MANAGEMENT REPORT
2ND QUARTER 2015

Eldorado
Brasil

Dear Shareholders,

We are pleased to present, in compliance with the legal and statutory requirements, Eldorado Brasil Celulose S.A.'s ("Eldorado" or "Company") Management Report and the Financial Statements for the quarter ended June 30, 2015. This report was 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 guidelines of the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Accounting Council (CFC) and of the Brazilian Securities and Exchange Commission (CVM), and is accompanied by the Independent Auditors' report (KPMG).

Message from Management

Eldorado demonstrated excellent performance in the second quarter of 2015, with sales volume growth of 8% and an increase of 140% in EBITDA, from R$161 million in the second quarter of 2014 to R$385 million from April to June 2015. Price increases and pulp sales volume contributed to Eldorado's revenue growth of 54% compared to the second quarter last year, reaching R$854 million.

In the last 12 months, the EBITDA was over R$1.228 billion, an impressive result that reflects the Company's drive for excellence and competitiveness.

The goal of being among the most competitive companies in the sector also includes the financial department. This quarter, Eldorado was the first company in the pulp industry to disclose its audited quarter end results, attesting its efficiency and a drive for excellence in all of the Company's areas.

In the international market, pulp demand remains strong, with an increase in commodity prices in US dollars over the first half of the year. The positive momentum reflects the increase in urbanization and in per capita income in developing countries, especially in Asia.

In the second quarter, our production volume reached 398,000 tons while sales reached 437,000 tons. The high demand for pulp enabled the reduction of our inventories, which in late June reached their lowest volume since the beginning of our operations.

We also produced sufficient biomass generated electrical energy for our own consumption and for partners located in the surrounding industrial complex. The surplus, more than 45,000 MW (megawatts), was sold to the national grid.

In June, the foundations were laid for the construction of the new pulp production line in Três Lagoas (Mato Grosso do Sul state). The industrial investment of RS$8 billion was named the "Vanguarda 2.0" Project and will be the sector's largest industrial complex in the world, with annual production of 4 million tons.

Also in June, we inaugurated our own terminal in the port of Santos (SP), in line with the strategic plan of increasing competitiveness and logistical efficiency in the export of pulp.

With the new port terminal in operation, Eldorado expects to reduce its annual logistics costs by approximately R$80 million.

With the new port terminal, the end of timber harvesting and logistics operations in São Paulo and the positive scenario for the sector, the outlook for the coming months are even more promising for us to become one of the most competitive companies in the pulp industry.

Eldorado Brasil Celulose releases its results for the 2nd Quarter of 2015:
The highlights of the period were:

- **Industrial:** Production volume of 398,000 tons in the quarter.

- **Forestry:** More than 200,000 hectares of planted forests.

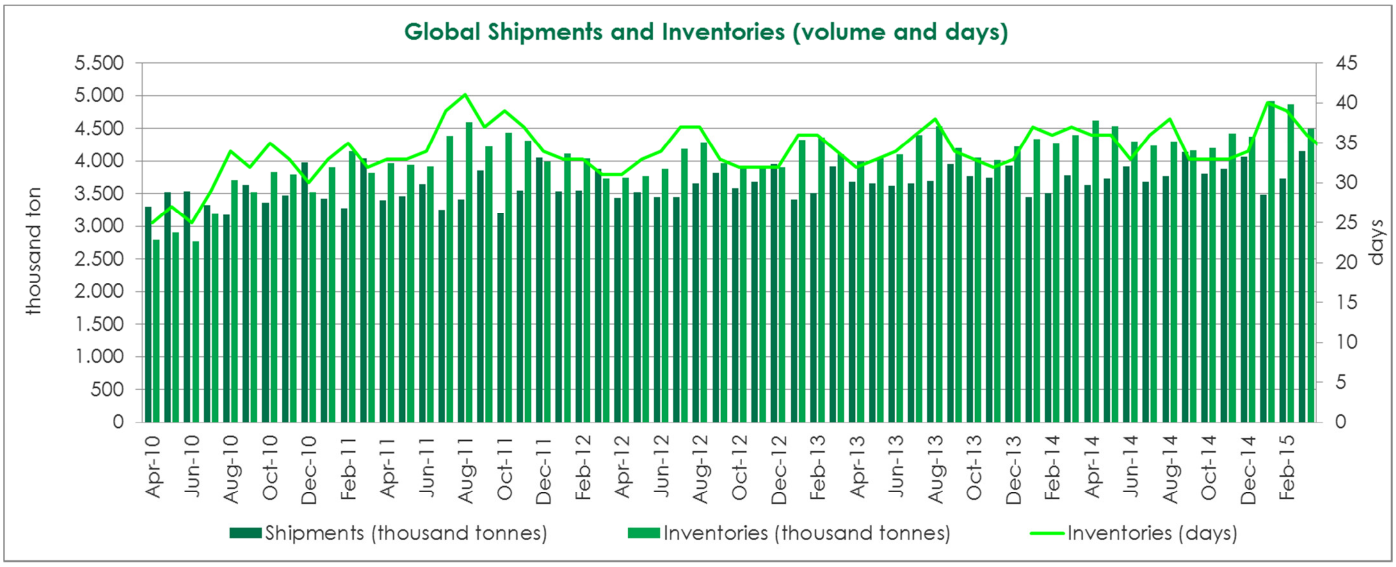
- **Commercial and Logistics:** Record sales volume in the quarter, with 437,000 tons of pulp, up by 8% over the same period last year.

- **Financial:** As a result of its operational competitiveness programs and debt management, Eldorado has been consistently reducing its leverage levels, which reached a net debt/EBITDA ratio of 5.6x calculated in U.S. dollars at the end of this quarter. Net debt at the end of 2Q15 was R$7.859 billion, mostly in U.S. dollars.

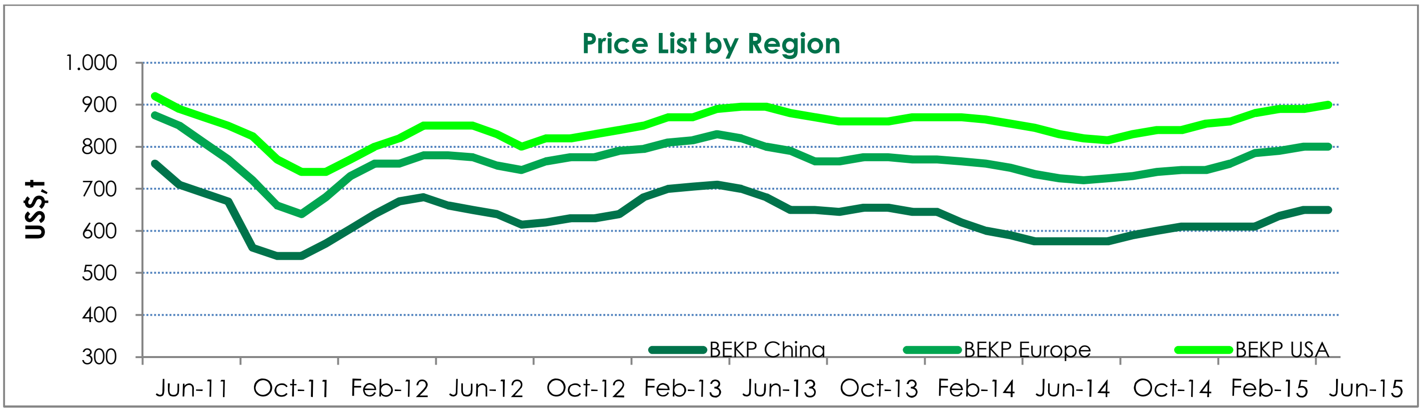
Industry Overview

From January to May 2015, Brazilian pulp production increased by 4.3% compared to the same period last year: 6.8 million tons were produced.

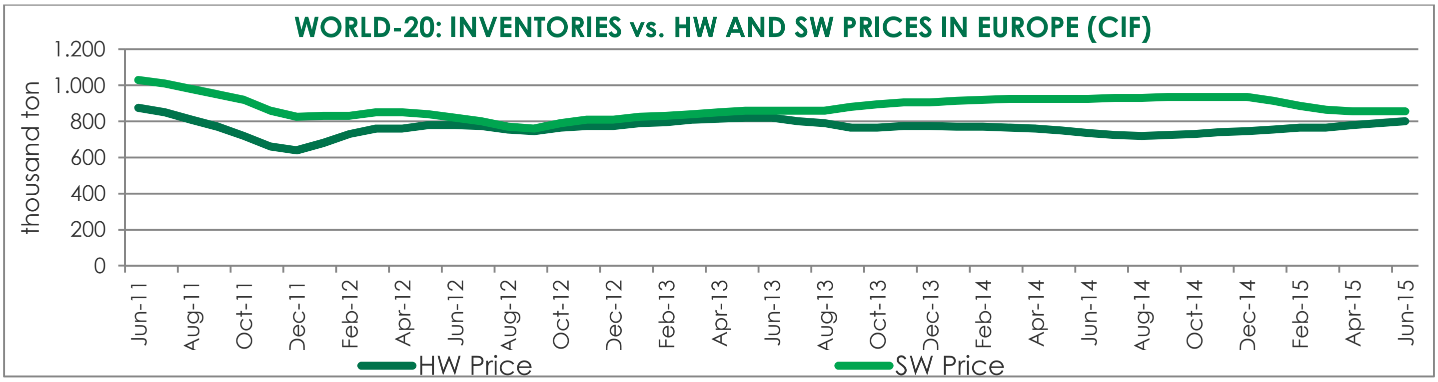
From January to April 2015, the volume of global pulp shipments increased by 5.4%, with 772,000 tons above the volume sold in the same period in 2014. The global inventory at end of April was 34 days.



Softwood pulp's price-list in late June increased by 13% in China, 9% in Europe and 7% in the USA, compared to June 2014.

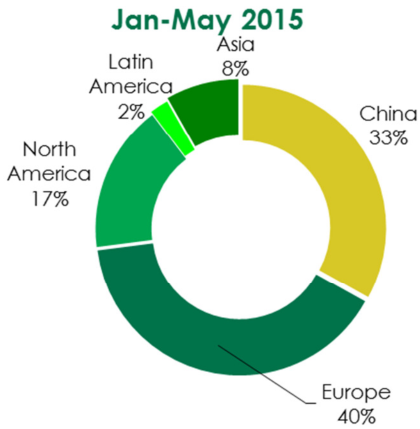


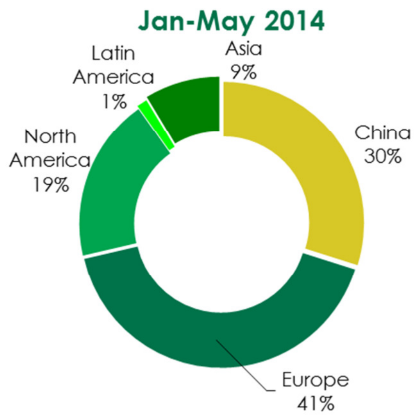
The difference between the hardwood and softwood price-list in Europe was approximately US$55/t in June.



From January to May 2015, Brazilian worldwide exports of paper and pulp amounted to US$5.3 billion, up by 2.2% over the same period in 2014 (US$5.2 billion). During this period, sales to Latin America and China increased by 69% and 7%, respectively. In Brazil, sales volume rose 5.5%, compared to the same period of 2014.

Brazilian Pulp exports by Destination





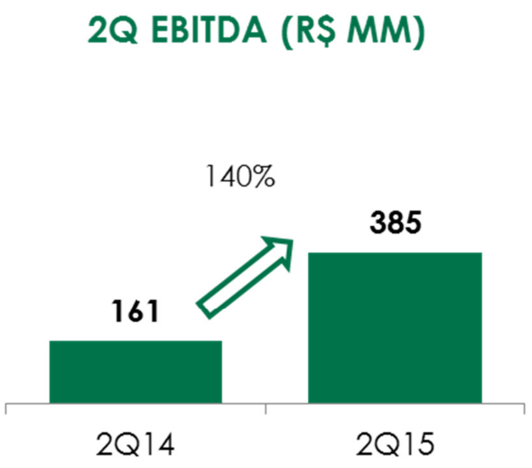
The US dollar appreciation versus the Brazilian Real at the end of 2Q15 compared to 2Q14 was 39%.

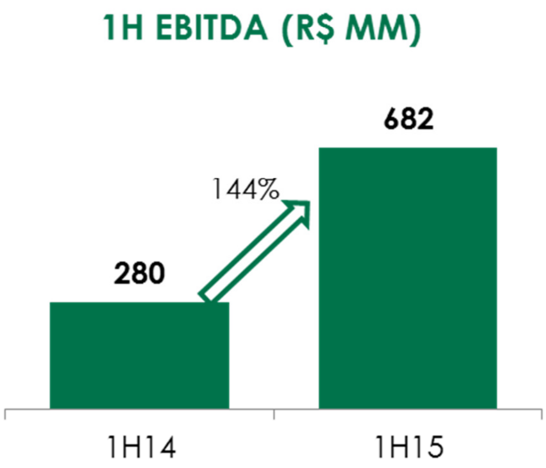
Exchange Rate	2Q15	1Q15	2014	4Q14	3Q14	2Q14
Average (US$/R$)	3.11	2.82	2.34	2.52	2.27	2.23
End of Period (US$/R$)	3.10	3.21	2.66	2.66	2.45	2.20

Source: Brazilian Central Bank

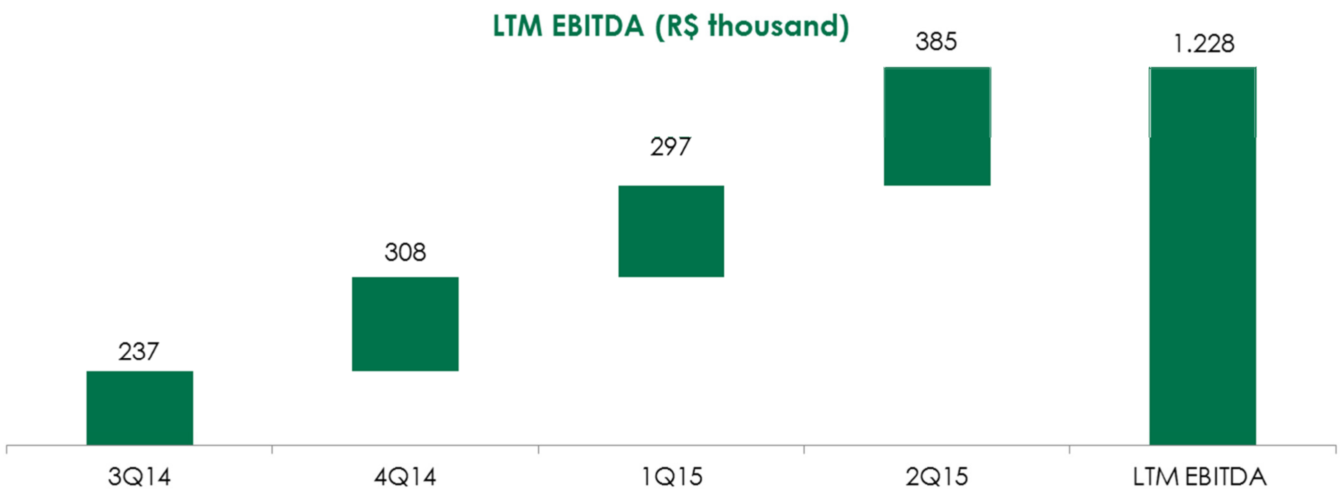
Eldorado 2Q15 Material Information

This quarter, Eldorado reached EBITDA of R$385 million, with an EBITDA margin of 45.1%, a pulp industry highlight and record for this period of the year.



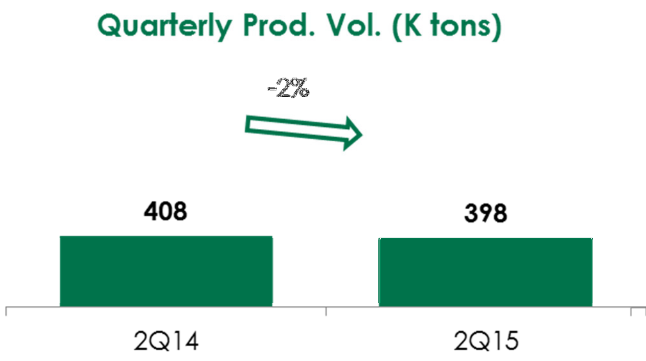


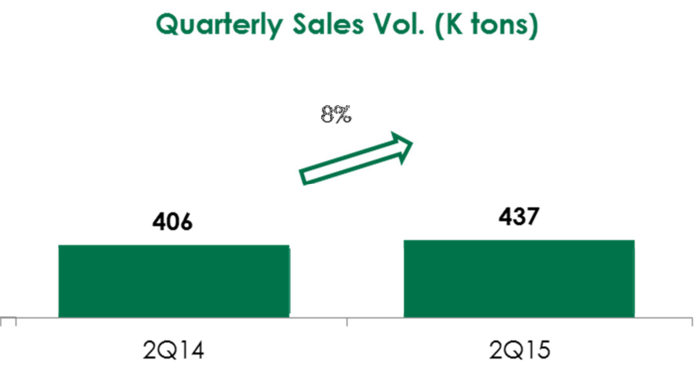
Considering the results of the last twelve months (LTM), the Company reached an **EBITDA of R$1.228 billion.**



The Company has been showing consistent growth of its production volumes and sales over the past few quarters.

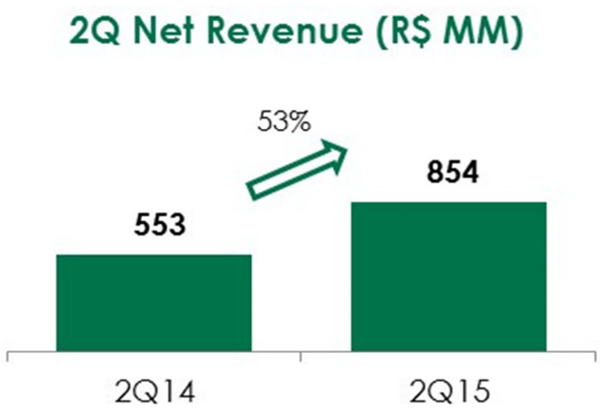
Main achievements in the quarter were as follows:

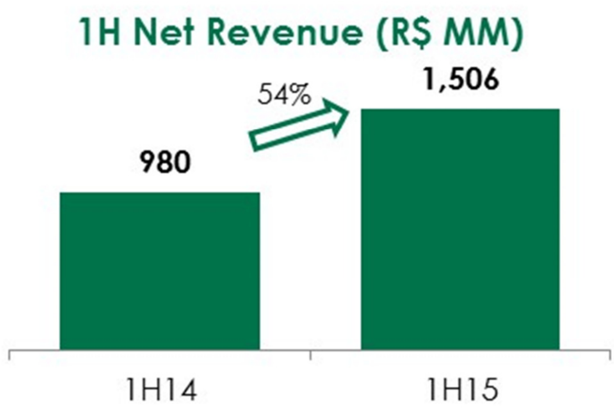




The Company's commercial strategy, which includes customer base diversification, proved once again to be suitable for the current market conditions, allowing the expansion in sales volume and in the price of pulp. Eldorado's net revenue was R$854 million in the second quarter and R$1.506 billion in the first half of 2015.

From April to June, the Company's solid economic, financial and operational performance helped to reduce the R$60 million loss recorded in the second quarter of 2014, to R$6 million in the second quarter of 2015.





Industrial

The second quarter showed significant operational results. Pulp production reached 398,000 tons in the period and 768,000 tons in the year.

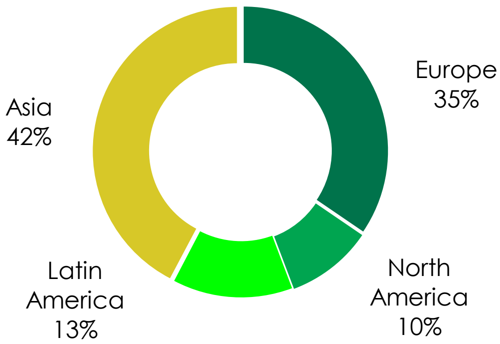
The mill is self-sufficient in terms of green energy produced using biomass from unused materials such as lignin and wood waste. The Company produced 343,000 MW of energy and sold 45,000 MW to the national grid) during the second quarter of 2015.

Commercial and Logistics

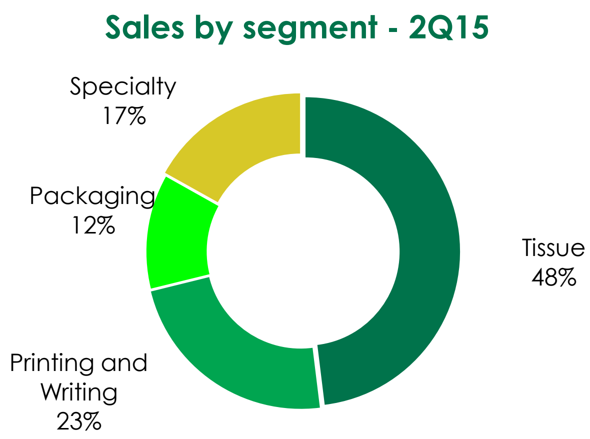
Eldorado's commercial strategy includes a solid customer base and a diversified portfolio, helping the Company to reduce its dependence and risk concentration in a single region or customer. During the second quarter and following market trends, the Company recorded an increase of price in Reais of 11% compared to the first quarter of 2015.

From April to June, 437,000 tons of pulp were sold, which represents an increase of 8% over the same period of 2014. In the first half of this year, 803,000 tons of pulp was sold, 16% higher than the same period in 2014.

Sales volume by region - 2Q15



While maintaining the sales strategy diversification by segment in the second quarter, Eldorado allocated 48% of its sales to the Tissue papers segment (comfort and personal hygiene); 23% for printing and writing papers and 29% for special papers and packaging.



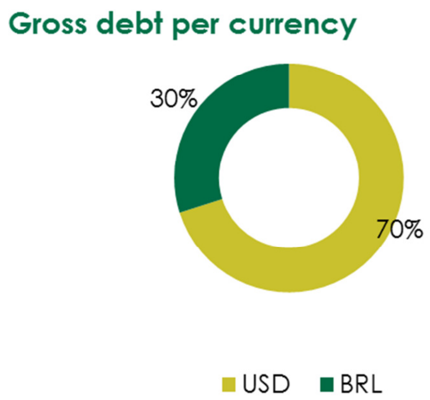
Forestry

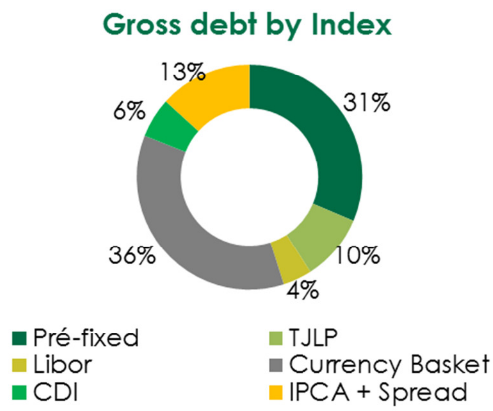
In 2Q15, Eldorado ended its timber harvesting operations in the State of São Paulo. From July on, with the forest base concentrated in the state of Mato Grosso do Sul, the Company will significantly reduce its average transport distance to the industrial mill in Três Lagoas. In addition, the concentration of operations in Mato Grosso do Sul will lower expenses with road tolls while optimizing the Company's eucalyptus harvesting structure, resulting in substantial reductions in the cost of timber delivered to the mill.

The Company ended the quarter with a planted area of over 200 hectares. In the first six months of the year, more than 2.7 million m^3 of timber were harvested to meet the mill's demand.

Financial

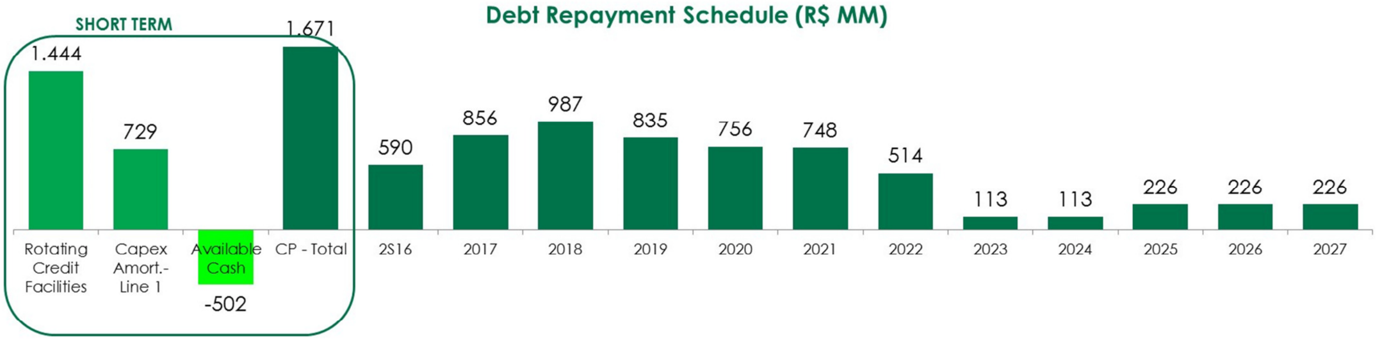
During the quarter, Eldorado repaid short-term debt and held a series of new funding rounds. The debt portion in US dollars accounted for 70% of total gross debt.





Indebtness (R$million)	30.06.2015
Debt in R$	**2.500**
Short Term	175
Long Term	2.324
Debt in US$	**5.861**
Short Term	1.997
Long Term	3.864
Total Gross Debt	**8.361**
(-) Cash	573
(-) MTM of Derivatives	-71
Net Debt	**7.859**

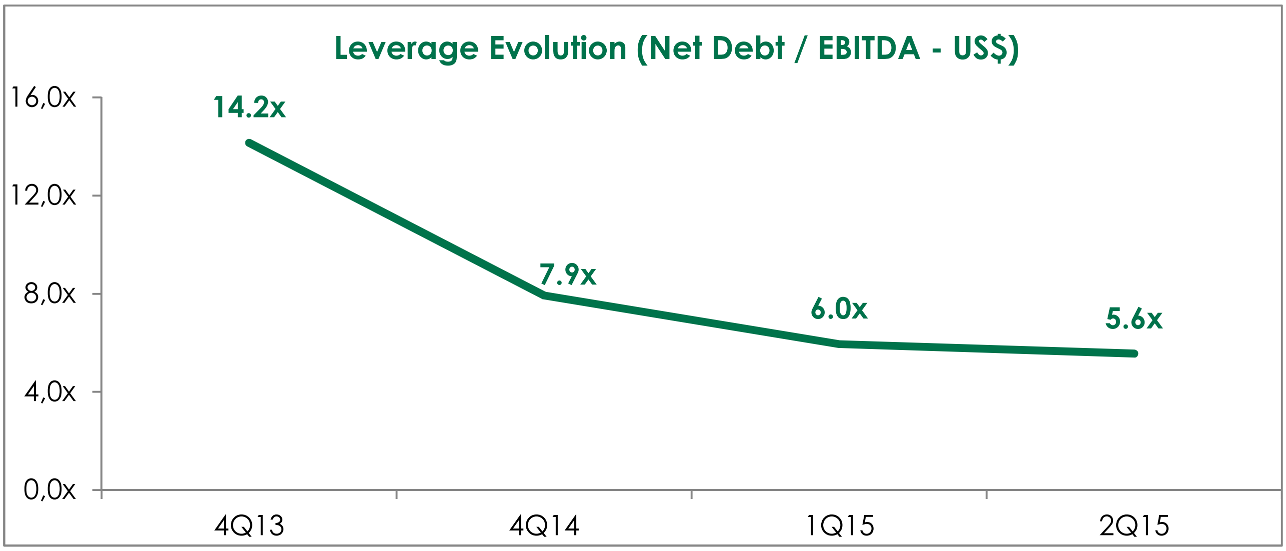
Eldorado maintained its long-term debt ratio at 75% of total debt.



The short-term debt (ST) comprises: i) debts from the Line 1 project, in the amount of R$729 million, which will be amortized over the next 12 months, and ii) revolving credit lines in the amount of R$1,444 million to be refinanced in the next 12 months through trade finance lines, working capital and structured operations.

The Company has a balanced hedging policy for full protection against its exposure to foreign exchange fluctuations arising from debt in US dollars, approved and permanently monitored by the Board of Directors. In the first half of the year, the hedging policy generated a positive result of R$567 million.

During 2015, the Company continued to focus on a debt payment reschedule and debt cost reduction initiatives. The debt management initiatives and the competitiveness program, added to 2015's strong operating results, enabled the Company to consistently reduce its leverage level, measured by the Net Debt/EBITDA ratio, which, in Brazilian Reais, reached 6.4x at the end of the quarter.



Investments

In addition to investments in forestry and industrial maintenance, the Company began building the new pulp production line within its industrial complex. Named "Vanguarda 2.0", the project strengthens Eldorado's pioneering and innovative position. Upon completion of the works, the Company will have the world's largest pulp production line, with a nominal capacity of more than 2 million tons of pulp per year. From 2018, with two lines in operation, Eldorado will be able to manufacture up to 4 million tons of pulp per year.

Industrial investment for the construction of the production line is estimated at R$8 billion, 30% from equity and 70% from long-term credit lines compatible with the project structure. The capital structuring process is well advanced and is scheduled for completion during the second half of 2015.

The new production line will adopt the best and most innovative technologies available in order to produce high quality pulp, ensuring the Company's competitiveness in the international market and sustainability through the use of state-of-the-art technology. The project will also be energy self-sufficient and will have a surplus of 170 MWh, enough to power a city of over 630,000 inhabitants for a year, to be sold to the national grid.

On June 30, Eldorado inaugurated its own terminal at the port of Santos (SP), an initiative fully aligned with its strategic plan to increase competitiveness and logistic efficiency in pulp exports. With an investment of R$90 million, the warehouse, equipped with the very latest technology in cargo handling, cranes and automatic telescopic spreaders, will be operated by our own team. The terminal, which is already in full operation, will provide annual logistics cost reduction of approximately R$80 million.

Sustainability

During 2Q15, the Company was even more active in the Mato Grosso do Sul state, with initiatives in the cities where it operates, always in line with regional goals related to health and education development. In June, Eldorado was elected by IstoÉ Dinheiro magazine as one of 50 companies with good welfare practices due to its health care projects.

In April, the "*Matas do Segredo*" Park Care Center, was inaugurated in Campo Grande (MS), which serves the surrounding communities, and also provides support to researchers, schools, visitors and tourists with environmental education initiatives.

Also, the São Joaquim Rural School, in Selvíria (MS), is structured to teach 300 children and adolescents, from kindergarten to high school. The initiative emerged from Eldorado's meetings with the community to identify the main needs of the Company's area of influence. In addition to the physical structure, the school received the equipment needed for its operations. During the period, Eldorado was the first company in the industry to be granted, within the timelines established by the new management of IMASUL (Mato Grosso do Sul Environmental Institute), the license for eucalyptus harvesting in the state.

Outlook

The eucalyptus pulp market still has strong demand, mainly due to the accelerated growth of tissue consumption, which is above double digits annually, and increased consumption in developing countries, notably in Asia. Eldorado maintains its goal of being one of the most competitive companies in the industry with even better prospects in the coming months due to the opening of its own terminal in Santos, and the end of the timber harvest in the state of São Paulo.

Final Considerations

We would like to thank our shareholders for their ongoing support to our management, our suppliers, partners and stakeholders; to BNDES FI-FGTS, FINNVERA, EKN and OeKB for the financial support, without which the implementation of our projects would not have been possible; to the Mato Grosso do Sul State Government and Três Lagoas City Government (MS), for the fundamental support, and to our employees, who are always engaged and committed to Eldorado Brasil's success.

The Management

Eldorado
Brasil

Rod. BR 158 - KM 231
Três Lagoas, MS | Brasil
+55 67 3509.0300

Eldorado Brasil Celulose S.A.

Interim financial statements as at June 30, 2015

Contents

Report on Review of Quarterly Information - ITR

To the Board of Directors and Board of Executive Officers of
Eldorado Brasil Celulose S.A.
São Paulo - SP

Introduction
We have reviewed the accompanying individual and consolidated interim accounting information of Eldorado Brasil Celulose S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2015, which comprises the statement of financial position as at June 30, 2015 and the statements of profit or loss and of comprehensive income for the three- and six-month periods then ended and the statements of changes in equity and of cash flows for the six-month period then ended, including the notes to the interim financial statements.

Management is responsible for the preparation of the individual and consolidated interim accounting information in accordance with CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in conformity with the standards issued by the Brazilian Securities Commission, applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

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

Conclusion on the interim information
Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR) and presented in conformity with the standards issued by the Brazilian Securities Commission.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the six-month period ended June 30, 2015, prepared under the responsibility of the Company’s management and whose presentation in the interim information is required in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and considered as supplemental information under IFRS, which does not require the presentation of the DVA. These statements have been submitted to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

São Paulo, July 22, 2015

KPMG Auditores Independentes
CRC 2SP014428/O-6

Orlando Octávio de Freitas Júnior
Contador CRC 1SP178871/O-4

Eldorado Brasil Celulose S.A.

Statements of financial position at June 30, 2015 and December 31, 2014

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
Assets	**Note**	**6/30/2015**	**12/31/2014**	**6/30/2015**	**12/31/2014**
Current assets					
Cash and cash equivalents	5.1	389.691	34.969	464.651	54.551
Trade receivables	6	757.593	687.756	586.320	465.291
Inventories	8	221.777	229.258	305.536	360.622
Taxes recoverable	9	312.287	294.878	314.853	296.536
Advances to suppliers	10	25.621	11.243	28.342	14.856
Derivatives receivable		-	28.134	-	28.134
Other current assets		15.626	10.770	16.749	11.509
Total current assets		1.722.595	1.297.008	1.716.451	1.231.499
Non-current assets					
Marketable securities	5.2	108.672	48.589	108.672	48.589
Taxes recoverable	9	471.576	360.631	471.592	360.631
Advances to suppliers	10	57.705	47.148	57.705	47.148
Deferred income tax and social contribution	18	644.918	522.830	644.918	522.830
Deposits, guarantees and other		2.223	2.201	2.390	2.363
Amounts due from related parties	7	-	26.191	-	26.191
Other non-current assets		14.909	14.909	14.909	14.909
		1.300.003	1.022.499	1.300.186	1.022.661
Biological assets	11	1.612.618	1.508.171	1.612.618	1.508.171
Investments	12	101.882	73.495	-	-
Property, plant and equipment	13	4.787.038	4.847.904	4.855.125	4.886.384
Intangible assets	14	5.988	6.093	38.298	39.167
Total non-current assets		7.807.529	7.458.162	7.806.227	7.456.383
Total assets		9.530.124	8.755.170	9.522.678	8.687.882

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**6/30/2015**	**12/31/2014**	**6/30/2015**	**12/31/2014**
Current liabilities					
Trade payables	15	200.655	184.501	191.194	185.475
Borrowings	16	2.172.844	1.744.957	2.172.844	1.744.957
Taxes payable, payroll and related taxes	17	72.867	89.161	74.586	89.741
Amounts due to related parties	7	35.540	31.379	35.540	31.379
Derivatives payable	27 b	71.281	-	71.281	-
Other current liabilities		18.825	22.088	39.000	30.501
Total current liabilities					
		2.572.012	2.072.086	2.584.445	2.082.053
Non-current liabilities					
Borrowings	16	6.187.753	5.421.951	6.187.753	5.421.951
Borrowings - related parties	7	-	365.470	-	365.470
Provision for contingent liabilities	19	2.120	2.364	2.120	2.364
Provision for losses in subsidiaries	12	19.879	77.255	-	-
Total non-current liabilities		6.209.752	5.867.040	6.189.873	5.789.785
Equity					
Issued capital	20				
Cumulative translation adjustments		1.788.792	1.788.792	1.788.792	1.788.792
Accumulated losses		(11.696)	(10.170)	(11.696)	(10.170)
		(1.028.736)	(962.578)	(1.028.736)	(962.578)
Total equity					
		748.360	816.044	748.360	816.044
Total liabilities					
Total liabilities and equity		9.530.124	8.755.170	9.522.678	8.687.882

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

Eldorado Brasil Celulose S.A.

Statements of proft or loss

Periods ended June 30, 2015 and 2014

(In thousands of Brazilian reais - R$)

	Note	Parent Company				Consolidated			
		2015		2014		2015		2014	
		2Q15	YTD	2Q15	YTD	2Q15	YTD	2Q15	YTD
Net revenue	21	710.207	1.263.633	522.831	969.538	853.816	1.505.842	552.716	979.763
Cost of sales		(419.490)	(767.869)	(369.624)	(711.559)	(456.537)	(832.344)	(383.406)	(674.038)
Gross profit		290.717	495.764	153.207	257.979	397.279	673.498	169.310	305.725
Operating (expenses) income									
General and administrative expenses	23	(17.568)	(31.366)	(36.045)	(46.649)	(22.310)	(40.146)	(39.343)	(52.962)
Selling and logistics expenses	23	(51.746)	(101.734)	(45.238)	(90.858)	(103.872)	(191.790)	(88.028)	(184.218)
Fair value of biological assets	11	1.832	16.365	-	4.694	1.832	16.365	-	4.694
Share of profits (losses) of subsidiaries	12	51.590	55.638	(28.909)	(50.673)	-	-	-	-
Other income (expenses), net	25	41.822	85.749	44.272	50.380	41.869	85.721	46.173	52.155
Profit before finance (costs) income and taxes		316.647	520.416	87.287	124.873	314.798	543.648	88.112	125.394
Finance costs (income), net	24								
Finance costs		(381.936)	(1.407.251)	(331.225)	(767.544)	(380.087)	(1.457.563)	(331.709)	(768.519)
Finance income		-	698.589	78.916	240.703	-	725.677	78.895	240.870
Loss before provision for income tax and social contribution		(65.289)	(188.246)	(165.022)	(401.968)	(65.289)	(188.238)	(164.702)	(402.255)
Income tax and social contribution									
Deferred	18	59.583	122.088	104.312	227.047	59.583	122.080	104.335	227.062
Loss for the period		(5.706)	(66.158)	(60.710)	(174.921)	(5.706)	(66.158)	(60.367)	(175.193)
Attributable to									
Owners of the Company						(5.706)	(66.158)	(60.710)	(174.921)
Non-controlling interests						-	-	343	(272)

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

Eldorado Brasil Celulose S.A.

Statements of comprehensive income

Periods ended June 30, 2015 and 2014

(In thousands of Brazilian reais - R$)

	Parent Company				Consolidated			
	2015		2014		2015		2014	
	2Q15	**YTD**	**2Q15**	**YTD**	**2Q15**	**YTD**	**2Q15**	**YTD**
Loss	(5.706)	(66.158)	(60.710)	(174.921)	(5.706)	(66.158)	(60.367)	(175.193)
Exchange differences on investments	1.082	(1.526)	5.676	3.000	1.082	(1.526)	5.676	3.000
Total comprehensive income	(4.624)	(67.684)	(55.034)	(171.921)	(4.624)	(67.684)	(54.691)	(172.193)
Attributable to								
Owners of the Company					(4.624)	(67.684)	(55.034)	(171.921)
Non-controlling interests					-	-	343	(272)

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

Eldorado Brasil Celulose S.A.

Statements of cash flows

Periods ended June 30, 2015 and 2014

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Cash flows from operating activities				
Loss for the period:	(66.158)	(174.921)	(66.158)	(175.193)
Adjustments to reconcile loss to cash generated by operating activities:				
Depreciation and amortization	112.607	103.214	113.454	104.019
Residual value of property, plant and equipment written off	29.627	242	29.627	246
Fair value of biological assets	(16.365)	(4.694)	(16.365)	(4.694)
Deferred income tax and social contribution	(122.088)	(227.047)	(122.088)	(227.047)
Financial charges - Interest and exchange differences	1.234.740	(10.174)	1.234.740	(10.174)
Financial charges - interest - intragroup loan	18.429	42.361	18.429	42.361
Provision for contingent liabilities	(244)	(207)	(244)	(207)
Derivatives receivable	28.134	56.520	28.134	56.520
Derivatives payable	71.281	186.169	71.281	186.169
Exchange differences on investments	(1.526)	-	(1.526)	3.000
Effect of non-controlling interests on consolidated entities	-	-	-	762
Share of profits (losses) of subsidiaries	(55.638)	50.673	-	-
	1.232.799	22.136	1.289.284	(24.238)
Decrease (increase) in assets				
Trade receivables	(69.837)	(40.179)	(121.029)	87.512
Inventories	7.481	70.131	55.086	24.610
Taxes recoverable	(128.354)	(73.660)	(129.278)	(73.917)
Advances to suppliers	(24.935)	25.123	(24.043)	18.293
Amounts due from related parties	26.191	9.693	26.191	382
Other current and non-current assets	(4.878)	(18.235)	(5.267)	(18.376)
Increase (decrease) in liabilities				
Trade payables	16.154	(38.064)	5.719	(59.962)
Amounts due to related parties	4.161	(1.368)	4.161	(1.368)
Taxes payable, payroll and related taxes	(16.294)	10.658	(15.155)	10.476
Other current and non-current liabilities	(3.263)	(8.212)	8.499	(9.541)
Net cash generated by operating activities	1.039.225	(41.977)	1.094.168	(46.129)
Cash flows from investing activities				
Increase in biological assets	(88.082)	(170.853)	(88.082)	(170.853)
Additions to tangible and intangible assets	(81.263)	(95.638)	(110.953)	(102.716)
Additions to investments	(30.125)	(20.811)	-	-
Marketable securities	(60.083)	(46.401)	(60.083)	(46.401)
Net cash (used in) investing activities	(259.553)	(333.703)	(259.118)	(319.970)
Cash flows from financing activities				
Borrowings	1.421.312	620.697	1.421.312	620.697
Repayment of borrowings - principal	(931.787)	(919.223)	(931.787)	(919.223)
Repayment of borrowings - interest	(285.006)	(205.829)	(285.006)	(205.829)
Repayment of borrowings - exchange differences	(245.570)	(34.649)	(245.570)	(34.649)
Borrowing raised	723.779	1.349.107	723.779	1.349.107
Repayment of borrowing	(1.107.678)	(462.706)	(1.107.678)	(462.706)
Net cash generated by financing activities	(424.950)	347.397	(424.950)	347.397
Net changes	354.722	(28.283)	410.100	(18.702)
Cash and cash equivalents at the beginning of the period	34.969	49.840	54.551	74.678
Cash and cash equivalents at the end of the period	389.691	21.557	464.651	55.976

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

Eldorado Brasil Celulose S.A.

Statements of value added

Periods ended June 30, 2015 and 2014

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Revenues				
Sales of merchandise, products and services	1.283.048	989.507	1.525.256	999.731
Other operating income (expenses), net	28.113	6.634	28.094	8.425
Transfers related to the construction of own assets	(26.703)	28.946	(56.340)	33.535
	1.284.458	1.025.087	1.497.010	1.041.691
Inputs purchased from third parties				
Cost of sales, materials, energy, outside services and other	(427.598)	(437.799)	(544.619)	(479.631)
Gross value added	856.860	587.288	952.391	562.060
Depreciation and amortization	(112.607)	(103.214)	(113.454)	(104.019)
Wealth created by the entity	744.253	484.074	838.937	458.041
Value added received as transfer				
Share of profits (losses) of subsidiaries	55.638	(50.673)	-	-
Finance income	4.310	3.374	4.310	3.377
Wealth for distribution	804.201	436.775	843.247	461.418
Wealth distribution				
Personnel				
Salaries and wages	211.684	223.151	214.502	224.819
Benefits	68.990	62.995	70.231	63.121
Severance Pay Fund (FGTS)	10.082	7.586	10.130	7.588
	290.756	293.732	294.863	295.528
Taxes and contributions				
Federal	(100.769)	(206.740)	(100.766)	(206.740)
State	(76.953)	(45.221)	(76.953)	(45.221)
Municipal	-	25	-	26
	(177.722)	(251.936)	(177.719)	(251.935)
Lenders and lessors				
Interest	795.426	487.582	795.437	488.060
Rentals	42.219	38.408	42.580	38.848
Others	(80.320)	43.910	(45.756)	66.110
	757.325	569.900	792.261	593.018
Shareholders				
Loss for the period	(66.158)	(174.921)	(66.158)	(175.193)
Total wealth for distribution	804.201	436.775	843.247	461.418

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

Notes to the interim financial statements

(In thousands of Brazilian reais - R$)

1 General information

Eldorado Brasil Celulose S.A. ("Company" or "Eldorado") is a publicly traded company, whose register was obtained on June 6, 2012 in the category shares traded over the counter, established under Brazilian laws, with registered office in São Paulo, State of São Paulo (Brazil). The Company's individual and consolidated financial statements for the period ended June 30, 2015 include the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged in the production 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 Gross do Sul, and started production in December 2012.

The Company has current liabilities in excess of current assets amounting to R$ 849,417 and R$ 867,994, parent company and consolidated, respectively, due to the start-up of its operations at the end of 2012. The Company's production grew significantly in the first two years of operation and has already exceeded the project's nominal production volume (1.5 million tons of pulp), although the maximum revenue capacity has not yet been achieved, which will occur in the next two years (with annual production reaching up to 1.7 million tons of pulp). The significant growth of production will be maximized by higher market prices as compared with the last years (already charged in the first six months of 2015) and a considerably higher exchange rate, as we have seen since the last quarter of 2014. There are positive prospects to materialize, in the next three years, the cost reduction efforts in progress, with the insourcing of transportation activities concluded up to 2015, the greater use of own forests with shorter distances to the plant, and the optimized logistics structure, with the obtainment of the customs license in April and beginning of operation, on June 30, 2015, of the terminal of the subsidiary Rishis Empreendimentos e Participações S.A., in Santos. Eldorado has also consolidated its relationship with the financial market and working capital transactions with longer terms (more than 2 years) are already in process of disbursement at the beginning of this second quarter, increasing the perspectives of a favorable balancing of the current assets and liabilities ratio. Other financial structures are in process of negotiation with the market and the disbursement of funds in these transactions is expected for the second half of 2015. The combination of these factors will allow the Company to obtain more significant results in its operation and in its working capital financing, with consequent increase of its cash generation and financial rebalancing, as well as the balancing of the current assets and liabilities ratio in the next years.

2 List of subsidiaries

Subsidiaries

Subsidiaries	**Country**	**Equity interest** 6/30/2015	12/31/2014
Cellulose Eldorado Austria Gmbh	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Indirect subsidiary			
Eldorado USA Inc.	United States	100%	100%

3 Basis of preparation and presentation of the financial statements

a.

The consolidated interim information has been prepared in accordance with the 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 from the Federal Accounting Council (CFC) and standards from the Brazilian Securities Commission (CVM); and

The individual interim information of the parent company has been prepared in accordance with accounting practices adopted in Brazil.

The revision of Technical Pronouncement No. 07 (approved in December 2014) amended CPC 35, CPC 37 and CPC 18 and authorized the use of the equity method in separate financial statements under IFRS, eliminating this difference between BR GAAP and IFRS.

After appreciation of the individual and consolidated financial statements by the Board of Directors at the meeting held on July 22, 2015, they were authorized for issue by the Company.

b. Basis of measurement

The individual and consolidated interim 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;
- non-derivative financial instruments are measured at fair value through profit or loss; and
- biological assets measured at fair value are recognized in 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 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 period in which the estimates are revised and in any future periods 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 information are included in the following notes to the interim financial statements:

- **Note 28 –** Operating land 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 June 30, 2015 is included in the following notes:

- **Note 8 –** provision for inventory losses;
- **Note 12 –** goodwill on investments;
- **Note 13 –** impairment test;
- **Note 18 –** recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- **Note 19 –** recognition and measurement of provisions and contingent liabilities: 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 and its subsidiaries use as much as possible observable market inputs. Additional information on the assumptions used in the fair value measurement is included in the following notes:

- **Note 11 –** biological assets; and
- **Note 27 –** risk management and financial instruments.

e. Functional and presentation currency

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

4 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The subsidiaries' accounting policies are aligned with the policies adopted by the Parent Company.

In the Parent Company's individual financial statements, the financial information on subsidiaries is accounted for under the equity method. The Company has the following equity interests: 100% in direct subsidiaries Celulose Eldorado Austria GmbH and Rishis Empreendimentos e Participações S.A. and 100% in indirect subsidiary Eldorado USA Inc..

(ii) Non-controlling interests

The Company elected to measure any non-controlling interest in the acquiree by the proportional share of the identifiable net assets at the acquisition date. Changes in the Company's and its subsidiaries' interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

(iii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b. Operating 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.

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

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

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

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

(iv) the Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(v) the expenses incurred or to be incurred related to the transaction can be measured reliably.

c. 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 at the reporting date are retranslated 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.

Foreign operations

Assets and liabilities of foreign operations are translated into Real at the exchange rates at the end of the reporting period. Revenues and expenses of foreign operations are translated into Real at the exchange rates at the transaction dates.

The differences in foreign currencies generated on the translation to the presentation currency are recognized in other comprehensive income and accumulated in carrying value adjustments in equity.

d. Financial instruments

Financial instruments are recognized only as from the date that the Company and its subsidiaries become a party to the contractual provisions of the instrument. A financial asset or a financial liability is initially recognized at its fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial assets and financial liabilities classified as at fair value through profit or loss, whose transaction costs are directly expensed.

Financial instruments are subsequently measured at the end of each reporting period according to the rules established for each type of classification of financial assets and liabilities.

- ***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. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. 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. Financial assets classified in this category are Cash and cash equivalents.

- ***Cash and cash equivalents***
  Cash, banks, and short-term investments are statement of financial position items that are presented in the statement of cash flows as cash and cash equivalents with redemption periods of three months or less from the investment date.

- ***Loans and receivables***
  Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

  Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The main assets held by the Company and its subsidiaries classified in this category are: Trade receivables and balances with related parties.

  The Company and its subsidiaries will perform an individual analysis of the receivables and, if necessary, will recognize an allowance for doubtful debts in an amount Management considers sufficient to cover any losses.

- ***Held-to-maturity investments***
  If the Company has the positive intent and ability to hold debt securities to maturity (quoted in an active market), then such financial assets are classified as held-to-maturity. Held-to-maturity investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses. The Company and its subsidiaries do not have any financial instruments in this category.

- ***Non-derivative financial liabilities***
  The Company and its subsidiaries recognize debt securities issued and subordinated liabilities initially on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company and its subsidiaries become a party to the contractual provisions of the instrument. The Company and its subsidiaries derecognize a financial liability when its contractual obligations are discharged, cancelled or expire. The Company and its subsidiaries hold the following non-derivative financial liabilities: Borrowings and Trade payables.

- ***Available-for-sale financial assets***
  Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses. The Company does not have any financial instruments in this category.

- ***Impairment of financial assets***
  Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and inventories, where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

- ***Derivative financial instruments***
  The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are recognized initially at fair value; any attributable transaction costs are recognized in profit or loss when incurred. When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

  The Company and its subsidiaries use derivative financial instruments only for foreign exchange hedge purpose.

- ***Issued capital***
  Common shares are classified as equity. Incremental costs directly attributable to the issue of shares and share options 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 average cost and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. 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. Property, plant and equipment

Property, plant and equipment are carried at the historical cost of acquisition or construction, less accumulated depreciation and any accumulated impairment losses.

An item of property, plant and equipment is derecognized on disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the residual carrying amount of the asset and is recognized in profit or loss.

The financial charges on borrowings incurred 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 recognized based on the estimated useful life of each asset on a straight-line basis, so that the cost less its residual value after its useful life is fully written off (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 from any change in estimates are accounted for prospectively. The annual depreciation rates are as follows:

Weighted annual depreciation rates

Buildings	2.86%
Facilities and improvements	2.81%
Furniture and fixtures	1.35%
Vehicles	13.73%
Technical and scientific instruments	13.12%
IT equipment	18.57%
Machinery and equipment	3.79%
Leasehold improvements	10%

Biological assets
The Company's biological assets comprise the cultivation and plantation of eucalyptus forests aimed at the production of pulp used to manufacture paper. Biological assets are measured at fair value, including any gains and losses thereon, which are recognized in the statement of profit or loss for the year. According to the analyses and the prospects of the forest engineers, the Company measures the fair value of cultivated forests older than three years, since in shorter periods, in addition to the absence of an active market, the fair value and formation cost are basically the same. This position is based on the likelihood that these forests will reach maturity and the reliability of the assumptions used after this maturation period.

g. Operating land leases
Lease advances paid are recognized in assets until the time of consumption at the date of harvest.

h. Intangible assets

(i) Goodwill arising on business combination
Goodwill acquired in a business combination is carried at its fair value on the date of the business combination, net of accumulated impairment losses, if any.

Goodwill is tested for impairment annually, or more frequently when there is indication that it may be impaired. An impairment loss is recognized if the recoverable amount is lower than the carrying amount. Any impairment loss for goodwill is recognized directly in profit or loss. The impairment loss is not reversed in subsequent periods.

On the disposal of a certain asset to which goodwill is allocated, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Other intangible assets

Consist mostly of terminal concession and software, recognized pursuant to CPC 4 (R1) - Intangible Assets at acquisition or formation costs, less accumulated amortization and any accumulated impairment losses. The software amortization is recognized on a straight-line basis over their estimated useful lives.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(iii) Amortization

The amortization is calculated to amortize the cost of items of the intangible asset, less its estimated residual values, using the straight-line method based on the estimated useful lives of the items. The amortization is generally recognized in profit or loss. Goodwill is not amortized. The estimated useful lives are as follows:

Software	6-7 years
Terminal concession	20 years

i. Impairment

Items of property, plant and equipment and intangible assets with indefinite useful life and other assets (current and non-current), where applicable, are tested for impairment at least annually when there are indications that the asset may be impaired.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible 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 in order to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. An impairment loss is reversed if there are changes in the estimates used to determine the recoverable amount, except for goodwill. When an impairment loss is reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j. Trade payables

Refer to the amounts due to suppliers in the normal course of the business of the Company and its subsidiaries. If the payment term is equivalent to one year or loss, trade payables are classified in current liabilities. Otherwise, the corresponding amount is classified in non-current liabilities. When applicable, charges, inflation adjustments or exchange differences are added.

k. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, 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 potentially dilutive instruments.

m. Income tax and social contribution

Current and deferred income tax and social contribution 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 on net income, and consider the offset of income tax and social contribution tax losses, limited to 30% of the taxable profit.

Income tax and social contribution expense comprises current and deferred taxes. The current and deferred taxes are recognized in profit or loss unless they are related to business combinations or items directly recognized in equity or in other comprehensive income.

(i) Current income tax

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

(ii) Deferred income tax

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

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

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

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

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

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

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

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

n. Statement of value added (“DVA”)

The Brazilian corporate law requires the presentation of the statement of value added as an integral part of the set of financial statements presented by the Company. The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period. The statement of value added has been prepared pursuant to the provisions of CPC 09 Statement of Value Added, using information obtained from the Company's accounting records used to prepare the financial statements.

o. Statements of cash flows

The statements of cash flows have been prepared under the indirect method, based on accounting information, in accordance with the instructions set out in CPC 3 (R2) Statements of Cash Flows.

p. New standards and interpretations issued and not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for annual periods beginning on or after July 1, 2015 or future dates, and have not been adopted in the preparation of these financial statements. Those that can be material for the Company are mentioned below: The Company does not plan to adopt these standards early.

(i) IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, supersedes the guidance in IAS 39 Financial Instruments: *Recognition* and Measurement. IFRS 9 includes a revised guidance on the classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of the impairment of financial assets and new requirements on hedge accounting. The standard retains the existing guidance on recognition and derecognition of financial instruments of IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 Revenues from Contracts with Customers
IFRS 15 requires that an entity recognize the amount of revenue reflecting the consideration that it expects to receive in exchange for the control of these goods or services. The new standard, when adopted, will replace most of the detailed guidance on revenue recognition currently existing in IFRS and U.S. GAAP. The new standard is effective on or after January 1, 2017, with early adoption permitted by IFRS.
The standard can be adopted on a retrospective basis, using a cumulative effect approach. The Company is assessing the effects that the IFRS 15 will have on the financial statements and on its disclosures. The Company has not yet elected the method of transition to the new standard and has not determined the effects of the new standard on the current financial reports.

(ii) Agriculture: Bearer Plants (amendments to IAS 16 and IAS 41)

These amendments require that bearer plants, defined as a living plant, be accounted for as property, plant and equipment and included within the scope of IAS 16 Property, Plant and Equipment, rather than in IAS 41 Agriculture.

The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Additionally, the following new standards or amendments are not expected to have a material impact on the Group's consolidated financial statements.

- IFRS 14 - Regulatory Deferral Accounts;
- Accounting for Acquisitions of Interests in Joint Operations (amendments to IFRS 11);
- Clarification of Acceptable Methods of Depreciation and Amortization (amendments to IAS 16 and IAS 38);
- Defined Benefit Plans: Employee Contributions (amendments to IAS 19);
- Annual Improvements to IFRSs 2010-2012 Cycle;
- Annual Improvements to IFRSs 2011-2013 Cycle.

The Accounting Pronouncements Committee has not yet issued any accounting pronouncements or amendments to existing pronouncements equivalent to these standards. Early adoption is not permitted.

5 Cash and cash equivalents and marketable securities

5.1 Cash and cash equivalents

	Parent Company		Consolidated	
	6/30/2015	12/31/2014	6/30/2015	12/31/2014
Cash and cash equivalents	3	4	4	6
Banks - demand deposits	66,025	26,662	140,984	46,135
Banks - short-term investments	323,663	8,303	323,663	8,410
	389,691	34,969	464,651	54,551

Highly-liquid short-term investments are made with prime banks and their yield approximates the Interbank Certificate of Deposit (CDI) rate. As they are highly liquid, they were classified as cash equivalents in the statements of cash flows. Early redemption does not entail any financial losses. The approximate average yield in the period was 0.85% p.m. (0.81% p.m. in 2014), totaling R$4,310 in the quarter (R$3,377 in the second quarter of 2014) of the consolidated result.

5.2 Marketable securities

	Parent Company		Consolidated	
	6/30/2015	12/31/2014	6/30/2015	12/31/2014
Fundo Caixa FI (a)	51,023	48,589	51,023	48,589
CDB CEF (b)	57,649	-	57,649	-
	108,672	48,589	108,672	48,589

(a) Fundo Caixa FI Corporativo II at Caixa Econômica Federal, with gross yield of 99.12% of the CDI. These funds are linked as reciprocity of financial investment to the issue of debentures in FI-FGTS and its adjusted balance is R$1,112,000.

(b) CDB investment with Caixa Econômica Federal made in the second quarter.

Thus, the amount invested corresponds to 5.96% of the debt's adjusted balance.

6 Trade receivables

	Parent Company		Consolidated	
	6/30/2015	12/31/2014	6/30/2015	12/31/2014
Domestic market	96,730	90,381	96,730	90,381
Foreign market	24,747	10,422	479,303	370,395
Related parties (Note 7)	636,116	586,953	10,287	4,515
	757,593	687,756	586,320	465,291

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
Current	688,172	453,603	521,899	415,258
1 to 30 days past due	6,767	19,595	51,522	43,610
31 to 60 days past due	13,870	50,784	6,558	485
61 to 90 days past due	434	43,274	16	608
Over 90 days past due	48,350	120,500	6,325	5,330
	757,593	687,756	586,320	465,291

The Company did not identify the need to recognize an allowance for doubtful debts because it has a letter of guarantee, insurance and other instruments that guarantee the receipt.

7 Related-party transactions

The main balances between related parties in the statement of financial position and statement of profit or loss accounts are as follows:

		Parent Company		Consolidated	
Assets	**Type**	**6/30/2015**	**12/31/2014**	**6/30/2015**	**12/31/2014**
Current assets					
Eldorado Austria	Pulp sales	544,291	508,701	-	-
Eldorado USA	Pulp sales	81,538	73,737	-	-
JBS	Sale others	10,287	4,515	10,287	4,515
		636,116	586,953	10,287	4,515
Non-current assets					
J&F Investimentos	Current account (i)	-	26,191	-	26,191
		-	26,191	-	26,191

		Parent Company		Consolidated	
Liabilities	**Type**	**6/30/2015**	**12/31/2014**	**6/30/2015**	**12/31/2014**
Current liabilities					
JBS (Note 15)	Freight (ii)	27,901	17,015	27,901	17,015
J&F Investimentos	Letter of guarantee (iii)	35,540	31,379	35,540	31,379
		63,441	48,394	63,441	48,394
Non-current liabilities					
J&F Investimentos	Current account (iv)	-	365,470	-	365,470
		-	365,470	-	365,470

	Type	Parent Company 6/30/2015	Parent Company 6/30/2014	Consolidated 6/30/2015	Consolidated 6/30/2014
Profit or loss					
Eldorado Austria	Pulp sales	870,233	663,682	-	-
Eldorado USA	Pulp sales	125,260	125,517	-	-
JBS	Sale others	25,403	5,762	25,043	5,762
Total revenue (Note Note 21)		1,020,896	794,961	25,043	5,762
J&F Investimentos (Note 24)	Surety				-
J&F Investimentos	Interest (iv)	(18,429)	(27,639)	(18,429)	(27,639)
JBS		(33,897)	(12,800)	(33,897)	(12,800)
		968,570	754,522	(26,923)	(34,677)

(i) Sale of rural properties called “Florágua Farms”, which bear market interest of 8.5% p.a., settled in March 2015.

(ii) Refer to amounts payable on freight related to wood purchases.

(iii) Letter of guarantee provided by the holding company J&F Investimentos S.A. to guarantee the Company's financing transactions with financial institutions.

(iv) In December 2014 there was a current account with the parent company J&F Investimentos S.A. with interest rate equivalent to CDI + 3% p.a.. During the six-month period there was no movement in the current account

7.1 Management compensation

The expense on key management personnel compensation includes directors and officers, represented by fifteen members in parent company and consolidated, in the following amounts for the periods ended:

	6/30/2015	6/30/2014
Short-term employee benefits (a)	7,957	7,330

(a) Comprises:

All officers are hired under employment contracts pursuant to the provisions of the Brazilian Labor Code (CLT) that comply with all statutory compensation and benefit requirements. Under IAS 24 (revised)/CPC 05 (R1) Related Party Disclosures, the members of the Board of Executive Officers and Board of Directors are not parties to contracts that provide for additional corporate benefits, such as postemployment or any other long-term benefits, severance benefits other than those provided for by the CLT, where applicable, or share-based compensation.

8 Inventories

Inventories, carried at standard cost and adjusted to actual cost on the monthly closing, are broken down as follows:

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
Seedlings	2,096	1,661	2,096	1,661
Raw materials (wood for production)	86,996	95,248	86,996	95,248
Pulp	43,475	39,086	127,212	170,450
Inputs	22,218	25,782	22,218	25,782
Storeroom supplies	66,992	67,481	67,014	67,481
	221,777	229,258	305,536	360,622

During the period the amount of R$16,398 (R$65,499 at December 31, 2014) was added to the raw material inventory, due to the harvest of the biological asset and its consequent transfer to inventories, as shown in note 11.

Changes in provision for inventory impairment

Parent Company	**6/30/2015**
Opening balance at December 31, 2014	(3,921)
Additions	-
Write-offs	-
Balance at June 30, 2015	(3,921)

9 Taxes recoverable

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
State VAT (ICMS) (i)	448,159	331,856	448,238	331,866
Taxes on revenue (PIS and COFINS) (ii)	298,373	302,215	300,815	303,806
Federal VAT (IPI)	2,557	1,905	2,557	1,905
Service tax (ISS)	270	254	270	254
REINTEGRA (iii)	28,739	13,756	28,739	13,756
Withholding income tax (IRRF) (iv)	5,765	5,523	5,826	5,580
	783,863	655,509	786,445	657,167

Breakdown

Current assets	312,287	294,878	314,853	296,536
Non-current assets	471,576	360,631	471,592	360,631
	783,863	655,509	786,445	657,167

(i) ICMS

The Company has prioritized a series of actions intended to maximize the utilization of these credits and currently does not expect any losses on their realization. Management actions include the expected realization of these credits by increasing pulp sales in the domestic market, payment to suppliers and utilization in the production capacity expansion project for purchase of machinery and equipment.

(ii) PIS and COFINS

Refers basically to noncumulative PIS and COFINS credits on the purchase of property, plant and equipment items, related to the completion of its plant that was placed into service at the end of 2012. This amount refers to credits on equipment purchases and provision of services, which are realizable through offset against debts of these taxes levied on sales in the domestic market and income tax and social contribution payable, and applications for refund to the Federal Revenue, which was filed in the second half of 2014.

(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 of 1% of the revenue from export of goods produced by the legal entity.

(iv) IRRF

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

10 Advances to suppliers

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
Purchase of wood (i)	60,259	47,148	60,259	47,148
Others	23,067	11,243	25,788	14,856
	83,326	58,391	86,047	62,004

Breakdown

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
Current assets	25,621	11,243	28,342	14,856
Non-current assets	57,705	47,148	57,705	47,148
	83,326	58,391	86,047	62,004

(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, in areas located in the State of Mato Grosso do Sul.

The opening and closing balances are broken down as follows:

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
At the beginning of the year	1,508,171	1,176,791	1,508,171	1,179,932
Change in the fair value of biological assets net of costs to sell	16,365	12,293	16,365	12,293
Tree felling for inventory	(16,398)	(65,499)	(16,398)	(68,640)
Forest development cost	104,480	384,586	104,480	384,586
	1,612,618	1,508,171	1,612,618	1,508,171

Currently the Company holds a production area of 196,666 ha (193,911 ha at December 31, 2014), not including other areas such as the permanent preservation areas and statutory reserves, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

In compliance with IAS 41/CPC 29, 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 five and eight years, considering operating restrictions and annual demand. The standing timber inventory is exposed to market and costs, expenses and taxes are deducted. These revenues and expenses comprise a discounted cash flow at a real WACC rate of 4.5%, which reflects the Company forecasts of both investment return and funding.

The harvested wood volumes are determined based on growth and felling age. This growth is represented by the Average Annual Increase (IMA) expressed in cubic meters per hectare/year. In the wood flow used to calculate the biological asset, the IMA was 39.15 m^3/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.

The Company decided to assess its biological assets on a quarterly basis and perform the revaluation on an annual basis because it understands that this procedure is sufficient to show the evolution of the fair value of the forests. The Company does not have biological assets involving financial risks.

The Company does not have insurance for its forests and has the following preventions programs to avoid losses of biological assets:

- watchtowers;
- constant boundary monitoring;
- teams with specialized firefighting training;
- wood transportation monitoring.

12 Investments

	Parent Company	
Parent Company	**6/30/2015**	**12/31/2014**
Assets		
Cellulose Eldorado Austria GmbH (a)	-	-
Rishis Empreendimentos e Participações S.A.	36,509	10,788
Goodwill on investment in subsidiaries (c)	17,001	17,001
Advance for future capital increase (b)	48,372	45,706
	101,882	73,495
Liabilities		
Cellulose Eldorado Austria Gmbh (a)	(19,879)	(77,255)
	(19,879)	(77,255)

(a) As the investment in subsidiary Cellulose Eldorado Austria GmbH presented negative equity, the investment was reclassified to liabilities, in line item "Provision for losses in subsidiaries".

(b) Advance for future capital increase for subsidiary Rishis to be made in 2015.

(c) The goodwill arose from the acquisition of subsidiaries, which is presented as intangible asset in the parent company. See note 14.

Significant information on subsidiaries for the period ended June 30, 2015

Investments in subsidiaries

	Year	Equity interest	Net assets	Unrealized profit on inventories	Company's share of net assets	Profit or loss	Company's share of profits/ losses	Cumulative translation adjustments
	2014							
Cellulose Eldorado Austria Gmbh	December 31	100%	(33,437)	43,818	(77,255)	(64,565)	(90,674)	2.378
Rishis Empreendimentos e Participações S.A.	December 31	100%	10,788	-	10,788	(2,959)	(2,591)	-
Balance at December 31, 2014			(22.649)	43,818	(66,467)	(67,524)	(93,265)	2,378
	2015							
Cellulose Eldorado Austria Gmbh	June 30	100%	33,128	53,008	(19,879)	68,091	58,902	(1.526)
Rishis Empreendimentos e Participações S.A.	June 30	100%	36,509	-	36,509	(3,264)	(3,264)	-
Balance at June 30, 2015			69.637	53,008	16,630	64,827	55,638	(1,526)

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, continuing the expansion of the Company's presence in the foreign market, in 2013 two commercial offices were opened, one in Shanghai, China, and another in Baar, in Switzerland.

Rishis Empreendimentos e Participações S.A.

Rishis is a company engaged in, but not limited to, the operation of bonded warehouses and terminals, and the provision of port operator services, and is the lessee of external warehouses located on the right bank of the Santos Port, totaling an area of approximately 12,000 m².

On August 12, 2011, the Company acquired a warrant that entitles it to subscribe to 517,647 common shares, equivalent to 46.32% of Rishis's voting capital, at an issue premium of R$9,000 and fixed exercise price of R$13,500. These warrants were exercised and fully paid in May 2014. Of the exercised right, the Company subscribed to 279,569 Rishis shares, and as a result paid in R$7,299 in Rishis share capital.

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

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

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

The Company's management seeks obtaining a logistic operating gain through this transaction, which would increase the Company's competitiveness in pulp exports.

13 Property, plant and equipment

	Parent Company 2015			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 6/30/2015**
Land	-	101,701	-	101,701
Buildings	2.86%	1,090,378	(79,754)	1,010,624
Leasehold improvements	10%	14,746	(2,298)	12,448
Facilities and improvements	2.81%	213,450	(22,600)	190,850
Furniture and fixtures	1.35%	6,459	(1,327)	5,132
Vehicles	13.73%	117,626	(32,784)	84,842
Technical and scientific instruments	13.12%	4,331	(1,977)	2,354
IT equipment	18.57%	53,183	(26,940)	26,243
Machinery and equipment	3.79%	3,650,382	(363,609)	3,286,773
Construction in progress and advances for capital expenditures	-	66,071	-	66,071
		5,318,327	**(531,289)**	**4,787,038**

	Parent Company 2014			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2014**
Land	-	101,701	-	101,701
Buildings	2.86%	1,089,882	(64,740)	1,025,142
Leasehold improvements	10%	14,746	(1,561)	13,185
Facilities and improvements	2.81%	213,170	(17,482)	195,688
Furniture and fixtures	1.35%	6,258	(1,042)	5,216
Vehicles	13.73%	107,932	(22,068)	85,864
Technical and scientific instruments	13.12%	4,119	(1,692)	2,427
IT equipment	18.57%	52,561	(21,484)	31,077
Machinery and equipment	3.79%	3,613,023	(290,000)	3,323,023
Construction in progress and advances for capital expenditures	-	64,581	-	64,581
		5,267,973	(420,069)	4,847,904

	Consolidated 2015			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 6/30/2015**
Land	-	101,701	-	101,701
Buildings	2.86%	1,090,378	(79,754)	1,010,624
Leasehold improvements	10%	14,746	(2,298)	12,448
Facilities and improvements	2.81%	218,599	(22,606)	195,993
Furniture and fixtures	1.35%	6,516	(1,334)	5,182
Vehicles	13.73%	117,627	(32,785)	84,842
Technical and scientific instruments	13.12%	4,332	(1,978)	2,354
IT equipment	18.57%	53,859	(27,152)	26,707
Machinery and equipment	3.79%	3,650,424	(363,618)	3,286,806
Advances for capital expenditures	-	128,468	-	128,468
		5,386,650	(531,525)	4,855,125

	Consolidated 2014			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2014**
Land	-	101,701	-	101,701
Buildings	2.86%	1,089,882	(64,740)	1,025,142
Leasehold improvements	10%	14,746	(1,561)	13,185
Facilities and improvements	2.81%	218,314	(17,486)	200,828
Furniture and fixtures	1.35%	6,298	(1,047)	5,251
Vehicles	13.73%	107,932	(22,068)	85,864
Technical and scientific instruments	13.12%	4,119	(1,692)	2,427
IT equipment	18.57%	53,197	(21,619)	31,578
Machinery and equipment	3.79%	3,613,065	(290,007)	3,323,058
Advances for capital expenditures	-	97,350	-	97,350
		5,306,604	(420,220)	4,886,384

Changes in property, plant and equipment

Parent Company

Changes	Balance at 12/31/2014	Additions	Write-offs	Transfers	Depreciation	Balance at 6/30/2015
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	-	-	504	(15,022)	1,010,624
Leasehold improvements	13,185	-	-	-	(737)	12,448
Facilities and improvements	195,688	270	-	10	(5,118)	190,850
Furniture and fixtures	5,216	200	-	-	(284)	5,132
Vehicles	85,864	9,929	(19)	-	(10,932)	84,842
Technical and scientific instruments	2,427	162	-	-	(235)	2,354
IT equipment	31,077	621	-	-	(5,455)	26,243
Machinery and equipment	3,323,023	18,740	(2,133)	20,965	(73,822)	3,286,773
Construction in progress and advances for capital expenditures	64,581	50,444	(27,475)	(21,479)	-	66,071
	4,847,904	80,366	(29,627)	-	(111,605)	4,787,038

Changes	Balance at 12/31/2013	Additions	Write-offs	Transfers	Depreciation	Balance at 12/31/2014
Land	341,425	47,714	(287,743)	305	-	101,701
Buildings	1,044,006	-	-	10,974	(29,838)	1,025,142
Leasehold improvements	6,126	7,800	-	609	(1,350)	13,185
Facilities and improvements	205,892	-	-	20	(10,224)	195,688
Furniture and fixtures	4,508	1,142	-	41	(475)	5,216
Vehicles	36,256	56,646	(156)	4,625	(11,507)	85,864
Technical and scientific instruments	2,756	129	-	-	(458)	2,427
IT equipment	41,873	1,824	(1,779)	98	(10,939)	31,077
Machinery and equipment	3,397,076	23,717	(5,003)	51,861	(144,628)	3,323,023
Construction in progress and advances for capital expenditures	71,879	64,101	-	(71,399)	-	64,581
	5,151,797	203,073	(294,681)	(2,866)	(209,419)	4,847,904

Consolidated

Changes	Balance at 12/31/2014	Additions	Write-offs	Transfers	Depreciation	Balance at 6/30/2015
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	-	-	504	(15,022)	1,010,624
Leasehold improvements	13,185	-	-	-	(737)	12,448
Facilities and improvements	200,828	275	-	10	(5,120)	195,993
Furniture and fixtures	5,251	212	-	-	(286)	5,182
Vehicles	85,864	9,929	(19)	-	(10,932)	84,842
Technical and scientific instruments	2,427	162	-	-	(235)	2,354
IT equipment	31,578	661	-	-	(5,532)	26,707
Machinery and equipment	3,323,058	18,740	(2,133)	20,965	(73,824)	3,286,806
Construction in progress and advances for capital expenditures	97,350	80,072	(24,475)	(21,479)	-	128,468
	4,886,384	110,056	(29,627)	-	(111,688)	4,855,125

Changes	Balance at 12/31/2013	Additions	Write-offs	Transfers	Depreciation	Balance at 12/31/2014
Land	377,698	37,503	(324,016)	10,516	-	101,701
Buildings	1,044,006	-	-	10,974	(29,838)	1,025,142
Leasehold improvements	10,659	7,800	-	(3,924)	(1,350)	13,185
Facilities and improvements	205,911	584	-	4,549	(10,216)	200,828
Furniture and fixtures	4,566	1,157	-	12	(484)	5,251
Vehicles	36,256	56,646	(156)	4,625	(11,507)	85,864
Technical and scientific instruments	2,756	129	-	-	(458)	2,427
IT equipment	42,258	1,828	(1,780)	298	(11,026)	31,578
Machinery and equipment	3,397,085	23,717	(5,003)	51,891	(144,632)	3,323,058
Construction in progress and advances for capital expenditures	72,266	96,765	(58)	(71,623)	-	97,350
	5,193,461	226,129	(331,013)	7,318	(209,511)	4,886,384

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures at June 30, 2015 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering and equipment to be used in line two. Company assets are pledged as collateral for borrowings p to the maximum limit of each of the debts assumed (Note 16).

Review of useful lives

As at December 31, 2012, the Company reviewed the useful lives of its property, plant and equipment items by engaging a specialized firm. From the start of plant operations, the new acquisitions and/or constructions are recorded with an estimated useful life The Company's management reviews annually if there was any significant change in the useful lives of the property, plant and equipment items and, when applicable, they are changed.

Impairment test - property, plant and equipment

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

14 Intangible assets

	Parent Company 2015			
	Weighted annual amortization rates	Cost	Accumulated amortization	Net 6/30/2015
Software	15.00%	10,315	(4,327)	5,988

	Parent Company 2014			
	Weighted annual amortization rates	Cost	Accumulated amortization	Net 12/31/2014
Software	15.00%	9,417	(3,324)	6,093

	Consolidated 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 6/30/2015**
Goodwill	-	17,001	-	17,001
Software	15.00%	10,469	(4,373)	6,096
Terminal concession	7.14%	20,988	(5,787)	15,201
		48,458	(10,160)	38,298

	Consolidated 2014			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2014**
Goodwill	-	17,001	-	17,001
Software	15.00%	9,571	(3,355)	6,216
Terminal concession	7.14%	20,988	(5,038)	15,950
		47,560	(8,393)	39,167

Changes in intangible assets

Parent Company	**12/31/2014**	**Additions**	**Transfer**	**Amortization**	**6/30/2015**
Software	6,093	897	-	(1,002)	5,988

Consolidated	**12/31/2014**	**Additions**	**Transfer**	**Amortization**	**6/30/2015**
Goodwill	17,001	-	-	-	17,001
Software	6,216	897	-	(1,016)	6,097
Terminal concession	15,950	-	-	(750)	15,200
	39,167	897	-	(1,766)	38,298

Goodwill breakdown

Rishis Empreendimentos e Participações S.A.

Goodwill of R$ 15,203 on acquisition of 100% of the shares and voting capital of Rishis Empreendimentos e Participações S.A., of which 60% in October 2013 and 40% in August 2014, based on expected future earnings. From the acquisition date the goodwill was complemented by the payment of the installments corresponding to the year of the share subscription. As at June 30, 2015, goodwill totals R$ 17,001.

Impairment test - intangible assets

At December 31, 2014, the Company tested the impairment of goodwill using the concept of “value in use”, based on the comparability of the gain on own operation against the outsourced operation.

The determination of the value in use involves the use of assumptions, judgments and estimates on cash flows, such as revenue, cost and expense growth rates, estimates of future investments and working capital, and discount rates. The assumptions on growth, cash flow and future cash flow projections are based on management's best estimates and comparable market data, and the economic conditions that will exist during the useful lives of the group of assets that generate the cash flows. Future cash flows were discounted based on the rate representing the cost of capital.

Based on the annual impairment test of the Company's intangible assets at December 31, 2014, prepared using the projections made on the financial statements, growth prospects at the time, and the monitoring of projections and operating results for the period, no possible impairment losses or indications of impairment were identified since the value in use estimate is higher than the net carrying amount on the test date.

15 Trade payables

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
Supplies and services	27,576	43,228	11,307	30,179
Supplies and services – related parties (Note 7)	27,901	17,015	27,901	17,015
Inputs	111,113	106,887	115,833	111,161
Others	34,065	17,371	36,153	27,120
	200,655	184,501	191,194	185,475

16 Borrowings

Type	**Average annual interest rate and commissions**	**Parent Company and Consolidated**	
		6/30/2015	**12/31/2014**
Property, plant and equipment purchase financing			
FINAME - project finance	Average interest of 3% to 8.00% p.a.	86,846	93,627
ACC (advance on exchange contract) (i)	Forex + interest	1,591,983	1,157,659
BNDES - subloan A (ii)	TJLP + interest of 3.32% p.a.	485,577	514,926
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	1,049,088	960,388
BNDES - subloans C, H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	1,196,918	1,098,702
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	127,962	137,031
BNDES - subloan K (ii)	TJLP	17,394	12,748
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	134,815	144,364
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	486,216	445,210
BNDES – subloans F and J (ii)	Floating rate BNDES + interest of 3% p.a.	271,216	248,849
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	34,623	37,075
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	1,184,471	1,062,017
Debentures (first issue) (iv)	110% of CDI	1,545	4,536
Debentures (second issue) (v)	IPCA + interest of 7.41% p.a.	1,112,706	1,047,365
FCO (Mid-west Financing Fund) (vi)	Interest of 8.5% to 9 % p.a.	24,533	49,960
Working capital (viii)	Rate of 5.74% p.a. in dollars and 10.27% to 12.41% p.a. in reais	44,273	41,415
NCE (vii)	CDI + spread of 123% to 127% of CDI p.a.	510,431	111,036
		8,360,597	7,166,908

	Parent Company and Consolidated	
	6/30/2015	**12/31/2014**
Breakdown		
Current liabilities	2,172,844	1,744,957
Non-current liabilities	6,187,753	5,421,951
	8,360,597	7,166,908

	Parent Company and Consolidated	
	6/30/2015	**12/31/2014**
Non-current liabilities mature as follows:		
2016	589,660	765,019
2017	855,715	681,906
2018	986,848	680,005
2019	834,877	672,967
After 2020	2,920,653	2,622,054
	6,187,753	5,421,951

Changes in borrowings

Parent Company and Consolidated	**6/30/2014**
Opening balance at December 31, 2014	7,166,908
Interest – accrued	269,295
Exchange differences – accrued	965,445
New borrowings	1,421,312
Repayments	
Principal	(931,787)
Interest	(285,006)
Exchange differences	(245,570)
Closing balance at June 30, 2015	8,360,597

16.1 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 acquisition of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas (“Project”). Thus, BNDES confirmed the effectiveness of the agreement by disbursing the funds between March 2012 and December 2013, to be repaid in 90 installments beginning January 2015.

(iii) ECA (Export Credit Agency) financing agreements, disbursed on December 28, 2012, repayable in 19 semiannual installments, from November 2013 to November 2022, subject to interest and US dollar exchange fluctuation, granted by the following Agencies: Finnvera, R$551,372 subject to 3.1% p.a. equivalent to US$177,712, and R$146,567 subject to 5.69% p.a., equivalent to US$47,240, EKN, R$254,903 subject to 2.8% p.a. equivalent to US$82,158 and Oekb, R$231,630 subject to 5.69% p.a., equivalent to US$74,657.

(iv) On August 20, 2012 the Company carried out the 1st issue of simple, nonconvertible, unsecured debentures, in a single series for private placement, therefore exempt from CVM registration, with interest of 110% of CDI per year and final maturity in September 2015. The debentures were fully distributed on November 29, 2012.

(v) 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, indexed to the IPCA, plus interest of 7.41% per year and final maturity in December 2027. The debentures were fully distributed on December 17, 2012.

(vi) FCO (Mid-west Financing Fund) financing agreement, entered into with Banco do Brasil, in the amount of R$ 24,533 and maturing in 2017, guaranteed by properties (farms) up to the limit of the assumed debt.

(vii) Real-denominated Export Credit Notes (NCE) contracts, maturing within 360 days.

(viii) Borrowings from Catterpillar Financial Services, denominated in dollars, for financing the purchase of engine, with semiannual amortization from 2014 to 2020.

16.2 Restrictive covenants

The financing agreements, ECAs and debentures entered into by the Company for the construction of its plant and the related logistics infrastructure are collateralized by the financed property, plant and equipment up to the limit of the assumed debt, and contain restrictive financial covenants usually applicable to these types of long-term financing. These covenants prescribe that the compliance tests with the agreed terms and conditions shall be conducted after the end of the period ended December 31, 2015.

16.3 Guarantees of the borrowings

All borrowing and financing agreements of the BNDES and ECA types and part of the agreements of the ACC, Finame, Working Capital, FCO and Debenture types are guaranteed by the parent company J&F Investimentos. The debentures have as guarantee the amounts invested in marketable securities, as shown in note 5.

17 Taxes payable, payroll and related taxes

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
Payroll and related taxes	57,098	56,450	58,666	57,021
Accruals and taxes	12,698	20,056	12,817	20,050
Taxes payable	3,071	12,619	3,103	12,634
Others	-	36	-	36
	72,867	89,161	74,586	89,741

18 Deferred income tax and social contribution

As at June 30, 2015, the Company has an accounting loss balance which, adjusted for the expenses and revenues not permitted by the tax law for income tax and social contribution calculation purposes, totals R$ 1,961,270 (R$ 1,155,593 as at December 31, 2014).

Movement in Tax Loss	
Opening balance at 12/31/2014	**1,155,593**
Adjustment to deferred income tax and social contribution on the 2014 tax loss - change of exchange difference taxation criterion to the accrual basis	514,988
Tax loss for the first six-month period of 2015	288,003
Closing balance at 6/30/2015	**1,958,584**

Parent Company

Income tax and social contribution reconciliation:

	6/30/2015	**6/30/2014**
Income tax and social contribution		
Loss before income tax and social contribution	**(188,246)**	**(401,968)**
Additions:		
Permanent differences	(108)	4,542
Provision for inventory losses	-	3,921
MTM hedge to be realized	99,415	242,690
Products billed but not shipped	9,835	-
Accrued payroll	(16,045)	-
Operating provisions	(3,657)	8,308
Others	(2,103)	330
(Exclusions):		
Fair value of biological assets	(16,365)	(4,694)
Share of profits (losses) of subsidiaries	(55,638)	50,673
Exchange differences	-	(265,417)
Tax incentives granted	(115,090)	(63,923)
Tax loss for the period	(288,003)	(425,538)
Temporary differences	(71,080)	(242,247)
Tax loss – prior years	-	-
	(359,083)	(667,785)
Tax rate	34%	34%
Income tax and social contribution to be realized	122,088	(227,047)
Total income tax and social contribution expense	**122,088**	**(227,047)**

	6/30/2015	12/31/2014
Changes in deferred income tax and social contribution:		
Opening balance	**522,830**	**270,879**
Recognition of deferred income tax and social contribution assets on tax losses	97,921	47,272
Recognition of deferred income tax and social contribution assets on temporary differences	24,167	204,679
Closing deferred income tax and social contribution	**122,088**	**251,951**
Deferred income tax and social contribution assets	644,918	522,830
	644,918	**522,830**

The Company expects to generate taxable profits in the next years, as mentioned in Note 1.

19 Provision for contingent liabilities

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

	12/31/2014	Additions	Write-offs	6/30/2015
Civil	329	284	(1)	612
Labor	1,679	594	(1,043)	1,230
Tax	356	-	(78)	278
	2,364	**878**	**(179)**	**2,120**

As at June 30, 2015, the Company was the defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 57,567 (R$ 65,588 as at December 31, 2014), of which the Company accrued R$ 2,120 (R$ 2,364 as at December 31, 2014), classified by its management and legal counsel as likelihood of probable loss. In general, the claims that originated the lawsuits involve claims for obligations, indemnity for pain and suffering and property damages, collection and prohibitory interdict.

For the lawsuits classified as possible losses in the amount of R$50,443 (R$63,029 as at December 31, 2014), management understands that no provision for losses is necessary, in accordance with CPC 25 Provisions, Contingent Liabilities and Contingent Assets.

20 Equity

20.1 Issued capital

	Subscribed capital	Unpaid capital	Issued capital
Balances at June 30, 2015	1,788,792	-	1,788,792

On August 20, 2012, subscribed capital increased from R$1,718,291,902 (1,495,274,914 shares) to R$1,788,791,902 (1,525,558,419 shares), i.e., by R$70,500,000, paid in through the issue of 30,283,505 registered common shares without par value.

20.2 Advance for future capital increase

On November 28, 2014, J&F Investimentos S.A. merged MJ Participações S.A., its wholly-owned subsidiary, with the consequent dissolution of the merged company and succession, by J&F Investimentos S.A., of all its rights and obligations.

Considering that: (i) MJ Participações S.A. held shares in Eldorado's capital subscribed in capital increases of Eldorado made on 10/21/2010 and 9/27/2011, which had not been paid up until then, in the amount of R$221,157 and (ii) J&F Investimentos S.A. had an advance for future capital increase with Eldorado in the total amount of R$ 221,157, subsequently to the merger of MJ Participações S.A., J&F Investimentos S.A. utilized the credits from such advance for future capital increase in order to paid up Eldorado shares received from MJ Participações S.A. as a result of the merger. The result of this transaction was the elimination of the advance for future capital increase, whose credits were fully consumed in the payment of Eldorado shares received from MJ Participações S.A. pending payment, and the full payment of all the shares of Eldorado's capital issued through this date.

20.3 Legal reserve

Recognized, when applicable, at the rate of 5% of the profit for each year, as provided for by Article 193 of Law 6,404/76, up to the ceiling of 20% of the share capital.

20.4 Dividends

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

20.5 Carrying value adjustments

The reserve for carrying value adjustments includes the cumulative translation adjustments of all differences in foreign currency arising from the translation of the financial statements of foreign operations.

20.6 Earnings per share

As required by IAS 33/CPC 41 Earnings per Share, the tables below reconcile profit for the year (loss) with the amounts used to calculate basic loss per share.

Basic

Basic loss per share is calculated by dividing the loss attributable to Company owners by the number of shares outstanding in the year.

	6/30/2015	6/30/2014
Loss attributable to Company owners	(66,158)	(174,921)
Total shares outstanding in the period (subscribed and advance for future capital increase) – in thousands	1,525,558	1,525,558
Loss per thousand shares	(0.04)	(0.11)

21 Net revenue

	Parent Company		Consolidated	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Gross sales revenue				
Domestic market	220,237	183,014	245,640	188,689
Foreign market	42,268	11,619	1,492,818	943,357
Foreign market – related parties (Note 7)	1,020,896	794,961	-	-
Discounts and rebates	(353)	(87)	(213,202)	(132,314)
	1,283,048	989,507	1,525,256	999,732
Sales returns and taxes	(19,415)	(19,969)	(19,414)	(19,969)
Net operating revenue	1,263,633	969,538	1,505,842	979,763

22 Operating segments

a. Base for segmentation

The Company has three reportable segments: pulp, energy and others. The summary below describes the operations of each of the reportable segments:

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			
	Pulp	**Energy**	**Others**	**Total**
Net revenue	1,443,176	35,477	27,189	1,505,842
Cost of sales	(802,511)	(386)	(29,447)	(832,344)
Gross profit	**640,665**	**35,091**	**(2,258)**	**673,498**
Operating (expenses) income				
General and administrative expenses	(40,146)	-	-	(40,146)
Selling expenses	(191,790)	-	-	(191,790)
Fair value of biological assets	16,365	-	-	16,365
Other income (expenses), net	85,721	-	-	85,721
Finance income (costs), net				
Finance costs	(1,457,563)	-	-	(1,457,563)
Finance income	725,677	-	-	725,677
Profit (loss) before income tax and social contribution	**(221,071)**	**35,091**	**(2,258)**	**(188,238)**
Income tax and social contribution				
Deferred	122,080	-	-	122,080
(Loss) profit for the period	**(98,991)**	**35,091**	**(2,258)**	**(66,158)**

c. Geographic segments

The Pulp segment is managed at international level, although it operates sales offices in Austria, China and the USA.

In the presentation based on geographic segments, the segment's revenue and non-current assets are based on the customer's geographic location. The segment's revenue is based on the customers' geographic location and the segment's assets are based on the assets' geographic location.

(i) Operating revenue

	6/30/2015	**6/30/2014**
Brazil	197,172	168,720
Latin America	31,801	10,007
Europe	523,727	354,164
North America	186,059	149,576
Asia	567,083	287,440
Others	-	9,856
	1,505,842	**979,763**

(ii) Non-current assets

	6/30/2015	12/31/2014
Brazil	7,800,810	7,449,598
Austria	5,286	6,675
United States	131	110
	7,806,227	**7,456,383**

23 Selling, general and administrative expenses

	Parent Company		Consolidated	
	6/30/2015	**6/30/2014**	**6/30/2015**	**6/30/2014**
Personnel expenses	26,029	34,817	30,138	36,602
Service, material and transportation expenses	94,406	91,608	186,141	174,784
Depreciation and amortization	9,999	9,457	10,839	10,260
Others	2,666	1,625	4,818	15,534
	133,100	**137,507**	**231,936**	**237,180**
Breakdown				
General and administrative expenses	31,366	46,649	40,146	52,962
Selling and logistics expenses	101,734	90,858	191,790	184,218
	133,100	**137,507**	**231,936**	**237,180**

24 Finance income (costs), net

	Parent Company		Consolidated	
	6/30/2015	**6/30/2014**	**6/30/2015**	**6/30/2014**
Finance income				
Interest receivable	158	-	163	-
Income from short-term investments	4,310	3,374	4,310	3,377
Gain (loss) on derivatives	567,056	-	567,056	-
Foreign exchange gains, net	126,501	237,329	153,551	237,493
Other finance income	564	-	597	-
	698,589	240,703	725,677	240,870
Finance costs				
Sundry banking costs	(99)	(1,079)	(113)	(1,200)
Interest payable	(326,340)	(246,052)	(326,340)	(246,052)
Foreign exchange losses, net	(902,105)	-	(946,109)	-
Related parties - letter of guarantee for debts (Note 7)	(18,429)	(27,639)	(18,429)	(27,639)
Gain (loss) on derivatives	(99,415)	(431,678)	(99,415)	(431,678)
Guarantee expenses	(46,132)	(9,052)	(46,132)	(9,052)
Other finance costs	(14,731)	(52,044)	(21,025)	(52,898)
	(1,407,251)	(767,544)	(1,457,563)	(768,519)
	(708,662)	(526,841)	(731,886)	(527,649)

25 Other income (expenses), net

	Parent Company		Consolidated	
	6/30/2015	**6/30/2014**	**6/30/2015**	**6/30/2014**
ICMS credits (a)	74,066	48,284	74,066	48,284
Insurance indemnity	-	-	19	-
PIS/COFINS credit	14,983	-	14,983	-
Others	(3,300)	2,096	(3,347)	3,871
	85,749	50,380	85,721	52,155

(a) This amount includes credits from a new tax incentive package granted by the Mato Grosso do Sul State Government in the first half of 2014, for use in the current operation and future industrial expansion.

26 Insurance

As at June 30, 2015, the insurance coverage against operating risks totaled R$ 4,700,002 for property damages, R$ 1,200,000 for loss of profits, and R$ 58,300 for civil liability.

27 Risk management and financial instruments

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

Market risks

The Company is exposed to market risks arising from its business activities. These market risks comprise mainly possible changes in foreign exchange and interest rates. The risks are concentrated on its debt to financial institutions and suppliers, related to the construction of the plant and formation of the eucalyptus forests.

a. Interest rate risks

Interest rate risk refers to the potential financial losses that the Company and its subsidiaries could incur due to adverse changes in this risk factor, triggered by different reasons, such as economic crises, changes in sovereign monetary policies, and market fluctuations. The Company has assets and especially liabilities exposed to this risk, in transactions pegged to indices such as the CDI (interbank deposit rate), TJLP (benchmark long-term interest rate), and the IPCA (extended consumer price index), and occasional transactions with fixed positions in relation to some of the indices above that could result in unrealized and/or realized losses caused by mark-to-market. The Company seeks to mitigate the interest rate risk by diversifying the contracted indices.

The interest rate risk is directly linked to the risk of increase in financial charges on Company borrowings, as a result of market fluctuations.

The Company's exposure to interest rate risk refers basically to borrowings. The position as at June 30, 2015 and December 31, 2014 is as follows:

		Parent Company	
Type	**Average annual interest rate and commissions**	**6/30/2015**	**12/31/2014**
BNDES - subloan A	TJLP + interest of 3.32% p.a.	485,577	514,926
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	1,049,088	960,388
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	1,196,918	1,098,702
BNDES - subloan G	TJLP + interest of 2.92% p.a.	127,962	137,031
BNDES - subloan K	TJLP	17,394	12,748
BNDES - subloan D	TJLP + interest of 1.8% p.a.	134,815	144,364
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	486,216	445,210
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	271,216	248,849
BNDES - subloan I	TJLP + interest of 1.4% p.a.	34,623	37,075
Debentures (first issue)	110% of CDI	1,545	4,536
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,112,706	1,047,365
FINAME - Enterprise financing	Average interest of 3% to 8% p.a.	86,846	93,627
ACC (advance on exchange contract)	Forex + interest	1,591,983	1,157,659
ECAs	Forex + interest of 2.8% to 5.69% p.a.	1,184,471	1,062,017
FCO - Fundo para o Financiamento do Centro-Oeste	Interest of 8.5% to 9 % p.a.	24,533	49,960
Lease	4.86 % to 9.84% p.a.		
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	44,273	41,415
NCE	CDI + spread	510,430	111,036
Short-term investments (repos)	99% of CDI	(432,335)	(56,892)
Current account	100 % CDI +spread	-	365,471
		7,928,261	7,475,487

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at June 30, 2015 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 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:

Transaction - 6/30/2015	**Risk**	**Position**	**Possible 25%**	**Remote 50%**
BNDES	TJPLP + interest and Floating Rate BNDES + interest	147,616	36,904	73,808
Debentures (Interest)	IPCA + interest of 7.41% p.a. and 110% of CDI	37,829	9,457	18,915
Debentures (Adjustment for Inflation)	IPCA	65,821	16,456	32,910
FINAME	Average interest of 3% to 8% p.a.	2,124	531	1,062
ACC (advance on exchange contract)	Forex + interest	33,961	8,490	16,980
ECAs	Forex + interest of 2.8% to 5.69% p.a.	27,533	6,883	13,766
FCO - Fundo para o Financiamento	Interest of 8.5% to 9 % p.a.	1,341	335	671
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	1,428	357	714
Current account	CDI + spread	18,429	4,607	9,214
NCE	CDI + spread	8,687	2,172	4,344
Net exposure to interest rates		344,769	86,192	172,384

Transaction - 12/31/2014	**Risk**	**Position**	**Possible 25%**	**Remote 50%**
BNDES	TJPLP + interest and Floating Rate BNDES + interest	247,606	61,901	123,803
Debentures (Interest)	IPCA + interest of 7.41% p.a. and 110% of CDI	75,175	18,794	37,587
Debentures (Adjustment for Inflation)	IPCA	64,945	16,236	32,473
FINAME	Average interest of 3% to 8% p.a.	2,672	668	1,336
ACC (advance on exchange contract)	Forex + interest	38,667	9,667	19,333
ECAs	Forex + interest of 2.8% to 5.69% p.a.	43,375	10,844	21,688
FCO - Fundo para o Financiamento	Interest of 8.5% to 9 % p.a.	4,358	1,089	2,179
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	5,473	1,368	2,736
Current account	CDI + spread	128,489	32,122	64,245
NCE	CDI + spread	13,542	3,387	6,771
Net exposure to interest rates		624,302	156,076	312,151

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

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

The long-term interest rate (TJLP) was created to be used as a benchmark of the basic cost of funding granted by BNDES and at the reporting date was 6.5% per year.

b. Foreign exchange rate risks

The foreign exchange rate is the risk that foreign exchange rate fluctuations make the Company incur unexpected losses, leading to a decrease in assets or an increase in liabilities.

The main Company exposures refer to the US dollar, euro, and Swedish krona fluctuations in relation to the Brazilian real.

As at June 30, 2015, the US dollar, Euro, and Swedish Krona quotations were R$ 3.1026, R$ 3.4603 and R$ 0.3741, respectively.

As at June 30, 2015, the foreign exchange fluctuation risk concentrates in line items ‘Trade receivables’, ‘Advances to suppliers’, ‘Trade payables’ and ‘Borrowings’.

To hedge against the foreign exchange volatility risk, the Company seeks balancing the amounts of assets and liabilities in foreign currencies.

The Company's assets and liabilities exposed to foreign exchange risk as at June 30, 2015 are as follows:

Parent Company

	6/30/2015	**12/31/2014**
Trade receivables (US dollar)	211,415	542,704
Total trade receivables	211,415	542,704
Advances (Euro)	311	-
Advances (US dollar)	-	-
Total advances to suppliers	311	-
Non Deliverable Forwards (US$)	1,877,000	4,401,323
Total derivatives payable/receivable	1,877,311	4,401,323
Trade payables (US dollar)	(518)	(200,993)
Trade payables (Euro)	(764)	(324)
Trade payables (Swedish Krona)	(341)	(163)
Total trade payables	(1,623)	(201,480)
ACC (advance on exchange contract) (US dollar)	(470,564)	(827,138)
BNDES – Subloans C, H and L (US dollar)	(413,349)	(909,035)
BNDES - Subloan B (US dollar)	(362,297)	(793,455)
BNDES - Subloans D, E, F, J and I (US dollar)	(318,179)	(575,249)
ECAs (US dollar)	(428,890)	(869,575)
Caterpillar Financial	(15,233)	(36,792)
Total borrowings	(2,008,512)	(4,011,244)
Net exposure	78,591	731,303

The risk of foreign exchange fluctuation may result in losses for the Company due to a possible decrease in its assets or increase in its liabilities.

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at June 30, 2015 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

		6/30/2015		
Transaction	**Risk**	**Position**	**25%**	**50%**
Exposure of assets and liabilities	R$ depreciation	(1,798,409)	(449,602)	(899,205)
No Deliverable Forwards (NDFs)	R$ appreciation	1,877,000	469,250	938,500
Net exposure to currency risk		78.591	19,648	39,295

Derivative financial instruments

As at June 30, 2015, the outstanding derivatives with maturities between August 3, 2015 and November 3, 2015, totaling US$ 1,877,000, refer to Non Deliverable Forwards (NDF) contracts aimed at reducing the volatility in dollar-denominated debt transactions.

The fair value of the derivative instruments is calculated based on the discounted cash flow method, using the BM&F projection curves.

Outstanding derivatives

	Notional amount			Fair value	
NDFs	**US dollar**	**Real**	**Maturity**	**US dollar**	**Real**
Short position (US$)	1,877,000	5,823,580.20	8/03/15 to 11/03/15	(17,723)	(54,986)

Maturity	**Notional in Dollars**	**Average Rate**	**MtM**
8/03/2015	375,000	3,1084	10,310
5/04/2015	606,000	3,1811	(5,573)
6/01/2015	568,000	3,2875	(47,745)
7/01/2015	328,000	3,2718	(11,978)
Total	1,877,000	3,2044	(54,986)

c. Credit risk

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

Bank deposits, financial investments and *NDF* transactions are contracted with prime financial institutions; therefore, the risk of incurring any loss with these financial institutions is minimum.

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

	Parent Company		Consolidated	
	6/30/2015	**12/31/2014**	**6/30/2015**	**12/31/2014**
Cash and cash equivalents	389,691	34,969	464,651	54,551
Marketable securities	108,672	48,589	108,672	48,589
Trade receivables	131,764	105,318	586,320	465,291
Amounts due from related parties	625,829	608,629	-	26,191
Derivatives receivable	-	28,134	-	28,134
	1,255,956	825,639	1,159,643	622,756

Guarantees
As a result of the transactions between BNDES and ECAs, the following shared guarantees were provided: a) first mortgage of the plan in the city of Três Lagoas, b) pledge of 750,000,000 registered common shares of Eldorado, c) pledge of 368,000,000 book-entry common shares of the associate JBS S.A. and d) statutory lien on the forest equipment financed by ECAs in the amount of approximately R$ 80,000.

d. 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	**6/30/2015**	**12/31/2014**
Estimated amount of firm contracts	366,720	1,443,259
Advances made	(63,974)	(73,347)
	302,746	1,369,912

The risks of changes in prices are mitigated by the actual delivery of wood, when the trade payable and the related inventory are recognized, both at a price set when the contract is closed. Thus, according to the delivery schedule, as the wood inventories are not yet fully delivered, there is no payment obligation and, particularly, there is no risk of wood price fluctuation.

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

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

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

The table below shows the fair value of the Company's financial liabilities and their maturities:

Parent Company

	Less than 1 year	Between 1 and 2 years	Between 3 and 4 years	Over 4 years	Fair value
At June 30, 2015					
Trade payables	172,754	-	-	-	172,754
Amounts due to related parties	27,901	-	-	-	27,901
Borrowings	2,172,844	1,445,375	1,821,725	2,920,653	8,360,597
Non Deliverable Forwards (NDF)	71,281	-	-	-	71,281
(-) Cash and cash equivalents	(389,691)	-	-	-	(389,691)
	2,055,089	589,659	1,842,562	3,755,532	8,242,842
At December 31, 2014					
Trade payables	167,334	-	-	-	167,334
Amounts due to related parties	17,167	-	-	-	17,167
Borrowings	1,744,957	765,019	681,906	3,975,026	7,166,908
Borrowings – related parties	-	365,470	-	-	365,470
Non Deliverable Forwards (NDF)	(28,134)	-	-	-	(28,134)
(-) Cash and cash equivalents	(34,969)	-	-	-	(34,969)
	1,866,355	1,130,489	681,906	3,975,026	7,653,776

Consolidated

	Less than 1 year	Between 1 and 2 years	Between 3 and 4 years	Over 4 years	Fair value
At June 30, 2015					
Trade payables	127,753	-	-	-	127,753
Amounts due to related parties	63,441	-	-	-	63,441
Borrowings	2,172,844	1,445,375	1,821,725	2,920,653	8,360,597
Non Deliverable Forwards (NDF)	71,281	-	-	-	71,281
(-) Cash and cash equivalents	(464,651)	-	-	-	(464,651)
	1,970,668	1,445,374	1,821,726	2,920,653	8,158,421
At December 31, 2014					
Trade payables	168,308	-	-	-	168,308
Amounts due to related parties	17,167	-	-	-	17,167
Borrowings	1,744,957	765,019	681,906	3,975,026	7,166,908
Borrowings – related parties	-	365,470	-	-	365,470
Non Deliverable Forwards (NDF)	(28,134)	-	-	-	(28,134)
(-) Cash and cash equivalents	(54,551)	-	-	-	(54,551)
	1,847,747	1,130,489	681,906	3,975,026	7,635,168

f. Fair value of financial instruments

Financial assets and financial liabilities are presented in the financial statements at their carrying amounts and the related accrued income or expenses are accounted for according to their expected realization or settlement.

Under CPC 40/IFRS 7 Financial Instruments: Disclosures, the Company and its subsidiaries classify fair value measurement by the levels in the fair value hierarchy that reflect the importance of the indices used in this measurement, as follows:

- **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:

Parent Company

	6/30/2015			**12/31/2014**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	389,691	-	-	34,969	-	-
Non Deliverable Forwards (NDF)	-	(71,281)	-	-	28,134	-
Total assets	389,691	(71,281)	-	34,969	28,134	-

Consolidated

	6/30/2015			**12/31/2014**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	464,651	-	-	54,551	-	-
Non Deliverable Forwards (NDF)	-	(71,281)	-	-	28,134	-
Total assets	464,651	(71,281)	-	54,551	28,134	-

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

Parent Company	**6/30/2015**		**12/31/2014**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or los				
Cash and cash equivalents	389,691	389,691	34,969	34,969
Non Deliverable Forwards (NDF)	(71,281)	(71,281)	28,134	28,134
Loans and receivables				
Trade receivables	130,633	130,633	105,318	105,318
Amounts due from related parties	626,960	626,960	582,438	582,438
Advances to suppliers	83,326	83,326	58,391	58,391
Total financial assets	1,159,329	1,159,329	808,250	808,250

	6/30/2015		**12/31/2014**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Borrowings	8,360,597	8,360,597	7,166,908	7,166,908
Borrowings – related parties	-	-	365,470	365,470
Trade payables	172,754	172,754	167,334	167,334
Amounts due to related parties	27,901	27,901	17,167	17,167
Total financial liabilities	8,561,252	8,561,252	7,716,879	7,716,879

Consolidated	**6/30/2015**		**12/31/2014**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or los				
Cash and cash equivalents	464,561	464,561	54,551	54,551
Non Deliverable Forwards (NDF)	(71,281)	(71,281)	28,134	28,134
Loans and receivables				
Trade receivables	625,829	625,829	439,100	439,100
Amounts due from related parties	131,764	131,764	26,191	26,191
Advances to suppliers	86,047	86,047	62,004	62,004
Total financial assets	1,236,920	1,236,920	609,980	609,980

	6/30/2015		12/31/2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Borrowings	8,360,597	8,360,597	7,166,908	7,166,908
Borrowings – related parties	-	-	365,470	365,470
Trade payables	172,754	172,754	168,308	168,308
Amounts due to related parties	27,901	27,901	17,167	17,167
Total financial liabilities	8,561,252	8,561,252	7,717,853	7,717,853

	Parent Company and Consolidated	
	6/30/2015	**12/31/2014**
Total borrowings	8,360,597	7,166,908
(-) Borrowings subsidized by the BNDES (i)	(3,803,808)	(3,599,292)
(-) Financing from Export Credit Agency (ECA) (i)	(1,184,472)	(1,062,017)
(-) Debentures (i)	(1,114,251)	(1,051,902)
(-) Short-term borrowings (ii)	(2,258,066)	(1,744,957)

The Company shows that the carrying amounts of financial instruments approximate their fair values due to: (i) the absence of an active market for such instruments; (ii) borrowings with short-term maturities, presented net when the impact of fair value measurement is immaterial.

28 Operating land leases

The future lease payments under operating land are as follows:

	Parent Company and Consolidated	
	6/30/2015	**12/31/2014**
Less than one year	49,092	83,645
Between one and five years	429,917	335,385
More than five years	480,863	558,548
	959,872	977,578

The Company leases land used in its operations under operating lease agreements effective for fourteen years. Lease payments are adjusted every five years according to market rentals. Some leases provide for additional lease payments that are based on changes in a local price index.

During the period an amount of R$ 28,371 (R$ 53,942 at December 31, 2014) was recognized as biological assets development cost in respect of operating leases.

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

*   *   *

Board of Executive Officers

José Carlos Grubisich Filho
CEO

José Carlos Grubisich Filho
Chief Financial Officer and
Investor Relations Officer

Carlos Roberto Paiva Monteiro
Industrial Techical Officer

Luis Fernando Sartini Felli
Sales Officer

Germano Aguiar Vieira
Forest Officer

Board of Directors

Joesley Mendonça Batista
Chairman of the Board

Wesley Mendonça Batista
Vice Chairman of the Board

Lício da Costa Raimundo
Director

Paulo Eduardo Nigro
Director

Max Mauran Pantoja da Costa
Director

José Batista Sobrinho
Director

Miguel João Jorge Filho
Director

Accountant

Monica Aparecida da Fonseca
CRC SP 1SP174689