MANAGEMENT REPORT
2 ND QUARTER 2016

Eldorado Brasil

Dear Shareholders,

We are pleased to present Eldorado Brasil Celulose S.A.'s ("Eldorado" or "company") Management Report and the Financial Statements for the quarter ended June 30, 2016, in compliance with legal and statutory requirements. 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.

Message from Management.

Once again, Eldorado achieved excellent operational, economic and financial results in the second quarter of 2016. The Company reached its highest sales volume since the beginning of its operations, with 465,000 tons sold in the quarter. EBITDA totaled R$469 million in period, with a margin of 58%, up 23% year over year, despite the falling price of pulp on the international markets and the appreciation of Brazilian real. Over the last 12 months, EBITDA was R$2.0 billion, with a 60% margin, which was above the sector's performance. The Company recorded income of R$414 million in the second quarter of 2016, reversing the loss recorded in the first quarter and reaching R$232 million in net income from January to June 2016. Eldorado's net debt decreased from R$8.2 billion in March 2016 to R$7.6 billion in the end of the quarter. The R$600 million reduction in debt is a result of the Company's excellent operating performance and strong discipline in cash management. The net cash position at the end of June was R$1.6 billion.

The volume of produced pulp reached 362,000 tons in the second quarter, despite the scheduled maintenance shutdown at the Três Lagoas (MS) mill for 10 days in May. A highlight in the quarter was the launch of Evolution, a competitiveness and productivity program that will intensify cost reduction initiatives in all of the Company's operational and business areas, as well as improving cash flow.

Eldorado has 224,000 hectares of eucalyptus forests, and aims to plant 50,000 hectares by the end of 2016. This program intends to meet the supply of wood required for current operations, as well as the Vanguarda 2.0 project. The Company has been consistently improving the productivity of its forestry operations, reducing the average distances between forests and mills, and insourcing the timber logistics operations. In addition, Eldorado has been heavily investing in new technologies and management tools in forestry operations, as well as training its field teams.

During the second quarter, Eldorado took important steps to build a long-term relationship with the domestic and international financial markets, whilst simultaneously intensifying the improvement of its debt profile, focusing on lengthening average debt maturity and lowering the average cost of funding. In May, we signed a financing agreement with BNDES in the amount of R$358 million, (FINEM Agropecuária IV, with a 7-year grace period following the eucalyptus cycle, and after this period, 2 years for payment) aimed at the Company's eucalyptus plantation program. We also signed a term loan contract with Banco do Brasil for up to USD 400 million. In June, the Company accessed the international capital markets for the first time, with the issuance of US$350 million in bonds abroad, maturing in five years. The strong reception by international market strengthens our position as the most competitive company in the pulp sector, with recognized business maturity levels. Furthermore, Eldorado initiated the liability management process with the prepayment of a R$240 million short-term credit line.

The consistent results reported by Eldorado during the quarter led the Company to reach net income of R$414 million. Its solid operating performance and strong financial results also resulted in positive free cash flow generated in the period.

The Vanguarda 2.0 Project, the new production line with estimated annual capacity of up to 2.5 million tons of pulp, is advancing according to schedule. The earthworks and basic infrastructure have been completed, and decisions regarding the main equipment and technology partners will be made over the third quarter. The Vanguarda 2.0 project is expected to start operations in early 2019. Eldorado continues to focus on the financial structuring of the project and the final decision will be taken when the capital structure, of both equity and debt, is defined.

Eldorado reaffirms its commitment to transparency in its operations. Therefore, the Company would like to inform stakeholders that it was served with a Warrant for Search and Seizure No. 6, issued by the Federal Supreme Court under the scope of Injunction No. 4,196, with the purpose of obtaining evidence for the investigation of several financing granted by FI-FGTS on July 1st. Neither the Company, nor any of its officers, is a defendant, and was not mentioned in any investigation or prosecution related to these facts.

The company is proud of its operational efficiency and the expertise of its personnel, and remains confident in the solidity of the pulp market.

Eldorado Brasil Celulose releases its results for the 2nd Quarter of 2016:
The highlights of the period were:

- **Industrial:** Production volume of 362,000 tons in the quarter, including the successful scheduled maintenance shutdown.

- **Forestry:** More than 224,000 hectares of planted forests and 100% of the harvesting operations located in the state of Mato Grosso do Sul.

- **Commercial and Logistics:** Sales volume of 465,000 tons of pulp in the quarter, a quarterly sales record and 30% higher than in 1Q16 and 6% higher than in 2Q15.

- **Financial:** Focus on the debt management process, with net debt reduction of more than R$600 million and more competitive funding lines, rolling over of export credit lines and funds raised abroad. EBITDA for the last twelve months was R$2.0 billion.

Eldorado 2Q16 Material Information

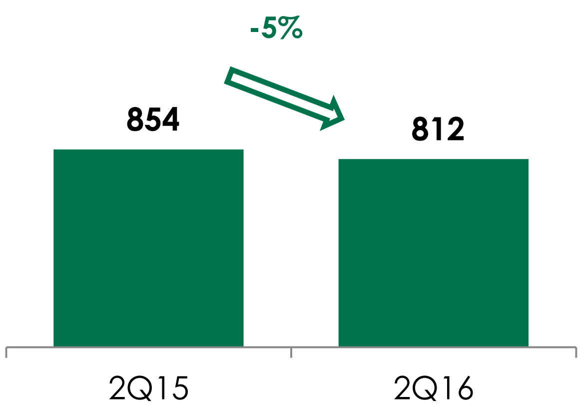
Indicators

Indicators	Unit	2T16	1T16	2T15	LTM[1]
Pulp Production	thousand ton	362	429	398	1.620
Pulp Sales	thousand ton	465	354	437	1.577
Net Revenues	R$ million	812	741	854	3.284
Cash Cost	R$/ton	669	637	775	616
Cash Cost	US$/ton	191	191	249	167
EBITDA	R$ million	469	429	381	1.977
EBITDA Margin	%	58%	58%	45%	60%
Financial Results	R$ million	(149)	(574)	(275)	(874)
Net Profit (Loss)	R$ million	414	(182)	(6)	579
Net Debt	R$ million	7.635	8.170	7.859	7.635
Net Debt / EBITDA (R$)	x	3,7x	4,0x	6,4x	3,7x
Net Debt / EBITDA (US$)	x	4,2x	4,0x	5,6x	4,2x
Average Exchange	R$/US$	3,51	3,90	3,11	3,70
End od Period Exchange	R$/US$	3,21	3,56	3,10	3,21

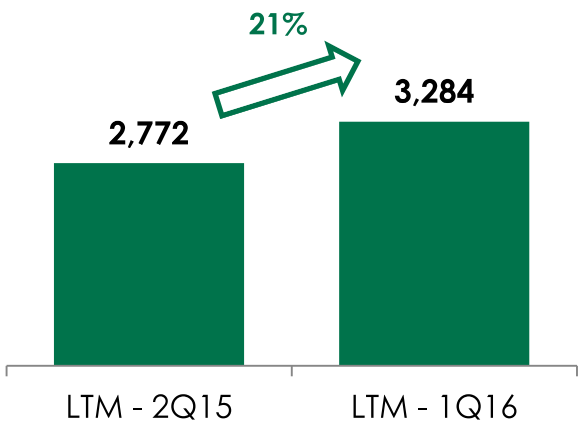
[1]Last twelve months

The commercial strategy of diversifying Eldorado's customer base proved to be, once again, adequate for market conditions, which ended up as a competitive advantage and a company differential. Thus, the Company posted net revenue of R$ 812 million in the second quarter of 2016, and R$ 3.3 billion in the last 12 months, up 21% from the same period in 2015.

Net Revenue 2Q16 (R$ Million)



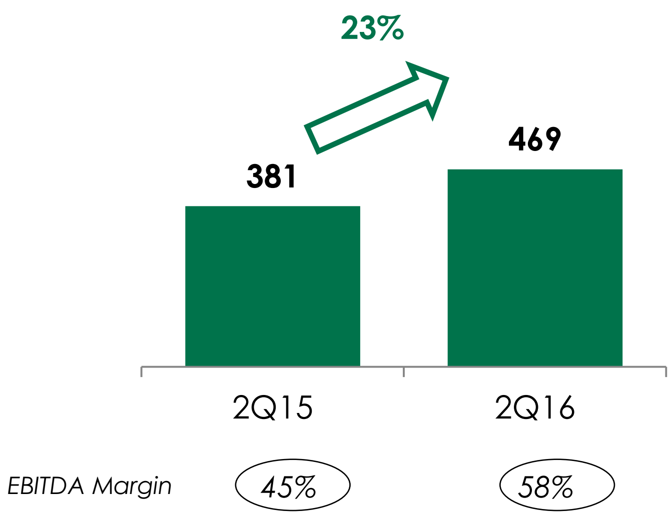
Net Revenue LTM[1] (R$ Million)



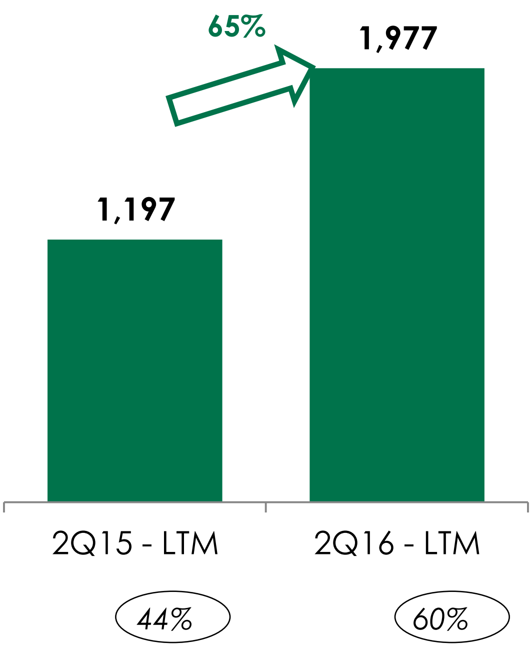
[1]Last twelve months

During the second quarter of 2016, Eldorado reached EBITDA of R$ 469 million, with a margin of 58%. In the past 12 months, EBITDA reached R$ 2.0 billion, with a margin of 60%.

EBITDA 2Q16 (R$ Million)



EBITDA LTM (R$ Million)

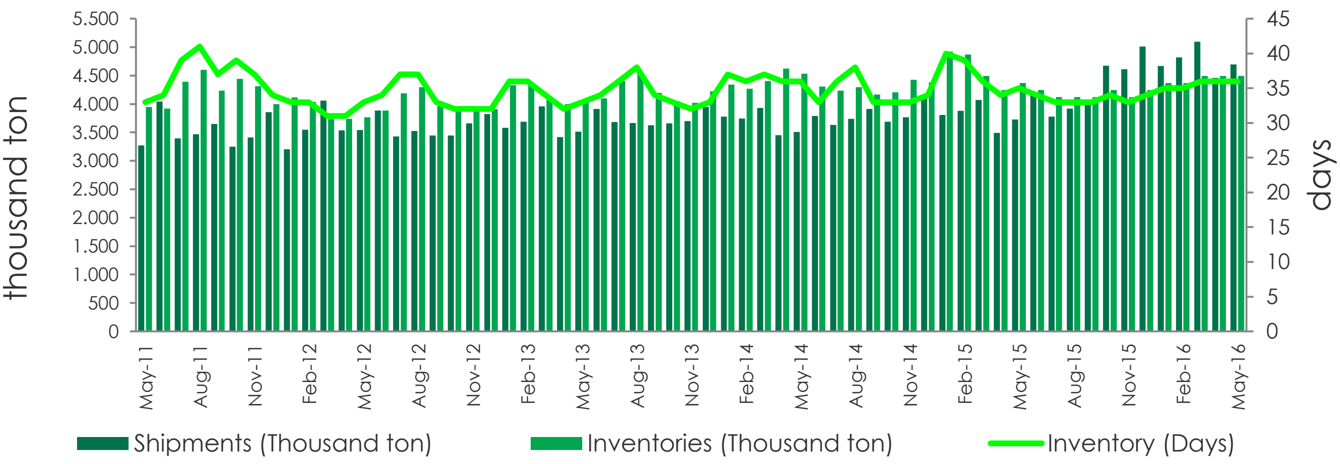


Industry Overview

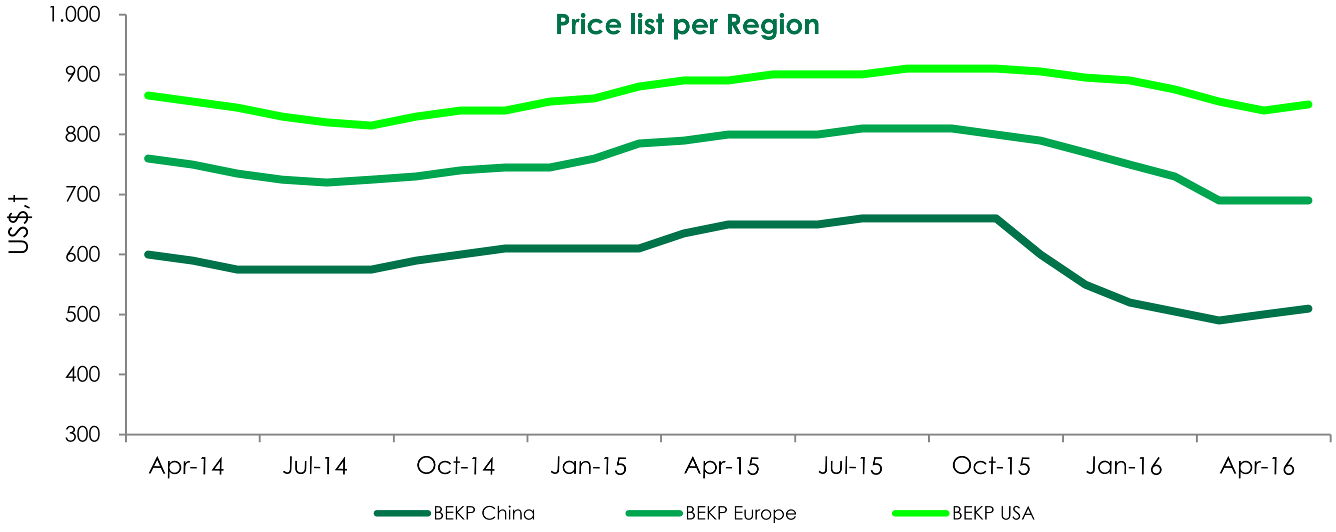
Between January and May of 2016, the Brazilian pulp production totaled 7.5 million tons, representing an increase of 10.4% compared with the same period last year, according to data published in an industry report by Ibá (Brazilian Tree Industry).

Between January and May of 2016, global pulp shipments totaled 19.7 million tons, up 3.4% or 0.66 million tons more than the volume sold in the same period of 2015, according to data from the PPPC (The Pulp and Paper Products Council). The pulp industry global inventory in late February was at 36 days, in line with the result of May 2015.

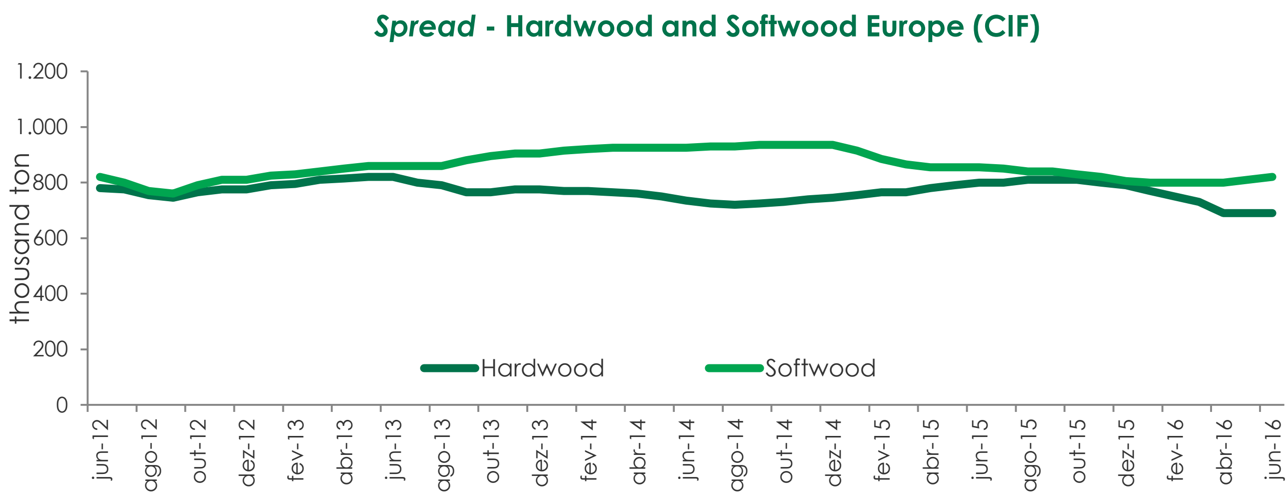
Shipments and Global Inventories (Volume and days)



The average hardwood pulp price-list of the first quarter of year decreased by 22% in China, 14% in Europe and 6% in North America, compared to the same period last year, according to RISI data provider. This movement is mainly explained by inventory adjustments of pulp consumer companies.



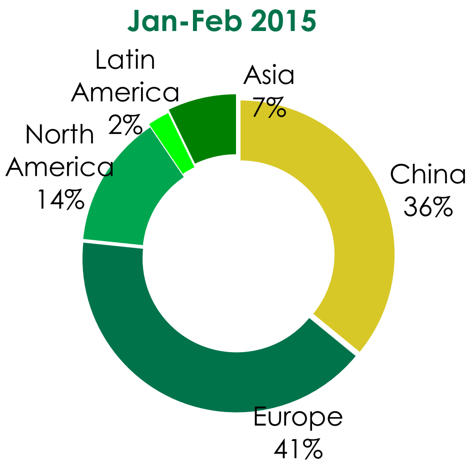
Regarding the difference between the softwood and hardwood price-list throughout the quarter in Europe, the price spread reached nearly US$120/t in March, an amount that is in line with historical level price behavior of the different types of fibers.

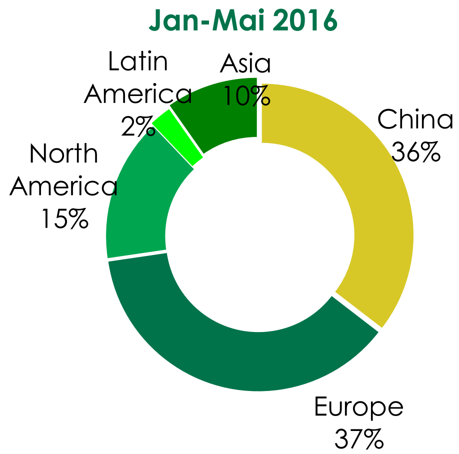


Brazilian worldwide exports of pulp and paper remained at consistent levels, and in the first five months of 2016 totaled US$2.302 billion, up by 9.9% over the same period in 2015 (US$2.095 billion), according to data published by Ibá (Brazilian Tree Industry).

During this period, sales in dollars for all regions of the world recorded increase, especially Asia (excluding China) (30%), Latin America (23%) and China (17%).

Brazilian Pulp Exports per Destination





Eldorado Operational Performance

Forestry

Currently, our forestry base is comprised of 224,000 hectares of planted area, located in Mato Grosso do Sul, and with practices that meet the most demanding forest certification bodies worldwide. Out of the planted area, around 140,000 hectares are used to meet the demands of the current production line. The 84,000 hectares surplus, for which planting started in 2012, is aimed to supply the Vanguarda 2.0 project, second production line with a production capacity of 2.5 million tons of pulp per year.

During the quarter, Forestry initiatives were focused on increased efficiency and cost reduction, with emphasis on improving plantation productivity. Additionally, a new monitoring system of the areas planted in Mato Grosso do Sul was implemented, with the adoption of surveillance cameras that operate 24/7 and software able to detect potential risks - for example, the presence of smoke in Eldorado's forests, sending an alert for the situation to be checked.

Industrial

During the second quarter of 2016, the company successfully conducted its 10 days scheduled maintenance shutdown. Bleached hardwood pulp production reached 362,000 tons. Eldorado was the first company in the sector to obtain the authorization to hold a maintenance shutdown in a 15-month period. In 2015, the maintenance shutdown was carried out between January and February.

The company ended the quarter with a production cash cost of R$669 per ton, 14% lower than the same quarter in 2015, despite the negative impact of additional costs related to the scheduled maintenance shutdown. Excluding the additional effects of the shutdown, cash cost in the second quarter was R$629 per ton, down 19% from the second quarter of 2015. This decrease reflects the reduction in the average distance between planted forests and industrial and logistics processes efficiency and improvement, which have been a constant focus of the company in recent quarters.

Single company in the industry whose mill is self-sufficient in terms of green energy – which is produced using biomass from unused materials (such as lignin and wood waste), the plant produced 312,000 MW of energy and sold 36,000 MW to the national grid in this second quarter, which represented net revenue of R$7 million in the period.

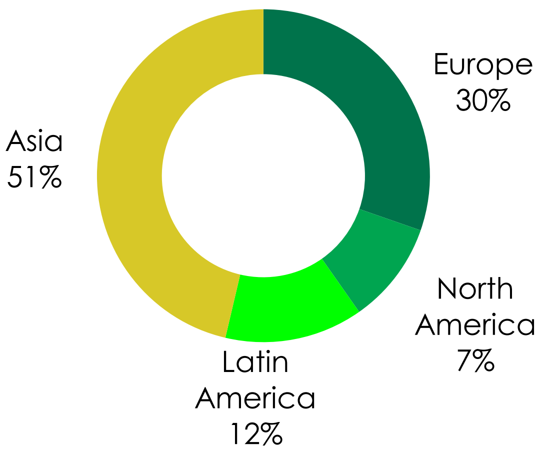
In late April 2016, Eldorado won the auction held by ANEEL (Brazilian Electricity Regulatory Agency), with the Onça Pintada Thermal Power Plant Project (TPP). The TPP will generate energy using wood chips, from roots and eucalyptus stumps undervalued in the forestry operations, as fuel, with an installed capacity of 50 MW/h. Estimated CAPEX is R$ 300 million and the start of power supply to the national grid is scheduled for January 2021.

Commercial and Logistics

Eldorado's commercial strategy helped the company to reduce its dependence and risk concentration in a single region or customer, including a solid customer base with a global diversified portfolio. The pulp market showed an evolution from April to June, with strong demand from pulp consumers and significant decrease in the inventory volume, compared to the previous quarter. The period also was marked by the beginning of the commodity price recovery in the international market.

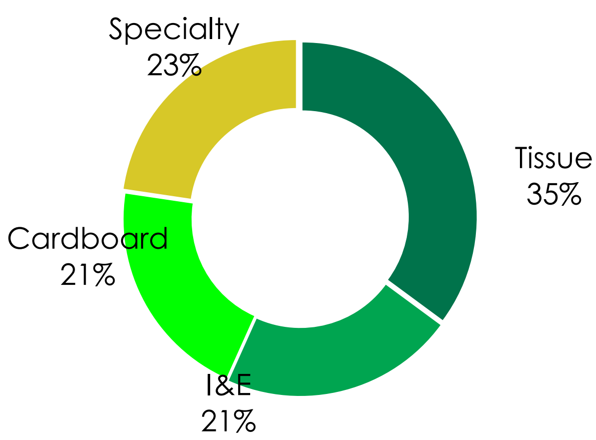
There was also a strong recovery in sales during the second quarter of 2016, with 465,000 tons of pulp sold, a quarterly sales record in the company's history. Additionally, the company maintained its sales level by region, led by Asia.

Sales Volume by region - 2Q16



In the period, Eldorado has allocated 35% of its sales to the Tissue paper segment (comfort and personal hygiene); 22% for printing and writing; and increased its participation to 43% in the profitable segments of special papers and packaging.

Sales per Segment- 2Q16



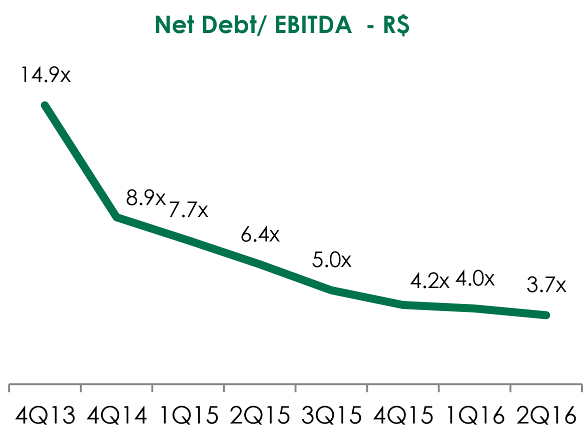
Financial

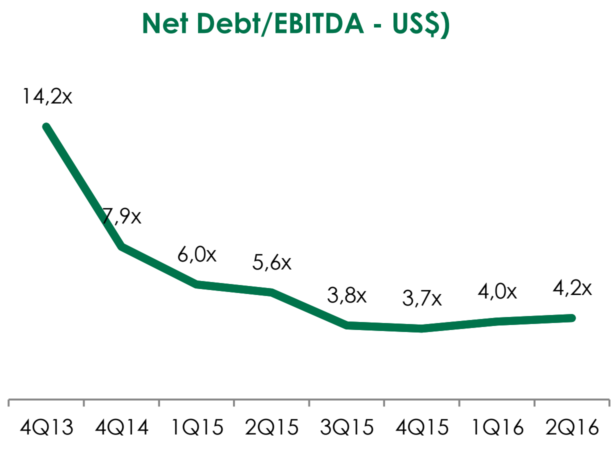
In May 2016, Eldorado signed a financing agreement with BNDES (National Social Development Bank) in the amount of R$358 million for the eucalyptus forest planting program. The FINEM Agropecuária IV line, has a grace period of seven years, following the of eucalyptus productive cycle, and, after that period, the payment shall be made in two years. This financing will add to the necessary investments of the 50,000 hectares per year planting program. The disbursement of this financing should take place over the next months.

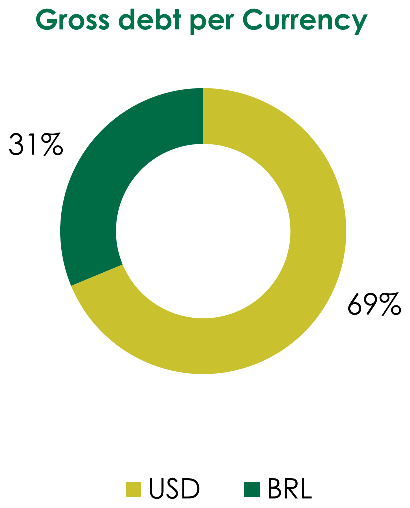
Eldorado also signed a credit line with Banco do Brasil in the same month, for US$100 million, adding up to US$300 million to be syndicated to other financial institutions. The disbursement of US$100 million took place in May.

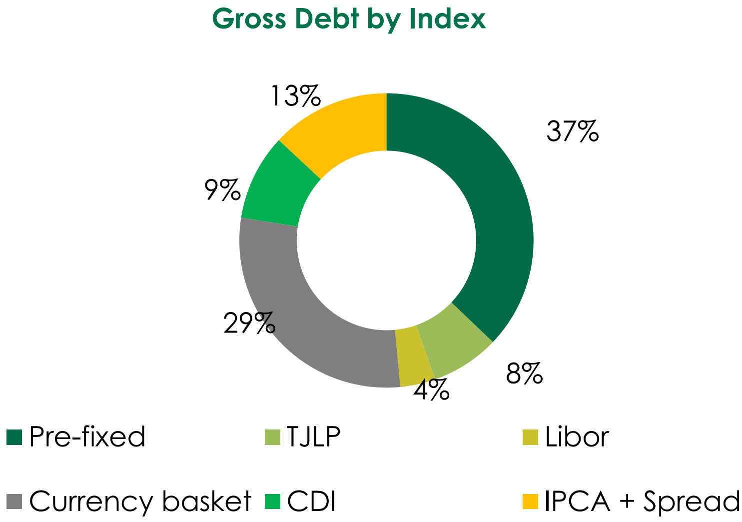
In June, Eldorado, through its subsidiary Eldorado Intl. Finance GmbH, issued US$350 million in bonds abroad. This is the company's first transaction on the international financial markets. The bonds have a maturity of five years, yielding a return of 8.625% p.y, and an option of repurchasing in three years. The funds will be used to improve the debt profile, lengthening the average maturity and reducing costs. The first step of the liability management process was also taken in June, with the prepayment of a short-term credit line of R$240 million.

The Company maintained its deleveraging trend, reaching a Net Debt/EBITDA[1] ratio of 3.7x in Reais.







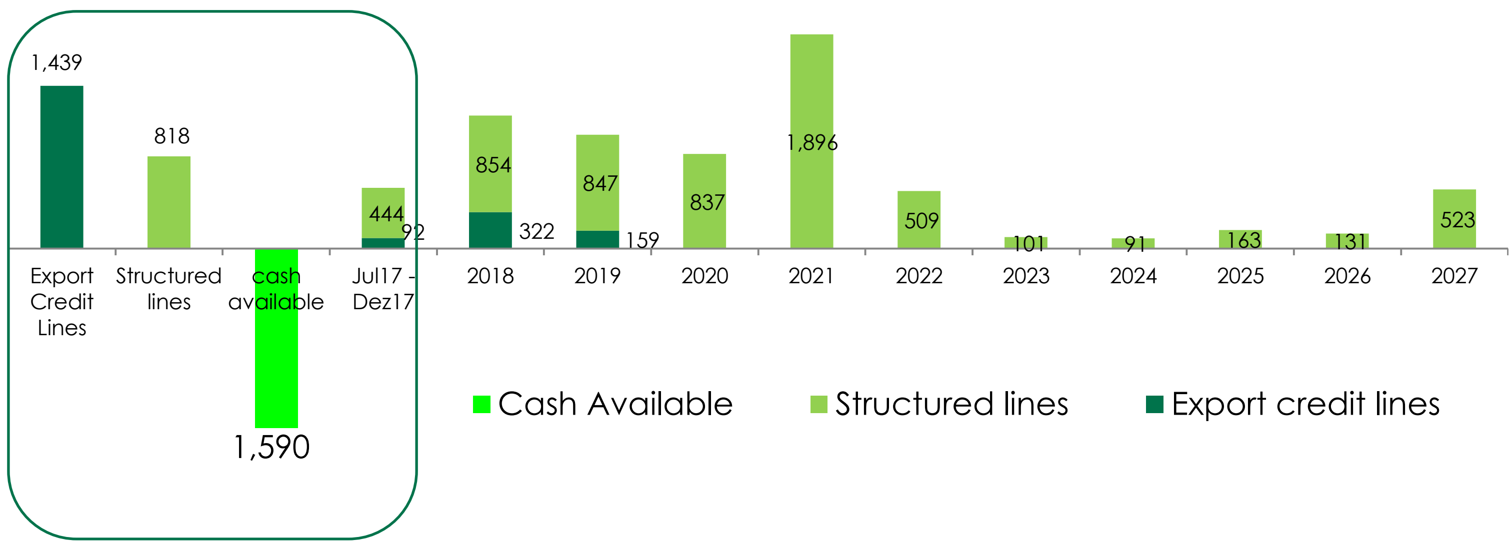


Eldorado's long-term debt ratio represents 76% of total debt, above the percentage presented in previous quarters, which already reflects the start of the liability management process.

Debt (R$ million)	**06.30.2016**
Local Currency	**2,883**
Short Term	475
Long Term	2,408
Foreign Currency	**6,342**
Short Term	1,782
Long Term	4,560
Total Gross Debt	**9,225**
(-) Cash	1,595
(-) MTM of Derivatives	-5
Net Debt	**7,635**

The short-term debt comprises: i) structured debt, mostly from the current production line project, which will have an amortization of R$818 million; and ii) revolving credit lines, in the amount of R$1,439 million, representing lines of trade finance, traditional and routine financing instruments of exporting companies in Brazil.

Amortization Schedule– R$ million



The company's short-term liabilities, discounting its cash position, have had significant reduction during the quarter, strengthening the improvement of Eldorado's financial capacity and liquidity ratio.

During the first half of 2016, the company rolled over of a significant part of its short-term debt related to export credit lines, of approximately R$800 million, corresponding to 98% of the total amount of the maturities in the period. Throughout the quarter, the company established new debt instruments related to export credit lines with extended maturities and reduced funding costs. These initiatives, along with the liability management process, which has already begun, enabled the reduction of the company's indebtedness, as well as a significant decrease in the cost of debt.

The Company posted net income of R$414 million in the second quarter, due to its solid operational performance and positive financial results.

Sustainability

The second quarter was marked by actions of wide social impact in Mato Grosso do Sul State and by the recognition of High Conservation Value Areas (HCVA) in two of the company's farms.

Eldorado actively participated of the Warm Clothing Campaign, by the State Government of Mato Grosso do Sul, reinforcing its initiatives to help the most vulnerable families. In Brasilândia (MS), the delivery of more than 2,300 seedlings will contribute to the recovery of an important stream that runs through the city.

In Três Lagoas, the Horta Sustentável project received the company's incentive for the promotion of activities linked to the production of organic food. Environmental education maintained specific agendas in cities within the company's area of influence, with a focus on public schools' students.

Subsequent Event

Eldorado informs that, on July 1st, it was served with a Warrant for Search and Seizure No. 6, issued by the Federal Supreme Court under the scope of Injunction No. 4,196, with the purpose of obtaining evidence for the investigation of several financing granted by FI-FGTS.

In this context, the company hired a law firm to monitor this lawsuit. On July 6, 2016, at a Company's Board of Directors Meeting, the Board approved to hire an external consultant to investigate claims related to such Injunction, which resulted in the Warrant for Search and Seizure.

Up to date, there was no further development regarding this lawsuit, and Eldorado is not a defendant and has not been notified in any inquiry or criminal action related to these facts.

Final Considerations

We would like to thank our shareholders for their ongoing support of management, our suppliers, partners and leaseholders; to our bondholders, to BNDES, FI-FGTS, FINNVERA, EKN and OeKB for the financial support, without which the achievement of these results 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 focused and committed to Eldorado Brasil's goal of being the most competitive company in the industry.

The Management

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Eldorado Brasil Celulose S.A.

Interim financial statements
As at June 30, 2016

KPDS 147846

Contents

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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, 2016, which comprises the statement of financial position as at June 30, 2016 and the statements of profit or loss and comprehensive income for the three- and six-month period then ended, and the statements of changes in equity and 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.

Emphasis of matter
We call attention to note 30 to the Interim Financial Statements, which discloses the events and measures taken by the Company in connection with the search and seizure of documents in its head office, ordered by the Supreme Federal Court. Management's understanding of this matter, currently in progress, is described in such note. Our conclusion is unmodified in respect of these matters.

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, 2016, 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 21, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
Orlando Octávio de Freitas Júnior
Accountant CRC 1SP178871/O-4

Eldorado Brasil Celulose S.A.

Statements of financial position at June 30, 2016 and 2015

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
Assets	**Note**	**6/30/2016**	**12/31/2015**	**6/30/2016**	**12/31/2015**
Current assets					
Cash and cash equivalents	5.1	1.253.455	1.058.790	1.392.561	1.264.151
Trade receivables	6	1.023.311	1.128.532	679.301	704.486
Inventories	8	296.836	255.080	397.648	453.221
Taxes recoverable	9	281.394	369.717	282.302	371.640
Advances to suppliers	10	21.905	40.517	21.964	46.288
Derivatives receivable	28 (i) b	-	89.871	-	89.871
Other current assets		55.237	19.587	105.323	20.553
Total current assets		2.932.138	2.962.094	2.879.099	2.950.210
Noncurrent assets					
Marketable securities	5.2	152.929	114.524	152.929	114.524
Taxes recoverable	9	641.050	578.158	643.892	580.827
Advances to suppliers	10	69.325	59.511	69.325	59.511
Deferred income tax and social contribution	18	509.771	522.260	509.771	522.260
Deposits, guarantees and others		4.237	2.746	4.362	2.936
Other noncurrent assets		14.909	14.909	14.909	14.909
		1.392.221	1.292.108	1.395.188	1.294.967
Biological assets	11	1.872.945	1.736.309	1.872.945	1.736.309
Investments	12	108.036	108.061	-	-
Property, plant and equipment	13	4.761.703	4.764.993	4.835.687	4.834.979
Intangible assets	14	7.610	7.279	38.836	39.290
Total noncurrent assets		8.142.515	7.908.750	8.142.656	7.905.545
Total assets		11.074.653	10.870.844	11.021.755	10.855.755

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**6/30/2016**	**12/31/2015**	**6/30/2016**	**12/31/2015**
Current liabilities					
Trade payables	15	217.318	203.773	232.948	212.962
Loans and financing	16	2.219.116	2.286.481	2.256.416	2.286.481
Amounts due to related parties	7	79.661	45.153	40.734	45.153
Derivatives payable	28 (i) a	4.634	-	4.634	-
Taxes payable, payroll and related taxes	17	155.915	81.288	157.772	83.143
Other current liabilities		2.361	15.132	20.432	48.417
Total current liabilities		2.679.005	2.631.827	2.712.936	2.676.156
Noncurrent liabilities					
Loans and financing	16	5.579.196	7.080.152	6.968.716	7.080.152
Amounts due to related parties	7	1.379.501	-	-	-
Provision for contingent liabilities	19	5.019	5.006	5.019	5.006
Provision for losses in subsidiaries	12	96.848	59.418	-	-
Total noncurrent liabilities		7.060.564	7.144.576	6.973.735	7.085.158
Equity	20				
Issued capital		1.788.792	1.788.792	1.788.792	1.788.792
Cumulative translation adjustments		(3.864)	(12.418)	(3.864)	(12.418)
Accumulated losses		(449.844)	(681.933)	(449.844)	(681.933)
Total equity		1.335.084	1.094.441	1.335.084	1.094.441
Total liabilities		9.739.569	9.776.403	9.686.671	9.761.314
Total liabilities and equity		11.074.653	10.870.844	11.021.755	10.855.755

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, 2016 and 2015

(In thousands of Brazilian reais - R$)

		Parent Company				Consolidated			
	Note	2016		2015		2016		2015	
		2Q	YTD	2Q	YTD	2Q	YTD	2Q	YTD
Net revenue	21	530.185	1.451.679	710.207	1.263.633	812.258	1.553.197	853.816	1.505.842
Cost of sales	23	(381.542)	(749.807)	(414.664)	(752.886)	(449.952)	(764.128)	(451.711)	(817.361)
Gross profit		148.643	701.872	295.543	510.747	362.306	789.069	402.105	688.481
Operating income (expenses)									
General and administrative expenses	23	(24.430)	(49.983)	(17.568)	(31.366)	(32.226)	(66.847)	(22.310)	(40.146)
Selling and logistics expenses	23	(32.970)	(69.138)	(51.746)	(101.734)	(85.925)	(176.533)	(103.872)	(191.790)
Fair value of biological assets	11	-	-	1.832	16.365	-	-	1.832	16.365
Share of profits (losses) of subsidiaries	12	145.955	(46.009)	51.590	55.638	-	-	-	-
Other income, net	25	132.781	189.723	36.996	70.766	132.744	190.146	37.043	70.738
Profit before finance (costs) income and taxes		369.979	726.465	316.647	520.416	376.899	735.835	314.798	543.648
Finance (costs) income, net	24								
Finance costs		(496.340)	(1.628.896)	(381.936)	(1.407.251)	(503.442)	(1.638.884)	(380.087)	(1.457.563)
Finance income		652.601	1.213.410	-	698.589	652.791	1.214.048	-	725.677
Profit (loss) before provision for income tax and social contribution		526.240	310.979	(65.289)	(188.246)	526.248	310.999	(65.289)	(188.238)
Income tax and social contribution	18								
Current		(62.090)	(66.401)	-	-	(62.098)	(66.421)	-	-
Deferred		(50.043)	(12.489)	59.583	122.088	(50.043)	(12.489)	59.583	122.080
Profit (loss) for the period		414.107	232.089	(5.706)	(66.158)	414.107	232.089	(5.706)	(66.158)
Attributable to									
Owners of the Company						414.107	232.089	(5.706)	(66.158)
Noncontrolling interests						-	-	-	-

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, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company				Consolidated			
	2016		2015		2016		2015	
	2Q	YTD	2Q	YTD	2Q	YTD	2Q	YTD
Profit (loss) for the period	414.107	232.089	(5.706)	(66.158)	414.107	232.089	(5.706)	(66.158)
Foreign operations - foreign currency translation differences	4.062	8.554	1.082	(1.526)	4.062	8.554	1.082	(1.526)
Total comprehensive income	418.169	240.643	(4.624)	(67.684)	418.169	240.643	(4.624)	(67.684)
Attributable to								
Owners of the Company					418.169	240.643	(4.624)	(67.684)
Noncontrolling interests					-	-	-	-

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

Eldorado Brasil Celulose S.A.

Statements of changes in equity

Periods ended June 30, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Capital	Accumulated losses	Translation reserve	Attributable to owners of the Company	Noncontrolling interests	Total
Balance at December 31, 2014	1.788.792	(962.578)	(10.170)	816.044	-	816.044
Loss for the period	-	(66.158)	-	(66.158)	-	(66.158)
Exchange differences on investments	-	-	(1.526)	(1.526)	-	(1.526)
Balance at June 30, 2015	1.788.792	(1.028.736)	(11.696)	748.360	-	748.360
Balance at December 31, 2015	1.788.792	(681.933)	(12.418)	1.094.441	-	1.094.441
Profit for the period	-	232.089	-	232.089	-	232.089
Exchange differences on investments	-	-	8.554	8.554	-	8.554
Balance at June 30, 2016	1.788.792	(449.844)	(3.864)	1.335.084	-	1.335.084

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, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	6/30/2016	**6/30/2015**	**6/30/2016**	**6/30/2015**
Cash flows from operating activities				
Profit (loss) for the period:	232.089	(66.158)	232.089	(66.158)
Adjustments to reconcile profit (loss) to cash generated by operating activities:				
Depreciation and amortization	120.905	112.607	124.185	113.454
Depletion	38.313	16.398	38.313	16.398
Residual value of property, plant and equipment written off	22.584	29.627	22.661	29.627
Fair value of biological assets	-	(16.365)	-	(16.365)
Deferred income tax and social contribution	12.489	(122.088)	12.489	(122.088)
Financial charges - interest and exchange differences	(653.100)	1.234.740	(798.330)	1.234.740
Financial charges - interest - intragroup loan	-	18.429	-	18.429
Financial charges - interest and exchange differences - related parties	(94.325)	-	(98.368)	-
Provision for contingent liabilities	13	(244)	13	(244)
Derivatives	4.634	99.415	4.634	99.415
Exchange differences on trade receivables	165.089	-	165.089	-
Share of profits (losses) of subsidiaries	46.009	(55.638)	-	-
	(105.300)	1.250.723	(297.225)	1.307.208
Decrease (increase) in assets				
Trade receivables	(59.868)	(69.837)	25.185	(121.029)
Inventories	(41.756)	7.481	55.573	55.086
Taxes recoverable	25.431	(128.354)	26.273	(129.278)
Advances to suppliers	8.798	(24.935)	14.510	(24.043)
Amounts due from related parties	-	26.191	-	26.191
Other current and noncurrent assets	52.730	(4.878)	3.675	(5.267)
Increase (decrease) in liabilities				
Trade payables	13.545	16.154	19.986	5.719
Amounts due to related parties	(4.419)	4.161	(4.419)	4.161
Taxes payable, payroll and related taxes	74.627	(16.294)	74.629	(15.155)
Other current and noncurrent liabilities	(12.771)	(3.263)	(27.985)	8.499
Carrying value adjustments and cumulative translation adjustments	-	(1.526)	(58.167)	(1.526)
Net cash generated by (used in) operating activities	(48.983)	1.055.623	(167.965)	1.110.566
Cash flows from investing activities				
Increase in biological assets	(174.949)	(104.480)	(174.949)	(104.480)
Additions to tangible and intangible assets	(140.530)	(81.263)	(147.100)	(110.953)
Additions to investments	-	(30.125)	-	-
Marketable securities	(38.405)	(60.083)	(38.405)	(60.083)
Net cash used in investing activities	(353.884)	(275.951)	(360.454)	(275.516)
Cash flows from financing activities				
Loans and financing raised	782.345	1.421.312	2.354.395	1.421.312
Repayment of loans and financing - principal	(1.034.383)	(931.787)	(1.034.383)	(931.787)
Repayment of loans and financing - interest	(360.502)	(285.006)	(360.502)	(285.006)
Repayment of loans and financing - exchange differences	(302.681)	(245.570)	(302.681)	(245.570)
Checking account	-	723.779	-	723.779
Amortization of checking account	-	(1.107.678)	-	(1.107.678)
Loans and financing raised - related parties	1.512.753	-	-	-
Net cash generated by (used in) financing activities	597.532	(424.950)	656.829	(424.950)
Net changes in cash and cash equivalents	194.665	354.722	128.410	410.100
Cash and cash equivalents at January 1, 2016	1.058.790	34.969	1.264.151	54.551
Cash and cash equivalents at June 30, 2016	1.253.455	389.691	1.392.561	464.651

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, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	6/30/2016	**6/30/2015**	**6/30/2016**	**6/30/2015**
Revenues				
Sales of merchandise, products and services	1.467.048	1.283.048	1.570.207	1.525.256
Other operating income (expenses), net	96.170	28.113	96.634	28.094
Transfers related to the construction of own assets	12.071	(26.703)	12.071	(56.340)
	1.575.289	1.284.458	1.678.912	1.497.010
Inputs purchased from third parties				
Cost of sales, materials, energy, outside services and others	(478.607)	(532.895)	(669.788)	(649.916)
Gross value added	1.096.682	751.563	1.009.124	847.094
Depreciation and amortization	(120.905)	(112.607)	(124.185)	(113.454)
Wealth created by the entity	975.777	638.956	884.939	733.640
Value added received as transfer				
Share of profits (losses) of subsidiaries	(46.009)	55.638	-	-
Finance income	37.176	4.310	41.442	4.310
Wealth for distribution	966.944	698.904	926.381	737.950
Wealth distribution				
Personnel				
Salaries and wages	135.075	106.387	140.703	109.205
Benefits	91.540	68.990	93.488	70.231
Severance Pay Fund (FGTS)	11.135	10.082	11.292	10.130
	237.750	185.459	245.483	189.566
Taxes, fees and contributions				
Federal	101.825	(100.769)	102.971	(100.766)
State	(97.697)	(76.953)	(97.547)	(76.953)
Municipal	1	-	366	-
	4.129	(177.722)	5.790	(177.719)
Lenders and lessors				
Interest	194.330	795.426	201.175	795.437
Rentals	40.137	42.219	40.849	42.580
Others	258.509	(80.320)	200.995	(45.756)
	492.976	757.325	443.019	792.261
Shareholders				
Profit (loss) for the period	232.089	(66.158)	232.089	(66.158)
Total wealth for distribution	966.944	698.904	926.381	737.950

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. (the “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, 2016 include the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged in the production and sale of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, State of Mato Grosso do Sul, and started production in December 2012.

The Company has current liquidity of R$ 253,133 in parent company and R$ 166,163 in consolidated, impacted by the 17.8% appreciation of the Brazilian Real against the Dollar. To achieve profitability, the Company is working on its action plan to continuously reduce the average radius between the planted forests and the plant and to intensify its competitiveness and productivity program. The management of indebtedness by reducing the average cost of debt and extending the term, as well as increasing bankability through new relationships with new financial institutions, access to the international capital market and strengthening relationship with existing financiers, will contribute directly to improving its liquidity. The Company’s production grew significantly in the first three years of operation and currently the capacity already reaches 1.7 million tons of pulp, 13% above the project's nominal capacity of 1.5 million tons. Through a number of initiatives, the Company has managed to become increasingly more competitive in the pulp industry. In June 2015, Eldorado discontinued the harvesting of timber derived from the State of São Paulo, which represents the beginning of a process to cut down on costs to carry the timber from the Company’s forests to the manufacturing unit in Três Lagoas (MS). Currently all the Company’s eucalyptus harvest is made in the State of Mato Gross do Sul and this process to lower distances between forests and plant will be extremely important to reduce timber costs in the next years. In July 2015, the Company started the operations of its port terminal in Santos, through the subsidiary Rishis Empreendimentos e Participações S.A., contributing to enhancing its logistics efficiency and increasing its productivity. The Company also acts on different forefronts to create value and increase its competitiveness. In the second quarter of 2016, the Company accessed for the first time the international financial market through the issue of bonds abroad amounting to USD 350 million, in order to improve the indebtedness profile through the extension of the average term and reduction of the cost of debt.

2 List of subsidiaries

Subsidiaries

		Equity interest	
Subsidiaries	**Country**	**6/30/2016**	**12/31/2015**
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%
Eldorado Intl. Finance GmbH	Austria	100%	-
Cellulose Eldorado Asia	China	100%	-

3 Basis of preparation and presentation of the interim financial statements

a. Statement of compliance

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

After appreciation of the Individual and Consolidated Interim Financial Statements by the Board of Directors at the meeting held on July 21, 2016, they were authorized for issue by the Company.

b. Basis of measurement

The individual and consolidated interim financial statements have 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 the statement of profit or loss in line item "Fair value of biological assets".

c. Use of estimates and judgments

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

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

(i) Judgments

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

- **Note 29** – operating leases.

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the period ended June 30, 2016 is included in the following notes:

- **Note 8 –** provision for inventory losses;
- **Note 11 –** biological assets;
- **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 uses as much as possible observable market inputs. Additional information on the assumptions used in the fair value measurement is included in the following notes:

- **Note 11** – biological assets; and

- **Note 28** – financial instruments.

e. Functional and presentation currency

This individual and consolidated 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.

(ii) Transactions eliminated on consolidation

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

b. Revenue

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

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

In accordance with Pronouncement 30, issued by the Accounting Pronouncements Committee - CPC 30 (R1) - 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

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

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

- ***Financial assets at fair value through profit or loss***

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

- ***Cash and cash equivalents***

  Cash, banks, and short-term investments are the items of the statement of financial position 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, subject to an insignificant risk of change in value.

- ***Loans and receivables***

  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.

- ***Non-derivative financial liabilities***
  Financial liabilities are initially measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

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

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

- ***Issued capital***
  Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

e. Inventories

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

f. 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.

Any gains or losses arising on the disposal or retirement of an item of property, plant and equipment are recognized in profit or loss.

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

Depreciation

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

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

Weighted annual depreciation rates

	6/30/2016	6/30/2015
Buildings	3.83%	4.73%
Facilities and improvements	9.19%	8.70%
Furniture and fixtures	10.16%	9.99%
Vehicles	24.75%	23.42%
Technical and scientific instruments	15.25%	14.87%
IT equipment	22.86%	22.88%
Machinery and equipment	14.58%	12.21%
Leasehold improvements	7.35%	8.57%

Biological assets

Biological assets comprise renewable plantation eucalyptus forests for production of pulp used to produce paper. These assets are measured at fair value less costs to sell, whose impacts are recognized in the statement of profit or loss for the year.

g. Operating leases

The costs of the land operating leases are recognized in profit or loss on an accrual basis and subsequently allocated to the forest formation cost together with the other related costs.

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term.

h. Intangible assets

(i) Goodwill arising on business combination

Goodwill acquired in a business combination is carried at its fair value, net of accumulated impairment losses.

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

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

(ii) Other intangible assets

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

(iii) Amortization

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

Software	4 years
Terminal concession	14 years

i. Impairment

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

For the purposes of impairment testing, assets are grouped at the smallest group, which generates cash inflows that are

largely independent from the cash inflows of other assets or CGUs.
Goodwill resulting from a business combination is allocated to the CGU or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

j. Trade payables

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

k. Provisions

A provision is recognized as a liability when the Company has present obligations that can be 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

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

Current and deferred income tax and social contribution 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.

(i) Current income tax

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

(ii) Deferred 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.

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

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

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

n. Employee benefits

(i) Defined contribution pension plan

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

o. 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 January 1, 2017 or future dates, and have not been adopted in the preparation of these interim financial statements.

(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. The Company is assessing the effects that the IFRS 9 will have on the interim financial statements and on their disclosures.

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

(ii) 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 will replace most of the detailed guidance on revenue recognition currently existing in IFRS.

The new standard is effective on or after January 1, 2018. 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 interim financial statements and on their disclosures.

(iii) IFRS 16 - Leases

This standards supersedes the previous standard, IAS 17 Leases, and related interpretations and establishes the principle of recognition, measurement, presentation and disclosure of leases for both parties to the agreement, that is, customers (lessees) and suppliers (lessors). Lessees are required to recognize a lease liability reflecting future lease payments and an "right-of-use asset" for virtually all lease agreements, except certain short-term lease agreements and immaterial amount lease agreements. For lessors, the accounting shall remain the same, continuing classifying their leases as operating leases or finance leases and presenting these two types of leases differently.

The Company is assessing the impacts of the adoption.

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

These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

(v) Other standards and amendments

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);
- Acceptable Methods of Depreciation and Amortization (Clarification on Acceptable Methods of Depreciation and Amortization (amendments to IAS 16 and IAS 38);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Transactions between an Investor and its Associate or Joint Venture) (amendments to IFRS 10 and IAS 28);
- Annual Improvements to IFRSs 2012-2014 Cycle;
- Investment Entities: Applying the Consolidation Exception (Investment Entities: Applying the Consolidation Exception) (amendments to IFRS 10, IFRS 12 and IAS 28); and
- Disclosure Initiative (Initial Disclosure) (amendment to IAS 1).

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	
	6/30/2016	**12/31/2015**	**6/30/2016**	**12/31/2015**
Cash and cash equivalents	8	5	11	7
Banks - demand deposits	13,487	104,292	152,590	309,651
Banks - short-term investments (a)	1,239,960	954,493	1,239,960	954,493
	1,253,455	1,058,790	1,392,561	1,264,151

(a) These are highly-liquid short-term investments in Financial Treasury Bills (“LFT”) and Bank Certificate of Deposit ("CDB-type") of first-tier financial institutions with yield that approximates the Interbank Certificate of Deposit (CDI) rate. The approximate average yield in the period was 1.01% p.m. (0.85% p.m. in the first half of 2016), totaling R$34,923 in the first half of 2016 (R$4,310 in the first half of 2015) of the consolidated result.

5.2 Marketable securities

	Parent Company		Consolidaded	
	6/30/2016	**12/31/2015**	**6/30/2016**	**12/31/2015**
Fundo Caixa FI (a)	56,867	53,961	56,867	53,961
CDB CEF (b)	96,062	60,563	96,062	60,563
	152,929	114,524	152,929	114,524

(a) Fixed-income investment with Caixa Econômica Federal, with gross yield of 100.10% of the CDI. These funds are linked as reciprocity of financial investment to the issue of debentures in FI-FGTS, as shown in note 16.4.

(b) Investment in CDB with Caixa Econômica Federal, with gross yield of 101.00% of the CDI.

6 Trade receivables

	Parent Company		Consolidated	
	6/30/2016	**12/31/20156**	**6/30/2016**	**12/31/20156**
Domestic market	118,952	116,465	118,953	116,466
Foreign market	28,791	22,808	557,806	587,035
Related parties (Note 7)	875,568	989,259	2,542	985
	1,023,311	1,128,532	679,301	704,486

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	6/30/2016	**12/31/2015**	**6/30/2016**	**12/31/2015**
Current	672,873	954,837	603,176	617,010
1 to 30 days past due	165,184	162,940	67,180	35,388
31 to 60 days past due	149,531	6,189	4,072	28,586
61 to 90 days past due	29,997	1,874	868	16,152
Over 90 days past due	5,726	2,692	4,005	7,350
	1,023,311	1,128,532	679,301	704,486

The Company did not identify the need to recognize an allowance for doubtful debts because it has a letter of guarantee 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**	**6/30/2016**	**12/31/2015**	**6/30/2016**	**12/31/2015**
Current					
Cellulose Eldorado Austria GmbH (Note 6)	Pulp sales	733,994	866,797	-	-
Eldorado EUA (Note 6)	Pulp sales	139,032	121,477	-	-
JBS (Note 6)	Chip sale	2,542	985	2,542	985
Eldorado Intl. Finance GmbH	Pass-through of costs	395	-	-	-
		875,963	989,259	2,542	985

		Parent Company		Consolidated	
Liabilities	**Type**	**6/30/2016**	**12/31/2015**	**6/30/2016**	**12/31/2015**
Current					
JBS (Note 15)	Purchase of PP&E (i)	6,699	12,981	6,699	12,981
JBS (Note 15)	Sundry (vii)	187	190	187	190
Celulose Eldorado Austria GmbH	PPE (iv)	37,134	-	-	-
Eldorado Intl. Finance GmbH	PPE (v)	1,793	-	-	-
J&F Investimentos	Surety (ii)	40,734	45,153	40,734	45,153
J&F Investimentos (Note 15)	Checking account (vi)	4,500	-	4,500	-
Rishis Empreend. e Partic. (Note 15)	Service provision	3,815	246	-	-
		94,862	58,570	52,120	58,324
Noncurrent					
Celulose Eldorado Áustria GmbH	PPE (iv)	281,749	-	-	-
Eldorado Intl. Finance GmbH	PPE (v)	1,097,752	-	-	-
		1,379,501	-	-	-

		Parent Company		Consolidated	
Profit or loss	**Type**	**6/30/2016**	**6/30/2015**	**6/30/2016**	**6/30/2015**
Celulose Eldorado Áustria GmbH	Pulp sales	1,047,795	870,233	-	-
Eldorado EUA Inc.	Pulp sales	152,115	125,260	-	-
JBS	Chip sale	2,618	25,403	2,618	25,403
Total revenue (Note 21)		1.202.528	1,020,896	2,618	25,403
Cellulose Eldorado Austria (Note 24)	PPE (iv)	(2,155)	-	-	-
Eldorado Intl. Finance GmbH (Note 24)	PPE (v)	(1,888)	-	-	-
JBS	Sundry (vii)	(1,605)	(33,897)	(1,605)	(33,897)
J&F Investimentos (Note 24)	Surety (ii)	(40,734)	(35,540)	(40,734)	(35,540)
J&F Investimentos (Note 24)	Current account (iii)	-	(18,429)	-	(18,429)
J&F Investimentos	Current account (vi)	(4,500)	-	(4,500)	-
Rishis Empreend. e Partic.	Service provision	(12,173)	-	-	-
		1,139,473	933,030	(44,221)	(62,463)

(i) Refer to amounts payable for the purchase of property, plant and equipment. Further to the monthly installments, in June 2016 there was an advance payment of R$ 4,649.

(ii) Guarantee provided by the holding company J&F Investimentos S.A. for the Company's financing transactions with financial institutions.

(iii) Current account with the parent company J&F Investimentos S.A. with interest rate equivalent to CDI + 3% p.a., settled in March 2015.

(iv) Export financing granted by Cellulose Eldorado Austria GmbH to Eldorado Brasil Celulose S.A with a five-year term and market financial cost.

(v) Export financing granted by Eldorado Intl. Finance GmbH to Eldorado Brasil Celulose S.A with a five-year term and market financial cost.

(vi) Current account with the parent company J&F Investimentos S.A. relating to the indemnity for delivery of eucalyptus forest budding area smaller than the area agreed in the "Bonito" Farm purchase and sale commitment.

(vii) Refers to amounts payable relating to various transactions, among them: freight on wood transportation, purchase of consumables for use in the cafeteria, rental of administrative building and data center, etc. In 2015, these refer basically to wood purchase, among others.

7.1 Management compensation

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

	6/30/2016	6/30/2015
Short-term employee benefits (a)	13,000	7,957

(a) Benefits include fixed compensation (salaries, vacation and 13th month salary), social security contributions (INSS), severance pay fund (FGTS), bonus and others. All officers are parties to employment contracts governed by the Consolidated Labor Laws (CLT) and follow all legal requirements related to compensation and benefits.

8 Inventories

	Parent Company		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Seedlings	2,649	1,657	2,649	1,657
Raw materials (wood for production)	128,092	101,613	128,092	101,612
Pulp	39,179	41,689	139,829	239,725
Inputs	16,335	16,871	16,335	16,871
Storeroom supplies	110,581	93,250	110,743	93,356
	296,836	255,080	397,648	453,221

During the period the amount of R$38,313 (R$16,398 in the first half of 2015) 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.

9 Taxes recoverable

	Parent Company		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
State VAT (ICMS) (i)	718,650	590,604	721,573	590,699
Taxes on revenue (PIS and COFINS) (ii)	150,648	299,858	151,406	301,624
Federal VAT (IPI)	15	2,831	15	2,831
Service tax (ISS)	43	155	43	155
Social Security Contribution (INSS)	-	545	-	545
REINTEGRA (iii)	26,109	41,429	26,109	41,430
Withholding income tax (IRRF) (iv)	11,024	12,453	11,073	15,183
Corporate income tax (IRPJ) prepayment (v)	11,731	-	11,744	-
Social contribution on profit (CSLL) prepayment (v)	4,224	-	4,231	-
	922,444	947,875	926,194	952,467
Breakdown				
Current assets	281,394	369,717	282,302	371,640
Noncurrent assets	641,050	578,158	643,892	580,827
	922,444	947,875	926,194	952,467

(i) ICMS

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

The Company has prioritized a series of actions to maximize the utilization of such credits and currently no losses on their realization are expected. Among the actions taken by Management is the expectation to realize these credits by increasing pulp sales to the foreign market and the granting, by the State of Mato Grosso do Sul, of the right to utilize the ICMS credits to pay suppliers contracted to expand the production capacity.

(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 the plant, which went into production 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 in effect at the time of the transaction to the revenue from export of goods produced by the legal entity.

(iv) IRRF

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

(v) IRPJ and CSLL - Prepayment

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

10 Advances to suppliers

	Parent Company		Consolidated	
	6/30/2016	**12/31/2015**	**6/30/2016**	**12/31/2015**
Purchase of wood (i)	70,226	68,746	70,226	68,746
Others	21,004	31,282	21,063	37,053
	91,230	100,028	91,289	105,799
Breakdown				
Current assets	21,905	40,517	21,964	46,288
Noncurrent assets	69,325	59,511	69,325	59,511
	91,230	100,028	91,289	105,799

(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	
	6/30/2016	**12/31/2015**	**6/30/2016**	**12/31/2015**
At the beginning of the period	1,736,309	1,508,171	1,736,309	1,508,171
Change in the fair value of biological assets net of costs to sell	-	16,473	-	16,473
Tree felling for inventory	(38,313)	(57,202)	(38,313)	(57,202)
Forest development cost	174,949	268,867	174,949	268,867
	1,872,945	1,736,309	1,872,945	1,736,309

Currently the Company holds a production area of 211,349 ha (203,426 ha as at December 31, 2015), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

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

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

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

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

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

	2016	**2015**
Current productive area (hectare)	211,349	203,426
Average Annual Increase (IMA) - m³/ hectare	37.68	37.57
Discount rate (WACC without consumer price index) - %	4.5	4.5

12 Investments

Parent Company	**6/30/2016**	**12/31/2015**
Assets		
Rishis Empreendimentos e participações S.A.	91,035	77,843
Goodwill on investments in subsidiaries	17,001	17,001
Advance for future capital increase (a)	-	13,217
	108,036	108,061
Liabilities		
Cellulose Eldorado Austria Gmbh	(96,848)	(59,418)
	(96,848)	(59,418)

(a) Advance for future capital increase for subsidiary Rishis, made in January 2016.

Significant information on subsidiaries for the period ended June 30, 2016

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 /loses	Cumulative translation adjustments
Cellulose Eldorado Austria Gmbh	December 31, 2015	100%	100,477	(159,895)	(59,418)	126,637	20,085	(2.248)
Rishis Empreendimentos e participações S.A.	December 31, 2015	100%	77,843	-	77,843	(6,112)	(6,112)	-
Balance at December 31, 2015			178.320	(159,895)	18,425	120,525	13,973	(2,248)
Cellulose Eldorado Austria Gmbh	June 30, 2016	100%	(1,506)	(95,342)	(96,848)	(110,536)	(45,984)	8.554
Rishis Empreendimentos e participações S.A.	June 30, 2016	100%	91,035	-	91,035	(25)	(25)	-
Balance at June 30, 2016			(89.529)	(95,583)	(6,055)	(110,561)	(46,009)	8,554

Subsidiaries

Cellulose Eldorado Austria Gmbh

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

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

Rishis Empreendimentos e participações S.A.

Rishis 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 Port of Santos, 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 voting capital, at an issue premium of R$9,000 and fixed exercise price of R$13,500, whose right was exercised and paid in 36 installments. Of the exercised right, the Company subscribed to 279,569 Rishis shares, and as a result paid in R$7,299 in Rishis share capital.

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

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

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

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

13 Property, plant and equipment

	Parent Company 2016			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	3,83%	1,094,689	(110,626)	984,063
Leasehold improvements	10%	14,746	(3,773)	10,973
Facilities and improvements	9,03%	249,206	(33,278)	215,928
Furniture and fixtures	9,94%	7,236	(1,939)	5,297
Vehicles	24,75%	137,610	(52,571)	85,039
Technical and scientific instruments	15,15%	5,192	(2,433)	2,759
IT equipment	22,75%	61,117	(38,284)	22,833
Machinery and equipment	14,60%	3,694,247	(516,284)	3,177,963
Construction in progress and advances for capital expenditures	-	155,147	-	155,147
		5,520,891	(759,188)	4,761,703

	Parent Company 2015			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	4,73%	1,059,722	(94,779)	964,943
Leasehold improvements	10%	14,746	(3,035)	11,711
Facilities and improvements	8,40%	234,651	(27,779)	206,872
Furniture and fixtures	9,77%	7,050	(1,623)	5,427
Vehicles	23,40%	133,829	(42,813)	91,016
Technical and scientific instruments	14,76%	4,890	(2,191)	2,699
IT equipment	22,74%	60,039	(32,586)	27,453
Machinery and equipment	12,22%	3,663,062	(438,291)	3,224,771
Construction in progress and advances for capital expenditures	-	128,400	-	128,400
		5,408,090	(643,097)	4,764,993

	Consolidated 2016			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	3,83%	1,094,689	(110,626)	984,063
Leasehold improvements	7,35%	70,483	(6,737)	63,746
Facilities and improvements	9,19%	254,364	(33,289)	221,075
Furniture and fixtures	10,16%	7,590	(1,998)	5,592
Vehicles	24,75%	137,721	(52,638)	85,083
Technical and scientific instruments	15,25%	5,192	(2,433)	2,759
IT equipment	22,86%	62,176	(38,718)	23,458
Machinery and equipment	14,58%	3,703,808	(516,701)	3,187,107
Construction in progress and advances for capital expenditures	-	161,103	-	161,103
		5,598,827	(763,140)	4,835,687

Consolidated 2015

	Weighted annual depreciation and amortization rates	Cost	Accumulated depreciation	Net
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	8.57%	70,030	(4,023)	66,007
Facilities and improvements	8.70%	239,817	(27,788)	212,029
Furniture and fixtures	9.99%	7,405	(1,651)	5,754
Vehicles	23.42%	133,965	(42,868)	91,097
Technical and scientific instruments	14.87%	4,891	(2,192)	2,699
IT equipment	22.88%	61,085	(32,932)	28,153
Machinery and equipment	12.21%	3,671,687	(438,363)	3,233,324
Construction in progress and advances for capital expenditures	-	129,272	-	129,272
		5,479,575	(644,596)	4,834,979

Changes in property, plant and equipment

Parent Company

Changes	Balance at 12/31/2015	Additions	Disposals	Transfers	Depreciation	Balance at 6/30/2016
Land	101,701	-	-	-	-	101,701
Buildings	964,943	-	-	34,967	(15,847)	984,063
Leasehold improvements	11,711	-	-	-	(738)	10,973
Facilities and improvements	206,872	48	-	14,506	(5,498)	215,928
Furniture and fixtures	5,427	116	-	70	(316)	5,297
Vehicles	91,016	11,688	(5,052)	-	(12,613)	85,039
Technical and scientific instruments	2,699	302	-	-	(242)	2,759
IT equipment	27,453	1,024	-	54	(5,698)	22,833
Machinery and equipment	3,224,771	44,975	(17,533)	4,444	(78,694)	3,177,963
Construction in progress and advances for capital expenditures	128,400	82,048	-	(55,301)	-	155,147
	4,764,993	140,201	(22,585)	(1,260)	(119,646)	4,761,703

Changes	Balance at 12/31/2014	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2015
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	21,222	(23,172)	(28,202)	(30,047)	964,943
Leasehold improvements	13,185	-	-	-	(1,474)	11,711
Facilities and improvements	195,688	449	-	21,032	(10,297)	206,872
Furniture and fixtures	5,216	570	-	222	(581)	5,427
Vehicles	85,864	30,974	(3,342)	268	(22,748)	91,016
Technical and scientific instruments	2,427	647	-	75	(450)	2,699
IT equipment	31,077	3,831	(110)	3,757	(11,102)	27,453
Machinery and equipment	3,323,023	27,472	(7,327)	31,526	(149,923)	3,224,771
Construction in progress and advances for capital expenditures	64,581	94,148	-	(30,329)	-	128,400
	4,847,904	179,313	(33,951)	(1,651)	(226,622)	4,764,993

Consolidated

Changes	**Balance at 12/31/2015**	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Balance at 6/30/2016**
Land	101,701	-	-	-	-	101,701
Buildings	964,943	-	-	34,967	(15,847)	984,063
Leasehold improvements	66,007	-	-	453	(2,714)	63,746
Facilities and improvements	212,029	48	(6)	14,506	(5,502)	221,075
Furniture and fixtures	5,754	128	(16)	74	(348)	5,592
Vehicles	91,097	11,688	(5,081)	-	(12,621)	85,083
Technical and scientific instruments	2,699	302	-	-	(242)	2,759
IT equipment	28,153	1,024	(25)	109	(5,803)	23,458
Machinery and equipment	3,233,324	44,973	(17,533)	5,379	(79,036)	3,187,107
Construction in progress and advances for capital expenditures	129,272	88,606	-	(56,775)	-	161,103
	4,834,979	146,769	(22,661)	(1,287)	(122,113)	4,835,687

Changes	**Balance at 12/31/2014**	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Balance at 12/31/2015**
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	21,222	(23,172)	(28,202)	(30,047)	964,943
Leasehold improvements	13,185	-	-	55,283	(2,461)	66,007
Facilities and improvements	200,828	463	-	21,041	(10,303)	212,029
Furniture and fixtures	5,251	616	-	491	(604)	5,754
Vehicles	85,864	30,974	(3,752)	813	(22,802)	91,097
Technical and scientific instruments	2,427	647	-	75	(450)	2,699
IT equipment	31,578	3,906	(110)	4,091	(11,312)	28,153
Machinery and equipment	3,323,058	27,495	(7,327)	40,086	(149,988)	3,233,324
Construction in progress and advances for capital expenditures	97,350	127,725	-	(95,803)	-	129,272
	4,886,384	213,048	(34,361)	(2,125)	(227,967)	4,834,979

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at June 30, 2016 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering and equipment to be used in the construction of Projeto Vanguarda 2.0, new production line with capacity of more than 2.3 million tons of pulp. Company assets are pledged as collateral for borrowings up to the maximum limit of each of the debts assumed (Note 16).

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 2016			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 6/30/2016**
Software	24.55%	14,281	(6,671)	7,610

	Parent Company 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2015**
Software	23.59%	12,691	(5,412)	7,279

	Consolidated 2016			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 6/30/2016**
Goodwill	-	17,001	-	17,001
Software	24,13%	14,937	(6,803)	8,134
Terminal concession	7,14%	20,988	(7,287)	13,701
		52,926	(14,090)	38,836

	Consolidated 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2015**
Goodwill	-	17,001	-	17,001
Software	23,20%	13,319	(5,481)	7,838
Terminal concession	7,14%	20,988	(6,537)	14,451
		51,308	(12,018)	39,290

Changes in intangible assets

Parent Company

Changes	**12/31/2015**	**Additions**	**Transfers**	**Amortization**	**6/30/2016**
Software	7,279	330	1,260	(1,259)	7,610

Changes	**12/31/2014**	**Additions**	**Transfers**	**Amortization**	**12/31/2015**
Software	6,093	1,622	1,651	(2,087)	7,279

Consolidated

Changes	**12/31/2015**	**Additions**	**Transfers**	**Amortization**	**6/30/2016**
Goodwill (a)	17,001	-	-	-	17,001
Software	7,838	331	1,287	(1,322)	8,134
Terminal concession	14,451	-	-	(750)	13,701
	39,290	331	1,287	(2,072)	38,836

Changes	**12/31/2014**	**Additions**	**Transfers**	**Amortization**	**12/31/2015**
Goodwill (a)	17,001	-	-	-	17,001
Software	6,216	1,622	2,125	(2,125)	7,838
Terminal concession	15,950	-	-	(1,499)	14,451
	39,167	1,622	2,125	(3,624)	39,290

(a) Refers to Rishis goodwill (Note 12).

Impairment of tangible and intangible assets other than goodwill

As at December 31, 2015, the Company reviewed the carrying amounts of its tangible and intangible assets to determine whether there was any indication that those assets had suffered an impairment loss and concluded that there was no indication of impairment.

15 Trade payables

	Parent Company		Consolidated	
	6/30/2016	**12/31/2015**	**6/30/2016**	**12/31/2015**
Supplies and services	49,272	52,842	60,418	60,169
Inputs	135,185	106,373	135,126	106,373
Others	32,861	44,558	\37,404	46,420
	217,318	203,773	232,948	212,962

16 Loans and financing

		Parent Company	
Type	**Average annual interest rate and commissions**	**6/30/2016**	**12/31/2015**
Property, plant and equipment purchase financing			
FINAME - project finance	Average interest of 3% to 8% p.a.	66,774	83,545
ACC (advance on exchange contract) (i)	Forex + interest	1,102,513	1,257,038
BNDES - subloan A (ii)	TJLP + interest of 3.32% p.a.	419,002	448,209
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	934,414	1,229,368
BNDES - subloans C, H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	1,065,392	1,402,647
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	110,078	118,249
BNDES - subloan K (ii)	TJLP	17,676	16,587
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	115,973	124,578
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	432,448	569,746
BNDES – subloans F and J (ii)	Floating rate BNDES + interest of 3% p.a.	241,224	317,820
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	29,784	31,993
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	1,065,982	1,415,564
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	1,204,838	1,146,333
FCO (Center-West Financing Fund) (v)	Interest of 8.5% to 9 % p.a.	24,538	23,560
Working capital (vii)	Rate of 5.74% p.a.in US dollars	37,373	50,290
PPE (viii)	LIBOR + spread	36,010	-
NCE (vi)	CDI + spread of 123% to 128% of CDI	873,112	1,127,823
CCB (xi)	Fixed rate – 19.70% p.a.	18,174	-
Leasing	Fixed rate – 12.9854% p.a. in R$	3,007	3,283
		7,798,312	9,366,633

	Parent Company	
Breakdown	**6/30/2016**	**12/31/2015**
Current liabilities	2,219,116	2,286,481
Noncurrent liabilities	5,579,196	7,080,152
	7,798,312	9,366,633

	Parent Company
Noncurrent liabilities mature as follows:	**6/30/2016**
2017	501,142
2018	1,105,571
2019	935,325
2020	766,356
2021	753,162
After 2022	1,517,640
	5,579,196

Type	Average annual interest rate and commissions	Consolidated 6/30/2016	12/31/2015
Property, plant and equipment purchase financing			
FINAME - project finance	Average interest of 3% to 8% p.a.	66,774	83,545
ACC (advance on exchange contract) (i)	Forex + interest	1,102,513	1,257,038
BNDES - subloan A (ii)	TJLP + interest of 3.32% p.a.	419,002	448,209
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	934,414	1,229,368
BNDES - subloans C, H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	1,065,392	1,402,647
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	110,078	118,249
BNDES - subloan K (ii)	TJLP	17,676	16,587
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	115,973	124,578
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	432,448	569,746
BNDES – subloans F and J (ii)	Floating rate BNDES + interest of 3% p.a.	241,224	317,820
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	29,784	31,993
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	1,065,982	1,415,564
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	1,204,838	1,146,333
FCO (Center-West Financing Fund) (v)	Interest of 8.5% to 9 % p.a.	24,538	23,560
Working capital (vii)	Rate of 5.74% p.a.in US dollars	37,373	50,290
PPE (viii)	LIBOR + spread	36,010	-
NCE (vi)	CDI + spread of 123% to 128% of CDI	873,112	1,127,823
CCB (xi)	Fixed rate – 19.70% p.a.	18,174	-
Term Loan (ix)	LIBOR + spread	319,510	-
Bonds (x)	8,25%	1,107,310	-
Leasing	Fixed rate – 12.9854% p.a. in R$	3,007	3,283
		9,225,132	9,366,633

Breakdown	Consolidated 6/30/2016	12/31/2015
Current liabilities	2,256,416	2,286,481
Noncurrent liabilities	6,968,716	7,080,152
	9,225,132	9,366,633

Noncurrent liabilities mature as follows:	Consolidated 6/30/2016
2017	536,422
2018	1,176,131
2019	1,005,885
2020	836,916
2021	1,895,722
After 2022	1,517,640
	6,968,716

16.1 Changes in loans and financing

Parent Company	6/30/2016	12/31/2015
Opening balance	**9,366,633**	**7,166,908**
Interest – accrued	423,973	708,690
Exchange differences – accrued	(1,077,073)	2,397,439
New loans and financing	782,345	2,694,977
Repayments		
Principal	(1,034,383)	(2,149,453)
Interest	(360,502)	(627,945)
Exchange differences	(302,681)	(823,983)
Closing balance	**7,798,312**	**9,366,633**

Consolidated	**6/30/2016**	**12/31/2015**
Opening balance	**9,366,633**	**7,166,908**
Interest – accrued	406,914	708,690
Exchange differences – accrued	(1,205,244)	2,397,439
New borrowings	2,354,395	2,694,977
Repayments		
Principal	(1,034,383)	(2,149,453)
Interest	(360,502)	(627,945)
Exchange differences	(302,681)	(823,983)
Closing balance	**9,225,132**	**9,366,633**

16.2 Company credit facilities

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

(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on March 5 and August 10, 2012, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas. 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$548,266 subject to 3.1% p.a. equivalent to US$170,810, and R$145,968 subject to 5.69% p.a. equivalent to US$45,476, EKN, R$253,583 subject to 2.8% p.a. equivalent to US$79,003, and Oekb, R$230,149 subject to 5.69% p.a. equivalent to US$71,702.

(iv) On December 1, 2012 the Company carried out the 2nd issue of simple debentures, fully subscribed by FI-FGTS. These debentures are nonconvertible, unsecured, with additional collateral and unsecured guarantee, 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.

(v) FCO (Center-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.

(vi) Real-denominated Export Credit Notes (NCE) contracts, maturing within 360 days and 1,540 days.

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

(viii) In March 2016, the Company entered into an export prepayment contract aimed at extending the repayment profile of the working capital financing. This contract has a two-year term and semiannual repayments starting the first year, and Libor interest rate + spread is charged.

(ix) In May 2016 Cellulose Eldorado Austria GmbH, Company's wholly-owned subsidiary, entered into a Term Loan agreement with Banco do Brasil AG, Succursale France to extend the average term of its financing transactions. This contract is guaranteed by the Company and has a five-year term and semiannual repayments starting the first year, and Libor interest rate + spread is charged.

(x) In June 2016, the Company, through its wholly-owned subsidiary Eldorado Intl. Finance GmbH, issued Senior Unsecured Bonds/Notes in the amount of USD 350,000 thousand. These instruments are guaranteed by the Company and mature fully in 2021, with a coupon of 8.625% paid semiannually.

(xi) Bank Credit Notes for equipment financing with a five-year term and fixed interest rate of 19.70% p.a.

16.3 Restrictive covenants

The financing agreements with ECAs and debentures with FI-FGTS, and the letters of guarantee with Banco do Brasil and Santander 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. The long-term financing transactions with Banco do Brasil also have financial covenants, in line with agreements of such nature. In June 2016, Eldorado carried out an international issuance of bonds with financial covenants, usually applicable to this type of issuance.

As required by the aforementioned restrictive covenants, the Company measured its indexes based on the statement of financial position at December 31, 2015 and all of them are within the established limits.

16.4 Guarantees of the loans

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 J&F Investimentos. The debentures and certain long-term debts also have as guarantee the amounts invested in marketable securities, as shown in note 5.

17 Taxes payable, payroll and related taxes

	Parent Company		**Consolidated**	
	6/30/2016	**12/31/2015**	**6/30/2016**	**12/31/2015**
Payroll and related taxes	36,233	47,783	37,231	49,384
Accruals and taxes	42,661	28,456	43,375	28,696
Taxes payable	77,021	5,049	77,166	5,063
	155,915	81,288	157,772	83,143

18 Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company		Consolidated	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Loss before income tax and social contribution	310,979	(188,246)	310,999	(188,238)
Income tax and social contribution – statutory rate of 34%	(105,733)	64,004	(105,740)	64,001
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	15,643	(18,917)	-	-
Nondeductible expenses	43	(36)	43	(36)
Government grant	(42,529)	(39,131)	(42,529)	(39,131)
Effect of taxes of foreign subsidiaries	-	-	15,643	(18,917)
Others	-	-	13	5
Current and deferred income tax and social contribution	(78,890)	122,088	(78,910)	122,080
Effective rate	(25.37%)	(64.86%)	(25.37%)	(64.85%)

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

Parent Company	**12/31/2015**	**Additions**	**Deductions**	**6/30/2016**
Tax loss (i)	593,169	-	(28,463)	564,706
Hedge - derivatives	(30,556)	30,556	-	-
Biological assets	(65,202)	-	-	(65,202)
Products not shipped	10,682	-	(10,682)	-
Operating provisions	14,167	-	(3,900)	10,267
Balance in the period	**522,260**	**30,556**	**(43,045)**	**509,771**

Consolidated	**12/31/2015**	**Additions**	**Deductions**	**6/30/2016**
Tax loss (i)	593,169	-	(28,463)	564,706
Hedge - derivatives	(30,556)	30,556	-	-
Biological assets	(65,202)	-	-	(65,202)
Products not shipped	10,682	-	(10,682)	-
Operating provisions	14,167	-	(3,900)	10,267
	522,260	**30,556**	**(43,045)**	**509,771**

(i) As at June 30, 2016, the Company had an accumulated tax loss balance which, adjusted for expenses and revenues not permitted by tax legislation for purposes of calculation of income tax and social contribution, totals R$ 1,660,901.

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

When assessing the probability of realization of deferred tax assets calculated on tax losses, Management considers earning taxable profit in its budget and in the multiannual strategic plan as from 2017 and, thus, it is highly possible that the deferred asset will be realized.

19 Provision for contingent liabilities

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

	12/31/2014	Additions	Disposals	12/31/2015	Additions	Disposals	6/30/2016
Civil	329	625	(2)	952	1,181	(230)	1,903
Labor	1,679	3,329	(1,232)	3,776	1,355	(2,293)	2,838
Tax	356	3	(81)	278	-	-	278
	2,364	**3,957**	**(1,315)**	**5,006**	**2,536**	**(2,523)**	**5,019**

As at June 30, 2016, the Company was the defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 181,092 (R$ 77,381 as at December 31, 2015), of which the Company accrued R$ 5,019 (R$ 5,006 as at December 31, 2015), classified by its management and legal counsel as likelihood of probable loss. The Company believes that an outflow of resources embodying economic benefits will be required to settle the obligation. Management believes the negotiations will not occur during at least twelve months. 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$ 170,964 (R$ 67,855 as at December 31, 2015), the Company believes that no provision for losses is required.

Among the lawsuits above, the Company is a defendant in a dispute involving intellectual property with Fibria Celulose S.A., one of the Company’s competitors, in which Fibria alleges that the Company infringed on Fibria’s rights over certain eucalyptus clones used in the Company's plantations, or the alleged infringement. On April 19, 2013, Fibria filed a request (Provisional Remedy for Early Production of Evidence) in a state court in the State of Mato Grosso do Sul to enjoin the Company from using certain eucalyptus clones in order to collect evidences in connection with the alleged infringement. The court granted Fibria's request and the result of the experts' report was unfavorable to Eldorado Brasil. In a subsequent court decision the court accepted the expert report produced. The decision was final and unappealable.

On April 1, 2016, the Company was summoned to appear before a state court in the State of Mato Grosso do Sul as defendant in a lawsuit filed by Fibria in connection with the alleged infringement mentioned above, for which Fibria is seeking compensation in the amount of R$ 100 million. On May 5, 2016, the Company argued for a change of venue, and, in the alternative, that the case be dismissed. Fibria was notified to present the reply and the Company filed a motion for Clarification of Judgment as the judge had not analysed the request for preliminary injunction. No provision for such action was recognized since the likelihood of loss is possible.

20 Equity

20.1 Issued capital

The subscribed and paid-in capital as at June 30, 2016 is R$ 1,788,792, comprising 1,525,558,419 shares.

	Common shares
Balance at December 31, 2014	1,525,558,419
Issuance of shares	-
Balance at June 30, 2015	**1,525,558,419**
Balance at December 31, 2015	1,525,558,419
Issuance of shares	-
Balance at June 30, 2016	**1,525,558,419**

20.2 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.

20.3 Dividends

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

20.4 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.

20.5 Earnings per share

Basic

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

	6/30/2016	6/30/2015
Loss attributable to Company owners	232,089	(66,158)
Total shares outstanding in the period – Thousands	1,525,558	1,525,558
Profit (loss) per thousand shares	**0.15**	**(0.04)**

21 Net revenue

	Parent Company		Consolidated	
	6/30/2016	**6/30/2015**	**6/30/2016**	**6/30/2015**
Gross sales revenue				
Domestic market	211,840	220,237	211,842	220,237
Foreign market	53,953	42,268	1,601,840	1,492,818
Domestic and foreign markets – related parties (Note 7)	1,202,528	1,020,896	2,618	25,403
Discounts and rebates	(1,273)	(353)	(246,093)	(213,202)
	1,467,048	1,283,048	1,570,207	1,525,256
Sales returns and taxes	(15,369)	(19,415)	(17,010)	(19,414)
Net operating revenue	**1,451,679**	**1,263,633**	**1,553,197**	**1,505,842**

22 Operating segments

a. Base for segmentation

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

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

b. Reportable segments

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

	Consolidated Jun/16			
	Pulp	**Energy**	**Others**	**Total**
Net revenue				
Foreign	1,362,633	-	-	1,362,633
Domestic	176,418	13,586	560	190,564
Cost of sales	(607,767)	(5,550)	(3,294)	(616,611)
Gross profit (loss)	**931.284**	**8,036**	**(2,734)**	**936,586**
Operating (expenses) income				
General and administrative expenses	(60,593)	-	-	(60,593)
Sales and logistics	(167,806)	-	-	(167,806)
Depreciation, amortization and depletion	(162,498)	-	-	(162,498)
Other income (expenses), net	190,146	-	-	190,146
Finance income (costs), net				
Finance costs	(1,638,884)	-	-	(1,638,884)
Finance income	1,214,048	-	-	1,214,048
Profit (loss) before income tax and social contribution	**305,697**	**8,036**	**(2,734)**	**310,999**
Income tax and social contribution	(78.910)	-	-	(78,910)
Profit (loss) for the period	**226.787**	**8,036**	**(2,734)**	**232,089**

	Consolidated Jun/15			
	Pulp	**Energy**	**Others**	**Total**
Net revenue				
Foreign	1,284,736	-	-	1,284,736
Domestic	158,440	35,477	27,189	221,106
Cost of sales	(668,514)	(386)	(29,448)	(698,348)
Gross profit (loss)	**774.662**	**35,091**	**(2,259)**	**807,494**
Operating (expenses) income				
General and administrative expenses	(37,436)	-	-	(37,436)
Sales and logistics	(183,661)	-	-	(183,661)
Fair value of biological assets	16,365	-	-	16,365

Depreciation, amortization and depletion	(129,852)	-	-	(129,852)
Other income (expenses), net	70,738	-	-	70,738
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	**(221,070)**	**35,091**	**(2,259)**	**(188,238)**
Income tax and social contribution	122.080	-	-	122,080
Profit (loss) for the period	**(98.990)**	**35,091**	**(2,259)**	**(66,158)**

c. Geographic segments

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

Operating revenue	**6/30/2016**	**6/30/2015**
Brazil	190,564	221,106
Argentina	46,508	39,321
United States	109,588	134,022
Germany	43,772	50,933
Austria	86,630	64,077
China	544,992	420,048
Singapore	48,599	28,253
Egypt	17,479	5,813
Slovenia	13,004	7,747
Spain	6,108	14,408
France	25,361	27,963
Israel	1,144	14,607
Italy	193,935	223,742
Japan	64,555	127,591
Poland	41,876	1,618
United Kingdom	15,359	663
Thailand	3,343	22,395
Canada	27,326	32,813
Mexico	26,892	9,853
Others	46,162	58,869
	1,553,197	**1,505,842**

d. Information on major customers

No individual customer accounts for more than 10% of the Company’s revenues.

e. Information on total noncurrent assets

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

Noncurrent assets	**6/30/2016**	**12/31/2015**
Brazil	8,139,555	7,902,502
Austria	2,939	2,893
United States	153	150
China	9	-
	8,142,656	**7,905,545**

23 Selling, general and administrative expenses

	Parent Company		Consolidated	
	6/30/2016	**6/30/2015**	**6/30/2016**	**6/30/2015**
Personnel expenses	168,526	104,791	176,245	108,900
Service, material and transportation expenses	75,255	96,240	188,298	187,975
Depreciation, depletion and amortization	159,218	129,005	162,498	129,852
Raw materials and consumables	383,713	479,988	390,203	479,988
Others	82,216	75,962	90,264	142,582
	868,928	**885,986**	**1,007,508**	**1,049,297**
Breakdown				
Cost of sales	749,807	752,886	764,128	817,361
General and administrative expenses	49,983	31,366	66,847	40,146
Selling and logistics expenses	69,138	101,734	176,533	191,790
	868,928	**885,986**	**1,007,508**	**1,049,297**

24 Finance income (costs), net

	Parent Company		Consolidated	
	6/30/2016	**6/30/2015**	**6/30/2016**	**6/30/2015**
Finance income				
Interest receivable	769	158	983	163
Income from short-term investments	34,922	4,310	34,923	4,310
Gain (loss) on derivatives	-	567,056	-	567,056
Foreign exchange gains	1,176,234	126,501	1,176,649	153,551
Other finance income	1,485	564	1,493	597
	1,213,410	698,589	1,214,048	725,677
Finance costs				
Sundry banking costs	(98)	(99)	(552)	(113)
Interest payable	(416,429)	(326,340)	(423,051)	(326,340)
Interest payable – related parties (Note 7)	(4,043)	(18,429)	-	(18,429)
Foreign exchange losses	(245,061)	(902,105)	(245,156)	(946,109)
Related parties - letter of guarantee for debts (Note 7)	(40,734)	(35,540)	(40,734)	(35,540)
Gain (loss) on derivatives	(899,274)	(99,415)	(899,274)	(99,415)
Guarantee expenses	(9,233)	(10,592)	(9,233)	(10,592)
Other finance costs	(14,024)	(14,731)	(20,884)	(21,025)
	(1,628,896)	(1,407,251)	(1,638,884)	(1,457,563)
	(415,486)	(708,662)	(424,836)	(731,886)

Gains (losses) on daily adjustments of financial instruments used as a hedge of assets and liabilities in the futures market, as well as the amounts of the positions marked to market of the agreements traded on the over-the-counter market, are recognized in line item "Gains (losses) on derivatives".

25 Other income (expenses), net

	Parent Company		Consolidated	
	6/30/2016	**6/30/2015**	**6/30/2016**	**6/30/2015**
ICMS credits (a)	93,605	74,066	93,605	74,066
PIS / COFINS credits (b)	74,000	-	74,000	-
Insurance indemnity	527	-	527	19
Others	21,591	(3,300)	22,014	(3,347)
	189,723	70,766	190,146	70,738

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

(b) Untimely PIS / COFINS credits arising from purchases of inputs used in the production of pulp for export.

26 Employee benefits

a. Defined contribution pension plan

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

Under the regulations of the benefit plan, the Company's contributions match the employees' contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period ended June 30, 2016 totaled R$ 1,056.

27 Insurance

As at June 30, 2016, the insurance coverage against operating risks totaled R$ 5,105,084 for property damages, R$ 894,915 for loss of profits, and R$ 80,245 for civil liability.

28 Financial instruments

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

(i). Market risks

Market risk is the risk that changes in market prices – such as changes in foreign exchange and interest rates – will affect the company yield or the value of its interests in financial instruments.

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

a. Interest rate risks

The interest risk refers to the potential economic losses that Eldorado and its subsidiaries may incur due to the adverse fluctuations in this risk factor. The Company has assets and especially liabilities exposed to this risk, in transactions pegged to indices such as the CDI (Interbank Deposit Rate), TJLP (Benchmark Long-term Interest Rate), UMBNDES (BNDES Monetary Unit), LIBOR (London Interbank Offer Rate), and 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 and, occasionally, entering into derivative transactions.

The Company's exposure to interest rate risk refers basically to borrowings. The position as at June 30, 2016 and December 31, 2015 is as follows:

		Parent Company	
Type	**Average annual interest rate and commissions**	**6/30/2016**	**12/31/2015**
BNDES - subloan A	TJLP + interest of 3.32% p.a.	419,002	448,209
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	934,414	1,229,368
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	1,065,392	1,402,647
BNDES - subloan G	TJLP + interest of 2.92% p.a.	110,078	118,249
BNDES - subloan K	TJLP	17,676	16,587
BNDES - subloan D	TJLP + interest of 1.8% p.a.	115,973	124,578
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	432,448	569,746

BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	241,224	317,820
BNDES - subloan I	TJLP + interest of 1.4% p.a.	29,784	31,993
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,204,838	1,146,333
PPE	LIBOR + spread	36,010	-
NCE	CDI+spread of 123% to 128% of CDI	873,112	1,127,823
Short-term investments		(1,392,834)	(1,069,017)
		4,087,117	5,464,336

		Consolidated	
Type	**Average annual interest rate and commissions**	**6/30/2016**	**12/31/2015**
BNDES - subloan A	TJLP + interest of 3.32% p.a.	419,002	448,209
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	934,414	1,229,368
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	1,065,392	1,402,647
BNDES - subloan G	TJLP + interest of 2.92% p.a.	110,078	118,249
BNDES - subloan K	TJLP	17,676	16,587
BNDES - subloan D	TJLP + interest of 1.8% p.a.	115,973	124,578
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	432,448	569,746
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	241,224	317,820
BNDES - subloan I	TJLP + interest of 1.4% p.a.	29,784	31,993
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,204,838	1,146,333
PPE	LIBOR + spread	36,010	-
NCE	CDI+spread of 123% to 128% of CDI	873,112	1,127,823
Loan	LIBOR + spread	319,510	-
Short-term investments		(1,392,834)	(1,069,017)
		4,406,627	5,464,336

In order to prevent from economic losses on the fixed rate debt due to adverse changes in market interest rates, the Company enters into derivative transactions with floating rates linked to the Interbank Certificate of Deposit ("CDI"). As at June 30, 2016, the notional position of these derivatives totaled R$ 8,000,000 and MtM outstanding of R$ 4,634 payable.

Sensitivity analysis

Debt

For the purpose of providing information on how the market risks to which the Company is exposed as at June 30, 2016 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:

Parent Company

Transaction - 6/30/2016	**Risk**	**Position**	**Possible 25% (i)**	**Remote 50% (ii)**
BNDES	TJPLP + interest and floating rate BNDES + interest	154,298	38,575	77,149
Debentures (Interest)	IPCA + interest of 7.41% p.a.	41,623	10,406	20,812
Debentures (adjustment for inflation)	IPCA	58,698	14,675	29,349
PPE	LIBOR + spread	490	123	245
NCE	CDI + spread of 123% to 127% of CDI	93,508	23,377	46,754
Net exposure to interest rates		348.617	87,156	174,309

Transaction - 6/30/2015	**Risk**	**Position**	**Possible 25% (i)**	**Remote 50% (ii)**
BNDES	TJPLP + interest and floating rate BNDES + interest	147,616	36,904	73,808
Debentures (Interest)	IPCA + interest of 7.41% p.a.	37,829	9,457	18,915
Debentures (adjustment for inflation)	IPCA	65,821	16,455	32,911
NCE	CDI + spread of 123% to 127% of CDI	8,687	2,172	4,344
Current account	CDI + spread	18,429	4,607	9,215
Net exposure to interest rates		**278.382**	**69,595**	**139,193**

Consolidated

Transaction - 6/30/2016	**Risk**	**Position**	**Possible 25% (i)**	**Remote 50% (ii)**
BNDES	TJPLP + interest and floating rate BNDES + interest	154,298	38,575	77,149
Debentures (Interest)	IPCA + interest of 7.41% p.a.	41,623	10,406	20,812
Debentures (adjustment for inflation)	IPCA	58,698	14,675	29,349
PPE	LIBOR + spread	490	123	245
NCE	CDI + spread of 123% to 127% of CDI	93,508	23,377	46,754
Loan	LIBOR + spread	2,610	653	1,305
Net exposure to interest rates		351.227	87,809	175,614

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 7.5% per year (6.5% per year in June 2016).

Derivatives

Derivatives - 6/30/2016	**Notional**	**VaR 95% Daily**	**Possible 25bps (i)**	**Remote 50bps (ii)**
BM&F DI	8,000,000	16,481	24,833	49.511
Net derivative exposure		16.481	24,833	49,511

Scenarios i e ii consider an increase in interest rates of 25 and 50 base points (0.25% and 0.50%), respectively.

b. Foreign exchange rate risks

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

The main Company exposures refer to the US Dollar, Euro, and Swedish Krona fluctuations in relation to the Brazilian real.

As at June 30, 2016, the US Dollar and Euro quotations were R$ 3,2098 and R$ 3.5414, respectively.

As at June 30, 2016, the foreign exchange fluctuation risk is concentrated in line items ‘Trade receivables’, ‘Advances to suppliers’, ‘Trade payables’ and ‘Loans’.

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

The Company’s assets and liabilities exposed to the foreign exchange risk as at June 30, 2016 are as follows:

Parent Company

	6/30/2016	12/31/2015
Operating		
Trade receivables (US Dollar)	901,818	1,011,081
Advances (Euro)	215	1,840
Advances (US Dollar)	105	111
Trade payables (Euro)	(469)	(148)
Trade payables (US Dollar)	(108)	(136)
Trade payables (Pound Sterling)	-	-
Trade payables (Swedish Krona)	-	(250)
Loans and financing (US Dollar)	(4,915,355)	(6,399,044)
Total operating	(4,013,794)	(5,386,546)
Derivatives		
Derivatives (US Dollar)	-	7,503,999
Total derivatives	-	7,503,999
Net exposure to currency risk	**(4,013,794)**	**2,117,453**

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

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed as at June 30, 2016 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

		6/30/2016		
Transaction	**Risk**	**Position**	**25%**	**50%**
Operating exposure	R$ appreciation	(4,013,794)	(1,003,449)	(501,724)
Net exposure to foreign exchange rate risk		(4,013,794)	(1,003,449)	(501,724)

c. 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	**6/30/2016**	**12/31/2015**
Estimated amount of firm contracts	515,010	488,048
Advances made	(276,897)	(166,645)
	238,113	321,403

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

(ii). *Credit risk*

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

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

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

Exposure to credit risk

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

	Parent Company		**Consolidated**	
	6/30/2016	**12/31/2015**	**6/30/2016**	**12/31/2015**
Cash and cash equivalents	1,253,455	1,058,790	1,392,561	1,264,151
Marketable securities	152,929	114,524	152,929	114,524
Trade receivables	146,225	139,273	676,759	703,501
Amounts due from related parties	877,086	989,259	2,542	985
Derivatives receivable	-	89,871	-	89,871
	2,429,695	2,391,717	2,224,791	2,173,032

Guarantees

As a result of the transactions between BNDES and ECAs, the following shared guarantees were provided: a) first mortgage of the plant in the city of Três Lagoas, b) pledge of 750,000,000 registered common shares of Eldorado, c) pledge of 268,000,000 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.

(iii). *Liquidity risk*

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

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

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

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

Parent Company	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**After 3 years**	**Fair value**
At June 30, 2016					
Trade payables	254,420	-	-	-	254,420
Loans and financing	2,219,116	1,606,713	1,701,681	2,270,802	7,798,312
Loans and financing – related parties	38,927	105,656	140,875	1,132,970	1,418,428
Derivatives payable	4,634	-	-	-	4,634
(-) Cash and cash equivalents	(1,253,455)	-	-	-	(1,253,455)
	1,263,642	1,712,369	1,842,556	3,403,772	8,222,339
At December 31, 2015					
Trade payables	203,773	-	-	-	203,773
Loans and financing	2,286,481	1,469,551	1,216,522	4,394,079	9,366,633
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,058,790)	-	-	-	(1,058,790)
	1,341,593	1,469,551	1,216,522	4,394,079	8,421,745

Consolidated	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**After 3 years**	**Fair value**
At June 30, 2016					
Trade payables	270,050	-	-	-	270,050
Loans and financing	2,256,416	1,712,553	1,842,800	3,413,363	9,225,132
Loans and financing – related parties	-	-	-	-	-
Derivatives payable	4,634	-	-	-	4,634
(-) Cash and cash equivalents	(1,392,561)	-	-	-	(1,392,561)
	1,138,539	1,712,553	1,842,800	3,413,363	8,107,255
At December 31, 2015					
Trade payables	212,962	-	-	-	212,962
Loans and financing	2,286,481	1,469,551	1,216,522	4,394,079	9,366,633
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,264,151)	-	-	-	(1,264,151)
	1,145,421	1,469,551	1,216,522	4,394,079	8,225,573

(iv). Fair value of financial instruments

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

- **Level 1 -** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2 -** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and valuation techniques that use market inputs.

- **Level 3 -** Inputs for the asset or liability that are not based on observable market inputs. The Company and its subsidiaries do not have instruments in this measurement level.

The table below shows the classification per risk level:

	6/30/2016			12/31/2015		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	1,253,455	-	-	1,058,790	-	-
Trade receivables	-	1,023,311	-	-	1,128,532	-
Advances to suppliers	-	91,230	-	-	100,028	-
Derivatives receivable	-	-	-	-	89,871	-
Marketable securities	152,929	-	-	114,524	-	-
Total assets	1,406,384	1,114,541	-	1,173,314	1,318,431	-

	6/30/2016			12/31/2015		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Trade payables	-	217,318	-	-	203,773	-
Loans and financing	-	7,798,312	-	-	9,366,633	-
Loans and financing – related parties	-	1,418,428	-	-	-	-
Other payables – related parties	-	40,734	-	-	45,153	-
Derivatives payable	-	4,634	-	-	-	-
Total liabilities	-	9,479,426	-	-	9,615,559	-

	6/30/2016			12/31/2015		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	1,392,561	-	-	1,264,151	-	-
Trade receivables	-	679,301	-	-	704,486	-
Advances to suppliers	-	91,289	-	-	105,799	-
Derivatives receivable	-	-	-	-	89,871	-
Marketable securities	152,929	-	-	114,524	-	-
Total assets	1,545,490	770,590	-	1,378,675	900,156	-

	6/30/2016			12/31/2015		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Trade payables	-	232,948	-	-	212,962	-
Loans and financing	-	9,225,132	-	-	9,366,633	-
Other payables – related parties	-	40,734	-	-	45,153	-
Derivatives payable	-	4,634	-	-	-	-
Total liabilities	-	9,503,448	-	-	9,624,748	-

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

Parent Company	**6/30/2016** Carrying amount	**6/30/2016** Fair value	**12/31/2015** Carrying amount	**12/31/2015** Fair value
Assets				
Fair value through profit or loss				
Cash and cash equivalents	1,253,455	1,253,455	1,058,790	1,058,790
Derivatives receivable	-	-	89,871	89,871
Marketable securities	152,929	152,929	114,524	114,524
Loans and receivables				
Trade receivables	1,023,311	1,023,311	1,128,532	1,128,532
Advances to suppliers	91,230	91,230	100,028	100,028
Total financial assets	2,520,925	2,520,925	2,491,745	2,491,745

Parent Company	**6/30/2016** Carrying amount	**6/30/2016** Fair value	**12/31/2015** Carrying amount	**12/31/2015** Fair value
Liabilities				
Liabilities at amortized cost				
Trade payables	217,318	217,318	203,773	203,773
Loans and financing	7,798,312	7,798,312	9,366,633	9,366,633
Loans and financing – related parties	1,418,428	1,418,428	-	-
Other payables – related parties	40,734	40,734	45,153	45,153
Derivatives payable	4,634	4,634	-	-
Total financial liabilities	9,479,426	9,479,426	9,615,559	9,615,559

Consolidated	**6/30/2016** Carrying amount	**6/30/2016** Fair value	**12/31/2015** Carrying amount	**12/31/2015** Fair value
Assets				
Fair value through profit or loss				
Cash and cash equivalents	1,392,561	1,392,561	1,264,151	1,264,151
Derivatives receivable	-	-	89,871	89,871
Marketable securities	152,929	152,929	114,524	114,524
Loans and receivables				
Trade receivables	679,301	679,301	704,486	704,486
Advances to suppliers	91,289	91,289	105,799	105,799
Total financial assets	2,316,080	2,316,080	2,278,831	2,278,831

	6/30/2016		12/31/2015	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Trade payables	232,948	232,948	212,962	212,962
Loans and financing	9,225,132	9,225,132	9,366,633	9,366,633
Other payables – related parties	40,734	40,734	45,153	45,153
Derivatives payable	4,634	4,634	-	-
Total financial liabilities	9,503,448	9,503,448	9,624,748	9,624,748

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

The fair value of cash and cash equivalents, trade receivables, advances to suppliers, trade payables and amounts due from/to related parties approximates their carrying amounts, mainly due to the short-term maturity of these instruments. The fair value of the other long-term liabilities does not differ materially from their carrying amounts.

Loans and debentures are adjusted based on the interest rates contracted, mainly floating rate, based on usual market conditions (Note 16). Therefore, the balances payable at the notification date approximate their fair values, including those classified as "noncurrent".

Derivatives are measured using valuation techniques based on observable data and include currency forward contracts. The valuation techniques more commonly used include swap contract pricing models, calculated at present value. The models comprise several data, including the credit quality of the counterparty, location and forward exchange rate.

29 Operating leases

a. Land operating leases

Land operating leases are paid as follows:

	Parent Company and Consolidated	
	6/30/2016	**12/31/2015**
2016	45,520	70,568
2017	78,880	71,479
2018	79,777	72,156
2019	80,550	72,622
2020 and thereafter	583,643	509,325
	868,370	**796,150**

The Company leases land used in its operations under operating lease agreements effective for fourteen years. Lease payments are adjusted every five years according to market rentals.

Some leases provide for additional lease payments that are based on individual valuations of each farm.

The leases recorded by the Company refer basically to land where eucalyptus is planted. As the land title deed will not be transferred as per the rental agreement, the Company determined that the land leases are operating leases. The lease paid to the land lessor is adjusted according to market prices at regular intervals, and the Company does not participate in any residual value; it was determined that basically all the risks and rewards of the lease are of the lessor. Thus, the Company determined that the leases are operating leases.

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

(i) Future minimum lease payments

As at June 30, 2016, future minimum noncancelable lease payments are as follows:

	Consolidated	
	6/30/2016	**12/31/2015**
2016	33,745	37,819
2017	74,725	37,819
2018	74,725	37,819
2019	74,725	37,819
2020 and thereafter	634,702	302,547
	892,622	**453,823**

(ii) Amounts recognized in profit or loss

	Consolidated	
	6/30/2016	**6/30/2015**
Lease expenses	25,602	20,962
	25,602	20,962

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

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

Beginning June 30, 2020, the parties will renegotiate the commercial conditions of the natural gas supply, when the Company may terminate the present contract if there is an economic and financial imbalance or excessive burden to the Company.

30 Events after the reporting period

On July 1, 2016, the Supreme Federal Court ordered the Search and Seizure Warrant No. 6, in connection with Injunction No. 4196, in order to obtain evidence for an investigation related to various financing granted by the FI-FGTS.

The Company hired a law firm to monitor the lawsuit and at a meeting of the Company's Board of Directors of July 6, 2016 approval was given for hiring an external consultant to investigate the allegations related to the Injunction, which resulted in the search and seizure warrant.

So far, there was no further development regarding this lawsuit, and the Company is not a defendant and has not been notified in any inquiry or criminal action related to these events.

Board of Executive Officers

José Carlos Grubisich Filho
CEO

José Carlos Grubisich Filho
Investor Relations Officer

Carlos Roberto Paiva Monteiro
Industrial Technical Officer

Luis Fernando Sartini Felli
Sales Officer

Germano Aguiar Vieira
Forest Officer

Board of Directors

Joesley Mendonça Batista
Chairman of the Board of Directors

Wesley Mendonça Batista
Vice Chairman of the Board of Directors

Henrique Jäger
Director

Paulo Eduardo Nigro
Director

Max Mauran Pantoja da Costa
Director

José Batista Sobrinho
Director

Miguel João Jorge Filho
Director

Accountant

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