting, the net debt/EBITDA ratio would be 2.64 times.

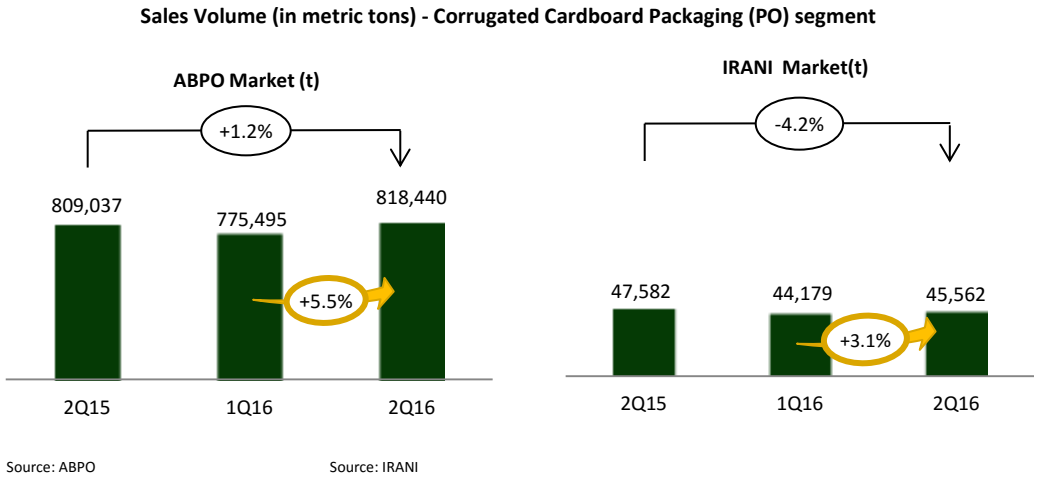
- The cash position at the end of June 2016 was R$ 62.7 million and 68% of the debts mature in the long term.

Highlights of 2Q16

Although still oscillating in 2Q16, the Brazilian economic and financial indicators are presenting signs of stability, which can be explained by the change in the political scenario and its positive impact on the confidence indices. In the first quarter of 2016, Brazilian GDP fell 0.3% in relation to the previous quarter, placing Brazil as one of the few countries with poor GDP performance in the global economy.

The Brazilian Corrugated Cardboard Association (ABPO) recorded an increase of 1.2% in 2Q16 in the metric tons of corrugated cardboard shipped, in comparison with 2Q15. The sales volume of the IRANI Market, in metric tons, decreased by 4.2% in 2Q16. This reduction resulted from a higher concentration of sales of sheets of corrugated cardboard in the IRANI Market, which performance was worse in comparison with the sales of boxes in the ABPO market. In relation to 1Q16, the ABPO Market increased by 5.5% and the IRANI Market increased by 3.1%. In metric tons, the IRANI Market's share in the Corrugated Cardboard Packaging segment represented 5.5% in 2Q16, 5.8% in 2Q15, and 5.6% in 1Q16.

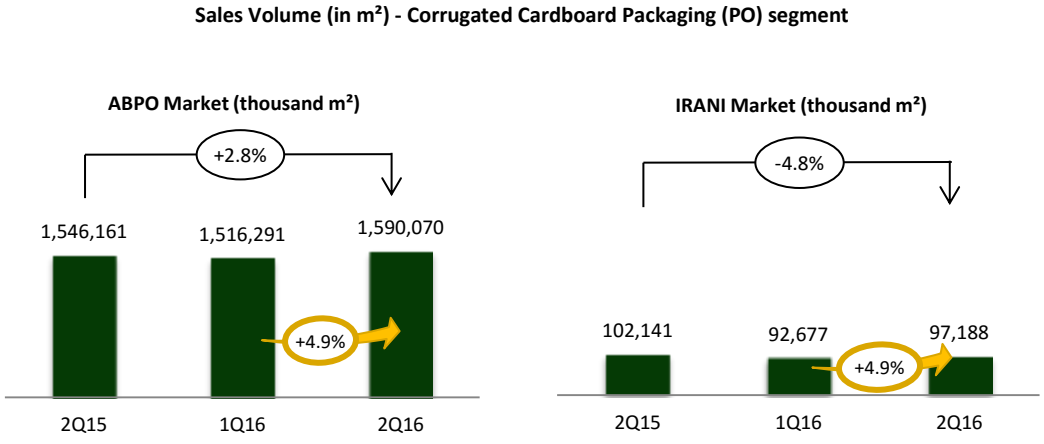
Comments on company performance



Source: ABPO Source: IRANI

The sales volume (in square meters) of corrugated cardboard packaging in the ABPO Market increased by 2.8% in 2Q16 when compared to 2Q15, whereas the IRANI Market recorded a decrease of 4.8% in the period. In relation to 1Q16, the ABPO Market recorded an increase of 4.9%, similar to that of the IRANI Market. In square meters, the IRANI Market share was 6.1% in 2Q16, 6.6% in 2Q15 and 6.1% in 1Q16.

In 2Q16, the Corrugated Cardboard Packaging segment accounted for 62% of IRANI"s net revenue, whereas the Packaging Paper segment represented 30%, and the Forest RS and Resins segment, 8%. The domestic market represented 81% of net revenue and the foreign market 19%. The growth of 4.1 p.p. in the revenue from the domestic market, when compared to 1Q16, was mainly attributable to the appreciation of the Real in relation to the U.S. dollar, which adversely affected the revenues from the foreign market.



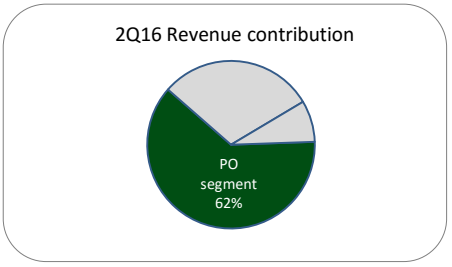
Source: ABPO Source: IRANI

ABPO data for 2Q16 (in metric tons and square meters) refer to closing forecasts. Official data could present changes.

Comments on company performance

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

1.1 Corrugated Cardboard Packaging Segment (PO)

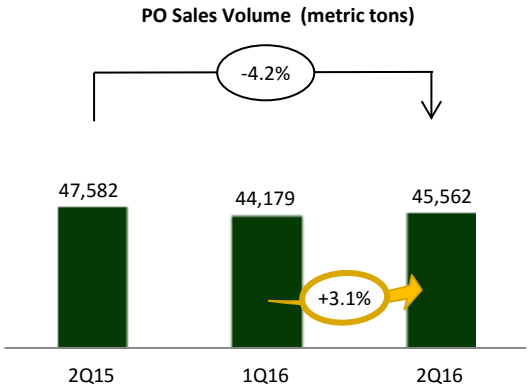


The sales volume of corrugated cardboard boxes and sheets totaled 45,562 metric tons, a 4.2% decrease in relation to 2Q15 and a 3.1% increase in relation to 1Q16. The sales performance for boxes presented a reduction of 3.4% when compared to 2Q15, and the sales of sheets decreased by 6.6% in the comparison between the quarters. The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants represented 39%, 29% and 32%, respectively, of total sales in 2Q16, with their entire production being allocated to the domestic market.

The sales volume of the SP Indaiatuba Packaging Plant totaled 12,906 metric tons of boxes and 5,020 metric tons of sheets in 2Q16 (compared to 13,226 metric tons of boxes and 5,275 metric tons of sheets in 2Q15).

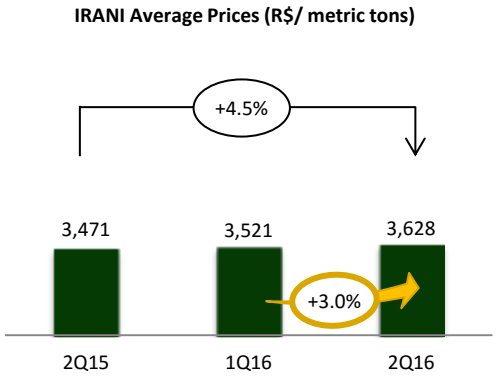
The sales volume of the SC Campina da Alegria Packaging Plant totaled 11,270 metric tons of boxes and 2,065 metric tons of sheets in 2Q16 (compared to 10,992 metric tons of boxes and 2,994 metric tons of sheets in 2Q15).

The sales volume of the SP Vila Maria Packaging Plant totaled 9,341 metric tons of boxes and 4,960 metric tons of sheets in 2Q16 (compared to 10,468 metric tons of boxes and 4,627 metric tons of sheets in 2Q15).



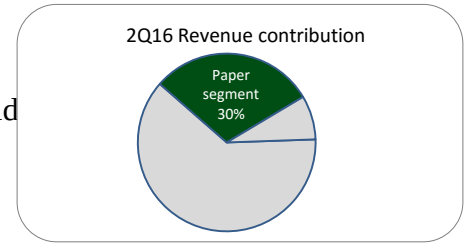
In 2Q16, the average IRANI (CIF) price per metric ton presented an increase of 4.5% when compared to 2Q15 and of 3.0% in relation to 1Q16, as shown below:

Comments on company performance



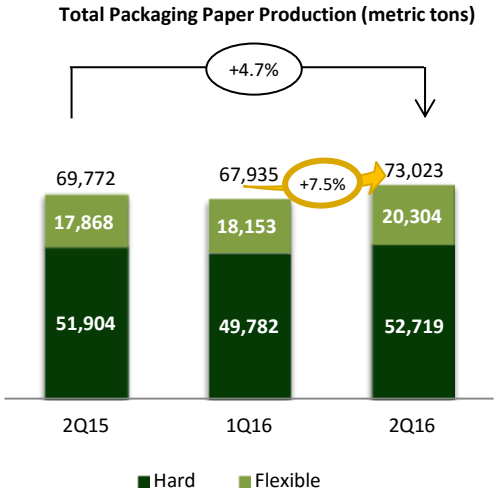
Note on methodology: IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the mix of market boxes and sheets.

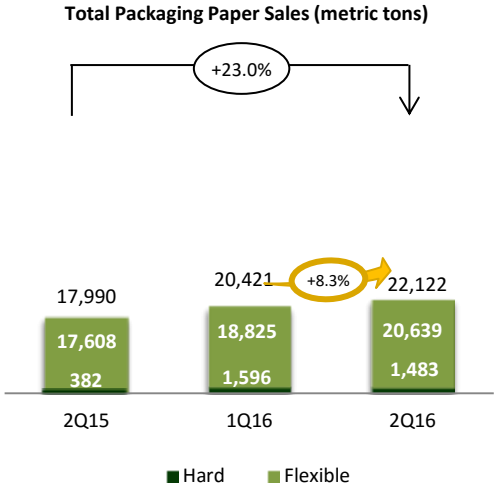
1.2 Packaging Paper Segment



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

The Company's total production of packaging paper in the quarter increased by 4.7% and 7.5%, when compared to 2Q15 and 1Q16, respectively. This result was mainly due to the annual scheduled shutdown at the paper plant in Campina da Alegria, in 1Q16. The sales volume increased by 23.0% in comparison with 2Q15, and by 8.3% in relation to 1Q16.



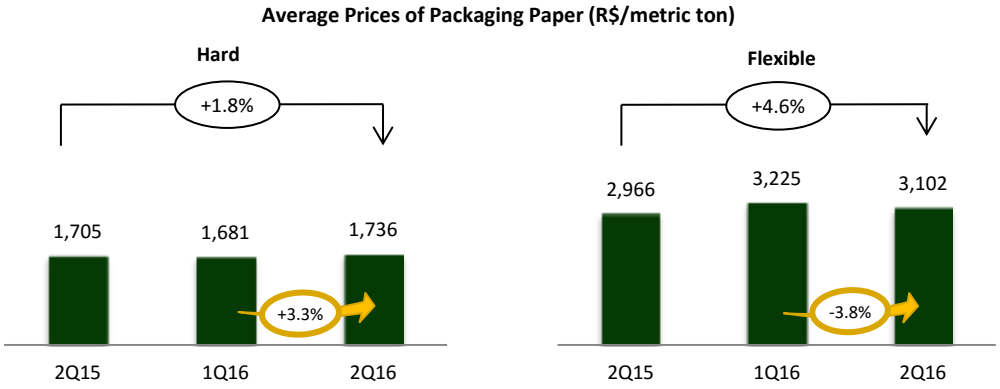


In 2Q16, internal transfers of paper for rigid packaging (PO segment) totaled 48,834 metric tons (50,193 metric tons in 2Q15 and 46,828 metric tons in 1Q16), distributed as follows: 18,803 metric tons (19,489

Comments on company performance

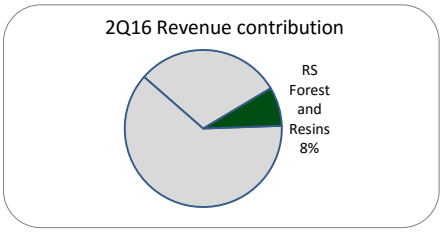
metric tons in 2Q15 and 17,656 metric tons in 1Q16) to the SP Indaiatuba Plant; 15,376 metric tons (15,122 metric tons in 2Q15 and 14,836 metric tons in 1Q16) to the SP Vila Maria Plant; and 14,655 metric tons (15,582 metric tons in 2Q15 and 14,336 metric tons in 1Q16) to the SC Campina da Alegria Plant. Therefore, of the total internal transfers made in the quarter, 39% were to the SP Indaiatuba Plant, 30% to the SC Campina da Alegria Plant and 31% to the SP Vila Maria Plant.

The hard packaging paper segment, the sales volume of which is not significant (only 1,483 metric tons in 2Q16, as shown in the chart above) and the prices of which are lower than those of the other paper sold by the Company, recorded an increase of 1.8% in the price when compared to 2Q15 and of 3.3% when compared to 1Q16. On the other hand, the prices of flexible packaging paper increased by 4.6% in comparison with 2Q15 and decreased by 3.8% in relation to 1Q16.



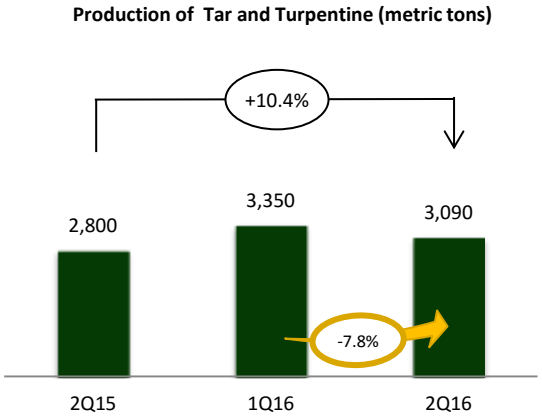
1.3 RS Forest and Resins Segment

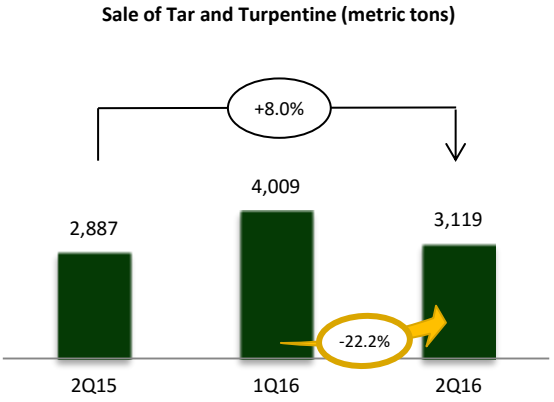
In 2Q16, the Forest segment of Rio Grande do Sul produced and sold 19 thousand cubic meters of pine logs in the domestic market (14 thousand cubic meters in 2Q15) and supplied 1,162 thousand metric tons of natural resins to be utilized in the industrial production of tar and turpentine.



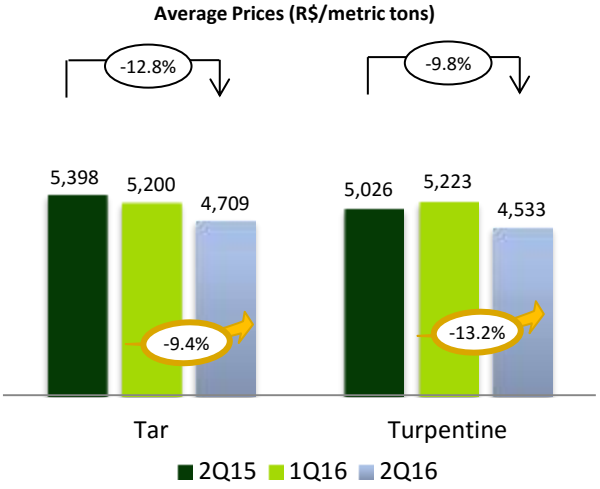
The production volume of the RS Resin Balneário Pinhal unit in 2Q16 increased by 10.4% when compared to 2Q15, and decreased by 7.8% when compared to 1Q16. Likewise, the sales volume increased by 8.0% in relation to 2Q15 and decreased by 22.2% in relation to 1Q16. The increase in production in relation to 2Q15 resulted from the greater availability of raw material, whereas the sales volume varied according to the product availability and market demand.

Comments on company performance





The average gross price of tar in 2Q16 was, respectively, 12.8% and 9.4% below that of 2Q15 and 1Q16. In the comparison with 2Q15 and 1Q16, the price of turpentine also decreased by 9.8% and 13.2%, respectively. This reduction was mainly due to the devaluation of the U.S. dollar during the period, which impacted negatively the average prices of these products, since almost all are exported.



2. ECONOMIC AND FINANCIAL PERFORMANCE

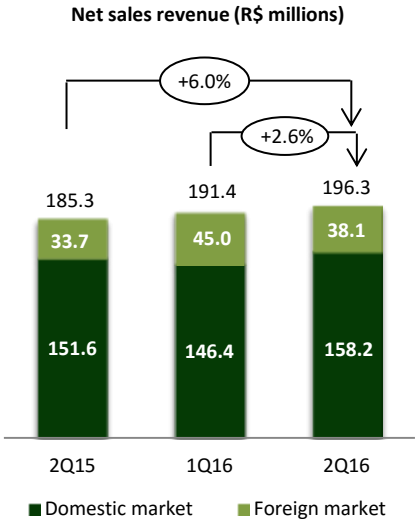
2.1 Net Operating Revenue

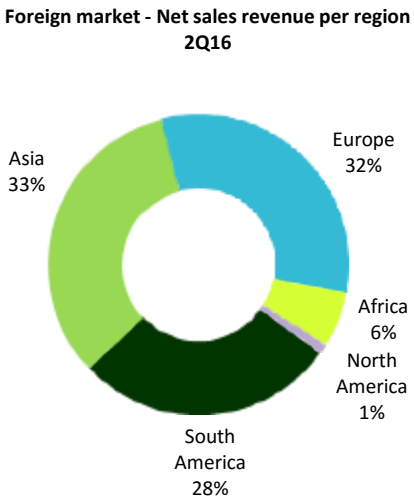
Net operating revenue for 2Q16 totaled R$ 196,314 thousand, or 6.0% and 2.6% higher than for 2Q15 and 1Q16, respectively. The positive variation reflects the relative stability in prices and sales volume during the period.

In 2Q16, net operating revenue in the domestic market amounted to R$ 158,210 thousand, an increase of 4.4% compared to 2Q15 and of 8.1% compared to 1Q16, and represented 81% of the Company's total revenue.

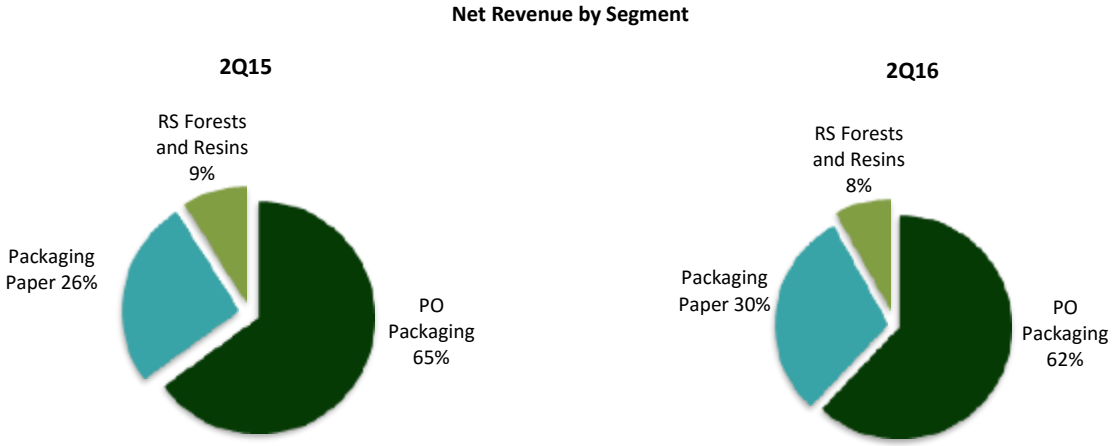
Comments on company performance

The exports in 2Q16 totaled R$ 38,104 thousand, a growth of 13.0% when compared to 2Q15 and of 15.4% in relation to 1Q16, and represented 19% of the Company's total net operating revenue. Asia was the main destination of the exports, with 33% of the export revenue concentrated in that region. The other markets were Europe (32%), South America (28%), Africa (6%) and North America (1%).





IRANI's main operating segment is Corrugated Cardboard Packaging (PO), which was responsible for 62% of the consolidated net revenue in 2Q16, followed by the segments of Packaging Paper with 30%, and RS Forest and Resins with 8%. The growth of four percentage points in the representativeness of the Packaging Paper segment in relation to 2Q15 was due to the higher sales volume, mainly to the foreign market.

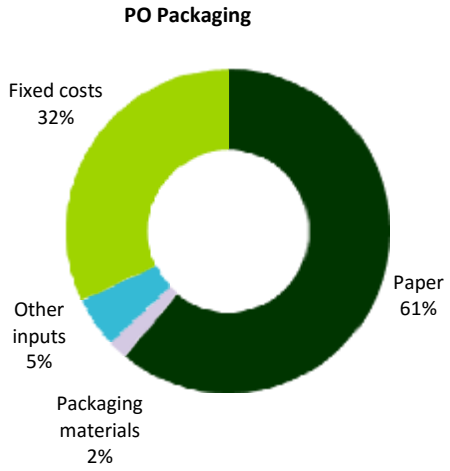


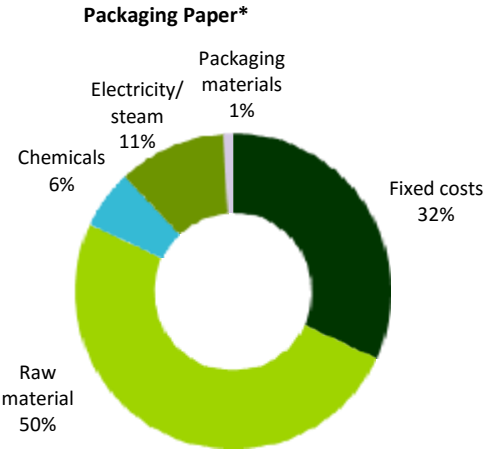
Comments on company performance

2.2 Cost of sales

The cost of sales in 2Q16 amounted to R$ 145,844 thousand, 11.8% higher than that of 2Q15, when compared in absolute numbers. The positive variation in the fair value of biological assets was not considered in the cost of products sold.

The analysis of cost by business segment of IRANI in 2Q16 is shown below.





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

2.3 Operating Income and Expenses

Selling expenses in 2Q16 totaled R$ 20,750 thousand, representing 10.6% of the consolidated net revenue, compared to 10.4% in 2Q15.

Administrative expenses in 2Q16 were 13.1% higher, in relation to 2Q15, totaling R$13,392 thousand and representing 6,8% of the consolidated net revenue for 2Q16, mainly due to the reintroduction of the National Social Security (INSS) contribution on the payroll, which represented 6.4% of the consolidated net revenue for 2Q15.

Other operating income/expenses resulted in an income of R$3,720 thousand in 2Q16, compared to an income of R$ 68 thousand in 2Q15.

Comments on company performance

3. CASH GENERATED BY OPERATING ACTIVITIES (ADJUSTED EBITDA)

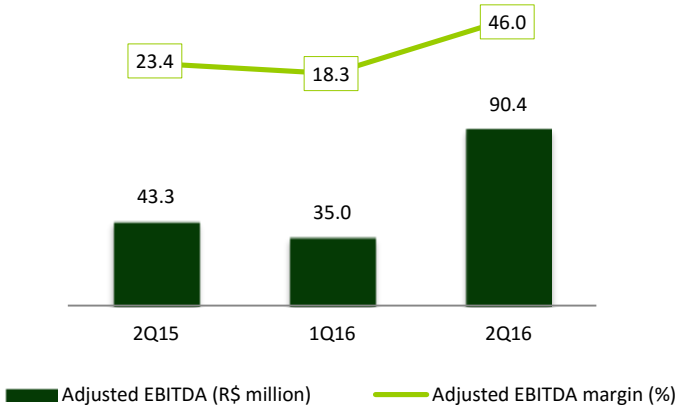
Consolidated (R$ thousand)	2Q16	1Q16	2Q15	Var. 2Q16/1Q16	Var. 2Q16/2Q15	6M16	6M15	Var. 6M16/6M15	LTM16*	LTM15*	Var. LTM16/LTM15
Operating Result Before Taxes and Profit Sharing	**3,046**	**(7,373)**	**12,903**	-	-76.4%	**(4,327)**	**13,797**	-131.4%	**(17,162)**	**37,176**	-146.2%
Depletion	54,443	3,994	4,912	1263.1%	1008.4%	58,437	9,334	526.1%	69,682	19,764	252.6%
Depreciation and Amortization	15,896	15,272	14,573	4.1%	9.1%	31,168	29,008	7.4%	61,277	55,971	9.5%
Finance Result	24,926	26,075	17,518	-4.4%	42.3%	51,001	41,953	21.6%	101,621	74,672	36.1%
EBITDA	**98,311**	**37,968**	**49,906**	158.9%	97.0%	**136,279**	**94,092**	44.8%	**215,418**	**187,583**	**14.8%**
EBITDA margin	***50.1%***	***19.8%***	***26.9%***	***30.3p.p.***	***23.2p.p.***	***35.1%***	***25.6%***	***9.5p.p.***	***27.7%***	***24.9%***	***2.8p.p.***
Adjustments as per CVM Instruction 527/12											
Change in the Fair Value of Biological Assets[1]	(7,924)	(4,905)	(6,630)	61.5%	19.5%	(12,829)	(7,140)	79.7%	760	(24,131)	-
Profit Sharing[2]	-	-	-	-	-	-	-	-	55	6,287	-99.1%
Non-recurring Events[3]	-	1,988	-	-	-	1,988	-	-	3,461	4,725	-26.8%
Adjusted EBITDA	**90,387**	**35,051**	**43,276**	**157.9%**	**108.9%**	**125,438**	**86,952**	**44.3%**	**219,694**	**174,464**	**25.9%**
Adjusted EBITDA Margin	***46.0%***	***18.3%***	***23.4%***	***27.7p.p.***	***22.6p.p.***	***32.4%***	***23.6%***	***8.8p.p.***	***28.2%***	***23.2%***	***5.0p.p.***

[1] Change in fair value of biological assets since it does not represent a cash reduction in the period.
[2] Profit sharing: The amount of R$ 55 thousand refers to management profit sharing related to the distribution of the Company's results and does not represent a cash disbursement in the period.
[3] Non-recurring events: The amount of R$ 3,461 thousand recorded for LTM16 refers to the write-off of an Intangible Asset (São Roberto Brand) in the amount of R$ 1,473 thousand (4Q15), since it does not represent a cash reduction, and the recording of the provision for social security contributions levied on accrued vacation pay for prior periods, in the amount of R$ 1,988 thousand (1Q16), due to the change in the taxation system (reintroduction of the INSS in the payroll), since it does not represent an expense related to the reporting period.

* LTM - Last twelve months

The generation of operating cash, measured using the adjusted EBITDA, totaled R$ 90,387 thousand in 2Q16, representing an increase of 108.9% in relation to 2Q15 and of 157.9% in relation to 1Q16. In 2Q16, the adjusted EBITDA margin attained 46.0%, an increase of 22.6 p.p. in relation to 2Q15,which mainly resulted from additional sales of wood (forest) during the period, in the amount of R$ 55.5 million.

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



4. FINANCE RESULT AND INDEBTEDNESS

The finance result was negative by R$ 24,926 thousand in 2Q16, representing an increase of 42.3% in comparison to 2Q15, mainly influenced by the effects of the appreciation of the dollar against the real, the realization of hedge accounting and the increase in interest rates. Compared to 1Q16, there was a decrease of 4.4%, as a result of the realization of the hedge accounting. In 2Q16, finance costs totaled R$ 37,199 thousand, compared to R$ 26,222 thousand in 2Q15 and R$ 36,827 thousand in 1Q16.

Comments on company performance

Finance income amounted to R$ 12,273 thousand in 2Q16, compared to R$ 8,704 thousand in the same period of the prior year and R$ 10,752 thousand in 1Q16.

The composition of the finance result is as follows:

R$ thousand	2Q16	1Q16	2Q15	6M16	6M15	LTM16[1]	LTM15[1]
Finance income	12,273	10,752	8,704	23,025	16,921	41,332	32,909
Finance costs	(37,199)	(36,827)	(26,222)	(74,026)	(58,874)	(142,953)	(107,581)
Finance result	(24,926)	(26,075)	(17,518)	(51,001)	(41,953)	(101,621)	(74,672)

[1] Accumulated in the last twelve months.

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

R$ thousand	2Q16	1Q16	2Q15	6M16	6M15	LTM16[1]	LTM15[1]
Foreign exchange gains	8,895	7,187	5,435	16,082	9,302	26,665	14,299
Foreign exchange losses	(13,359)	(11,683)	(4,638)	(25,042)	(15,700)	(46,300)	(23,334)
Foreign exchange variations, net	(4,464)	(4,496)	797	(8,960)	(6,398)	(19,635)	(9,035)

[1] Accumulated in the last twelve months.

The finance result net of foreign exchange variations was as follows:

R$ thousand	2Q16	1Q16	2Q15	6M16	6M15	LTM16[1]	LTM15[1]
Finance Result Net of Foreign Exchange Variations	(20,462)	(21,579)	(18,315)	(42,041)	(35,555)	(81,986)	(65,637)

[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 estimated receivables in U.S. dollars. Foreign exchange variations on these transactions are accounted for monthly in Equity and recognized in the statement of income, as finance costs, when realized (hedge accounting). In 2Q16, the Company recognized hedge accounting gains of R$ 44,638 thousand (R$ 29,461 thousand net of taxes recorded in equity), and R$ 3,194 thousand as finance costs, in the statement of income. In the year-to-date, the Company maintains the amount of R$ 129,291 thousand related to exchange rate variations of hedge accounting, to be recognized in the results on realization, over the coming years. The amount of R$ 85,332 thousand being recognized in Equity (net of taxes).

Foreign exchange rate

The exchange rate of R$ 3.10/US$ at June 30, 2015, increased by 3.55% at the end of June 2016, reaching R$ 3.21/US$. The average exchange rate for the quarter was R$ 3.51/US$, or 10% higher than in 1Q16 and 14.33% higher than in 2Q15.

	2Q16	1Q16	2Q15	Δ2Q16/1Q16	2Q16/2Q15
Average U.S. dollar	3.51	3.90	3.07	-10.00%	+14.33%
Final U.S. dollar	3.21	3.56	3.10	-9.83%	+3.55%

Source: Brazilian Central Bank

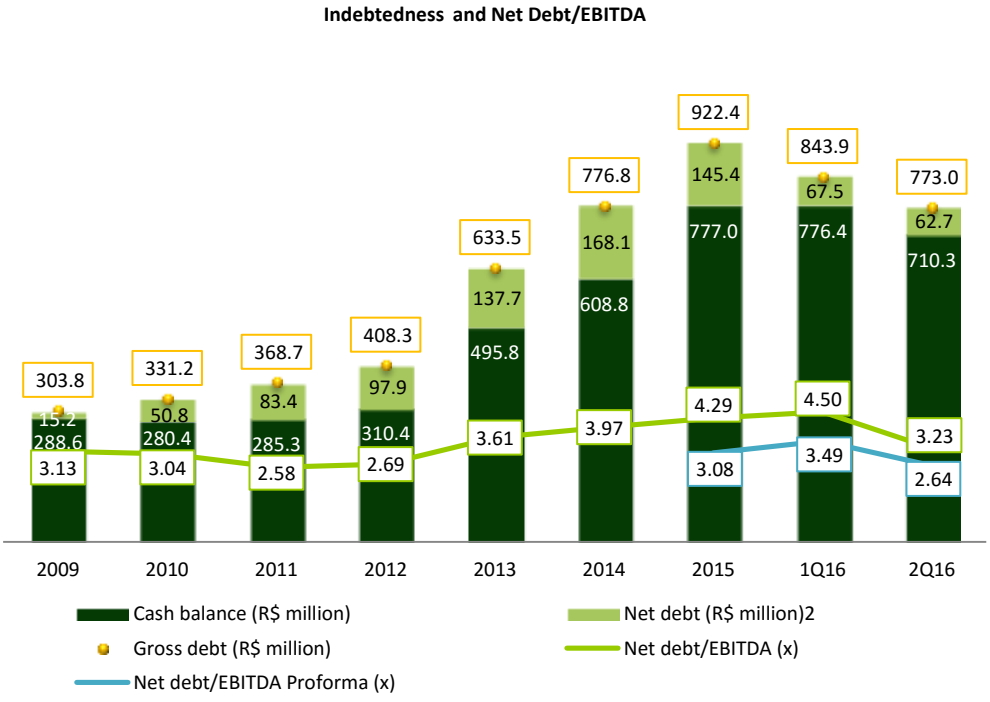
Comments on company performance

Indebtedness

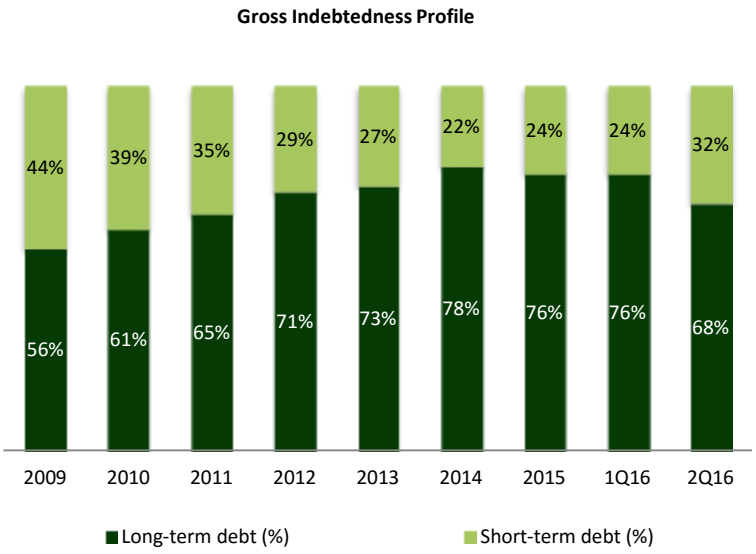
At June 30, 2016, the consolidated gross indebtedness totaled R$ 773 million, compared to R$ 843.9 million at March 31, 2016. This variation was influenced by the payments for financial operations during the period and the reduction in the R$/US$ exchange rate. At June 30, 2016, the Company's gross debt profile presented 32% of debts maturing in the short term and 68% in the long term.

At June 30, 2016, the consolidated cash balance totaled R$ 62.7 million, compared to R$ 67.5 million at March 31, 2016. Cash was mainly impacted in the quarter by the payments for financial operations and other obligations, and the increased requirement for working capital, considering the new borrowings and generation of operating cash.

Consequently, the consolidated net indebtedness at June 30, 2016 totaled R$ 710.3 million, compared to R$ 776.4 million at March 31, 2016. As a result, the net debt/EBITDA ratio changed from 4.50 times at the end of 1Q16 to 3.23 times at the end of the second quarter. Excluding from net debt the exchange variation recorded as hedge accounting (Note 30 - Cash flow hedge), the pro forma net debt/EBITDA ratio would have been 2.64 at the end of 2Q16.



Comments on company performance



5. NET RESULT

In 2Q16, the Company reported a net profit of R$ 2,885 thousand, compared to a net profit of R$ 10,523 thousand in 2Q15 and a loss of R$ 1,681 thousand in 1Q16. In the last 12 months, the net result was negative by R$ 11,954 thousand, compared to a net profit of R$ 63,979 thousand recorded for the same period of the previous year. The positive result in the comparison between 1Q16 and 2Q16 was mainly due to the positive variation in the fair value of the biological assets, and additional sales of wood (forest) during the period.

6. INVESTMENTS

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

Investments in the quarter totaled R$ 31,769 thousand and were basically directed towards the maintenance and improvement of facilities, computer software, machinery and equipment.

R$ thousand	2Q16	6M16
Equipment	14,146	28,207
Intangible assets	40	55
Reforestation	1,753	3,507
Total	**15,939**	**31,769**

7. SHARE CAPITAL

At June 30, 2016, IRANI's share capital was represented by 166,720,235 shares, of which 153,909,975 (92%) were common shares and 12,810,260 (8%) preferred shares. At June 30, 2016, the Company held in treasury 2,376,100 shares, of which 24,000 were common shares and 2,352,100 preferred shares. In the same period, common shares were traded at R$ 2.20, and preferred shares at R$ 3.10.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING PRACTICES
4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS
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32. GOVERNMENT GRANTS
33. TRANSACTIONS NOT AFFECTING CASH

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2016

(All amounts in thousands of reais unless otherwise stated)

1. OPERATIONS

Celulose Irani S.A. ("Company") is a corporation listed on the São Paulo Futures, Commodities and Securities Exchange (BM&FBovespa S.A.), and headquartered at Rua General João Manoel, 157, 9th floor, in the city of Porto Alegre, State of Rio Grande do Sul, Brazil. The principal activities of the Company and its subsidiaries are manufacturing corrugated cardboard packaging, packaging paper, resin products and their byproducts. The Company also operates in forestation and reforestation and utilizes the production chain of planted forests and paper recycling as the basis for all its production.

The direct subsidiaries are listed in Note 4.

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

The issue of these interim financial statements was authorized by the Company's Board of Directors on July 20, 2016.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

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

The interim financial statements have been prepared under the historical cost convention, except for 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 income, except when designated for cash flow hedge accounting and, therefore, deferred in equity as cash flow hedge transactions.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank accounts 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 variations, where applicable. The provision for impairment of trade receivables is calculated based on losses estimated through an individual analysis of trade receivables and considering the history of losses, and is recognized at an amount considered sufficient by the Company's management to cover expected losses on the collection of these receivables. Trade receivables are classified under financial instruments as "Loans and receivables."

d) Offsetting of 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.

Notes to the Quarterly Information

The criteria that the Company uses to determine whether there is objective evidence of an impairment loss include:

i) significant financial difficulty of the issuer or debtor;
ii) a breach of contract, such as a default in interest or principal payments;
iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
iv) the disappearance of an active market for that financial asset because of financial difficulties;
v) adverse changes in the conditions and/or the economy that indicate a reduction in estimated future cash flows of the portfolios of financial assets.

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

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 altered, where necessary, to ensure consistency with the policies adopted by the Company.

Notes to the Quarterly Information

h) Investment properties

Investment properties are stated at cost less depreciation, which is recognized on the straight-line basis based on the estimated useful life of each asset, 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 income on the accrual basis of accounting.

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

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 of other property, plant and equipment items.

The Company calculates depreciation on the straight-line method, taking into consideration the estimated useful lives of the assets, based on 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 technological stage of each unit.

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

Goodwill represents the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair value of assets and liabilities of the acquired entity. 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 income for the period, at the acquisition date. Goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

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

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

j) Biological assets

The Company's biological assets are represented mainly by pine forests, which are used in the production of packaging 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 income 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. The reviews conducted in 2015 did not indicate the need to recognize any impairment losses.

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

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

Notes to the Quarterly Information

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 and tax losses only when it is probable that the Company will have sufficient future taxable profit against which such deductible temporary differences and tax losses 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 on 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 related transaction costs, when applicable, and adjusted based on indices established in the contracts entered into with the creditors. Interest is calculated using the effective interest rate method, as well as the effects of foreign exchange rate changes, when applicable, through the balance sheet dates, as described in the relevant notes to the financial statements.

n) Hedge accounting

The Company documents, at the inception of a transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and the 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 income for the period.

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

Notes to the Quarterly Information

o) Leases

The Company as the lessee

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

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

The Company as the lessor

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

p) Provisions

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

q) Employee benefits

Profit sharing

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

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.

Notes to the Quarterly Information

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

Therefore, the interim financial statements contain a number of estimates, including, but not limited to, the determination of the useful lives of property, plant and equipment (Note 14), the realization of deferred tax assets (Note 11), the provision for impairment of trade receivables (Notes 6 and 10), the measurement of the fair value of biological assets (Note 15), the provisions 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 foreign exchange variations at official rates, applicable to current and non-current assets and liabilities and, when applicable, the effects of 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, less any expected returns, trade discounts and/or bonuses granted to the customer and other similar deductions. Revenue between the Company and its subsidiaries is eliminated from the consolidated results.

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

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

Notes to the Quarterly Information

u) Government grants

The financing of taxes, granted directly or indirectly by the Government, at interest rates below market rates, is recognized as a government grant and measured as the difference between the amounts of the benefits 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 income, and is 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 to prepare the interim financial statements.

4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS

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

		Ownership interest - (%)	
Subsidiaries - direct ownership	Business activity	6/30/2016	12/31/2015
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 sales	99.99	99.99
Irani Geração de Energia Sustentável LTDA*	Power generation	99.43	99.43

* currently reviewing wind power projects for implementation

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

Notes to the Quarterly Information

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Fixed-income fund	29	29	30	32
Banks	2,416	3,275	2,544	3,499
Financial investments with immediate liquidity	20,504	76,775	44,378	122,201
	22,949	80,079	46,952	125,732

The financial investments with immediate liquidity in Bank Deposit Certificates (CDBs) earn an average of 99.62 % 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	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Receivables from:				
Customers – domestic market	148,285	130,605	149,906	131,839
Customers – foreign market	20,993	19,405	20,993	19,405
	169,278	150,010	170,899	151,244
Provision for impairment of trade receivables	(15,074)	(14,733)	(15,731)	(15,390)
	154,204	135,277	155,168	135,854

At June 30, 2016, consolidated trade receivables included an overdue amount of R$ 22,132 referring to customers that do not have a history of default, and for which no provision was recorded.

The ageing analysis of trade receivables is as follows:

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Not yet due	132,280	116,233	133,036	116,709
Less than 30 days overdue	10,248	11,374	10,366	11,425
31 to 60 days overdue	3,691	3,662	3,701	3,666
61 to 90 days overdue	2,386	664	2,396	670
91 to 180 days overdue	3,532	2,059	3,552	2,059
More than 180 days overdue	17,141	16,018	17,848	16,715
	169,278	150,010	170,899	151,244

Notes to the Quarterly Information

The average credit term on the sale of products is 48 days. The Company recognizes a provision for impairment of trade receivables for balances overdue for more than 180 days, based on an analysis of the financial position of each debtor and past default experience. 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.

The changes in the provisions were as follows:

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Balance at the beginning of the period	(14,733)	(13,836)	(15,390)	(14,494)
Provision for losses recognized	(341)	(897)	(341)	(897)
Amounts recovered in the period	-	-	-	1
Balance at the end of the period	(15,074)	(14,733)	(15,731)	(15,390)

A portion of the receivables, amounting to R$ 71,254, 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, 2016 was assessed with reference to historical information on default rates, as follows:

Quality of trade receivables

		Consolidated
Customer category	History -%	Amount receivable
a) Customers with no history of default	92.81	123,471
b) Customers with history of default of up to 7 days	5.94	7,902
c) Customers with history of default of more than 7 days	1.25	1,663
		133,036

a) Performing customers with no history of default

b) Defaulting customers with a history of default of up to 7 days, without history of delinquency.

c) Defaulting customers with a history of default of more than 7 days, without history of delinquency.

Notes to the Quarterly Information

7. INVENTORIES

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Finished products	7,730	10,265	7,979	10,265
Production materials	27,013	32,046	27,013	32,046
Consumable materials	21,759	21,494	21,839	21,594
Other inventories	16,839	3,601	16,839	3,601
	73,341	67,406	73,670	67,506
Write-down to net realizable value	(69)	(287)	(69)	(287)
	73,272	67,119	73,601	67,219

The cost of inventories recognized in the statement of income for the second quarter of 2016 totaled R$ 147,682 (R$ 131,293 in the second quarter of 2015) in the parent company and R$ 145,844 (R$ 130,428 in the second quarter of 2015) in the consolidated. For the six-month period ended June 30, 2016, the amount recognized in the statement of income was R$ 293,153 (R$ 261,006 in the six-month period ended June 30, 2015) in the parent company, and R$ 287,837 (R$ 258,361 in the six-month period ended June 30, 2015) in the consolidated.

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

8. TAXES RECOVERABLE

Taxes recoverable consist of the following:

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Value-added Tax on Sales and Services (ICMS)	6,476	7,282	6,476	7,282
Social Integration Program (PIS)/ Social Contribution on Revenues (COFINS)	97	894	97	894
Excise Tax (IPI)	104	101	104	101
Income tax	137	340	137	340
Social Contribution on Net Income (CSLL)	103	39	103	39
Withholding Income Tax on investments	1,108	3,655	1,144	3,655
	8,025	12,311	8,061	12,311
Current	4,797	9,245	4,833	9,245
Non-current	3,228	3,066	3,228	3,066

Notes to the Quarterly Information

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	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Banco do Brasil - New York	15,785	19,722	15,785	19,722
Total current	15,785	19,722	15,785	19,722

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 refers to the installment falling due in August 2016. The renegotiation of the agreement, which was the object of the retention realized on September 26, 2014, establishes that only the contractual interest will be due up to May 2017.

10. OTHER ASSETS

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Advances to suppliers	14,665	3,503	14,752	3,575
Receivables from employees	1,354	2,269	1,413	2,284
Renegotiation with customers	35,789	33,358	35,820	33,390
Prepaid expenses	705	1,513	705	1,513
Receivable from XKW Trading	4,590	4,697	4,590	4,697
Other receivables	3,419	1,559	3,448	1,587
	60,522	46,899	60,728	47,046
Provision for impairment of trade receivables - renegotiation	(4,051)	(4,049)	(4,051)	(4,049)
	56,471	42,850	56,677	42,997
Current	32,947	19,293	33,126	19,413
Non-current	23,524	23,557	23,551	23,584

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

Notes to the Quarterly Information

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

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Balance at the beginning of the period	(4,049)	(2,043)	(4,049)	(2,043)
Provision for losses recognized	(2)	(2,006)	(2)	(2,006)
Balance at the end of the period	(4,051)	(4,049)	(4,051)	(4,049)

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

Receivables from XKW Trading Ltda. - refer to the sale of the former subsidiary Meu Móvel de Madeira Ltda. on December 20, 2012, receivable 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 2016 and 2015, the Company computed income tax and social contribution on foreign exchange variations on a cash basis, and recorded a deferred tax liability related to unrealized foreign exchange variations.

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

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

Notes to the Quarterly Information

ASSETS	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Deferred income tax assets				
On temporary provisions	4,893	7,159	4,893	7,159
On tax losses	17,330	11,793	17,330	11,793
Cash flow hedges	32,323	54,922	32,323	54,922
Deferred social contribution assets				
On temporary provisions	1,761	2,577	1,761	2,577
On tax losses	6,239	4,246	6,239	4,246
Cash flow hedges	11,636	19,772	11,636	19,772
	74,182	100,469	74,182	100,469

LIABILITIES	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Deferred income tax liabilities				
Unrealized foreign exchange gains taxed on a cash basis	3,384	1,922	3,384	1,922
Fair value of biological assets	33,218	37,565	34,905	39,251
Deemed cost of property, plant and equipment	122,544	122,764	130,142	130,363
Government grants	951	949	951	949
Customer portfolio	1,078	1,177	1,078	1,177
Amortization of tax goodwill	9,287	7,487	9,287	7,487
Deferred social contribution liabilities				
Unrealized foreign exchange gains taxed on a cash basis	1,218	692	1,218	692
Fair value of biological assets	11,958	13,523	12,869	14,434
Deemed cost of property, plant and equipment	44,115	44,195	46,851	46,930
Government grants	342	342	342	342
Customer portfolio	388	424	388	424
Amortization of tax goodwill	3,342	2,695	3,342	2,695
	231,825	233,735	244,757	246,666
Deferred tax liabilities (net)	157,643	133,266	170,575	146,197

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 the consolidated balances to be realized as follows:

Deferred tax liabilities (net)	Consolidated
Year	6/30/2016
2016	8,322
2017	9,154
2018	10,069
2019	10,843
2020 onward	132,187
	170,575

Notes to the Quarterly Information

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

Parent Company - assets	Opening balance 12/31/2015	Recognized in profit or loss	Recognized in equity	Closing balance 6/30/2016
Deferred tax assets related to:				
Provision for profit sharing	(3,752)	1,013	-	(2,739)
Provision for sundry risks	(5,984)	2,069	-	(3,915)
Cash flow hedges	(74,694)	-	30,735	(43,959)
Other	-	-	-	-
Total temporary differences	(84,430)	3,082	30,735	(50,613)
Tax losses	(16,039)	(7,530)	-	(23,569)
	(100,469)	(4,448)	30,735	(74,182)

Consolidated - assets	Opening balance 12/31/2015	Recognized in profit or loss	Recognized in equity	Closing balance 6/30/2016
Deferred tax assets related to:				
Provision for profit sharing	(3,752)	1,013	-	(2,739)
Provision for sundry risks	(5,984)	2,069	-	(3,915)
Cash flow hedges	(74,694)	-	30,735	(43,959)
Other	-	-	-	-
Total temporary differences	(84,430)	3,082	30,735	(50,613)
Tax losses	(16,039)	(7,530)	-	(23,569)
	(100,469)	(4,448)	30,735	(74,182)

Parent Company - liabilities	Opening balance 12/31/2015	Recognized in profit or loss	Closing balance 6/30/2016
Deferred tax liabilities related to:			
Foreign exchange variations recognized on the cash basis	2,614	1,988	4,602
Fair value of biological assets	51,088	(5,912)	45,176
Deemed cost and useful life review	166,959	(300)	166,659
Government grants	1,291	2	1,293
Customer portfolio	1,601	(135)	1,466
Amortization of tax goodwill	10,182	2,447	12,629
	233,735	(1,910)	231,825

Consolidated - Liabilities	Opening balance	Recognized in profit or loss	Closing balance
	12/31/2015		6/30/2016
Deferred tax liabilities related to:			
Foreign exchange variations recognized on a cash basis	2,614	1,988	4,602
Fair value of biological assets	53,685	(5,911)	47,774
Deemed cost and useful life review	177,293	(300)	176,993
Government grants	1,291	2	1,293
Customer portfolio	1,601	(135)	1,466
Amortization of tax goodwill	10,182	2,447	12,629
	246,666	(1,909)	244,757

12. INVESTMENTS

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Geração de Energia	Total
At December 31, 2014	131,913	112,335	540	386	245,174
Equity in the results of investees	(6,575)	3,897	(71)	(128)	(2,877)
Proposed dividends	(15,734)	(522)	-	-	(16,256)
Capital increase	-	25,118	-	-	25,118
Advances for future capital increase	20,978	-	94	-	21,072
At December 31, 2015	130,582	140,828	563	258	272,231
Equity in the results of investees	3,690	7,442	(2)	(59)	11,071
Capital increase	31,721	-	-	45	31,766
Capital reduction	-	(43,797)	-		(43,797)
Advance for future capital increase	(31,721)	-	-	-	(31,721)
At June 30, 2016	134,272	104,473	561	244	239,550
Liabilities	14,797	284	-	10	
Equity	134,274	104,479	561	246	
Assets	149,071	104,763	561	256	
Net revenue	8,879	13,941	-	-	
Result for the period	3,690	7,443	(2)	(60)	
Ownership interest - %	100.00	99.99	100.00	99.43	

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

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

Notes to the Quarterly Information

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

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

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

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

13. INVESTMENT PROPERTIES

Parent

	Land	Buildings	Total
At December 31, 2015			
Opening balance	16,427	3,927	20,354
Purchases	6,926	8,299	15,225
Disposals	(72)	-	(72)
Depreciation	-	(175)	(175)
Net book value	23,281	12,051	35,332
Cost	23,281	12,702	35,983
Accumulated depreciation	-	(651)	(651)
Net book value	23,281	12,051	35,332
At June 30, 2016			
Opening balance	23,281	12,051	35,332
Depreciation	-	(245)	(245)
Net book value	23,281	11,806	35,087
Cost	23,281	12,702	35,983
Accumulated depreciation	-	(896)	(896)
Net book value	23,281	11,806	35,087

Notes to the Quarterly Information

Consolidated

	Land	Buildings	Total
At December 31, 2015			
Opening balance	160	3,927	4,087
Purchases	6,926	8,299	15,225
Depreciation	-	(175)	(175)
Net book value	7,086	12,051	19,137
Cost	7,086	12,702	19,788
Accumulated depreciation	-	(651)	(651)
Net book value	7,086	12,051	19,137
At June 30, 2016			
Opening balance	7,086	12,051	19,137
Depreciation	-	(245)	(245)
Net book value	7,086	11,806	18,892
Cost	7,086	12,702	19,788
Accumulated depreciation	-	(896)	(896)
Net book value	7,086	11,806	18,892

Land

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

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

Buildings

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

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

Notes to the Quarterly Information

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

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

Notes to the Quarterly Information

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Composition of property, plant and equipment

Parent	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other (*)	Construction in progress	Assets under finance lease	Leasehold improvements	Total
At December 31, 2015									
Opening balances	183,028	152,122	419,467	3,031	5,719	19,525	9,152	12,099	804,143
Purchases	-	580	7,943	539	761	33,675	-	-	43,498
Disposals	(1)	-	(518)	-	(24)	(15)	(90)	-	(648)
Transfers	-	6,521	16,360	33	872	(23,786)	-	-	-
Depreciation	-	(2,176)	(48,977)	(696)	(2,132)	-	(2,845)	(640)	(57,466)
Net book value	183,027	157,047	394,275	2,907	5,196	29,399	6,217	11,459	789,527
Cost	183,027	208,439	785,015	5,532	14,066	29,399	28,481	16,061	1,270,020
Accumulated depreciation	-	(51,392)	(390,740)	(2,625)	(8,870)	-	(22,264)	(4,602)	(480,493)
Net book value	183,027	157,047	394,275	2,907	5,196	29,399	6,217	11,459	789,527
At June 30, 2016									
Opening balances	183,027	157,047	394,275	2,907	5,196	29,399	6,217	11,459	789,527
Purchases	-	-	3,465	755	302	23,673	-	-	28,195
Disposals	(51)	-	(839)	(10)	(46)	(2,575)	(59)	-	(3,580)
Transfers	-	1,469	18,139	-	54	(19,662)	-	-	-
Depreciation	-	(1,261)	(26,166)	(386)	(834)	-	(1,177)	(311)	(30,135)
Net book value	182,976	157,255	388,874	3,266	4,672	30,835	4,981	11,148	784,007
Cost	182,976	209,908	805,780	6,277	14,376	30,835	28,422	16,061	1,294,635
Accumulated depreciation	-	(52,653)	(416,906)	(3,011)	(9,704)	-	(23,441)	(4,913)	(510,628)
Net book value	182,976	157,255	388,874	3,266	4,672	30,835	4,981	11,148	784,007

Notes to the Quarterly Information

Consolidated	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other (*)	Construction in progress	Assets under finance lease	Leasehold improvements	Total
At December 31, 2015									
Opening balances	251,399	153,969	419,485	3,294	6,088	19,972	9,166	12,099	875,472
Additions	57	580	7,962	725	773	33,228	-	-	43,325
Disposals	(1)	-	(518)	-	(24)	(15)	(90)	-	(648)
Transfers	-	6,521	16,360	33	872	(23,786)	-	-	-
Depreciation	-	(2,359)	(48,933)	(715)	(2,239)	-	(2,853)	(640)	(57,739)
Net book value	251,455	158,711	394,356	3,337	5,470	29,399	6,223	11,459	860,410
Cost	251,455	212,941	785,110	6,090	16,125	29,399	28,522	16,061	1,345,703
Accumulated depreciation	-	(54,230)	(390,754)	(2,753)	(10,655)	-	(22,299)	(4,602)	(485,293)
Net book value	251,455	158,711	394,356	3,337	5,470	29,399	6,223	11,459	860,410
At June 30, 2016									
Opening balances	251,455	158,711	394,356	3,337	5,470	29,399	6,223	11,459	860,410
Additions	-	-	3,469	755	310	23,673	-	-	28,207
Disposals	(51)	-	(839)	(10)	(46)	(2,575)	(59)	-	(3,580)
Transfers	-	1,469	18,139	-	54	(19,662)	-	-	-
Depreciation	-	(1,346)	(26,172)	(439)	(847)	-	(1,185)	(311)	(30,300)
Net book value	251,404	158,834	388,953	3,643	4,941	30,835	4,979	11,148	854,737
Cost	251,404	214,410	805,879	6,835	16,443	30,835	28,463	16,061	1,370,330
Accumulated depreciation	-	(55,576)	(416,926)	(3,192)	(11,502)	-	(23,484)	(4,913)	(515,593)
Net book value	251,404	158,834	388,953	3,643	4,941	30,835	4,979	11,148	854,737

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

Notes to the Quarterly Information

b) Composition of intangible assets

Parent	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2015					
Opening balances	1,473	104,380	5,502	921	112,276
Purchases	-	-	-	970	970
Disposals	(1,473)	-	-	(84)	(1,557)
Amortization	-	-	(792)	(411)	(1,203)
Net book value	-	104,380	4,710	1,396	110,486
Cost	-	104,380	5,502	8,547	118,429
Accumulated amortization	-	-	(792)	(7,151)	(7,943)
Net book value	-	104,380	4,710	1,396	110,486
At June 30, 2016					
Opening balances	-	104,380	4,710	1,396	110,486
Purchases	-	-	-	55	55
Amortization	-	-	(396)	(227)	(623)
Net book value	-	104,380	4,314	1,224	109,918
Cost	-	104,380	5,502	8,602	118,484
Accumulated amortization	-	-	(1,188)	(7,378)	(8,566)
Net book value	-	104,380	4,314	1,224	109,918

Consolidated	Trademarks	Goodwill	Customer portfolio	Software	Total
At December 31, 2015					
Opening balances	1,473	104,380	5,502	1,456	112,811
Purchases	-	-	-	970	970
Disposals	(1,473)	-	-	(84)	(1,557)
Amortization	-	-	(792)	(411)	(1,203)
Net book value	-	104,380	4,710	1,931	111,021
Cost	-	104,380	7,081	7,507	118,968
Accumulated amortization	-	-	(2,371)	(5,576)	(7,947)
Net book value	-	104,380	4,710	1,931	111,021
At June 30, 2016					
Opening balances	-	104,380	4,710	1,931	111,021
Purchases	-	-	-	55	55
Amortization	-	-	(396)	(227)	(623)
Net book value	-	104,380	4,314	1,759	110,453
Cost	-	104,380	7,081	7,562	119,023
Accumulated amortization	-	-	(2,767)	(5,803)	(8,570)
Net book value	-	104,380	4,314	1,759	110,453

Notes to the Quarterly Information

c) Depreciation/amortization method

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

	Rate - %	
	6/30/2016	12/31/2015
Buildings and constructions *	2.19	2.19
Equipment and facilities **	5.86	5.86
Furniture, fittings and IT equipment	5.71	5.71
Vehicles and tractors	20.00	20.00
Software	20.00	20.00
Customer portfolio	11.11	11.11

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

d) Other information

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

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

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

The depreciation of property, plant and equipment in the first six-month periods of 2016 and 2015 was as follows:

Notes to the Quarterly Information

	Parent		Consolidated	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Used in administrative activities	706	734	871	862
Used in production	29,429	27,459	29,429	27,459
	30,135	28,193	30,300	28,321

The amortization of intangible assets in the first six-month periods of 2016 and 2015 was as follows:

	Parent		Consolidated	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Used in administrative activities	530	509	530	509
Used in production	93	90	93	90
	623	599	623	599

e) Impairment of property, plant and equipment

No indicators of impairment were identified in the first six-month period of 2016 that could affect the realization value of the assets of the Company and its subsidiaries.

f) Assets pledged as collateral

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

	6/30/2016
Equipment and facilities	98,470
Buildings and constructions	40,680
Land	234,914
Total pledged as collateral	374,064

g) Trademark

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

h) Customer portfolio

The customer portfolio acquired in a business combination is recognized at the fair value of R$ 6,617, and the amortization in the first half of 2016 amounted to R$ 396 (R$ 394 in the first half of 2015), resulting in a net carrying amount of R$ 4,314. Amortization is calculated on the straight-line basis, over the expected life of the relationship with the customer.

Notes to the Quarterly Information

i) Goodwill

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

Impairment tests for intangible assets:

At December 31, 2015, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash flow method for the Cash-generating Unit (CGU). The recoverable value of the CGU was based on the expected future profitability. These calculations use cash flow projections based on financial budgets approved by management, covering a six-year period and extrapolating to perpetuity in the other periods, based on the estimated growth rates. The test was not realized at June 30, 2016, since it is only realized 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 various components of borrowings, debt and own capital utilized by the Company to finance its activities.

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

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

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

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

15. BIOLOGICAL ASSETS

The Company's biological assets mainly comprise the planting and cultivation of pine trees to supply raw materials for the production of pulp used in the packaging paper production process and the production of resins, and for sales of timber logs to third parties. All of the Company's biological assets form a single group named "forests", measured together at fair value on a quarterly basis. Because the harvesting of the forests planted is carried out based on the consumption of raw materials and sales of timber, and also considering that all areas are replanted, the variation of fair values of these biological assets is 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	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Expenses incurred with formation of biological assets	28,722	38,599	44,841	58,727
Difference in the fair value of biological assets	47,832	54,271	174,617	202,832
	76,554	92,870	219,458	261,559

Of the total biological assets, R$ 129,163 refers to forests used as raw material for the production of pulp and paper, which are located near the pulp and paper plant in Vargem Bonita, State of Santa Catarina, where they are consumed. Of this amount, R$ 99,475 refers to mature forests, which are more than six years old and the remaining amount refers to growing forests, which still require forestry treatments.

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

The biological assets utilized for the production of resins and sale of timber logs totaled R$ 90,295 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 fair value less costs to sell of biological assets.

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

(i) The methodology utilized 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 a 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 component of projected volume corresponds to the Average Annual Increase (IMA). Forest management alternatives are created to establish the optimum long-term production flow which is ideal to maximize the yield of the forests.
(iv) The prices adopted for biological assets are those practiced in the last three years, based on market research in the regions where the assets are located. Prices are calculated in R$/cubic meter, taking into consideration the costs incurred to bring the assets to a condition that enables their sale or consumption;
(v) Expenditure on planting corresponds to the costs incurred by the Company in the development of biological assets;
(vi) The depletion of biological assets is calculated based on their average fair value, multiplied by the volume harvested in the period;
(vii) The Company reviews the fair value of its biological assets on a quarterly basis, which is an interval considered to be sufficient to prevent any discrepancy in the fair value balance of the biological assets recorded in the interim financial statements.

	Consolidated		
	6/30/2016	12/31/2015	Impact on fair value of biological assets
Planted area (in hectares)	19,181	23,909	Assumption increases, fair value increases
Remuneration of the Company's own contributing assets - %	3.00%	3.00%	Assumption increases, fair value decreases
Discount rate - Own areas - %	9.00%	9.50%	Assumption increases, fair value decreases
Discount rate - Partnerships - %	10.00%	10.00%	Assumption increases, fair value decreases
Net average selling price (m³)	47.00	46.00	Assumption increases, fair value increases
Average annual increase - Forests in Santa Catarina (*)	39.4	39.4	Assumption increases, fair value increases
Average annual increase - Forests in Rio Grande do Sul (*)	22.3	22.3	Assumption increases, fair value increases

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

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

No other events occurred in the first six-month period of 2016 that could impact the devaluation of the biological assets, such as rainstorms, lightning and other events that could adversely affect the forests.

Notes to the Quarterly Information

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

Main changes

The changes in the period were as follows:

	Parent	Consolidated
Balance at 12/31/2014	101,114	281,621
Planting	4,719	6,662
Acquisition of forests	-	305
Depletion		
Historical cost	(779)	(3,635)
Fair value	(815)	(16,944)
Transfer for capitalization in the subsidiary Iraflor	(25,118)	-
Change in fair value	13,749	(6,450)
Balance at 12/31/2015	92,870	261,559
Planting	2,443	3,507
Depletion		
Historical cost	(12,027)	(17,101)
Fair value	(18,148)	(41,336)
Change in fair value	11,416	12,829
Balance at 6/30/2016	76,554	219,458

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

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, as disclosed in note 25. Pursuant to the Contract, Global acquired the right to explore the Forests for 11 years.

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

Notes to the Quarterly Information

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

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

b) Biological assets pledged as collateral

Part of the biological assets of the Company and its subsidiaries, totaling R$ 87,030, is pledged as collateral for financing transactions. The pledged assets represent approximately 40% of the total biological assets, equivalent to 15.9 thousand hectares of land in use, and approximately 6.8 thousand hectares of planted forests.

c) Production on third-party land

The Company has entered into non-cancellable lease agreements for the 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 of the Company's biological assets.

Notes to the Quarterly Information

16. BORROWINGS

a) Composition of accounting balances

		Parent and Consolidated	
		6/30/2016	12/31/2015
Current	**Annual charges - %**		
Local currency			
Finame	Fixed at 3.45% and TJLP + 4.05%	7,102	7,521
Working capital	Fixed at 8.09%; CDI + 4.16% and TJLP + 6.00%	79,999	52,815
Working capital - CDCA	IPCA + 10.22%	20,968	21,910
Finance leases	Fixed at 15.99%	154	443
BNDES	TJLP + 3.60%	6,643	13,737
Total in local currency		114,866	96,426
Foreign currency			
Advances on foreign exchange contracts	Fixed from 3.80% to 6.10%	25,004	34,174
Banco Credit Suisse - PPE	Libor + 7.50%	7,791	-
Banco Itaú BBA - CCE	Fixed at 5.80%	17,562	19,509
Banco Santander - PPE	Libor + 5.50%	3,959	4,392
Banco do Brasil - FINIMP	Libor + 2.50%	-	195
Banco Citibank - FINIMP	Libor + 4.09%	-	915
Banco Rabobank and Santander - PPE	Libor + 5.95%	42,377	38,683
Banco LBBW - FINIMP	Euribor + 1.55%	1,112	1,326
Banco De Lage Landen	8.20% p.a.	259	-
Total in foreign currency		98,064	99,194
Total current		212,930	195,620
Non-current			
Local currency			
Finame	Fixed at 3.45% and TJLP + 4.05%	10,014	13,287
Working capital	Fixed at 8.09%; CDI + 4.16% and TJLP + 6.00%	119,073	183,207
Working capital - CDCA	IPCA + 10.22%	-	20,008
Finance leases	Fixed at 15.99%	84	114
BNDES	TJLP + 3.60%	44,471	39,743
Total in local currency		173,642	256,359
Foreign currency			
Banco Credit Suisse - PPE	Libor + 7.50%	117,938	153,052
Banco Itaú BBA - CCE	Fixed at 5.80%	19,861	9,537
Banco Santander - PPE	Libor + 5.50%	7,103	8,640
Banco Rabobank and Santander - PPE	Libor + 5.95%	170,247	233,138
Banco LBBW - FINIMP	Euribor + 1.55%	3,617	5,035
Banco De Lage Landen	8.20% p.a.	1,242	-
Total in foreign currency		320,008	409,402
Total current		493,650	665,761
Total		706,580	861,381

	Parent and Consolidated	
Long-term maturities:	6/30/2016	12/31/2015
2017	81,536	209,915
2018	165,861	180,339
2019	135,219	151,993
2020 to 2024	111,034	123,514
	493,650	665,761

Notes to the Quarterly Information

b) Schedule for amortization of funding costs

	Parent and Consolidated						
	2016	2017	2018	2019	2020	2021	Total
In local currency							
Working capital	(360)	(606)	(355)	(119)	(33)	-	(1,473)
Working capital - CDCA	(109)	(108)	-	-	-	-	(217)
Total in local currency	(469)	(714)	(355)	(119)	(33)	-	(1,690)
In foreign currency							
Banco Credit Suisse - PPE	(537)	(1,086)	(831)	(396)	(21)	-	(2,871)
Banco Itaú BBA - CCE	(12)	(4)	-	-	-	-	(16)
Banco Rabobank and Santander - PPE	(213)	(385)	(311)	(233)	(150)	(70)	(1,362)
Banco LBBW - FINIMP	(65)	(81)	(15)	-	-	-	(161)
Total in foreign currency	(827)	(1,556)	(1,157)	(629)	(171)	(70)	(4,410)
	(1,296)	(2,270)	(1,512)	(748)	(204)	(70)	(6,100)

(FINAME - Government Agency for Machinery and Equipment Financing;
CDCA - Agribusiness Credit Rights Certificate;
PPE - Export Prepayments;
CCE - Export Credit Bills;
FINIMP - Import Financing;
BNDES - National Bank for Economic and Social Development;
TJLP - Long-Term Interest Rate;
CDI - Interbank Deposit Certificate;
IPCA - Amplified Consumer Price Index)

c) Significant operations contracted in the period

i) Advance on Foreign Exchange Contracts (ACC) amounting to US$ 4.4 million (equivalent to R$ 17,130 on the contract date), maturing up to April 2017, subject to fixed interest rate of 6% to 6.1% p.a.

ii) Working capital:

- Export Credit Bill (CCE) facility contract of R$ 8.9 million, entered into with Banco Rabobank, with maturity in 2019, and subject to interest rate equivalent to the CDI variation plus 4.75% p.a. The borrowing will be repaid in 12 quarterly installments starting from July 2016.

iii) Banco de Lage Landen - Bank Credit Note (CCB): facility contract of US$ 0.5 million (equivalent to R$ 1.6 million on the contract date) entered into with Banco de Lage Landen, with maturity in 2021 and subject to fixed interest rate of 8.2% p.a. The borrowing will be repaid in 58 monthly installments starting from September 2016.

d) Collateral

Collateral for borrowings include sureties of the controlling companies and/or mortgages or statutory liens on land, buildings, machinery and equipment and biological assets (forests), commercial pledges and assignments of receivables, amounting to approximately R$ 255,176. Other transactions have specific guarantees, as follows:

Notes to the Quarterly Information

i) For working capital - Agribusiness Credit Rights Certificate (CDCA) - the Company provided collaterals of approximately R$ 40,725, including:

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

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

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

e) Restrictive Financial Covenants:

The following financing agreements have restrictive covenants requiring the maintenance of financial ratios, calculated based on the consolidated financial statements:

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

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

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

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

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

At June 30, 2016, there was no need to measure these financial ratios, as they are measured annually.

vi) Banco Credit Suisse - PPE

Notes to the Quarterly Information

a) Net debt/EBITDA ratio of (i) 3.00 times for the quarters ended between June 30, 2012 and September 30, 2013; (ii) 3.65 times for the quarter ended December 31, 2013; (iii) 3.75 times for the quarters ended March 31, 2014 and June 30, 2014; (iv) 4.50 times for the quarter ended September 30, 2014; (v) 3.25 times for the quarter ended December 31, 2014; (vi) 4.25 times for the quarters ended between March 31, 2015 and September 30, 2015; (vii) 3.00 times for the 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 2021.

At June 30, 2016, the Company complied with all the financial ratios agreed upon with Banco Credit Suisse.

17. DEBENTURES

a) Composition of accounting balances

			Parent and Consolidated	
Current	**Date of issue**	**Annual charges - %**	6/30/2016	12/31/2015
In local currency				
Simple debentures	11/30/2012	CDI + 2.75%	14,191	12,163
Simple debentures	5/20/2013	CDI + 2.75%	21,638	9,085
Total current			35,829	21,248
Non-current				
In local currency				
Simple debentures	11/30/2012	CDI + 2.75%	11,961	11,913
Simple debentures	5/20/2013	CDI + 2.75%	18,653	27,878
Total non-current			30,614	39,791
Total			66,443	61,039

	Parent and Consolidated	
Long-term maturities:	6/30/2016	12/31/2015
2017	25,967	30,656
2018	4,647	9,135
	30,614	39,791

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

b) Schedule for amortization of funding costs

	Date of issue	2016	2017	2018
In local currency				
Simple debentures	11/30/2012	(130)	(39)	-
Simple debentures	5/20/2013	(383)	(106)	(88)
Total in local currency		(513)	(145)	(88)

c) Collateral

i) The debentures issued on November 30, 2012 have secured guarantees totaling R$ 38,307, as follows:

- Statutory lien on plots of land owned by Celulose Irani in favor of the Trustee, in conformity with the terms and conditions in the Private Instrument of Assignment of Real Estate of Irani and other Covenants, amounting to R$ 10,263 (first degree) and R$ 13,499 (second degree).
- Agricultural pledge of certain forest assets owned by Celulose Irani in favor of the Trustee, in conformity with the terms and conditions of the Private Instrument of Agricultural Pledge and Other Covenants.
- Assignment of credit rights held by Celulose Irani in favor of the Trustee, equivalent to 25% of the outstanding principal balance of the Debentures;

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

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

d) Restrictive Financial Covenants:

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

Notes to the Quarterly Information

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

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

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

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; and 4.50 times for the year ended December 31, 2016.

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

18. TRADE PAYABLES

Payables to suppliers were as follows:

	Parent		Consolidated	
CURRENT LIABILITIES	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Domestic suppliers				
Materials	51,765	48,539	50,953	48,176
Service providers	5,075	6,143	5,186	6,305
Carriers	10,413	14,019	10,457	14,028
Related parties	30,026	16,466	-	-
Other	753	520	753	520
Foreign suppliers				
Materials	627	1,106	627	1,106
	98,659	86,793	67,976	70,135

Notes to the Quarterly Information

19. RELATED PARTIES

Parent	Receivables		Payables	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Habitasul Florestal S.A.	-	-	3,182	745
Management	-	1,154	-	-
Iraflor - Com. de Madeiras Ltda	-	-	27,852	15,721
Management remuneration	-	-	857	716
Management profit sharing	-	-	692	17,780
Habitasul Desenvolvimentos Imobiliarios	54	54	-	-
Irani Geração de Energia Sustentável Ltda	-	-	-	23
Koch Metalúrgica S.A.	12,458	-	-	4,786
Total	12,512	1,208	32,583	39,771
Current	12,512	54	32,583	39,771
Non-current	-	1,154	-	-

Parent	Revenues		Expenses		Revenues		Expenses	
	Quarter ended		Quarter ended		Six-month period ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Habitasul Florestal S.A.	-	-	3,094	2,279	-	-	6,600	4,147
Iraflor - Com. de Madeiras Ltda	-	-	4,130	6,335	-	-	10,944	11,709
Druck, Mallmann, Oliveira & Advogados Associados	-	-	67	279	-	-	134	340
MCFD Administração de Imóveis Ltda	-	-	309	279	-	-	618	558
Irani Participações S/A	-	-	120	120	-	-	240	240
Habitasul Desenvolvimentos Imobiliarios	-	54	45	112	-	54	104	143
Koch Metalúrgica S.A.	457	3	-	-	914	15	-	-
Management profit sharing	-	-	1,917	1,877	-	-	3,824	3,900
Total	457	57	9,682	11,281	914	69	22,464	21,037

Consolidated	Receivables		Payables	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Habitasul Desenvolvimentos Imobiliarios	54	54	-	-
Koch Metalúrgica S.A.	12,458	-	-	4,786
Management remuneration	-	-	857	716
Management	-	1,154	-	-
Management profit sharing	-	-	692	17,780
Total	12,512	1,208	1,549	23,282
Current	12,512	54	1,549	23,282
Non-current	-	1,154	-	-

Notes to the Quarterly Information

Consolidated	Revenues		Expenses		Revenues		Expenses	
	Quarter ended		Quarter ended		Six-month period ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Irani Participações S/A	-	-	120	120	-	-	240	240
Druck, Mallmann, Oliveira & Advogados Associados	-	-	67	279	-	-	134	340
MCFD Administração de Imóveis Ltda	-	-	309	279	-	-	618	558
Management compensation	-	-	1,930	1,893	-	-	3,854	3,929
Habitasul Desenvolvimentos Imobiliarios	-	54	45	112	-	54	104	143
Koch Metalúrgica S.A.	457	3	-	-	914	14	-	-
Total	457	57	2,471	2,683	914	68	4,950	5,210

The amounts payable to the subsidiaries Habitasul Florestal S.A. and Iraflor - Comércio de Madeiras Ltda. refer to commercial transactions and acquisitions of raw materials. The transactions were carried out in accordance with the respective market conditions and prices.

The amounts receivable from Management refer to loans granted by the Company to its officers, which were settled during the first half of 2016.

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

The debt to Koch Metalúrgica S.A. refers to the acquisition of a property, as disclosed in Note 13, and the receivables refer to advance payments for the supply of equipment.

Management remuneration expenses, excluding payroll charges, totaled R$ 3,854 in the first six-month period of 2016 (R$ 3,929 in the first six-month period of 2015). The total management remuneration, in the maximum amount of R$ 11,000, was approved at the Annual General Meeting held on April 20, 2016.

20. PROVISION FOR CIVIL, LABOR AND TAX CONTINGENCIES

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

Notes to the Quarterly Information

Composition of the balance of the provision:

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Civil contingencies	1,260	1,260	1,260	1,260
Labor contingencies	3,581	3,340	3,679	3,438
Tax contingencies	6,603	12,885	6,603	12,885
Total	11,444	17,485	11,542	17,583

Parent	12/31/2015	Additions	Payments	Reversal	6/30/2016
Civil	1,260	-	-	-	1,260
Labor	3,340	1,279	(49)	(989)	3,581
Tax	12,885	389	-	(6,671)	6,603
	17,485	1,668	(49)	(7,660)	11,444

Consolidated	12/31/2015	Additions	Payments	Reversal	6/30/2016
Civil	1,260	-	-	-	1,260
Labor	3,438	1,279	(49)	(989)	3,679
Tax	12,885	389	-	(6,671)	6,603
	17,583	1,668	(49)	(7,660)	11,542

Notes to the Quarterly Information

The provisions recorded refer mainly to:

a) Civil lawsuits relating, among other matters, to indemnity claims in respect of terminations of agreements with sales representatives. A provision of R$ 1,260 was recorded at June 30, 2016 to cover losses arising from these contingencies.

b) Labor lawsuits are mainly related to claims filed by former employees for payment of overtime, health hazard premiums, hazardous duty premiums, occupational illnesses and occupational accidents. Based on past experience and on the opinion of its legal counsel, the Company maintained a provision of R$ 3,581 at June 30, 2016, which is considered sufficient to cover potential losses arising from labor contingencies.

c) The provisions for tax contingencies totaled R$ 6,603 and relate mainly to:

i) Offsetting of federal taxes against IPI credits on purchases of paper scrap by the Company. The amount offset from July 2011 to December 2011 was R$ 3,374, and the adjusted balance at June 30, 2016 totaled R$ 5,669.

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

Contingencies not provided for

No provisions were recorded for contingencies in respect of which the likelihood of loss has been assessed as possible by management and the legal counsel. At June 30, 2016, the amounts of possible contingencies for labor, civil, environmental and tax matters were as follows:

	Consolidated	
	6/30/2016	12/31/2015
Labor contingencies	9,030	10,239
Civil contingencies	5,446	5,446
Tax contingencies	82,171	83,524
	96,647	99,209

Labor contingencies:

The labor lawsuits refer mainly to indemnity claims (hazardous duty premiums, health hazard premiums, overtime, salary premiums, damages and losses arising from occupational accidents). Management expects a favorable outcome on these lawsuits, which are currently at different court levels.

Notes to the Quarterly Information

Civil contingencies:

The civil lawsuits primarily include indemnity claims, which are currently at different court levels and for which management expects a favorable outcome.

Tax contingencies:

The tax lawsuits mainly include the following:

- Administrative proceeding 10925.000172/2003-66 related to a tax assessment notice for an alleged irregularity in the offsetting of IPI credits, amounting to R$ 10,571 at June 30, 2016. This proceeding was concluded at the administrative level with a final and unappealable decision. Currently, the Company is starting the dispute at the judicial level.

- Tax Collection Lawsuit 2004.72.03.001555-8 filed by the National Institute of Social Security (INSS), with respect to a Debt Assessment Notice referring to the payment of social security contribution on the gross revenue from the sale of the production of agro-industrial companies, amounting to R$ 5,289 at June 30, 2016. The lawsuit has been suspended by a court decision and is awaiting judgment of the Action for Annulment 2005.71.00.002527-8.

- Administrative Proceedings 11080.013972/2007-12 and 11080.013973/2007-67, amounting to R$ 5,574 at June 30, 2016, related to tax assessments for PIS and COFINS, arising from an alleged undue tax credit. The Company has challenged these assessments at the administrative level and is awaiting judgment of the respective Voluntary Appeals.

- Administrative Proceeding 11080.014747/2008-84, amounting to R$ 2,307 at June 30, 2016, relating to a 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$ 598 at June 30, 2016 and related to a tax assessment for CSLL, in respect of which an unappealable decision has already been rendered at the administrative level. The Company is currently starting a dispute at the judicial level.

- Administrative proceeding 11080.009904/2006-88 relates to federal taxes offset against presumed IPI credits on exports, which were allegedly miscalculated. The restated amount involved was R$ 5,237 at June 30, 2016. The Company is discussing these notices at the administrative level and awaits the judgement of the respective appeal by the Brazilian Administrative Council of Tax Appeals (CARF).

Notes to the Quarterly Information

- Administrative Proceedings 11080.009905/2006-12 and 11080.009902/2006-89, with a restated amount of R$ 6,544 at June 30, 2016, relate to federal taxes offset against presumed IPI credits on exports, in respect of which unappealable decisions have already been rendered at the administrative level. The Company is currently awaiting the filing of the collection action to start the judicial dispute.

- 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 this state, which amounted to R$ 40,809 at June 30, 2016. 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, 2016 was R$ 161,895 (R$ 161,895 at December 31, 2015), represented by 153,909,975 common shares and 12,810,260 preferred shares, totaling 166,720,235 shares, without par value. The holders of preferred shares are entitled to dividends under the same conditions as those granted to holders of common shares; have priority in the reimbursement of capital, without premium, in the event of liquidation of the Company; and a 100% tag-along right. The Company can issue preferred shares, without par value and voting rights, up to the limit of two thirds of its total shares, and can increase the existing types or classes of shares without maintaining a fixed proportion between them.

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

b) Treasury shares

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

Notes to the Quarterly Information

i) Share repurchase plan: the objective of the plan was to maximize the value of the shares for stockholders. This program was concluded within 365 days, on November 23, 2011.

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

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

c) Share-based payment

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

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

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

d) Revenue reserves

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

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

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

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

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

e) Carrying value adjustments

The carrying value adjustments account was constituted when the Company measured its property, plant and equipment (land, machinery and buildings) at deemed cost in the opening balance sheet, on the first-time adoption of IFRS. Their realization will occur as the related deemed cost is depreciated, at which time the related amounts will also be adjusted in the basis for calculating dividends. The balance at June 30, 2016, net of tax effects, represented a gain of R$ 213,548 (R$ 218,022 at December 31, 2015).

The financial instruments designated as cash flow hedges, net of tax effects, were also recorded under carrying value adjustments, and corresponded to a loss of R$ 85,332 at June 30, 2016 (R$ 144,993 at December 31, 2015).

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

	Consolidated
At December 31, 2014	178,617
Cash flow hedges	(96,541)
Realization - deemed cost	(9,047)
At December 31, 2015	73,029
Cash flow hedges	59,661
Realization - deemed cost	(4,474)
At June 30, 2016	128,216

22. EARNINGS PER SHARE

Basic and diluted earnings 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 per share are equal to basic earnings per share.

Basic and diluted earnings from continuing operations:

Notes to the Quarterly Information

	Quarter ended June 30, 2016		
	Registered common shares (ON)	Registered preferred shares (PN)	ON and PN Shares Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit for the year attributable to each type of share	2,701	184	2,885
Basic and diluted earnings per share - R$	0.0176	0.0176	

	Quarter ended June 30, 2015		
	Registered common shares (ON)	Registered preferred shares (PN)	ON and PN Shares Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit for the year attributable to each type of share	9,853	670	10,523
Basic and diluted earnings per share - R$	0.0640	0.0640	

	Six-month period ended June 30, 2016		
	Registered common shares (ON)	Registered preferred shares (PN)	ON and PN Shares Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit for the year attributable to each type of share	1,127	77	1,204
Basic and diluted earnings per share - R$	0.0073	0.0073	

	Six-month period ended June 30, 2015		
	Registered common shares (ON)	Registered preferred shares (PN)	ON and PN Shares Total
Weighted average number of shares	153,885,975	10,458,160	164,344,135
Profit for the year attributable to each type of share	12,784	869	13,653
Basic and diluted earnings per share - R$	0.0831	0.0831	

Notes to the Quarterly Information

23. NET SALES REVENUE

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

	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Gross sales revenue	251,932	237,849	496,120	475,155
Taxes on sales	(55,184)	(54,426)	(106,186)	(109,632)
Returns	(2,774)	(2,012)	(6,893)	(3,680)
Net sales revenue	193,974	181,411	383,041	361,843

	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Gross sales revenue	254,549	242,216	501,343	482,119
Taxes on sales	(55,461)	(54,923)	(106,729)	(110,379)
Returns	(2,774)	(2,017)	(6,893)	(3,693)
Net sales revenue	196,314	185,276	387,721	368,047

Notes to the Quarterly Information

24. COSTS AND EXPENSES BY NATURE

Costs and expenses by nature are as follows:

	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Fixed and variable costs (raw and consumable materials)	(77,574)	(95,257)	(180,762)	(188,282)
Personnel costs	(33,588)	(29,027)	(67,356)	(57,388)
Change in the fair value of biological assets	9,704	5,195	11,416	3,328
Depreciation, amortization and depletion	(45,989)	(14,503)	(61,178)	(29,217)
Freight	(11,797)	(10,770)	(23,206)	(20,592)
Outsourced services	(3,562)	(4,094)	(10,899)	(9,168)
Selling expenses	(8,953)	(8,308)	(17,753)	(16,705)
Total costs and expenses by nature	(171,759)	(156,764)	(349,738)	(318,024)
Costs	(147,682)	(131,293)	(293,153)	(261,006)
Expenses	(33,781)	(30,666)	(68,001)	(60,346)
Change in the fair value of biological assets	9,704	5,195	11,416	3,328

	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Fixed and variable costs (raw and consumable materials)	(49,438)	(87,731)	(142,869)	(173,488)
Personnel costs	(35,998)	(30,950)	(72,147)	(60,774)
Change in the fair value of biological assets	7,924	6,630	12,829	7,140
Depreciation, amortization and depletion	(70,339)	(19,485)	(89,605)	(38,342)
Freight	(11,797)	(10,770)	(23,206)	(20,592)
Outsourced services	(3,461)	(4,309)	(11,034)	(9,593)
Selling expenses	(8,953)	(8,308)	(17,753)	(16,705)
Total costs and expenses by nature	(172,062)	(154,923)	(343,785)	(312,354)
Costs	(145,844)	(130,428)	(287,837)	(258,361)
Expenses	(34,142)	(31,125)	(68,777)	(61,133)
Change in the fair value of biological assets	7,924	6,630	12,829	7,140

Notes to the Quarterly Information

25. OTHER OPERATING INCOME AND EXPENSES

Income	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Revenue from assets damaged and disposed of	235	144	1,519	330
Revenue from sale of forests	34,700	-	34,700	-
Other operating income	1,025	763	1,864	1,335
	35,960	907	38,083	1,665

Expenses	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Cost of assets damaged and disposed of	(164)	(138)	(1,305)	(177)
Cost of forests sold	(30,269)	-	(30,269)	-
Social security contributions levied on accrued vacation pay for prior years	-	-	(1,988)	-
Other operating expenses	(1,038)	(704)	(1,029)	(1,441)
	(31,471)	(842)	(34,591)	(1,618)
Total	4,489	65	3,492	47

Income	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Revenue from assets damaged and disposed of	235	144	1,519	330
Revenue from sale of forests	55,500	-	55,500	-
Other operating income	1,029	766	1,871	1,344
	56,764	910	58,890	1,674

Expenses	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Cost of assets damaged and disposed of	(164)	(138)	(1,305)	(177)
Cost of forests sold	(51,825)	-	(51,825)	-
Social security contributions levied on accrued vacation pay for prior years	-	-	(1,988)	-
Other operating expenses	(1,055)	(704)	(1,034)	(1,440)
	(53,044)	(842)	(56,152)	(1,617)
Total	3,720	68	2,738	57

Notes to the Quarterly Information

26. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Operating profit (loss) before taxation	2,820	12,606	(5,156)	13,254
Standard rate	34%	34%	34%	34%
Tax credit (debit) at the standard rate	(959)	(4,286)	1,753	(4,506)
Tax effect of permanent deductions (additions):				
Equity in the results of investees	585	1,986	3,764	4,116
Other permanent differences	439	217	843	789
	65	(2,083)	6,360	399
Current income tax and social contribution	2	(2)	2	(2)
Deferred income tax and social contribution	63	(2,081)	6,358	401
Effective rate - %	(2.3)	16.5	123.4	(3.0)

	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Operating profit (loss) before taxation	3,046	12,903	(4,327)	13,797
Tax credit (debit) at the standard rate	(1,036)	(4,387)	1,471	(4,691)
Tax effect of permanent deductions (additions):				
Subsidiaries taxed based on deemed income	358	1,607	2,591	3,396
Other permanent differences	517	400	1,469	1,151
	(161)	(2,380)	5,531	(144)
Current income tax and social contribution	(300)	(273)	(825)	(458)
Deferred income tax and social contribution	139	(2,107)	6,356	314
Effective rate - %	5.3	18.4	- 127.8	1.0

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

Notes to the Quarterly Information

27. FINANCE INCOME AND COSTS

	Parent		Parent	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Finance income				
Income from financial investments	1,956	1,911	3,427	5,318
Interest	675	42	1,383	1,466
Discounts obtained	63	884	108	63
	2,694	2,837	4,918	6,847
Foreign exchange variations				
Foreign exchange gains	8,895	5,435	16,081	9,302
Foreign exchange losses	(13,359)	(4,744)	(25,042)	(15,806)
Net foreign exchange variation	(4,464)	691	(8,961)	(6,504)
Finance costs				
Interest	(23,334)	(21,084)	(47,961)	(42,419)
Discounts granted	(80)	(142)	(208)	(167)
Negative goodwill/banking expenses	(30)	(8)	(48)	(34)
Other	(392)	(241)	(762)	(442)
	(23,836)	(21,475)	(48,979)	(43,062)
Net finance costs	(25,606)	(17,947)	(53,022)	(42,719)

	Consolidated		Consolidated	
	Quarter ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Finance income				
Income from financial investments	2,640	2,339	5,446	6,087
Interest	675	45	1,390	1,466
Discounts obtained	63	884	108	65
	3,378	3,268	6,944	7,618
Foreign exchange variations				
Foreign exchange gains	8,895	5,436	16,081	9,303
Foreign exchange losses	(13,359)	(4,745)	(25,042)	(15,806)
Net foreign exchange variation	(4,464)	691	(8,961)	(6,503)
Finance costs				
Interest	(23,335)	(21,087)	(47,962)	(42,419)
Discounts granted	(80)	(142)	(208)	(167)
Negative goodwill/banking expenses	(31)	(8)	(50)	(40)
Other	(394)	(240)	(764)	(442)
	(23,840)	(21,477)	(48,984)	(43,068)
Net finance costs	(24,926)	(17,518)	(51,001)	(41,953)

Notes to the Quarterly Information

28. INSURANCE

Insurance coverage is determined according to the nature of the risks involving the assets, and is considered sufficient to cover possible losses arising from damages. At June 30, 2016, the Company had corporate insurance against fire, lightning, explosions, electrical damage and wind storm damage to plants, residential locations and offices, as well as general civil liability coverage and coverage of liabilities of officers and directors (D&O), in a total amount of R$ 565,640. The Company also contracted group life insurance for employees with a minimum coverage of 24 times the employee's salary, or a maximum coverage of R$ 500, in addition to insurance for the fleet of vehicles with coverage at market value.

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

29. FINANCIAL INSTRUMENTS

Capital 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 the bank restricted account, 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 reviews its capital structure periodically. 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, 2016, 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 debt in foreign currency, which represented 54.1% of the Company's total debt, and on hedge accounting, which reduced equity by R$ 85,332.

Notes to the Quarterly Information

Debt to equity ratio

The debt to equity ratio at June 30, 2016 and December 31, 2015 was as follows:

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Debt (a)	773,023	922,420	773,023	922,420
Cash and banks	(22,949)	(80,079)	(46,952)	(125,732)
Banks - restricted account	(15,785)	(19,722)	(15,785)	(19,722)
Net debt	734,289	822,619	710,286	776,966
Equity (b)	457,480	396,615	457,490	396,628
Net debt ratio	1.61	2.07	1.55	1.96

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

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

Categories of financial instruments

	Parent		Consolidated	
Financial assets	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Investments held to maturity	15,785	19,722	15,785	19,722
Banks - restricted account	15,785	19,722	15,785	19,722
Loans and receivables				
Cash and banks	22,949	80,079	46,952	125,732
Trade receivables	154,204	135,277	155,168	135,854
Other receivables	33,092	31,578	33,182	31,625
Financial liabilities				
Amortized cost				
Borrowings	706,580	861,381	706,580	861,381
Debentures	66,443	61,039	66,443	61,039
Trade payables	98,659	86,793	67,976	70,135

Financial risk factors

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

Notes to the Quarterly Information

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

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

Foreign exchange rate risk

The Company has transactions exposed to fluctuations in the exchange rates of foreign currencies. At June 30, 2016 and December 31, 2015, these transactions resulted in a net liability exposure, as shown in the table below.

As most of the borrowings in foreign currency are repayable in the long-term, the Company hedges the net foreign exchange exposure with the equivalent to 28 months of exports, based on the average of exports carried out in the first six-month period of 2016, and to 36 months of exports based on the average exports carried out in 2015.

	Parent		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Trade receivables	20,993	19,405	20,993	19,405
Banks - restricted account	15,785	19,722	15,785	19,722
Advances from customers	(308)	(443)	(308)	(443)
Trade payables	(627)	(1,106)	(627)	(1,106)
Borrowings	(418,072)	(508,596)	(418,072)	(508,596)
Net exposure	(382,229)	(471,018)	(382,229)	(471,018)

The Company has identified the main risk factors that could generate losses in connection with its financial instruments. Accordingly, a sensitivity analysis was developed, as determined by CVM Instruction 475, which requires the presentation of two scenarios with deteriorations of 25% and 50% in the risk variable considered, in addition to a base scenario. These scenarios could 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, 2016).

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

Notes to the Quarterly Information

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

Transaction	Balance at 6/30/2016 U$$	Rate	Base scenario Gain (loss) R$	Rate	Adverse scenario Gain (loss) R$	Rate	Remote scenario Gain (loss) R$
Assets							
Trade receivables and banks - restricted account	11,458	3.33	1,383	4.16	10,923	5.00	20,464
Liabilities							
Trade payables and advances from customers	(291)	3.33	(35)	4.16	(277)	5.00	(520)
Borrowings	(130,249)	3.33	(15,723)	4.16	(124,172)	5.00	(232,625)
Net effect			(14,375)		(113,526)		(212,681)

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, 2016 were utilized as a basis for the projection of future balances. The actual behavior of debt balances and derivative instruments will depend on the respective contracts, whereas 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 utilized in the preparation of these analyses. The Company tries to maintain the level of its borrowings and derivative transactions exposed to foreign exchange changes, with annual net payments that are equivalent to or below the receipts from its exports. Consequently, the Company seeks to hedge its cash flow against foreign currency risks, and the effects of the scenarios above, if they materialize, are not expected to generate material impacts on its cash flow.

Interest rate risk

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

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

1 - Base scenario: maintenance of the CDI and TJLP interest rates for the next reporting date (September 30, 2016). These estimates are based on future market projections of BMF&Bovespa for the CDI and the TJLP extracted from BNDES.

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

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

Notes to the Quarterly Information

Transaction	Index	Balance at 6/30/2016	Base scenario Gain (loss) Rate (%) p.a.	Base scenario Gain (loss) R$	Adverse scenario Gain (loss) Rate (%) p.a.	Adverse scenario Gain (loss) R$	Remote scenario Gain (loss) Rate (%) p.a.	Remote scenario Gain (loss) R$
Cash and cash equivalents								
Bank Deposit Certificates (CDB)	CDI	44,490	14.09%	(17)	17.61%	1,513	21.14%	3,043
Funding								
Working capital	CDI	(178,498)	14.09%	81	17.61%	(7,095)	21.14%	(14,271)
Debentures	CDI	(67,189)	14.09%	28	17.61%	(2,404)	21.14%	(4,836)
National Bank for Economic and Social Development (BNDES)	TJLP	(51,114)	7.50%	-	9.38%	(958)	11.25%	(1,917)
Government Agency for Machinery and Equipment Financing (FINAME)	TJLP	(2,777)	7.50%	-	9.38%	(52)	11.25%	(104)
Working capital	TJLP	(30,682)	7.50%	-	9.38%	(610)	11.25%	(1,220)
Working capital	IPCA	(21,185)	8.84%	101	11.06%	(367)	13.27%	(836)
Financing in foreign currency	Libor 3M	(342,586)	0.68%	(113)	0.85%	(695)	1.02%	(1,276)
Financing in foreign currency	Libor 12M	(11,062)	1.30%	(9)	1.62%	(45)	1.95%	(81)
Financing in foreign currency	Euribor 6M	(4,890)	0.00%	-	0.00%	-	0.00%	-
Net effect on the result				71		(10,713)		(21,498)

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 utilized to estimate the fair value:

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

- Borrowings are presented at their fair values due to the fact that these financial instruments are subject to floating interest rates.

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

Credit risks

The Company's credit sales are managed through a credit rating and credit granting policy. Doubtful receivables are properly covered by the provision for impairment to cover any losses arising on their realization.

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

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

Notes to the Quarterly Information

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

Investments in the 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 repayments of borrowings. The liquidity management policy involves the projection of cash flows on the currencies used, and considers the level of net assets necessary to achieve these projections, the monitoring of the liquidity ratios of the balance sheet in relation to internal and external regulatory requirements, and the maintenance of debt financing plans.

The table below shows the maturity ranges of the financial liabilities contracted by the Company, where the reported amounts include the principal and fixed interest on transactions, calculated using rates and indices in effect at June 30, 2016, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including accrued interest on these assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management, since it is based on net assets and liabilities.

Parent

	2016	2017	2018	2019	2020 onward
Liabilities					
Trade payables	98,659	-	-	-	-
Borrowings	98,328	240,786	184,212	145,233	115,343
Debentures	27,702	31,577	9,461	-	-
Other liabilities	1,050	2,008	335	-	-
	225,739	274,371	194,008	145,233	115,343
Assets					
Cash and cash equivalents	22,949	-	-	-	-
Banks - restricted account	15,785	-	-	-	-
Trade receivables not yet due	154,204	-	-	-	-
Renegotiations with customers	15,076	5,733	5,694	3,922	1,313
Other assets	23,470	1,263	-	-	-
	231,484	6,996	5,694	3,922	1,313
	5,745	(267,375)	(188,314)	(141,311)	(114,030)

Notes to the Quarterly Information

Consolidated

	2016	2017	2018	2019	2020 onward
Liabilities					
Trade payables	67,976	-	-	-	-
Borrowings	98,328	240,786	184,212	145,233	115,343
Debentures	27,702	31,577	9,461	-	-
Other liabilities	1,069	2,008	335	-	-
	195,075	274,371	194,008	145,233	115,343
Assets					
Cash and cash equivalents	46,952	-	-	-	-
Banks - restricted account	15,785	-	-	-	-
Trade receivables not yet due	155,168	-	-	-	-
Renegotiations with customers	15,107	5,733	5,694	3,922	1,313
Other assets	23,645	1,263	-	-	-
	256,657	6,996	5,694	3,922	1,313
	61,582	(267,375)	(188,314)	(141,311)	(114,030)

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$ 121,093, which increase as borrowings are repaid. The Company expects to meet its other obligations using the cash flow from operating activities and income to be earned from 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, 2016.

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

Considering 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 Bills (CCE) contract. The notional value attributed at the contracting date was R$ 40,000 (equivalent to USD 21,990 thousand at that date), decreasing as the payments of the semi-annual installments are made under the contract, until its final maturity in March 2017.

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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 is not negotiable separately. The CCE contract starts to be remunerated at a fixed interest rate plus the U.S. dollar variation, and, consequently, it is no longer exposed to the CDI variations. Considering the characteristics of this swap contract together with the CCE contract, the Company considers the two instruments to be a single instrument. The contract is included in the sensitivity analysis of currency exposure disclosed in this same note to the quarterly information.

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 have been January 2016, was extended to June 2017. The current fixed rates of the contracts were changed to rates indexed to the TJLP.

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

The purpose of this swap transaction was to align the transaction price and the related maturity dates to those of the original transaction. The swap contract is not negotiable separately.

Cash flow hedges

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

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

The hedged cash flows are the estimated exports up to 2021, and the amount recorded in equity based on hedge accounting amounted to R$ 85,332 at June 30, 2016 (R$ 144,993 in December 2015).

	Parent and Consolidated 6/30/2016	Parent and Consolidated 12/31/2015
Opening balance	219,686	73,412
Changes in cash flow hedges	(83,378)	158,165
Reclassification to the statement of income	(7,017)	(11,891)
	129,291	219,686
Opening balance	(74,693)	(24,960)
Taxes on changes in cash flow hedges	28,348	(53,776)
Taxes on reclassification to the statement of income	2,386	4,043
	(43,959)	(74,693)
Closing balance	85,332	144,993

The Company estimates 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 income 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, whereas the non-effective portion is recorded as finance income or costs for the period.

The Company did not identify any ineffectiveness in the period.

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

30. OPERATING SEGMENTS

a) Identification criteria for operating segments

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

Notes to the Quarterly Information

Management defined the operating segments as follows: corrugated cardboard 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, and has three production units: Campina da Alegria (SC), Indaiatuba (SP), and Vila Maria (SP).

Packaging Paper: this segment produces low and high-weight Kraft paper and recycled paper for the domestic and foreign markets. In addition, part of 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 the raw material for the production of tar and turpentine.

b) Consolidated information on operating segments

	Consolidated				
	Quarter ended June 30, 2016				
	Corrugated Cardboard Packaging	Packaging Paper	Forest RS and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	122,379	34,107	1,724	-	158,210
Foreign market	-	24,284	13,820	-	38,104
Revenues from sales to third parties	122,379	58,391	15,544	-	196,314
Inter-segment revenues	-	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 sales	(107,808)	(30,966)	(12,082)	5,012	(145,844)
Gross profit (loss)	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 result	(2,105)	38,782	1,611	(10,316)	27,972
Finance income (costs)	(10,838)	(12,362)	(1,726)	-	(24,926)
Net operating result	(12,943)	26,420	(115)	(10,316)	3,046
Total assets	598,691	713,121	161,020	88,919	1,561,751
Total liabilities	301,020	499,990	69,746	233,505	1,104,261
Equity	44,198	142,320	134,274	136,698	457,490

Notes to the Quarterly Information

	Consolidated				
	Six-month period ended June 30, 2016				
	Corrugated Cardboard Packaging	Packaging Paper	Forest RS 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
Revenues from sales to third parties	237,348	113,251	37,122	-	387,721
Inter-segment revenues	-	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 sales	(208,774)	(57,779)	(27,752)	6,468	(287,837)
Gross profit (loss)	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 result	(4,948)	65,494	8,908	(22,780)	46,674
Finance income (costs)	(22,097)	(25,113)	(3,791)	-	(51,001)
Net operating result	(27,045)	40,381	5,117	(22,780)	(4,327)
Total assets	598,691	713,121	161,020	88,919	1,561,751
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				
	Quarter ended June 30, 2015				
	Corrugated Cardboard Packaging	Packaging Paper	Forest RS and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	120,963	28,994	1,593	-	151,550
Foreign market	-	19,034	14,692	-	33,726
Revenues from sales to third parties	120,963	48,028	16,285	-	185,276
Inter-segment revenues	-	48,830	-	(48,830)	-
Total net sales	120,963	96,858	16,285	(48,830)	185,276
Changes in the fair value of biological assets	-	5,509	1,121	-	6,630
Cost of sales	(101,538)	(21,895)	(11,519)	4,524	(130,428)
Gross profit (loss)	19,425	80,472	5,887	(44,306)	61,478
Operating expenses	(15,160)	(4,126)	(1,503)	(10,268)	(31,057)
Operating result before finance result	4,265	76,346	4,384	(54,574)	30,421
Finance income (costs)	(8,135)	(9,554)	171	-	(17,518)
Net operating result	(3,870)	66,792	4,555	(54,574)	12,903
Total assets	585,464	766,226	166,235	82,675	1,600,600
Total liabilities	317,696	501,245	32,057	273,608	1,124,606
Equity	44,198	160,988	119,311	151,497	475,994

Notes to the Quarterly Information

	Consolidated				
	Six-month period ended June 30, 2015				
	Corrugated Cardboard Packaging	Packaging Paper	Forest RS and Resins	Corporate/ eliminations	Total
Net sales:					
Domestic market	241,935	58,882	3,174	-	303,991
Foreign market	-	34,881	29,175	-	64,056
Revenues from sales to third parties	241,935	93,763	32,349	-	368,047
Inter-segment revenues	-	54,678	-	(54,678)	-
Total net sales	241,935	148,441	32,349	(54,678)	368,047
Changes in the fair value of biological assets	-	4,304	2,836	-	7,140
Cost of sales	(205,411)	(40,482)	(22,556)	10,088	(258,361)
Gross profit (loss)	36,524	112,263	12,629	(44,590)	116,826
Operating expenses	(29,749)	(8,882)	(2,455)	(19,990)	(61,076)
Operating result before finance result	6,775	103,381	10,174	(64,580)	55,750
Finance income (costs)	(20,452)	(22,137)	636	-	(41,953)
Net operating result	(13,677)	81,244	10,810	(64,580)	13,797
Total assets	585,464	766,226	166,235	82,675	1,600,600
Total liabilities	317,696	501,245	32,057	273,608	1,124,606
Equity	44,198	160,988	119,311	151,497	475,994

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

Finance income (costs) were allocated by operating segments, 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 was based on the working capital requirements of each segment.

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

Notes to the Quarterly Information

c) Net sales revenue

In the second quarter of 2016, net sales revenue totaled R$ 196,314 (R$ 185,276 in the second quarter of 2015). In the first half of 2016, net sales revenue totaled R$ 387,721 (R$ 368,047 in the first half of 2015).

The net sales revenue from exports in the second quarter of 2016 amounted to R$ 38,104 (R$ 33,726 in the second quarter of 2015). In the first half of 2016, net sales revenue from exports totaled R$ 83,128 (R$ 64,056 in the first half of 2015), distributed across various countries, as follows:

Consolidated		
Quarter ended June 30, 2016		
Country	Net revenue from exports	% 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%
Malasia	100	0.05%
Other countries	277	0.14%
	38,104	19.41%

Consolidated		
Quarter ended June 30, 2015		
Country	Net revenue from exports	% of total net revenue
Germany	4,325	2.30%
Argentina	3,764	2.00%
Saudi Arabia	3,640	2.00%
China	3,054	1.60%
France	2,416	1.30%
Chile	2,136	1.20%
South Africa	1,565	0.80%
Kuwait	1,540	0.80%
Netherlands	1,374	0.70%
Paraguay	1,354	0.70%
Peru	1,293	0.70%
Japan	1,221	0.70%
Bolivia	841	0.50%
India	841	0.50%
Norway	577	0.30%
Austria	529	0.30%
Spain	524	0.30%
Canada	443	0.20%
Uruguay	378	0.20%
Singapore	358	0.20%
Other countries	1,553	0.80%
	33,726	18.10%

Notes to the Quarterly Information

Consolidated		
Six-month period ended June 30, 2016		
Country	Net revenue from exports	% of total net revenue
Germany	12,293	3.17%
China	11,686	3.01%
Argentina	10,451	2.70%
Saudi Arabia	8,094	2.09%
France	5,764	1.49%
South Africa	4,315	1.11%
Chile	3,997	1.03%
Paraguay	3,499	0.90%
Spain	2,520	0.65%
Peru	2,284	0.59%
Japan	1,843	0.48%
Netherlands	1,710	0.44%
Turkey	1,680	0.43%
Portugal	1,566	0.40%
Singapore	1,553	0.40%
Uruguay	1,287	0.33%
Bolivia	1,234	0.32%
Austria	1,131	0.29%
United Arab Emirates	918	0.24%
Dubai	739	0.19%
Pakistan	629	0.16%
Norway	527	0.14%
Malasia	502	0.13%
Israel	486	0.13%
Canada	359	0.09%
Kuwait	351	0.09%
Serbia	326	0.08%
Colombia	293	0.08%
United States	256	0.07%
United Kingdom	224	0.06%
Other countries	611	0.16%
	83,128	21.44%

Consolidated		
Six-month period ended June 30, 2015		
Country	Net revenue from exports	% of total net revenue
Germany	11,094	3.00%
Argentina	7,492	2.00%
Saudi Arabia	7,193	2.00%
France	5,796	1.60%
China	4,209	1.10%
South Africa	2,992	0.80%
Chile	2,877	0.80%
Peru	2,520	0.70%
Kuwait	2,513	0.70%
Paraguay	2,335	0.60%
Japan	2,290	0.60%
Netherlands	2,044	0.60%
Bolivia	1,658	0.50%
Austria	1,227	0.30%
Norway	966	0.30%
India	841	0.20%
Canada	753	0.20%
Portugal	667	0.20%
Uruguay	600	0.20%
Singapore	550	0.10%
Spain	524	0.10%
Hong Kong	350	0.10%
United Kingdom	316	0.10%
Other countries	2,249	0.60%
	64,056	17.40%

In the domestic market, net sales revenue in the second quarter of 2016 totaled R$ 158,210 (R$ 151,550 in the second quarter of 2015). In the first half of 2016, net sales revenue in the domestic market totaled R$ 304,593 (R$ 303,991 in the first half of 2015).

In the second quarter of 2016, a single customer accounted for 4.7% of net sales in the domestic market of the Corrugated Cardboard Packaging segment, equivalent to R$ 5,752. The Company's other sales in the domestic and foreign markets were spread over a number of customers, with no individual 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

The Company had one rental agreement for a production unit at June 30, 2016, in addition to other minor rental agreements for commercial and administrative units, all of which were classified as operating leases and the payments allocated to expenses on the accrual basis over the lease period.

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

Rental expenses recognized in the second quarter of 2016 by the parent company, net of taxes, where applicable, were as follows:

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

The future commitments arising from these contracts totaled a minimum amount of R$ 129,095 at June 30, 2016. The rentals were calculated at present value, using the accumulated IGPM index in the last 12 months, of 12.22% per year.

	No later than 1 year	Later than 1 year and no later than 5 years	Later than five years	Total
Future operating leases	3,402	18,306	107,387	129,095
Operating leases at present value	3,032	12,127	30,317	45,476

Lease of planting area

The Company entered into non-cancellable lease agreements for the production of biological assets on third-party land, referred to as partnerships, which covers a total area of 3,3 thousand hectares, of which 2.2 thousand hectares comprise the planted area. For certain areas, there is a lease commitment, subject to monthly payments, as shown below.

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

Notes to the Quarterly Information

Non-cancellable operating lease commitments

The rentals were calculated at present value, using the accumulated IGPM index in the last 12 months, of 12.22% per year.

	No later than 1 year	Later than 1 year and no later than 5 years	Later than five years	Total
Future operating leases	254	2,702	1,413	4,369
Operating leases at present value	226	1,793	551	2,570

32. GOVERNMENT GRANTS

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

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

These incentives are subject to charges at an annual contractual rate of 4.0%. In order to calculate the present value of these benefits, the Company used the average rate of 17.48% as the cost of funding for credit lines with characteristics similar to those applicable to the respective disbursements, which would have been required in the absence of the benefits, and obtained the result of R$ 3,803.

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, 2016, the Company had deferred ICMS liabilities of R$ 18,570 net of government grants of R$ 14,767.

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 appropriation of presumed credits, in an ICMS memorandum account, on taxed shipments realized by the Company in the State, referring to products manufactured with recyclable material corresponding to, at least, 40% of the raw material cost, so that the final tax burden on the own operation is equivalent to 2.25%. The expected investment is approximately R$ 600,000, which will be incurred over the next five years, and will be used to expand the production capacity of the Packaging Paper plant by 135,000 metric tons/year and of the Corrugated Cardboard Packaging plant by 24,000 metric tons/year.

iii. ICMS/MG - Presumed Credit: For the purpose of enabling the expansion of the industrial unit in Santa Luzia, the State of Minas Gerais grants as a principal benefit, the appropriation 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 R$ 220,000, 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.

33. TRANSACTIONS NOT AFFECTING CASH

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

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.

In the six-month period ended June 30, 2015, the Company purchased property, plant and equipment, intangible assets and biological assets amounting to R$ 5,455, which were financed directly by the suppliers.

Notes to the Quarterly Information

Opinions and Statements/Special Review Report - Unqualified

Report on review of quarterly information
To the Board of Directors and Stockholders
Celulose Irani S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Celulose Irani S.A. (the "Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2016, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting practices and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

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

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2016. These statements are the responsibility of the Company's management and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Porto Alegre, July 29, 2016

Notes to the Quarterly Information

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

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