Eldorado Brasil Celulose S.A.

Interim financial statements as at September 30, 2014 and 2013

Contents

KPMG Auditores Independentes
R. Dr. Renato Paes de Barros, 33
04530-904 - São Paulo, SP -
Brasil Caixa Postal 2467
01060-970 - São Paulo, SP - Brasil

Central Tel 55 (11) 2183-3000
Fax Nacional 55 (11) 2183-3001
Internacional 55 (11) 2183-3034
Internet www.kpmg.com.br

Report on Review of Quarterly Information - ITR

To the
Shareholders, Directors, and 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 September 30, 2014, which comprises the balance sheet as at September 30, 2014 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three- and nine-month period then ended, including the notes to the interim financial statements.

Management is responsible for the preparation of the individual interim accounting information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and of the 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 individual interim accounting information

Based on our review, we are not aware of any facts that would lead us to believe that the individual 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) applicable to the preparation of Quarterly Information (ITR) and presented in conformity with the standards issued by the Brazilian Securities Commission.

KPMG

Conclusion on the consolidated interim accounting information

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

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the nine-month period ended September 30, 2014, 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, November 14, 2014

KPMG Auditores Independentes
CRC 2SP014428/O-6

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

Eldorado Brasil Celulose S.A.

Balance sheets as at September 30, 2014 and December 31, 2013

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
Assets	**Note**	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**
Current assets					
Cash and cash equivalents	5	230,633	49,840	248,877	74,678
Short-term investments	5	47,656	-	47,656	-
Trade receivables	6	637,632	570,025	449,141	510,874
Inventories	8	206,628	245,245	319,321	332,246
Recoverable taxes	9	214,997	114,252	215,656	114,310
Advances to suppliers	10	39,490	97,457	45,154	97,460
Derivatives receivable	27 b	186,944	56,520	186,944	56,520
Other current assets		22,398	44,409	23,407	46,035
Total current assets		1,586,378	1,177,748	1,536,156	1,232,123
Non-current assets					
Recoverable taxes	9	348,628	265,378	348,628	265,378
Advances to suppliers	10	58,438	35,220	58,438	35,220
Deferred income tax and social contribution	18	467,809	270,879	467,809	270,879
Deposits, guarantees and other		3,871	3,955	4,025	4,094
Other assets - related parties	7	25,734	50,320	25,734	41,009
Other non-current assets		14,909	-	15,508	-
		919,389	625,752	920,142	616,580
Biological assets	11	1,399,717	1,176,791	1,399,717	1,179,932
Investments	12	106,011	90,740	-	6,521
Property, plant and equipment	13	5,097,705	5,151,797	5,156,243	5,193,461
Intangible assets	14	6,087	3,216	49,756	46,101
Total non-current assets		7,528,909	7,048,296	7,525,858	7,042,595
Total assets		9,115,287	8,226,044	9,062,014	8,274,718

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**
Current liabilities					
Trade payables	15	184,254	233,447	186,308	253,443
Borrowings and financing	16	1,350,731	1,458,549	1,350,731	1,458,549
Taxes payable, payroll and related taxes	17	86,904	53,535	87,500	54,313
Other payables - related parties	7	15,369	29,007	15,369	29,007
Other current liabilities		12,936	25,129	27,887	46,660
Total current liabilities		1,650,194	1,799,667	1,667,795	1,841,972
Non-current liabilities					
Borrowings and financing	16	5,277,880	5,190,877	5,277,880	5,190,877
Borrowings and financing - related parties	7	1,247,090	-	1,247,090	-
Provision for contingent liabilities	19	2,985	3,200	2,985	3,200
Provision for losses in subsidiaries	12	70,874	-	-	-
Other non-current liabilities		-	-	-	1,655
Total non-current liabilities		6,598,829	5,194,077	6,527,955	5,195,732
Equity	20				
Share capital		1,567,635	1,567,635	1,567,635	1,567,635
Advance for future capital increase		221,157	221,157	221,157	221,157
Cumulative translation adjustments		(19,609)	(12,548)	(19,609)	(12,548)
Accumulated losses		(902,919)	(543,944)	(902,919)	(543,944)
Attributable to owners of the Company		866,264	1,232,300	866,264	1,232,300
Non-controlling interests		-	-	-	4,714
Total equity		866,264	1,232,300	866,264	1,237,014
Total liabilities		8,249,023	6,993,744	8,195,750	7,037,704
Total liabilities and equity		9,115,287	8,226,044	9,062,014	8,274,718

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

Eldorado Brasil Celulose S.A.

Income statements

Periods ended September 30, 2014 and 2013

(In thousands of Brazilian reais - R$)

		Parent Company				Consolidated			
		2014		2013		2014		2013	
	Note	**3Q**	**YTD**	**3Q**	**YTD**	**3Q**	**YTD**	**3Q**	**YTD**
Net revenue	21	544,612	1,514,150	450,642	1,041,576	596,920	1,576,683	503,617	1,047,499
Cost of sales		(370,479)	(1,082,038)	(286,423)	(781,927)	(393,787)	(1,067,825)	(306,665)	(718,556)
Gross profit		174,133	432,112	164,219	259,649	203,133	508,858	196,952	328,943
Operating (expenses) income									
General and administrative expenses	23	(19,744)	(66,393)	(28,552)	(67,302)	(22,558)	(75,520)	(29,545)	(71,582)
Selling and logistics expenses	23	(48,364)	(139,222)	(54,536)	(120,923)	(96,175)	(280,393)	(91,923)	(190,757)
Finance income (costs), net	24	(311,882)	(838,723)	(319,906)	(903,254)	(313,757)	(841,406)	(323,678)	(905,302)
Fair value of biological assets	11	-	4,694	12,103	59,468	-	4,694	12,103	59,468
Share of profits (losses) of subsidiaries	12	(29,079)	(79,752)	(9,440)	(6,891)	-	-	-	-
Other income (expenses), net	25	80,999	131,379	(11,033)	(1,870)	77,005	129,160	(11,031)	(1,869)
Profit (loss) before provision for income tax and social contribution		(153,937)	(555,905)	(247,145)	(781,123)	(152,352)	(554,607)	(247,122)	(781,099)
Income tax and social contribution									
Current		-	-	-	-	(1,666)	(1,666)	-	-
Deferred	18	(30,117)	196,930	-	-	(30,132)	196,930	(23)	(24)
Loss for the period		(184,054)	(358,975)	(247,145)	(781,123)	(184,150)	(359,343)	(247,145)	(781,123)
Attributable to									
Owners of the Company						(184,054)	(358,975)	(247,145)	(781,123)
Non-controlling interests						(96)	(368)	-	-

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

Eldorado Brasil Celulose S.A.

Statements of comprehensive income

Periods ended September 30, 2014 and 2013

(In thousands of Brazilian reais - R$)

	Parent Company				Consolidated			
	2014		2013		2014		2013	
	3Q	YTD	3Q	YTD	3Q	YTD	3Q	YTD
Loss	(184,054)	(358,975)	(247,145)	(781,123)	(184,150)	(359,343)	(247,145)	(781,123)
Exchange differences on investments	(10,061)	(7,061)	(11,512)	(11,512)	(10,061)	(7,061)	(11,512)	(11,512)
Total comprehensive income	(194,115)	(366,036)	(258,657)	(792,635)	(194,211)	(366,404)	(258,657)	(792,635)
Attributable to								
Owners of the Company					(194,115)	(366,036)	(258,657)	(792,635)
Non-controlling interests					(96)	(368)	-	-

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

Eldorado Brasil Celulose S.A.

Statements of changes in equity

Periods ended September 30, 2014 and 2013

(In thousands of Brazilian reais - R$)

	Share capital	Advance for future capital increase	Retained earnings (accumulated losses)	Cumulative translation adjustments	Attributable to owners of the Company	Non-controlling interests	Total
Balance at December 31, 2012	1,567,635	221,157	(53,644)	-	1,735,148	-	1,735,148
Loss for the period	-	-	(781,123)	(11,512)	(792,635)	-	(792,635)
Balance at September 30, 2013	1,567,635	221,157	(834,767)	(11,512)	942,513	-	942,513
Balance at December 31, 2013	1,567,635	221,157	(543,944)	(12,548)	1,232,300	4,714	1,237,014
Loss for the period	-	-	(358,975)	-	(358,975)	(368)	(359,343)
Exchange differences on investments	-	-	-	(7,061)	(7,061)	-	(7,061)
Effect of non-controlling interests on consolidated entities	-	-	-	-	-	(4,346)	(4,346)
Balance at September 30, 2014	1,567,635	221,157	(902,919)	(19,609)	866,264	-	866,264

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

Eldorado Brasil Celulose S.A.

Statements of cash flows

Periods ended September 30, 2014 and 2013

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Cash flows from operating activities				
Loss for the period:	(358,975)	(781,123)	(359,343)	(781,123)
Adjustments to reconcile loss to cash generated by operating activities:				
Depreciation and amortization	156,707	123,879	157,921	123,887
Residual value of property, plant and equipment written off	6,721	-	7,604	-
Fair value of biological assets	(4,694)	(59,468)	(4,694)	(59,468)
Deferred income tax and social contribution	(196,93)	-	(196,93)	-
Financial charges - Interest and exchange differences	585,291	640,571	585,291	640,571
Financial charges - interest - intragroup loan	88,927	-	88,927	-
Provision for contingent liabilities	(215)	1,046	(215)	1,046
Derivatives receivable	(130,424)	-	(130,424)	-
Derivatives payable	-	227,901	-	227,901
Exchange differences on investments	(7,061)	-	(7,061)	-
Effect of non-controlling interests on consolidated entities	-	-	(4,346)	-
Share of profits (losses) of subsidiaries	79,752	6,891	-	-
	219,099	159,697	136,730	152,814
Decrease (increase) in assets				
Trade receivables	(67,607)	(556,146)	61,733	(458,886)
Inventories	87,541	(42,952)	61,849	(113,171)
Recoverable taxes	(183,995)	(67,241)	(184,596)	(67,241)
Advances to suppliers	34,749	15,519	29,088	15,519
Other assets - related parties	24,586	(6,921)	15,275	(6,921)
Other current and non-current assets	7,186	(23,016)	7,189	(32,350)
Increase (decrease) in liabilities				
Trade payables	(49,193)	(5,066)	(67,135)	(2,117)
Other payables - related parties	(13,638)	120,995	(13,638)	120,995
Taxes payable, payroll and related taxes	33,369	13,602	33,187	13,568
Other current and non-current liabilities	(12,193)	(29,641)	(20,428)	(20,022)
Net cash generated by (used in) operating activities	79,904	(421,170)	59,254	(397,812)
Cash flows from investing activities				
Increase in biological assets	(267,156)	(369,371)	(264,015)	(369,371)
Additions to tangible and intangible assets	(112,207)	(318,313)	(131,962)	(318,460)
Additions to investments	(24,149)	(17,648)	6,521	(16,344)
Short-term investments	(47,656)	-	(47,656)	-
Net cash used in investing activities	(451,168)	(705,332)	(437,112)	(704,175)
Cash flows from financing activities				
Borrowings and financing	1,116,444	1,659,342	1,116,444	1,659,342
Repayment of borrowings and financing - principal	(1,400,724)	(1,041,340)	(1,400,724)	(1,041,340)
Repayment of borrowings and financing - interest	(302,494)	-	(302,494)	-
Repayment of borrowings and financing - exchange differences	(19,332)	-	(19,332)	-
Intragoup loan	1,948,869	-	1,948,869	-
Repayment of intragroup loan	(790,706)	-	(790,706)	-
Net cash generated by financing activities	552,057	618,002	552,057	618,002
Net changes	180,793	(508,500)	174,199	(483,985)
Cash and cash equivalents at the beginning of the period	49,840	593,883	74,678	595,799
Cash and cash equivalents at the end of the period	230,633	85,383	248,877	111,814

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

Eldorado Brasil Celulose S.A.

Statements of value added

Periods ended September 30, 2014 and 2013

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Revenues				
Sales of merchandise, products and services	1,541,506	1,082,240	1,604,039	1,088,164
Other operating income (expenses), net	52,735	57,598	54,417	57,598
Transfers related to the construction of own assets	45,745	176,461	63,003	176,461
	1,639,986	1,316,299	1,721,459	1,322,223
Inputs purchased from third parties				
Cost of sales, materials, energy, outside services and other	(668,773)	(635,575)	(794,635)	(644,268)
Gross value added	971,213	680,724	926,824	677,955
Depreciation and amortization	(156,707)	(123,879)	(157,921)	(123,887)
Wealth created by the entity	814,506	556,845	768,903	554,068
Value added received as transfer				
Share of profits (losses) of subsidiaries	(79,752)	(6,891)	-	-
Finance income	8,204	45,029	8,207	58,566
Wealth for distribution	742,958	594,983	777,110	612,634
Wealth distribution				
Personnel				
Salaries and wages	331,252	248,116	333,611	249,853
Benefits	98,372	64,328	98,561	64,488
Severance Pay Fund (FGTS)	11,655	7,873	11,658	7,873
	441,279	320,317	443,830	322,214
Taxes and contributions				
Federal	(165,573)	23,125	(163,907)	23,128
State	(82,061)	23,285	(82,061)	23,285
Municipal	886	-	887	-
	(246,748)	46,410	(245,081)	46,413
Lenders and lessors				
Interest	857,972	942,648	858,468	957,676
Rentals	58,702	59,861	59,289	59,987
Other	(9,272)	6,870	19,579	7,467
	907,402	1,009,379	937,336	1,025,130
Shareholders				
Loss for the period	(358,975)	(781,123)	(358,975)	(781,123)
Cash and cash equivalents at the beginning of the period	742,958	594,983	777,110	612,634

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

Notes to the interim financial statements

(In thousands of Brazilian reais - R$)

1 General information

Eldorado Brasil Celulose S.A. ("Company" or "Eldorado") is a publicly traded company, whose register was obtained on June 6, 2012 in the category shares traded over the counter, established under Brazilian laws, with registered office in São Paulo, State of São Paulo (Brazil). The Company's individual and consolidated financial statements for the period ended September 30, 2014 include the Company and its subsidiaries and investments in associates. The Company and its subsidiaries are primarily engaged in the production of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, State of Mato Gross do Sul, and started production in December 2012.

The Company has current liabilities in excess of current assets amounting to R$ 63,816 and R$ 131,639, parent company and consolidated, respectively, due to the start-up of its operations at the end of 2012, and in September 2014 the Company is in the stage of forming its inventories and adjusting its production processes Therefore, the equity and financial balance of the Company's business depends exclusively on the increase of its operations and the full utilization of its production capacity, which will occur over the course of next years.

2 List of subsidiaries

Subsidiaries

		Equity interest	
Subsidiaries	**Country**	**9/30/2014**	**12/31/2013**
Timber Holdings S.A.	Brazil	100%	100%
Cellulose Eldorado Austria Gmbh	Austria	100%	100%
Rishis Empreendimentos e participações S.A.	Brazil	100%	60%
Indirect subsidiary			
Eldorado USA Inc.	United States	100%	100%

3 Basis of preparation and presentation of the financial statements

a. Statement of compliance

The consolidated financial statements 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 Federal Accounting Council (CFC) resolutions, and Brazilian Securities Commission (CVM) standards; and

The individual financial statements prepared in accordance with accounting practices adopted in Brazil, in compliance with the Brazilian Corporation Law, as amended by Laws 11,638/07 and 11,941/09, and the pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (CPC), approved by Federal Accounting Council (CFC) resolutions, and Brazilian Securities Commission (CVM) standards.

The Parent Company's individual financial statements have been prepared in accordance with accounting practices adopted in Brazil (CPC) and, in the case of the Consolidated, these practices differ from the IFRSs applicable to separate financial statements with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRS would be measured at cost or fair value.

However, there is no difference between the consolidated equity and consolidated profit stated by the Company and its subsidiaries and the Parent Company's equity and profit included in its individual financial statements. The consolidated financial statements of the Company and its subsidiaries and the Parent Company's individual financial statements, therefore, are being presented as a single set of financial statements, in a side-by-side format.

The individual and consolidated financial statements were authorized for issue by the Board of Directors at the meeting held on November 14, 2014.

b. Basis of measurement

The individual and consolidated financial statements have been prepared on the historical cost basis except for the following material items recognized in the balance sheets:

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

c. Use of estimates and judgments

The preparation of the individual and consolidated 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 period in which the estimates are revised and in any future periods affected.

(i) Judgments

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

- Note 28 - Operating land leases.

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the year ending December 31, 2014 is included in the following notes:

- Note 8 - provision for inventory losses;
- Note 12 - goodwill on investments;
- Note 13 - impairment test;
- Note 18 - recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- Note 19 - recognition and measurement of provisions and contingencies: main assumptions on the probability and magnitude of the cash outflows.

Fair value measurement

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

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

d. 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 thousands, except when otherwise indicated.

4 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented.

a. Basis of consolidation

(i) Subsidiaries

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

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

(ii) Non-controlling interests

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

(iii) Transactions eliminated on consolidation

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

b. Operating revenue

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

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

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

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

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

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

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

c. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The differences in foreign currencies resulting from retranslation are generally recognized in profit or loss.

Foreign operations

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

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

d. Financial instruments

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

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

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

  A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Subsequent to initial recognition, transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in profit or loss. Financial assets classified in this category are Cash and cash equivalents.

- ***Cash and cash equivalents***

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

- ***Loans and receivables***

  Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The main assets held by the Company and its subsidiaries classified in this category are: Trade receivables and Balances with related parties.

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

- ***Held-to-maturity***

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

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

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

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

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

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

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

e. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the average cost and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of standing timber transferred from biological assets is measured at the cost determined at the date of harvest.

f. Property, plant and equipment

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

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

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

Depreciation

Depreciation is recognized based on the estimated useful life of each asset on a straight-line basis, so that the cost less its residual value after its useful life is fully written off (except land and construction in progress). The estimated useful lives, the residual values, and the depreciation methods are reviewed at the end of the reporting period, and the effects from any change in estimates are recorded prospectively. The annual depreciation rates are as follows:

Weighted annual depreciation rates

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

g. Biological assets

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

h. Operating land leases

Lease advances paid are recognized in assets until the time of consumption at the date of harvest, over the term of the lease.

i. Intangible assets

(i) Goodwill arising on business combination

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

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

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

(ii) Other intangible assets

Consist mostly of terminal concession and *software*, recognized pursuant to CPC 4 (R1) - Intangible Assets at acquisition or formation costs, less accumulated amortization and any accumulated impairment losses. The software amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(iii) Amortization

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

• Software	6-7 years
• Terminal concession	20 years

j. Impairment

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

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

k. Trade payables

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

l. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The finance costs incurred are recorded in profit or loss.

m. Earnings per share

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

n. Income tax and social contribution

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

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

(i) Current income tax

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

(ii) Deferred income tax

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

- The initial recognition of assets and liabilities in a transaction other than a business combination, and that does not affect either the accounting or taxable profit or loss.
- Differences related to investments in subsidiaries, branches and associates, and interests in *joint venture*s, when it is probable that they will not reverse in a foreseeable future.
- A deferred tax is not recognized for taxable temporary differences resulting from the initial recognition of goodwill.

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

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

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

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

o. Present value adjustment of assets and liabilities

As prescribed by the accounting practices adopted in Brazil, the Company presents, when applicable, assets and liabilities at present value. The short- and long-term monetary assets and liabilities are adjusted to their present value. However, the adjustment to short-term balances is made when the effect is considered material in relation to the financial statements taken as a whole.

In calculating the present value adjustment, the Company takes into account the following assumptions: (i) the amount to be discounted; (ii) the realization and settlement dates; and (iii) the discount rate. The discount rate used by the Company takes into account the current market assessments of the time value of money and the specific risks for each asset and liability.

p. Statement of value added (“DVA”)

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

p.1 Statements of cash flows

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

q. 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 after January 1, 2014 or future dates, and have not been applied in preparing these financial statements. Those that can be material for the Company are mentioned below:

(i) IFRS 9 - Financial Instruments (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces a new requirement for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional modifications in relation to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the *impairment* of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 (2010) should have an impact on the Company’s financial assets, but no impact on the Company’s financial liabilities.

(ii) IFRS 15 - Revenues from Contracts with Customers

Refers to new interpretations on the recognition of revenues issued in May 2014 and that will be effective in January 2017.

(iii) IFRIC 21 - Levies

This interpretation refers to the recognition of levies imposed by Governments, consisting in an interpretation of IAS 37 - Provisions, contingent liabilities and contingent assets.
The interpretation typifies Government levies and the events that give risk to the liability for their payment, clarifying, given the diversify identified in its practical application, the timing when these levies shall be recognized.

The Accounting Pronouncements Committee has not yet issued any accounting pronouncements and interpretations or amendments to existing pronouncements equivalent to these standards. The Company does not intend to adopt these standards early.

5 Cash and cash equivalents

	Parent Company		Consolidated	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
Cash and cash equivalents	6	2	12	3
Banks - demand deposits	61,455	5,303	79,587	30,037
Banks - short-term investments	169,172	44,535	169,278	44,638
	230,633	49,840	248,877	74,678

Highly-liquid short-term investments are made with prime banks and their yield approximates the Interbank Certificate of Deposit (CDI) rate. As they are highly liquid, they were classified as cash equivalents in the statements of cash flows. Early redemption does not entail any financial losses. The average yield in the period was 0.84% p.m., totaling R$4,757 (R$1,796 at September 30, 2013) parent company and consolidated.

6 Trade receivables

	Parent Company		Consolidated	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
Domestic market	76,765	66,658	76,765	66,658
Foreign market	17,613	3,804	372,376	444,216
Foreign market - related parties (Note 7)	543,254	499,563	-	-
	637,632	570,025	449,141	510,874

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
Current	480,918	456,914	390,428	436,724
1 to 30 days past due	13,829	16,858	57,322	73,666
31 to 60 days past due	24,285	13,822	1,391	94
61 to 90 days past due	23,262	43,818	-	89
Over 90 days past due	95,338	38,613	-	301
	637,632	570,025	449,141	510,874

The Company did not identify the need to recognize an allowance for doubtful debts as the volume of past-due receivables is substantially with related parties.

7 Related-party transactions

The main balances between related parties in the balance sheet and income statement accounts are as follows:

		Parent Company		Consolidated	
Assets	**Type**	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**
Current assets					
Cellulose Eldorado Austria Gmbh	Sale	456,885	461,666	-	-
Eldorado USA Inc.	Sale	86,369	37,897	-	-
Total trade receivables (Note 6)		543.254	499,563	-	-
Non-current assets					
J&F Investimentos	Intragroup loan (ii)	25,734	41,009	25,734	41,009
Rishis Empreendimentos e Participações	Intragroup loan (i)	-	9,311	-	-
		25,734	50,320	25,734	41,009

		Parent Company		Consolidated	
Liabilities	**Type**	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**
Current liabilities					
JBS (Note 15)	Freight service	17,086	9,229	17,086	9,229
J&F Investimentos	Letter of guarantee (iii)	15,369	29,007	15,369	29,007
		32,455	38,236	32,455	38,236
Non-current liabilities					
J&F Investimentos	Intragroup loan (iv)	1,247,090	-	1,247,090	-
		1,247,090	-	1,247,090	-

		Parent Company		Consolidated	
Profit or loss	**Type**	**9/30/2014**	**9/30/2013**	**9/30/2014**	**12/31/2013**
Cellulose Eldorado Austria Gmbh	Sale	1,029,096	822,286	-	-
Eldorado USA Inc.	Sale	189,028	69,303	-	-
Total revenue (Note 21)		1.218.124	891,589	-	-
J&F Investimentos	Intragroup loan (iv)	(88,927)	-	(88,927)	-
		1,129,197	891,589	(88,927)	-

(i) Advance to obtain concession of port terminal, which was acquired in 2014.

(ii) Sale of rural properties called "Florágua Farms" falling due in May 2016, which bear market interest of 8.5% p.a. (R$ 25,000), less a performance bonus of 15% calculated on interest payable (R$734). The change in this line item reflects the accrual and payment of interest for the period.

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

(iv) Loan granted by the parent company J&F Investimentos S.A., with an indefinite maturity.

7.1 Management compensation

The expense on key management personnel compensation includes directors and officers, represented by ten members in Parent Company and consolidated, in the following amounts for the years ended:

	9/30/2014	**9/30/2013**
Short-term employee benefits (a)	6,205	5,566

(a) Comprises: wages, annual bonus for officers, medical care, and other benefits.

All officers are hired under employment contracts pursuant to the provisions of the Brazilian Labor Code (CLT) that comply with all statutory compensation and benefit requirements. Compensation does not include any profit sharing bonuses or other additional corporate benefits to its employees or extended to their families.

Under IAS 24 (revised)/CPC 05 (R1) Related Party Disclosures, the executive committee's and board of directors' members are not parties to contracts that provide for additional corporate benefits, such as postemployment or any other long-term benefits, severance benefits other than those provided for by the CLT, where applicable, or share-based compensation.

8 Inventories

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

	Parent Company		**Consolidated**	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
Seedlings	2,816	2,198	2,816	2,198
Raw materials (wood for production)	74,773	102,204	74,773	102,204
Pulp	50,317	82,008	163,010	169,009
Inputs	18,853	14,601	18,853	14,601
Storeroom supplies	59,869	44,234	59,869	44,234
	206,628	245,245	319,321	332,246

During the period the amount of R$48,924 (R$62,575 at December 31, 2013) was added to the raw material inventory, relating to the fair value of the depleted biological asset, as shown in note 11.
The provision for pulp inventory impairment, to bring inventories to their net realizable values, totaled R$ 3,921 parent company and consolidated (zero at December 31, 2013). The write-down to net realizable values and the reversal are included in profit (loss) for the period.

Changes in provision for inventory impairment

Parent Company	**9/30/2014**
Opening balance at December 31, 2013	-
Additions	(3,921)
Write-offs	-
Balance at September 30, 2014	(3,921)

9 Recoverable taxes

	Parent Company		**Consolidated**	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
State VAT (ICMS) (i)	259,678	87,490	259,678	87,490
Taxes on revenue (PIS and COFINS) (ii)	298,281	287,990	298,882	287,990
Federal VAT (IPI)	1,455	818	1,455	818
Service tax (ISS)	305	39	305	39
Withholding income tax (IRRF) (iii)	3,906	3,293	3,964	3,351
	563,625	379,630	564,284	379,688
Breakdown				
Current assets	214,997	114,252	215,656	114,310
Non-current assets	348,628	265,378	348,628	265,378
	563,625	379,630	564,284	379,688

(i) ICMS

The Company records ICMS accumulated over the last years basically related to credits on the purchase of property, plant and equipment items used to implement its plant located in Três Lagoas, MS, and a new package of tax incentives granted by the Mato Grosso do Sul State Government for use in the current operation and future industrial expansion.
The Company's management has been prioritizing a series of actions intended to maximize the utilization of these credits and currently does not expect any losses on their realization. The management actions include the expected realization of these credits by increasing pulp sales in the domestic market, payment to suppliers and utilization in the production capacity expansion project for purchase of machinery and equipment.

(ii) PIS and COFINS

Refers basically to noncumulative PIS and COFINS credits on the purchase of property, plant and equipment items, related to the completion of 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) IRRF

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

10 Advances to suppliers

	Parent Company		Consolidated	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
Purchase of wood (i)	91,006	70,490	91,006	70,490
Other (ii)	6,922	62,187	12,586	62,190
	97,928	132,677	103,592	132,680
Breakdown				
Current assets	39,490	97,457	45,154	97,460
Non-current assets	58,438	35,220	58,438	35,220
	97,928	132,677	103,592	132,680

(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. The settlement of these advances will be based on the value of the wood received. Company specialists value and monitor forest development to mitigate risks associated to the compliance of each contract. There are no derivative instruments in these wood purchase transactions as the contracts were closed at fixed prices for the wood volume to be supplied.

(ii) Refer mainly to advances to suppliers for construction of barges for carrying wood and pulp.

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	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
At the beginning of the year	1,176,791	611,881	1,179,932	615,022
Change in the fair value of biological assets net of costs to sell	4,694	149,665	4,694	149,665
Tree felling for inventory	(48,924)	(62,575)	(48,924)	(62,575)
Forest development cost	267,156	477,820	264,015	477,820
Total biological assets	1,399,717	1,176,791	1,399,717	1,179,932

Currently the Company holds a production area of 181,461 ha (154,815 ha at December 31, 2013), not including other areas such as the permanent preservation areas and statutory reserves, in compliance with prevailing environmental laws.

The nonfinancial estimate of physical quantity of the Company's group of biological assets is 35,726 ha, with Average Annual Increase (IMA) of 38.90 m³/hectare at September 30, 2014.

The valued area that meets the biological assets' valuation assumptions is the total production area, which results from a fair value adjustment of R$4,694 (R$149,665 at December 31, 2013).

The harvest and replanting process has a cycle of five to eight years, varying according to the cultivation and genetic material used.

The Company has the following preventions programs to avoid losses of biological assets:

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

Assumptions for the recognition of biological assets at fair value

Under IAS 41/CPC 29, the Company used the following assumptions to recognize its biological assets at fair value:

(i) Eucalyptus forests over three years old are measured at their fair value. In general lines, the methodology can be summarized by the projection of forest growth and its subsequent depletion, with felling age between five and eight years, considering operating restrictions and annual demand. The standing timber inventory is exposed to market and costs, expenses and taxes are deducted. These revenues and expenses comprise a discounted cash flow at a real WACC rate of 4.5%, which reflects the Company forecasts of both investment return and funding.

(ii) The forest productivity volumes are determined based on growth and felling age. This growth can be represented by the Average Annual Increase (IMA), expressed in cubic meters per hectare/year which, as reference in the region where the forest assets are located.

(iii) The cost of crop treatments comprises costs with weed competition activities, control of ant and other pests, fertilization, road maintenance, inputs and labor services.

(iv) The Company decided to value its biological assets quarterly and perform a revaluation semiannually because it understands that this period is sufficient to evidence the increase in the number of planted hectares for more than three years and thus avoid any gap in the adjusted balance of biological assets.

(v) The Company does not have any biological assets involving financial risks and/or biological assets pledged as collateral during the period ended September 30, 2014.

12 Investments

	Parent Company		**Consolidated**	
Parent Company	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**
Assets				
Cellulose Eldorado Austria GmbH (d)	-	11,082	-	-
Rishis Empreendimentos e participações S.A.	12,382	7,071	-	
Timber Holdings S.A.	35,467	39,371	-	-
Other investments (a)	-	6,521	-	6,521
Goodwill on investment in subsidiaries (b)	27,213	26,695	-	-
Advance for future capital increase (c)	30,949	-	-	-
	106,011	90,740	-	6,521
Liabilities				
Cellulose Eldorado Austria GmbH (d)	(70,874)	-	-	-
	(70,874)	-	-	-

a) Refers to advance for future increase in interest in subsidiary Rishis, which was 100% acquired on August 11, 2014.

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

c) Advance for future capital increase for subsidiary Rishis to be made in 2014.

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

Significant information on subsidiaries for the period ended September 30, 2014

Investments in subsidiaries

	Year	Equity interest	Net assets	Unrealized profit on inventories	Company's share of net assets	Profit or loss	Company's share of profits/ losses	Cumulative translation adjustments
	2013							
Timber Holdings S.A.	December 31	100%	39,371	-	39,371	-	-	-
Cellulose Eldorado Austria Gmbh	December 31	100%	28,734	17,652	11,082	26,185	8,533	(12,548)
Rishis Empreendimentos e participações S.A.	December 31	60%	11,785	-	7,071	(1,784)	(1,071)	-
			79,890	17,652	57,524	24,401	7,462	(12,548)
	2014							
Timber Holdings S.A.	September 30	100%	35,467	-	35,467	(3,903)	(3,903)	-
Cellulose Eldorado Austria Gmbh	September 30	100%	(30,224)	40,650	(70,874)	(51,913)	(74,911)	(7,061)
Rishis Empreendimentos e participações S.A.	September 30	100%	12,382	-	12,382	(1,306)	(938)	-
			17,625	40,650	(23,025)	(57,122)	(79,752)	(7,061)

Subsidiaries

Timber Holdings S.A.

Timber Holdings S.A. owns land and eucalyptus forests and was acquired for the purpose of forming the forest basis necessary to supply wood to the Company's pulp plant.

Goodwill is attributed to the expected future earnings, primarily based on, but not limited to, the productivity forecasts of the acquired areas in excess of the areas owned by the Company and the decrease in wood freight costs related to the distance between the acquired areas and the Eldorado plant.

Rishis Empreendimentos e participações S.A.

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

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

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

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

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

13 Property, plant and equipment

	Parent Company 2014			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 9/30/2014**
Land	-	341,730	-	341,730
Buildings	2.86%	1,084,528	(57,264)	1,027,264
Leasehold improvements	10%	14,161	(1,207)	12,954
Facilities and improvements	2.81%	221,582	(14,926)	206,656
Furniture and fixtures	1.35%	5,767	(909)	4,858
Vehicles	13.73%	85,153	(18,113)	67,040
Technical and scientific instruments	13.12%	4,047	(1,576)	2,471
IT equipment	18.57%	52,311	(18,762)	33,549
Machinery and equipment	3.79%	3,587,899	(253,816)	3,334,083
Construction in progress and advances for capital expenditures	-	67,100	-	67,100
		5,464,278	(366,573)	5,097,705

	Parent Company 2013			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2013**
Land	-	341,425	-	341,425
Buildings	2.86%	1,078,908	(34,902)	1,044,006
Leasehold improvements	10%	6,337	(211)	6,126
Facilities and improvements	2.81%	213,150	(7,258)	205,892
Furniture and fixtures	1.35%	5,075	(567)	4,508
Vehicles	13.73%	47,095	(10,839)	36,256
Technical and scientific instruments	13.12%	3,990	(1,234)	2,756
IT equipment	18.57%	52,418	(10,545)	41,873
Machinery and equipment	3.79%	3,544,566	(147,490)	3,397,076
Construction in progress and advances for capital expenditures	-	71,879	-	71,879
		5,364,843	(213,046)	5,151,797

	Consolidated 2014			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 9/30/2014**
Land	-	377,124	-	377,124
Buildings	2.86%	1,084,528	(57,264)	1,027,264
Leasehold improvements	10%	14,161	(1,207)	12,954
Facilities and improvements	2.81%	226,720	(14,929)	207,791
Furniture and fixtures	1.35%	5,797	(911)	4,886
Vehicles	13.73%	85,153	(18,113)	67,040
Technical and scientific instruments	13.12%	4,047	(1,576)	2,471
IT equipment	18.57%	52,930	(18,858)	34,072
Machinery and equipment	3.79%	3,587,942	(253,822)	3,334,120
Advances for capital expenditures	-	84,521	-	84,521
		5,522,923	(366,680)	5,156,243

	Consolidated 2013			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2013**
Land	-	377,698	-	377,698
Buildings	2.86%	1,078,908	(34,902)	1,044,006
Leasehold improvements	10%	11,335	(676)	10,659
Facilities and improvements	2.81%	213,170	(7,259)	205,911
Furniture and fixtures	1.35%	5,137	(571)	4,566
Vehicles	13.73%	47,095	(10,839)	36,256
Technical and scientific instruments	13.12%	3,990	(1,234)	2,756
IT equipment	18.57%	52,828	(10,570)	42,258
Machinery and equipment	3.79%	3,544,576	(147,491)	3,397,085
Advances for capital expenditures	-	72,266	-	72,266
		5,407,003	(213,542)	5,193,461

Changes in property, plant and equipment

Parent Company

Changes	**Balance at 12/31/2013**	**Additions**	**Write-offs**	**Transfers**	**Depreciation**	**Balance at 9/30/2014**
Land	341,425	-	-	305	-	341,730
Buildings	1,044,006	-	-	5,620	(22,362)	1,027,264
Leasehold improvements	6,126	7,800	-	24	(996)	12,954
Facilities and improvements	205,892	8,412	-	20	(7,668)	206,656
Furniture and fixtures	4,508	651	-	41	(342)	4,858
Vehicles	36,256	33,908	(124)	4,472	(7,472)	67,040
Technical and scientific instruments	2,756	57	-	-	(342)	2,471
IT equipment	41,873	1,574	(1,779)	98	(8,217)	33,549
Machinery and equipment	3,397,076	12,884	(4,818)	37,076	(108,135)	3,334,083
Construction in progress and advances for capital expenditures	71,879	45,745	-	(50,524)	-	67,100
	5,151,797	111,031	(6,721)	(2,868)	(155,534)	5,097,705

Changes	**Balance at 12/31/2012**	**Additions**	**Write-offs**	**Transfers**	**Depreciation**	**Balance at 12/31/2013**
Land	359,628	-	-	(18,203)	-	341,425
Buildings	902,517	308	-	168,407	(27,226)	1,044,006
Leasehold improvements	-	-	-	6,337	(211)	6,126
Facilities and improvements	134,724	-	-	78,025	(6,857)	205,892
Furniture and fixtures	3,890	123	-	829	(334)	4,508
Vehicles	7,168	32,247	(182)	(1)	(2,976)	36,256
Technical and scientific instruments	1,313	9	-	1,835	(401)	2,756
IT equipment	16,205	4,339	-	30,516	(9,187)	41,873
Machinery and equipment	2,761,649	59,912	(3)	698,356	(122,838)	3,397,076
Construction in progress and advances for capital expenditures	762,366	273,148	-	(963,635)	-	71,879
	4,949,460	370,086	(185)	2,466	(170,030)	5,151,797

Consolidated

Changes	Balance at 12/31/2013	Additions	Write-offs	Transfers	Depreciation	Balance at 9/30/2014
Land	377,698	-	(879)	305	-	377,124
Buildings	1,044,006	-	-	5,620	(22,362)	1,027,264
Leasehold improvements	10,659	7,800	-	(4,509)	(996)	12,954
Facilities and improvements	205,911	8,997	-	4,553	(7,670)	211,791
Furniture and fixtures	4,566	651	-	12	(343)	4,886
Vehicles	36,256	33,908	(124)	4,472	(7,472)	67,040
Technical and scientific instruments	2,756	57	-	-	(342)	2,471
IT equipment	42,258	1,574	(1,779)	315	(8,296)	34,072
Machinery and equipment	3,397,085	12,884	(4,818)	37,107	(108,138)	3,334,120
Construction in progress and advances for capital expenditures	72,266	63,007	(4)	(50,748)	-	84,521
	5,193,461	128,878	(7,604)	(2,873)	(155,619)	5,156,243

Changes	Balance at 12/31/2012	Arising from acquisition of subsidiary	Additions	Write-offs	Transfers	Depreciation	Balance at 12/31/2013
Land	395,901	-	-	-	(18,203)	-	377,698
Buildings	902,517	-	308	-	168,407	(27,226)	1,044,006
Leasehold improvements	-	4,363	292	-	6,337	(333)	10,659
Facilities and improvements	134,724	-	-	-	78,045	(6,858)	205,911
Furniture and fixtures	3,890	31	123	-	858	(336)	4,566
Vehicles	7,168	-	32,247	(182)	(1)	(2,976)	36,256
Technical and scientific instruments	1,313	-	9	-	1,835	(401)	2,756
IT equipment	16,205	198	4,540	-	30,522	(9,207)	42,258
Machinery and equipment	2,761,649	9	59,912	(3)	698,356	(122,838)	3,397,085
Construction in progress and advances for capital expenditures	762,687	-	273,270	-	(963,691)	-	72,266
	4,986,054	4,601	370,701	(185)	2,465	(170,175)	5,193,461

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures at September 30, 2014 refer to structural improvements in the pulp plant and surrounding areas and renovation in the port areas of the plant and of the Pederneiras port and Santos port, according to the Company’s logistics plan to ship goods via the Tietê river to Pederneiras and afterward by train to the Santos port. Company assets are pledged as collateral for borrowings and financing up to the maximum limit of each of the debts assumed (Note 16).

Review of useful lives

As at December 31, 2012, the Company reviewed the useful lives of its property, plant and equipment items by engaging a specialized firm. From the start of plant operations, the new acquisitions and/or constructions are recorded with an estimated useful life and the useful lives of property, plant and equipment items are reviewed annually, and changed where applicable.

Impairment test - property, plant and equipment

The Company performed the annual impairment test of its tangible and intangible assets on

December 31, 2013, based on the values in use and using discounted cash flows, which evidenced that their estimated fair values are higher than their net carrying amounts on the test date. During the period, there were no indications that material individual assets or group of assets might be impaired. Possible impairment losses are separately disclosed in a note, when material.

14 Intangible assets

	Parent Company 2014			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 9/30/2014**
Software	15.00%	8,952	(2,865)	6,087

	Parent Company 2013			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2013**
Software	15.00%	4,908	(1,692)	3,216
		4,908	(1,692)	3,216

	Consolidated 2014			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 9/30/2014**
Goodwill	-	27,213	-	27,213
Software	15.00%	9,106	(2,888)	6,218
Terminal concession	-	20,988	(4,663)	16,325
		57,307	(7,551)	49,756

	Consolidated 2013			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2013**
Goodwill	-	26,695	-	26,695
Software	15.00%	5,049	(1,702)	3,347
Terminal concession	-	20,988	(4,929)	16,059
		52,732	(6,631)	46,101

Changes in intangible assets

Parent Company	12/31/2013	Additions	Transfer	Amortization	9/30/2014
Software	3,216	1,176	2,868	(1,173)	6,087
	3,216	1,176	2,868	(1,173)	6,087

Consolidated	12/31/2013	Additions	Transfer	Amortization	9/30/2014
Goodwill	26,695	518	-	-	27,213
Software	3,347	1,176	2,873	(1,178)	6,218
Terminal concession	16,059	1,390	-	(1,124)	16,325
	46,101	3,084	2,873	(2,302)	49,756

Goodwill breakdown

In consolidated - Recorded as intangible assets

Timber
Goodwill on acquisition of 100% of the shares and voting capital of Timber Holdings S.A. in September 2011, in the amount of R$10,211, based on expected future earnings.

Rishis
Goodwill of R$ 15,203 on acquisition of 100% of the shares and voting capital of Rishis Empreendimentos e Participações S.A., of which 60% in October 2013 and 40% in August 2014, based on expected future earnings. From the acquisition date the goodwill was complemented by the payment of the installments corresponding to the year of the share subscription. At September 30, 2014, goodwill totals R$ 17,002.

Impairment test - intangible assets
On December 31, 2013, the Company tested goodwill for impairment, using the value-in-use concept, based on discounted cash flow models that represent the groups of tangible and intangible assets recorded by the Company.

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

Based on the annual impairment test of the Company's intangible assets at December 31, 2013, prepared using the projections made on the financial statements, growth prospects at the time, and the monitoring of projections and operating results for the period, no possible impairment losses or indications of impairment were identified since value in use is higher than the net carrying amount on the test date.

15 Trade payables

	Parent Company		**Consolidated**	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
Supplies and services	63,050	126,590	59,421	128,578
Supplies and services - related parties (Note 7)	17,086	9,229	17,086	9,229
Inputs	92,717	88,403	95,164	106,254
Other	11,401	9,225	14,637	9,382
	184,254	233,447	186,308	253,443

16 Borrowings and financing

Type	Average annual interest rate and commissions	Parent Company and Consolidated 9/30/2014	12/31/2013
Property, plant and equipment purchase financing			
FINAME – Enterprise financing	Averge interest of 3% to 8.00% p.a.	62,564	36,779
ACC (advance on exchange contract) (i)	Forex + interest	943,994	876,645
BNDES - Subloan A (ii)	TJLP + 3.32%	513,689	511,854
BNDES - Subloan B (ii)	Floating rate BNDES + 3.32%	885,190	842,310
BNDES - Subloans C H and L (ii)	Floating rate BNDES + 4.52%	1,013,628	965,991
BNDES - Subloan G (ii)	TJLP + 2.92%	137,147	137,191
BNDES - Subloan K (ii)	TJLP	9,683	5,019
BNDES - Subloan D (ii)	TJLP + 1.8%	144,491	144,537
BNDES - Subloan E (ii)	Floating rate BNDES + 1.8%	411,178	389,196
BNDES - Subloans F and J (ii)	Floating rate BNDES + 3%	229,826	219,497
BNDES - Subloan I (ii)	TJLP + 1.4%	37,108	37,119
ECAs (iii)	Forex + interest of 2.8% to 5.69% p.a.	1,000,562	911,051
Debentures (first issue) (iv)	110% of CDI	5,985	10,156
Debentures (second issue) (v)	IPCA + 7.41% p.a.	1,040,760	992,607
FCO (Mid-west Financing Fund) (vi)	Interest of 8.5% to 9 % p.a.	50,906	64,862
Lease	4.86 % to 9.84% p.a.	-	4
Working capital	Interest of 5.74% p.a.in dollars and 10.27% to 12.41% p.a. in reais	41,448	452,779
NCE (vii)	CDI + spread	100,452	51,829
		6,628,611	6,649,426

	Parent Company and Consolidated 9/30/2014	12/31/2013
Breakdown		
Current liabilities	1,350,731	1,458,549
Non-current liabilities	5,277,880	5,190,877
	6,628,611	6,649,426

	Parent Company and Consolidated 9/30/2014	12/31/2013
Non-current liabilities mature as follows:		
2015	190,820	541,057
2016	805,140	587,406
2017	616,706	582,962
2018	614,460	579,816
After 2019	3,050,754	2,899,636
	5,277,880	5,190,877

Changes in borrowings and financing

Parent Company and Consolidated

	9/30/2014
Opening balance at December 31, 2013	6,649,426
Interest - accrued	331,076
Exchange differences - accrued	254,215
New borrowings	1,116,444
Repayments	(1,722,550)
Principal	(1,400,724)
Interest	(302,494)
Exchange differences	(19,332)
Balance at September 30, 2014	6,628,611

16.1 Company credit facilities

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

(vii) 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, of which R$1.1 billion refers to the portion in foreign currency (basket of currencies) to build the pulp and paper plant, including the acquisition of local machinery and equipment and the implementation of the social investments program in plant neighboring areas ("Project"). Thus, BNDES confirmed the effectiveness of the agreement by disbursing the funds between March 2012 and December 2013, to be repaid in 90 installments beginning January 2015.

(viii) 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$439,551 subject to 3.1% p.a. equivalent to US$215,447, and R$116,830 subject to 5.69% p.a., equivalent to US$57,243, EKN, R$204,825 subject to 2.8% p.a. equivalent to US$100,256 and Oekb, R$182,439 subject to 5.69% p.a., equivalent to US$89,361.

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

(x) 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.

(xi) FCO (Mid-west Financing Fund) financing agreements, entered into with Banco do Brasil, in the following amounts and with the following maturities: R$25,864 maturing in 2016 and R$25,042 maturing in 2017, guaranteed by properties (farms) up to the limit of the assumed debt.

(xii) Real-denominated Export Credit Notes (NCE) contracts.

16.2 Restrictive covenants

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

16.3 Guarantees of the borrowings

All borrowing and financing agreements of the BNDES and ECA types and part of the agreements of the ACC, Finame, Working Capital, FCO and Debenture types are guaranteed by the parent company J&F Investimentos.

17 Taxes payable, payroll and related taxes

	Parent Company		Consolidated	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
Payroll and related taxes	49,978	40,052	50,551	40,807
Accruals and taxes	27,216	13,035	27,229	13,040
Taxes payable	9,676	413	9,686	432
Other	34	35	34	34
	86,904	53,535	87,500	54,313

18 Deferred income tax and social contribution

As at September 30, 2014, the Company has an accounting loss balance which, adjusted for the expenses and revenues not permitted by the tax law for income tax and social contribution calculation purposes, totals R$ 1,544,061 (R$ 1,016,560 as at December 31, 2013).

Parent Company

Income tax and social contribution reconciliation:

	9/30/2014	9/30/2013
Income tax and social contribution		
Loss before income tax and social contribution	(555,905)	(781,123)
Additions:		
Permanent differences	7,907	-
Provision for plant shutdown	14,404	5,442
Provision for inventory losses	3,921	-
MTM Hedge to be realized	(130,424)	
Other	332	
(Exclusions):		
Fair value of biological assets	(4,694)	(59,468)
Share of profits (losses) of subsidiaries	79,752	6,982
Exchange differences to be realized	168,166	
Tax incentives granted	(110,960)	
Tax loss for the period	(527,501)	(828,167)
Temporary differences	(51,705)	
	(579,206)	(828,167)
Rate	34%	34%
Income tax and social contribution to be realized	(196,930)	(281,577)
Provision for non-realization of tax credits	-	281,577
Total income tax and social contribution expense	(196,930)	-

Changes in deferred income tax and social contribution:	**9/30/2014**	**12/31/2013**
Opening balance	270,879	-
Recognition of deferred income tax and social contribution - 34% tax rate on biological assets' appreciation	-	(50,886)
Recognition of deferred income tax and social contribution assets on tax losses	179,350	321,765
Recognition of deferred income tax and social contribution assets on temporary differences	17,580	-
Closing deferred income tax and social contribution	196,930	270,879
Deferred income tax and social contribution assets	588,387	345,630
Deferred income tax and social contribution liabilities	(120,578)	(74,751)
Closing deferred income tax and social contribution disclosed in the balance sheet	467,809	270,879

The Company, recently established, expects to generate taxable profits as from 2015. This expectation is based on a technical study of generation of future taxable profits, grounded on increase in production capacity and reduction of costs of logistics and debt prepared with growth and discount rates aligned with the budget estimate for the next five years. The measurement of the deferred tax asset arises from the income tax and social contribution tax losses and temporary differences previously shown.

Analysis of the impacts of Law 12,973/14

Provisional Act 627 of November 11, 2013, changed into Law 12,973 of May 14, 2014, and Brazilian Federal Revenue's Normative Ruling 1,397 of September 16, 2013 introduced significant changes to federal tax rules. The provisions of such Law will become effective for calendar year 2015, and companies have the option of early adoption in calendar year 2014.

Regarding the early adoption of Law 12,973, the Company's management understands that there are uncertainties about the extent and impacts of its provisions and will await the Federal Revenue's guidance on the option period to be disclosed.

19 Provision for contingent liabilities

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

	12/31/2012	Additions	Exclusions	12/31/2013	Additions	Exclusions	9/30/2014
Civil	907	773	(80)	1,600	2	(1,273)	329
Labor	1,103	1,420	(923)	1,600	1,722	(1,070)	2,252
Tax	-	-	-	-	404	-	404
	2,010	2,193	(1,003)	3,200	2,128	(2,343)	2,985

As at September 30, 2014, the Company was the defendant in civil, labor and tax lawsuits, amounting to R$ 67,041 (R$ 50,205 as at December 31, 2013), of which the Company accrued R$ 2,985 (R$ 3,200 as at December 31, 2013), classified by its management and legal counsel as likelihood of probable loss. In general, the claims that originated the lawsuits involve claims for obligations, indemnity for pain and suffering and property damages, collection and prohibitory interdict.

For the lawsuits classified as possible losses in the amount of R$64,056 (R$47,005 as at December 31, 2013), management understands that no provision for losses is necessary, in accordance with CPC 25 Provisions, Contingent Liabilities and Contingent Assets.

The exclusions refer mainly to the change of risk classification.

20 Equity

20.1 Share capital

	Subscribed capital	Unpaid capital	Issued capital
Balances at September 30, 2014	1,788,792	(221,157)	1,567,635

On August 20, 2012, subscribed capital increased from R$1,718,291,903.18 (1,495,274,914 shares) to R$1,788,791,903.18 (1,525,558,419 shares), i.e., by R$70,500,000, paid in through the issue of 30,283,505 registered common shares without par value, as registered with the São Paulo Division of Corporations (JUCESP) under number 3530044472-8.

	Number of shares
Total shares at 12/31/2013	1,525,558,419
Total shares at 9/30/2014	1,525,558,419

20.2 Advance for future capital increase

On November 29, 2011, the parent company J&F entered into a binding and irrevocable advance for future capital increase (“AFAC”) agreement with Eldorado, amounting to R$221,156,740.00.

Under this agreement between J&F and Eldorado, the AFAC shall be converted into Eldorado’s capital within five (5) years from the AFAC agreement execution date, through the issue of 221,156,740 shares.

20.3 Legal reserve

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

20.4 Dividends

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

20.5 Carrying value adjustments

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

20.6 Earnings per share

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

Basic

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

	9/30/2014	9/30/2013
Loss attributable to Company owners	(358,975)	(781,123)
Total shares outstanding in the period (subscribed and advance for future capital increase) - in thousands	1,525,558	1,525,558
Loss per thousand shares	(235)	(512)

21 Net revenue

	Parent Company		Consolidated	
	9/30/2014	9/30/2013	9/30/2014	9/30/2013
Gross sales revenue				
Domestic market	288,435	190,651	288,435	190,651
Foreign market	35,072	-	1,531,707	995,547
Foreign market - related parties (Note 7)	1,218,124	891,589	-	-
Discounts and rebates	(125)	-	(216,103)	(98,035)
	1,541,506	1,082,240	1,604,039	1,088,163
Sales returns and taxes	(27,356)	(40,664)	(27,356)	(40,664)
Net operating revenue	1,514,150	1,041,576	1,576,683	1,047,499

22 Operating segments

a) Base for segmentation

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

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

b) Reportable segments

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

	Consolidated			
	Pulp	**Energy**	**Other**	**Total**
Net revenue	1,513,172	62,304	1,207	1,576,683
Cost of sales	(1,044,290)	(22,676)	(859)	(1,067,825)
Gross profit	468,882	39,628	348	508,858
Operating (expenses) income				
General and administrative expenses	(75,520)	-	-	(75,520)
Selling expenses	(280,393)	-	-	(280,393)
Finance income (costs), net	(841,406)	-	-	(841,406)
Fair value of biological assets	4,694	-	-	4,694
Other income (expenses), net	129,160	-	-	129,160
Profit (loss) before provision for income tax and social contribution	(594,583)	39,628	348	(554,607)
Income tax and social contribution	195,264	-	-	195,264
Profit (loss) for the period	(399,319)	39,628	348	(359,343)

c) Geographic segments

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

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

(i) Operating revenue

	9/30/2014
Brazil	260,954
Latin America	35,072
Europe	537,971
North America	184,323
Asia	558,363
	1,576,683

(ii) Non-current assets

	9/30/2014
Brazil	7,520,453
Austria	5,313
United States	92
	7,525,858

23 Selling, logistics, general and administrative expenses

	Parent Company		Consolidated	
	9/30/2014	**9/30/2013**	**9/30/2014**	**9/30/2013**
Personnel expenses	(48,916)	(33,219)	(51,467)	(35,115)
Service, material and transportation expenses	(142,417)	(153,494)	(268,808)	(214,166)
Depreciation and amortization	(14,282)	-	(15,493)	-
Other	-	(1,512)	(20,145)	(13,058)
	(205,615)	(188,225)	(355,913)	(262,339)
Breakdown				
General and administrative expenses	(66,393)	(67,302)	(75,520)	(71,582)
Selling and logistics expenses	(139,222)	(120,923)	(280,393)	(190,757)
	(205,615)	(188,225)	(355,913)	(262,339)

24 Finance income (costs), net

	Parent Company		Consolidated	
	9/30/2014	**9/30/2013**	**9/30/2014**	**9/30/2013**
Interest receivable	-	656	-	657
Income from short-term investments	8,204	4,126	8,207	4,126
Sundry banking costs	(3,818)	(1,898)	(4,000)	(2,456)
Interest payable	(402,212)	(327,616)	(402,212)	(327,616)
Foreign exchange losses, net	(171,864)	(280,967)	(171,718)	(282,458)
Related parties - letter of guarantee for debts	(43,008)	(39,692)	(43,008)	(39,692)
Gain (loss) on derivatives	(147,292)	(225,734)	(147,292)	(225,734)
Guarantee expenses	(13,628)	(9,517)	(13,628)	(9,517)
Other	(65,105)	(22,612)	(67,755)	(22,612)
	(838,723)	(903,254)	(841,406)	(905,302)

25 Other income (expenses), net

	Parent Company		Consolidated	
	9/30/2014	**9/30/2013**	**9/30/2014**	**9/30/2013**
ICMS credits granted (a)	83,020	-	83,020	-
ICMS CIAP credits (b)	28,770	-	28,770	-
Insurance indemnity	6,772	-	6,772	-
Other	12,817	(1,870)	10,598	(1,869)
	131,379	(1,870)	129,160	(1,869)

(a) In the first half of 2014, the Company received a new tax incentive package granted by the Mato Grosso do Sul State Government for use in the current operation and future industrial expansion.

(b) In compliance with Article 56 of Decree 9,203/98 - RICMS/MS, the Company applied for approval of the untimely credits on purchase of permanent assets/difference in rates for use in the current operation and future expansion.

26 Insurance

As at September 30, 2014, the insurance coverage against operating risks totaled R$ 5,103,082 for property damages, R$ 100,140 for loss of profits, and R$ 94,224 for civil liability.

27 Risk management and financial instruments

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

Market risks

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

a. Interest rate risks

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

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

The Company's exposure to interest rate risk refers basically to borrowings and financing. The position at September 30, 2014 and December 31, 2013 is as follows:

		Parent Company	
Type	**Average annual interest rate and commissions**	**9/30/2014**	**12/31/2013**
BNDES - subloan A	TJLP + interest of 3.32% p.a.	513,689	511,854
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	885,190	842,310
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	1,013,628	965,991
BNDES - subloan G	TJLP + interest of 2.92% p.a.	137,147	137,191
BNDES - subloan K	TJLP	9,683	5,019
BNDES - subloan D	TJLP + interest of 1.8% p.a.	144,491	144,537
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	411,178	389,196
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	229,826	219,497
BNDES - subloan I	TJLP + interest of 1.4% p.a.	37,108	37,119
Debentures (first issue)	110% of CDI	5,985	10,156
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,040,760	992,607
FINAME - Enterprise financing	Average interest of 3% to 8% p.a.	62,564	36,779
ACC (advance on exchange contract)	Forex + interest	943,994	876,645
ECAs	Forex + interest of 2.8% to 5.69% p.a.	1,000,562	911,051
FCO - Fundo para o Financiamento do Centro-Oeste	Interest of 8.5% to 9 % p.a.	50,906	64,862
Lease	4.86 % to 9.84% p.a.		5
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	41,447	452,779
NCE	CDI + spread	100,452	51,829
Short-term investments (repos)	99% of CDI	(216,828)	(44,535)
Loan agreement	100 % CDI + interest of 0.5% p.m.	1,247,090	-
		7,658,872	6,604,892

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at September 30, 2014 would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable scenario, are shown below. Management considers that the closing interest rates used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of exposures are as follows:

Transaction - 9/30/2014	Risk	Position	Possible 25%	Remote 50%
BNDES - subloan A	TJLP + interest of 3.32% p.a.	513,689	128,422	256,845
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	885,190	221,298	442,595
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	1,013,628	253,407	506,814
BNDES - subloan G	TJLP + interest of 2.92% p.a.	137,147	34,287	68,574
BNDES - subloan K	TJLP	9,683	2,421	4,842
BNDES - subloan D	TJLP + interest of 1.8% p.a.	144,491	36,123	72,246
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	411,178	102,795	205,589
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	229,826	57,457	114,913
BNDES - subloan I	TJLP + interest of 1.4% p.a.	37,108	9,277	18,554
Debentures (first issue)	110% of CDI	5,985	1,496	2,993
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,040,760	260,190	520,380
FINAME - Enterprise financing	Average interest of 3% to 8% p.a.	62,564	15,641	31,282
ACC (advance on exchange contract)	Forex + interest	943,994	235,999	471,997
ECAs	Forex + interest of 2.8% to 5.69% p.a.	1,000,562	250,141	500,281
FCO - Fundo para o Financiamento do Centro-Oeste	Interest of 8.5% to 9 % p.a.	50,906	12,727	25,453
Lease	4.86 % to 9.84% p.a.			
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	41,447	10,362	20,724
NCE	CDI + spread	100,452	25,113	50,226
Short-term investments (repos)	99% of CDI	(216,828)	(54,207)	(108,414)
Loan agreement	100 % CDI + interest of 0.5% p.m.	1,247,090	311,773	623,545
Net exposure to interest rates		7,658,872	1,914,722	3,829,439

Transaction - 12/31/2013	**Risk**	**Position**	**Possible 25%**	**Remote 50%**
BNDES - subloan A	TJLP + interest of 3.32% p.a.	511,854	127,964	255,927
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	842,310	210,578	421,155
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	965,991	241,498	482,995
BNDES - subloan G	TJLP + interest of 2.92% p.a.	137,191	34,298	68,595
BNDES - subloan K	TJLP	5,019	1,255	2,510
BNDES - subloan D	TJLP + interest of 1.8% p.a.	144,537	36,134	72,268
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	389,196	97,299	194,598
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	219,497	54,874	109,748
BNDES - subloan I	TJLP + interest of 1.4% p.a.	37,119	9,280	18,559
Debentures (first issue)	110% of CDI	10,156	2,539	5,078
Debentures (second issue)	IPCA + interest of 7.41% p.a.	992,607	248,152	496,303
FINAME - Enterprise financing	Average interest of 3% to 8% p.a.	36,779	9,195	18,389
ACC (advance on exchange contract)	Forex + interest	876,645	219,161	438,323
ECAs	Forex + interest of 2.8% to 5.69% p.a.	911,051	227,763	455,526
FCO - Fundo para o Financiamento do Centro-Oeste	Interest of 8.5% to 9 % p.a.	64,862	16,216	32,431
Lease	4.86 % to 9.84% p.a.	5	1	3
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	452,779	113,195	226,390
NCE	CDI + spread	51,829	12,957	25,915
Short-term investments (repos)	99% of CDI	(44,534)	(11,134)	(22,267)
Net exposure to interest rates		6,604,893	1,651,225	3,302,446

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 serve as benchmark of the basic cost of funding granted by BNDES and at the reporting date was 5.5% per year.

b. *Foreign exchange rate risks*

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

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

As at September 30, 2014, the US Dollar, Euro and Swedish Krona quotations were R$2.4510, R$3.0954 and R$0.3396, respectively, and at December 31, 2012 these quotations were R$2.3426, R$3.2265 and R$0.3639, respectively.

As at September 30, 2014 and December 31, 2013, the foreign exchange fluctuation risk concentrates in line items 'Trade receivables', 'Advances to suppliers', 'Trade payables' and 'Borrowings'.

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

The Company's assets and liabilities exposed to the foreign exchange risk, related to the periods ended September 30, 2014 and December 31, 2013, are as follows:

Parent Company

	9/30/2014	12/31/2013
Trade receivables (US dollar)	560,867	503,367
Total trade receivables	560,867	503,367
Advances (Euro)	5,220	2,328
Advances (US dollar)	82	59
Total advances to suppliers	5,302	2,387
Non Deliverable Forwards - NDF (US dollar)	4,036,797	3,820,781
Total Non Deliverable Forwards (NDF)	4,036,797	3,820,781
Trade payables (US dollar)	(753)	(1,939)
Trade payables (Euro)	(1,250)	(4,803)
Trade payables (Swedish Krona)	(163)	(464)
Total trade payables	(2,166)	(7,206)
ACC (advance on exchange contract) (US dollar)	(943,994)	(876,645)
BNDES - Subloans C, H and L (US dollar)	(1,013,628)	(965,991)
BNDES - Subloan B (US dollar)	(885,190)	(842,310)
BNDES - Subloans E, F and J (US dollar)	(641,004)	(608,693)
ECAs (US dollar)	(1,000,562)	(911,051)
Working capital (US dollar)	(41,447)	-
Total borrowings and financing	(4,525,825)	(4,204,690)
Net exposure	74,975	114,639

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

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at September 30, 2014 would behave the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable, are shown below. Management considers that the closing 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

		9/30/2014		
Transaction	**Risk**	**Position**	**25%**	**50%**
Exposure of assets and liabilities	R$ depreciation	(3,961,822)	(990,456)	(1,980,911)
Non-deliverable forwards (NDFs)	R$ appreciation	4,036,797	1,009,199	2,018,398
Net exposure to currency risk		74.975	18,743	37,487

Derivative financial instruments
As at September 30, 2014, the outstanding derivatives with maturity on November 3, 2014 and February 2, 2015, totaling US$ 1,647,000, refer to Non Deliverable Forwards (NDF) contracts aimed at reducing the volatility in dollar-denominated debt transactions.

As at December 31, 2013, the outstanding derivatives with maturities between February 3 and May 2, 2014 totaling U$ 1,631,000 also refer to Non Deliverable Forwards (NDF). These derivatives were settled between January 1 and June 30, 2014.

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

Outstanding derivatives

	Notional amount			Fair value	
NDFs	**US dollar**	**Real**	**Maturity**	**US dollar**	**Real**
Short position (US$)	1,647,000	4,036,797	11/03/14 to 02/02/15	76,272	186,944

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

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

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

	Parent Company		Consolidated	
	9/30/2014	**12/31/2013**	**9/30/2014**	**12/31/2013**
Cash and cash equivalents	230,633	49,840	248,877	74,678
Trade receivables	94,378	70,462	449,141	510,874
Trade receivables - related parties	543,254	549,883	25,734	41,009
Derivatives receivable	186,944	56,520	186,944	56,520
Short-term investments	47,656	-	47,656	-
	1,102,865	726,705	958,352	683,081

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

d. *Price risk*
The Company is exposed to wood price volatility only for new agreements not closed, resulting from factors beyond management control, such as climate factors, offer volume, transportation costs, forestry policies, etc. 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	**9/30/2014**	**12/31/2013**
Estimated amount of firm contracts	1,443,259	870,448
Advances made	(73,347)	(35,220)
	1,369,912	835,228

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

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

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

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

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

Parent Company

	Less than 1 year	Between 1 and 2 years	Between 3 and 4 years	Over 4 years	Fair value
At September 30, 2014					
Trade payables	167,168	-	--	-	167,168
Trade payables - related parties	17,086	-	-	-	17,086
Borrowings and financing	1,350,731	995,960	1,231,166	3,050,754	6,628,611
Borrowings and financing - related parties		1,247,090	-	-	1,247,090
Non-deliverable forwards (NDFs)	(186,944)				(186,944)
(-) Cash and cash equivalents	(230,633)	-	-	-	(230,633)
	1,117,408	2,243,050	1,231,166	3,050,754	7,642,378
At December 31, 2013					
Trade payables	224,218	-	-	-	224,218
Trade payables - related parties	9,229	-	-	-	9,229
Borrowings and financing	1,458,549	541,057	587,406	4,062,414	6,649,426
Non-deliverable forwards (NDFs)	(56,520)	-	-	-	(56,520)
(-) Cash and cash equivalents	(49,840)	-	-	-	(49,840)
	1,585,636	541,057	587,406	4,062,414	6,776,513

Consolidated

	Less than 1 year	Between 1 and 2 years	Between 3 and 4 years	Over 4 years	Fair value
At September 30, 2014					
Trade payables	169,222	-	-	-	169,222
Trade payables - related parties	17,086	-	-	-	17,086
Borrowings and financing	1,350,731	995,960	1,231,166	3,050,754	6,628,611
Borrowings and financing - related parties	-	1,247,090	-	-	1,247,090
Non-deliverable forwards (NDFs)	(186,944)	-	-	-	(186,944)
(-) Cash and cash equivalents	(248,877)	-	-	-	(248,877)
	1,101,218	2,243,050	1,231,166	3,050,754	7,626,188

At December 31, 2013					
Trade payables	244,214	-	-	-	244,214
Trade payables - related parties	9,229	-	-	-	9,229
Borrowings and financing	1,458,549	541,057	587,406	4,062,414	6,649,426
Non-deliverable forwards (NDFs)	(56,520)	-	-	-	(56,520)
(-) Cash and cash equivalents	(74,678)	-	-	-	(74,678)
	1,580,794	541,057	587,406	4,062,414	6,771,671

f. *Fair value of financial instruments*

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

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

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

The table below shows the classification per risk level:

Parent Company

	9/30/2014			**12/31/2013**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	230,633	-	-	49,840	-	-
Non-deliverable forwards (NDFs)	-	186,944	-	-	56,520	-
Total assets	230,633	186,944	-	49,840	56,520	-

Consolidated

	9/30/2014			**12/31/2013**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	248,877	-	-	74,678	-	-
Non-deliverable forwards (NDFs)	-	186,944	-	-	56,520	-

Total assets	248,877	186,944	-	74,678	56,520	-

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

Parent Company

	9/30/2014		12/31/2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or los				
Cash and cash equivalents	230,633	230,633	49,840	49,840
Non-deliverable forwards (NDFs)	186,944	186,944	56,520	56,520
Loans and receivables				
Trade receivables	94,378	94,378	70,462	70,462
Trade receivables - related parties	543,254	543,254	499,563	499,563
Advances to suppliers	97,928	97,928	132,677	132,677
Total financial assets	1,153,137	1,153,137	809,062	809,062

	9/30/2014		12/31/2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Borrowings and financing	6,628,611	6,628,611	6,649,426	6,649,426
Borrowings and financing - related parties	1,247,090	1,247,090	-	-
Trade payables	167,168	167,168	224,218	224,218
Trade payables - related parties	17,086	17,086	9,229	9,229
Total financial liabilities	8,059,955	8,059,955	6,882,873	6,882,873

Consolidated

	9/30/2014		12/31/2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or los				
Cash and cash equivalents	248,877	248,877	74,678	74,678
Non-deliverable forwards (NDFs)	186,944	186,944	56,520	56,520
Loans and receivables				
Trade receivables	449,141	449,141	510,874	510,874
Trade receivables - related parties	25,734	25,734	41,009	41,009
Advances to suppliers	103,592	103,592	132,680	132,680
Total financial assets	1,014,288	1,014,288	815,761	815,761

	9/30/2014		12/31/2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Borrowings and financing	6,628,611	6,628,611	6,649,426	6,649,426
Borrowings and financing - related parties	1,247,090	1,247,090	-	-
Trade payables	169,222	169,222	244,214	244,214
Trade payables - related parties	17,086	17,086	9,229	9,229
Total financial liabilities	8,062,009	8,062,009	6,902,869	6,902,869

	9/30/2014	**12/31/2013**
Total borrowings and financing	6,628,611	6,649,426
(-) Borrowings subsidized by the BNDES (i)	(3,033,070)	(3,252,713)
(-) Financing from Export Credit Agency (ECA) (i)	(907,991)	(911,051)
(-) Debentures (i)	(1,024,128)	(1,002,763)
(-) Short-term borrowings (ii)	(1,350,731)	(1,458,549)
Total financial liabilities	312,691	24,350

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

28 Operating land leases

The future lease payments under operating land are as follows:

	Parent Company and Consolidated	
	9/30/2014	**12/31/2013**
Less than one year	31,029	47,225
Between one and five years	485,593	281,712
More than five years	926,637	541,511
	1,443,259	870,448

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

The leases recorded by the Company refer basically to land where eucalyptus is planted. As no land title deed is transferred, the Company determined that the land leases are operating leases. The lease paid to the property lessor is increased to market rent at regular intervals, and the

Company does not participate in the residual value of the land; it was determined that substantially all the risks and rewards of the land and buildings are with the lessor. Thus, the Company determined that the leases are operating leases.

29 Events after the reporting period

On October 31, 2014, the advance for future capital increase recognized in equity, as mentioned in note 20.2, amounting to R$ 221,157 and equivalent to 221,156,740 common shares, was converted into capital. Accordingly, the Company's capital will be 100% paid up by its shareholders.

Executive Committee

José Carlos Grubisich Filho
CEO

Helio Baptista Novaes
Chief Financial Officer and
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

Wesley Mendonça Batista
Vice Chairman of the Board

Alcinei Cardoso Rodrigues
Director

Paulo Eduardo Nigro
Director

Luís Carlos Fernandes Afonso
Director

Marcus Vinicius Pratini de Moraes
Director

Miguel João Jorge Filho
Director

Accountant

Thiago de Oliveira Carvalho
CRC SP 259898/O-8