(Convenience translation into English from the original previously issued in Portuguese)

ELDORADO BRASIL CELULOSE S.A.

Independent auditor's review report

Individual and consolidated interim financial information
As at March 31, 2018

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Individual and consolidated interim financial information
As at March 31, 2018

Contents

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the
Shareholders, Board Members and Management of
Eldorado Brasil Celulose S.A.
São Paulo – SP

Introduction

We have reviewed the individual and consolidated interim financial information of Eldorado Brasil Celulose S.A. (the Company) included in the quarterly information for the quarter ended March 31, 2018, which comprise the individual and consolidated interim statement of financial position as at March 31, 2018 and the respective individual and consolidated interim statements of operations, comprehensive income (loss), changes in equity and cash flows for the three-month period then ended, as well as the corresponding notes to the quarterly information, including a summary of significant accounting policies.

The Company's management is responsible for the preparation of this individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) – Interim financial statements and with International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for the presentation of this interim financial information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Information. Our responsibility is to express a conclusion on this individual and consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

Reclassification of loans and financing

As mentioned in Note 16 to the individual and consolidated interim financial information, the Company has not complied with certain covenants of loan and financing agreements entered into with financial institutions as at December 31, 2017, and has not obtained waiver from some of those financial institutions until the present date. In accordance with the Brazilian accounting practices and the IFRS issued by IASB, considering that the Company and its controlled companies did not have the unconditional right to postpone the settlement of the obligations recorded in the individual and consolidated statements of financial position, as at March 31, 2018, in the amounts of R$ 6,623,307 thousand and R$ 8,057,276 thousand (December 31, 2017 - R$ 6,651,517 thousand and R$ 8,052,070 thousand), respectively, for at least twelve months after March 31, 2018, the amounts of R$ 4,093,127 thousand and R$ 5,427,996 thousand (December 31, 2017 - R$ 4,332,103 thousand and R$ 5,659,698 thousand) classified in individual and consolidated non-current liabilities, respectively, should had been fully classified in current liabilities. Consequently, the individual and consolidated current liabilities, as at March 31, 2018, are understated by R$ 4,093,127 thousand and R$ 5,427,996 thousand (December 31, 2017 - R$ 4,332,103 thousand and R$ 5,659,698 thousand), respectively, and the individual and consolidated non-current liabilities are overstated by those amounts.

Qualified conclusion on the individual and consolidated interim financial information

Based on our review, except for the matter mentioned in the section "Basis for qualified conclusion", nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, and presented in accordance with the standards issued by CVM applicable to the preparation of Quarterly Information.

Emphasis

Plea Bargain Agreement, Leniency Deal and Independent Investigation

As described in Note 30 to the individual and consolidated interim financial information, in May 2017, some executives and former executives of the Group J&F Investimentos S.A. (J&F), entered into Plea Bargain Agreements with the Attorney General's Office (PGR), later blessed by the Supreme Court of Brazil (STF). The agreements establish, among other things, cooperation with the Federal Public Prosecution Office (MPF) relating to all facts reported to that authority. Also, in June 2017, J&F entered into a Leniency Deal with MPF. On August 24, 2017, MPF 5th Chamber blessed the Leniency Deal entered into and on October 11, 2017 the federal regular judge of the 10th Federal Court of Distrito Federal, on a justification hearing, also approved in court the mentioned deal. The Deal refers to the operations "Cui Bono", "Carne Fraca," "Sepsis" and "Greenfield". On September 21, 2017, the Company joined the Leniency Deal, therefore avoiding the financial impacts of the Deal fully assumed by J&F.

The conduction of an internal investigation on the facts reported in the Plea Bargain Agreements related to the Company is one of the obligations established in the Leniency Deal. The Independent Supervision Committee (CSI) of the Leniency Deal has, among other functions, the responsibility of approving the service providers conducting the internal investigations at the Company, as well as adjusting the respective work plans. The expert professionals started the investigation process in July 2017, and they are external and independent from the Company. So far, on April 20, 2018, those professionals have concluded investigations, corroborating in large part the irregularities in the Annexes of the Collaboration. Remaining investigations into the J&F Group. Our conclusion are not modified in respect of this matter.

ICMS to be recovered

As described in Note 9 to the individual and consolidated interim financial information, which describes the actions that the Company has prioritized in order to maximize the realization of ICMS credits that are conditioned mainly in the expectation of increased sales of pulp to the market and the granting of incentives by the government of the State of Mato Grosso do Sul to pay suppliers to be hired under the project to expand production. Our conclusion are not modified in respect of this matter.

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added for the three-month period ended March 31, 2018, prepared by the Company's Management, whose disclosure in the interim financial information is required in accordance with the standards issued by CVM and considered as supplemental information by the International Financial Reporting Standards (IFRS), which do not require the disclosure of the statement of value added. These statements were submitted to the same review procedures previously described and based on our review, except for the matter mentioned in the section "Basis for qualified conclusion", we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the individual and consolidate interim financial information, taken as a whole.

Audit and review of the prior year and period, respectively, amounts

The financial statements for the year ended December 31, 2017, presented for comparison purposes, were audited by us, whose report thereon, dated March 28, 2018, was modified regarding the matter mentioned in the section “Basis for qualified conclusion” and about the aspects of the Plea Bargain Agreement, Leniency Deal and Independent Investigation, mentioned in the section “Emphasis”, in which they were ongoing and concluded on April 20, 2018, not containing any new fact that impacted these individual and consolidate interim financial information.

The individual and consolidated interim financial information for the quarter ended March 31, 2017, presented for comparison purposes, was reviewed by us, whose report thereon, dated March 28, 2018, was modified regarding the same matter “Plea Bargain Agreement, Leniency Deal and Independent Investigation” mentioned in the section “Emphasis”, in which they were ongoing and concluded on April 20, 2018, not containing any new fact that impacted these individual and consolidate interim financial information.

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

São Paulo, May 11, 2018.

BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1

Paulo Sérgio Tufani
Accountant CRC 1 SP 124504/O-9

ELDORADO BRASIL CELULOSE S.A.

Statements of financial position
As at March 31, 2018 and December 31, 2017
(In thousands of Brazilian Reais)

Assets	Note	Parent company 03/31/2018	Parent company 12/31/2017	Consolidated 03/31/2018	Consolidated 12/31/2017
Current					
Cash and cash equivalents	5.1	376.480	161.013	694.741	377.507
Trade accounts receivable	6	1.166.543	1.155.280	723.474	647.709
Inventories	8	307.796	301.046	469.409	493.109
Recoverable taxes	9	569.107	432.373	569.374	432.717
Advances to suppliers	10	29.881	32.976	29.941	33.063
Intercompany receivables	7	2.805	2.783	9	-
Assets available for sale		-	2.113	-	2.113
Other current assets		30.622	38.969	30.954	39.469
Total current		2.483.234	2.126.553	2.517.902	2.025.687
Noncurrent					
Trade accounts receivable	6	-	683	-	683
Financial investments	5.2	170.722	168.038	219.772	219.336
Recoverable taxes	9	630.169	629.934	630.175	629.939
Advances to suppliers	10	88.036	83.873	88.036	83.873
Deferred income and social contribution taxes	18	374.822	391.044	374.822	391.044
Deposit, guarantees and others		6.024	6.821	6.400	7.164
Other noncurrent assets		14.974	14.993	14.976	14.996
		1.284.747	1.295.386	1.334.181	1.347.035
Biological assets	11	2.538.270	2.499.996	2.538.270	2.499.996
Investments	12	158.811	105.121	-	-
Fixed assets	13	4.394.904	4.578.125	4.460.083	4.644.597
Intangible assets	14	6.934	7.337	32.132	33.242
Total noncurrent		8.383.666	8.485.965	8.364.666	8.524.870
Total assets		10.866.900	10.612.518	10.882.568	10.550.557

Liabilities	Note	Parent company 03/31/2018	Parent company 12/31/2017	Consolidated 03/31/2018	Consolidated 12/31/2017
Current					
Loans and financing	16	2.530.180	2.319.414	2.629.280	2.392.372
Trade accounts payable	15	213.391	210.378	220.764	223.380
Intercompany payables	7	146.748	135.977	14.459	31.257
Tax liabilities, payroll and social charges	17	175.783	185.912	178.379	190.719
Other current liabilities		8.021	9.312	18.010	10.514
Total current		3.074.123	2.860.993	3.060.892	2.848.242
Noncurrent					
Loans and financing	16	4.093.127	4.332.103	5.427.996	5.659.698
Trade accounts payable	15	6.106	6.629	6.106	6.629
Intercompany payables	7	1.305.970	1.298.834	-	-
Provision for procedural risks	19	25.056	12.608	25.056	12.608
Provision for losses on controlled companies	12	-	77.971	-	-
Total noncurrent		5.430.259	5.728.145	5.459.158	5.678.935
Equity	20				
Capital stock		1.788.792	1.788.792	1.788.792	1.788.792
Tax incentive reserve		916.573	849.487	916.573	849.487
Cumulative translation adjustments		15.940	12.334	15.940	12.334
Accumulated losses		(358.787)	(627.233)	(358.787)	(627.233)
Total equity		2.362.518	2.023.380	2.362.518	2.023.380
Total liabilities and equity		10.866.900	10.612.518	10.882.568	10.550.557

The accompanying notes are an integral part of these financial statements.

ELDORADO BRASIL CELULOSE S.A.

Statements of operations
Quarters ended March 31, 2018 and 2017
(In thousands of Brazilian Reais)

		Parent company		Consolidated	
	Note	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Net revenue	21	883.570	605.014	1.112.218	695.859
Cost of goods sold	23	(410.273)	(392.298)	(446.526)	(373.407)
Gross profit		473.297	212.716	665.692	322.452
Operating revenues/(expenses)					
Administrative and general	23	(24.007)	(30.698)	(26.247)	(34.707)
Selling and logistics	23	(49.694)	(38.526)	(107.091)	(81.695)
Fair value of biological assets	11	33.031	310.259	33.031	310.259
Equity in earnings (losses) of controlled companies	12	128.350	59.395	-	-
Other revenues, net	25	56.659	30.967	54.260	30.959
Income before financial revenues (expenses) and taxes		617.636	544.113	619.645	547.268
Net financial income (loss)	24				
Financial (expenses)		(194.995)	(221.668)	(197.179)	(224.741)
Financial revenues		4.955	22.803	5.146	23.000
Exchange rate gains (losses), net		(22.237)	146.427	(22.248)	146.248
Income before provision for income and social contribution taxes		405.359	491.675	405.364	491.775
Income and social contribution taxes	18				
Current		(53.605)	(16.412)	(53.610)	(16.512)
Deferred		(16.222)	(110.803)	(16.222)	(110.803)
Net income for the period		335.532	364.460	335.532	364.460
Earnings per thousand shares		0,22	0,24	0,22	0,24

The accompanying notes are an integral part of these financial statements.

ELDORADO BRASIL CELULOSE S.A.

Statements of comprehensive income (loss)
Quarters ended March 31, 2018 and 2017
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Net income for the period	335.532	364.460	335.532	364.460
Exchange rate gains (losses) on investments	3.606	170	3.606	170
Total comprehensive income	339.138	364.630	339.138	364.630

The accompanying notes are an integral part of these financial statements.

ELDORADO BRASIL CELULOSE S.A.

Statements of changes in equity
(In thousands of Brazilian Reais)

	Capital stock	Tax incentive reserve	Cumulative translation adjustments	Accumulated (losses)	Total
Balances as at December 31, 2016	1.788.792	-	(3.989)	(491.113)	1.293.690
Net income for the period	-	-	-	364.460	364.460
Exchange rate gains (losses) on investments	-	-	170	-	170
Balances as at March 31, 2017	1.788.792	-	(3.819)	(126.653)	1.658.320
Balances as at December 31, 2017	1.788.792	849.487	12.334	(627.233)	2.023.380
Net income for the period	-	-	-	335.532	335.532
Tax incentive reserve	-	67.086	-	(67.086)	-
Exchange rate gains (losses) on investments	-	-	3.606	-	3.606
Balances as at March 31, 2018	1.788.792	916.573	15.940	(358.787)	2.362.518

The accompanying notes are an integral part of these financial statements.

ELDORADO BRASIL CELULOSE S.A.

Statements of cash flows
Quarters ended March 31, 2018 and 2017
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Cash flows from operating activities				
Income (loss) before income and social contribution taxes	405.359	491.675	405.364	491.775
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities:				
Depreciation and amortization	64.590	58.268	65.924	58.669
Depletion	42.153	32.344	42.017	32.404
Appreciation amortization	295	2.064	295	2.064
Residual value of assets written off of fixed assets	122.877	1.031	122.877	1.031
Fair value of biological assets	(33.031)	(310.259)	(33.031)	(310.259)
Finance charges – interest and exchange rate gains (losses)	157.859	31.088	195.422	20.136
Finance charges – interest and exchange rate gains (losses) – related parties	38.577	(10.322)	-	(40.043)
Provision for procedural risks	9.381	202	9.381	202
Trade accounts receivable –exchange rate gains (losses)	(5.511)	12.360	(5.511)	12.360
Equity in earnings (losses) of controlled companies	(128.350)	(59.395)	-	-
	674.198	249.056	802.738	268.339
Decrease (increase) in assets				
Trade accounts receivable	(159.579)	(4.072)	(221.474)	29.255
Inventories	20.633	58.235	55.591	36.233
Recoverable taxes	(136.969)	(56.186)	(136.892)	(56.069)
Advances to suppliers	(1.068)	(6.545)	(1.042)	(6.595)
Other receivables	-	(1.483)	-	(1.559)
Other current and non-current assets	11.277	26.261	11.377	26.070
Increase (decrease) in liabilities				
Trade accounts payable	2.490	(33.089)	(7.323)	(16.594)
Other liabilities	(16.798)	(19.368)	(16.798)	(19.368)
Tax liabilities, payroll and social charges	(30.714)	(27.336)	(32.157)	(28.064)
Other current and noncurrent liabilities	1.776	1.842	11.945	6.218
Asset and liability valuation adjustments and cumulative translation adjustments	-	-	-	40.434
Net cash from operating activities	365.246	187.315	465.965	278.300
Income tax and social contribution paid	(33.020)		(33.070)	
Net cash from operation activities	332.226	187.315	432.895	278.300
Cash flows from investing activities				
Increase in biological assets	(71.249)	(89.264)	(71.249)	(89.264)
Additions to fixed and intangible assets	(7.373)	(20.519)	(7.414)	(18.750)
Sale of fixed assets	154.510	-	154.510	-
Financial investments	(2.684)	(4.855)	(250)	(101.572)
Intercompany receivables	(22)	-	(9)	-
Net cash from investing activities	73.182	(114.638)	75.588	(209.586)
Cash flows from financing activities				
Loans and financing raised	355.885	267.300	355.885	267.300
Amortization of loans and financing - principal	(379.186)	(570.309)	(379.186)	(570.309)
Amortization of loans and financing - interest	(112.108)	(134.229)	(116.253)	(139.117)
Amortization of loans and financing – exchange rate gains (losses)	(50.660)	(2.823)	(50.662)	(2.587)
Loans and financing raised - related parties	-	-	-	-
Amortization of intercompany loans - principal	-	-	-	
Amortization of intercompany loans - interest	(3.830)	(4.906)	-	-
Amortization of intercompany loans – exchange rate gains (losses)	(42)	234	-	-
Net cash from financing activities	(189.941)	(444.733)	(190.216)	(444.713)
Effects of exchange rate gains (losses) on cash	-	-	(1.034)	(5.293)
Change in cash and cash equivalents, net	215.467	(372.056)	317.234	(381.292)
Cash and cash equivalents at beginning of year	161.013	829.602	377.507	1.044.637
Cash and cash equivalents at end of year	376.480	457.546	694.741	663.345
Change in cash and cash equivalents, net	215.467	(372.056)	317.234	(381.292)

The accompanying notes are an integral part of these financial statements.

ELDORADO BRASIL CELULOSE S.A.

Statements of value added

Quarters ended March 31, 2018 and 2017
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Revenues				
Sales of merchandise, products and services	901.034	611.192	1.129.931	702.356
Other operating revenues (expenses), net	44.911	306.126	42.519	306.125
Transfers related to the construction of own assets	1.550	2.683	1.550	2.683
	947.495	920.001	1.174.000	1.011.164
Inputs acquired from third parties				
Costs of goods sold, materials, energy, third-party services and others	(267.709)	(262.620)	(358.455)	(284.158)
Gross value added	679.786	657.381	815.545	727.006
Depreciation, amortization and depletion	(106.743)	(90.612)	(107.941)	(93.137)
Net value added generated by the entity	573.043	566.769	707.604	633.869
Value added received in transfer				
Equity in earnings (losses) of controlled companies	128.350	59.395	-	-
Financial revenues	4.955	22.803	5.146	23.000
Total value added to be distributed	706.348	648.967	712.750	656.869
Value added distribution				
Personnel				
Direct compensation	47.995	51.901	49.888	54.145
Benefits	24.508	23.702	25.535	24.830
FGTS (Severance Pay Fund)	4.574	5.020	4.775	5.259
	77.077	80.623	80.198	84.234
Taxes, fees and contributions				
Federal	94.544	144.900	94.838	145.613
State	(42.933)	(38.299)	(42.926)	(38.292)
Municipal	-	-	248	319
	51.611	106.601	52.160	107.640
Return on debt capital				
Interest	221.041	219.198	220.115	219.600
Rents	25.420	23.981	25.956	23.981
Others	(4.333)	(145.896)	(1.211)	(143.046)
	242.128	97.283	244.860	100.535
Return on equity capital				
Net income for the period	335.532	364.460	335.532	364.460
Total value added distributed	706.348	648.967	712.750	656.869

The accompanying notes are an integral part of these financial statements.

(In thousands of Brazilian reais - R$)

1. Operations

Eldorado Brasil Celulose S.A. (the “Company” or “Eldorado”) is a closely held corporation, whose register with the Brazilian Securities and Exchange Commission (CVM) was obtained on June 6, 2012 in the category shares traded over the counter, established under Brazilian laws, located in the municipality of São Paulo, State of São Paulo (Brazil).

The Company’s individual and consolidated interim financial information for the period ended March 31, 2018 includes the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged in the production and sale of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, State of Mato Grosso do Sul, and started production in December 2012.

The Company’s annual production capacity is approximately 1.7 million tons of bleached eucalyptus pulp. We have and operate the largest pulp plant in a single line in the world, located in the City of Três Lagoas, in the State of Mato Grosso do Sul. 98.6% of wood we use to produce pulp is derived from the State of Mato Grosso do Sul and the remaining from the state of Mato Grosso, in a climate area topographically well adapted for the growth of eucalyptus.

2. List of subsidiaries

Subsidiaries

		Equity Interest	
	Country	03/31/2018	12/31/2017
Subsidiaries			
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Indirect Subsidiaries			
Eldorado USA Inc.	United States	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

3. Preparation and presentation of the interim financial information

a. Statement of compliance (in respect of the IFRS and CPC standards)

The individual and consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with the pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Association of Accountants (CFC) and rules of the Brazilian Securities and Exchange Commission (CVM).

After appreciation of the Individual and Consolidated Interim Financial Information by the Board of Directors at the meeting held on may 11, 2018, they were authorized for issue by the Company.

b. Basis of measurement

The individual and consolidated interim financial information has been prepared on the historical cost basis except for the following material items recognized in the statements of financial position:

- derivative financial instruments are measured at fair value;
- the financial instruments of debt are measured at fair value through profit or loss; and
- biological assets measured at fair value are recognized in the statement of profit or loss in line item "Fair value of biological assets".

c. Use of estimates and judgments

The preparation of the individual and consolidated interim financial information in accordance with IFRS and CPC standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

(i) Judgments

The information on judgments made in the application of the accounting policies that have material effects on the amounts recognized in the individual and consolidated interim financial information is included in the following notes to the financial statements:

- Note 29 – operating leases.

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the period ended March 31, 2018 is included in the following notes:

- Note 8 – Inventory valuation allowance;
- Note 11 – biological assets;
- Note 13 – impairment test;
- Note 18 – recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- Note 19 – recognition and measurement of provisions and procedural risks: main assumptions on the probability and magnitude of the cash outflows.

d. Fair value measurement

When measuring the fair value of an asset or a liability, the Company uses as much as possible observable market inputs. Additional information on the assumptions used in the fair value measurement is included in the following notes:

- Note 11 – biological assets; and
- Note 28 – financial instruments.

e. Functional and presentation currency

This individual and consolidated interim financial information is presented in Brazilian reais, which is the Company's functional currency. All financial information presented in Brazilian reais has been rounded to the nearest thousand, unless otherwise indicated.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of this interim financial information are set out below. These policies have been applied consistently to all periods presented.

a. Basis of consolidation

(i) Subsidiaries

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The interim financial information of subsidiaries are included in the consolidated interim financial information from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated interim financial information.

b. Revenue

Revenue is recognized on an accrual basis. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of the Company and its subsidiaries.

Revenues are measured net of sales taxes, returns, trade discounts and rebates.

In accordance with Pronouncement 30, issued by the Accounting Pronouncements Committee - CPC 30 (R1) - Revenues, the Company and its subsidiaries recognize revenue when, and only when:

(i) The amount of revenue can be reliably measured;

(ii) the Company and its subsidiaries have transferred to the buyer the significant risks and rewards of ownership;

(iii) It is probable that economic benefits flow to the Company and its subsidiaries;

(iv) The expenses incurred or to be incurred in respect of the transaction can be reliably measured.

c. Functional and reporting currency

(i) Transactions in foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. The differences in foreign currencies resulting from retranslation are generally recognized in profit or loss.

(ii) Foreign operations

Assets and liabilities of foreign operations are translated into Brazilian Real (R$) at the exchange rates at the balance sheet date. Revenues and expenses of foreign operations are translated into Brazilian Real (R$) at the exchange rates at the transaction dates.

The differences in foreign currencies generated on the translation to the presentation currency are recognized in other comprehensive income and in cumulative translation adjustment in equity.

d. Financial instruments

The Company recognizes loans and receivables issued at the date they were originated. All other financial instruments are recognized initially at the trading date in which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flow in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not hold the control over the transferred asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

- Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Subsequent to initial recognition, transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in profit or loss.

- Cash and cash equivalents

Cash, banks, and financial investments are the items of the statement of financial position that are presented in the statement of cash flows as cash and cash equivalents of immediate liquidity with redemption periods of three months or less from the investment date, subject to an insignificant risk of change in value.

- Financial assets measured at amortized cost

Such assets are recognized initially at fair value plus any attributable transaction costs. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method.

- Non-derivative financial liabilities

Financial liabilities are initially measured at fair value, less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

- Impairment of financial assets

Financial assets not classified as fair value through profit or loss are assessed at the end of each reporting period to determine whether there is objective evidence of impairment.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there is no realistic perspective of recovery of the asset, the amount is amortized. If the amount of the impairment loss subsequently decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

- Derivative financial instruments

Derivatives are initially recognized at fair value and any attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and any gains and losses are recognized in profit or loss.

- Social capital

Additional costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

e. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of standing timber transferred from biological assets is measured at the cost determined at the date of harvest.

f. Fixed assets

Fixed assets are carried at the historical cost of acquisition or construction, less accumulated depreciation and any accumulated impairment losses.

Any gains or losses arising on the disposal or write-off of an item of fixed assets are recognized in profit or loss.

Financial charges on borrowings that are directly attributable to the acquisition or construction of the assets are capitalized as part of the costs of these assets. Borrowing costs that are not directly related to the assets are capitalized based on an average funding rate on the balance of construction in progress. These costs are amortized over their estimated useful lives.

Depreciation

Depreciation is calculated based on the residual value using the straight-line method over the estimated useful life of each asset and is generally recognized in profit or loss (except land and construction in progress).

The estimated useful lives, the residual values, and the depreciation methods are reviewed at the end of the reporting period, and the effects of any changes in estimates are accounted for prospectively. The annual depreciation rates are as follows:

(In thousands of Brazilian reais - R$)

Weighted annual depreciation rates

	03/31/2018	03/31/2017
Buildings	3.67%	2.83%
Facilities and improvements	5.53%	5.31%
Furniture and fixtures	9.18%	9.08%
Vehicles	21.41%	21.96%
Technical and scientific instruments	10.85%	11.47%
IT equipment	19.89%	19.13%
Machinery and equipment	6.38%	6.85%
Leasehold improvements	7.38%	7.39%
Eucalyptus matrices	20.00%	20.00%

g. Biological assets

Biological assets comprise renewable plantation eucalyptus forests for production of pulp. These assets are measured at fair value less costs to sell, whose impacts are recognized in the statement of profit or loss for the year. Depletion is measured based on the quantity of wood harvested from the forests.

h. Operating leases

(i) Lease of land

The costs of the land operating leases are recognized in forest formation along with other related costs on an accrual basis and subsequently allocated to the cost of pulp in the production process.

(ii) Other leases

Operating lease payments (take or pay) are recognized in inventory at the acquisition of chemical products and, subsequently, allocated to cost of pulp in the production process, as mentioned in Note 29.

i. Intangible assets

(i) Appreciation of right-of-use of concession

The appreciation resulting from a business combination being amortized during the term of right of use.

(ii) Other intangible assets

Other intangible assets, including terminal concession and software, acquired by the Company have definite useful lives and are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iii) Amortization

The amortization is calculated to amortize the cost of items of the intangible asset, less its estimated residual values, using the straight-line method based on the estimated useful lives of the items. The amortization is generally recognized in profit or loss. The estimated useful lives are as follows:

Software	5 years
Appreciation of right-of-use of port movement concession	14 years
Terminal concession	14 years

j. Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine where there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated.

For the purposes of impairment testing, assets are grouped at the smallest group, which generates cash inflows that are largely independent from the cash inflows of other assets or cash Generation Unit (CGU). Goodwill resulting from a business combination is allocated to the CGU or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of value in use and fair value less costs of disposal. The value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, less depreciation or amortization, had no impairment loss been recognized.

k. Trade accounts payable

Refer to amounts due to suppliers in the normal course of the business of the Company and its subsidiaries.

l. Provisions

A provision is recognized as a liability when the Company has present obligations that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The finance costs incurred are recognized in profit or loss.

m. Earnings per share

Basic earnings per share are calculated based on the profit for the year and the weighted average number of shares outstanding during the year. The Company does not have instruments that could potentially dilute the number of shares.

n. Income tax and social contribution tax

Income (loss) from Income tax and social contribution tax includes current and deferred income taxes, which are recognized in profit or loss unless they are related to business combinations or items directly recognized in equity or in other comprehensive income.

Current and deferred income tax and social contribution tax are calculated based on the rates of 15%, plus a 10% surtax on taxable profit exceeding R$ 240 for income tax and 9% on taxable profit for social contribution tax on net income, and consider the offset of income tax and social contribution tax losses, limited to 30% of the taxable profit.

(i) Current taxes

The current tax is the expected tax payable or receivable on taxable profit or loss for the year and any adjustment to taxes payable related to prior years. It is calculated at tax rates enacted or substantially enacted by the end of the reporting period.

(ii) Deferred taxes

The deferred tax is recognized on temporary differences and tax losses between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for tax purposes. Deferred taxes are not recognized for the following temporary differences:

- The initial recognition of assets and liabilities in a transaction other than a business combination, and that does not affect either the accounting or taxable profit or loss;

- Differences related to investments in subsidiaries, branches and associates, and interests in joint ventures, when it is probable that the Company will not reverse in a foreseeable future;

- A deferred tax is not recognized for taxable temporary differences resulting from the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and if they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

o. Employee benefits

Defined contribution pension plan

A defined contribution plan is a postemployment benefit plan under which an entity pays fixed contributions to a separate entity (pension fund) and will not have a legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expenses in profit or loss in the periods in which the employees provide services.

p. New standards and interpretations not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for periods beginning after January 01, 2019. The Company has not early adopted these amendments in the preparation of this interim financial information. The Company does not plan to adopt these standards early.

(i) IFRS 16 Leases

IFRS 16 introduces a single model for accounting of leases in the balance sheet for lessees. A lessee recognizes a right of use asset representing its right to use the leased asset and a lease liability representing its obligation to make the lease payments. Optional exemptions are available for short-term leases and low value items. The lessor accounting remains similar to the current form, that is, lessors continue to classify leases as operating or finance.

IFRS 16 replaces the existing lease standards, including CPC 06 (IAS 17) Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Complementary aspects of Lease Operations.

The standard is effective for annual periods starting on or after January 1, 2019. Early adoption is only allowed for financial information issued according to the IFRS and only for entities applying IFRS 15 Revenue from contracts with customers or before the initial date of adoption of IFRS 16.

The Company is assessing the effects that IFRS 16 will have on the financial information and its disclosures.

(In thousands of Brazilian reais - R$)

(ii) Other amendments

The new or revised standards below are not expected to have a material impact on the Company's financial information.

- Amendments to CPC 10 (IFRS 2) Shared-based payment related to the classification and measurement of certain share-based payment transactions;
- Amendments to CPC 36 Consolidated Financial Statements (IFRS 10) and CPC 18 Investments in Associates (IAS 28) in relation to sales or contributions of assets between an investor and its associate or its joint venture.

The Accounting Pronouncements Committee has not yet issued accounting pronouncements or amendments to existing pronouncements equivalent to all new IFRS. Therefore, the early adoption of these IFRS is not permitted for entities that disclose their financial information in accordance with accounting practices adopted in Brazil.

5. Cash and cash equivalents and financial investments

5.1. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Cash and cash equivalents	5	5	7	5
Banks - demand deposits	104,965	12,472	423,224	228,966
Banks - financial investments (a)	271,510	148,536	271,510	148,536
	376,480	161,013	694,741	377,507

These are daily liquidity investments in Bank Certificate of Deposit ("CDB") of top-tier financial institutions with return that approximates the Interbank Certificate of Deposit (CDI) rate.

5.2. Financial investments

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Fundo Caixa FI (a)	68,294	67,245	68,294	67,245
CDB CEF (b)	102,428	100,793	102,428	100,793
Banco do Brasil Paris (c)	-	-	49,050	51,298
	170,722	168,038	219,772	219,336

(a) Fixed-income investment with Caixa Econômica Federal, with gross return based on CDI variation. These funds are linked as reciprocity of financial investment to the issue of debentures in FI-FGTS, as shown in note 16.4.
(b) Investment in CDB with Caixa Econômica Federal, with gross return based on CDI variation. These funds are linked as reciprocity of financial investment to the issue of NCE, as shown in note 16.2. (i) and (v).

(In thousands of Brazilian reais - R$)

(c) Funds in checking account with Banco do Brasil Paris. These funds are linked as reciprocity to a Term Loan operation, as stated in Note 16.2 (viii).

6. Trade accounts Receivable

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Domestic Market	156,750	138,660	156,750	138,662
Foreign Market	1,009,793	1,017,303	566,724	509,730
	1,166,543	1,155,963	723,474	648,392
Breakdown				
Current assets	1,166,543	1,155,280	723,474	647,709
Noncurrent assets	-	683	-	683
	1,166,543	1,155,963	723,474	648,392

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Falling due	1,158,683	1,134,073	653,961	551,044
1 to 30 days past due	1,400	14,816	46,643	82,562
31 to 60 days past due	97	1,199	14,203	5,563
61 to 90 days past due	-	504	368	1,488
Over 90 days past due	6,363	5,371	8,299	7,735
	1,166,543	1,155,963	723,474	648,392

The Company did not identify the need to recognize an allowance for doubtful debts because it has financial instruments to hedge these receivables for high-risk markets and practices for constant analysis and monitoring of the credit limits granted, and active collection of pending and past-due amounts in all markets in which it operates, thus this set of good practices strongly contributes to ensure the collection of the amounts.

(In thousands of Brazilian reais - R$)

7. Related-party transactions

The main intercompany balances in balance sheet accounts and transactions affecting income (loss) accounts result from operations conducted at market conditions and prices agreed between the parties and showed as follows:

		Parent Company		Consolidated	
	Type	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Current assets					
Cellulose Eldorado Austria GmbH (Note 6)	Pulp sale	836,269	826,478	-	-
Eldorado EUA (note 6)	Pulp sale	135,226	135,194	-	-
Eldorado Intl. Finance GmbH	Transfer of costs	2,796	2,783	-	-
J&F Investimentos	Transfer of costs	9	-	9	-
Total current assets		974,300	964,455	9	-
Current liabilities					
JBS (note 15)	Sundry (iv)	1,702	1,673	1,702	1,606
Seara Alimentos (note 15)	Consumables (v)	14	258	14	258
Cellulose Eldorado Austria GmbH	PPE (ii)	80,327	79,904	-	-
Eldorado Intl. Finance GmbH	PPE (iv)	51,962	24,816	-	-
J&F Investimentos	Guarantee (i)	14,459	31,257	14,459	31,257
J&F Investimentos (note 15)	Sundry (vi)	49	2,828	49	2,828
Rishis Empreend. e Partic. (note 15)	Rendering of service	15,602	14,376	-	-
Total current liabilities		164,115	155,112	16,224	35,949
Noncurrent liabilities					
Celulose Eldorado Austria GmbH	PPE (ii)	180,649	179,578	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	1,125,321	1,119,256	-	-
Total noncurrent liabilities		1,305,970	1,298,834	-	-

(In thousands of Brazilian reais - R$)

	Type	Parent Company 03/31/2018	Parent Company 03/31/2017	Consolidated 03/31/2018	Consolidated 03/31/2017
Profit or loss					
Cellulose Eldorado Austria GmbH	Pulp sale	627,535	427,089	-	-
Eldorado EUA Inc.	Pulp sale	88,485	56,495	-	-
JBS	Electricity sale	-	1,164	-	1,164
Enersea Comercializ. de Energia	Electricity sale	-	374	-	374
Total sales revenue (note 21)		716,020	485,122	-	1,538
Cellulose Eldorado Austria (note 24)	PPE (ii)	(3,740)	(4,659)	-	-
Eldorado Intl. Finance GmbH (note 24)	PPE (iii)	(25,866)	(25,062)	-	-
JBS S.A.	Sundry (v)	(6,236)	(1,881)	(6,236)	(1,881)
Seara Alimentos	Consumables (vi)	(72)	(93)	(72)	(93)
J&F Investimentos (note 24)	Endorsement(i)	(14,459)	(16,837)	(14,459)	(16,837)
Loans to officers	Loans (vii)	-	1,559	-	1,559
Rishis Empreend. e Partic.	Services	(5,319)	(7,122)	-	-
Total profit or loss		660,328	431,027	(20,767)	(15,714)

(i) Endorsement granted by the holding J&F Investimentos S.A., for warranty of loans operations that the Company has with banks.
(ii) Export financing granted by Cellulose Eldorado Austria GmbH to Eldorado Brasil Celulose S.A with a five-year term and interest rate of 6% p.a. + exchange differences.
(iii) Export financing granted by Eldorado Intl. Finance GmbH to Eldorado Brasil Celulose S.A with a five-year term, with interest rate of 9.8% p.a. + exchange differences.
(iv) Refers to amounts payable relating to various transactions, among them: freight on wood transportation, purchase of consumables for use in the cafeteria, rental of administrative building and data center, etc.
(v) These refer to acquisition of consumables for use in the cafeteria and Christmas kits.
(vi) This refers to reimbursements related to rents and corporate expenses.
(vii) Return to loans to the CEO at the rate of 100% of the CDI, with maturity on December 31, 2017, settled in advance on September 28, 2017.

(In thousands of Brazilian reais - R$)

7.1. Management compensation

The expense on key management personnel compensation includes directors and officers, in the following amounts for the periods ended:

	03/31/2018	03/31/2017
Benefits (a)	3,347	7,733

(a) Benefits include fixed compensation (salaries, vacation pay and year-end bonus), social security contributions (INSS), severance pay fund (FGTS), bonus and others. All officers are parties to employment contracts governed by the Consolidated Labor Laws (CLT) and follow all legal requirements related to compensation and benefits.

8. Inventories

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Seedlings	2,352	2,570	2,352	2,570
Raw materials (wood for production)	129,476	127,311	129,476	127,311
Pulp	38,983	41,629	200,372	233,470
Inputs	20,886	19,254	20,886	19,254
Storeroom supplies	116,099	110,282	116,323	110,504
	307,796	301,046	469,409	493,109

During the period the amount of R$ 66,006 (R$ 271,981 as at December 31, 2017) was added to inventories due to the harvest of the biological asset, as shown in note 11.

9. Taxes recoverable

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
State VAT (ICMS) (i)	1,073,503	1,008,245	1,073,776	1,008,485
Taxes on sales (PIS e COFINS) (ii)	15,806	14,328	15,806	14,328
Federal VAT (IPI)	106	105	106	105
Services tax (ISS)	228	224	228	224
REINTEGRA (iii)	37,397	29,986	37,397	29,986
Withholding income tax (IRRF) (iv)	8,564	8,329	8,564	8,329
Corporate income tax (IRPJ) to offset (v)	799	796	799	796
Social contribution tax (CSLL) to offset (v)	290	294	290	294
Prepayment IRPJ (vi)	45,719	-	45,719	75
Prepayment CSLL (vi)	16,864	-	16,864	34
	1,199,276	1,062,307	1,199,549	1,062,656
Breakdown				
Current assets	569,107	432,373	569,374	432,717
Noncurrent assets	630,169	629,934	630,175	629,939
	1,199,276	1,062,307	1,199,549	1,062,656

(i) ICMS

The Company has an ICMS balance accumulated over the last years derived from credits on the purchase of inputs used in the production process, assets classified as fixed assets for implementation of its plant in Três Lagoas, MS.

The Company has prioritized a series of actions to maximize the utilization of such credits and currently no losses on their realization are expected. Among the actions taken by the Company, we highlight the increase in sales of pulp to the domestic market, which would allow the realization of part of those credits, and obtaining from the state government of Mato Grosso do Sul authorization to use the ICMS credits to pay suppliers hired to expand its production capacity of Vanguard Project 2.0.

(ii) PIS and COFINS

Refers basically to noncumulative PIS and COFINS credits on the purchase of fixed asset items, related to the completion of construction of the plant, which went into operation at the end of 2012. This amount refers to credits on equipment purchases and provision of services, which are realizable through offset against debts of these taxes levied on sales in the domestic market and income tax and social contribution tax payable, and requests for refund to the Federal Revenue.

(iii) REINTEGRA

In October 2014, the Company adopted Decree 7.633, of December 1, 2011, which regulated the REINTEGRA.

Reintegra establishes the possibility of the producer legal entity, which carries out export of manufactured goods in the country, determining a value for purposes of partial or full refund of the residual tax amount existing in its production chain. The Reintegra regulation establishes that the amount will be calculated by applying the percentage in effect at the time of the transaction to the revenue from export of goods produced by the legal entity.

(iv) IRRF

Refers to withholding income tax on short-term investments, realizable through offset against income tax and social contribution tax.

(In thousands of Brazilian reais - R$)

(v) IRPJ and CSLL to offset

Related to IRPJ and CSLL in 2017, collected in advanced in compliance with the rules for Actual Profit taxation regime, which by the end of the year totaled more than the amount actually due by the Company. Based on Legal Legislation the company has the right to offset these taxes against federal taxes in 2018.

(vi) IRPJ and CSLL - Prepayment

Refer to corporate income tax and social contribution paid in advance based on the taxable profit, in compliance with the rules for Actual Profit taxation regime. At the end of each year, the prepaid balance is realized through offset against the calculated amount of income tax and social contribution due.

10. Advances to suppliers

	Parent Company		Consolidated	
	03/31/2018	31/12/2017	03/31/2018	31/12/2017
Purchase of wood (i)	104,404	101,059	104,404	101,059
Others	13,513	15,790	13,573	15,877
	117,917	116,849	117,977	116,936
Breakdown				
Current assets	29,881	32,976	29,941	33,063
Noncurrent assets	88,036	83,873	88,036	83,873
	117,917	116,849	117,977	116,936

Refer to advances made to wood suppliers, under purchase for future delivery contracts, which will be settled upon the physical delivery of the wood. Company specialists value and monitor forest development to mitigate risks associated to the compliance of each contract.

11. Biological assets

The Company's biological assets are represented by eucalyptus forests under development, intended for the supply of wood to produce pulp, 98.6% in areas located in the State of Mato Grosso do Sul and the remaining in the state of Mato Grosso.

(In thousands of Brazilian reais - R$)

The opening and closing balances are broken down as follows:

	Parent Company and Consolidated	
	03/31/2018	12/31/2017
At the beginning of the year	2,499,996	2,050,789
Change in the fair value of biological assets net of costs to sell	33,031	373,016
Tree felling for inventory	(66,006)	(271,981)
Forest development cost	71,249	348,172
	2,538,270	2,499,996

Currently the Company holds a production area of 219,922 hectares (224,197 hectares at December 31, 2017), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

In accordance with the hierarchy established in CPC 46 (equivalent to IFRS 13) “Fair value measurement”, the measurement of biological assets is classified as level 3, due to its complexity and calculation structure.

The Company used the Discounted Cash Flows method to recognize its biological assets at fair value. In general lines, the methodology can be summarized by the projection of forest growth and its subsequent depletion, with felling age between six and eight years, considering operating restrictions and annual demand.

The volume of trees to be fallen was estimated considering the average productivity in cubic meters of wood of each plantation per hectare at the time of the harvest. This growth is represented by the Average Annual Increase (IMA) expressed in cubic meters per hectare/year. The crop handling costs include expenditures with the fertilization, weed control, control of ants and other pests, maintenance of roads and firebreaks, and other services required for the maintenance of the planted forests.

Some assumptions were changed as from the first quarter of 2017. They were: the average selling price for eucalyptus wood considered was estimated for the domestic market, adjusted to reflect the price of standing timber by region, which is affected by the distance between the farm and the production unit; the estimated productivity of forests that do not have at least two measurements of inventory was considered, taking into account the average productivity of planted forests in the last three years with inventory (2013, 2014 and 2015); the actual discount rate used was 6.1% (Weighted Average Cost of Capital – WACC); and the average annual cost per hectare of the land lease paid to third parties was considered for the purpose of remuneration of the own land.

(In thousands of Brazilian reais - R$)

The Company decided to assess its biological assets on a quarterly basis because it understands that this procedure is sufficient to show the evolution of the fair value of the forests.

The main points considered in estimating the fair value of biological assets were:

	03/31/2018	12/31/2017
Current productive area (hectare)	219,922	224,197
Average Annual Increase (IMA) - m³ / hectare	37.48	37.77
Discount rate (WACC without consumer price index) - %	6.1	6.1
Non-Financial Estimative of hc quantities	3,324	5,309

(In thousands of Brazilian reais - R$)

12. Investments

Significant information about investments on subsidiaries for the period ended March 31, 2018

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria Gmbh	100%	2,625,807	111	164,613	944,844	150,340
Rishis Empreendimentos e Participações S.A.	100%	92,876	108,979	91,133	5,143	65

	Balance as at 12/31/2017	Amortization	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as at 03/31/2018
Cellulose Eldorado Austria Gmbh	(77,971)	-	3,606	(22,055)	150,340	53,920
Rishis Empreendimentos e Participações S.A.	91,068	-	-	-	65	91,133
Appreciation of right to use granting of port movements	14,053	(295)	-	-	-	13,758
Total	27,150	(295)	3,606	(22,055)	150,405	158,811
Provision for losses on investments	77,971					-

Subsidiaries

Cellulose Eldorado Austria Gmbh

In December 2012, two units strategically located abroad, called Eldorado USA Inc. (United States) and Cellulose Eldorado Austria GmbH (Austria), were opened in order to meet the demand of the sales contracts entered into abroad and the prospecting of new sales abroad. Additionally, in 2013 a commercial office was opened in China (Shanghai), continuing the expansion of the Company's presence in the foreign market.

Eldorado Intl Finance GmbH is a company established for the issuance of bonds in the international market so as to segregate such function from the other activities carried out by the subsidiaries of Eldorado. The company was established in February 2016 and started its activities in June 2016, with the issuance of bonds, according to note 16.2 (ix).

Rishis Empreendimentos e participações S.A.

Rishis Empreendimentos e Participações S.A. holds the rights and obligations of the Lease Agreement No. DP-DC 01/2005 ("Lease Agreement") entered into with Companhia Docas do Estado de São Paulo – CODESP ("CODESP") on December 02, 2005, valid up to November 04, 2029.

Rishis is a port operator, certified by the port authority (Codesp) since March 05, 2015, lessee of a port facility of public use specialized in the break bulk transportation of pulp for export. It is located in the official area of the established port of Santos, in the area named Outeirinhos. Its total area is about 10,000 m^2 with capacity for static storage of 32,000 tonnes, moved by three overhead cranes with telescopic spreaders of latest generation and forklifts with clamps. Rishis has controls and processes compliant with ISO9001, ISO14001 and OHSAS18001 standards, whose certifications are assessed and issued by BRTUV.

The facilities, accesses and operating activities are ruled by customs legislation from the Brazilian Revenue Service, being its permit for operations published in the Federal Register (DOU) by means of Executive Declaratory Act No. 30 of May 20, 2013, effective up to November 05, 2029.

On August 12, 2011, the Company acquired a warrant that entitles it to subscribe to 517,647 common shares, equivalent to 46.32% of Rishis voting capital, at an issue premium of R$9,000 and fixed exercise price of R$13,500, whose right was exercised and paid in 36 installments. Of the exercised right, the Company subscribed to 279,569 Rishis shares, and as a result paid in R$7,299 in Rishis share capital.

(In thousands of Brazilian reais - R$)

On October 8, 2013, the Company acquired Rishis control through increase of its equity interest from 46.32% to 60%.

On August 11, 2014, the Company acquired an additional 40% interest, through payment in kind, increasing its stake from 60% to 100%.

On June 30, 2015, the Company started its operation at the Port of Santos.

With this transaction, the Company's management seeks to increase the logistics operational efficiency, adding competitiveness to pulp exports.

Appreciation of right-of-use of port movement concession

The Company has recorded, as at March 31, 2018, appreciation of the right to use the port area object of a lease agreement that is being amortized for the term of such usage right, valid up to November 05, 2029.

13. Fixed assets

	Parent Company – 03/31/2018			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.67%	1,129,270	(168,383)	960,887
Leasehold improvements	10.00%	14,746	(6,354)	8,392
Facilities and improvements	5.33%	274,726	(54,201)	220,525
Furniture and fixtures	9.11%	8,580	(3,525)	5,055
Vehicles	21.41%	129,041	(82,055)	46,986
Technical and scientific instruments	10.79%	6,134	(3,453)	2,681
IT equipment	19.87%	63,283	(56,656)	6,627
Machinery and equipment	6.37%	3,633,423	(782,092)	2,851,331
Eucalyptus matrices	20.00%	79	(33)	46
Construction in progress and advances for capital expenditures	-	189,163	-	189,163
		5,551,656	(1,156,752)	4,394,904

	Parent Company – 12/31/2017			
	Weighted annual depreciation rates	Costs	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	2.84%	1,128,025	(158,585)	969,440
Leasehold improvements	10.00%	14,746	(5,985)	8,761
Facilities and improvements	5.34%	274,726	(51,147)	223,579
Furniture and fixtures	9.09%	8,554	(3,046)	5,508
Vehicles	21.87%	127,683	(74,998)	52,685
Technical and scientific instruments	11.78%	6,087	(3,327)	2,760
IT equipment	19.23%	63,266	(55,108)	8,158
Machinery and equipment	7.04%	3,771,799	(759,331)	3,012,468

(In thousands of Brazilian reais - R$)

	Parent Company – 12/31/2017			
	Weighted annual depreciation rates	Costs	Accumulated depreciation	Net
Eucalyptus Matrices	20.00%	79	(29)	50
Construction in progress and advances for capital expenditures	-	191,505	-	191,505
		5,689,681	(1,111,556)	4,578,125

	Consolidated – 03/31/2018			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.67%	1,129,270	(168,383)	960,887
Leasehold improvements	7.38%	70,678	(16,296)	54,382
Facilities and improvements	5.53%	279,894	(54,604)	225,290
Furniture and fixtures	9.18%	9,055	(3,712)	5,343
Vehicles	21.41%	129,156	(82,170)	46,986
Technical and scientific instruments	10.85%	6,134	(3,453)	2,681
IT equipment	19.89%	64,449	(57,438)	7,011
Machinery and equipment	6.38%	3,643,073	(783,743)	2,859,330
Eucalyptus Matrices	20.00%	79	(33)	46
Construction in progress and advances for capital expenditures	-	194,916	-	194,916
		5,629,915	(1,169,832)	4,460,083

	Consolidated – 12/31/2017			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	2.84%	1,128,025	(158,585)	969,440
Leasehold improvements	7.38%	70,679	(14,929)	55,750
Facilities and improvements	5.57%	279,893	(51,471)	228,422
Furniture and fixtures	9.19%	9,028	(3,213)	5,815
Vehicles	21.88%	127,798	(75,113)	52,685
Technical and scientific instruments	11.84%	6,087	(3,327)	2,760
IT equipment	19.31%	64,430	(55,834)	8,596
Machinery and equipment	7.05%	3,781,449	(760,798)	3,020,651
Eucalyptus matrices	20.00%	79	(29)	50
Construction in progress and advances for capital expenditures	-	197,217	-	197,217
		5,767,896	(1,123,299)	4,644,597

(In thousands of Brazilian reais - R$)

Changes in fixed assets

Parent Company

Changes	Balance at 12/31/2017	Additions	Write-off	Transfers	Depreciation	Balance at 03/31/2018
Land	103,211	-	-	-	-	103,211
Buildings	969,440	-	-	1,245	(9,798)	960,887
Leasehold improvements	8,761	-	-	-	(369)	8,392
Facilities and improvements	223,579	-	-	-	(3,054)	220,525
Furniture and fixtures	5,508	26	-	-	(479)	5,055
Vehicles	52,685	1,656	(23)	-	(7,332)	46,986
Technical and scientific instruments	2,760	-	-	47	(126)	2,681
IT equipment	8,158	-	-	17	(1,548)	6,627
Machinery and equipment	3,012,468	285	(122,854)	6,129	(44,697)	2,851,331
Eucalyptus matrices	50	-	-	-	(4)	46
Construction in progress and advances for capital expenditures	191,505	5,406	-	(7,748)	-	189,163
	4,578,125	7,373	(122,877)	(310)	(67,407)	4,394,904

Parent Company

Changes	Balance at 12/31/2016	Additions	Write-off	Available for sale	Transfers	Depreciation	Balance at 12/31/2017
Land	101,701	2,060	(550)	-	-	-	103,211
Buildings	967,971	-	-	-	33,336	(31,867)	969,440
Leasehold improvements	10,236	-	-	-	-	(1,475)	8,761
Facilities and improvements	210,471	-	(20)	-	25,241	(12,113)	223,579
Furniture and fixtures	5,714	291	(9)	-	289	(777)	5,508
Vehicles	77,272	6,569	(3,667)	(1,419)	-	(26,070)	52,685
Technical and scientific instruments	3,181	158	-	-	36	(615)	2,760
IT equipment	18,299	542	(13)	-	596	(11,266)	8,158
Machinery and equipment	3,146,455	9,743	(6,403)	(5,409)	39,593	(171,511)	3,012,468
Eucalyptus matrices	66	-	-	-	-	(16)	50
Construction in progress and advances for capital expenditures	218,903	75,171	-	-	(102,569)	-	191,505
	4,760,269	94,534	(10,662)	(6,828)	(3,478)	(255,710)	4,578,125

(In thousands of Brazilian reais - R$)

Consolidated

Changes	Balance at 12/31/2017	Additions	Write-off	Transfers	Depreciation	Balance at 03/31/2018
Land	103,211	-	-	-	-	103,211
Buildings	969,440	-	-	1,245	(9,798)	960,887
Leasehold improvements	55,750	-	-	-	(1,368)	54,382
Facilities and improvements	228,422	-	-	-	(3,132)	225,290
Furniture and fixtures	5,815	26	-	-	(498)	5,343
Vehicles	52,685	1,656	(23)	-	(7,332)	46,986
Technical and scientific instruments	2,760	-	-	47	(126)	2,681
IT equipment	8,596	-	-	17	(1,602)	7,011
Machinery and equipment	3,020,651	285	(122,854)	6,129	(44,881)	2,859,330
Eucalyptus matrices	50	-	-	-	(4)	46
Construction in progress and advances for capital expenditures	197,217	5,447	-	(7,748)	-	194,916
	4,644,597	7,414	(122,877)	(310)	(68,741)	4,460,083

Consolidated

Changes	Balance at 12/31/2016	Additions	Write Off	Available for sale	Transfers	Depreciation	Balance at 12/31/2017
Land	101,701	2,060	(550)	-	-	-	103,211
Buildings	967,971	-	-	-	33,336	(31,867)	969,440
Leasehold improvements	61,093	-	-	-	119	(5,462)	55,750
Facilities and improvements	215,617	-	(20)	-	25,249	(12,424)	228,422
Furniture and fixtures	5,990	291	(9)	-	392	(849)	5,815
Vehicles	77,295	6,569	(3,667)	(1,419)	-	(26,093)	52,685
Technical and scientific instruments	3,181	158	-	-	36	(615)	2,760
IT equipment	18,872	551	(14)	-	665	(11,478)	8,596
Machinery and equipment	3,155,050	9,743	(6,403)	(5,409)	39,888	(172,218)	3,020,651
Eucalyptus matrices	66	-	-	-	-	(16)	50
Construction in progress and advances for capital expenditures	224,806	75,650	-	-	(103,239)	-	197,217
	4,831,642	95,022	(10,663)	(6,828)	(3,554)	(261,022)	4,644,597

(In thousands of Brazilian reais - R$)

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at March 31, 2018 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering, environmental license and infrastructure woks for the construction of Projeto Vanguarda 2.0, new production line with capacity of more than 2.3 million tons of pulp per year.

Company assets are pledged as collateral for borrowings up to the maximum limit of each of the debts assumed (note 16).

Review of useful life

In order to meet the requirements of Law 11.638/07 (CPC 27 and ICPC 10), the Company reviewed the technical useful life of fixed assets and found that some items should be adjusted to improve adherence to the current reality of the operation. The assumptions used by the technical area are based on the assets operation characteristics: working hours, technological obsolescence, use conditions and maintenances made.

The effects were recognized prospectively and the impact totals approximately R$ 2 thousand/month as from January/2018.

Impairment test - fixed assets

The balances of fixed assets and other assets are reviewed annually in order to identify evidence of impairment or whenever changes in events or circumstances indicate that the carrying amount may not be recoverable. In the period, no evidence of impairment was identified.

14. Intangible assets

	Parent Company – 03/31/2018			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	20.56%	18,324	(11,390)	6,934

	Parent Company – 12/31/2017			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	21.18%	18,014	(10,677)	7,337

(In thousands of Brazilian reais - R$)

	Consolidated – 03/31/2018			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,001	(3,243)	13,758
Software	20.48%	19,054	(11,758)	7,296
Terminal Concession	7.14%	20,988	(9,910)	11,078
		57,043	(24,911)	32,132

	Consolidated – 12/31/2017			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,001	(2,948)	14,053
Software	21.02%	18,744	(11,008)	7,736
Terminal Concession	7.14%	20,988	(9,535)	11,453
		56,733	(23,491)	33,242

Changes in intangible assets

Parent Company

Changes	12/31/2017	Additions	Transfers	Amortizations	03/31/2018
Software	7,337	-	310	(713)	6,934

Parent Company

Changes	12/31/2016	Additions	Transfers	Amortizations	12/31/2017
Software	6,450	149	3,478	(2,740)	7,337

Consolidated

Changes	12/31/2017	Additions	Transfers	Amortizations	03/31/2018
Appreciation of right-of-use of port movement concession (a)	14,053	-	-	(295)	13,758
Software	7,736	-	310	(750)	7,296
Terminal Concession	11,453	-	-	(375)	11,078
	33,242	-	310	(1,420)	32,132

Consolidated

Changes	12/31/2016	Additions	Transfers	Amortizations	12/31/2017
Appreciation of right-of-use of port movement concession (a)	17,001	-	-	(2,948)	14,053
Software	6,907	149	3,554	(2,874)	7,736
Terminal Concession	12,952	-	-	(1,499)	11,453
	36,860	149	3,554	(7,321)	33,242

(In thousands of Brazilian reais - R$)

(a) These refer to the appreciation of the right-of-use of port movement concession (Note 12).

Impairment of tangible and intangible assets

As at December 31, 2017, the Company reviewed the carrying amounts of its tangible and intangible assets to determine whether there was any indication that those assets had suffered an impairment loss and concluded that there was no indication of impairment.

15. Trade payables

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Supplies and services	45,766	46,576	47,763	58,459
Inputs	154,637	151,275	154,637	151,275
Others	19,094	19,156	24,470	20,275
	219.497	217,007	226,870	230,009
Breakdown				
Current liabilities	213,391	210,378	220,764	223,380
Noncurrent liabilities	6,106	6,629	6,106	6,629
	219,497	217,007	226,870	230,009

16. Loans and Financing

Type	Average annual interest rate and commissions	Maturity	Parent Company 03/31/2018	Parent Company 12/31/2017
Fixed assets purchase financing				
FINAME - project finance	Average interest of 3% to 8% p.a.	July/2023	35,802	40,527
ACC (advance on exchange contract) (i)	Forex + interest of 5.2% to 6.9% p.a.	June/2018	1,165,665	1,070,650
BNDES (ii)	TJLP + spread	June/2022	504,931	531,486
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,975,725	2,079,771
FINEM Florestal (x)	TJLP / selic + spread	May/2025	189,793	187,044
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	November/2022	864,644	846,305
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	December/2027	1,246,267	1,233,020
Working capital (vi)	Rate of 5.74% p.a. in US$	December/2020	23,133	25,684
PPE (vii)	LIBOR + spread.	March/2018	-	18,635
NCE (v)	CDI + spread	December/2019	615,370	616,244
Lease	Fixed rate – 12.9854% p.a.	July/2020	1,977	2,151
			6,623,307	6,651,517
Breakdown				
Current liabilities			2,530,180	2,319,414

(In thousands of Brazilian reais - R$)

Type	Average annual interest rate and commissions	Maturity	Parent Company 03/31/2018	Parent Company 12/31/2017
Noncurrent liabilities			4,093,127	4,332,103
			6,623,307	6,651,517

The noncurrent portion of borrowing and financing becomes due as follows:

2019	796,744
2020	834,633
2021	829,143
2022	581,998
After 2023	1,050,609
	4,093,127

Type	Average annual interest rate and commissions	Maturity	Consolidated 03/31/2018	Consolidated 12/31/2017
Fixed assets purchase financing				
FINAME - project finance	Average interest of 3% to 8% p.a.	July/2023	35,802	40,527
ACC (advance on exchange contract) (i)	Forex + interest of 5.2% to 6.9% p.a.	June/2018	1,165,665	1,070,650
BNDES (ii)	TJLP + spread	June/2022	504,931	531,486
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,975,725	2,079,771
FINEM Florestal (x)	TJLP / selic + spread	May/2025	189,793	187,044
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	November/2022	864,644	846,305
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	December/2027	1,246,267	1,233,020
Working capital (vi)	Rate of 5.74% p.a. in US$	December/2020	23,133	25,684
PPE (vii)	LIBOR + spread	March/2018	-	18,635
NCE (v)	CDI + spread	December/2019	615,370	616,244
Term Loan (viii)	LIBOR + spread	April/2021	258,257	256,771
Bonds (ix)	Rate of 8.625% p.a.	June/2021	1,175,712	1,143,782
Leasing	Fixed rate – 12.9854% p.a.	July/2020	1,977	2,151
			8,057,276	8,052,070
Breakdown				
Current liabilities			2,629,280	2,392,372
Noncurrent liabilities			5,427,996	5,659,698
			8,057,276	8,052,070

(In thousands of Brazilian reais - R$)

The noncurrent portion of borrowing and financing becomes due as follows:

2019	869,927
2020	907,816
2021	2,017,646
2022	581,998
After 2023	1,050,609
	5,427,996

16.1. Changes in loans and financing

Parent Company	03/31/2018	12/31/2017
Opening Balance	6,651,517	7,620,171
Interest - accrued	137,926	589,963
Exchange differences - accrued	19,933	46,882
New loans and financing	355,885	1,082,247
Repayments		
Principal	(379,186)	(2,017,393)
Interest	(112,108)	(538,237)
Exchange differences	(50,660)	(132,116)
Closing balance	6,623,307	6,651,517

Consolidated	03/31/2018	12/31/2017
Opening balance	8,052,070	9,066,535
Interest - accrued	168,104	710,551
Exchange differences - accrued	27,318	70,370
New loans and financing	355,885	1,082,247
Repayments		
Principal	(379,186)	(2,095,263)
Interest	(116,253)	(653,287)
Exchange differences	(50,662)	(129,083)
Closing balance	8,057,276	8,052,070

16.2. Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts).

(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on March 5 and August 10, 2012, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas.

(iii) ECA (Export Credit Agency) financing agreements, disbursed on December 28, 2012.

(iv) On December 1, 2012, the Company carried out the 2nd issue of simple debentures, fully subscribed by FI-FGTS. These debentures are nonconvertible, unsecured, with additional collateral and unsecured guarantee. The debentures were fully distributed on December 17, 2012.
(v) Real-denominated Export Credit Notes (NCE) contracts.
(vi) Borrowings from Caterpillar Financial Services, denominated in dollars, for financing the purchase of engines.
(vii) In March 2016, the Company entered into an export prepayment contract aimed at extending the repayment profile of the working capital financing.
(viii) In May 2016, Cellulose Eldorado Austria GmbH, Company's wholly-owned subsidiary, entered into a Term Loan agreement with Banco do Brasil AG, Succursale France to extend the average term of its financing transactions.
(ix) In June 2016, the Company, through its wholly-owned subsidiary Eldorado Intl. Finance GmbH, issued Senior Unsecured Bonds/Notes in the amount of USD 350,000 thousand.
(x) Financing granted by BNDES for the company's eucalyptus planting.

16.3. Restrictive covenants

The Company has financing agreements that contain certain covenants for compliance with financial ratios. The agreements that contain such covenant are: (i) the facility agreements entered into with Export Credit Agencies - ECAs, (ii) the Debentures subscribed by the FI-FGTS; (iii) the bank letters of guarantee issued by Banco do Brasil and Santander to secure the Company's financing agreement entered into with the National Bank for Economic and Social Development – BNDES; and (iv) the facility and arrangement agreement ("term loan") entered into with Banco do Brasil in France.

For all cases in which the ratios obtained by the Company did not satisfy the restrictive conditions required by the agreement, it were requested from the banks waivers from compliance with the ratios for the fiscal year ended December 31, 2017 or, where appropriate, the renegotiation of the indexes at new levels met by the Company. The Company was granted the waiver from the creditors mentioned, except regarding FI-FGTS and as Export Credit Agencies, whose final reply to the Company's request, up to the date of publication of this interim financial information, was not provided.

The assumptions for the evaluation of the covenants in effect and applicable only by the end of the year are related to (i) debt ratio index, (ii) net debt on EBITDA, (iii) net debt on equity. There is also a covenant related to limit of indebtedness of the Company to be observed during the year.

The Company’s management considers that this interim financial information fairly presents the financial position, the financial performance and cash flows of the Company, adopting the applicable Technical Pronouncements, Interpretations and Guidelines of CPC, except for item 74 of CPC 26, whose adoption was not made in order to make these financial statements properly present the financial position, financial performance and cash flows of the Company.

In item 74, CPC 26 establishes that “when the entity breaks a contractual arrangement (covenant) on a long-term loan (indebtedness index or interest coverage, for example) at the end or before the end of the reporting period, turning it an overdue liability payable to the creditor, the liability shall be classified as current even if the creditor agrees, after the balance sheet date and before the date of approval of issue of the financial statements, not to demand the early payment as a consequence of non-compliance with the covenant. The liability shall be classified as current because, at balance sheet date, the entity does not have the unconditional right to defer its settlement for at least twelve months after this date”.

Considering that, as mentioned above, the Company (i) obtained authorization for renegotiating with creditors the cases in which the ratios obtained by the Company did not satisfy the restrictive conditions required by the agreement in relation to the year ended December 31, 2017, except with the creditor referred to above; and (ii) continues to negotiate with this creditor to obtain the renegotiation of this obligation to new levels met by the Company in relation to the year ended December 31, 2017, the Company's management believes that meeting the requirements of item 74 of CPC 26 would cause its financial statements to state in short term debts in the amount of R$ 1,860,388 thousand, that, on the date of publication of the financial statements, were not demanded in short term, given that the Company was still negotiating them and was not notified on any non-compliance with the contractual agreements.

16.4. Guarantees of the loans

All loan and financing agreements in the BNDES, FINEM Forest and ECAs modalities and part of the modalities of ACC, Finame , Working Capital, NCE and Debenture, are guaranteed by an endorsement granted by Parent Company J & F Investimentos S.A. Debentures and certain long-term debts are also guaranteed by amounts in financial investments according to note 5.2.

(In thousands of Brazilian reais - R$)

17. Taxes payable, payroll and social charges

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Payroll and social charges	24,625	58,028	25,665	60,619
Accruals and charges	29,607	26,342	30,088	26,951
Taxes payable	121,551	101,542	122,626	103,149
	175,783	185,912	178,379	190,719

18. Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Profit (loss) before income tax and social contribution	405,359	491,675	405,364	491,775
Income tax and social contribution – statutory rate of 34%	(137,822)	(167,170)	(137,824)	(167,204)
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	43,639	20,194	-	-
Nondeductible expenses	(3,420)	(610)	(3,420)	(670)
Government grant	27,770	20,368	27,770	20,368
Effect of taxes of foreign subsidiaries	-	-	43,639	20,194
Others	6	3	3	(3)
Current and deferred income tax and social contribution	(69,827)	(127,215)	(69,832)	(127,315)
Effective rate	17.23%	25.78%	17.23%	25.80%

(b) Changes in deferred income tax and social contribution:

Parent company and consolidated	12/31/2017	Additions	Deductions	03/31/2018
Nature				
Tax losses (i)	537,753	-	(22,649)	515,104
Biological assets	(167,327)	-	1,567	(165,760)
Operational provisions	20,618	4,860	-	25,478
Balance in the period	391,044	4,860	(21,082)	374,822

(i) As at March 31, 2018, the Company has a balance of accumulated tax loss, adjusted for revenues and expenses not allowed by tax law for the calculation of income and social contribution taxes, totaling R$ 1,515,013.

(In thousands of Brazilian reais - R$)

Deferred taxes arising from temporary differences will be reversed as they are settled or realized. Tax losses can be carried forward indefinitely; however, the utilization of accumulated losses from prior years is limited to 30% of the annual taxable profit.

When assessing the probability of realization of deferred tax assets calculated on tax losses, Management considers earning taxable profit in its budget and in the multiannual strategic plan in 2018 and, thus, it is highly possible that the deferred asset will be realized.

19. Provision for contingent liabilities

In the normal course of its activities, the Company is subject to tax, labor and civil lawsuits and, based on the opinion of its legal counsel and, where applicable, specific opinions issued by specialists, assesses the expected outcome of ongoing lawsuits and determines the need to whether or not set up a provision for contingent liabilities. Based on this assessment, the Company provided for the following amounts:

	12/31/2017	Additions	Write off	Adjustment	03/31/2018
Environmental	256	107	(105)	2	260
Civil	2,349	1,982	(1,127)	3,079	6,283
Labor	9,699	4,051	(1,580)	3,941	16,111
Tax	304	2,352	(255)	1	2,402
	12,608	8,492	(3,067)	7,023	25,056

	12/31/2016	Additions	Write off	Adjustment	12/31/2017
Environmental	-	256	-	-	256
Civil	1,871	500	(22)	-	2,349
Labor	5,306	7,285	(3,203)	311	9,699
Tax	307	-	(3)	-	304
	7,484	8,041	(3,228)	311	12,608

As at March 31, 2018 the Company was a defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 751,697 (R$ 532,757 at December 31, 2017), of which the Company accrued R$ 25,056 (R$ 12,608 as at December 31, 2017), classified by its management and legal counsel as likelihood of probable loss. In general, the claims that originated the lawsuits involve claims indemnity for damages, notices of violation and others.

For the lawsuits classified as possible losses in the amount of R$ 705,982 (R$ 469,853 as at December 31, 2017) , the Company believes that no provision for losses is required.

Nature of the main contingencies

(i) Fibria Celulose S.A.

In one of the cases above, the Company is the defendant in an intellectual property dispute with Fibria Celulose SA, which alleges that the Company violated certain rights related to the use of eucalyptus clones in a small part of the Company's plantations. On April 19, 2013, Fibria filed a lawsuit for an anticipated production of evidence. As this was a mere production of evidence of Fibria, a report favorable to Fibria's claims was approved and the process terminated.

On April 1, 2016, the Company was summoned to appear before a state court in the State of Mato Grosso do Sul as defendant in a lawsuit filed by Fibria in connection with the alleged infringement mentioned above, for which Fibria is seeking compensation in the amount of R$ 100 million. On May 5, 2016, the Company argued for a change of venue and, in the alternative, that the case be dismissed, stating briefly that according to the legal technical criteria, the examination of the samples showed that the seedlings were not the clones of Fibria and that, even if they were, the use by the Company would be assured by the provisions of the Law for Protection of Cultivars, with no damage to Fibria.

On September 26, 2016, the proceedings were conclusive and the urgent measure required by Fibria was granted, for the immediate cessation and abstention of the planting and spread of VT02 clone eucalyptus by the Company, throughout the Brazilian territory. The proceeding currently awaits judgment in lower court.

No provision for such action was recognized since the likelihood of loss is possible.

(ii) Administrative Sanctioning Process - CVM

On December 08, 2017, CVM introduced the Administrative Sanctioning Process CVM n° 5388/2017 for object determine the purchase of derivatives contracts on behalf of the dollar of Eldorado Brasil S.A. and other members of your group companies, between the days may 05 and 17, 2017 with use of unfair practices, in alleged violation item II, item "d" of CVM Instruction n° 8/1979. Currently, the process is waiting for the presentation of defense by the accused, whose term ended in May 2018. In the current stage of the process cannot classify your probability of loss, as well as not was incorporated any provision for this process.

(In thousands of Brazilian reais - R$)

20. Equity

20.1. Social capital

The subscribed and paid-in capital as at March 31, 2018 is R$ 1,788,792, comprising 1,525,558,419 common shares.

	Common Shares
Balance at December 31, 2016	1,525,558,419
Issuance of shares	-
Balance at December 31, 2017	1,525,558,419
Issuance of shares	-
Balance at March 31, 2018	1,525,558,419

20.2. Statutory reserve

Recognized, when applicable, at the rate of 5% of the profit for each year, as provided for by Article 193 of Law 6.404/76, up to the ceiling of 20% of the share capital.

20.3. Tax incentive reserve

The Company recognized a tax incentive reserve using part of the net income resulting from government subventions, represented by ICMS credits granted, arising from a tax incentive package offered by the government of the state of Mato Grosso do Sul to be applied in its future industrial expansion.

20.4. Dividends

Under the Company bylaws, the balance of the profit for the year remaining after the offset of accumulated losses and allocation to the legal reserve and the contingency reserve, is used for the payment of a mandatory minimum dividend that cannot be lower than 25% of profit for the year adjusted as prescribed by the Corporate Law.

20.5. Cumulative translation adjustments

The cumulative translation adjustments represent the foreign currency differences arising from the conversion of the interim financial information of foreign operations.

(In thousands of Brazilian reais - R$)

20.6. Earnings per share

Basic

Basic earnings per share were calculated by dividing the profit attributable to holders of common shares by the weighted average number of common shares outstanding:

	03/31/2018	03/31/2017
Profit attributable to Company owners	335,532	364,460
Total shares outstanding in the period – thousands	1,525,558	1,525,558
Earnings (losses) per thousand shares	0.22	0.24

21. Net Revenue

	Parent Company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Gross sales revenue				
Domestic market	165,477	105,920	165,477	105,920
Foreign market	752,819	517,175	1,170,191	742,461
Discounts and rebates	(263)	(701)	(204,937)	(141,273)
	918,033	622,394	1,130,731	707,108
Sales deductions and taxes	(34,463)	(17,380)	(18,513)	(11,249)
Net operating revenue	883,570	605,014	1,112,218	695,859

22. Operating segments

a. Base for segmentation

The Company’s management defined three segments: pulp, energy and others based on the reports used by the Board of Directors to make strategic and operating decisions. The summary below describes the operations of each of the segments, whose performance targets for assessment purposes are defined and controlled:

Reportable segments	Operations
Energy	Generation and sale of energy.
Pulp	Plantation and management of forest resources, purchase of wood, and production of pulp.
Others	Sale of chips, scrap and waste

(In thousands of Brazilian reais - R$)

b. Reportable segments

Information on the results of each reportable segment is presented below.

	Consolidated Mar/18			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	965,125	-	-	965,125
Domestic market	128,427	17,974	692	147,093
Cost of goods sold	(341,909)	(456)	(2,210)	(344,575)
Gross profit (loss)	751,643	17,518	(1,518)	767,643
Operating expenses/revenues				
Administrative and general	(24,652)	-	-	(24,652)
Selling and logistics	(102,696)	-	-	(102,696)
Fair value of biological assets	33,031	-	-	33,031
Depreciation, amortization and depletion	(107,941)	-	-	(107,941)
Other revenues (expenses),net	54,260	-	-	54,260
Net financial income (loss)				
Financial expenses	(197,179)	-	-	(197,179)
Financial revenues	5,146	-	-	5,146
Exchange rate gains (losses), net	(22,248)	-	-	(22,248)
Income/ (loss) before provision for Income and social contribution taxes	389,364	17,518	(1,518)	405,364
Income and social contribution taxes	(69,832)	-	-	(69,832)
Net income (loss) for the period	319,532	17,518	(1,518)	335,532

	Consolidated Mar/17			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	602,371	-	-	602,371
Domestic market	78,533	14,781	174	93,488
Cost of goods sold	(284,170)	(961)	(1,266)	(286,397)
Gross profit (loss)	396,734	13,820	(1,092)	409,462
Operating expenses/revenues				
Administrative and general	(33,048)	-	-	(33,048)
Selling and logistics	(77,227)	-	-	(77,227)
Fair value of biological assets	310,259	-	-	310,259
Depreciation, amortization and depletion	(93,137)	-	-	(93,137)
Other revenues (expenses),net	30,959	-	-	30,959
Net financial income (loss)				
Financial expenses	(224,741)	-	-	(224,741)
Financial revenues	23,000	-	-	23,000
Exchange rate gains (losses), net	146,248	-	-	146,248
Income/ (loss) before provision for Income and social contribution taxes	479,047	13,820	(1,092)	491,775
Income and social contribution taxes	(127,315)	-	-	(127,315)
Net income (loss) for the period	351,732	13,820	(1,092)	364,460

(In thousands of Brazilian reais - R$)

Geographic segments

The information on the consolidated revenue based on the geographical location of customers is as follows:

Operating revenue	03/31/2018	03/31/2017
Brazil	147,093	93,488
China	346,756	209,037
Italy	134,108	69,521
United States	87,185	58,306
Austria	64,652	17,033
Japan	62,365	44,245
Sweden	44,504	26,322
Poland	35,973	11,866
Germany	30,467	20,775
Canadian	23,481	17,301
Spain	22,560	7,705
Singapore	17,303	25,699
France	15,924	21,071
Argentine	10,922	13,598
Others	68,925	59,892
	1,112,218	695,859

c. Information on major customers

No individual customer represents more than 10% of the Company's revenues.

d. Information on total noncurrent assets

In the presentation based on geographic segments, the segment's assets are based on the assets' geographic location.

Noncurrent assets	03/31/2018	12/31/2017
Brazil	8,315,449	8,473,398
Austria	49,147	51,398
United States	68	71
China	2	3
	8,364,666	8,524,870

(In thousands of Brazilian reais - R$)

23. Selling, logistics, general and administrative expenses

	Parent Company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Personnel expenses	85,652	86,991	89,062	91,216
Service, material and transportation expenses	118,183	108,531	168,517	154,484
Depreciation, depletion and amortization	106,743	90,612	107,941	93,137
Raw materials and consumables	170,431	171,911	210,197	146,268
Others	2,965	3,477	4,147	4,704
	483,974	461,522	579,864	489,809
Breakdown				
Cost of sales	410,273	392,298	446,526	373,407
General and administrative expenses	24,007	30,698	26,247	34,707
Selling and logistics expenses	49,694	38,526	107,091	81,695
	483,974	461,522	579,864	489,809

24. Financial income (loss), net

	Parent company		Consolidated	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Financial revenues				
Interest gains	478	380	669	459
Return on financial investments	4,290	19,507	4,290	19,622
Other financial revenues	187	2,916	187	2,919
	4,955	22,803	5,146	23,000
Financial expenses				
Sundry bank expenses	(39)	(39)	(155)	(95)
Interest losses	(174,396)	(192,197)	(173,469)	(190,895)
Expenses on endorsement and surety	(18,826)	(22,121)	(18,827)	(22,120)
Other financial expenses	(1,734)	(7,311)	(4,728)	(11,631)
	(194,995)	(221,668)	(197,179)	(224,741)
Exchange rate gains (losses), net	(22,237)	146,427	(22,248)	146,248
	(212,277)	(52,438)	(214,281)	(55,493)

(In thousands of Brazilian reais - R$)

25. Other income (expenses), net

	Parent Company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
ICMS credits(a)	51,062	35,303	51,062	35,303
FADEFE/MS (b)	(5,384)	-	(5,384)	-
Others	10,981	(4,336)	8,582	(4,344)
	56,659	30,967	54,260	30,959

(b) This refers to Government Grants for Investments under a tax incentive package granted by the Mato Grosso do Sul Government for use in future industrial expansion (Vanguarda 2.0 Project). The co-obligations required for keeping the benefit include: average annual billings, average number of direct jobs, fixed investments and joining to FADEFE/MS;

(c) FADEFE/MS – Fund for Support of Economic Development and Fiscal Balance of the State of Mato Grosso do Sul – established through Statute No. 241/2017 – refers to a fee of 8% to 15% on the amounts of the tax benefits enjoyed by companies with benefited investment projects which joined the Legal Incentive Program created to validate with CONFAZ (National Council of Fiscal Policy) the Agreement Terms and Regulatory Acts.

26. Employee benefits

a. Defined contribution pension plan

In July 2015, the Company joined a pension plan from Fundação Petrobras de Seguridade Social - Petros, a closed pension fund.

Under the regulations of the benefit plan, the Company’s contributions match the employees’ contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period as at March 31, 2018 totaled R$ 523.

27. Insurance

As at March 31, 2018, the insurance coverage (coverage from 08/15/2017 to 08/15/2018) against operating risks totaled R$ 5,221,064 for property damages, R$ 2,382,530 for loss of profits, and R$ 83,095 for civil liability effective from 08/15/2017 to 08/15/2018.

The risk assumptions adopted, given their nature, are not part of the scope of an audit, therefore, they were not audited by the independent auditors.

28. Financial instruments

In the normal course of business, the Company is exposed to market risks relating mainly to interest rate and foreign exchange fluctuation, credit risk and liquidity risks.

(In thousands of Brazilian reais - R$)

a. Market risks

Market risk is the risk that changes in market prices (exchange rates and interest rates, inflation rates, prices of commodities and shares) affect the company's income (loss) or the amount of its interest in financial instruments.

The objective of the market risk management is to manage and control the exposure to market risk within acceptable parameters, to optimize the return. The Company uses derivatives to manage the market risk. Generally, the Company seeks to use hedge to manage the volatility in profits or losses.

(i) Interest rate risks

The interest risk refers to the potential economic losses that the Company and its subsidiaries may incur due to the adverse fluctuations in this risk factor. The Company has assets and especially liabilities exposed to this risk, in transactions pegged to indices such as the CDI (Interbank Deposit Rate), TJLP (Benchmark Long-term Interest Rate), UMBNDES (BNDES Monetary Unit), LIBOR (London Interbank Offer Rate), and occasional transactions with fixed positions that could result in losses caused by mark-to-market. The Company seeks to mitigate the interest rate risk by diversifying the contracted indices and, occasionally, entering into derivative transactions.

The Company's exposure to interest rate risk refers basically to loans and financing. The position as at March 31, 2018 and December 31, 2017:

		Parent Company	
Type	Average annual interest rate and commissions	03/31/2018	12/31/2017
FINAME - project finance	Average interest of 3% to 8% p.a.	35,802	40,527
ACC (advance on exchange contract)	Forex + interest of 5.2% to 6.9% p.a.	1,165,665	1,070,650
BNDES	TJLP + spread	504,931	531,486
BNDES	Floating rate BNDES + spread	1,975,725	2,079,771
FINEM Florestal	TJLP / selic + spread	189,793	187,044
ECAs – Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	864,644	846,305
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,246,267	1,233,020
Working capital	Rate of 5.74% p.a. in US$	23,133	25,684
PPE	LIBOR + spread	-	18,635
NCE	CDI + spread	615,370	616,244
Leasing	Fixed rate – 12.9854% p.a.	1,977	2,151
Short-term investments		(442,232)	(316,574)
		6,181,075	6,334,943

(In thousands of Brazilian reais - R$)

Type	Average annual interest rate and commissions	Consolidated 03/31/2018	12/31/2017
FINAME - project finance	Average interest of 3% to 8% p.a.	35,802	40,527
ACC (advance on exchange contract)	Forex + interest of 5.2% to 6.9% p.a.	1,165,665	1,070,650
BNDES	TJLP + spread	504,931	531,486
BNDES	Floating rate BNDES + spread	1,975,725	2,079,771
FINEM Florestal	TJLP / selic + spread	189,793	187,044
ECAs – Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	864,644	846,305
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,246,267	1,233,020
Working capital	Rate of 5.74% p.a. in US$	23,133	25,684
PPE	LIBOR + spread	-	18,635
NCE	CDI + spread	615,370	616,244
Term Loan	LIBOR + spread	258,257	256,771
Bonds	Rate of 8.625% p.a.	1,175,712	1,143,782
Leasing	Fixed rate – 12.9854% p.a.	1,977	2,151
Short-term investments		(491,282)	(367,871)
		7,565,994	7,684,199

Sensitivity analysis

Debt

For the purpose of providing information on how the market risks to which the Company is exposed as at March 31, 2018, would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable, are shown below.

Management considers that the closing interest rates used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of exposures are as follows:

Parent company
Operation – 03/31/2018

	Balance (BRL)	Probable	Possible 25% (i)	Remote 50% (ii)
Loans and financing	(6,623,307)	(189,114)	(1,048,557)	(2,086,520)
Cash and cash equivalents and financial investments	547,202	(1,438)	5,871	11,741
Net interest rate exposure		(190,552)	(1,042,686)	(2,074,779)

(In thousands of Brazilian reais - R$)

Consolidated
Operation – 03/31/2018

	Balance (BRL)	Probable	Possible 25% (i)	Remote 50% (ii)
Loans and financing	(8,057,276)	(253,396)	(1,407,049)	(2,803,504)
Cash and cash equivalents and financial investments	914,513	(2,547)	3,619	7,238
Net interest rate exposure		(255,943)	(1,403,430)	(2,796,266)

Scenarios II and II take into account a 25% and 50% increase in the interest rates, respectively.

The loan cost based on the basket of currencies is defined based on the average funding cost of the Bank in the international market and consists of the UMBNDES plus a basket of currencies that corresponds to a variable interest rate.

The long-term interest rate (TJLP) was created to be used as a benchmark of the basic cost of funding granted by BNDES and at the reporting date was 6.75% per year (6.75% per year in December 2017).

(ii) Foreign exchange rate risks

The Company is exposed to foreign exchange rate risk when there is a mismatching between the currencies in which its sales, purchases and loans are denominated and its functional currency.

The main exposures to which the Company is exposed are the fluctuations of the US dollar and Euro rates in relation to the Brazilian real.

As at March 31, 2018, the US Dollar and Euro quotations were R$ 3.3238 e R$ 4.0850, respectively.

As at March 31, 2018, the foreign exchange fluctuation risk concentrates in line items 'Cash and cash equivalents', 'Financial investments', 'Trade receivables', 'Trade payables' and 'Borrowings'.

In order to hedge against the foreign exchange volatility risk, the Company seeks to balance the amounts of assets and liabilities in foreign currencies.

The Company's assets and liabilities exposed to the foreign exchange risk as at March 31, 2018 are as follows:

(In thousands of Brazilian reais - R$)

Parent Company

	03/31/2018	12/31/2017
Operational		
Cash and cash equivalents and financial investments (US Dollar)	135,009	-
Trade receivables (US Dollar)	1,009,733	1,017,216
Trade payables (Euro)	(120)	(91)
Trade payables (US Dollar)	(742)	(854)
Loans and financing (US Dollar)	(4,029,167)	(4,041,045)
Net exposure to currency risk	(2,885,287)	(3,024,774)

The foreign exchange rate risk may result in losses for the Company due to a possible appreciation of the Real.

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at March 31, 2018, would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable scenario, are shown below. Management considers that the closing quotations used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of asset and liability exposures are as follows:

Parent Company

		03/31/2018		
Operation	Balance (BRL)	Probable	25%	50%
Cash and cash equivalents and financial investments	135,009	6,052	33,752	67,505
Trade accounts receivable	1,009,733	45,265	252,433	504,866
Trade accounts payable	(862)	(39)	(215)	(431)
Loans and financing	(4,029,167)	(180,371)	(1,005,902)	(2,011,803)
Net exposure to exchange rate gains (losses)		(129,093)	(719,932)	(1,439,863)

(iii) Price risk

The Company is exposed to wood price volatility only for new agreements not closed, resulting from factors beyond management control, such as climate factors, offer volume, transportation costs, forestry policies and others. To ensure the supply of the raw material necessary for the operation of its plant, the Company has been entering into partially prepaid wood supply contracts for future delivery and is not exposed to the volatility of prices for the contracts already signed.

(In thousands of Brazilian reais - R$)

	03/31/2018	12/31/2017
Parent Company and Consolidated		
Estimated number of firm contracts	733.888	733.888
Advances made	(478.863)	(454.949)
	255.025	278.939

The risks of not receiving the wood are mitigated by the continuous monitoring of forest development by Company specialists.

b. Credit risk

Credit risk is the risk that the Company may incur losses on a financial instrument arising from the failure of a customer or counterparty to perform contractual obligations. The risk basically refers to trade receivables and financial instruments, as described below.

The credit risk in the Company's operating activities is managed based on specific rules for customer acceptance, credit analysis and establishment of exposure limits for each customer, which are periodically reviewed. The Company works to ensure the realization of the past-due receivables by constantly monitoring its default customers and using letter of credit and other financial instruments.

Bank deposits and financial investments are contracted with first-tier financial institutions; therefore, the risk of incurring any loss with these financial institutions is minimum.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was:

	Parent Company		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Cash and cash equivalents	376,480	161,013	694,741	377,507
Financial investments	170,722	168,038	219,772	219,336
Trade receivables	1,166,543	1,155,963	723,474	648,392
	1,713,745	1,485,014	1,637,987	1,245,235

c. Liquidity Risk

Liquidity risk is the risk that the Company may face difficulties to fulfill its obligations associated with its financial liabilities that are settled through delivery of cash or other financial assets.

(In thousands of Brazilian reais - R$)

The Company's long-term debts comprise the following types: BNDES, ECAs and debentures, with maturities between 10 and 15 years, and grace period of less than one year, and also debts taken by its subsidiaries, Term Loans and Bonds. The ECA and debenture debts have customized payments. In the first years, the repayment of the principal is lower than in years that approximate the total settlement.

The Company's working capital financing is made by contracting ACCs, NCEs and Prepayments credit lines.

The table below shows the fair value of the Company's financial liabilities according to their maturities and do not include expected interest cash outflows:

	Less than 1 year	01 to 02 years	02 to 03 years	After 03 years	Fair Value
Parent Company					
At March 31, 2018					
Trade payables	213,391	2,093	2,093	1,920	219,497
Loans and financing	2,530,180	1,631,377	1,411,141	1,050,609	6,623,307
Amounts due to related parties	146,748	139,876	1,166,094	-	1,452,718
(-) Cash and cash equivalents	(376,480)	-	-	-	(376,480)
	2,513,839	1,773,346	2,579,328	1,052,529	7,919,042
At December 31, 2017					
Trade payables	210,378	2,268	2,268	2,093	217,007
Loans and financing	2,319,414	1,062,019	1,653,366	1,616,718	6,651,517
Amounts due to related parties	135,977	143,638	1,155,196	-	1,434,811
(-) Cash and cash equivalents	(161,013)	-	-	-	(161,013)
	2,504,756	1,207,925	2,810,830	1,618,811	8,142,322

Consolidated	Less than 1 year	01 to 02 years	02 to 03 years	After 03 years	Fair Value
At March 31, 2018					
Trade payables	220,764	2,093	2,093	1,920	226,870
Loans and financing	2,629,280	869,927	907,816	3,716,805	8,123,828
Amounts due to related parties	14,459	-	-	-	14,459
(-) Cash and cash equivalents	(694,741)	-	-	-	(694,741)
	2,169,762	872,020	909,909	3,718,725	7,670,416
As at December 31, 2017					
Trade payables	223,380	2,268	2,268	2,093	230,009
Loans and financing	2,392,372	1,134,769	2,908,211	1,688,996	8,124,348
Amounts due to related parties	31,257	-	-	-	31,257
(-) Cash and cash equivalents	(377,507)	-	-	-	(377,507)
	2,269,502	1,137,037	2,910,479	1,691,089	8,008,107

d. Operational risks

(i) Biological assets

The valuation of biological assets at their fair value, made quarterly by the Company, considers certain estimates, such as: wood price, discount rate, forest productivity and silvicultural costs, which are subject to uncertainties and may generate effects on future income (loss) as a result of their variations. The change in fair value is determined by the difference between fair values of biological assets at beginning and end of the period evaluated.

The forests that make up the biological assets are subject to operational and environmental risks, such as fires, pests, diseases and climatic variations.

In the Company, forest protection against fire, pests and diseases is based on a strategy of prevention, monitoring and control. Annually maintenance of firebreaks, which are an area without vegetation where the soil is cleared, causing the discontinuity of combustible vegetal material and, thus, preventing that burnings and fires are spread. Also, constant monitoring is done through a camera system strategically positioned in the forests, with the use of alarm systems and contact with fire brigades trained to fight fire outbreaks in forest areas In cases of pest and disease occurrence, the management of Forest Research and Technology operates with physiology and phytosanitary experts who adopt procedures for diagnosis and fast measures against the possible occurrences and losses of forest production.

Additionally, there is an exposure to risks related to weather changes, which may affect the ecosystem balance and, consequently, productivity of plantings. The Company adopts measures of control and monitoring of forest productivity, such as monitoring of handling, in addition to nutrition and genetic improvement, which includes adaptation of species in different weather conditions. We have increased the number of clones planted on an operational scale to mitigate risks inherent to weather changes. With increasing genetic variability, we can affirm that we currently have forests more prepared to adapt to the oscillations of the climate.

We continually improve our forest handling plan, which contains the main guidelines and information on our silvicultural operations, harvesting, timber transportation, native vegetation conservation areas, and social and environmental responsibility initiatives. In addition, we are guardians of approximately 100 thousand hectares of preserved areas, including permanent preservation areas, legal reserve areas and other conservation areas. Sustainable and innovative initiatives together with responsible management guarantee the balanced use of natural resources essential for the continuity of our business.

Our forest operations are certified by the Forest Stewardship Council, or FSC, an independent international non-profit organization. The FSC establishes ten principles and several criteria for describing essential elements or rules of environmentally adequate, socially beneficial and economically viable forest handling, all of which must be applied in a forest handling unit before it can be FSC certified. FSC certificates are valid for five years, but certification bodies qualified by FSC conduct annual audits to check continued compliance with FSC certification requirements.

(ii) Right-of-use of port movement concession

The operations at Rishis are subject to operating and environmental risks, such as fires, loss of the concession, non-compliance with the international security plan (ISPS Code) and with the environmental protocol, acts of God or force majeure.

In this scenario, Rishis has an insurance policy issued by FM Global including: Property, D&O and General Civil Liability in addition to the permanent inspection from intervening authorities such as: Companhia Docas - CODESP (port authority), National Agency of Waterway Transportation - ANTAQ, the Environmental Agency of the State of São Paulo - CETESB, Security Commission of ISPS Code, Municipal Government of Santos (work permit) and permit of the Fire Department of the State of São Paulo (AVCB), always in line with the legislation inherent to the mentioned authorities.

- Mutual Assistance Plan for the Port of Santos (“Plano de Auxílio Mútuo do Porto de Santos” - PAM)

In compliance with the PAM of the Port of Santos and in line with the Company’s corporate policies, Rishis developed its “Permanent Plan on Emergency and Occupational Health and Safety” guided by “Regulatory Standard 29” (NR29) on port occupational health and safety, whose team is formed by qualified professionals such as: safety technician, nursing technician, fire brigade and representatives of the Internal Commission for Accident Prevention (CIPA).

- ISPS Code

Rishis meets all basic requirements of ISPS Code by controlling the access of people, vehicles and 24 hours monitoring. All records and images are shared in real time with the customs of the Port of Santos.

- Environmental management

Rishis updates and meets all environmental and sustainability protocols required by the Port Authority (CODESP), CETESB and by the Municipal Environment Department, whose foundations and better practices adopted by the company are recognized and ratified as per ISO14001.

- Port lease

The port lease is ruled by the mentioned Lease Agreement DP-DC 01/2005. It is the legal instrument of public domain, entered into with the port authority (CODESP) ratified by the competent federal regulatory bodies (SEP, ANTAQ). Rishis focus on the full compliance with all the clauses of this contract by meeting its obligations punctually, exercising the rules of good coexistence in the established port, moving the committed cargo, promoting the sustainable and social development of the region (port-city).

- Fortuitous or force majeure case

The Company has a quite varied logistic operation, in which Rishis is responsible for 38% of total volume. To reduce the risk of acts of God or force majeure in Santos, the Company implemented a break bulk operation in the public port of São Francisco do Sul/SC whose movements may reach 450 thousand tonnes.

e. Fair value of financial instruments

The assets and liabilities measured at fair value in the statement of financial position are classified based on the following fair value hierarchy levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and valuation techniques that use market inputs;
- Level 3 - Inputs for the asset or liability that are not based on observable market inputs. The Company and its subsidiaries do not have instruments in this measurement level.

(In thousands of Brazilian reais - R$)

The table below shows the classification per risk level:

Parent Company	03/31/2018 Level 1	03/31/2018 Level 2	03/31/2018 Level 3	12/31/2017 Level 1	12/31/2017 Level 2	12/31/2017 Level 3
Assets						
Financial investments	170,722	-	-	168,038	-	-
Total Assets	170,722	-	-	168,038	-	-
Liabilities						
Loans and financing	-	6,623,307	-	-	6,651,517	-
Amounts due to related parties	-	1,452,718	-	-	1,434,811	-
Total Liabilities	-	8,076,025	-	-	8,086,328	-

Consolidated	03/31/2018 Level 1	03/31/2018 Level 2	03/31/2018 Level 3	12/31/2017 Level 1	12/31/2017 Level 2	12/31/2017 Level 3
Assets						
Financial investments	219,772	-	-	219,336	-	-
Total Assets	219,772	-	-	219,336	-	-
Liabilities						
Loans and financing	-	8,057,276	-	-	8,052,070	-
Amounts due to related parties	-	14,459	-	-	31,257	-
Total Liabilities	-	8,071,735	-	-	8,083,327	-

Breakdown of the balances of financial instruments per category and fair value:

Parent company	03/31/2018 Carrying amount	03/31/2018 Fair value	12/31/2017 Carrying amount	12/31/2017 Fair value
Assets				
Assets at amortized cost				
Cash and cash equivalents	376,480	376,480	161,013	161,013
Financial investments	170,722	170,722	168,038	168,038
Trade accounts receivable	1,166,543	1,166,543	1,155,963	1,155,963
Intercompany receivables	2,805	2,805	2,783	2,783
Total financial assets	1,716,550	1,716,550	1,487,797	1,487,797
Liabilities				
Liabilities at amortized cost				
Loans and financing	6,623,307	6,623,307	6,651,517	6,651,517
Debts with related parties	1,452,718	1,452,718	1,434,811	1,434,811
Total financial liabilities	8,076,025	8,076,025	8,086,328	8,086,328

(In thousands of Brazilian reais - R$)

	03/31/2018		12/31/2017	
Consolidated	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Assets at amortized cost				
Cash and cash equivalents	694,741	694,741	377,507	377,507
Financial investments	219,772	219,772	219,336	219,336
Trade accounts receivable	723,474	723,474	648,392	648,392
Intercompany receivables	9	9	-	-
Total financial assets	1,637,996	1,637,996	1,245,235	1,245,235
Liabilities				
Liabilities at amortized cost				
Loans and financing	8,057,276	8,123,828	8,052,070	8,124,348
Amounts due to related parties	14,459	14,459	31,257	31,257
Total financial liabilities	8,071,735	8,138,287	8,083,327	8,155,605

The fair value of the financial assets and liabilities refers to the value for which the instrument can be changed in a current transaction between willing parties and not in a forced sale or liquidation transaction. The methods and assumptions used to estimate the fair value are described below.

The fair value of related-party receivables/payables approximates their carrying amounts, mainly due to the short-term maturity of these instruments.

The fair value of the loans and financing, and the company's debentures are measured in two ways: 1) for debts with renegotiation in the secondary market, where the settlement value may differ from their cost, the market value on the last day available is used; 2) for debts that are not traded in the secondary market, where the settlement value is close to the cost (principal and interest accrued to the date), the carrying amount is used as the fair value. A substantial part of the company's debts is under this category, including, but not limited to, debts to BNDES, ACC, ECAs and others.

Derivatives are measured using valuation techniques based on observable market data. The valuation techniques most frequently applied include swap contract pricing models, calculating the present value of the cash flows involved in the transaction. For positions of future commodities on the BM&F, the adjustment price disclosed by this entity is used. The models comprise several data, including the credit quality of the counterparty, location and the contracted rates.

(In thousands of Brazilian reais - R$)

29. Operating Leases

a. Land operating leases

Land operating leases are paid as follows:

	Parent Company and Consolidated	
	03/31/2018	12/31/2017
2018	102,125	97,818
2019	125,402	98,700
2020	125,307	98,605
2021	124,581	97,484
2022 and thereafter	648,685	559,904
	1,126,100	952,511

The Company leases land used in its operations under operating lease agreements effective for fourteen years. Lease payments are adjusted every five years according to market rentals. Some leases provide for additional lease payments that are based on individual valuations of each farm.

The leases recorded by the Company refer basically to land where eucalyptus is planted. As no land title deed is transferred, the Company determined that the land leases are operating leases. The lease paid to the land lessor is adjusted according to market prices at regular intervals, and the Company does not participate in any residual value; it was determined that basically all the risks and rewards of the lease are of the lessor. Thus, the Company determined that the leases are operating leases.

b. Operating Lease of Chemical and Oxygen Plant and Gas Distribution Line

(i) Future minimum lease payments

As at March 31, 2018, future minimum noncancelable lease payments are as follows:

	Parent Company and Consolidated	
	03/31/2018	12/31/2017
2018	47,678	74,725
2019	74,725	74,725
2020	74,725	74,725
2021	74,725	74,725
2022 and thereafter	485,253	485,253
	757,106	784,153

(In thousands of Brazilian reais - R$)

(ii) Amounts recognized in income (loss)

	Parent Company and Consolidated	
	03/31/2018	03/31/2017
Lease expenses	27,047	24,438
	27,047	24,438

The Company has take-or-pay contracts of two chemical plants and one distribution line to meet the needs for inputs to produce pulp.

There are three take-or-pay contracts, two of them with a fifteen years term, one to meet the needs for Chlorine Dioxide that started in December 2012, whose price of Ton of Sodium Chloride shall be adjusted on the first day of each year by the IPCA (Extended Consumer Price Index) and another to meet the needs for Oxygen in its gaseous form that started in October 2012, whose debt was contracted in dollar and the monthly fixed installments shall be adjusted by the CPI (Consumer Price Index) on the first day of each year. The third contract has a twelve-year term to meet the needs for industrial natural gas, which started in May 2016, whose price of cubic meter is comprised of three factors: a) price of the natural gas adjusted quarterly according to the arithmetic averages of the daily quotations disclosed in the Spot Price Assessments list published on the Platt's Oilgram Price Report; b) average transportation tariff divided into two installments, the first adjusted by 0.5% p.a. and another by 3.5% p.a., both on the first day of each year; c) fixed margin of the distributor adjusted on the first day of each year by the IPCA (Extended Consumer Price Index). Beginning June 30, 2020, the parties will renegotiate the commercial conditions of the natural gas supply, when the Company may terminate the present contract if there is an economic and financial imbalance or excessive burden to the Company.

30. Plea Bargain Agreement, Leniency Deal and Independent Investigation

30.1. General information about the Plea Bargain Agreement of executives and former executives at J&F Investimentos S.A.

As is public knowledge, in May 2017 certain executives and former executives of J&F Investimentos S.A. ("J&F"), in its capacity as parent company of companies belonging to the Group "J&F", of which the company forms part, took some obligations in the Plea Bargain Agreement awarded the Attorney General's Office ("PGR"), aiming at the service of the public interest, in particular the deepening, across the country, the research around events contrary to the law.

30.2. Leniency Deal of J&F Investments S.A.

On 05 June 2017 J&F Investimentos S.A. ("J&F"), parent company of the company, entered into an Plea Bargain Agreement with the Federal Public Prosecution Office ("MPF"), approved by the 5th Board coordination and review of the MPF on August 24, 2017, to which the company joined on September 21, 2017 ("Deal").

In the Deal the J&F is committed, on your behalf and on behalf of the companies controlled by it, to cooperate voluntarily with the State, to carry out internal investigations and provide you with information to prove the materiality and authorship of acts irregular committed and confessed, where J&F is committed to fully repair the damage and losses resulting from infractions upon payment of R$10.3 billion over the next 25 years, being R$ 50 million in semi-annual installments maturing in December 2017, and other 22 (twenty-two) annual installments to cover the debit balance due from December 2020, to be paid exclusively by J&F by way of compensation for damage caused by the facts investigated in various operations filed by the MPF and the Federal Police (PF), such as, “Cui Bono”, “Carne Fraca”, “Sepsis” and “Greenfield”, and by other facts mentioned in information and consequently described in annexes contained in the respective Deal.

J&F, undertook also (i) implement measures to prevent the practice of illicit acts, corruption and bribery by performing the improvement and implementation of health programs, (ii) cooperate and collaborate effectively with the official investigations, by conducting a broad internal investigation that must obey international practices, in order to ascertain the facts already taken in good faith to the authorities ' knowledge, as well as, (iii) repair the damage arising from acts confessed and described in the respective Deal.

30.3. Internal investigation held within the Company

Under clause 15, XX, of the Deal, is the obligation to conduct internal research Collaborator, following international practices, with the scope to verify and corroborate the illicit facts described in the Deal and identify possible existence of additional documents or evidence of corroboration of the facts narrated in the agreement.

In the face of such an obligation, and as a result of the Company's adherence to the Deal, was conducted internal investigation ("internal investigation") in the company by law firm Barros Pimentel, Alcantara and Gil Rodriguez Lawyers ("BP"), having designated the PricewaterhouseCoopers Contadores Públicos Ltda. ("PwC") to provide specialized forensic services, hosting, data processing and analysis necessary for an investigation of this nature. In this way, BP and PwC wrote the investigation team. The Company highlights that there are Attachments to the Deal yet maintained in secrecy as determined by the proper Court.

We think it is important to point out that, on August 11, 2017, as part of the obligations assumed under the Deal, was made up of an Independent Supervision Committee (“CSI” or “Committee”) to accompany internal investigation and yet, provide any clarifications directly to the MPF. This Committee has ratified the appointment of the investigating team, passing this to respond directly to the Committee, including with regard to your scope of practice and preliminary and final findings.

Different from the independent investigation commissioned by the company in July 2016, which gave for decision of your Board of Directors, the internal investigation stems from the Deal. The independent investigation of 2016 was hired by a decision of the directors of the Company, being the goal of the work make a calculation for internal purposes, having the work completed in January 2017, and their results reported in financial statements for the financial year ended December 31, 2016.

With respect to the execution of the work, we clarify that according to the Investigation Team, these followed standard methodology used internationally for this type of procedure and nature, being that the analysis had based on: (i) documents requested by the Investigation Team to the Company; (ii) documents collected from electronic equipment to employees and former employees, as well as file and network servers of the Company; (iii) conduct of interviews with relevant persons considered "key" to the process, and (iv) documents provided by J&F pertinent to the Leniency Deal.

Among the activities carried out by the Investigation Team include: a) definition of custodians, equipment, data collection in the cities of São Paulo/SP and Três Lagoas/MS and network data collection on the servers of the Company in São Paulo/SP, which reassembled approximately 6.7 terabytes of data; b) monitoring the work, in the form of shadowing, by auditing company BDO RCS Auditores Independentes SS, current auditing firm hired by the Company from the year 2017 and follow-up by KPMG Auditores Independentes as the audit firm hired by the Company until the year 2016; c) conducting interviews with employees and ex-employees of the Company and employees of J&F that may have something to do with the facts under review; d) definition of search expressions (key words) and processing of the data collected, and the result of the processing of such data, the basis for analysis purposes contained about of 2,933,313 items, which focused the search expressions. After the processing of the collected data and application of search expressions, was carried out the analysis of 146,497 documents, the number of documents scanned to the end (third level of analysis), the total of 1,187 documents.

After 218 days of work, the Investigation Team, on 02/28/2017, issued a preliminary report handed to the Independent Committee. After that date, interviews were conducted with 3 custodians who could not be heard up to that date, and analyses were made to the additional documents requested to the Company by the Investigation Team.

After concluded the additional procedures referred to above, the investigation work was finished by the Investigation Team with the issue of a report, dated 04/20/2018, handed by the Investigation Team to the Independent Committee and to J&F.

The conclusions of this report, related to facts and data analyzed so far by the Investigation Team, inform that no new fact was found besides those already publicly known and mentioned in the Attachments of the Deal, and that there are no new relevant facts in the context of the impacts on the financial statements of the Company.

Of the subjects examined, the one who brought the Company accounting impacts was that related to the verification of the circumstances of the payments made by the Company in the scheme operated by Lucio Funaro to the release of funds by the FI-FGTS and Federal Economic Bank (CEF).

The impact would consist in the payment of R$ 37.4 million to companies linked to Lucio Funaro (Viscaya Holding Participações, Intermediações, Estruturações e Serviços S/S Ltda; Serra da Carioca Com. de Energia Elétrica Ltda and Araguaia Comercializadora de Energia Elétrica Ltda.), over the years from 2012 to 2014, not having been proven effective provision of services. In this context, the Company informs that in December 12, 2017 received infraction notice drawn up by the Federal Income from Brazil (RFB) in the amount of R$ 8.7 million, whose object was income tax at source on the paid services, but unproven in fiscal year 2012. The Company made the payment in full of the infraction, in the amount of R$ 6.6 million, with 50% reduction of the fine, and provisioned the value of R$ 38.7 million for the payment of any new assessments relating to the exercise of 2013 and 2014, as well as reworked the calculation of Income tax and social contribution of R$ 2.4 million and Deferred income tax and social contribution of R$ 14 million, impacting net income amounting to R$ 33.7 million on losses accumulated in shareholders ' equity, which are reflected in its financial statements.

Important to note that, despite having been performed by the Company payments to Companies linked to Lucio Funaro, in accordance with the annexes 04 and 06 of the Deal i) interactions with Lucio Funaro were not made by directors or employees of the Company and the executives Company had no knowledge of the setting with Lucio Funaro; ii) was a system of payment made to companies linked to Lucio Funaro through invoices issued against companies in the group, and with respect to the Company were made payments in the amount of R$ 37.4 million; iii) funding obtained by the Company did not have more advantageous conditions than other financing granted to other companies at the time. In this respect, the report brings conclusion corroborating the allegations above.

31. Share purchase and sale agreement

On September 02, 2017, J&F Investimentos S.A., the Company's parent company, entered into a purchase and sale agreement for the sale of all its direct and indirect ownership interest in the Company to CA Investment (Brazil) S.A., a company of the Paper Excellence group, at the total amount of the Company of R$ 15 billion, to be adjusted according to working capital and net debt, under the agreement terms ("Operation").

As at March 31, 2018, the Company's shareholding structure consists of 49.42% of ownership interest from CA Investment (Brazil) S.A. and 50.58% of ownership interest from J&F Investimentos S.A., sole shareholders of Eldorado, the latter being the Company's parent company.

The conclusion of the mentioned Operation with the sale of the totality of the Company's shares to CA Investment (Brazil) S.A., is subject to common condition precedents established in such type of Operation. Pursuant to the mentioned purchase and sale agreement, the Operation has a term of up to twelve (12) months to be completed.

Board of Executive Officers

Aguinaldo Gomes Ramos Filho
CEO

Germano Aguiar Vieira
Forest Director

Carlos Roberto de Paiva Monteiro
Industrial Technical Director

Rodrigo Libaber
Business and Investor Relations Director

Board of Directors

José Batista Sobrinho
Chairman of the Board of Directors

Sérgio Longo
Deputy Chairman of the Board of Directors

Humberto Junqueira de Farias
Board Member

Francisco de Assis e Silva
Board Member

José Antonio Batista Costa
Board Member

Accountant

Angela Midori Shimotsu do Nascimento
CRC SP 227742/O-7