

Crescendo com valor



(A free translation of the original in Portuguese)

Porto Alegre, October 17, 2016. Celulose Irani (BM&FBovespa: RANI3 and RANI4), one of the major Brazilian companies in the packaging paper and corrugated cardboard packaging segments, announces today the consolidated results for the third quarter of 2016 (3Q16). The consolidated interim financial statements were prepared in accordance with CVM standards and CPCs, and comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial and operational information are presented based on consolidated figures and in Brazilian real. Non-financial data, such as volumes, quantity, average price and EBITDA, were not examined by our independent auditors.

IRANI's Net Revenue for 3Q16, of R\$ 195 million, remained stable in comparison with 3Q15

- The net revenue for 3Q16 remained stable compared to 3Q15 and 2Q16, thus reflecting the relative stability in prices and sales volumes during the period, despite the negative impact of the devaluation of the US dollar against the real on exports.
- The sales volume for the Corrugated Cardboard Packaging segment decreased by 5.2% when compared to 3Q15, totaling 46.9 thousand metric tons in 3Q16. The sales volume for the Packaging Paper segment totaled 22.2 thousand metric tons, a 9.4% increase over 3Q15. The sales volume for the RS Forest and Resins remained stable, at 2.6 thousand metric tons.
- The gross profit for 3Q16 decreased by 24.5% compared to 3Q15 and by 17.7% compared to 2Q16, mainly due to an increase in the cost of raw materials, especially of Corrugated Cardboard Trimmings.
- The Company reported a loss of R\$ 6.9 million for 3Q16, compared to profits of R\$ 3.7 million in 3Q15 and R\$ 2.9 million in 2Q16. The main factor that impacted the Company's net result was an increase in the cost of Corrugated Cardboard Trimmings, already evidenced by the decrease in gross profit.
- In 3Q16, adjusted EBITDA amounted to R\$ 30.5 million, a decrease of 40.1% compared to the R\$ 50.9 million computed for 3Q15, mainly due to the loss of earnings in the period caused by the higher cost of Corrugated Cardboard trimmings. In comparison with 2Q16, adjusted EBITDA was 66.2% lower due to the EBITDA generated in that period resulting from an additional sale of wood (forest) totaling R\$ 55.5 million.
- The net debt/EBITDA ratio was 3.62 times in September 2016. Excluding from net debt the foreign exchange variation recorded as hedge accounting, the net debt/EBITDA ratio would be 2.99 times.
- The cash position at the end of September 2016 was R\$ 208.5 million, with 72% of the debts maturing in the long term.

KEY INDICATORS - CONSOLIDATED	3Q16	2Q16	3Q15	Var. 3Q15/2Q16	Var. 3Q16/3Q15	9M16	9M15	Var. 9M16/9M15	LTM16	LTM15	Var. LTM16/LTM15
Economic and Financial (R\$ thousand)											
Net Operating Revenue	195,484	196,314	196,781	-0.4%	-0.7%	583,205	564,828	3.3%	777,135	755,230	2.9%
Domestic market	166,935	158,210	158,844	5.5%	5.1%	471,528	462,835	1.9%	638,660	632,688	0.9%
Foreign market	28,549	38,104	37,937	-25.1%	-24.7%	111,677	101,993	9.5%	138,475	122,542	13.0%
Gross profit (including*)	48,034	58,394	63,595	-17.7%	-24.5%	160,746	180,421	-10.9%	202,197	246,479	-18.0%
(*) Change in the fair value of biological assets	2,487	7,924	783	-68.6%	217.6%	15,316	7,923	93.3%	944	18,889	-95.0%
Gross margin	24.6%	29.7%	32.3%	-5.1p.p.	-7.7p.p.	27.6%	31.9%	-4.3p.p.	26.0%	32.6%	-6.6p.p.
Operating result before taxes and profit sharing	(12,439)	3,046	2,327	-508.4%	-634.6%	(16,765)	16,124	-204.0%	(31,927)	33,966	-194.0%
Operating margin	-6.4%	1.6%	1.2%	-8.0p.p.	-7.6p.p.	-2.9%	2.9%	-5.8p.p.	-4.1%	4.5%	-8.6p.p.
Net result	(6,933)	2,885	3,686	-340.3%	-288.1%	(5,727)	17,340	-133.0%	(22,571)	45,263	-149.9%
Net margin	-3.5%	1.5%	1.9%	-5.0p.p.	-5.4p.p.	-1.0%	3.1%	-4.1p.p.	-2.9%	6.0%	-8.9p.p.
Adjusted EBITDA ¹	30,512	90,387	50,977	-66.2%	-40.1%	155,950	137,929	13.1%	199,229	183,761	8.4%
Adjusted EBITDA Margin (%)	15.6%	46.0%	25.9%	-30.4p.p.	-10.3p.p.	26.7%	24.4%	2.3p.p.	25.6%	24.3%	1.3p.p.
Net indebtedness [R\$ million]	721.8	710.3	812.3	1.6%	-11.1%	721.8	812.3	-11.1%	721.8	812.3	-11.1%
Net Debt/Adjusted EBITDA(x)	3.62	3.23	4.42	12.1%	-18.1%	3.62	4.42	-18.1%	3.62	4.42	-18.1%
Net Debt/ Pro forma Adjusted EBITDA (x) ²	2.99	2.64	3.17	13.3%	-5.7%	2.99	3.17	-5.7%	2.99	3.17	-5.7%
Operating Data (in metric tons)											
Corrugated Cardboard Packaging (PO)											
Production/Sales	46,870	45,562	49,425	2.9%	-5.2%	136,611	146,069	-6.5%	188,917	197,938	-4.6%
Packaging Paper											
Production	72,093	73,023	72,889	-1.3%	-1.1%	213,051	214,383	-0.6%	285,916	285,874	0.0%
Selling expenses	22,255	22,122	20,337	0.6%	9.4%	64,798	56,037	15.6%	86,230	75,993	13.5%
RS Forest and Resins											
Production	2,811	3,090	2,596	-9.0%	8.3%	9,251	8,293	11.6%	10,928	9,852	10.9%
Selling expenses	2,620	3,119	2,642	-16.0%	-0.8%	9,748	8,330	17.0%	11,000	9,888	11.2%

¹ EBITDA (earnings before interest, taxes, depreciation, amortization and depletion) - see the related section in this release.

² Excludes foreign exchanges variations accounted for as hedge accounting from net debt.

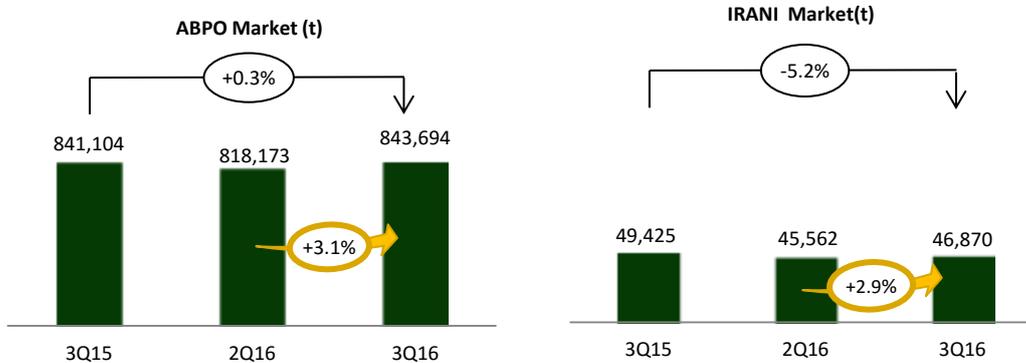


Highlights of 3Q16

The third quarter of 2016 had a positive impact on the business environment, especially due to the change in Brazil's government. The political effort to adopt a proposal that limits government spending is considered a positive sign. The new government has been advancing consistently in the implementation of fiscal adjustment measures, increasing the levels of confidence and improving the performance of the financial market, which is planning ahead for a potential new cycle of economic growth in Brazil. In the second quarter, Brazil's GDP decreased by 0.6% in comparison with the previous quarter, which shows that the economy is still shrinking, albeit at a more moderate pace, pointing to the probable end of the recession period.

In 3Q16, the Brazilian Corrugated Cardboard Association (ABPO) recorded stability in terms of the metric tons of corrugated cardboard shipped compared to 3Q15. The sales volume for the IRANI Market, in metric tons, decreased by 5.2% in 3Q16. This decrease is explained by the fact that IRANI Market has the highest concentration of sales of corrugated cardboard sheets, whose performance in the quarter was worse than that of boxes in comparison with the ABPO market. In comparison with 2Q16, the ABPO Market grew by 3.1% and the IRANI Market by 2.9%. IRANI's market share, in metric tons, in the Corrugated Cardboard Packaging segment was 5.5% in 3Q16, 5.8% in 3Q15 and 5.5% in 2Q16.

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



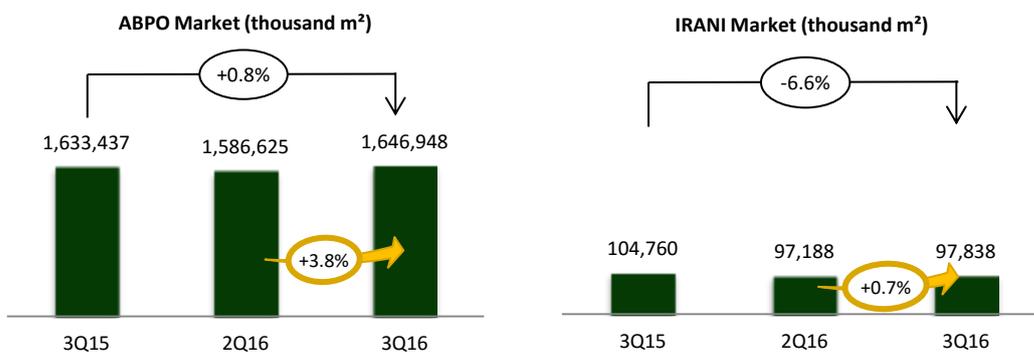
Source: ABPO

The sales volume (in square meters) of corrugated cardboard packaging in the ABPO Market remained stable when compared to 3Q15, while the IRANI Market recorded a decrease of 6.6%. In comparison with 2Q16, the ABPO Market recorded an increase of 3.8%, while the IRANI Market remained stable. IRANI's market share, in square meters, was 5.9% in 3Q16, 6.4% in 3Q15 and 6.1% in 2Q16.

Source: IRANI

In 3Q16, the Corrugated Cardboard Packaging segment accounted for 65% of IRANI's net revenue, while the Packaging Paper segment represented 29%, and the Forest RS and Resins segment 6%. The domestic market accounted for 85% of net revenue, and the foreign market for 15%. The growth of 4.7 p.p. in the revenue from the domestic market when compared to 3Q15 resulted mainly from the appreciation of the real against the US dollar, which had an adverse impact on revenues from the foreign market.

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



Source: ABPO

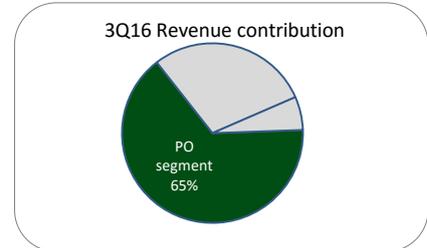
Source: IRANI

ABPO data for 3Q16 (in metric tons and square meters) refer to closing forecasts. Official data may present changes.

OPERATING PERFORMANCE

Corrugated Cardboard Packaging Segment (PO)

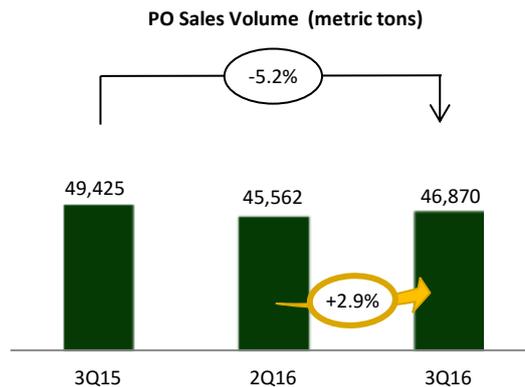
The sales volume of corrugated cardboard boxes and sheets totaled 46,870 metric tons, a 5.2% decrease in relation to 3Q15 and a 2.9% increase in relation to 2Q16. The sales performance of boxes and sheets declined by 3.4% and 9.6%, respectively, in comparison with 3Q15. The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants accounted for 39%, 30% and 31%, respectively, of the total sales in 3Q16, and their entire production was allocated to the domestic market.



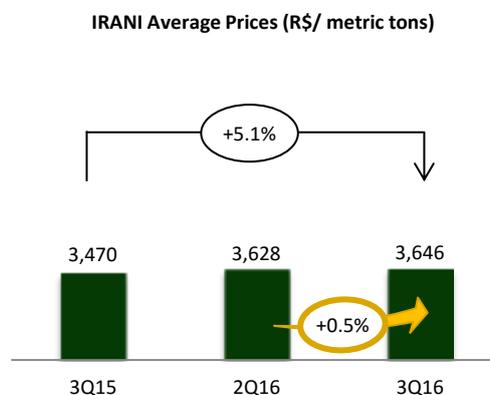
The sales volume of the SP Indaiatuba Packaging plant totaled 12,931 metric tons of boxes and 5,306 metric tons of sheets in 3Q16 (compared to 14,089 metric tons of boxes and 5,790 metric tons of sheets in 3Q15).

The sales volume of the SC Campina da Alegria Packaging plant totaled 11,824 metric tons of boxes and 2,392 metric tons of sheets in 3Q16 (compared to 11,248 metric tons of boxes and 3,918 metric tons of sheets in 3Q15).

The sales volume of the SP Vila Maria Packaging plant totaled 9,274 metric tons of boxes and 5,143 metric tons of sheets in 3Q16 (compared to 9,884 metric tons of boxes and 4,496 metric tons of sheets in 3Q15).



The average IRANI (CIF) price per metric ton recorded an increase of 5.1% in 3Q16 compared to 3Q15 and remained stable in relation to 2Q16, as shown below:



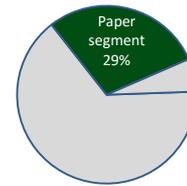
Note on methodology: IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the mix of market boxes and sheets.

Packaging Paper segment

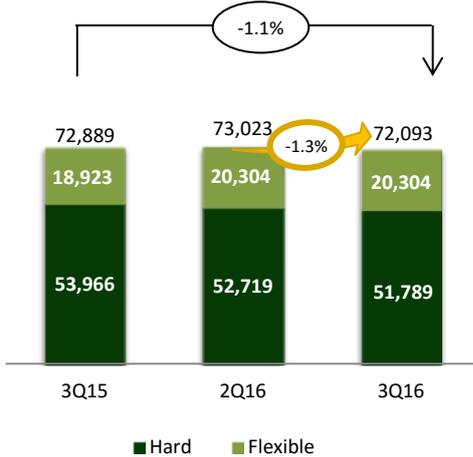
IRANI operates in the Packaging Paper segment, both in the hard packaging (corrugated cardboard) and flexible packaging (sack kraft paper) markets.

The Company's total packaging paper production in the quarter decreased by 1.1% when compared to 3Q15, and by 1.3% when compared to 2Q16. The sales volume increased by 9.4% in comparison with 3Q15, and remained stable in comparison with 2Q16.

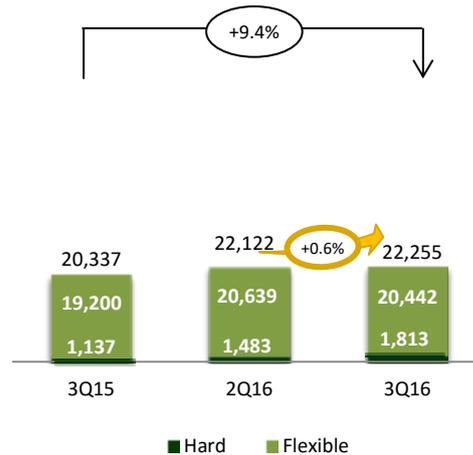
3Q16 Revenue contribution



Total Packaging Paper Production (metric tons)



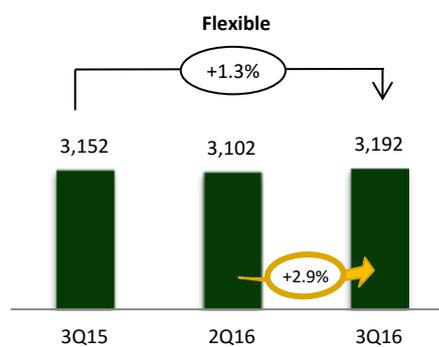
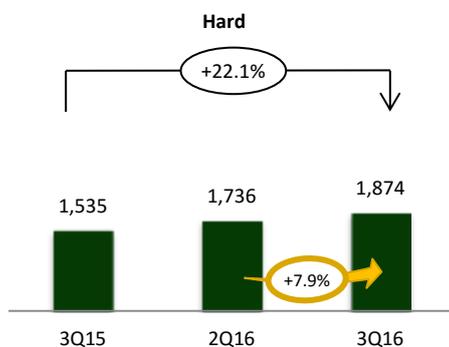
Total Packaging Paper Sales (metric tons)



In 3Q16, internal transfers of hard packaging paper (PO segment) totaled 49,299 metric tons (54,299 metric tons in 3Q15 and 48,834 metric tons in 2Q16), allocated as follows: 18,639 metric tons (21,458 metric tons in 3Q15 and 18,803 metric tons in 2Q16) to the SP Indaiatuba plant; 14,483 metric tons (16,629 metric tons in 3Q15 and 15,376 metric tons in 2Q16) to the SP Vila Maria plant; and 16,177 metric tons (16,212 metric tons in 3Q15 and 14,655 metric tons in 2Q16) to the SC Campina da Alegria plant. Therefore, of the total internal transfers made in the quarter, 38% were to the SP Indaiatuba plant, 33% to the SC Campina da Alegria plant, and 29% to the SP Vila Maria plant.

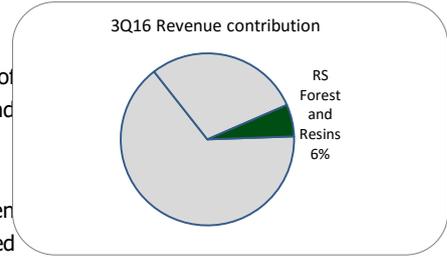
The hard packaging paper segment, whose sales volume is not significant (accounting for only 1,813 metric tons in 3Q16, as shown in the chart above) and whose price is lower than the prices of the other papers sold by the Company, recorded an increase of 22.1% in price compared to 3Q15, and of 7.9% compared to 2Q16. On the other hand, the prices of flexible packaging papers increased by 1.3% in comparison with 3Q15 and by 2.9% in comparison with 2Q16.

Average Prices of Packaging Paper (R\$/metric ton)



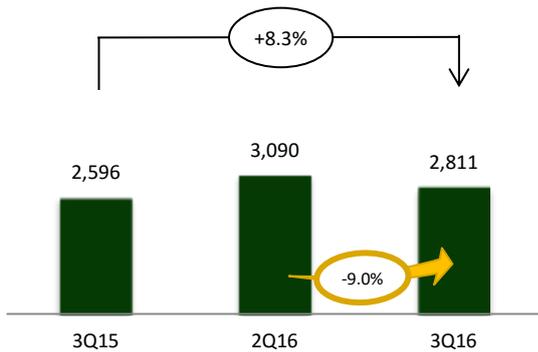
RS Forest and Resins Segments

In 3Q16, the Forest segment of Rio Grande do Sul produced and sold 18 thousand cubic meters of pine logs in the domestic market (13 thousand cubic meters in 3Q15) and supplied 494 thousand metric tons of natural resins to be used in the industrial production of tar and turpentine.

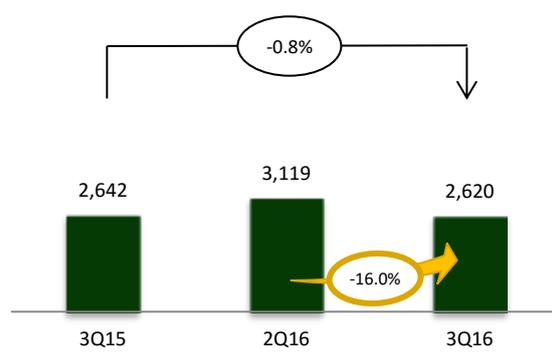


In 3Q16, the production volume of the RS Resin Balneário Pinhal plant increased by 8.3% when compared to 3Q15, and decreased by 9.0% when compared to 2Q16. The sales volume remained stable in relation to 3Q15 and decreased by 16.0% compared to 2Q16. The start of the off-season period caused this change in production and sales during the quarter.

Production of Tar and Turpentine (metric tons)

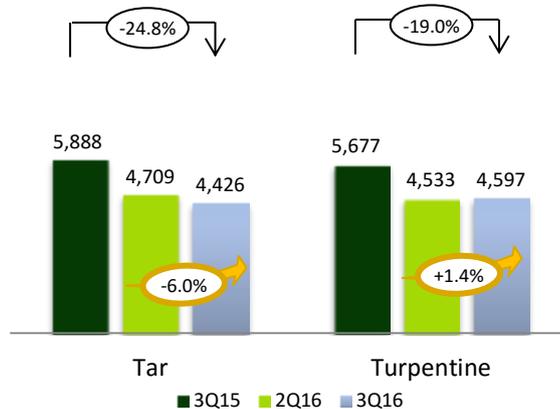


Sale of Tar and Turpentine (metric tons)



In 3Q16, the average gross price of tar was 24.8% and 6.0% lower than in 3Q15 and 2Q16, respectively. In comparison with 3Q15 and 2Q16, the price of turpentine decreased by 19.0% and increased by 1.4%, respectively. This reduction resulted mainly from the devaluation of the U.S. dollar during the period, which negatively impacts the average prices of these products, since nearly all of them are exported.

Average Prices (R\$/metric tons)



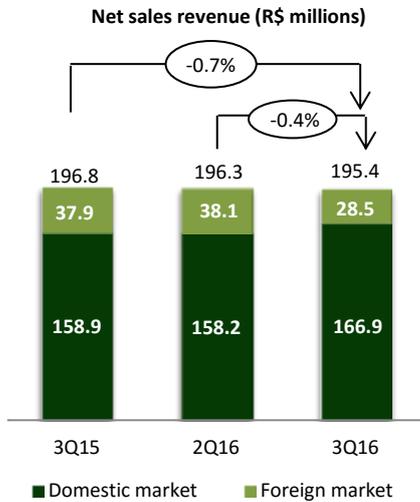
ECONOMIC AND FINANCIAL PERFORMANCE

Net operating revenue

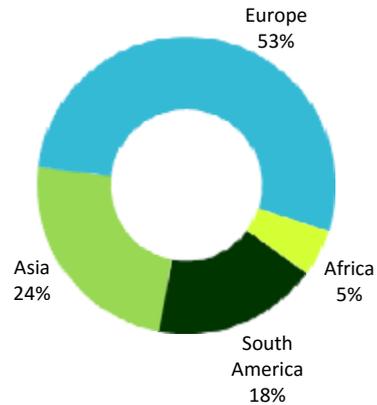
Net operating revenue for 3Q16 totaled R\$ 195,484 thousand, remaining stable in comparison with 3Q15 and 2Q16, thus reflecting the relative stability in prices and sales volume during the period, despite the negative impact caused by the devaluation of the US dollar against the real in exports.

In the domestic market, net operating revenue amounted to R\$ 166,935 thousand in the quarter, an increase of 5.1% and 5.5% in relation to 3Q15 and 2Q16, respectively. Net operating revenue in the domestic market accounted for 85% of IRANI's total revenue.

Exports in 3Q16 totaled R\$ 28,549 thousand, a decrease of 24.7% in relation to 3Q15 and of 25.1% in relation to 2Q16, and represented 15% of the Company's total net operating revenue. Europe was the main destination of the Company's exports, concentrating 53% of its export revenue, followed by Asia (24%), South America (18%) and Africa (5%) markets.

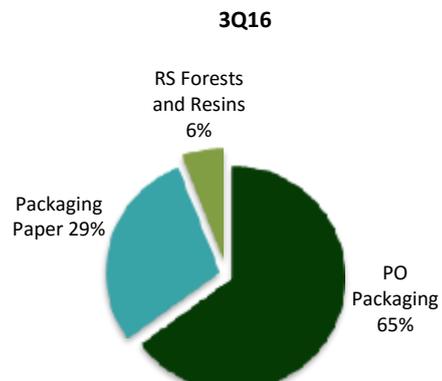
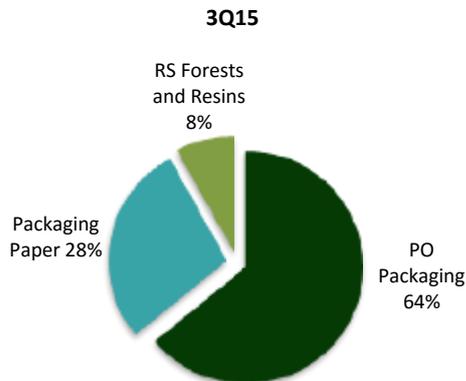


Foreign market - Net sales revenue per region 3Q16



IRANI's main operating area is the Corrugated Cardboard Packaging (PO) segment, which accounted for 65% of the consolidated net revenue in 3Q16, followed by the Packaging Paper segment with 29% and the RS Forest and Resins segment with 6%.

Net Revenue by Segment

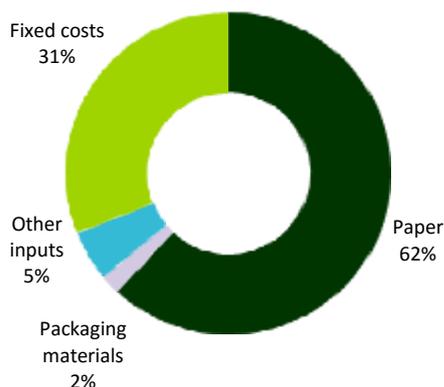


Cost of Sales

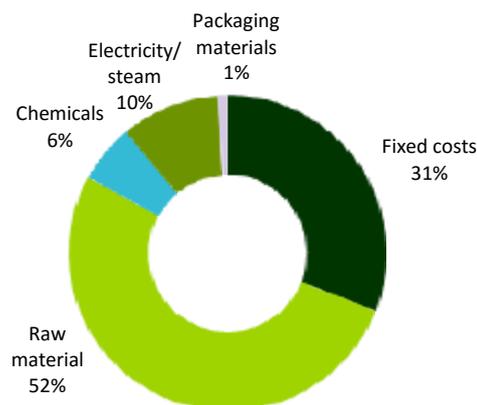
The cost of sales in 3Q16 amounted to R\$ 149,937 thousand, 11.9% higher than in 3Q15, when compared in absolute numbers. The positive variation in the fair value of biological assets was not considered in the cost of products sold.

The analysis of cost by business segment in 3Q16 is shown in the charts below.

PO Packaging



Packaging Paper*



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

Operating income and expenses

In 3Q16, selling expenses totaled R\$ 20,926 thousand, representing 10.7% of consolidated net revenue, compared to 10.9% in 3Q15.

Administrative expenses in 3Q16 were 12.9% higher than in 3Q15, totaling R\$12,926 thousand and representing 6.6% of the consolidated net revenue for 3Q16, mainly due to the reintroduction of the INSS contribution on payroll, which represented 5.8% of the consolidated net revenue for 3Q15.

Other operating income/expenses resulted in an income of R\$ 1,070 thousand in 3Q16, against an income of R\$ 106 thousand in 3Q15.

CASH PROVIDED BY OPERATING ACTIVITIES (ADJUSTED EBITDA)

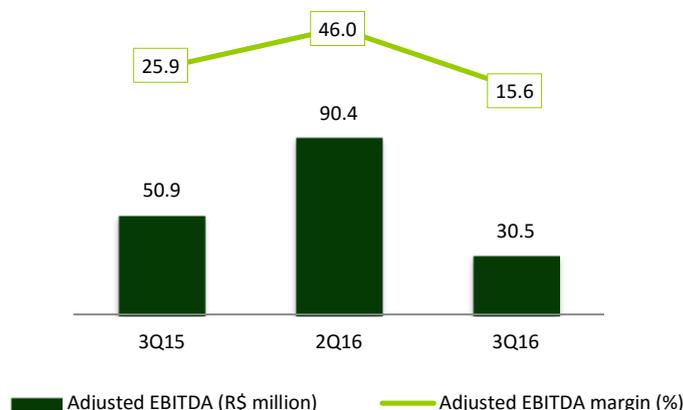
Consolidated (R\$ thousand)	3Q16	2Q16	3Q15	Var. 3Q16/2Q16	Var. 3Q16/3Q15	9M16	9M15	Var. 9M16/9M15	LTM16	LTM15	Var. LTM16/LTM15
Operating result before taxes and profit sharing	(12,439)	3,046	2,327	-508.4%	-634.6%	(16,765)	16,124	-204.0%	(31,927)	33,966	-194.0%
Depletion	1,594	54,443	6,081	-97.1%	-73.8%	60,031	15,415	289.4%	65,195	20,431	219.1%
Depreciation and amortization	16,153	15,896	14,850	1.6%	8.8%	47,321	43,858	7.9%	62,580	58,224	7.5%
Finance result	27,691	24,926	28,502	11.1%	-2.8%	78,691	70,455	11.7%	100,809	84,254	19.6%
EBITDA	32,999	98,311	51,760	-66.4%	-36.2%	169,278	145,852	16.1%	196,657	196,875	-0.1%
EBITDA margin	16.9%	50.1%	26.3%	-33.2p.p.	-9.4p.p.	29.0%	25.8%	3.2p.p.	25.3%	26.1%	-0.8p.p.
Adjustments pursuant to CVM Instruction 527/12											
Change in the fair value of biological assets ⁽¹⁾	(2,487)	(7,924)	(783)	-68.6%	217.6%	(15,316)	(7,923)	93.3%	(944)	(18,889)	-95.0%
Management profit sharing ⁽²⁾	-	-	-	-	-	-	-	-	55	6,287	-99.1%
Non-recurring events ⁽³⁾	-	-	-	-	-	1,988	-	-	3,461	(512)	-
Adjusted EBITDA	30,512	90,387	50,977	-66.2%	-40.1%	155,950	137,929	13.1%	199,229	183,761	8.4%
Adjusted EBITDA Margin (%)	15.6%	46.0%	25.9%	-30.4p.p.	-10.3p.p.	26.7%	24.4%	2.3p.p.	25.6%	24.3%	1.3p.p.

¹ The change in the fair value of biological assets did not represent a cash reduction in the period.

² Management profit sharing: The amount of R\$ 55 (LTM16) thousand refers to management profit sharing related to the distribution of the Company's results and did not represent a cash disbursement in the period.

³ Non-recurring events: The amount of R\$ 3,461 thousand (LTM16) refers to the write-off of an Intangible Asset (São Roberto Brand) in the amount of R\$ 1,473 thousand (4Q15), which did not represent cash reduction, and the provision for social security contributions levied on accrued vacation pay for prior periods, in the amount of R\$ 1,988 mil (1Q16), due to change in the taxation system (reintroduction of the INSS levy on the payroll), which did not represent an expense related to the reporting period.

Cash provided by operating activities, as measured by adjusted EBITDA, totaled R\$ 30,512 thousand in 3Q16, representing a decrease of 40.1% and 66.2% in relation to 3Q15 and 2Q16, respectively. In 3Q16, the adjusted EBITDA margin reached 15.6%, a decrease of 10.3 p.p. in relation to 3Q15, mainly due to the loss of earnings in the period caused by an increase in costs. In comparison with 2Q16, this margin was 30.4 p.p. lower due to the EBITDA generated in this quarter as a result of an additional sale of wood (forest), totaling R\$ 55.5 million.

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


FINANCE RESULT AND INDEBTEDNESS

The finance result was negative by R\$ 27,691 thousand in 3Q16, representing a decrease of 2.8% in comparison with 3Q15, positively influenced by the devaluation of the US dollar against the real, which exceeded the increase in interest rates. In comparison with 2Q16, there was an increase of 11.1%, due to the realization of hedge accounting. In 3Q16, finance costs totaled R\$ 32,515 thousand compared to R\$ 38,032 thousand in 3Q15 and R\$ 37,199 thousand in 2Q16. Finance income amounted to R\$ 4,824 thousand in 3Q16, compared to R\$ 9,530 thousand in 3Q15 and R\$ 12,273 thousand in 2Q16.

Finance result is broken down as follows:

In thousands of R\$	3Q16	2Q16	3Q15	9M16	9M15	LTM16 ¹	LTM15 ¹
Finance income	4,824	12,273	9,530	27,851	26,451	36,628	35,679
Finance costs	(32,515)	(37,199)	(38,032)	(106,542)	(96,906)	(137,437)	(119,933)
Finance income (costs)	(27,691)	(24,926)	(28,502)	(78,691)	(70,455)	(100,809)	(84,254)

¹Accumulated in the last twelve months.

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

In thousands of R\$	3Q16	2Q16	3Q15	9M16	9M15	LTM16 ¹	LTM15 ¹
Foreign exchange gains	2,803	8,895	6,318	18,885	15,620	23,150	18,295
Foreign exchange losses	(9,307)	(13,359)	(15,873)	(34,349)	(31,573)	(39,734)	(35,149)
Foreign exchange variations, net	(6,504)	(4,464)	(9,555)	(15,464)	(15,953)	(16,584)	(16,854)

¹Accumulated in the last twelve months.

Finance result net of foreign exchange variation was as follows:

In thousands of R\$	3Q16	2Q16	3Q15	9M16	9M15	LTM16 ¹	LTM15 ¹
Finance result net of foreign exchange variation	(21,187)	(20,462)	(18,947)	(63,227)	(54,502)	(84,225)	(67,400)

¹Accumulated 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. dollar) aligned with estimated receivables in this currency. Foreign exchange variations on these transactions are accounted for monthly in Equity and recognized in the statement of operations, as finance costs, when realized (hedge accounting). In 3Q16, the Company recognized hedge accounting gains of R\$ 2,607 thousand (R\$ 1,720 thousand net of taxes on equity), and the amount recognized in the statement of operations, as finance costs, was R\$ 6,684 thousand. In the year-to-date, the Company maintains R\$ 126,683 thousand



recorded as exchange rate variation on transactions allocated to hedge accounting, to be recognized in the statement of operations upon its realization over the coming years. The amount of R\$ 83,611 thousand is recognized in Equity (net of taxes).

Foreign exchange rate

The exchange rate computed as R\$ 3.21/US\$ at June 30, 2016 increased by 1.25% at the end of September 2016, reaching R\$ 3.25/US\$. The average exchange rate for the quarter was R\$ 3.25/US\$, which is 7.41% and 8.19% lower than in 2Q16 and 3Q15, respectively.

	3Q16	2Q16	3Q15	Δ3Q16/2Q16	Δ3Q16/3Q15
Average U.S. dollar	3.25	3.51	3.54	-7.41%	-8.19%
Final U.S. dollar	3.25	3.21	3.97	+1.25%	-18.14%

Source: Brazilian Central Bank

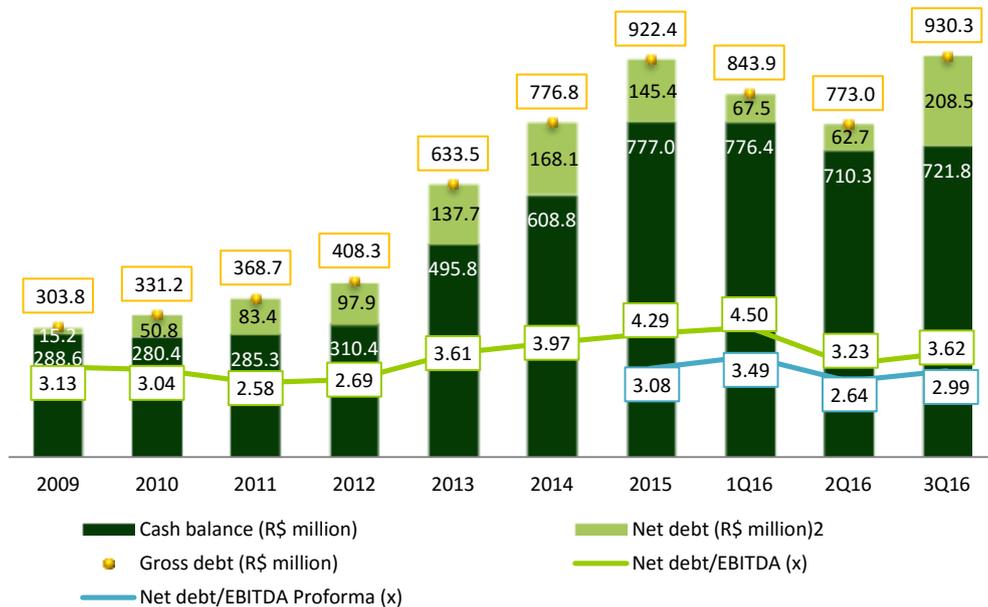
Indebtedness

At September 30, 2016, consolidated gross debt totaled R\$ 930.3 million, compared to R\$ 773.0 million at June 30, 2016. The variation in this indicator was influenced by proceeds from new borrowings, including Export Credit Notes totaling R\$ 180.0 million, against the repayments in the period. At September 30, 2016, the Company's gross debt profile presented 28% of debts maturing in the short term and 72% in the long term.

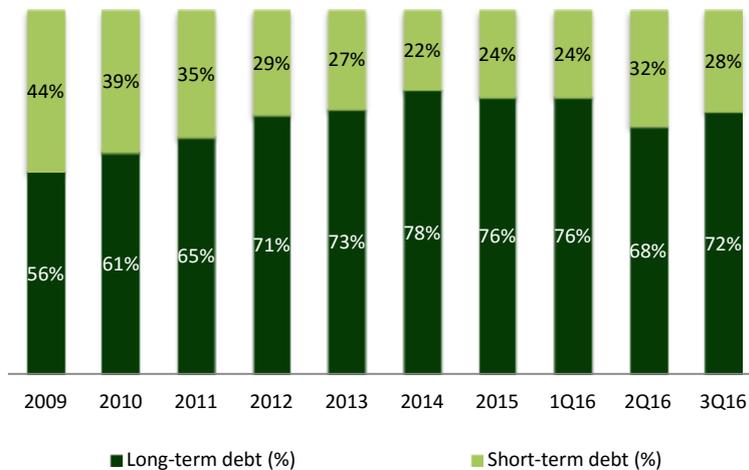
At September 30, 2016, consolidated cash totaled R\$ 208.5 million, against R\$ 62.7 million at June 30, 2016. Cash was mainly impacted by the new borrowing transactions and the cash provided by operations against payments for financial transactions in the period.

Consequently, consolidated net debt at September 30, 2016 totaled R\$ 721.8 million, compared to R\$ 710.3 million at June 30, 2016. As a result, the net debt/EBITDA indicator changed from 3.23 times at the end of 2Q16 to 3.62 times at the end of 3Q16. Excluding from net debt the exchange variation recorded as hedge accounting (Note 29 - Cash flow hedge), the pro forma net debt/EBITDA ratio would have been 2.99 times at the end of 3Q16.

Indebtedness and Net Debt/EBITDA



Gross Debt Profile



PROFIT/LOSS

In 3Q16, the Company reported losses of R\$ 6,933 thousand, compared to profit of R\$ 3,686 thousand in 3Q15 and R\$ 2,885 thousand in 2Q16. In the last twelve months, the Company reported a loss of R\$ 22,571 thousand compared to a profit of R\$ 45,263 thousand for the same previous period. The main factor that impacted the Company's net result was the increase in the cost of Corrugated Cardboard Trimmings.

INVESTMENTS

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

Investments in the quarter totaled R\$ 18,767 thousand and were basically aimed at reforestation, and maintenance and improvement of

In thousands of R\$	3Q16	9M16
Equipment	13,705	41,912
Intangible assets	3,229	3,284
Reforestation	1,833	5,340
Total	18,767	50,536



facilities, computer software, machinery and equipment.

SHARE CAPITAL

At September 30, 2016, IRANI's share capital was represented by 166,720,235 shares, of which 153,909,975 (92%) are common shares and 12,810,260 (8%) preferred shares. At September 30, 2016, the Company held 2,376,100 shares in treasury, of which 24,000 were common shares and 2,352,100 preferred shares. During the period, common shares were traded at R\$ 2.86, and preferred shares at R\$ 2.93.



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



Annex I – Consolidated Statements of Income (R\$ thousand) - Quarterly

	3Q16	2Q16	3Q15	Variation 3Q16/2Q16	Variation 3Q16/3Q15
Net Revenue from sales	195,484	196,314	196,781	-0.4%	-0.7%
Fair value variation biological assets	2,487	7,924	783	-68.6%	217.6%
Cost of products sold	(149,937)	(145,844)	(133,969)	2.8%	11.9%
Gross Profit	48,034	58,394	63,595	-17.7%	-24.5%
Operating Income (Expenses)	(32,782)	(30,422)	(32,766)	7.8%	0.0%
Selling Expenses	(20,926)	(20,750)	(21,421)	0.8%	-2.3%
General and administrative	(12,926)	(13,392)	(11,451)	-3.5%	12.9%
Other operating income	1,539	56,764	1,829	-97.3%	-15.9%
Other operating expenses	(469)	(53,044)	(1,723)	-99.1%	-72.8%
Profit before financial result and taxes	15,252	27,972	30,829	-45.5%	-50.5%
Net financial income (expenses)	(27,691)	(24,926)	(28,502)	11.1%	-2.8%
Financial income	4,824	12,273	9,530	-60.7%	-49.4%
Financial expenses	(32,515)	(37,199)	(38,032)	-12.6%	-14.5%
Income (loss) before taxes	(12,439)	3,046	2,327	-508.4%	-634.6%
Income tax and social contribution current	(267)	(300)	(423)	-11.0%	-36.9%
Income tax and social contribution deferred	5,773	139	1,782	4,053.2%	-224.0%
Consolidated profit (loss) for the period	(6,933)	2,885	3,686	-340.3%	-288.1%



Annex II – Consolidated Statements of Income (R\$ thousand) - Accumulated

	9M16	9M15	Variation 9M16/9M15	LTM16	LTM15	Variation LTM16/LTM15
Net Revenue from sales	583,205	564,828	3.3%	777.135	755,230	2.9%
Fair value variation biological assets	15,316	7,923	93.3%	944	18,889	-95.0%
Cost of products sold	(437,775)	(392,330)	11.6%	(575.882)	(527,640)	9.1%
Gross Profit	160,746	180,421	-10.9%	202.197	246,479	-18.0%
Operating Income (Expenses)	(98,820)	(93,842)	5.3%	(133,315)	(128,259)	3.9%
Selling Expenses	(61,885)	(59,219)	4.5%	(83.800)	(77,955)	7.5%
General and administrative	(40,745)	(34,786)	17.1%	(52.374)	(48,238)	8.6%
Other operating income	60,430	3,503	1,625.1%	62,108	9,907	526.9%
Other operating expenses	(56,620)	(3,340)	1,595.2%	(59.194)	(5,686)	941.0%
Management participation	-	-	-	(55)	(6,287)	-99.1%
Profit before financial result and taxes	61,926	86,579	-28.5%	68.882	118,220	-41.7%
Net financial income (expenses)	(78,691)	(70,455)	11.7%	(100,809)	(84,254)	19.6%
Financial income	27,851	26,451	5.3%	36,628	35,679	2.7%
Financial expenses	(106,542)	(96,906)	9.9%	(137,437)	(119,933)	14.6%
Income (loss) before taxes	(16,765)	16,124	-204.0%	(31,927)	33,966	-194.0%
Income tax and social contribution current	(1,092)	(881)	24.0%	(1,572)	(1,013)	55.2%
Income tax and social contribution deferred	12,130	2,097	478.4%	10,928	12,310	-11.2%
Consolidated profit (loss) for the period	(5,727)	17,340	-133.0%	(22,571)	45,263	-149.9%



Annex III – Consolidated Balance Sheet (R\$ thousand)

ASSETS	09/30/16	12/31/15	LIABILITIES AND SHAREHOLDERS' EQUITY	09/30/16	12/31/15
CURRENT ITEM	464,104	377,185	CURRENT ITEM	396,975	380,413
Cash and cash equivalents	129,096	125,732	Funding	229,912	195,620
Trade accounts receivable	156,439	135,854	Debentures	34,388	21,248
Inventories	78,217	67,219	Trade accounts payable	70,056	70,135
Recoverable taxes	6,176	9,245	Payroll and related charges	32,893	41,152
Banks restricted account	79,384	19,722	Taxes payable	15,358	19,256
Other assets	14,792	19,413	IR and CSLL payable	155	805
			Tax in installments	2,019	2,222
			Advances from customers	1,398	1,218
NONCURRENT ITEM	1,236,192	1,281,406	Dividends payable	167	479
Recoverable taxes	2,820	3,066	Other payables	10,629	28,278
Escrow deposits	1,853	1,475			
Other assets	22,301	23,584	NONCURRENT ITEM	851,041	881,550
Related parties	-	1,154	Funding	639,974	665,761
Biological assets	222,184	261,559	Debentures	25,987	39,791
Property for investment	18,770	19,137	Taxes payable	10,945	10,298
Property, plant and equipment	854,925	860,410	Income tax and social contribution deferred	165,688	146,197
Intangible	113,339	111,021	Reserve for civil, labor and tax risks	7,800	17,583
			Tax in installments	647	1,920
			SHAREHOLDERS' EQUITY	452,280	396,628
			Capital	161,895	161,895
			Capital reserves	960	960
			Revenue reserves	161,714	160,731
			Carrying value adjustments	127,701	73,029
			Shareholders equity assigned to the participation of controlling shareholders	452,270	396,615
			Non-controlling shareholders	10	13
TOTAL ASSETS	1,700,296	1,658,591	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,700,296	1,658,591



Annex IV – Consolidated Statement of Cash Flows (R\$ thousand)

	9M16	9M15
Net cash provided by operating activities	34,579	44,383
Cash from operations	149,145	151,564
Profit (loss) before income tax and social contribution	(16,765)	16,124
Changes in the fair value of biological assets	(15,316)	(7,923)
Depreciation, amortization and depletion	107,352	59,272
Result on sale of permanent assets	(2,011)	1,362
Provision for civil, labor and tax risks	(9,536)	(10,674)
Provision for impairment of trade receivables	871	733
Provision for losses of other assets	223	798
Monetary variations and charges	84,327	91,632
Reduction/reversal to net realizable value	-	240
Changes in assets and liabilities	(114,566)	(107,181)
Accounts receivable	(21,456)	(18,042)
Inventories	(10,998)	(9,061)
Taxes recoverable	3,315	(2,163)
Other assets	6,457	(16,259)
Trade payables	4,500	(8,033)
Social security obligations	(8,259)	3,755
Advances from customers	180	(1,083)
Taxes payable	(6,469)	(5,619)
Payment of interest on borrowings	(59,746)	(49,019)
Payment of interest on debentures	(4,194)	(7,758)
Other payables	(17,896)	6,101
Net cash used in investing activities	(116,275)	(42,471)
Purchase of property, plant and equipment	(45,757)	(34,891)
Purchase of biological assets	(6,074)	(3,415)
Acquisition of intangible assets	(3,284)	(602)
Capital reduction of non-controlling	(3)	-
Receipt on alienation of assets	3,420	(1,214)
Banks linked account	(64,577)	(2,349)
Net cash used in financing activities	(85,060)	(37,448)
Payment of dividends	(312)	(16,419)
Debentures paid	(4,704)	(26,612)
Loans raised	238,096	123,862
Loans paid	(148,020)	(118,279)
Increase (decrease) in cash and cash equivalents	3,364	(35,536)
Cash and cash equivalents at the beginning of the period	125,732	165,985
Cash and cash equivalents at the end of the period	129,096	130,449