(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 September 30, 2019

ELDORADO BRASIL CELULOSE S.A.

Individual and consolidated interim financial information
As at September 30, 2019

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. ("Company"), included in the quarterly information, identified as Parent company and consolidated, respectively, for the quarter ended September 30, 2019, which comprise the individual and consolidated interim statement of financial position as at September 30, 2019 and the respective individual and consolidated interim statements of operations and comprehensive income (loss) for the three and nine-month periods then ended, and individual and consolidated interim statements of changes in equity and cash flows for the nine-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.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the 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.

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Emphasis

Restatement of interim financial information

We draw attention to Note 3.f to the Quarterly Information, which describes the restatement of the individual and consolidated interim financial information of the Company for the quarter ended September 30, 2019, due to the review of certain accounting practices related to the matters described in the mentioned note. As at March 30, 2020, we issued a review report on the individual and consolidated interim financial information for the quarter ended September 30, 2019. Our report is not modified in respect of this matter.

Plea Bargain Agreement, Leniency Deal and Independent Investigation

As described in Note 32 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). 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.

In addition, the Parent Company J&F investigations remain open. Our review report contains no changes to this matter.

ICMS to be recovered

As described in Notes 9 and 33 to the individual and consolidated interim financial statements, the Company has prioritized actions to maximize the realization of ICMS credits contingent on the use of tax incentives granted by the government of the state of Mato Grosso do Sul for the payment of suppliers to be hired in relation to the project for expansion of production and increase in sales of pulp in the domestic market. Additionally, this Management plan requires obtaining funds that may be affected depending on the final resolution of the disputes between the Company's shareholders, to be rendered by the arbitration court on a future date not yet determined. Our review report is not modified in respect of this matter.

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added for the nine-month period ended September 30, 2019, prepared under the responsibility of the Company's Management and presented as supplementary information for the purposes of IAS 34. These statements were submitted to review procedures executed with the review of the quarterly information, with the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and if its form and contents meet the criteria defined in Technical Pronouncement CPC 09 – "Statements of Value Added".

Based on our review, we are not aware of any fact that would lead us to believe that these statements of value added were not prepared in all material respects in accordance with the criteria established in this Standard and consistently with the individual and consolidated interim financial information taken as whole.

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

The financial statements for the year ended December 31, 2018, presented for comparison purposes, were audited by us, in which we issued a report, dated March 25, 2019, that contained a modification on the reclassification of loans and financing, as the Company had not complied with certain contractual clauses (covenants) of loans and financing contracts with financial institutions on December 31, 2017, and had not obtained a waiver from financial institutions, issue now regularized.

The individual and consolidated interim financial information for the quarter ended September 30, 2018 presented for comparison purposes were reviewed by us, in which we issued a report dated November 09, 2018, that contained a modification on the reclassification of loans and financing, as the Company had not complied with certain contractual clauses (covenants) of loans and financing contracts with financial institutions on December 31, 2017, and had not obtained a waiver from financial institutions, issue now regularized.

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

São Paulo, November 09, 2020.

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 September 30, 2019 and December 31, 2018
(In thousands of Brazilian Reais)

Assets

	Note	Parent company 09/30/2019	Parent company 12/31/2018	Consolidated 09/30/2019	Consolidated 12/31/2018
Current					
Cash and cash equivalents	5.1	1,574,448	310,419	1,834,787	610,591
Trade accounts receivable	6	730,612	1,238,398	663,827	651,016
Inventories	8	335,105	368,265	568,240	654,030
Recoverable taxes	9	190,369	220,012	192,106	220,492
Advances to suppliers	10	50,046	12,364	52,236	12,423
Other accounts receivable	7	252	3,268	252	9
Other current assets		35,377	43,602	38,033	44,080
Total current		2,916,209	2,196,328	3,349,481	2,192,641
Noncurrent					
Financial investments	5.2	116,055	160,621	177,509	217,802
Recoverable taxes	9	1,048,680	1,039,931	1,049,776	1,039,944
Advances to suppliers	10	121,939	97,152	121,939	97,152
Deferred income and social contribution taxes	20	28,184	37,368	28,184	37,368
Deposit, guarantees and others		5,370	5,656	5,862	6,039
Other noncurrent assets		15,054	14,943	15,058	14,947
		1,335,282	1,355,671	1,398,328	1,413,252
Biological assets	11	2,841,137	2,668,744	2,841,137	2,668,744
Investments	12	534,538	104,018	-	-
Fixed assets	13	4,372,868	4,306,058	4,382,142	4,314,798
Intangible assets	14	4,239	5,782	75,680	82,136
Rights of use	15	618,547	-	621,805	-
Total noncurrent		9,706,611	8,440,273	9,319,092	8,478,930
Total assets		12,622,820	10,636,601	12,668,573	10,671,571

Liabilities

	Note	Parent company 09/30/2019	Parent company 12/31/2018	Consolidated 09/30/2019	Consolidated 12/31/2018
Current					
Loans and financing	17	2,305,146	2,131,478	2,429,774	2,218,319
Trade accounts payable	16	236,117	226,085	240,828	227,526
Leases payables	18	137,818	-	138,628	
Intercompany payables	7	144,331	118,447	10,952	28,007
Payroll and social charges	19	112,468	105,015	115,900	108,132
Tax liabilities	19	23,567	36,878	32,416	42,530
Derivatives payable		-	13,829	-	13,829
Proposed dividends		-	7,636	-	7,636
Other current liabilities		4,725	5,532	39,759	38,239
Total current		2,964,172	2,644,900	3,008,257	2,684,218
Noncurrent					
Loans and financing	17	4,223,021	3,619,771	5,768,989	5,096,496
Trade accounts payable	16	3,140	4,536	3,140	4,536
Leases payables	18	501,041	-	503,634	-
Intercompany payables	7	1,546,893	1,444,112	-	-
Provision for procedural risks	21	17,191	9,167	17,191	9,167
Provision for losses on controlled companies	12	-	36,961	-	-
Total noncurrent		6,291,286	5,114,547	6,292,954	5,110,199
Equity	22				
Capital stock		1,788,792	1,788,792	1,788,792	1,788,792
Tax incentive reserve		1,002,780	998,160	1,002,780	998,160
Legal reserve		9,432	9,432	9,432	9,432
Reserve for expansion		22,906	22,906	22,906	22,906
Special reserve		7,636		7,636	
Cumulative conversion adjustments		103,544	57,864	103,544	57,864
		432,272	-	432,272	-
Total equity		3,367,362	2,877,154	3,367,362	2,877,154
Total liabilities and equity		12,622,820	10,636,601	12,668,573	10,671,571

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statements of operations
For the periods ended September 30, 2019 and 2018
(In thousands of Brazilian Reais)

	Note	Parent company				Consolidated			
		2019		2018		2019		2018	
		3rd quarter	Accum.	3rd quarter	Accum.	3rd quarter	Accum.	3rd quarter	Accum.
Net revenue	23	823,527	2,537,988	1,206,168	3,396,667	1,062,603	3,281,244	1,331,610	3,586,432
Cost of goods sold	25	(412,526)	(1,248,802)	(422,129)	(1,239,084)	(471,874)	(1,343,872)	(427,889)	(1,279,878)
Gross profit		411,001	1,289,186	784,039	2,157,583	590,729	1,937,372	903,721	2,306,554
Operating revenues/(expenses)									
Administrative and general	25	(50,528)	(113,969)	(25,452)	(73,947)	(54,017)	(123,450)	(27,869)	(80,983)
Selling and logistics	25	(66,502)	(176,312)	(56,682)	(159,082)	(143,234)	(378,833)	(117,734)	(328,795)
Fair value of biological assets	11	-	52,624	53,430	126,647	-	52,624	53,430	126,647
Equity in earnings (losses) of controlled companies	12	92,164	422,685	52,004	(40,037)	-	-	-	-
Other revenues, net	27	342	(4,425)	2,240	97,551	(332)	(4,994)	2,120	94,727
Income before financial revenues (expenses) and taxes		386,477	1,469,789	809,579	2,108,715	393,146	1,482,719	813,668	2,118,150
Net financial income (loss)	26								
Financial (expenses)		(256,847)	(746,309)	(272,390)	(679,661)	(209,629)	(755,542)	(276,360)	(689,396)
Financial revenues		60,042	26,928	211,686	284,917	12,503	30,456	212,092	286,081
Exchange rate gains (losses), net		(335,202)	(304,332)	(184,280)	(886,911)	(335,315)	(304,397)	(184,403)	(887,298)
Income before provision for income and social contribution taxes		(145,530)	446,076	564,595	827,060	(139,295)	453,236	564,997	827,537
Income and social contribution taxes	20								
Current		-	-	(66,627)	10,044	(6,235)	(7,160)	(67,031)	9,607
Deferred		80,822	(9,184)	(96,938)	(147,693)	80,822	(9,184)	(96,936)	(147,733)
Net income for the period		(64,708)	436,892	401,030	689,411	(64,708)	436,892	401,030	689,411
Earnings per thousand shares		(0.04)	0.29	0.26	0.45	(0.04)	0.29	0.26	0.45

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statements of comprehensive income (loss)
For the periods ended September 30, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company				Consolidated			
	2019		2018		2019		2018	
	3rd quarter	Accum.	3rd quarter	Accum.	3rd quarter	Accum.	3rd quarter	Accum.
Net income for the period	(64,708)	436,892	401,030	689,411	(64,708)	436,892	401,030	689,411
Exchange rate gains (losses) on investments	(10,676)	45,680	7,259	52,941	(10,676)	45,680	7,259	52,941
Total comprehensive income	(75,384)	482,572	408,289	742,352	(75,384)	482,572	408,289	742,352

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statements of changes in equity
For the periods ended September 30, 2019 and 2018
(In thousands of Brazilian Reais)

	Capital stock	Profit reserves: Tax incentive reserve	Profit reserves: Legal reserve	Profit reserves: Reserve for expansion	Profit reserves: Special reserve	Cumulative translation adjustments	Accumulated (losses)	Total
Balances as at December 31, 2017	1,788,792	849,487	-	-	-	12,334	(627,233)	2,023,380
Net income for the period	-	-	-	-	-	-	689,411	689,411
Tax incentive reserve	-	163,838	-	-	-	-	(163,838)	-
Exchange rate gains (losses) on investments						52,941	-	52,941
Balances as at September 30, 2018	1,788,792	1,013,325	-	-	-	65,275	(101,660)	2,765,732
Balances as at December 31, 2018	1,788,792	998,160	9,432	22,906	-	57,864	-	2,877,154
Net income for the period	-	-	-	-	-	-	436,892	436,892
Tax incentive reserve	-	4,620	-	-	-	-	(4,620)	-
Exchange variation on investments	-	-	-	-	-	45,680	-	45,680
Special reserve for mandatory dividend not distributed	-	-	-	-	7,636	-	-	7,636
Balances as at September 30, 2019	1,788,792	1,002,780	9,432	22,906	7,636	103,544	432,272	3,367,362

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statements of cash flows
For the periods ended September 30, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Cash flows from operating activities				
Net income for the period	436,892	689,411	436,892	689,411
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities:				
Depreciation and amortization	170,629	183,333	183,847	188,236
Depletion	125,939	131,025	131,585	130,930
Appreciation amortization	884	884	884	884
Residual value of assets written off of fixed assets	744	128,680	744	128,680
Fair value of biological assets	(52,624)	(126,647)	(52,624)	(126,647)
Deferred income tax and social contribution	9,184	147,693	9,184	147,733
Finance charges - interest - leases	865	-	1,145	-
Finance charges – interest and exchange rate gains (losses)	651,178	1,283,359	872,180	1,382,558
Finance charges – interest and exchange rate gains (losses) – related parties	224,733	402,920	(243)	301,460
Provision for procedural risks	10,274	15,437	10,274	15,437
Derivatives	-	70,221	-	70,221
Trade accounts receivable –exchange rate gains (losses)	(3,620)	14,060	(3,620)	14,060
Equity in earnings (losses) of controlled companies	(422,684)	40,037	-	-
Allowance for doubtful accounts	76	-	76	-
	1,152,470	2,980,413	1,590,324	2,942,963
Decrease (increase) in assets				
Trade accounts receivable	505,290	(665,859)	18,045	(253,614)
Inventories	21,537	88,540	93,842	115,186
Recoverable taxes	20,894	(302,984)	18,670	(302,992)
Advances to suppliers	(59,988)	8,221	(62,115)	8,249
Other assets - related parties	3,016	(718)	489	(718)
Other current and non-current assets	8,400	10,668	6,182	10,979
Increase (decrease) in liabilities				
Trade accounts payable	121,704	565	71,706	(67,858)
Other liabilities - related parties	(17,055)	(16,474)	(16,942)	(16,474)
Tax liabilities, payroll and social charges	(3,431)	80,350	(931)	79,700
Other current and non-current liabilities	(16,888)	(6,525)	(18,058)	1,138
Net cash from operating activities	1,735,949	2,176,197	1,701,212	2,516,559
Income tax and social contribution paid	(2,427)	(95,603)	(2,569)	(95,682)
Net cash from operation activities	1,733,522	2,080,594	1,698,643	2,420,877
Cash flows from investing activities				
Increase in biological assets	(208,741)	(209,487)	(208,741)	(209,487)
Additions to fixed and intangible assets	(239,803)	(51,103)	(241,506)	(51,864)
Sale of fixed assets	6,040	156,242	6,040	156,242
Financial investments	44,566	9,601	64,195	12,032
Net cash from investing activities	(397,938)	(94,747)	(380,012)	(93,077)
Cash flows from financing activities				
Loans and financing raised	2,950,626	1,188,020	2,950,626	1,188,020
Amortization of loans and financing - principal	(1,832,767)	(1,978,127)	(1,871,702)	(2,017,062)
Amortization of loans and financing - interest	(309,137)	(362,990)	(378,735)	(427,402)
Amortization of loans and financing – exchange rate gains (losses)	(682,982)	(443,444)	(688,421)	(450,637)
Loans and financing intercompany raised	35,888	-	-	-
Amortization of intercompany loans - principal	(40,619)	(39,638)	-	-
Amortization of intercompany loans - interest	(69,839)	(66,000)	-	-
Amortization of intercompany loans – exchange rate gains (losses)	(4,441)	(5,202)	-	-
Payment of lease agreements	(118,284)	-	(118,990)	-
Net cash from financing activities	(71,555)	(1,707,381)	(107,222)	(1,707,081)
Effects of exchange rate gains (losses) on cash	-	-	12,787	99,800
Change in cash and cash equivalents, net	1,264,029	278,466	1,224,196	720,519
Cash and cash equivalents at beginning of year	310,419	161,013	610,591	377,507
Cash and cash equivalents at end of year	1,574,448	439,479	1,834,787	1,098,026
Change in cash and cash equivalents, net	1,264,029	278,466	1,224,196	720,519

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statements of value added
For the periods ended September 30, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Revenues				
Sales of merchandise, products and services	2,652,717	3,460,388	3,396,984	3,651,156
Other operating revenues (expenses), net	40,926	138,973	40,517	136,170
Transfers related to the construction of own assets	13,807	2,924	13,807	2,924
	2,707,450	3,602,285	3,451,308	3,790,250
Inputs acquired from third parties				
Costs of goods sold, materials, energy, third-party services and others	(586,047)	(545,194)	(655,679)	(573,714)
Materials, energy, third party services and others	(294,331)	(278,068)	(498,573)	(446,658)
Gross value added	1,827,072	2,779,023	2,297,056	2,769,878
Depreciation, amortization and depletion	(297,452)	(314,358)	(316,316)	(319,166)
Net value added generated by the entity	1,529,620	2,464,665	1,980,740	2,450,712
Value added received in transfer				
Equity in earnings (losses) of controlled companies	422,685	(40,037)	-	-
Financial revenues	106,125	285,111	109,274	285,762
Total value added to be distributed	2,058,430	2,709,739	2,090,014	2,736,474
Value added distribution				
Personnel				
Direct compensation	142,170	172,894	149,239	179,255
Benefits	85,741	75,826	89,773	79,337
FGTS (Severance Pay Fund)	15,648	14,823	16,429	15,519
	243,559	263,543	255,441	274,111
Taxes, fees and contributions				
Federal	107,929	195,494	116,328	197,039
State	61,834	(77,508)	61,994	(77,487)
Municipal	-	-	1,011	1,004
	169,763	117,986	179,333	120,556
Return on debt capital				
Interest	1,125,635	1,563,264	1,122,765	1,559,818
Rents	80,358	73,679	81,572	77,667
Others	2,223	1,856	14,011	14,911
	1,208,216	1,638,799	1,218,348	1,652,396
Return on equity capital				
Net income for the period	436,892	689,411	436,892	689,411
Total value added distributed	2,058,430	2,709,739	2,090,014	2,736,474

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

1. Operations

Eldorado Brasil Celulose S.A. (the "Company" or "Eldorado") is a closely held corporation, whose registration 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 September 30, 2019 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.

As of September 30, 2019, Eldorado's annual production capacity is around 1.7 million tons of bleached eucalyptus pulp. The wood we use to produce cellulose is 98.6% from the state of Mato Grosso do Sul and the rest of the state of Mato Grosso, a climatically and topographically well-adapted area for eucalyptus growth.

The Company has current liabilities higher than current assets in the amount of R $ 47,963 in the Parent Company and current assets higher than current liabilities in the amount of R $ 341,224 in the Consolidated.

In the third quarter of 2019, the Company concluded operations of new long-term bilateral funding in an amount exceeding US$ 350 million, with the purpose of continuing its liability management process, amortizing the total ECAs (Export Credit Agencies) and allowing for the early negotiation and payment of other debts classified as short-term and high-cost.

The actions of liability management added to the operational efficiency of the Company aim to allow Eldorado to increase its liquidity indexes and consequently its net working capital.

(In thousands of Brazilian Reais)

2. List of subsidiaries

	Country	Equity Interest 09/30/2019	12/31/2018
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 review of the Individual and Consolidated interim financial information by the Board of Directors at the meeting held on November 9, 2020, 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 31 – 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 September 30, 2019 is included in the following notes:

- Note 8 – inventory valuation allowance;
- Note 11 – biological assets;
- Note 13 – impairment test;
- Note 18 – Leases payable;
- Note 20 – recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized;
- Note 21 – 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;
- Note 18 – leases payable;
- Note 30 – financial instruments.

e. Functional and presentation currency

The individual and consolidated interim financial information are presented in Brazilian Reais, which is the Company's functional currency. And its business operations are conducted in the local currencies of their respective jurisdictions.

(In thousands of Brazilian Reais)

All financial information presented in Brazilian Reais has been rounded to the nearest thousand, unless otherwise indicated.

f. Restatement of the corresponding values

In compliance with Technical Pronouncement CPC 23 / IAS 8 Accounting Policies, Changes in Estimates and Correction of Errors and CPC 26 / IAS 1 Presentation of the Financial Information, the Company proceeded with certain reclassifications in the comparative amounts of statements of cash flows for the quarter ended on September 30, 2019 as described below.

(i) Management chose to use net income (loss) instead of income before income tax and social contribution as a starting point to determine the cash flows from operating activities. As a result, changes were made to the lines of items that make up cash flows from operating activities;

(ii) Presentation of the payment amount of lease agreements as cash flow from financing activities and reclassification of fair value.

Based on the result of this process, the reclassifications are presented as follows:

a. Statement of cash flows	Parent Company Balances in 09/30/2019			
		Disclousures restatement impacts		
	Previously presented	Reclassifications (i)	Reclassifications (ii)	Restated
Income before provision for income and social contribution taxes	**446.076**	**(446.076)**	-	-
Net income for the period	-	**436.892**	-	**436.892**
Deferred income tax and social contribution	-	9.184	-	9.184
Financial charges - interest - leases	-	-	865	865
Trade accounts payable	8.635	-	113.069	121.704
Payment of lease agreements	(4.350)	-	4.350	-
Cash from operating activities	**1.617.665**	-	**118.284**	**1.735.949**
Net cash from operation activities	**1.615.238**	-	**118.284**	**1.733.522**
Payment of lease agreements	-	-	(118.284)	(118.284)
Net cash used in financing activities	**46.729**	-	**(118.284)**	**(71.555)**

(In thousands of Brazilian Reais)

a. Statement of cash flows	Consolidated			
	Balances in 09/30/2019			
		Disclousures restatement impacts		
	Previously presented	Reclassifications (i)	Reclassifications (ii)	Restated
Income before provision for income and social contribution taxes	**453.236**	**(453.236)**	**-**	**-**
Net income for the period	**-**	**436.892**	**-**	**436.892**
Fair value of biological assets	(49.135)	-	(3.489)	(52.624)
Deferred income tax and social contribution	-	9.184	-	9.184
Financial charges - interest - leases	-	-	1.145	1.145
Trade accounts payable	(41.363)	-	113.069	71.706
Payment of lease agreements	(4.776)	-	4.776	-
Tax liabilities, payroll and social charges	(8.091)	7.160	-	(931)
Cash from operating activities	**1.585.711**	**-**	**115.501**	**1.701.212**
Net cash from operation activities	**1.583.142**	**-**	**115.501**	**1.698.643**
Increase in biological assets	(212.230)	-	3.489	(208.741)
Net cash from investing activities	**(383.501)**	**-**	**3.489**	**(380.012)**
Payment of lease agreements	-	-	(118.990)	(118.990)
Net cash used in financing activities	**11.768**	**-**	**(118.990)**	**(107.222)**

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 is 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 nº 47 (Revenue from Contracts with Clients) / IFRS 15, emitted by CPC, the Company and its subsidiaries recognize revenue when, and only when:

- The amount of revenue can be reliably measured;
- The Company and its subsidiaries have transferred to the buyer the control of the asset, for the amount that the entity expects to be entitled to receive;
- It is probable that economic benefits flow to the Company and its subsidiaries;
- 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 average exchange rates during the period.

The differences in foreign currencies (functional currency of foreign controlled companies) arising from the translation to the reporting currency (Brazilian Reais) are recognized in other comprehensive income (loss) and accumulated in the caption “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 short-term 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 written off. 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.

(In thousands of Brazilian Reais)

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:

Weighted annual depreciation rates

	09/30/2019	12/31/2018
Buildings	3.58%	3.68%
Facilities and improvements	5.46%	5.53%
Furniture and fixtures	9.41%	9.29%
Vehicles	20.61%	21.39%
Technical and scientific instruments	11.61%	10.93%
IT equipment	19.87%	19.89%
Machinery and equipment	6.44%	6.40%
Leasehold improvements	7.48%	7.48%
Vessels and floating structures	20.00%	20.00%
Eucalyptus matrices	20.00%	20.00%

g. Biological assets

Biological assets comprise renewable plantation eucalyptus forests for production of pulp used in paper manufacturing. 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 in comparison to the expected quantity from the forests.

h. Intangible assets

(i) Other intangible assets

Other intangible assets, including terminal concession, software and appreciation for the right of use of the concession of port movements (difference between book values and the fair value calculated at the time of the negotiation), acquired by the Company have definite useful lives and are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) 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:

	2019	2018
Software	5 years	4 years
Appreciation of right-of-use of port movement concession	14 years	14 years
Terminal concession	14 years	14 years

i. 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).

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.

j. Trade accounts payable

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

k. 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.

l. 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.

m. 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

Current tax is the estimated tax payable or to offset calculated on taxable income or loss for the year, as well as any adjustment to payable taxes from prior years. It is calculated based on the tax rates enacted, at the reporting date.

(ii) Deferred taxes

Deferred taxes are recognized for tax losses and temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for income tax purposes. Deferred tax is not recognized for the following temporary differences:

- The initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect accounting or taxable income or loss;

- Differences related to investments in controlled companies, branches and associated companies, and in joint ventures considering that the Company is capable of controlling the moment of reversal and that such differences should not be reversed in the future;

- Deferred taxes are not recognized for taxable temporary differences resulting from the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

Deferred tax assets are recognized as non-utilized tax losses, tax credits and deductible temporary differences, when it is probable that future taxable income will be available and against which they will be used. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that they will be realized.

The deferred tax is measured at the rates which are expected to be applied to temporary differences when they reverse, based on enacted or substantively enacted laws by the date of the interim financial statements.

n. 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.

o. Operating leases

(i) Right to use leasing assets – explanatory note 15

The Company and its subsidiaries adopted IFRS 16 / CPC 6 (R2) - Leasing operations on January 1, 2019, considering as a basis of analysis the contracts with identifiable assets, whose control of the use of the asset, economic benefits, between other aspects provided for in the pronouncement, are exclusive to the Company and its subsidiaries, regardless of the legal form given to the contract. Service contracts and supply agreements were treated as leases when there is an identifiable asset.

At the date of the initial adoption, the Company and its subsidiaries used the modified retrospective approach, choosing to measure the cost of the right of use of the leasing asset to the amount equivalent to the present value of the lease liability payable as from January 1 2019, without any updating of comparative information.

The depreciation of the right of use is calculated based on the term of validity of each lease.

Lease agreements with a term of less than twelve months and an identifiable asset with a market value of less than twenty thousand Brazilian Reais were not included in IFRS 16.

(ii) Provision for leasing – explanatory note 18

At the date of commencement, the measurement of the liability lease provision was calculated based on the present value of the fixed lease payments that were not made until that date. The amounts of the installments payable were discounted by the incremental rate on loan (discount rate), plus other contractual obligations set forth in the lease agreements adjusted to the present value.

The Company and its subsidiaries opted to define a single discount rate for leases with similar characteristics, considering as a criterion for the definition of the discount rate the financial costs of loans and financing for the acquisition of similar assets.

The discount rate used for the calculation of the present value of the lease provision of identified assets and, consequently, for the monthly appropriation of financial interest, is between 9.5% and 12.44%, in accordance with the of each lease.

The value of the adjustment to the present value will be appropriated monthly as financial interest in the income for the year.

(iii) Take or pay contracts

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 31.

p. ICPC 22 (IFRIC 23) - Uncertainty over income tax treatment

The interpretation in effect as from January 01, 2019 explains how to apply the measurement and recognition requirements when there is uncertainty over income tax treatments.

The uncertainty shall be reflected in measurement to provide the best expected resolution of uncertainty based on approach of (i) most probable value or (ii) expected value.

IFRIC 23 does not introduce new disclosures, but reinforces the need to comply with existing disclosure requirements regarding (i) judgments made; (ii) assumptions or other estimates used; and (iii) the potential impact of uncertainties that are not reflected in the financial statements.

Management did not identify any impacts arising from this change.

q. New standards, revisions and interpretations not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for periods beginning after January 01, 2020.

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.

r. Added Value Statment

The Company prepared the statements of added value (“AVS”), individual and consolidated, as an integral part of the financial statements, being required by Brazilian corporate law and the accounting practices adopted in Brazil, in accordance with the criteria defined in CPC 09 – Added Value Statment. IFRSs do not require the presentation of these statements and, therefore, are considered supplementary information, without prejudice to the set of financial statements.

s. Segment information

An operating segment is a component of the Company that carries out business activities from which it can obtain revenues and incur expenses. 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.

(i) Other amendments

It is not expected that the following new or amended standards to have a significant impact on the Company's interim financial information.

- Amendments to CPC 10 (IFRS 2) Share-based payment regarding the classification and measurement of certain transactions with share-based payment;
- Amendments to CPC 36 Consolidated statements (IFRS 10) and to CPC 18 Investment in affiliate (IAS 28) regarding sales or contributions of assets between an investor and its affiliate or jointly-controlled venture.

The Committee of Accounting Pronouncements has still not issued accounting pronouncements or amendments to the current pronouncements corresponding to all new IFRS. Therefore, the early adoption of these IFRS is not allowed for entities that disclose their interim financial information according to Brazilian accounting practices.

5. Cash and cash equivalents and financial investments

The company intends to use the cash balance off 09/30/2019 to antecipate the payment of all its debt to the FI-FGTS, see note 17.5

(In thousands of Brazilian Reais)

5.1. Cash and cash equivalents

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash and cash equivalents	31	23	33	26
Banks - demand deposits	169,156	21,841	429,493	322,010
Banks - financial investments (a)	1,405,261	288,555	1,405,261	288,555
	1,574,448	**310,419**	**1,834,787**	**610,591**

(a) 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 – non-current assets

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Fundo Caixa FI (a)	73,749	70,833	73,749	70,833
CDB CEF (b)	42,306	89,788	42,306	89,788
Banco do Brasil Paris (c)	-	-	61,454	57,181
	116,055	**160,621**	**177,509**	**217,802**

(a) Fixed-income investment with Caixa Econômica Federal, with gross return based on CDI variation. These funds are given in guarantee of financial investment to the issue of debentures in FI-FGTS, as shown in note 17.4;
(b) Investment in CDB with Caixa Econômica Federal, with gross return based on CDI variation. These funds are given in guarantee of financial investment to the issue of NCE, as shown in note 17.2. (i) and (v);
(c) Funds in checking account with Banco do Brasil Paris. These funds are given in guarantee to a Term Loan operation, as stated in Note 17.2 (vii).

6. Trade accounts Receivable

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Domestic market	134,928	206,677	134,928	206,677
Foreign market	595,684	1,031,721	528,899	444,339
	730,612	**1,238,398**	**663,827**	**651,016**

(In thousands of Brazilian Reais)

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Falling due	575,751	1,191,069	608,060	559,363
1 to 30 days past due	39,037	39,492	29,393	79,683
31 to 60 days past due	108,039	6,441	3,215	8,732
61 to 90 days past due	5,108	176	2,253	1,506
Over 90 days past due	2,677	1,220	20,906	1,732
	730,612	1,238,398	663,827	651,016

The Company has firm guarantees and financial instruments to protect credit in order to mitigate possible risks of default by its clients in higher risk markets. In addition, through its policies, the credit committee constantly analyzes and monitors all credit limits granted and performs active collection of outstanding and/or overdue amounts in all the markets in which it operates. The accounts receivable are equivalent to the estimated need to establish an estimated credit loss in doubtful accounts, mainly to customers in collection or judicial recovery, with a low probability of recovering the receivables.

Expected credit loss

	Parent company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Initial balance	(5,700)	-	(6,026)	-
Additions /reversals	76	- 5,700	76	(6,027)
Exchange rate gains (losses)	-	-	(24)	1
Final balance	(5,624)	(5,700)	(5,974)	(6,026)

(In thousands of Brazilian Reais)

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:

Assets and Liabilities
Receivable and (payable)

		Parent Company		Consolidated	
Balances with subsidiaries	**Type**	**09/30/2019**	**12/31/2018**	**09/30/2019**	**12/31/2018**
Cellulose Eldorado Áustria GmbH	Pulp sale	162,755	781,611	-	-
Cellulose Eldorado Áustria GmbH	PPE (ii)	(178,877)	(203,106)	-	-
Eldorado EUA	Pulp sale	397,981	218,219	-	-
Eldorado Intl. Finance GmbH	Transfer of costs	-	3,259	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	(1,501,395)	(1,331,446)	-	-
Rishis Empreend. e Partic.	Rendering of service	(21,989)	(20,100)	-	-
Total net payable to subsidiaries		**(1,141,525)**	**(551,563)**	-	-
Balances with controlling shareholders					
JBF Investimentos	Transfer of costs	252	9	252	9
JBF Investimentos	Guarantee (i)	(10,952)	(28,007)	(10,952)	(28,007)
JBF Investimentos	Sundry (vi)	(52)	(49)	(52)	(49)
Total net payable to shareholders		**(10,752)**	**(28,047)**	**(10,752)**	**(28,047)**
Balances with companies belonging to the Group					
JBS	Sundry (iv)	(619)	(988)	(619)	(988)
Seara Alimentos	Consumables (v)	(23)	(207)	(23)	(207)
Total net payable with companies belonging to the Group		**(642)**	**(1,195)**	**(642)**	**(1,195)**
Net total		**(1,152,919)**	**(580,805)**	**(11,394)**	**(29,242)**

Result
Revenue and (expenses)

		Parent Company			
Transactions with subsidiaries	**Type**	**3Q19**	**3Q18**	**9M19**	**9M18**
Cellulose Eldorado Áustria GmbH	Pulp sale	450,024	835,825	1,399,117	2,435,689
Cellulose Eldorado Áustria GmbH	PPE (ii)	(3,728)	(3,994)	(11,416)	(11,610)
Eldorado EUA Inc.	Pulp sale	189,197	124,592	576,777	341,892
Eldorado Intl. Finance GmbH	PPE (iii)	(31,482)	(32,230)	(90,913)	(87,139)
Rishis Empreend. e Partic.	Rendering of service	(6,045)	(6,026)	(17,758)	(16,913)
Revenues from subsidiaries, net		**597,966**	**918,167**	**1,855,807**	**2,661,919**
Transactions with controlling shareholders					
JBF Investimentos	Guarantee (i)	(11,255)	(14,782)	(35,725)	(44,359)
Expenses with controlling shareholders, net		**(11,255)**	**(14,782)**	**(35,725)**	**(44,359)**
Transactions with companies belonging to the Group					
JBS	Sundry (iv)	(4,703)	(4,827)	(12,260)	(15,669)
Seara Alimentos	Consumables (v)	(68)	(12)	(107)	(125)
Expenses with companies belonging to the Group, net		**(4,771)**	**(4,839)**	**(12,367)**	**(15,794)**
Total net income		**581,940**	**898,546**	**1,807,715**	**2,601,766**

(In thousands of Brazilian Reais)

		Consolidated			
		2019	2018	2019	2018
Transactions with controlling shareholders	Type	3Q19	3Q18	Acum.	Acum.
J&F Investimentos	Endorsement (i)	(11,255)	(14,782)	(35,725)	(44,359)
Expenses with controlling shareholders, net		(11,255)	(14,782)	(35,725)	(44,359)
Transactions with companies belonging to the Group					
JBS S.A.	Sundry (iv)	(4,703)	(4,827)	(12,260)	(15,669)
Seara Alimentos	Consumables (v)	(68)	(12)	(107)	(125)
Expenses with companies belonging to the Group, net		(4,771)	(4,839)	(12,367)	(15,794)
Total net income		(16,026)	(19,621)	(48,092)	(60,153)

(i) Guarantee 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 8.19% 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 8.875% p.a. + exchange differences;

(iv) Refers to amounts payable relating to various transactions, among them: freight on pulp 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.

7.1. Management compensation

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

	Parent Company			
	3Q19	3Q18	9M19	9M18
Benefits (a)	5,298	4,001	16,412	10,805

	Consolidated			
	3Q19	3Q18	9M19	9M18
Benefits (a)	6,142	4,632	18,945	13,528

(a) The benefits include fixed compensation (salaries, vacation pay and year-end bonus), social security contribution to the Social Security Authority (INSS), to Severance Pay Fund (FGTS), bonuses and others. Some directors are party of work contracts entered into under the Labor Code (CLT) regime and follow all the legal prerogatives of compensation and benefits and some directors receive under management compensation regime.

(In thousands of Brazilian Reais)

8. Inventories

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Seedlings	49	-	49	-
Raw materials (wood for production)	134,022	194,336	134,022	194,337
Pulp	47,518	34,961	280,430	320,522
Inputs	21,564	19,256	21,564	19,256
Storeroom supplies	131,952	119,712	132,175	119,915
	335,105	368,265	568,240	654,030

9. Taxes recoverable

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
State VAT (ICMS) (i)	1,117,280	1,127,166	1,118,507	1,127,646
Taxes on sales (PIS e COFINS) (ii)	55,786	42,683	55,786	42,683
Federal VAT (IPI)	3	2	3	2
Services tax (ISS)	173	230	173	230
Reintegra (iii)	39,018	51,110	39,018	51,110
Withholding income tax (IRRF) (iv)	8,716	3,843	8,716	3,843
National Institute of Social Security (INSS) to offset	-	-	395	-
Corporate income tax (IRPJ) to offset (v)	1,524	14,652	1,524	14,665
Social contribution tax (CSLL) to offset (v)	15,482	20,257	15,482	20,257
Prepayment IRPJ (vi)	779	-	1,955	-
Prepayment CSLL (vi)	288	-	323	-
	1,239,049	1,259,943	1,241,882	1,260,436
Breakdown				
Current assets	190,369	220,012	192,106	220,492
Noncurrent assets	1,048,680	1,039,931	1,049,776	1,039,944
	1,239,049	1,259,943	1,241,882	1,260,436

(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 and fiscal incentive package granted by the Government of Mato Grosso do Sul for application in the current operation and future industrial expansion.

Continuing the actions to maximize the use of these credits, we highlight the diligences regarding the request to the Government of Mato Grosso do Sul to use the ICMS credits for the payment of: a) suppliers that are being contracted for the Thermoelectric Plant Project - UTE Onça Pintada; b) acquisition of new equipment and machinery.

(In thousands of Brazilian Reais)

Also part of our monetization study is the hiring that will be part of the factory expansion project of a new production line, with a nominal capacity of 2.3 million tons per year, a project called Vanguarda 2.0.

(ii) PIS and COFINS

Part of the credit corresponds to non-cumulative PIS and COFINS credits for the acquisition of fixed assets, such as equipment and services, as a result of the completion of the construction of the industrial plant put into operation at the end of 2012.

The Company uses this loan by offsetting with the debts of these taxes, incident on sales in the domestic market and with income tax and social contribution payable on profits, as well as through requests for compensation from the Federal Revenue Service.

Other part of the credit arises from a favorable decision, issued by the Federal Regional Court of 3rd region, in a lawsuit filed by the Company to exclude ICMS from the calculation bases of the social contribution taxes (PIS/COFINS) levied on sales for the domestic market. The Federal Court of São Paulo approved the related injunction in May 2015 and, in June 2015, issued a favorable decision on the deduction of ICMS from the mentioned calculation base. The mentioned decision was confirmed by the Federal Regional Court of 3rd region, with a final and unappealable decision on June 28, 2019.

(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.

Period	Aliquot
October/2014 to February/2015	3.0%
March/2015 to November/2015	1.0%
December/2015 to December/2016	0.1%
January/2017 to May/2018	2.0%
June/2018 to September/2019 *	0.1%

* To apply 2.0% from Jun/18 to Aug/18.

(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)

(v) IRPJ and CSLL to offset

Related to IRPJ and CSLL in 2017 and 2018, 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 the current legislation, the balances are adjusted at the Central Bank Overnight Rate (SELIC) and are being offset against federal taxes payable in 2019.

(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	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Purchase of wood (i)	159,441	97,152	159,441	97,152
Others	12,544	12,364	14,734	12,423
	171,985	109,516	174,175	109,575
Breakdown				
Current assets	50,046	12,364	52,236	12,423
Noncurrent assets	121,939	97,152	121,939	97,152
	171,985	109,516	174,175	109,575

(i) 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)

The opening and closing balances are roll-forward as follows:

	Parent Company and Consolidated	
	09/30/2019	12/31/2018
At the beginning of the year	2,668,744	2,499,996
Change in the fair value of biological assets net of costs to sell	52,624	276,420
Tree felling for inventory	(106,069)	(395,212)
Forest development cost	225,838	287,540
	2,841,137	**2,668,744**

At September 30, 2019 had a production area of 229,561 hectares (229,592 hectares at December 31, 2018), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

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.

As from the second quarter, the Company reevaluates the amount of its biological assets every six months, as it understands that this procedure is sufficient to show the changes in the fair value of forests and to adopt the market best practices and analysis, since the other industry players follow the same six-month basis.

To determine wood price in the local market, the Company adopted the parity with Center for Advances Studies on Applied Economics (CEPEA) Sorocaba's estimate, adjusted to reflect the price of standing timber, which is affected by the distance between the farm and the production unit. The history of unit cost per cubic meter of wood at each period end is shown in the table below:

(In thousands of Brazilian Reais)

Period	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
R$/m³	51.00	51.00	51.00	54.00	54.00	52.85	50.36

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

	09/30/2019	12/31/2018
Current productive area (hectare)	229,561	229,592
Average Annual Increase (IMA) - m³/ hectare	37.23	38.11
Discount rate (WACC without consumer price index) - %	5.94	5.94

The changes of the fair value of biological assets were recognized in the statement of profit or loss in line item "Fair value of biological assets".

12. Investments

Significant information about investments on subsidiaries for the period ended September 30, 2019

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria Gmbh	100%	2,926,302	111	431,496	2,720,131	214,589
Rishis Empreendimentos e Participações S.A.	100%	96,886	108,979	91,051	16,822	(92)

In parent company:	Balance as at 12/31/2018	Addition (low)	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as at 09/30/2019
Cellulose Eldorado Austria Gmbh	(36,961)	-	45,680	208,188	214,589	431,496
Rishis Empreendimentos e Participações S.A.	91,144	-	-	-	(92)	91,052
Appreciation of right to use granting of port movements	12,874	(884)	-	-	-	11,990
Total	67,057	(884)	45,680	208,188	214,497	534,538
Provision for losses on subsidiaries						
Total	36,961					-

(In thousands of Brazilian Reais)

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

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria Gmbh	100%	2,995,419	111	(36,961)	3,823,240	296,805
Rishis Empreendimentos e Participações S.A.	100%	93,016	108,979	91,144	22,063	76

In Parent Company:	Balance as at 12/31/2017	Addition (low)	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as at 12/31/2018
Cellulose Eldorado Austria Gmbh	(77,971)	-	45,530	(301,325)	296,805	(36,961)
Rishis Empreendimentos e Participações S.A.	91,068	-	-	-	76	91,144
Appreciation of right to use granting of port movements	14,053	(1,179)	-	-	-	12,874
Total	27,150	(1,179)	45,530	(301,325)	296,881	67,057
Provision for losses on subsidiaries						
Total	77,971					36,961

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.

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.

(In thousands of Brazilian Reais)

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.

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 September 30, 2019, 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 - 09/30/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.58%	1,152,935	(229,256)	923,679
Leasehold improvements	10.00%	3,111	(1,802)	1,309
Facilities and improvements	5.22%	289,675	(72,998)	216,677
Furniture and fixtures	9.37%	9,592	(4,805)	4,787
Vehicles	20.61%	145,929	(109,422)	36,507
Technical and scientific instruments	11.60%	6,627	(4,228)	2,399
IT equipment	19.85%	68,576	(60,464)	8,112
Machinery and equipment	6.42%	3,730,759	(1,013,417)	2,717,342
Vessels and floating structures	20.00%	7	(1)	6
Eucalyptus matrices	20.00%	107	(57)	50
Construction in progress and advances for capital expenditures	-	358,789	-	358,789
		5,869,318	(1,496,450)	4,372,868

(In thousands of Brazilian Reais)

	Parent Company - 12/31/2018			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.68%	1,150,808	(199,369)	951,439
Leasehold improvements	10.00%	3,111	(1,569)	1,542
Facilities and improvements	5.34%	288,410	(63,368)	225,042
Furniture and fixtures	9.23%	8,806	(4,145)	4,661
Vehicles	21.39%	130,842	(101,415)	29,427
Technical and scientific instruments	10.87%	6,383	(3,827)	2,556
IT equipment	19.87%	63,768	(58,531)	5,237
Machinery and equipment	6.39%	3,646,622	(901,403)	2,745,219
Vessels and floating structures	20.00%	7	-	7
Eucalyptus Matrices	20.00%	79	(45)	34
Construction in progress and advances for capital expenditures	-	237,683	-	237,683
		5,639,730	(1,333,672)	4,306,058

	Consolidated - 09/30/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.58%	1,152,935	(229,256)	923,679
Leasehold improvements	7.48%	3,366	(1,862)	1,504
Facilities and improvements	5.46%	289,728	(73,027)	216,701
Furniture and fixtures	9.41%	10,273	(5,135)	5,138
Vehicles	20.61%	146,073	(109,566)	36,507
Technical and scientific instruments	11.61%	6,641	(4,242)	2,399
IT equipment	19.87%	70,075	(61,562)	8,513
Machinery and equipment	6.44%	3,733,240	(1,014,129)	2,719,111
Vessels and floating structures	20.00%	7	(1)	6
Eucalyptus matrices	20.00%	107	(57)	50
Construction in progress and advances for capital expenditures	-	365,323	-	365,323
		5,880,979	(1,498,837)	4,382,142

(In thousands of Brazilian Reais)

	Consolidated - 12/31/2018			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.68%	1,150,808	(199,369)	951,439
Leasehold improvements	7.48%	12,282	(10,530)	1,752
Facilities and improvements	5.53%	288,769	(63,701)	225,068
Furniture and fixtures	9.29%	9,316	(4,396)	4,920
Vehicles	21.39%	130,976	(101,549)	29,427
Technical and scientific instruments	10.93%	6,383	(3,827)	2,556
IT equipment	19.89%	64,964	(59,485)	5,479
Machinery and equipment	6.40%	3,650,252	(903,084)	2,747,168
Vessels and floating structures	20.00%	7	-	7
Eucalyptus matrices	20.00%	79	(45)	34
Construction in progress and advances for capital expenditures	-	243,737	-	243,737
		5,660,784	(1,345,986)	4,314,798

(In thousands of Brazilian Reais)

Changes in fixed assets

Parent Company

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Balance at 09/30/2019
Land	103,211	-	-	-	-	103,211
Buildings	951,439	42	-	2,086	(29,888)	923,679
Leasehold improvements	1,542	-	-	-	(233)	1,309
Facilities and improvements	225,042	6	-	1,259	(9,630)	216,677
Furniture and fixtures	4,661	152	-	635	(661)	4,787
Vehicles	29,427	21,371	(1,195)	342	(13,438)	36,507
Technical and scientific instruments	2,556	30	-	214	(401)	2,399
IT equipment	5,237	443	-	4,371	(1,939)	8,112
Machinery and equipment	2,745,219	13,883	(373)	73,679	(115,066)	2,717,342
Vessels and floating structures	7	-	-	-	(1)	6
Eucalyptus matrices	34	28	-	-	(12)	50
Construction in progress and advances for capital expenditures	237,683	203,836	-	(82,730)	-	358,789
	4,306,058	239,791	(1,568)	(144)	(171,269)	4,372,868

Changes	Balance at 12/31/2017	Additions	Write-off	Transfers	Depreciation	Balance at 12/31/2018
Land	103,211	-	-	-	-	103,211
Buildings	969,440	-	-	21,395	(39,396)	951,439
Leasehold improvements	8,761	-	(4,449)	(1,538)	(1,232)	1,542
Facilities and improvements	223,579	-	-	13,684	(12,221)	225,042
Furniture and fixtures	5,508	186	(1)	68	(1,100)	4,661
Vehicles	52,685	3,588	(27)	115	(26,934)	29,427
Technical and scientific instruments	2,760	183	-	113	(500)	2,556
IT equipment	8,158	270	-	233	(3,424)	5,237
Machinery and equipment	3,012,468	696	(128,187)	28,636	(168,394)	2,745,219
Vessels and floating structures	-	7	-	-	-	7
Eucalyptus matrices	50	-	-	-	(16)	34
Construction in progress and advances for capital expenditures	191,505	110,176	-	(63,998)	-	237,683
	4,578,125	115,106	(132,664)	(1,292)	(253,217)	4,306,058

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Balance at 09/30/2019
Land	103,211	-	-	-	-	-	103,211
Buildings	951,439	42	-	2,086	(29,888)	-	923,679
Leasehold improvements	1,752	-	-	-	(248)	-	1,504
Facilities and improvements	225,068	6	-	1,259	(9,633)	1	216,701
Furniture and fixtures	4,920	299	-	635	(730)	14	5,138
Vehicles	29,427	21,371	(1,195)	342	(13,438)	-	36,507
Technical and scientific instruments	2,556	30	-	214	(401)	-	2,399
IT equipment	5,479	708	-	4,371	(2,065)	20	8,513
Machinery and equipment	2,747,168	13,883	(373)	73,679	(115,246)	-	2,719,111
Vessels and floating structures	7	-	-	-	(1)	-	6
Eucalyptus matrices	34	28	-	-	(12)	-	50
Construction in progress and advances for capital expenditures	243,737	205,127	-	(83,541)	-	-	365,323
	4,314,798	241,494	(1,568)	(955)	(171,662)	35	4,382,142

(In thousands of Brazilian Reais)

Changes	Balance at 12/31/2017	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Saldo em 12/31/2018
Land	103,211	-	-	-	-	-	103,211
Buildings	969,440	-	-	21,395	(39,396)	-	951,439
Leasehold improvements	55,750	-	(4,449)	(48,299)	(1,250)	-	1,752
Facilities and improvements	228,422	-	-	8,869	(12,226)	3	225,068
Furniture and fixtures	5,815	203	(1)	68	(1,173)	8	4,920
Vehicles	52,685	3,588	(27)	115	(26,934)	-	29,427
Technical and scientific instruments	2,760	183	-	113	(500)	-	2,556
IT equipment	8,596	270	-	233	(3,623)	3	5,479
Machinery and equipment	3,020,651	696	(128,187)	22,615	(168,607)	-	2,747,168
Vessels and floating structures	-	7	-	-	-	-	7
Eucalyptus matrices	50	-	-	-	(16)	-	34
Construction in progress and advances for capital expenditures	197,217	111,024	-	(64,504)	-	-	243,737
	4,644,597	115,971	(132,664)	(59,395)	(253,725)	14	4,314,798

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at September 30, 2019 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 estimated of more than 2.3 million tons of pulp per year and Project of Thermoelectric Plant - UTE Onça Pintada, which will have capacity for generating 50MW of energy from eucalyptus stumps and roots biomass.

Company assets are pledged as collateral for borrowings up to the maximum limit of each of the debts assumed (note 17).

Review of useful life

In order to meet the requirements of CPC 27, 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.

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.

(In thousands of Brazilian Reais)

14. Intangible assets

	Parent Company - 09/30/2019			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	20.03%	19,490	(15,251)	4,239

	Parent Company - 12/31/2018			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	20.54%	19,334	(13,552)	5,782

	Consolidated - 09/30/2019			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,002	(5,012)	11,990
Software	20.03%	20,219	(15,814)	4,405
Terminal concession	7.14%	90,260	(30,975)	59,285
		127,481	(51,801)	75,680

	Consolidated - 12/31/2018			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,002	(4,128)	12,874
Software	20.46%	20,064	(14,027)	6,037
Terminal concession	7.14%	79,091	(15,866)	63,225
		116,157	(34,021)	82,136

(In thousands of Brazilian Reais)

Changes in intangible assets

Parent Company

Changes	12/31/2018	Additions	Transfers	Amortizations	09/30/2019
Software	5,782	12	144	(1,699)	4,239

Parent Company

Changes	12/31/2017	Additions	Transfers	Amortizations	12/31/2018
Software	7,337	28	1,292	(2,875)	5,782

Consolidated

Changes	12/31/2018	Additions	Transfers	Amortizations	09/30/2019
Appreciation of right-of-use of port movement concession (a)	12,874	-	-	(884)	11,990
Software	6,037	12	144	(1,788)	4,405
Terminal concession	63,225	-	811	(4,751)	59,285
	82,136	12	955	(7,423)	75,680

Consolidated

Movement	12/31/2017	Additions	Transfers	Amortizations	12/31/2018
Appreciation of right-of-use of port movement concession (a)	14,053	-	-	(1,179)	12,874
Software	7,736	28	1,292	(3,019)	6,037
Terminal concession	11,453	-	58,103	(6,331)	63,225
	33,242	28	59,395	(10,529)	82,136

(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, 2018, 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.

(In thousands of Brazilian Reais)

15. Rights of use

	Parent Company - 09/30/2019		
	Cost	Accumulated depreciation	Net
Lease use right			
Land	663,980	(64,420)	599,560
Buildings	3,152	(549)	2,603
Vehicles	16,567	(6,181)	10,386
Machinery and equipment forest implements	8,370	(2,398)	5,972
Facilities and improvements	201	(175)	26
Total	**692,270**	**(73,723)**	**618,547**

	Consolidated - 09/30/2019		
	Cost	Accumulated depreciation	Net
Lease use right			
Land	663,980	(64,420)	599,560
Buildings	6,991	(1,130)	5,861
Vehicles	16,567	(6,181)	10,386
Machinery and equipment forest implements	8,370	(2,398)	5,972
Facilities and improvements	201	(175)	26
Total	**696,109**	**(74,304)**	**621,805**

Movement of assets in use during the quarter:

Parent Company

Lease use right	01/01/2019	Additions	Write-off	Depreciation	Adjustment of plots	09/30/2019
Land	651,641	-	-	(64,420)	12,339	599,560
Buildings	853	2,334	-	(549)	(35)	2,603
Vehicles	14,824	-	-	(6,181)	1,743	10,386
Machinery and equipment forest implements	40,887	153	(31,256)	(7,884)	4,072	5,972
Facilities and improvements	150	-	-	(175)	51	26
Total	**708,355**	**2,487**	**(31,256)**	**(79,209)**	**18,170**	**618,547**

Lease use right	01/01/2019	Additions	Write-off	Depreciation	Adjustment of plots	Exchange variation	09/30/2019
Land	651,641	-	-	(64,420)	12,339	-	599,560
Buildings	4,667	2,334	-	(1,121)	(49)	30	5,861
Vehicles	14,824	-	-	(6,181)	1,743	-	10,386
Machinery and equipment forest implements	40,887	153	(31,256)	(7,884)	4,072	-	5,972
Facilities and improvements	150	-	-	(175)	51	-	26
Total	712,169	2,487	(31,256)	(79,781)	18,156	30	621,805

The amount of R$ 49,136 thousand of depreciation of the parent company and consolidated are considered to biological assets to compose the formation cost.

(In thousands of Brazilian Reais)

16. Trade payables

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Supplies and services	58,709	60,207	57,777	56,393
Inputs	168,849	155,153	168,849	155,154
Others	11,699	15,261	17,342	20,515
	239,257	**230,621**	**243,968**	**232,062**
Breakdown				
Current liabilities	236,117	226,085	240,828	227,526
Noncurrent liabilities	3,140	4,536	3,140	4,536
	239,257	**230,621**	**243,968**	**232,062**

Corresponds to the obligations payable for goods or services acquired in the normal course of the Company´s business, recognized at fair value and, subsequently, measured at amortized cost using the effective interest rate method, adjusted to present value and exchange rate variation when denominated in foreign currency, when applicable.

(In thousands of Brazilian Reais)

17. Loans and Financing

Type	Average annual interest rate and commissions	Maturity	09/30/2019	12/31/2018
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	8,080	14,072
ACC - Advance on Exchange Contract (i)	Forex + interest	August/2020	1,373,181	954,153
BNDES (ii)	TJLP + spread	June/2022	327,817	414,659
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,617,918	1,903,920
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	-	-	805,223
Debentures (Second Issue) (iv)	IPCA + interest 7.41% p.a.	December/2027	1,250,355	1,215,417
NCE (v)	CDI + spread	September/2022	553,603	224,904
Working Capital (vi)	Forex + interest	December/2020	12,873	20,057
FINEM Florestal (ix)	TJLP / selic + spread	May/2025	206,224	197,497
Leasing (x)	CDI + spread	May/2024	26,993	1,347
CCB (xi)	Pre-fixed	August/2022	124,762	-
PPE (xii)	LIBOR + spread	August/2022	1,026,361	-
			6,528,167	**5,751,249**

Breakdown		
Current liabilities	2,305,146	2,131,478
Noncurrent liabilities	4,223,021	3,619,771
	6,528,167	**5,751,249**

The noncurrent portion of borrowing and financing becomes due as follows:	
2020	258,162
2021	1,386,312
2022	1,454,898
2023	157,548
After 2024	966,101
	4,223,021

(In thousands of Brazilian Reais)

			Consolidated	
Type	Average annual interest rate and commissions	Maturity	09/30/2019	12/31/2018
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	8,080	14,072
ACC - Advance on Exchange Contract (i)	Forex + interest	August/2020	1,373,181	954,153
BNDES (ii)	TJLP + spread	June/2022	327,817	414,659
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ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	-	-	805,223
Debentures (Second Issue) (iv)	IPCA + interest 7.41% p.a.	December/2027	1,250,355	1,215,417
NCE (v)	CDI + spread	September/2022	553,603	224,904
Working Capital (vi)	Forex + interest	December/2020	12,873	20,057
Term Loan (vii)	LIBOR + spread	April/2021	185,564	215,551
Bonds (viii)	Rate of 8.625% p.a.	June/2021	1,485,032	1,348,015
FINEM Florestal (ix)	TJLP / SELIC + spread	May/2025	206,224	197,497
Leasing (x)	CDI + spread	May/2024	26,993	1,347
CCB (xi)	Pre-fixed	August/2022	124,762	-
PPE (xii)	LIBOR + spread	August/2022	1,026,361	-
			8,198,763	**7,314,815**
Breakdown				
Current liabilities			2,429,774	2,218,319
Noncurrent liabilities			5,768,989	5,096,496
			8,198,763	**7,314,815**

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

2020	304,195
2021	2,886,247
2022	1,454,898
2023	157,548
After 2024	966,101
	5,768,989

17.1. Changes in loans and financing

Parent Company	09/30/2019	12/31/2018
Opening balance	**5,751,249**	**6,651,517**
Interest - accrued	353,477	553,260
Exchange differences - accrued	297,701	709,130
New loans and financing	2,950,626	1,495,220
Repayments		
Principal	(1,832,767)	(2,559,926)
Interest	(309,137)	(476,581)
Exchange differences	(682,982)	(621,371)
Closing balance	**6,528,167**	**5,751,249**

(In thousands of Brazilian Reais)

Consolidated	09/30/2019	12/31/2018
Opening balance	**7.314.815**	**8.052.070**
Interest - accrued	457.043	687.721
Exchange differences - accrued	415.137	953.939
New loans and financing	2.950.626	1.495.220
Repayments		
Principal	(1.871.702)	(2.637.794)
Interest	(378.735)	(604.367)
Exchange differences	(688.421)	(631.974)
Closing balance	**8.198.763**	**7.314.815**

17.2. 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 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;

(viii) 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;

(ix) Financing granted by BNDES for the company's eucalyptus planting;

(x) Financing of machinery and equipment through leasing denominated in Reais.

(xi) In May 2019, the Company raised Bank Credit Notes at fixed rate;

(xii) In August 2019, the Company entered into a contract for the prepayment of the export in effect for three years and adjusted at LIBOR + spread.

17.3. Restrictive covenants

The Company has financing contracts that have certain obligations to comply with financial ratios (covenants). The contracts that contain obligations of this nature are: (i) bank guarantee letters issued by Banco do Brasil and Santander to guarantee the financing contracted by the Company with the National Bank for Economic and Social Development - BNDES; (ii) the Facility and Arrangement Agreement ("Term Loan"), entered into with Banco do Brasil in France; (iii) the export prepayment agreement signed in August 2019; (iv) debt securities abroad (Senior Unsecured Bonds / Notes) issued by Eldorado Intl. Finance GmbH, wholly-owned subsidiary of the Company; (v) some export credit notes entered into during 2019; and (vi) bank credit notes, also signed throughout 2019.

It is important to note that Eldorado has been working hard to improve its main indicators, including the total debt ratio.

After the pulp market reached historic high price levels in the first half of 2018, due to the strong demand coming mainly from China, uncertainties in the macroeconomic scenario started a cycle of downturn in world economic activity, whose effects on the pulp extended through 2019. In this scenario, China and Europe, the two largest consuming regions of market pulp, saw their industrial activity contract, affecting their production of paper and packaging and, consequently, the total demand for pulp.

The drop in demand along with a high supply of pulp, since in 2019 there were no production restrictions like those that had been limiting supply in recent years, led to an imbalance in the supply and demand balance, with world stocks reaching high levels historical.

The outlook for the pulp market in the coming years is positive given the expectation of a resumption of global GDP growth and the strengthening of the fundamentals of the industry between 2020 and 2022, with the balance between supply and demand more favorable to pulp producers.

Eldorado remains focused on optimizing its operational efficiency, as well as improving the management of its cash flow and investment in order to converge to the limits of contractual covenants.

Corroborating the Company's effort to constantly improve its numbers, seeking operational excellence and reducing its indebtedness and, consequently, its leverage, it is worth mentioning that Eldorado is suitable for all covenants demanded by the aforementioned entities. Are they:

(In thousands of Brazilian Reais)

(i) Letters of Guarantee - Banco do Brasil: financial covenants measured annually as of December 31, 2015:

Index	Limit
Net Debt / EBITDA	$\leq 3{,}5x$
Net Debt / Shareholders equity	$\leq 2{,}75x$
Indebtness limit *	$\leq USD\ 750\ milhões$
Debt Service Coverage ratio*	$\geq 1{,}15$

(ii) Letters of Guarantee - Santander: financial covenants measured annually as of December 31, 2015:

Index	Limit
Net Debt / EBITDA	$\leq 3{,}5x$
Net Debt / Shareholders equity	$\leq 2{,}75x$
Indebtness limit *	$\leq USD\ 1{,}2\ bilhão$
Debt Service Coverage ratio*	$\geq 1{,}15$

(iii) Facility and Arrangement Agreement (“Term Loan”): financial covenants measured annually as of December 31, 2015:

Index	Limit
Net Debt / EBITDA	$\leq 4{,}75x$

(iv) Export Pre-Payment (PPE): financial covenants measured annually:

Índex	Limit
Net Debt / EBITDA	$\leq 3{,}50x$

(v) Senior Unsecured Notes (Bond): financial covenants measured annually:

Index	Limit
Net Debt / EBITDA	$\leq 4{,}75x$

(vi) Export Credit Notes (NCE): financial covenants measured every six months:

Index	Limit
Net Debt / EBITDA	$< 5{,}5x$
Short net debt** / EBITDA	$< 4{,}0x$

(vii) Bank Credit Note (CCB): financial covenants measured every six months:

Index	Limit
Net Debt / EBITDA	$< 5{,}5x$
Short net debt** / EBITDA	$< 4{,}0x$

* In 2019, the Company obtained authorization from Banco Santander

(In thousands of Brazilian Reais)

and Banco do Brasil to increase the “Indebtedness Limit” to US $ 1.3 billion and waives compliance with the “Debt Service Coverage Index”.
** Short Net Debt: net debt minus all debt and / or financing that cumulatively meet the following criteria: (i) have an average term of more than 5 (five) years; and (ii) are intended exclusively for the investment plan for the construction of Line 2 (Vanguarda Project).

The Company's management considers that these financial statements present the Company's financial and equity position, performance and cash flows in an appropriate manner, and has applied the applicable CPC Technical Pronouncements, Interpretations and Guidelines.

17.4. Loan Guarantees

All loan and financing agreements in the modalities of BNDES, FINEM Florestal and ECAs and part of the modalities of ACC, Finame, Working Capital, NCE and Debenture, are guaranteed by an aval granted by the parent company J&F Investimentos SA Debenture and certain debts term securities are also collateralized in financial investments as described in Note 5.2.

18. Lease to pay

	Parent Company 09/30/2019	Consolidated 09/30/2019
Provision with lease	981,296	985,966
Adjustment to present value	(342,437)	(343,704)
	638,859	642,262
Current liabilities	137,818	138,628
Noncurrent liabilities	501,041	503,634
	638,859	642,262

Changes in the allowance for leasing:

Parent Company	01/01/2019	New contracts	Payment	Financial interest	Low or close	Contractual amendments	09/30/2019
Direito de uso arrendamento mercantil							
Provision with lease	1,111,664	2,725	(118,284)	-	(32,081)	17,272	981,296
Adjustment to present value	(403,308)	(238)	-	60,211	-	898	(342,437)
	708,356	2,487	(118,284)	60,211	(32,081)	18,170	638,859

(In thousands of Brazilian Reais)

Consolidated	01/01/2019	New contracts	Payment	Financial interest	Low or close	Contractual amendments	Exchange variation	09/30/2019
Lease use right								
Provision with lease	1,117,012	2,725	(118,990)	-	(32,081)	17,269	31	985,966
Adjustment to present value	(404,844)	(238)	-	60,491	-	887	-	(343,704)
	712,168	2,487	(118,990)	60,491	(32,081)	18,156	31	642,262

The amount of R$ 46,267 thousand of interest from the parent company and consolidated are considered in the composition of the cost of formation of the biological asset.

Schedule of payment of the installment to provision with leasing:

Pay	Parent Company 09/30/2019	Consolidated 09/30/2019
2019	36,801	37,043
2020	144,380	145,188
2021	131,630	132,424
2022	121,513	122,285
2023	114,298	114,965
From 2024	432,674	434,061
(-) AVP	(342,437)	(343,704)
Total	**638,859**	**642,262**

On December 18, 2019, the CVM issued a circular memorandum ("Ofício/Circular/CVM/SNC/SEP/nº 02/2019") containing a guidance on relevant aspects of IFRS 16 to be observed in the preparation of the consolidated financial statements of the lessee companies for the year ended December 31, 2019.

At the date of the initial adoption, gross PIS and COFINS liabilities were considered in the calculation of discounted cash flow. The following table summarizes the potential right of recoverable PIS and COFINS embedded in the consideration of leases:

		09/30/2019
		Parent Company
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	981,297	638,859
PIS/COFINS potential (9,25%) [1]	52,055	33,095

[1] Incident on contracts signed with legal entities

(In thousands of Brazilian Reais)

		09/30/2019
		Consolidated
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	985,966	642,262
PIS/COFINS potential (9,25%) [1]	52,445	33,369

[1] Incident on contracts signed with legal entities

19. Tax liabilities, payroll and social charges

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Payroll and social charges	22,159	34,295	22,757	34,900
Accruals and charges	90,309	70,720	93,143	73,232
Taxes payable	23,567	36,878	32,416	42,530
	136,035	**141,893**	**148,316**	**150,662**

(In thousands of Brazilian Reais)

20. Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company			
	3Q19	3Q18	9M19	9M18
Profit before income tax and social contribution	(145,530)	564,595	446,076	827,060
Income tax and social contribution - statutory rate of 34%	**49,480**	**(191,962)**	**(151,666)**	**(281,200)**
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	31,336	17,681	143,713	(13,613)
Nondeductible expenses	(431)	(3,322)	(3,299)	(6,226)
Government grant	324	13,800	2,316	70,572
Effect of taxes of foreign subsidiaries	-	-	-	-
Current IR adjustment - 2017	-	236	-	76,907
Effect IFRS 16 - lease	112	-	(248)	-
Reversion tax prejudice 2013/2014	-	1	-	15,902
Others	1	2	-	9
Current and deferred income tax and social contribution	**80,822**	**(163,564)**	**(9,184)**	**(137,649)**
Effective rate	**(55.54%)**	**(28.97%)**	**(2.06%)**	**(16.64%)**

	Consolidated			
	3Q19	3Q18	9M19	9M18
Profit before income tax and social contribution	(139,295)	564,997	453,236	827,537
Income tax and social contribution - statutory rate of 34%	**47,360**	**(192,099)**	**(154,100)**	**(281,363)**
Reconciliation for effective expenses				
Nondeductible expenses	(431)	(3,583)	(3,299)	(6,536)
Government grant	324	13,800	2,316	70,572
Effect of taxes of foreign subsidiaries	31,336	17,681	143,713	(13,613)
Current IR adjustment - 2017	-	236	-	76,907
Effect IFRS 16 - lease	63	-	(297)	-
Reversion tax prejudice 2013/2014	-	1	-	15,902
Others	(4,064)	(3)	(4,676)	5
Current and deferred income tax and social contribution	**74,588**	**(163,967)**	**(16,343)**	**(138,126)**
Effective rate	**(53.55%)**	**(29.02%)**	**(3.61%)**	**(16.69%)**

(In thousands of Brazilian Reais)

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

Parent Company and Consolidated	12/31/2018	Additions	Deductions	09/30/2019
Tax losses (i)	521,750	136,936	-	658,686
Hedge derivatives	4,701	-	(4,701)	-
Operational provisions	23,213	-	(332)	22,881
Biological assets	(212,913)	-	2,115	(210,798)
Tax depreciation x accounting depreciation	(299,383)	(143,202)	-	(442,585)
	37,368	(6,266)	(2,918)	28,184

(i) As at September 30, 2019, 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, totaled R$ 1,937,312.

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.

Management, based on an approved budget, estimates that tax credits arising from temporary differences, tax losses and negative basis of social contribution are realized as shown below:

	09/30/2019
	Parent Company and Consolidated
In 2019	163,590
In 2020	151,928
In 2021	93,521
In 2022	21,736
In 2023	119,345
In 2024	131,447
	681,567

21. Provision for procedural risk

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:

(In thousands of Brazilian Reais)

	12/31/2018	Additions	Write off	Adjustment	09/30/2019
Environmental	274	-	-	43	317
Civil	4,582	862	-	(1,606)	3,838
Labor	3,447	10,252	(2,154)	368	11,913
Tax	864	322.00	(96)	33	1,123
	9,167	**11,436**	**(2,250)**	**(1,162)**	**17,191**

	12/31/2017	Additions	Write off	Adjustment	12/31/2018
Environmental	256	-	-	18	274
Civil	2,349	4,161	(2,197)	269	4,582
Labor	9,699	1,203	(7,464)	9	3,447
Tax	304	812	(255)	3	864
	12,608	**6,176**	**(9,916)**	**299**	**9,167**

As at September 30, 2019, the Company was a defendant in environmental, civil, labor and tax lawsuits, of which the Company accrued R$ 17,191 (R$ 9,167 at December 31, 2018), classified by its management and legal counsel as probable loss. It is considered that an outflow of funds including economic benefits to settle the obligation will be required.

For the lawsuits classified as possible losses in the amount of R$ 752,529 (R$ 870,843 as at December 31, 2018), the Company believes that no provision for losses is required.

The write-off of labor claim amounts is due to the review of provisioning criteria which readjusted the recognition of provisions identified as excessive. Accordingly, until the phase of appeals is concluded, the proceedings will be considered contingent liabilities, for having the likelihood of loss classified as possible. After the phase of appeals, the proceedings are reclassified as probable loss, with the proper recognition of provision, meeting the requirements of CPC 25 / IAS 37, regarding the recognition of the present obligation, the required outflow of funds to settle the obligation and the reliable measurement of the amount of the obligation.

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 S.A., 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 01, 2016, the Company was included as defendant in an obligation to do suit, claiming R$ 100 million. On May 05, 2016, Eldorado filed a reply for preliminary lack of jurisdiction and a preliminary injunction counterclaim 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 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. Regarding that measure, an interlocutory appeal was filed also addressing the lack of retention of jurisdiction of the court of Três Lagoas for the judgment of the ordinary proceeding. The appeal was judged groundless. And a special appeal was filed against this decision.

In the current stage of the proceeding, the classification of likelihood of loss is considered possible, with no recognition of a provision.

(ii) Administrative Sanctioning Process - CVM

On December 08, 2017, CVM filed Administrative Proceeding – CVM No. 5388/17 intended to investigate the purchase of US dollar derivative agreements on behalf of Eldorado Brasil S.A. and of other companies of its economic group, between May 05 and 17, 2017 using non-equitable practices, in alleged violation to item II, line “d” of CVM Instruction No. 8/1979. A proposal of instrument of commitment and defense was presented in May 2018 and is currently under analysis by the defense. The proceeding is currently under analysis by the defense with the purpose of avoiding the penalty of a fine, estimated at R$ 84 million. In the current stage of the proceeding, the classification of likelihood of loss is considered possible, with no recognition of a provision.

22. Equity

22.1. Capital stock

The subscribed and paid-in capital as at September 30, 2019 is R$ 1,788,792, comprising 1,525,558,419 common shares.

22.2. 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.

22.3. 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.

22.4. 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. The minimum mandatory dividends is recorded under the special reserve of the Company, by Article 202, paragraph 5 of Law No. 6.404/76.

22.5. Reserve for expansion

By Article 194 of Law 6.404/76, the Company establishes in its bylaws that the remaining balance of the profit after the constitution of the legal reserve, the tax incentives reserve and the mandatory minimum dividends is allocated to the constitution of the statutory reserve for expansion.

22.6. Cumulative translation adjustments

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

22.7. 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:

(In thousands of Brazilian Reais)

	09/30/2019	09/30/2018
Profit attributable to Company owners	436,892	689,411
Total shares outstanding in the period - thousands	1,525,558	1,525,558
Earnings per shares	0.29	0.45

23. Net Revenue

	Parent Company			
	3Q19	3Q18	9M19	9M18
Gross sales revenue				
Domestic market	196,164	246,980	598,151	613,431
Foreign market	685,157	1,010,649	2,084,288	2,875,409
Discounts and rebates	(420)	(295)	(928)	(785)
	880,901	**1,257,334**	**2,681,511**	**3,488,055**
Sales deductions and taxes	(57,374)	(51,166)	(143,523)	(91,388)
Net operating revenue	**823,527**	**1,206,168**	**2,537,988**	**3,396,667**

	Consolidated			
	3Q19	3Q18	9M19	9M18
Gross sales revenue				
Domestic market	196,164	246,980	598,151	613,431
Foreign market	1,100,810	1,378,980	3,395,324	3,749,403
Discounts and rebates	(195,918)	(266,929)	(593,334)	(709,464)
	1,101,056	**1,359,031**	**3,400,141**	**3,653,370**
Sales deductions and taxes	(38,453)	(27,421)	(118,897)	(66,938)
Net operating revenue	**1,062,603**	**1,331,610**	**3,281,244**	**3,586,432**

24. 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.

(In thousands of Brazilian Reais)

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

b. Reportable segments

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

	Consolidated - 3Q19			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	905,169	-	-	905,169
Domestic market	130,785	26,502	147	157,434
Cost of goods sold	(395,455)	(656)	(219)	(396,330)
Gross profit (loss)	**640,499**	**25,846**	**(72)**	**666,273**
Operating expenses/revenues				
Administrative and general	(52,124)	-	-	(52,124)
Selling and logistics	(140,141)	-	-	(140,141)
Fair value of biological assets	-	-	-	-
Depreciation, amortization and depletion	(80,825)	-	-	(80,825)
Other revenues (expenses), net	(37)	-	-	(37)
Net financial income (loss)				
Financial expenses	(209,629)	-	-	(209,629)
Financial revenues	12,503	-	-	12,503
Exchange rate gains (losses), net	(335,315)	-	-	(335,315)
Income/ (loss) before provision for Income and social contribution taxes	**(165,069)**	**25,846**	**(72)**	**(139,295)**
Income and social contribution taxes	74,587	-	-	74,587
Net income (loss) for the period	**(90,482)**	**25,846**	**(72)**	**(64,708)**

(In thousands of Brazilian Reais)

	Consolidated - 3Q18			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	1,112,001	-	-	1,112,001
Domestic market	177,752	40,371	1,486	219,609
Cost of goods sold	(322,811)	(711)	(2,049)	(325,571)
Gross profit (loss)	**966,942**	**39,660**	**(563)**	**1,006,039**
Operating expenses/revenues				
Administrative and general	(26,321)	-	-	(26,321)
Selling and logistics	(114,332)	-	-	(114,332)
Fair value of biological assets	53,430	-	-	53,430
Depreciation, amortization and depletion	(107,267)	-	-	(107,267)
Other revenues (expenses), net	2,119	-	-	2,119
Net financial income (loss)				
Financial expenses	(276,360)	-	-	(276,360)
Financial revenues	212,092	-	-	212,092
Exchange rate gains (losses), net	(184,403)	-	-	(184,403)
Income/ (loss) before provision for Income and social contribution taxes	**525,900**	**39,660**	**(563)**	**564,997**
Income and social contribution taxes	(163,967)	-	-	(163,967)
Net income (loss) for the period	**361,933**	**39,660**	**(563)**	**401,030**

(In thousands of Brazilian Reais)

	Consolidated 9M19			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	2,802,241	-	-	2,802,241
Domestic market	408,026	70,570	407	479,003
Cost of goods sold	(1,040,805)	(1,601)	(1,231)	(1,043,637)
Gross profit (loss)	**2,169,462**	**68,969**	**(824)**	**2,237,607**
Operating expenses/revenues				
Administrative and general	(117,604)	-	-	(117,604)
Selling and logistics	(369,482)	-	-	(369,482)
Fair value of biological assets	52,624	-	-	52,624
Depreciation, amortization and depletion	(316,316)	-	-	(316,316)
Other revenues (expenses), net	(4,110)	-	-	(4,110)
Net financial income (loss)				
Financial expenses	(755,542)	-	-	(755,542)
Financial revenues	30,456	-	-	30,456
Exchange rate gains (losses), net	(304,397)	-	-	(304,397)
Income/ (loss) before provision for Income and social contribution taxes	**385,091**	**68,969**	**(824)**	**453,236**
Income and social contribution taxes	(16,344)	-	-	(16,344)
Net income (loss) for the period	**368,747**	**68,969**	**(824)**	**436,892**

(In thousands of Brazilian Reais)

	Consolidated 9M18			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	3,039,701	-	-	3,039,701
Domestic market	459,332	84,773	2,626	546,731
Cost of goods sold	(969,446)	(1,688)	(5,557)	(976,691)
Gross profit (loss)	**2,529,587**	**83,085**	**(2,931)**	**2,609,741**
Operating expenses/revenues				
Administrative and general	(76,266)	-	-	(76,266)
Selling and logistics	(317,533)	-	-	(317,533)
Fair value of biological assets	126,647	-	-	126,647
Depreciation, amortization and depletion	(319,166)	-	-	(319,166)
Other revenues (expenses),net	94,727	-	-	94,727
Net financial income (loss)				
Financial expenses	(689,396)	-	-	(689,396)
Financial revenues	286,081	-	-	286,081
Exchange rate gains (losses), net	(887,298)	-	-	(887,298)
Income/ (loss) before provision for Income and social contribution taxes	**747,383**	**83,085**	**(2,931)**	**827,537**
Income and social contribution taxes	(138,126)	-	-	(138,126)
Net income (loss) for the period	**609,257**	**83,085**	**(2,931)**	**689,411**

(In thousands of Brazilian Reais)

c. Geographic segments

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

Operating revenue	3Q19	3Q18	9M19	9M18
Brazil	157,434	219,609	479,003	546,731
China	435,298	421,357	1,416,594	1,108,185
USA	152,944	135,547	430,648	342,565
Italy	89,821	127,821	310,079	369,853
Austria	45,422	59,132	113,097	179,978
Canada	28,607	33,133	86,914	85,305
Argentina	18,517	13,946	50,578	38,314
Egypt	19,427	10,295	40,381	20,346
Sweden	9,261	57,837	39,856	151,807
France	6,733	12,769	37,266	42,009
Slovenia	10,408	14,155	35,227	37,523
Mexico	15,860	15,720	34,643	30,053
Jordan	16,875	6,719	28,511	14,707
Germany	4,449	32,858	27,010	92,271
Spain	8,493	28,877	24,721	71,765
Bolivia	4,931	7,816	21,304	18,987
United Arab Emirates	3,989	8,471	18,421	12,744
Poland	11,325	47,473	18,342	122,422
Others	22,809	78,075	68,649	300,867
	1,062,603	**1,331,610**	**3,281,244**	**3,586,432**

d. Information on major customers

A single client represents more than 10% of the Company’s revenues for the nine-month period ended September 30, 2019.

e. 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	**09/30/2019**	**12/31/2018**
Brazil	9,255,533	8,421,560
Austria	63,136	57,298
United States	288	71
China	135	1
	9,319,092	**8,478,930**

(In thousands of Brazilian Reais)

25. Selling, logistics, general and administrative expenses

	Parent Company			
	3Q19	3Q18	9M19	9M18
Personnel expenses	93,163	89,427	295,585	263,739
Service, material and transportation expenses	131,599	80,730	340,877	336,244
Depreciation, depletion and amortization	74,212	106,530	296,568	314,358
Raw materials and consumables	227,834	221,844	586,047	545,194
Others	2,748	5,732	20,006	12,578
	529,556	**504,263**	**1,539,083**	**1,472,113**
Breakdown				
Cost of sales	412,526	422,129	1,248,802	1,239,084
General and administrative expenses	50,528	25,452	113,969	73,947
Selling and logistics expenses	66,502	56,682	176,312	159,082
	529,556	**504,263**	**1,539,083**	**1,472,113**

	Consolidated			
	3Q19	3Q18	9M19	9M18
Personnel expenses	97,729	93,625	308,706	275,376
Service, material and transportation expenses	207,917	141,338	542,305	504,947
Depreciation, depletion and amortization	80,530	107,267	315,432	319,166
Raw materials and consumables	278,641	223,293	655,679	573,714
Others	4,308	7,969	24,033	16,453
	669,125	**573,492**	**1,846,155**	**1,689,656**
Breakdown				
Cost of sales	471,874	427,889	1,343,872	1,279,878
General and administrative expenses	54,017	27,869	123,450	80,983
Selling and logistics expenses	143,234	117,734	378,833	328,795
	669,125	**573,492**	**1,846,155**	**1,689,656**

(In thousands of Brazilian Reais)

26. Financial income (loss), net

	Parent Company			
	3Q19	3Q18	9M19	9M18
Financial income				
Interest income	1,082	631	1,632	1,763
Return on financial investments	9,108	6,300	21,131	16,483
Income from derivatives	49,024	202,952	-	264,646
Other financial Income	828	1,803	4,165	2,025
	60,042	211,686	26,928	284,917
Financial expenses				
Sundry bank expenses	(48)	(47)	(143)	(132)
Interest expenses	(240,463)	(184,004)	(559,003)	(541,756)
Loss from derivatives	-	(67,440)	(134,295)	(70,221)
Expenses on endorsement and surety	(14,938)	(19,576)	(48,581)	(58,169)
Other financial expenses	(1,398)	(1,323)	(4,287)	(9,383)
	(256,847)	(272,390)	(746,309)	(679,661)
Exchange rate gains (losses), net	(335,202)	(184,280)	(304,332)	(886,911)
	(532,007)	(244,984)	(1,023,713)	(1,281,655)

	Consolidated			
	3Q19	3Q18	9M19	9M18
Financial income				
Interest income	1,339	1,035	3,738	2,873
Return on financial investments	10,336	6,300	22,553	16,517
Income from derivatives	49,024	202,952	-	264,646
Other financial Income	828	1,805	4,165	2,045
	61,527	212,092	30,456	286,081
Financial expenses				
Sundry bank expenses	(115)	(172)	(382)	(483)
Interest expenses	(238,609)	(182,654)	(556,440)	(538,416)
Loss from derivatives	-	(67,440)	(134,295)	(70,221)
Expenses on endorsement and surety	(14,938)	(19,576)	(48,581)	(58,169)
Other financial expenses	(4,991)	(6,518)	(15,844)	(22,107)
	(258,653)	(276,360)	(755,542)	(689,396)
Exchange rate gains (losses), net	(335,315)	(184,403)	(304,397)	(887,298)
	(532,441)	(248,671)	(1,029,483)	(1,290,613)

(In thousands of Brazilian Reais)

27. Other income, net

	Parent Company			
	3Q19	3Q18	9M19	9M18
PIS/COFINS credits (c)	2,098	29,883	9,051	29,883
FADEFE/ FAI (b)	(22)	(18,603)	(370)	(30,029)
Non-recoverable ICMS	(210)	(4,979)	(1,598)	(9,214)
Indemnities	(3,647)	(11,237)	(5,104)	(14,316)
Sales of fixed assets	2,031	(2,081)	1,840	23,139
Contingences	(1,111)	(6,761)	(8,024)	(6,767)
ICMS credits (a)	-	-	-	107,352
Others	1,203	16,018	(220)	(2,497)
	342	**2,240**	**(4,425)**	**97,551**

	Consolidated			
	3Q19	3Q18	9M19	9M18
PIS/COFINS credits (c)	2,098	29,883	9,051	29,883
FADEFE/ FAI (b)	(22)	(18,603)	(370)	(30,029)
Non-recoverable ICMS	(361)	(5,000)	(1,758)	(9,235)
Indemnities	(3,726)	(11,607)	(5,219)	(14,686)
Sales of fixed assets	2,031	(2,081)	1,840	23,139
Contingences	(1,111)	(6,761)	(8,024)	(6,767)
ICMS credits (a)	-	-	-	107,352
Others	759	16,289	(514)	(4,930)
	(332)	**2,120**	**(4,994)**	**94,727**

(a) 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. As of July 2018, with the signing of the new Agreement No. 1,171/2018, we no longer enjoy the tax benefit applied in the Sales of Pulp for Foreign Market;

(b) 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; FAI/MS - Fund for Support of Industrialization - established through the program MS-Empreendedor (Statute No. 93/2001) – refers to a fee of 2% on the amounts of the tax benefits enjoyed by the companies entitled to the tax incentive;

(c) Credit arises from a favorable decision in a lawsuit filed by the Company to exclude ICMS from the calculation basis of social contribution taxes (PIS/COFINS), which are levied on sales for the domestic market. The Federal Court of São Paulo approved injunction in May 2015 and, in June 2015, issued a favorable decision on excluding ICMS from the highlighted calculation base. The mentioned decision was confirmed by the Federal Regional Court of 3rd region, with a final and unappealable decision on June 28, 2019.

28. 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 September 30, 2019 totaled R$ 1,769 (R$ 2,491 as at December 31, 2018).

29. Insurance

As at September 30, 2019, the insurance coverage (coverage from 08/15/2019 to 08/15/2020) against operating risks totaled R$ 7,121,599 for property damages, R$ 2,537,826 for loss of profits, and R$ 104,110 for civil liability effective from 08/15/2019 to 08/15/2020.

The risk assumptions adopted, given their nature, are not part of the scope of an audit, and accordingly were not reviewed by the independent auditors.

30. 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.

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.

(In thousands of Brazilian Reais)

The purpose of market risk management is to manage and control exposure to market risks within acceptable limits, in order to improve the return.

(i) Interest rate risks

It refers to possible losses that the Company and its subsidiaries may incur due to interest rate fluctuations. The Company has assets and mainly liabilities exposed to this risk, such as operations linked to indexes as CDI (Interbank Deposit Rate), TJLP (Long-term Interest Rate), UMBNDES (Monetary unit of the National Bank for Economic and Social Development), and LIBOR (London Interbank Offer Rate), besides occasional transactions with fixed rates that may cause losses resulting from the calculation of fair market value (mark-to-market). The Company aims to reduce the risk of interest rates through the diversification of the indexes hired and, occasionally, by hiring derivatives.

The Company's exposure to interest rate risk refers basically to loans and financing. The position as at September 30, 2019 and December 31, 2018:

		Parent Company	
Type	Average annual interest rate and commissions	09/30/2019	12/31/2018
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3% to 8% p.a.	8,080	14,072
ACC - Advance on Exchange Contract	Forex + interest	1,373,181	954,153
BNDES	TJLP + spread	327,817	414,659
BNDES	Floating rate BNDES + spread	1,617,918	1,903,920
FINEM Florestal	TJLP / selic + spread	206,224	197,497
ECAs - Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	-	805,223
Debentures (Second Issue)	IPCA + interest 7.41% p.a.	1,250,355	1,215,417
Working Capital	Forex + interest	12,873	20,057
NCE	CDI + spread	553,603	224,904
PPE	LIBOR + spread	1,026,361	-
CCB	Pre-fixed	124,762	-
Leasing	CDI + spread	26,993	1,347
PPE´s Intercompanys	Interest of 6% to 9.8% p.a. + forex	1,686,221	1,545,290
Cash and cash equivalents		(169,188)	-
Financial Investments		(1,521,315)	(449,176)
		6,523,885	**6,847,363**

(In thousands of Brazilian Reais)

Type	Average annual interest rate and commissions	Consolidated 09/30/2019	Consolidated 12/31/2018
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3% to 8% p.a.	8,080	14,072
ACC - Advance on Exchange Contract	Forex + interest	1,373,182	954,153
BNDES	TJLP + spread	327,817	414,659
BNDES	Floating rate BNDES + spread	1,617,918	1,903,920
FINEM Florestal	TJLP / selic + spread	206,224	197,497
ECAs - Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	-	805,223
Debentures (Second Issue)	IPCA + interest 7.41% p.a.	1,250,355	1,215,417
Working Capital	Forex + interest	12,873	20,057
NCE	CDI + spread	553,603	224,904
PPE	LIBOR + spread	1,026,361	-
CCB	Pre-fixed	124,762	-
Term Loan	LIBOR + spread	185,564	215,551
Bond	Rate of 8.625% p.a.	1,485,032	1,348,015
Leasing	CDI + spread	26,993	1,347
Cash and cash equivalents		(429,527)	-
Financial Investments		(1,582,770)	(506,357)
		6,186,467	**6,808,458**

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed as at September 30, 2019, 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	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	(6,523,885)	(5,311)	(27,607)	(55,214)

Consolidated

Operation	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	(6,186,467)	1,521	(16,186)	(32,371)

(In thousands of Brazilian Reais)

(ii) Foreign exchange rate risks

The Company is exposed to foreign exchange risk as a result of a mismatch between the currencies used in its sales, purchases and loans and the respective functional currency of the Company.

The Company is mainly subject to the fluctuation of US dollar and Euro before Brazilian Reais when it comes to exchange rate gains and losses.

As at September 30, 2019, US dollar and Euro rates were R$ 4.1644 and R$ 4.5425, respectively.

As at September 30, 2019, the foreign exchange rate risk was concentrated on the captions Cash and cash equivalents, Financial investments, Trade accounts receivable and payable, and Loans and financing.

For the purpose of hedging against the fluctuation of foreign exchange rates, the Company seeks a balance between its assets and liabilities in foreign currency. It may hire derivative financial instruments in order to eliminate any residual difference.

The Company's assets and liabilities exposed to the foreign exchange risk are as follows:

Parent Company

	USD		R$	
Operation	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash and cash equivalents and financial investments	10,285	4,104	42,829	15,902
Trade receivables	143,042	267,105	595,683	1,034,979
Trade payables	(89)	(148)	(370)	(573)
Debits with related parties	(404,913)	(398,805)	(1,686,220)	(1,545,290)
Loans and financing	(967,807)	(950,592)	(4,030,335)	(3,683,353)
Net exposure to foreign exchange fluctuation	**(1,219,482)**	**(1,078,336)**	**(5,078,413)**	**(4,178,335)**
Derivatives	-	1,100,000	-	4,262,280
Net exposure to foreign exchange fluctuation	**(1,219,482)**	**21,664**	**(5,078,413)**	**83,945**

	EUR		R$	
Operacional	30/09/2019	31/12/2018	30/09/2019	31/12/2018
Fornecedores	(10)	(55)	(47)	(246)
Exposição líquida	**(10)**	**(55)**	**(47)**	**(246)**

(In thousands of Brazilian Reais)

The foreign exchange rate risk may result in losses for the Company due to a possible depreciation of the Brazilian Real, reporting currency of the Company.

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at September 30, 2019, 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

Operational	Balance (USD)	Balance (R$)	Probable	25%	50%
Net exposure to exchange rate gains (losses)	(1,219,482)	(5,078,413)	200,483	(1,269,603)	(2,539,206)

(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:

Parent Company and Consolidated	09/30/2019	12/31/2018
Estimated number of firm contracts	2,194,352	968,675
Advances made	(745,418)	(534,716)
	1,448,934	**433,959**

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

(In thousands of Brazilian Reais)

b. Credit risk

Credit risk is the risk of the Company incurring losses resulting from failure of a customer or counterparty in a financial instrument to meet its contractual obligations. Basically is the risk of default related to trade accounts receivable.

The credit risk in the Company's operating activities is managed based on specific rules for client acceptance and on the definition of the respective credit limits, consistently applied by means of credit analyses periodically reviewed, discussions with the credit committee, and after guarantees presented by the clients. The Company works to guarantee the realization of outstanding credits through the frequent monitoring of default receivables and also use of letters of credit and other financial instruments that guarantee the respective receivables.

The bank deposits and financial investments are hired from top-tier financial institutions, so the risk of loss from 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	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash and cash equivalents	1,574,448	310,419	1,834,787	610,591
Financial investments	116,055	160,621	177,509	217,802
Trade receivables	730,612	1,238,398	663,827	651,016
	2,421,115	1,709,438	2,676,123	1,479,409

c. Liquidity Risk

It results from the possibility of the Company finding difficulties to comply with the obligations associated to its financial liabilities settled through payments in cash or through other financial assets.

The Company's long-term debt consists of the following types: BNDES and debentures, with an average maturity of 2 to 5 years, as well as the debts of its subsidiaries, Term Loan and Bond. The debt of the debentures has personalized payments. In the first years the amortization of the principal is smaller in relation to the years that approach the total liquidation.

(In thousands of Brazilian Reais)

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:

Parent Company	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At September 30, 2019					
Trade payables	236,117	2,093	1,047	-	239,257
Loans and financing	2,305,146	258,162	1,386,311	2,578,548	6,528,167
Amounts due to related parties	144,331	42,620	1,504,273	-	1,691,224
(-) Cash and cash equivalents	(1,574,448)	-	-	-	(1,574,448)
	1,111,146	302,875	2,891,631	2,578,548	6,884,200
At December 31, 2018					
Trade payables	226,085	2,094	2,093	349	230,621
Loans and financing	2,131,478	943,227	936,893	1,739,651	5,751,249
Amounts due to related parties	118,447	79,029	1,365,083	-	1,562,559
Derivatives payable	13,829	-	-	-	13,829
(-) Cash and cash equivalents	(310,419)	-	-	-	(310,419)
	2,179,420	1,024,350	2,304,069	1,740,000	7,247,839

Consolidated	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At September 30, 2019					
Trade payables	240,828	2,093	1,047	-	243,968
Loans and financing	2,429,774	304,195	2,886,246	2,653,937	8,274,152
Amounts due to related parties	10,952	-	-	-	10,952
(-) Cash and cash equivalents	(1,834,787)	-	-	-	(1,834,787)
	846,767	306,288	2,887,293	2,653,937	6,694,285
At December 31, 2018					
Trade payables	227,526	2,094	2,093	349	232,062
Loans and financing	2,218,319	1,028,609	2,328,236	1,812,808	7,387,972
Amounts due to related parties	28,007	-	-	-	28,007
Derivatives payable	13,829	-	-	-	13,829
(-) Cash and cash equivalents	(610,591)	-	-	-	(610,591)
	1,877,090	1,030,703	2,330,329	1,813,157	7,051,279

(In thousands of Brazilian Reais)

d. Operational risks

(i) Biological assets

As from the second quarter, the Company reevaluates the amount of its biological assets every six months, as it understands that this procedure is sufficient to show the changes in the fair value of forests and to adopt the best market practices and analysis, since the other industry players follow the same six-month basis.

To determine wood price in the local market, the Company adopted the parity with CEPEA Sorocaba's estimate, adjusted to reflect the price of standing timber, which is affected by the distance between the farm and the production unit. The history of unit cost per cubic meter of wood at each period end is shown in the table below:

Period	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
R$/m³	51.00	51.00	51.00	54.00	54.00	52.85	50.36

The change in fair value is determined by the difference between fair values of biological assets at beginning and end of the period evaluated. Changes in the fair value of biological assets were recognized in income for the year, in the line fair value of biological assets.

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 insurance policies that cover operating risks (property) and civil liability (directors and officers 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 complying with conditions and current legal requirements.

- 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 “Plan on Emergency” of Terminal, it actively participates in the PAM of the Port of Santos, guided by “applicable Regulatory Standards (NR23 and NR29) and Technical Instructions of the Fire Department”. It has an duly qualified technical staff (occupational safety technician, occupational health nurse technician and integrated management system professional), in addition to permanent qualification of its employees in the development and maintenance of the emergency and fire brigade and the Commission of Accident Prevention in Port Work (CPATP).

- ISPS Code

Rishis, through its statement of compliance, issued by CONPORTOS – National Commission for Public Security at Ports, Terminals, and Navigable Waterways, shows the conformity with the Port Public Security Plan (PSPP) in line with the local and international requirements (MJ, CONPORTOS, CESPORTOS, PF and IMO). It has an organic structure for people and vehicle access control and for 24-hour electronic monitoring and devices. All records and images are shared in real time with the customs of the Port of Santos.

- Environmental management

Rishis has implemented an Integrated Management System (Quality, Environment and Occupational Health and Safety) and Sustainability, in which it monitors and reduces its environmental impacts and respective dangers through operational controls, complying with legal requirements, certifiable standards (ISO 9001, ISO 14001 and OHSAS 18001), conditions of environmental licenses, whose principles and best practices adopted by the company are recognized and ratified in the terms of ISO 14001 Certification of Environmental Management System.

- 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).

(In thousands of Brazilian Reais)

- 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, in addition to having an operation for container shipment in the Ports of Santos/SP, Itajaí/SC, Navegantes/SC, Itapoá/SC and Paranaguá/PR.

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.

The table below shows the classification per risk level:

	09/30/2019			12/31/2018		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	116,055	-	-	160,621	-	-
Biological assets	-	-	2,841,137	-	-	2,668,744
Total assets	**116,055**	**-**	**2,841,137**	**160,621**	**-**	**2,668,744**
Liabilities						
Loans and financing	-	6,528,167	-	-	5,751,249	-
Amounts due to related parties	-	1,691,224	-	-	1,562,559	-
Derivatives payable	-	-	-	-	13,829	-
Total liabilities	**-**	**8,219,391**	**-**	**-**	**7,327,637**	**-**

(In thousands of Brazilian Reais)

Consolidated	09/30/2019 Level 1	09/30/2019 Level 2	09/30/2019 Level 3	12/31/2018 Level 1	12/31/2018 Level 2	12/31/2018 Level 3
Assets						
Financial investments	177,509	-	-	217,802	-	-
Biological assets	-	-	2,841,137	-	-	2,668,744
Total assets	**177,509**	**-**	**2,841,137**	**217,802**	**-**	**2,668,744**
Liabilities						
Loans and financing	-	8,198,763	-	-	7,314,815	-
Amounts due to related parties	-	10,952	-	-	28,007	-
Derivatives payable	-	-	-	-	13,829	-
Total liabilities	**-**	**8,209,715**	**-**	**-**	**7,356,651**	**-**

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

Parent Company	09/30/2019 Carryng amount	09/30/2019 Fair value	12/31/2018 Carryng amount	12/31/2018 Fair value
Assets				
Assets at amortized cost				
Cash and cash equivalents	1,574,448	1,574,448	310,419	310,419
Trade accounts receivables	730,612	730,612	1,238,398	1,238,398
Intercompany receivables	252	252	3,268	3,268
Total assets at amortized cost	**2,305,312**	**2,305,312**	**1,552,085**	**1,552,085**
Assets at fair value through income (loss)				
Financial investments	116,055	116,055	160,621	160,621
Total financial assets	**2,421,367**	**2,421,367**	**1,712,706**	**1,712,706**
Liabilities				
Liabilities at amortized cost				
Loans and financing	6,528,167	6,528,167	5,751,249	5,751,249
Leases payables	638,859	638,859	-	-
Amounts due to related parties	1,691,224	1,691,224	1,562,559	1,562,559
Total liabilities at amortized cost	**8,858,250**	**8,858,250**	**7,313,808**	**7,313,808**
Liabilities at fair value through income (loss)				
Derivatives payable	-	-	13,829	13,829
Total financial liabilities	**8,858,250**	**8,858,250**	**7,327,637**	**7,327,637**

(In thousands of Brazilian Reais)

Consolidated	09/30/2019 Carryng Amount	09/30/2019 Fair Value	12/31/2018 Carryng Amount	12/31/2018 Fair Value
Assets				
Assets at amortized cost				
Cash and cash equivalents	1,834,787	1,834,787	610,591	610,591
Trade accounts receivables	663,827	663,827	651,016	651,016
Intercompany receivables	252	252	9	9
Total assets at amortized cost	**2,498,866**	**2,498,866**	**1,261,616**	**1,261,616**
Assets at fair value through income (loss)				
Financial investments	177,509	177,509	217,802	217,802
Total financial assets	**2,676,375**	**2,676,375**	**1,479,418**	**1,479,418**
Liabilities				
Liabilities at amortized cost				
Loans and financing	8,198,763	8,274,152	7,314,815	7,387,972
Leases payables	642,262	642,262	-	-
Amounts due to related parties	10,952	10,952	28,007	28,007
Total liabilities at amortized cost	**8,851,977**	**8,927,366**	**7,342,822**	**7,415,979**
Liabilities at fair value through income (loss)				
Derivatives payable	-	-	13,829	13,829
Total financial liabilities	**8,851,977**	**8,927,366**	**7,356,651**	**7,429,808**

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, and others.

The derivatives are measured using valuation techniques based on observable market inputs. The valuation techniques more frequently applied include pricing models of swap contracts, calculating the present value of the cash flows involved in the transaction. For the calculation of the over-the-counter NDF transactions, an early settlement is simulated using the exercise price and PTAX of the day.

(In thousands of Brazilian Reais)

For future commodities positions at BM&F, it is used the adjustment price disclosed by that entity. The models incorporate several data, including the counterparty's credit quality, place and rated hired.

31. Operating Leases

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

(i) Future minimum lease payments

As at September 30, 2019, future minimum noncancelable lease payments are as follows:

	Parent Company and Consolidated	
	09/30/2019	12/31/2018
2019	18,681	74,725
2020	74,725	74,725
2021	74,725	74,725
2022	74,725	74,725
2023	74,725	74,725
2024 and thereafter	335,804	335,804
	653,385	709,429

Amounts recognized in income (loss)

	Parent Company and Consolidated			
	3Q19	3Q18	9M19	9M18
Lease expenses	36,351	35,455	105,663	92,479
	36,351	35,455	105,663	92,479

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.

32. Collaboration Agreement, Leniency Agreement and Internal Investigation

32.1. General information on the Collaboration Agreement of executives and former executives of J & F Investimentos S.A.

As publicly known, in May 2017 some executives and former executives of J&F Investimentos S.A. ("J&F"), as parent company of the companies belonging to "Grupo J&F", to which is part, assumed certain obligations arising from the Plea Bargain Agreement entered into with the Attorney General's Office (PGR), aiming satisfying the public interest, particularly the deepening, all over the country, of the investigations of events contrary to the law.

On June 05, 2017, J&F entered into a Leniency Deal with the Federal Public Prosecution Office (MPF), homologated by MPF 5th Chamber of Coordination and Review on August 24, 2017, which the Company joined on September 21, 2017 ("Deal").

In the Deal, J&F committed, in its name and in the name of the companies controlled by it, to voluntarily cooperate with the State, conduct internal investigations and provide it with information to prove the materiality and authorship of the irregular actions committed and confessed. It also committed to compensate damages and losses arising from the facts related to the Plea Bargain Agreement, by means of payment of R$ 10.3 billion throughout 25 years, maturing as from December 2017. The independent internal investigations in J&F are in progress.

The Company restructured the Compliance area and hired new professionals dedicated exclusively to this area.

The area continues to constantly improve the Company's Compliance Program, developing and improving its activities and procedures, with the support of senior management, always with the aim of preventing, detecting and correcting any irregularities, in addition to fostering the compliance culture in the Company.

32.2. Internal investigation conducted in the Company

Pursuant to Clause 15, XX, of the Deal, it is obligation of J&F to conduct an internal investigation, in accordance with international good practices, intended to verify and support the illegal facts described in the Deal and also to identify the possible existence of additional documents or elements supporting the facts informed in the Deal.

In view of such obligation and as a result of the Company joining the Deal, an internal investigation at the Company was conducted by the law firm Barros Pimentel, Alcantara Gil and Rodriguez Advogados (“BP”), which designated the company PricewaterhouseCoopers Contadores Públicos Ltda. (“PwC” and, along with BP, “Investigation team”) to render specialized forensic services of collection, hosting, processing and analysis of data necessary to an investigation of this nature (“Internal investigation”).

The investigation work was concluded by the Investigation Team, which delivered reports to the Independent Supervision Committee, set up to follow the Internal Investigation and provide the necessary clarifications directly to the MPF.

The Investigation Team did not find any new facts that were not present in the Attachments to the Agreement, therefore, the Company and the independent auditor concluded on the inexistence of new facts related to the Leniency Agreement that could materially affect the Company’s financial information.

We confirm that the Company’s obligations established in the Agreement are being fully complied with.

33. Share purchase and sale agreement

On September 02, 2017, J&F 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 (“CA Investment”), 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 ("Share purchase and sale agreement").

The Share Purchase and Sale Agreement established that the transfer of control over Eldorado from J&F to CA could occur in up to twelve (12) months, if the established previous conditions were fulfilled. These conditions were not fulfilled and the transfer of control did not occur within the deadline established in the contract, and J&F enforced its right to extinguish the Share Purchase and Sale Agreement.

The parties disagree about the reasons why the transfer of control over Eldorado did not occur, as established in the Share Purchase and Sale Agreement, beginning an arbitration and legal dispute in the second half of 2018.

In November 2018, the Court of Justice of the State of São Paulo decided to (i) suspend the effects of the termination of the Share Purchase and Sale Agreement; and (ii) confirm a lower court decision on which (ii.a) J&F shall not sell shares held of Eldorado to third parties and (ii.b) the parties shall comply with certain clause of the Share Purchase and Sale Agreement regulating aspects of Eldorado's business management, in both cases until subsequent decision in the arbitration.

In March 2019, after the recognition of the proper arbitration court to judge the litigation, the legal claims related to the Share Purchase and Sale Agreement were terminated.

The final resolution of the disputes among the Company's shareholders will be rendered during the arbitration process, on a date not yet defined by the arbitration court. The arbitration process is confidential.

As at December 31, 2019, the Company's shareholding structure consists of 49.42% of ownership interest from CA Investment and 50.58% of ownership interest from J&F, the sole shareholders of Eldorado, with J&F remaining as the parent company of the Company.

34. Subsequent Events

a. Eldorado Brasil against coronavirus

Coping with the new coronavirus has been Eldorado's priority since the beginning of the pandemic. The Company's action has taken place on four fronts so far, focusing on its people and communities: (i) adoption of preventive measures to keep operations safe for the health of employees and their families; (ii) contribute to the prevention of coronavirus in communities by donating equipment and materials to hospitals and nursing homes; (iii) constant monitoring of market conditions and potential direct or indirect impacts of the pandemic on business; (iv) financial effects generated by the exchange rate in the quarter.

The Company continues to monitor new events and the potential impacts of Covid-19 and official containment measures on its employees, communities and business and will return to the market in case of a significant change in this scenario.

b. Replacement of Guarantees with BNDES

On July 16, 2020, BNDES had its guarantees, linked to debts in an amount of approximately R$ 2 billion, replaced by bail contracted by its shareholder J&F Investimentos.

The guarantees released comprise the (i) registration of the Eldorado Brasil plant located in Três Lagoas, (ii) equipment used in forestry processing, shares of Eldorado Brasil held by J&F, (iii) of Eldorado's shares, owned by J&F Investimentos; (iv) pledge of shares of JBS, owned by J&F Investimentos; (iv) guarantees contracted with Banco Santander and Banco do Brasil.

This transaction contributed to the exemption of Eldorado's operation from payment of the cost of guarantees contracted by it, as well as released strategic assets of the Company.

c. Bidding of the Port of Santos

On August 28, 2020, the Company participated in Auction No. 001/2020 ("Auction"), held by the National Waterway Transport Agency - ANTAQ, to lease public areas and infrastructure for the movement and storage of general cargo, especially pulp, for a period of 25 (twenty-five) years, extended several times, on sole discretion of the Grantor, with the maximum limit of 70 (seventy) years, including the original period and all the extensions. The Company presented the winning proposal for the STS14 terminal, located in the Port of Santos, State of São Paulo, in the amount of R$ 250,000. On September 30, 2020, the result of the auction's trial was published in the Official Gazette, declaring that the Company won the event.

On October 21, 2020, the Brazilian National Waterway Transport Agency (“ANTAQ”) published, on the Official Federal Gazette, the Company’s Homologation and Award Certificate regarding the Auction result. From that day forward it has began the period of 45 (forty five) days for the Company to carry out the payment of 25% (twenty five percent) of the grant’s value, what occurred on November 03, 2020 and to comply with the remaining preceding conditions provided for in item 27.2 of the Auction’s Notice to celebrate the respective contract, which will happen through a Special Purpose Entity (“SPE”). On October 21, 2020, the Company was judged suited to comply with the preceding conditions provided for in items (iv) and (viii) from item 27.2 of the Auction’s Notice.

Once the contract is signed, SPE will have the period of 3 (three) years, starting from the assumption, to make the infrastructure area, harbor installations and activities available in accordance with the contract's required parameters. SPE will be responsible for all the investments, additional improvements and non specified services that come to be necessary to fulfil the contract's parameters, the projects and constructions being responsible for observing the respective technical parameters. The investment on the site is predicted to R$ 186,885, to be executed in 3 (three) years according to the Auction's Notice, which can be reviewed depending on the results of the detailed project studies currently underway.

Statutory Board

Aguinaldo Gomes Ramos Filho
President Director

Germano Aguiar Vieira
Forest Director

Carlos Roberto de Paiva Monteiro
Industrial Technical Director

Rodrigo Libaber
Commercial Director and Investor Relations

Fernando Storchi
Financial Director

Board of Directors

Sérgio Longo
Board of Directors President

João Adalberto Elek Júnior
Counselor

José Antonio Batista Costa
Counselor

Mauro Eduardo Guizeline
Counselor

Francisco de Assis e Silva
Counselor

Marcio Antonio Teixeira Linares
Counselor

Raul Rosenthal Ladeira de Matos
Counselor

Accountant

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