MANAGEMENT REPORT
3 RD QUARTER 2016

Eldorado Brasil

Dear Shareholders,

We are pleased to present Eldorado Brasil Celulose S.A.'s ("Eldorado" or "Company") Management Report and the Financial Statements for the quarter ended September 30, 2016, in compliance with legal and statutory requirements. This report was prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with the pronouncements, interpretations and guidelines of the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Accounting Council (CFC) and of the Brazilian Securities and Exchange Commission (CVM), and is accompanied by the Independent Auditors' Report.

Message from Management

Eldorado recorded excellent operational performance in the third quarter of 2016. The Company achieved the largest quarterly production since the beginning of its activities, with 432,000 tons of pulp; this represents a new level for the global pulp industry. In addition to this excellent operational performance, the cash cost went down 13% q-o-q, due to consistent reduction of specific consumption of timber and bleaching chemicals per ton of pulp produced. The mill energy efficiency was also an outstanding factor and in August, Eldorado posted record energy sales to the national grid with approximately average of 27 MW.

From the commercial viewpoint, Eldorado reinforced its sales strategy and ended the period with a strong volume, reaching 408,000 tons in the quarter and 1,227 tons in the nine-month period of 2016, despite a challenging scenario in the global pulp industry, which is strongly influenced by inflow of new capacities, as well as the expectation of additional capacities. The successful commercial performance led the Company to end the month of September with 38 days of pulp inventory, a result seven days below the 2016 hardwood segment's average, according to the data of PPPC PULP GL 100 – August report. During the third quarter, pulp sales price decreased by 29% in Brazilian Reais, compared to same period last year, impacted by price decrease in US dollars in the global market and Real appreciation.

The Company ended the quarter with an EBITDA of R$324 million, with a margin of 50%, a result of improved competitiveness and operating efficiency. Eldorado's EBITDA for the last twelve months was R$1.8 billion, with a 58% margin, above the sector's performance. The Company recorded net income of R$243 million in the first nine months of the year and R$11 million in the third quarter of 2016.

Each quarter Eldorado has been reducing the average distance between planted eucalyptus forests and mill in the city of Três Lagoas (MS), in line with its view of being a benchmark company in terms of forest productivity and efficiency. During the third quarter, the harvest average radius was decreased by 59 km, compared to the average distance recorded in 2015. The annual program to plant 50,000 hectares of eucalyptus has been executed according to the forest planning and aims at meeting the supply of timber for current operations, as well as the Vanguarda 2.0 Project. Between January and September 2016, the planting average radius was approximately 100 km away from mill. At the end of third quarter, Eldorado's planted forest base was composed of 234,000 hectares of own eucalyptus forests. In addition to relevant competitiveness gains in forest operation, we saw a significant decrease in timber transportation cost due to the insourcing of transportation and efficiency gains.

Vanguarda 2.0 project works are progressing. The earthworks and basic infrastructure of the project, with capacity of up to 2.5 million tons of pulp/year, were already completed,. On September 15th, a new yard of timber was inaugurated, with capacity for 120,000 m³. Added to the already existing yard, timber storage capacity reaches 300,000 m³. During this quarter, Eldorado will receive all proposals from technology and main equipment suppliers and will decide on the partners to build the new industrial unit. This new mill shall start operations in the first half of 2019 and Eldorado's site in Três Lagoas will become the world's largest industrial complex for pulp production, with total capacity of 4.2 million tons/year.

Eldorado maintained the same level of previous quarter's net debt of R$7.6 billion, a result of strong capital and cash management discipline. Net cash position at the end of September was R$1.6 billion.

In line with the principle of transparency always practiced by the Company, Eldorado informs that on September 5, the Federal Judge of the 10th Federal Court of Brasília ordered a Search and Seizure Warrant at the Company's head office, in connection with Lawsuit nº 373250-67.2016.4.01.3400, which investigates the investments made by pension funds through FIPs (Private Equity Investment

Funds), amongst which is Florestal Fundo de Investimento em Participações, which holds 34.45% interest in the Company's shares.

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

The Company's Board of Directors approved to expand the scope of independent investigation by law firm Veirano Advogados and Ernst & Young so that to also analyze investments made by Florestal FIP.

Eldorado believes in the success of its operating efficiency, in its growth strategy and expertise of its teams, as well as in the solidity of the pulp market.

Eldorado Brasil Celulose releases its results for the 3rd Quarter of 2016:

The highlights of the period were:

- **Industrial:** Record production volume of 432,000 tons in the quarter and record green energy exports to the domestic electricity system, average of 27 MW in August.

- **Forestry:** More than 234,000 hectares of planted forests and 100% of the harvesting operations located in the state of Mato Grosso do Sul, a 59 km decrease in the average distance between harvested forests and mill over 2015.

- **Commercial and Logistics:** Sales volume of 409,000 tons of pulp in the quarter, in line with 3Q15 volume.

- **Financial:** Focus on the debt management process, rolling over of export lines of credit and cash of R$1.6 billion. Ebitda for the last twelve months was R$1.8 billion.

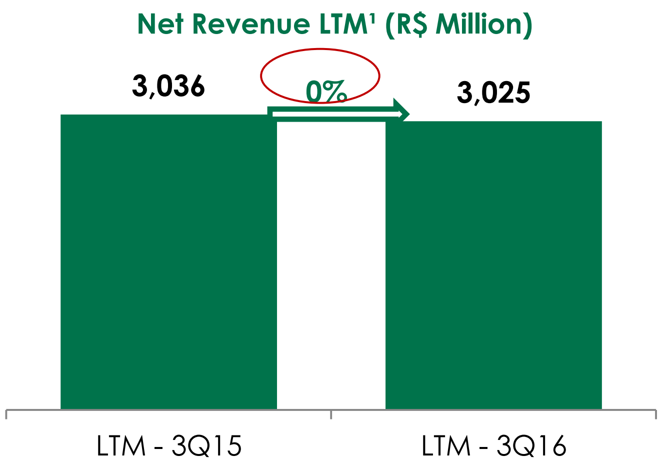
Eldorado 3Q16 Material Information

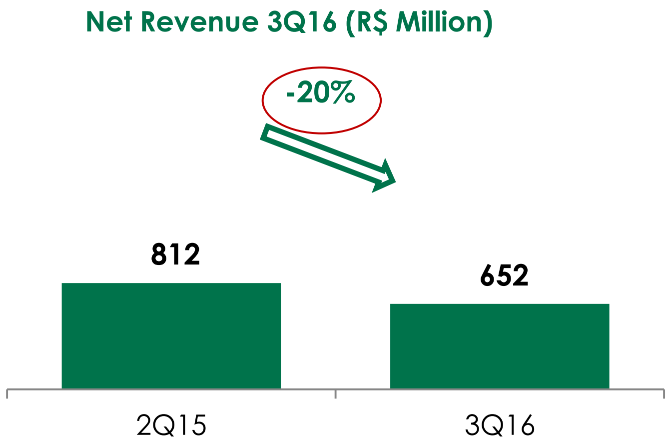
Indicators

Indicators	Unit	3Q16	2Q16	3Q15	9M16	9M15	LTM[1]
Pulp Production	Thousand ton	432	362	409	1,223	1,177	1,643
Pulp Sales	Thousand ton	409	465	407	1,227	1,210	1,579
Net Revenue[1]	R$ Thousand	652	812	911	2,205	2,417	3,025
Cash Cost	R$/ton	585	669	644	628	714	612
Cash Cost	US$/ton	180	191	182	177	229	170
EBITDA	R$ million	324	469	548	1,158	1,250	1,752
EBITDA Margin	%	50%	58%	60%	53%	52%	58%
Financial Results	R$ million	(233)	149	(78)	(658)	(810)	(1,029)
Net Income (Loss)	R$ million	11	(414)	334	243	267	256
Net Debt	R$ Million	7,643	7,635	7,815	n.a	n.a	7,643
Net Debt / EBITDA (R$)	x	4.2x	3.7x	5.0x	n.a	n.a	4.2x
Net Debt / EBITDA (US$)	x	4.7x	4.2x	3.8x	n.a	n.a	4.7x
Average Dolar	R$/US$	3.25	3.51	3.11	3.55	3.50	3.62
Final Dolar	R$/US$	3.25	3.21	3.10	3.25	3.21	3.25

[1]Last twelve months

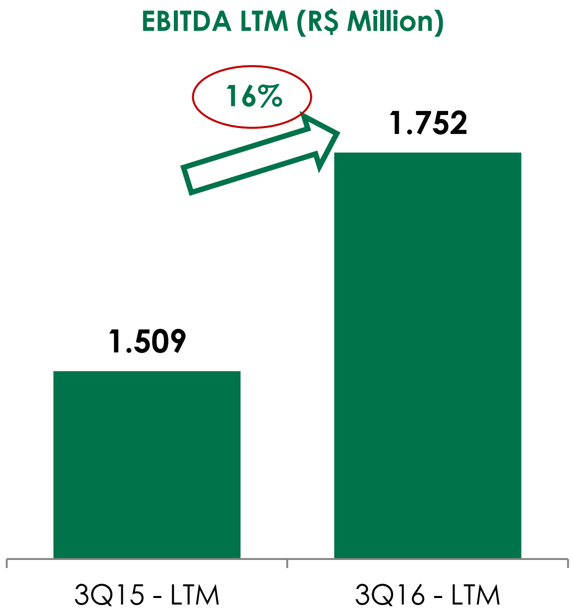
Eldorado’s net revenues in the last 12 months came to R$3.0 billion, in line with the same period of 2015, despite 16% US dollar depreciation and 17% drop in benchmark pulp price. The Company posted net revenues of R$652 million in 3Q16. Eldorado's commercial strategy focused on profitable clients and with strong potential of growth proved to be, once again, adequate and competitive under fierce pulp market conditions throughout 2016.

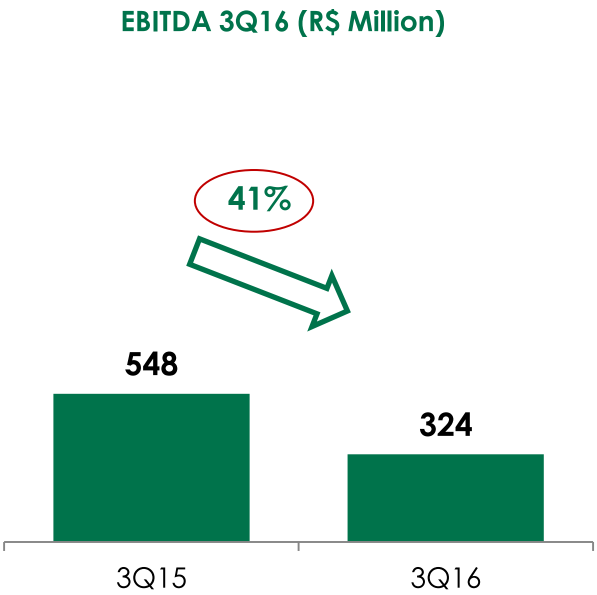




[1]Last twelve months

The EBITDA totaled R$1.8 billion in the last 12 months with a margin of 58%, above the performance expected for the sector and during the third quarter of 2016, EBITDA reached R$324 million with a margin of 50%.



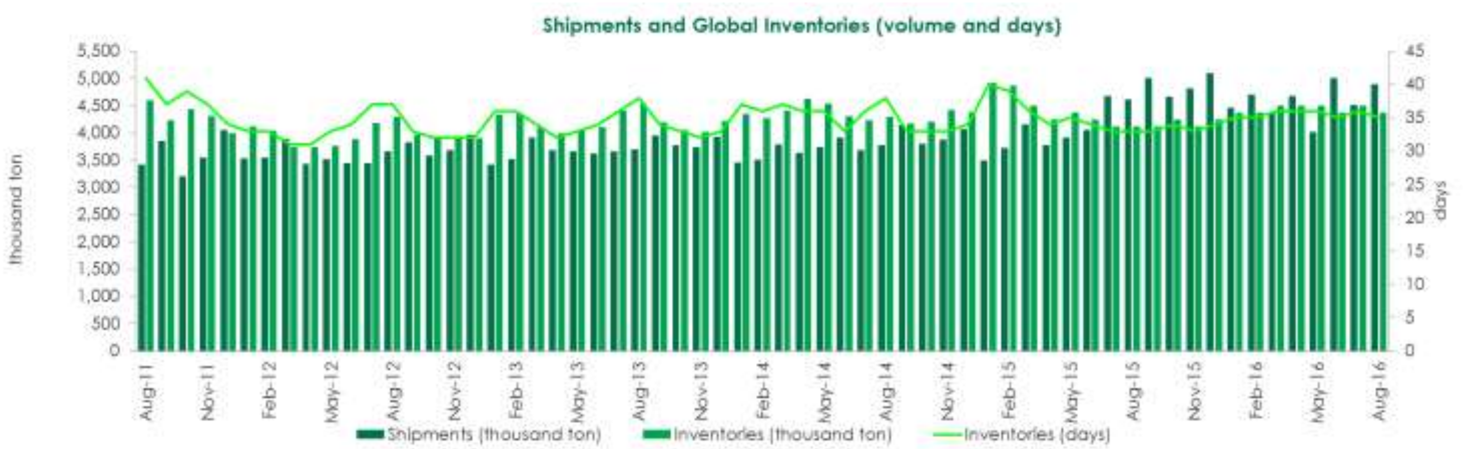


EBITDA Margin *50%* *58%* *60%* *50%*

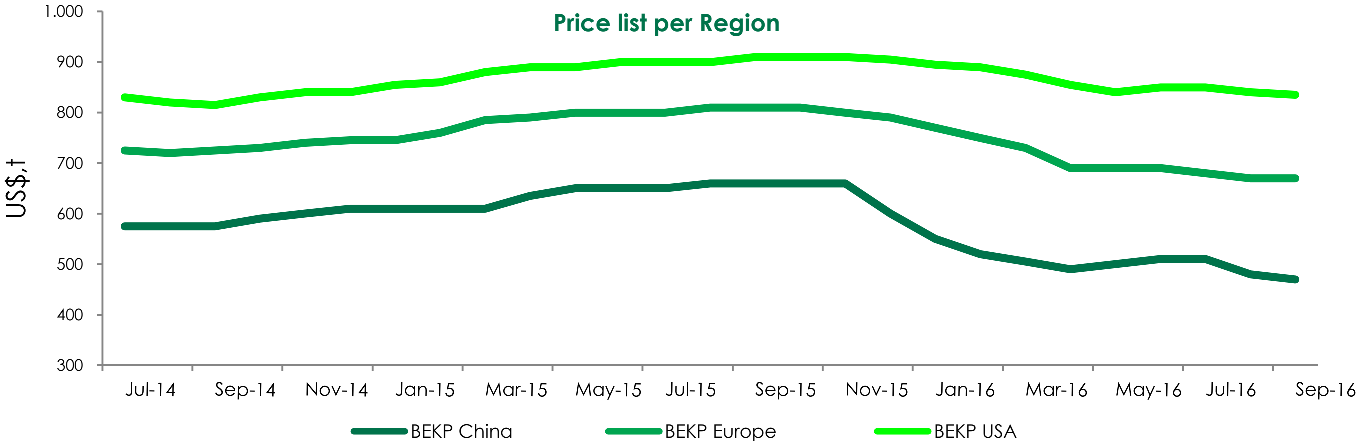
Industry Overview

Between January and August of 2016, the Brazilian pulp production was 12.3 million tons, volume that represents an increase of 7.7%, compared with the same period last year, according to data published by the Ibá Industry Report (Brazilian Tree Industry).

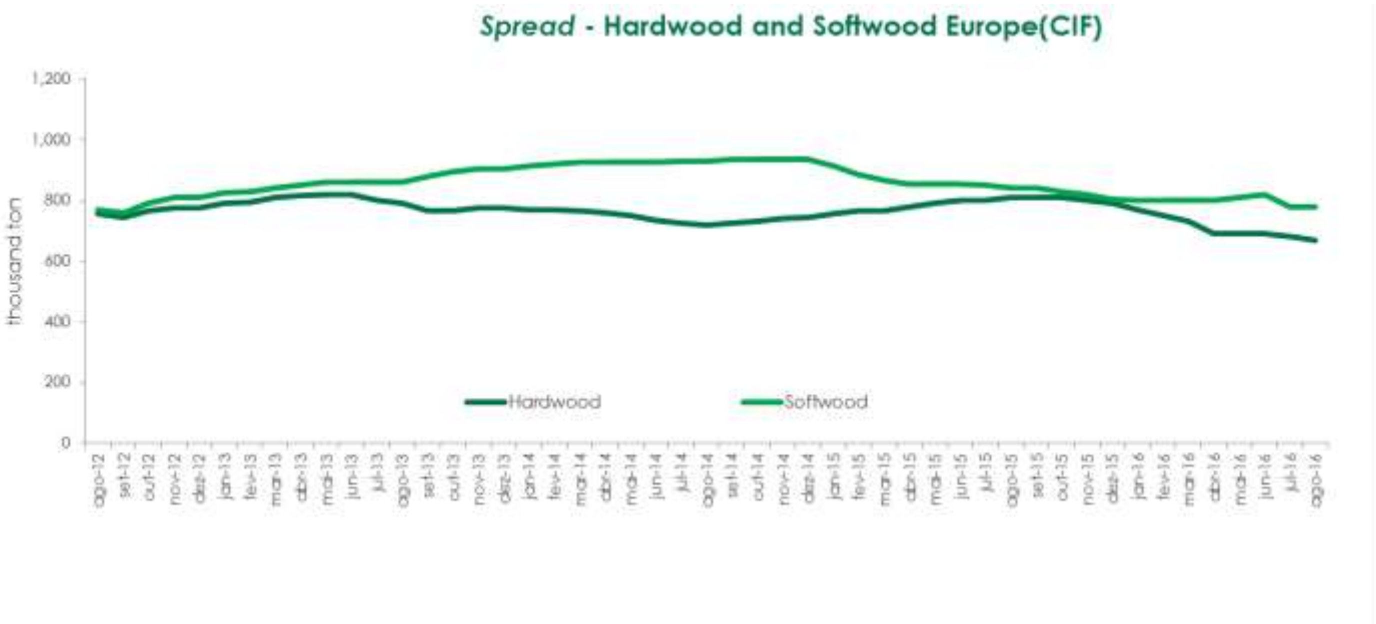
Between January and August of 2016, the global pulp shipments totaled 39.0 million tons, up 3.8%, or 1.42 million tons above the volume sold in the same period of 2015, according to data from the PPPC (The Pulp and Paper Products Council). The pulp industry global inventory in late August was 35 days, 3 days more than August 2015 results. In the hardwood segment, the global inventory position was 45 days, 5 days more than same period in 2015.



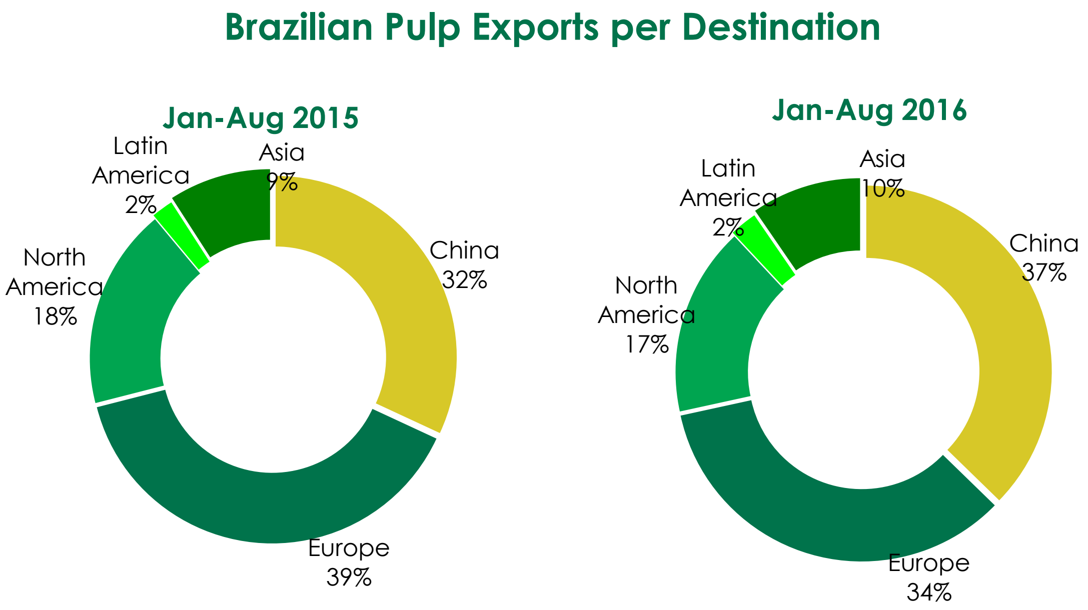
The average hardwood pulp price-list of the third quarter of year decreased by 8% in China, 3% in Europe and 2% in North America, compared to previous quarter, according to RISI data provider. This movement is mainly explained by inventory adjustments of pulp consumer companies and paper producers business strategies based on the expectation of new inflow of capacity in the second half of 2016.



Regarding the difference between the softwood and hardwood quarter price-list in Europe, the price spread reached nearly US$110/t, an amount slightly higher than the price trend historical standards in different types of fibers.



Brazilian worldwide exports of pulp and paper maintained consistent levels, despite reduction in pulp price and the Brazilian Real appreciation against the US dollar. The first eight months of 2016 amounted to US$3.636 billion, up 2.3% over same period in 2015 (US$3.554 billion), according to the data published by Brazilian Tree Industry (Ibá). During this period, sales in US dollars for all regions of the world recorded an increase, especially Asia (excluding China) (7%), Latin America (25%) and China (19%).



Eldorado Operational Performance

Forestry

Currently, our forestry base comprises 234,000 hectares of planted area, all located in Mato Grosso do Sul state and with practices that meet the world's most rigorous forest certifying bodies. Out of total planted area, around 140,000 hectares are used to meet the demands of the existing production line. The 94,000 hectares surplus, for which planting started in 2012, is aimed to supply the second production line, Vanguarda 2.0 project, with a production capacity of up to 2.5 million tons of pulp/year.

During the quarter, Forestry initiatives were focused on increased efficiency and cost reduction, with emphasis on improving plantation productivity and reducing the average radius between forest and mill, thus, resulting in a decrease in the harvest average distance of 59 km, compared to the average distance recorded in 2015.

Industrial

In the third quarter of 2016, the Company recorded relevant operational improvements, with records in pulp production and green energy exports to the domestic electricity system. The record of pulp production reached 432,000 tons in the quarter and sale of energy to the national grid of approximately average of 27 MW in August.

Currently, Eldorado has installed power of 220 MW for energy production based on eucalyptus biomass. Approximately 90 MW are used by the mill and 55 MW, on average, are provided to chemical suppliers installed at Eldorado industrial complex.

The Company ended the quarter with a production cash cost of R$585 per ton, 13% lower than 2Q16 and down 9% compared to same quarter in 2015. Such reduction reflects the decrease of average radius of forests planted as well as the efficiency and improvement of industrial and logistics processes, which have been a continuous focus of the Company over the last quarters.

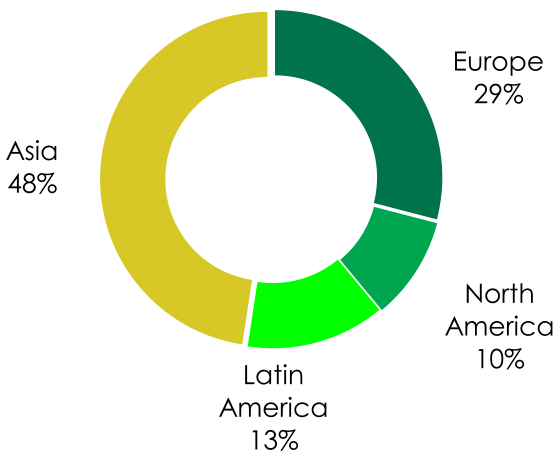
Commercial and Logistics

Eldorado's commercial strategy helped the company to reduce its dependence and risk concentration in a single region or customer, including a solid customer base with a global diversified portfolio. The pulp market continues recording a sustained growth of demand mainly driven by consumption of tissue and special papers. However, the balance between supply and demand was impacted by the inflow of new production capacities in 2016 and an estimate of additional capacities, which shall reach the market in 2017.

This challenging scenario resulted in APP announcing a program of operational improvement at its *Hainan* mill, in China, which will reduce its production capacity between 240,000 and 600,000 tons/year due to higher viscosity of pulp produced; Taiwan Pulp & Paper informed will shut down its integrated pulp mill of 150,000 tons/year, besides three paper machines at *Hsin Ying* mill, in Taiwan.

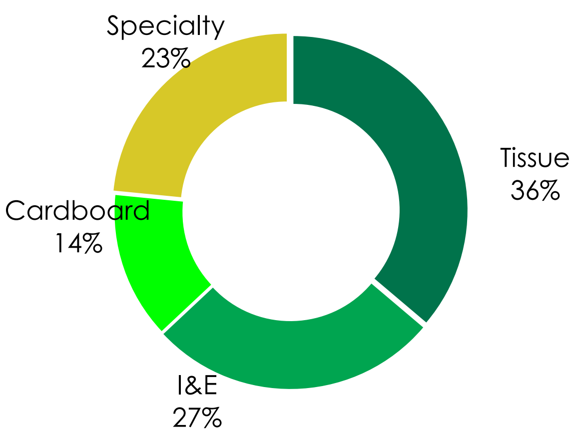
Eldorado prioritized its sales to the Asian market due to integrated and more competitive logistics, a result of flexibility in the use of modals and maritime freight.

Sales Volume by region - 3Q16



In the third quarter of 2016, Eldorado allocated 36% of its sales to the Tissue segment paper (comfort and personal hygiene); 27% for printing and writing; and 37% for special papers and packaging segments.

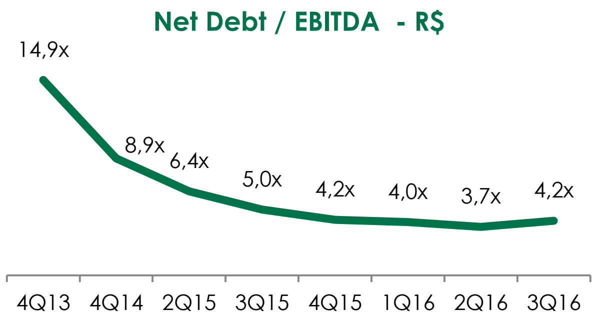
Sales per Segment - 3Q16

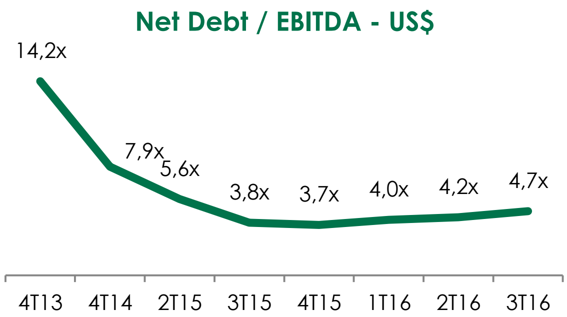


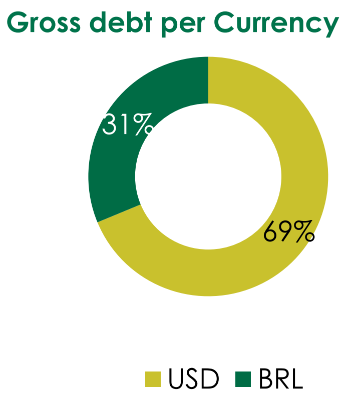
Financial

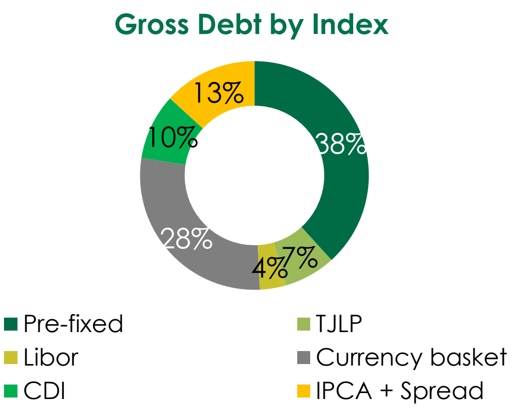
The Company ended the quarter with a solid cash position, which totaled R$1.6 billion at the end of September. During third quarter of 2016, the Company rolled over its short-term debts referring to export lines of credit, under same conditions of terms and costs previously obtained. The Company remains focused on its liability management process seeking to establish new debt instruments related to lengthened export lines of credit and reduced borrowing cost.

In the third quarter of 2016, the Company reached a Net Debt/EBITDA of 4.2x in Reais, impacted by the Real appreciation against the US dollar in the period and a challenging scenario of pulp price in the international market.





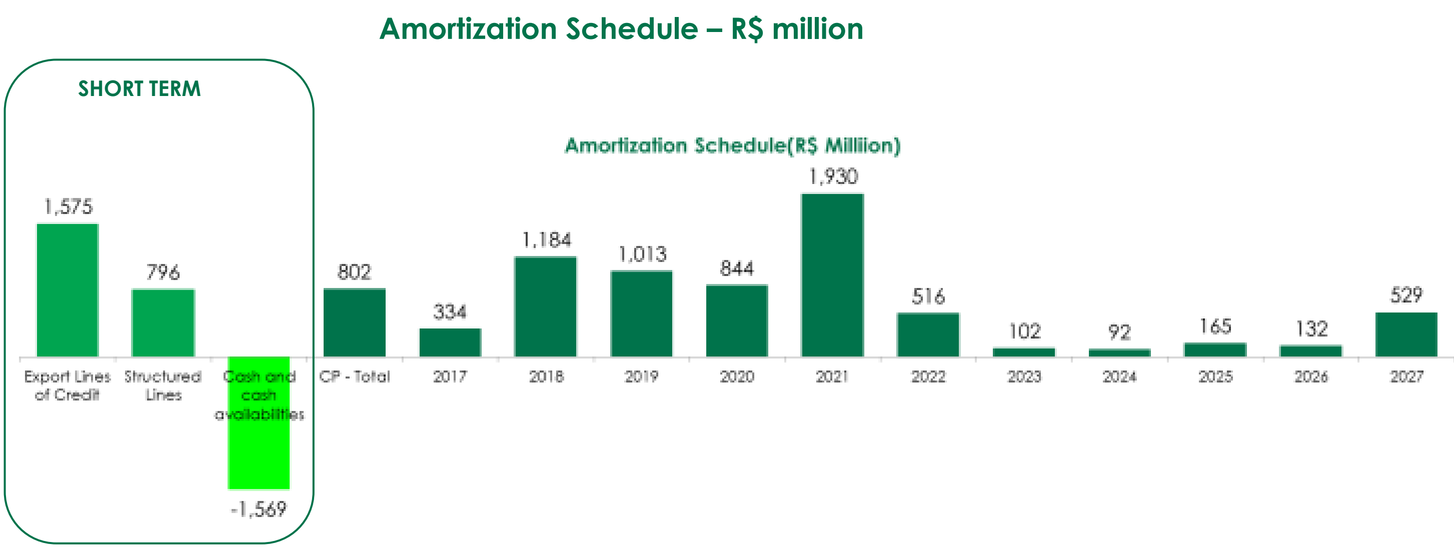




Eldorado's long-term debt ratio represents 74% of total debt, above the percentage presented in previous quarters, which already reflects the start of the liability management process.

Debt (R$ Million)	09.30.2016
Local Currency	**2,859**
Short Term	524
Long Term	2,335
Foreign Currency	**6,353**
Short Term	1,847
Long Term	4,506
Total Gross Debt	**9,213**
(-) Cash	1,569
(-) MTM of derivatives	0
Net Debt	**7,643**

The short-term debt comprises: i) structured debt, largely from the current production line project, which will have an amortization of R$796 million and ii) revolving lines of credit of R$1,575 million, representing lines of trade finance, traditional and routine financing instruments of exporting companies in Brazil.



The Company recorded net income of R$11 million in the third quarter of 2016, R$243 million in 9M16 and R$256 million in the last 12 months, due to its excellent operational performance and positive financial results.

Sustainability

Environmental educational actions were intensified between July and September with several stakeholders, involving more than 400 people in four municipalities within Eldorado's coverage area. During such period, equipment was also donated to the Nossa Senhora Auxiliadora Hospital in Três Lagoas and a renovated Community Center was delivered to the community of Garcias, a district in Três Lagoas. The renovation financed by the Company started in January and was executed by area residents, who received technical qualification by means of courses of bricklayer and brickwork promoted by SENAI.

Warrant for Search and Seizure Proceedings

On July 1, 2016, warrant for search and seizure nº 6 issued by the Federal Supreme Court, within the scope of Injunction nº 4.196, was served at the Company's headquarters, aiming at obtaining evidence for investigation of several lines of credit granted by FI-FGTS.

The Company hired a law firm to monitor this proceeding and at the Company's Board of Directors' meeting held on July 6, 2016, the Board members approved to hire Veirano Advogados, which will work jointly with Ernst & Young, to independently investigate the allegations referring to the Injunction, which resulted in the referred warrant for search and seizure.

On September 5, 2016 the warrant for search and seizure issued by Federal Judge of the 10th Federal Court of Brasília within the scope of proceeding nº 373250-67.2016.4.01.3400 was served at the Company's headquarters. Such warrant aims to search evidence to investigate investments made by pension funds through FIPs (Private Equity Investment Funds), amongst them, Florestal Fundo de Investimento em Participações, which holds 34.45% interest in the Company's shares.

At a meeting of the Company's Board of Directors held on September 13, 2016, the Board members approved to expand the scope of the law firm Veirano Advogados, which will work jointly with Ernst & Young, to include the independent investigation on the investments made by Florestal Fundo de Investimento em Participações in Florestal Brasil S.A., merged into the Company in 2011, referring to the Injunction which resulted in referred warrant for search and seizure, mentioned above.

Up to date, there was no further development regarding these proceedings, and Eldorado is neither a defendant nor was notified of any investigation or prosecution related to these facts.

Final Considerations

We would like to thank our shareholders for their ongoing support to our management, our suppliers, partners and leaseholders; to our bondholders, to BNDES, FI-FGTS, FINNVERA, EKN and OeKB for the financial support, without which the achievement of these results would not have been possible; to the Mato Grosso do Sul State Government and Três Lagoas City Government (MS), for the essential support, and to our employees, who are always focused and committed to Eldorado Brazil's goal of being the most competitive company in the industry.

The Management

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Eldorado Brasil Celulose S.A.

Interim financial statements
As at September 30, 2016

Contents

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Report on Review of Quarterly Information - ITR

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

Introduction

We have reviewed the accompanying individual and consolidated interim accounting information of Eldorado Brasil Celulose S.A. (“Company”), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2016, which comprises the statement of financial position as at September 30, 2016 and the statements of profit or loss and comprehensive income for the three- and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, including the notes to the interim financial statements.

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

Scope of review

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

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

Emphasis of matter
We call attention to note 30 to the Interim Financial Statements, which discloses the events and measures taken by the Company in connection with the search and seizure of documents in its head office, ordered by the Supreme Federal Court and by the Federal Judge of the 10th Federal Court of Brasília, in order to obtain evidences for investigation of financing granted by FI-FGTS and to investigate the investments made by the pension funds through FIP (Private Equity Fund), respectively. Management's understanding of this matter, currently in progress, is described in such note. Our conclusion is unmodified in respect of these matters.

Other matters

Statements of value added
We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's management and whose presentation in the interim information is required in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and considered as supplemental information under IFRS, which does not require the presentation of the DVA. These statements have been submitted to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

São Paulo, October 20, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6

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

Eldorado Brasil Celulose S.A.

Statements of financial position at September 30, 2016 and 2015

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
Assets	**Note**	**9/30/2016**	**12/31/2015**	**9/30/2016**	**12/31/2015**
Current assets					
Cash and cash equivalents	5.1	1.028.012	1.058.790	1.411.112	1.264.151
Trade receivables	6	1.171.809	1.128.532	604.393	704.486
Inventories	8	315.238	255.080	415.873	453.221
Taxes recoverable	9	213.792	369.717	214.226	371.640
Advances to suppliers	10	27.208	40.517	27.267	46.288
Derivatives receivable	28 (i) b	-	89.871	-	89.871
Amounts due from related parties	7	1.701	-	182	-
Other current assets		55.603	19.587	56.709	20.553
Total current assets		2.813.363	2.962.094	2.729.762	2.950.210
Noncurrent assets					
Marketable securities	5.2	158.251	114.524	158.251	114.524
Taxes recoverable	9	666.379	578.158	669.255	580.827
Advances to suppliers	10	76.554	59.511	76.554	59.511
Deferred income tax and social contribution	18	515.013	522.260	515.013	522.260
Deposits, guarantees and others		4.837	2.746	5.013	2.936
Other noncurrent assets		15.037	14.909	15.037	14.909
		1.436.071	1.292.108	1.439.123	1.294.967
Biological assets	11	1.960.345	1.736.309	1.960.345	1.736.309
Investments	12	108.072	108.061	-	-
Property, plant and equipment	13	4.775.133	4.764.993	4.847.949	4.834.979
Intangible assets	14	7.048	7.279	37.866	39.290
Total noncurrent assets		8.286.669	7.908.750	8.285.283	7.905.545
Total assets		11.100.032	10.870.844	11.015.045	10.855.755

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**9/30/2016**	**12/31/2015**	**9/30/2016**	**12/31/2015**
Current liabilities					
Trade payables	15	236.929	203.773	249.132	212.962
Loans and financing	16	2.310.182	2.286.481	2.371.305	2.286.481
Amounts due to related parties	7	86.406	45.153	18.713	45.153
Taxes payable, payroll and related taxes	17	161.264	81.288	163.451	83.143
Other current liabilities		3.507	15.132	19.072	48.417
Total current liabilities		2.798.288	2.631.827	2.821.673	2.676.156
Noncurrent liabilities					
Loans and financing	16	5.437.371	7.080.152	6.841.388	7.080.152
Amounts due to related parties	7	1.395.145	-	-	-
Provision for contingent liabilities	19	6.180	5.006	6.180	5.006
Provision for losses in subsidiaries	12	117.244	59.418	-	-
Total noncurrent liabilities		6.955.940	7.144.576	6.847.568	7.085.158
Equity	20				
Issued capital		1.788.792	1.788.792	1.788.792	1.788.792
Cumulative translation adjustments		(3.906)	(12.418)	(3.906)	(12.418)
Accumulated losses		(439.082)	(681.933)	(439.082)	(681.933)
Total equity		1.345.804	1.094.441	1.345.804	1.094.441
Total liabilities		9.754.228	9.776.403	9.669.241	9.761.314
Total liabilities and equity		11.100.032	10.870.844	11.015.045	10.855.755

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

Eldorado Brasil Celulose S.A.

Statements of proft or loss

Periods ended September 30, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Note	Parent Company				Consolidated			
		2016		2015		2016		2015	
		3Q	YTD	3Q	YTD	3Q	YTD	3Q	YTD
Net revenue	21	617.409	2.069.088	707.553	1.971.186	651.804	2.205.001	911.018	2.416.860
Cost of sales	23	(371.634)	(1.121.441)	(396.964)	(1.149.850)	(370.533)	(1.134.661)	(396.881)	(1.214.242)
Gross profit		245.775	947.647	310.589	821.336	281.271	1.070.340	514.137	1.202.618
Operating income (expenses)									
General and administrative expenses	23	(22.630)	(72.613)	(12.188)	(43.554)	(30.596)	(97.443)	(20.510)	(60.656)
Selling and logistics expenses	23	(36.571)	(105.709)	(37.811)	(139.545)	(84.765)	(261.298)	(85.401)	(277.191)
Fair value of biological assets	11	-	-	108	16.473	-	-	108	16.473
Share of profits (losses) of subsidiaries	12	(20.318)	(66.327)	141.436	197.074	-	-	-	-
Other income, net	25	65.175	254.898	63.613	134.379	65.165	255.311	65.029	135.767
Profit before finance (costs) income and taxes		231.431	957.896	465.747	986.163	231.075	966.910	473.363	1.017.011
Finance (costs) income, net	24								
Finance costs		(182.751)	(1.811.647)	(1.755.831)	(3.163.082)	(182.375)	(1.821.259)	(1.759.880)	(3.217.443)
Finance income		(50.294)	1.163.116	1.685.812	2.384.401	(50.294)	1.163.754	1.682.246	2.407.923
Profit (loss) before provision for income tax and social contribution		(1.614)	309.365	395.728	207.482	(1.594)	309.405	395.729	207.491
Income tax and social contribution	18								
Current		7.134	(59.267)	-	-	7.114	(59.307)	-	-
Deferred		5.242	(7.247)	(62.100)	59.988	5.242	(7.247)	(62.101)	59.979
Profit (loss) for the period		10.762	242.851	333.628	267.470	10.762	242.851	333.628	267.470
Attributable to									
Owners of the Company						10.762	242.851	333.628	267.470
Noncontrolling interests						-	-	-	-

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

Eldorado Brasil Celulose S.A.

Statements of comprehensive income

Periods ended September 30, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company				Consolidated			
	2016		2015		2016		2015	
	3Q	YTD	3Q	YTD	3Q	YTD	3Q	YTD
Profit (loss) for the period	10.762	242.851	333.628	267.470	10.762	242.851	333.628	267.470
Foreign operations - foreign currency translation differer	(42)	8.512	17.107	15.581	(42)	8.512	17.107	15.581
Total comprehensive income	10.720	251.363	350.735	283.051	10.720	251.363	350.735	283.051
Attributable to								
Owners of the Company					10.720	251.363	350.735	283.051
Noncontrolling interests					-	-	-	-

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

Eldorado Brasil Celulose S.A.

Statements of changes in equity

Periods ended September 30, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Capital	Accumulated losses	Translation reserve	Attributable to owners of the Company	Noncontrolling interests	Total
Balance at December 31, 2014	1.788.792	(962.578)	(10.170)	816.044	-	816.044
Profit for the period	-	267.470	-	267.470	-	267.470
Exchange differences on investments	-	-	15.581	15.581	-	15.581
Balance at September 30, 2015	1.788.792	(695.108)	5.411	1.099.095	-	1.099.095
Balance at December 31, 2015	1.788.792	(681.933)	(12.418)	1.094.441	-	1.094.441
Profit for the period	-	242.851	-	242.851	-	242.851
Exchange differences on investments	-	-	8.512	8.512	-	8.512
Balance at September 30, 2016	1.788.792	(439.082)	(3.906)	1.345.804	-	1.345.804

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

Eldorado Brasil Celulose S.A.

Statements of cash flows

Periods ended September 30, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	9/30/2016	**9/30/2015**	**9/30/2016**	**9/30/2015**
Cash flows from operating activities				
Profit (loss) for the period:	242.851	267.470	242.851	267.470
Adjustments to reconcile profit (loss) to cash generated by operating activities:				
Depreciation and amortization	185.090	170.189	190.016	171.454
Depletion	65.407	33.629	65.407	33.629
Residual value of property, plant and equipment written off	33.156	13.323	33.249	13.323
Fair value of biological assets	-	(16.473)	-	(16.473)
Deferred income tax and social contribution	7.247	(59.988)	7.247	(59.988)
Financial charges - interest and exchange differences	(414.735)	3.057.960	(516.930)	3.057.960
Financial charges - interest and exchange differences - related parties	(45.070)	18.429	(82.516)	18.429
Provision for contingent liabilities	1.174	(614)	1.174	(614)
Derivatives	-	(213.373)	-	(213.373)
Exchange differences on trade receivables	52.377	(92.454)	52.377	(78.288)
Share of profits (losses) of subsidiaries	66.327	(197.074)	-	-
	193.824	2.981.024	(7.125)	3.193.529
Decrease (increase) in assets				
Trade receivables	(95.654)	(53.837)	100.093	(207.967)
Inventories	(60.158)	(43.058)	37.348	(38.995)
Taxes recoverable	67.704	(203.025)	68.986	(205.862)
Advances to suppliers	(3.734)	(39.723)	1.978	(41.220)
Amounts due from related parties	(1.701)	26.191	(182)	26.191
Other current and noncurrent assets	51.637	(7.191)	51.510	(7.906)
Increase (decrease) in liabilities				
Trade payables	33.156	(3.421)	36.170	10.789
Amounts due to related parties	(26.440)	(8.526)	(26.440)	(8.526)
Taxes payable, payroll and related taxes	79.976	(8.477)	80.308	(6.845)
Other current and noncurrent liabilities	(11.625)	4.389	(29.345)	9.875
Carrying value adjustments and cumulative translation adjustments	-	-	38.651	15.581
Net cash generated by (used in) operating activities	226.985	2.644.346	351.952	2.738.644
Cash flows from investing activities				
Increase in biological assets	(289.443)	(153.415)	(289.443)	(153.415)
Additions to tangible and intangible assets	(228.155)	(103.300)	(234.811)	(135.561)
Additions to investments	-	(40.679)	-	-
Marketable securities - net	(43.727)	(63.420)	(43.727)	(63.420)
Net cash used in investing activities	(561.325)	(360.814)	(567.981)	(352.396)
Cash flows from financing activities				
Loans and financing raised	790.911	1.716.605	2.362.961	1.716.605
Repayment of loans and financing - principal	(1.151.199)	(1.426.095)	(1.151.199)	(1.426.095)
Repayment of loans and financing - interest	(497.221)	(440.511)	(502.213)	(440.511)
Repayment of loans and financing - exchange differences	(346.837)	(512.395)	(346.559)	(512.395)
Checking account	-	723.779	-	723.779
Amortization of checking account	-	(1.107.678)	-	(1.107.678)
Loans and financing raised - related parties	1.512.753	-	-	-
Repayment of loans from related parties - interest	(5.111)	-	-	-
Repayment of loans from related parties - exchange differences	266	-	-	-
Net cash generated by (used in) financing activities	303.562	(1.046.295)	362.990	(1.046.295)
Net changes in cash and cash equivalents	(30.778)	1.237.237	146.961	1.339.953
Cash and cash equivalents at January 1, 2016	1.058.790	34.969	1.264.151	54.551
Cash and cash equivalents at September 30, 2016	1.028.012	1.272.206	1.411.112	1.394.504

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

Eldorado Brasil Celulose S.A.

Statements of value added

Periods ended September 30, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Revenues				
Sales of merchandise, products and services	2.091.905	1.998.992	2.230.206	2.445.047
Other operating income (expenses), net	123.641	49.806	124.098	52.734
Transfers related to the construction of own assets	16.557	59.126	16.561	91.268
	2.232.103	2.107.924	2.370.865	2.589.049
Inputs purchased from third parties				
Cost of sales, materials, energy, outside services and others	(709.571)	(894.650)	(948.109)	(1.106.968)
Gross value added	1.522.532	1.213.274	1.422.756	1.482.081
Depreciation and amortization	(185.090)	(170.189)	(190.016)	(171.454)
Wealth created by the entity	1.337.442	1.043.085	1.232.740	1.310.627
Value added received as transfer				
Share of profits (losses) of subsidiaries	(66.327)	197.074	-	-
Finance income	81.956	28.358	119.291	28.420
Wealth for distribution	1.353.071	1.268.517	1.352.031	1.339.047
Wealth distribution				
Personnel				
Salaries and wages	197.547	162.940	205.601	167.816
Benefits	138.176	105.445	140.831	107.137
Severance Pay Fund (FGTS)	17.201	15.100	17.434	15.218
	352.924	283.485	363.866	290.171
Taxes, fees and contributions				
Federal	100.789	(23.528)	102.479	(23.236)
State	(136.993)	(128.056)	(136.790)	(128.054)
Municipal	1	-	536	93
	(36.203)	(151.584)	(33.775)	(151.197)
Lenders and lessors				
Interest	475.916	1.071.856	513.127	1.076.439
Rentals	63.600	60.264	64.650	60.933
Others	253.983	(262.974)	201.312	(204.769)
	793.499	869.146	779.089	932.603
Shareholders				
Profit (loss) for the period	242.851	267.470	242.851	267.470
Total wealth for distribution	1.353.071	1.268.517	1.352.031	1.339.047

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

Notes to the interim financial statements

(In thousands of Brazilian reais – R$)

1 General information

Eldorado Brasil Celulose S.A. (the "Company" or "Eldorado") is a publicly traded company, whose register was obtained on June 6, 2012 in the category shares traded over the counter, established under Brazilian laws, with registered office in São Paulo, State of São Paulo (Brazil). The Company's individual and consolidated financial statements for the period ended September 30, 2016 include the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged in the production and sale of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, State of Mato Grosso do Sul, and started production in December 2012.

The Company has current liquidity of R$ 15,075 in parent company and current liabilities exceeding current assets in the amount of R$ 91,911 in consolidated, impacted by the 16.9% appreciation of the Brazilian Real against the Dollar and adjustment of the term for recoverability of the tax credits. To achieve profitability, the Company is working on its action plan to continuously reduce the average radius between the planted forests and the plant and to intensify its competitiveness and productivity program. The management of indebtedness by reducing the average cost of debt and extending the term, as well as increasing bankability through new relationships with new financial institutions, access to the international capital market and strengthening relationship with existing financiers, will contribute directly to improving its liquidity. The Company's production grew significantly in the first three years of operation and currently the capacity already reaches 1.7 million tons of pulp, 13% above the project's nominal capacity of 1.5 million tons. Through a number of initiatives, the Company has managed to become increasingly more competitive in the pulp industry. In June 2015, Eldorado discontinued the harvesting of timber derived from the State of São Paulo, which represents the beginning of a process to cut down on costs to carry the timber from the Company's forests to the manufacturing unit in Três Lagoas (MS). Currently all the Company's eucalyptus harvest is made in the State of Mato Grosso do Sul and this process to lower distances between forests and plant will be extremely important to reduce timber costs in the next years. In July 2015, the Company started the operations of its port terminal in Santos, through the subsidiary Rishis Empreendimentos e Participações S.A., contributing to enhancing its logistics efficiency and increasing its productivity. The Company also acts on different forefronts to create value and increase its competitiveness. In the second quarter of 2016, the Company accessed for the first time the international financial market through the issue of bonds abroad amounting to USD 350 million, in order to improve the indebtedness profile through the extension of the average term and reduction of the cost of debt.

2 List of subsidiaries

Subsidiaries

		Equity interest	
Subsidiaries	**Country**	**9/30/2016**	**12/31/2015**
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Indirect subsidiaries			
Eldorado USA Inc.	United States	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	-
Cellulose Eldorado Asia	China	100%	-

3 Basis of preparation and presentation of the interim financial statements

a. Statement of compliance

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

After appreciation of the Individual and Consolidated Interim Financial Statements by the Board of Directors at the meeting held on October 20, 2016, they were authorized for issue by the Company.

b. Basis of measurement

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

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

c. Use of estimates and judgments

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

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

(i) Judgments

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

- **Note 29** – operating leases.

(ii) Uncertainties about assumptions and estimates

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

- **Note 8** – provision for inventory losses;
- **Note 11** – biological assets;
- **Note 12** – goodwill on investments;
- **Note 13** – impairment test;
- **Note 18 –** recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- **Note 19 –** recognition and measurement of provisions and contingent liabilities: main assumptions on the probability and magnitude of the cash outflows.

d. Fair value measurement

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

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

e. Functional and presentation currency

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

4 Summary of significant accounting policies

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

a. Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

b. Revenue

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

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

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

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

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

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

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

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

c. Foreign currency

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

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

Foreign operations

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

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

d. Financial instruments

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

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

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

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

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

- ***Cash and cash equivalents***

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

- ***Loans and receivables***

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

- ***Non-derivative financial liabilities***

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

- ***Impairment of financial assets***

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

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

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

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

e. Inventories

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

f. Property, plant and equipment

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

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

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

Depreciation

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

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

Weighted annual depreciation rates

	9/30/2016	9/30/2015
Buildings	3.84%	4.73%
Facilities and improvements	9.59%	8.70%
Furniture and fixtures	10.29%	9.99%
Vehicles	24.39%	23.42%
Technical and scientific instruments	15.53%	14.87%
IT equipment	22.81%	22.88%
Machinery and equipment	14.68%	12.21%
Leasehold improvements	7.31%	8.57%

Biological assets

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

g. Operating leases

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

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

h. Intangible assets

(i) Goodwill arising on business combination

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

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

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

(ii) Other intangible assets

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

(iii) Amortization

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

Software	4 years
Terminal concession	14 years

i. Impairment

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

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

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

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

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

j. Trade payables

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

k. Provisions

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

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

l. Earnings per share

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

m. Income tax and social contribution

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

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

(i) Current taxes

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

(ii) Deferred taxes

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

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

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

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

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

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

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

n. Employee benefits

Defined contribution pension plan

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

o. New standards and interpretations issued and not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2017 or future dates, and have not been adopted in the preparation of these interim financial statements.

(i) IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, supersedes the guidance in IAS 39 Financial Instruments: *Recognition* and Measurement. IFRS 9 includes a revised guidance on the classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of the impairment of financial assets and new requirements on hedge accounting. The standard retains the existing guidance on recognition and derecognition of financial instruments of IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is assessing the effects that the IFRS 9 will have on the interim financial statements and on their disclosures, in this phase the Company did not identify any material impacts on its financial statements.

(ii) IFRS 15 Revenues from Contracts with Customers

IFRS 15 requires that an entity recognize the amount of revenue reflecting the consideration that it expects to receive in exchange for the control of these goods or services. The new standard will replace most of the detailed guidance on revenue recognition currently existing in IFRS. The new standard is effective on or after January 1, 2018. The standard can be adopted on a retrospective basis, using a cumulative effect approach. The Company is assessing the effects that the IFRS 15 will have on the interim financial statements and on their disclosures, in this phase the Company has not identified any material impacts on its financial statements.

(iii) IFRS 16 - Leases

This standard supersedes the previous standard, IAS 17 Leases, and related interpretations and establishes the principle of recognition, measurement, presentation and disclosure of leases for both parties to the agreement, that is, customers (lessees) and suppliers (lessors). Lessees are required to recognize a lease liability reflecting future lease payments and an "right-of-use asset" for virtually all lease agreements, except certain short-term lease agreements and immaterial amount lease agreements. For lessors, the accounting shall remain the same, continuing classifying their leases as operating leases or finance leases and presenting these two types of leases differently. The Company is assessing the effects that the IFRS 9 will have on the interim financial statements and on their disclosures, in this phase the Company has not identified any material impacts on its financial statements.

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

5 Cash and cash equivalents and marketable securities

5.1 Cash and cash equivalents

	Parent Company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Cash and cash equivalents	8	5	10	7
Banks – demand deposits	206,838	104,292	539,596	309,651
Banks – short-term investments (a)	821,166	954,493	871,506	954,493
	1,028,012	1,058,790	1,411,112	1,264,151

(a) These are daily liquidity investments in Bank Certificate of Deposit ("CDB-type") of first-tier financial institutions with yield that approximates the Interbank Certificate of Deposit (CDI) rate. The average yield accumulated in the first nine months of 2016 was 1.01% p.m. (compared with 1.05% p.m. in the accumulated amount for 2015), totaling R$58,100 (R$18,075 in the accumulated amount for 2015) of the consolidated result.

5.2 Marketable securities

	Parent Company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Fundo Caixa FI (a)	58,993	53,961	58,993	53,961
CDB CEF (b)	99,258	60,563	99,258	60,563
	158,251	114,524	158,251	114,524

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

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

6 Trade receivables

	Parent Company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Domestic market	130,809	117,450	130,811	117,451
Foreign market	1,041,000	1,011,082	473,582	587,035
	1,171,809	1,128,532	604,393	704,486

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Current	849,169	954,837	584,156	617,010
1 to 30 days past due	128,560	162,940	5,172	35,388
31 to 60 days past due	117,836	6,189	9,037	28,586
61 to 90 days past due	69,965	1,874	484	16,152
Over 90 days past due	6,279	2,692	5,544	7,350
	1,171,809	1,128,532	604,393	704,486

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

7 Related-party transactions

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

		Parent Company		Consolidated	
Assets	**Type**	**9/30/2016**	**12/31/2015**	**9/30/2016**	**12/31/2015**
Current					
Cellulose Eldorado Austria GmbH (note 6)	Pulp sale	875,994	866,797	-	-
Eldorado EUA (note 6)	Pulp sale	143,003	121,477	-	-
JBS (note 6)	Chip sale	1,758	985	1,758	985
Enersea Comercializad. de Energia (note 6)	Energy sale	129	-	129	-
J&F Investimentos	Pass-through of costs	182	-	182	-
Eldorado Intl. Finance GmbH	Pass-through of costs	1,519	-	-	-
		1,022,585	989,259	2,069	985

		Parent Company		Consolidated	
Liabilities	**Type**	**9/30/2016**	**12/31/2015**	**9/30/2016**	**12/31/2015**
Current					
JBS (note 15)	Purchase of PP&E (i)	6,352	12,981	6,352	12,981
JBS (note 15)	Sundry (vii)	56	190	56	190
Cellulose Eldorado Austria GmbH	PPE (iv)	38,075	-	-	-
Eldorado Intl. Finance GmbH	PPE (v)	29,618	-	-	-
J&F Investimentos	Surety (ii)	18,713	45,153	18,713	45,153
J&F Investimentos (note 15)	Checking account (vi)	4,500	-	4,500	-
Rishis Empreend. e Partic. (note 15)	Service provision	5,952	246	-	-
		103,266	58,570	29,621	58,324
Noncurrent					
Cellulose Eldorado Austria GmbH	PPE (iv)	284.944	-	-	-
Eldorado Intl. Finance GmbH	PPE (v)	1.110.201	-	-	-
		1.395.145	-	-	-

		Parent Company		Consolidated	
Profit or loss	**Type**	**9/30/2016**	**9/30/2015**	**9/30/2016**	**9/30/2015**
Cellulose Eldorado Austria GmbH	Pulp sale	1,495,307	1,353,953	-	-
Eldorado EUA Inc.	Pulp sale	213,705	207,929	-	-
JBS	Chip sale	3,653	34,562	3,653	34,562
JBS	Massive forest sale	525		525	
Enersea Comercializ. de Energia	Energy sale	129	-	129	-
Total revenue (note 21)		1.713.319	1,596,444	4,307	34,562
Cellulose Eldorado Austria (note 24)	PPE (iv)	(7,697)	-	-	-
Eldorado Intl. Finance GmbH (note 24)	PPE (v)	(29,749)	-	-	-
JBS	Sundry (vii)	(2,176)	(36,537)	(2,176)	(36,537)
J&F Investimentos (note 24)	Sundry (ii)	(59,447)	(58,504)	(59,447)	(58,504)
J&F Investimentos (note 24)	Checking account (iii)	-	(18,429)	-	(18,429)
J&F Investimentos	Checking account (vi)	(4,500)	-	(4,500)	-
J&F Investimentos (note 24)	Checking account	20,817	-	20,817	-
Rishis Empreend. e Partic.	Service provision	(17,835)	(3,111)	-	-
		1,612,732	1,479,863	(40,999)	(78,908)

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

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

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

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

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

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

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

7.1 Management compensation

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

	9/30/2016	9/30/2015
Short-term employee benefits (a)	17,678	11,774

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

8 Inventories

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Seedlings	3,396	1,657	3,396	1,657
Raw materials (wood for production)	147,310	101,613	147,310	101,612
Pulp	44,764	41,689	145,272	239,725
Inputs	14,388	16,871	14,388	16,871
Storeroom supplies	105,380	93,250	105,507	93,356
	315,238	255,080	415,873	453,221

During the period the amount of R$65,407 (R$33,629 in the accumulated amount for the third quarter of 2015) was added to the raw material inventory, due to the harvest of the biological asset and its consequent transfer to inventories, as shown in note 11.

9 Taxes recoverable

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
State VAT (ICMS) (i)	773,739	590,604	776,690	590,699
Taxes on revenue (PIS and COFINS) (ii)	18,300	299,858	18,581	301,624
Federal VAT (IPI)	44	2,831	44	2,831
Service tax (ISS)	102	155	102	155
Social Security Contribution (INSS)	-	545	-	545
REINTEGRA (iii)	18,812	41,429	18,812	41,430
Withholding income tax (IRRF) (iv)	3,689	12,453	3,727	15,183
Corporate income tax (IRPJ) prepayment (v)	47,905	-	47,930	-
Social contribution on profit (CSLL) prepayment (v)	17,580	-	17,595	-
	880,171	947,875	883,481	952,467
Breakdown				
Current assets	213,792	369,717	214,226	371,640
Noncurrent assets	666,379	578,158	669,255	580,827
	880,171	947,875	883,481	952,467

(i) ICMS

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

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

(ii) PIS and COFINS

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

(iii) REINTEGRA

In October 2014, the Company adopted Decree 7,633, of December 1, 2011, which regulated the REINTEGRA.

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

(iv) IRRF

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

(v) IRPJ and CSLL - Prepayment

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

10 Advances to suppliers

	Parent Company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Purchase of wood (i)	82,162	68,746	82,162	68,746
Others	21,600	31,282	21,659	37,053
	103,762	100,028	103,821	105,799
Breakdown				
Current assets	27,208	40,517	27,267	46,288
Noncurrent assets	76,554	59,511	76,554	59,511
	103,762	100,028	103,821	105,799

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

11 Biological assets

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

The opening and closing balances are broken down as follows:

	Parent Company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
At the beginning of the period	1,736,309	1,508,171	1,736,309	1,508,171
Change in the fair value of biological assets net of costs to sell	-	16,473	-	16,473
Tree felling for inventory	(65,407)	(57,202)	(65,407)	(57,202)
Forest development cost	289,443	268,867	289,443	268,867
	1,960,345	1,736,309	1,960,345	1,736,309

Currently the Company holds a production area of 219,877 ha (203,426 ha as at December 31, 2015), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

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

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

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

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

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

	2016	**2015**
Current productive area (hectare)	219,877	203,426
Average Annual Increase (IMA) - m³/ hectare	37.99	37.57
Discount rate (WACC without consumer price index) - %	4.5	4.5

12 Investments

Parent Company	**9/30/2016**	**12/31/2015**
Assets		
Rishis Empreendimentos e participações S.A.	91,071	77,843
Goodwill on investments in subsidiaries	17,001	17,001
Advance for future capital increase (a)	-	13,217
	108,072	108,061
Liabilities		
Cellulose Eldorado Austria Gmbh	(117,244)	(59,418)
	(117,244)	(59,418)

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

Significant information on subsidiaries as at September 30, 2016

Investments in subsidiaries

	Year	Equity interest	Net assets	Unrealized profit on inventories	Company's share of net assets	Profit or loss	Company's share of profits / losses	Cumulative translation adjustments
Cellulose Eldorado Austria Gmbh	December 31, 2015	100%	100,477	(159,895)	(59,418)	126,637	20,085	(2.248)
Rishis Empreendimentos e Participações S.A.	December 31, 2015	100%	77,843	-	77,843	(6,112)	(6,112)	-
Balance at December 31, 2015			178.320	(159,895)	18,425	120,525	13,973	(2,248)
Cellulose Eldorado Austria Gmbh	September 30, 2016	100%	(19,420)	(97,824)	(117,244)	(128,409)	(66,338)	8.512
Rishis Empreendimentos e Participações S.A.	September 30, 2016	100%	91,071	-	91,071	11	11	-
Balance at September 30, 2016			71.651	(97,824)	(26,173)	(128,398)	(66,327)	8,512

Subsidiaries

Cellulose Eldorado Austria Gmbh

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

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

Rishis Empreendimentos e participações S.A.

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

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

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

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

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

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

13 Property, plant and equipment

	Parent Company 2016			
	Weighted annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	3.84%	1,094,689	(118,671)	976,018
Leasehold improvements	10%	14,746	(4,142)	10,604
Facilities and improvements	9.51%	249,435	(36,159)	213,276
Furniture and fixtures	10.06%	7,403	(2,102)	5,301
Vehicles	24.39%	141,268	(56,035)	85,233
Technical and scientific instruments	15.43%	5,537	(2,566)	2,971
IT equipment	22.70%	61,823	(41,067)	20,756
Machinery and equipment	14.71%	3,728,957	(558,157)	3,170,800
Construction in progress and advances for capital expenditures	-	188,473	-	188,473
		5,594,032	(818,899)	4,775,133

	Parent Company 2015			
	Weighted annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	10%	14,746	(3,035)	11,711
Facilities and improvements	8.40%	234,651	(27,779)	206,872
Furniture and fixtures	9.77%	7,050	(1,623)	5,427
Vehicles	23.40%	133,829	(42,813)	91,016
Technical and scientific instruments	14.76%	4,890	(2,191)	2,699
IT equipment	22.74%	60,039	(32,586)	27,453
Machinery and equipment	12.22%	3,663,062	(438,291)	3,224,771
Construction in progress and advances for capital expenditures	-	128,400	-	128,400
		5,408,090	(643,097)	4,764,993

	Consolidated 2016			
	Weighted annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	3.84%	1,094,689	(118,671)	976,018
Leasehold improvements	7.31%	70,560	(8,101)	62,459
Facilities and improvements	9.59%	254,594	(36,171)	218,423
Furniture and fixtures	10.29%	7,773	(2,179)	5,594
Vehicles	24.39%	141,380	(56,114)	85,266
Technical and scientific instruments	15.53%	5,537	(2,566)	2,971
IT equipment	22.81%	62,884	(41,554)	21,330
Machinery and equipment	14.68%	3,738,662	(558,755)	3,179,907
Construction in progress and advances for capital expenditures	-	194,280	-	194,280
		5,672,060	(824,111)	4,847,949

	Consolidated 2015			
	Weighted annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	8.57%	70,030	(4,023)	66,007
Facilities and improvements	8.70%	239,817	(27,788)	212,029
Furniture and fixtures	9.99%	7,405	(1,651)	5,754
Vehicles	23.42%	133,965	(42,868)	91,097
Technical and scientific instruments	14.87%	4,891	(2,192)	2,699
IT equipment	22.88%	61,085	(32,932)	28,153
Machinery and equipment	12.21%	3,671,687	(438,363)	3,233,324
Construction in progress and advances for capital expenditures	-	129,272	-	129,272
		5,479,575	(644,596)	4,834,979

Changes in property, plant and equipment

Parent Company

Changes	**Balance at 12/31/2015**	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Balance at 9/30/2016**
Land	101,701	-	-	-	-	101,701
Buildings	964,943	-	-	34,967	(23,892)	976,018
Leasehold improvements	11,711	-	-	-	(1,107)	10,604
Facilities and improvements	206,872	278	-	14,507	(8,381)	213,276
Furniture and fixtures	5,427	283	-	70	(479)	5,301
Vehicles	91,016	31,668	(17,761)	-	(19,690)	85,233
Technical and scientific instruments	2,699	647	-	-	(375)	2,971
IT equipment	27,453	1,578	-	205	(8,480)	20,756
Machinery and equipment	3,224,771	62,503	(15,395)	19,715	(120,794)	3,170,800
Construction in progress and advances for capital expenditures	128,400	130,816	-	(70,743)	-	188,473
	4,764,993	227,773	(33,156)	(1,279)	(183,198)	4,775,133

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

Consolidated

Changes	**Balance at 12/31/2015**	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Balance at 9/30/2016**
Land	101,701	-	-	-	-	101,701
Buildings	964,943	-	-	34,967	(23,892)	976,018
Leasehold improvements	66,007	-	-	530	(4,078)	62,459
Facilities and improvements	212,029	278	(7)	14,507	(8,384)	218,423
Furniture and fixtures	5,754	302	(10)	74	(526)	5,594
Vehicles	91,097	31,668	(17,789)	-	(19,710)	85,266
Technical and scientific instruments	2,699	647	-	-	(375)	2,971
IT equipment	28,153	1,579	(48)	266	(8,620)	21,330
Machinery and equipment	3,233,324	62,502	(15,395)	20,795	(121,319)	3,179,907
Construction in progress and advances for capital expenditures	129,272	137,452	-	(72,444)	-	194,280
	4,834,979	234,428	(33,249)	(1,305)	(186,904)	4,847,949

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

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at September 30, 2016 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering, environmental license and infrastructure woks for the construction of Vanguarda 2.0 Project, new production line with capacity of more than 2.3 million tons of pulp per year.

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

Impairment test - property, plant and equipment

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

14 Intangible assets

	Parent Company 2016			
	Weighted annual amortization rates	Cost	Accumulated amortization	Net
Software	25.10%	14,352	(7,304)	7,048

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

	Consolidated 2016			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net**
Goodwill	-	17,001	-	17,001
Software	24.64%	15,007	(7,469)	7,538
Terminal concession	7.14%	20,988	(7,661)	13,327
		52,996	(15,130)	37,866

	Consolidated 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net**
Goodwill	-	17,001	-	17,001
Software	23.20%	13,319	(5,481)	7,838
Terminal concession	7.14%	20,988	(6,537)	14,451
		51,308	(12,018)	39,290

Changes in intangible assets

Parent Company

Changes	**12/31/2015**	**Additions**	**Transfers**	**Amortization**	**9/30/2016**
Software	7,279	382	1,279	(1,892)	7,048

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

Consolidated

Changes	**12/31/2015**	**Additions**	**Transfers**	**Amortization**	**9/30/2016**
Goodwill (a)	17,001	-	-	-	17,001
Software	7,838	383	1,305	(1,988)	7,538
Terminal concession	14,451	-	-	(1,124)	13,327
	39,290	383	1,305	(3,112)	37,866

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

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

Impairment of tangible and intangible assets other than goodwill

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

15 Trade payables

	Parent Company		Consolidated	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Supplies and services	48,639	52,842	54,282	60,169
Inputs	149,944	106,373	149,968	106,373
Others	38,346	44,558	44,882	46,420
	236,929	203,773	249,132	212,962

16 Loans and financing

		Parent Company	
Type	**Average annual interest rate and commissions**	**9/30/2016**	**12/31/2015**
Property, plant and equipment financing			
FINAME - project finance	Average interest of 3% to 8% p.a.	61,697	83,545
ACC (advance on exchange contract) (i)	Forex + interest	1,125,043	1,257,038
BNDES - subloan A (ii)	TJLP + interest of 3.32% p.a.	406,640	448,209
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	908,495	1,229,368
BNDES - subloan C H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	1,034,757	1,402,647
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	106,363	118,249
BNDES - subloan K (ii)	TJLP	19,889	16,587
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	112,059	124,578
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	419,385	569,746
BNDES - subloan F and J (ii)	Floating rate BNDES + interest of 3% p.a.	233,937	317,820
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	28,779	31,993
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% p.a. to 5.69% p.a.	1,095,402	1,415,564
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	1,218,372	1,146,333
FCO (Center-West Financing Fund) (v)	Interest of 8.5% to 9% p.a.	25,048	23,560
Working capital (vii)	Rate of 5.74% p.a. in US dollars	35,162	50,290
PPE (viii)	LIBOR + spread	35,997	-
NCE (vi)	Spread of 123% to 128% of CDI	860,087	1,127,823
CCB (xi)	Fixed rate – 19.70% p.a.	17,578	-
Leasing	Fixed rate – 12.9854% p.a. in R$	2,863	3,283
		7,747,553	9,366,633

	Parent Company	
Breakdown	**9/30/2016**	**12/31/2015**
Current liabilities	2,310,182	2,286,481
Noncurrent liabilities	5,437,371	7,080,152
	7,747,553	9,366,633

	Parent Company
Noncurrent liabilities mature as follows:	**9/30/2016**
2017	299,825
2018	1,115,962
2019	945,490
2020	776,509
After 2021	2,299,585
	5,437,371

Type	Average annual interest rate and commissions	Consolidated 9/30/2016	Consolidated 12/31/2015
Property, plant and equipment financing			
FINAME - project finance	Average interest of 3% to 8% p.a.	61,697	83,545
ACC (advance on exchange contract) (i)	Forex + interest	1,125,043	1,257,038
BNDES - subloan A (ii)	TJLP + interest of 3.32% p.a.	406,640	448,209
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	908,495	1,229,368
BNDES - subloan C H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	1,034,757	1,402,647
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	106,363	118,249
BNDES - subloan K (ii)	TJLP	19,889	16,587
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	112,059	124,578
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	419,385	569,746
BNDES - subloan F and J (ii)	Floating rate BNDES + interest of 3% p.a.	233,937	317,820
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	28,779	31,993
ECAs - Export Credit Agencies (iii)	Forex + interest of 2,8% p.a. to 5.69% p.a.	1,095,401	1,415,564
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	1,218,372	1,146,333
FCO (Center-West Financing Fund) (v)	Interest of 8.5% to 9% p.a.	25,048	23,560
Working capital (vii)	Rate of 5.74% p.a. in US dollars	35,162	50,290
PPE (viii)	LIBOR + spread	35,997	-
NCE (vi)	Spread of 123% to 128% of CDI	860,087	1,127,823
CCB (xi)	Fixed rate – 19.70% p.a.	17,578	-
Term Loan (ix)	LIBOR + spread	304,381	-
Bonds (x)	8.625%	1,160,760	-
Leasing	Fixed rate – 12.9854% p.a. in R$	2,863	3,283
		9,212,693	9,366,633

Breakdown	Consolidated 9/30/2016	Consolidated 12/31/2015
Current liabilities	2,371,305	2,286,481
Noncurrent liabilities	6,841,388	7,080,152
	9,212,693	9,366,633

Noncurrent liabilities mature as follows:	Consolidated 9/30/2016
2017	333,670
2018	1,183,650
2019	1,013,179
2020	844,198
After 2021	3,466,691
	6,841,388

16.1 Changes in loans and financing

Parent Company	**9/30/2016**	**12/31/2015**
Opening balance	**9,366,633**	**7,166,908**
Interest - accrued	603,824	708,690
Exchange differences - accrued	(1,018,558)	2,397,439
New loans and financing	790,911	2,694,977
Repayments		
Principal	(1,151,199)	(2,149,453)
Interest	(497,221)	(627,945)
Exchange differences	(346,837)	(823,983)
Closing balance	**7,747,553**	**9,366,633**

Consolidated	**9/30/2016**	**12/31/2015**
Opening balance	**9,366,633**	**7,166,908**
Interest - accrued	613,298	708,690
Exchange differences - accrued	(1,130,228)	2,397,439
New loans and financing	2,362,961	2,694,977
Repayments		
Principal	(1,151,199)	(2,149,453)
Interest	(502,213)	(627,945)
Exchange differences	(346,559)	(823,983)
Closing balance	**9,212,693**	**9,366,633**

16.2 Company credit facilities

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

(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on March 5 and August 10, 2012, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas. Thus, BNDES confirmed the effectiveness of the agreement by disbursing the funds between March 2012 and December 2013, to be repaid in 90 installments beginning January 2015.

(iii) ECA (Export Credit Agency) financing agreements, disbursed on December 28, 2012, repayable in 19 semiannual installments, from November 2013 to November 2022, subject to interest and US dollar exchange fluctuation, granted by the following Agencies: Finnvera, R$556,036 subject to 3.1% p.a. equivalent to US$172,158, and R$148,998 subject to 5.69% p.a. equivalent to US$46,132; EKN, R$256,983 subject to 2.8% p.a. equivalent to US$79,566; and Oekb, R$234,928 subject to 5.69% p.a. equivalent to US$72,737.

(iv) On December 1, 2012 the Company carried out the 2nd issue of simple debentures, fully subscribed by FI-FGTS. These debentures are nonconvertible, unsecured, with additional collateral and unsecured guarantee, indexed to the IPCA, plus interest of 7.41% per year and final maturity in December 2027. The debentures were fully distributed on December 17, 2012.

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

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

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

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

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

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

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

16.3 Restrictive covenants

The financing agreements with ECAs and debentures with FI-FGTS, and the letters of guarantee with Banco do Brasil and Santander entered into by the Company for the construction of its plant and the related logistics infrastructure are collateralized by the financed property, plant and equipment up to the limit of the assumed debt, and contain restrictive financial covenants usually applicable to these types of long-term financing. The long-term financing transactions with Banco do Brasil also have financial covenants, in line with agreements of such nature. In June 2016, Eldorado carried out an international issuance of bonds with financial covenants, usually applicable to this type of issuance.

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

16.4 Guarantees of the loans

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

17 Taxes payable, payroll and related taxes

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Payroll and related taxes	47,546	47,783	48,987	49,384
Accruals and taxes	46,603	28,456	47,287	28,696
Taxes payable	67,115	5,049	67,177	5,063
	161,264	81,288	163,451	83,143

18 Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company		Consolidated	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Loss before income tax and social contribution	309,365	207,482	309,405	207,491
Income tax and social contribution – statutory rate of 34%	(105,184)	(70,544)	(105,198)	(70,547)
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	22,551	(67,005)	-	-
Nondeductible expenses	(419)	(137)	(419)	(137)
Government grant	(60,784)	(63,390)	(60,784)	(63,390)
Effect of taxes of foreign subsidiaries	-	-	22,551	(67,005)
Others	(18)	-	8	6
Current and deferred income tax and social contribution	(66,514)	59,988	(66,554)	59,979
Effective rate	21.50%	(28.91%)	21.51%	(28.91%)

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

Parent Company	**12/31/2015**	**Additions**	**Deductions**	**9/30/2016**
Tax loss (i)	593,169	-	(25,864)	567,305
Hedge - derivatives	(30,556)	30,556	-	-
Biological assets	(65,202)	-	-	(65,202)
Products not shipped	10,682	-	(10,682)	-
Operating provisions	14,167	-	(1,257)	12,910
Balance in the period	**522,260**	**30,556**	**(37,803)**	**515,013**

Consolidated	**12/31/2015**	**Additions**	**Deductions**	**9/30/2016**
Tax loss (i)	593,169	-	(25,864)	567,305
Hedge - derivatives	(30,556)	30,556	-	-
Biological assets	(65,202)	-	-	(65,202)
Products not shipped	10,682	-	(10,682)	-
Operating provisions	14,167	-	(1,257)	12,910
	522,260	**30,556**	**(37,803)**	**515,013**

(i) As at September 30, 2016, the Company has an accumulated tax loss balance which, adjusted for expenses and revenues not permitted by tax legislation for purposes of calculation of income tax and social contribution, totals R$ 1,668,544.

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

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

19 Provision for contingent liabilities

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

	12/31/2014	**Additions**	**Disposals**	**12/31/2015**	**Additions**	**Disposals**	**9/30/2016**
Civil	329	625	(2)	952	1,182	(230)	1,904
Labor	1,679	3,329	(1,232)	3,776	2,759	(2,537)	3,998
Tax	356	3	(81)	278	-	-	278
	2,364	**3,957**	**(1,315)**	**5,006**	**3,941**	**(2,767)**	**6,180**

As at September 30, 2016, the Company was a defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 190,130 (R$ 77,381 as at December 31, 2015), of which the Company accrued R$ 6,180 (R$ 5,006 as at December 31, 2015), classified by its management and legal counsel as likelihood of probable loss. The Company believes that an outflow of resources embodying economic benefits will be required to settle the obligation. Management believes the negotiations will not occur during at least twelve months. In general, the claims that originated the lawsuits involve claims for obligations, indemnity for pain and suffering and property damages, collection and prohibitory interdict.

For the lawsuits classified as possible losses in the amount of R$ 166,500 (R$ 67,855 as at December 31, 2015), the Company believes that no provision for losses is required.

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

On April 1, 2016, the Company was summoned to appear before a state court in the State of Mato Grosso do Sul as a defendant in a lawsuit filed by Fibria in connection with the alleged infringement mentioned above, for which Fibria is seeking compensation in the amount of R$ 100 million. On May 5, 2016, the Company argued for a change of venue and, in the alternative, that the case be dismissed. Fibria was notified to present the reply and the Company filed a motion for Clarification of Judgment as the judge had not analyzed the request for preliminary injunction. On July 19, 2016 Fibria presented a reply and on July 26, 2016, the Company filed for withdrawal of the reply from the court's records since it had been presented after the term, through a petition that is still under appreciation by the Judge. No provision for such lawsuit was recognized since the likelihood of loss is possible.

20 Equity

20.1 Issued capital

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

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

20.2 Legal reserve

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

20.3 Dividends

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

20.4 Carrying value adjustments

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

20.5 Earnings per share

Basic

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

	9/30/2016	9/30/2015
Profit (loss) attributable to Company owners	242,851	267,470
Total shares outstanding in the period – Thousands	1,525,558	1,525,558
Profit (loss) per thousand shares	**0.16**	**0.18**

21 Net revenue

	Parent Company		Consolidated	
	9/30/2016	**9/30/2015**	**9/30/2016**	**9/30/2015**
Gross sales revenue				
Domestic market	316,587	363,346	316,591	363,346
Foreign market	1,777,350	1,638,381	2,274,194	2,435,214
Discounts and rebates	(2,032)	(2,735)	(360,579)	(353,513)
	2,091,905	1,998,992	2,230,206	2,445,047
Sales deductions and taxes	(22,817)	(27,806)	(25,205)	(28,187)
Net operating revenue	**2,069,088**	**1,971,186**	**2,205,001**	**2,416,860**

22 Operating segments

a. Base for segmentation

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

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

b. Reportable segments

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

	Consolidated Sept/16			
	Pulp	**Energy**	**Others**	**Total**
Net revenue				
Foreign market	1,924,733	-	-	1,924,733
Domestic market	256,750	23,354	164	280,268
Cost of sales	(886,909)	(8,155)	(5,642)	(900,706)
Gross profit (loss)	**1.294.574**	**15,199**	**(5,478)**	**1,304,295**
Operating (expenses) income				
General and administrative expenses	(89,068)	-	-	(89,068)
Sales and logistics	(248,206)	-	-	(248,206)
Depreciation, amortization and depletion	(255,422)	-	-	(255,422)
Other income (expenses), net	255,311	-	-	255,311
Finance income (costs), net				
Finance costs	(1,821,259)	-	-	(1,821,259)
Finance income	1,163,754	-	-	1,163,754
Profit (loss) before income tax and social contribution	**299,684**	**15,199**	**(5,478)**	**309,405**
Income tax and social contribution	(66.554)	-	-	(66,554)
Profit (loss) for the period	**233.130**	**15,199**	**(5,478)**	**242,851**

	Consolidated Sept/15			
	Pulp	**Energy**	**Others**	**Total**
Net revenue				
Foreign market	2,092,371	-	-	2,092,371
Domestic market	248,156	47,152	29,181	324,489
Cost of sales	(991,339)	(642)	(33,540)	(1,025,521)
Gross profit (loss)	**1.349.188**	**46,510**	**(4,359)**	**1,391,339**
Operating (expenses) income				
General and administrative expenses	(56,519)	-	-	(56,519)
Sales and logistics	(264,966)	-	-	(264,966)
Fair value of biological assets	16,473	-	-	16,473
Depreciation, amortization and depletion	(205,083)	-	-	(205,083)
Other income (expenses), net	135,767	-	-	135,767
Finance income (costs), net				
Finance costs	(3,217,443)	-	-	(3,217,443)
Finance income	2,407,923	-	-	2,407,923
Profit (loss) before income tax and social contribution	**165,340**	**46,510**	**(4,359)**	**207,491**
Income tax and social contribution	59,979	-	-	59,979
Profit (loss) for the period	**225,319**	**46,510**	**(4,359)**	**267,470**

c. Geographic segments

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

Operating revenue	**9/30/2016**	**9/30/2015**
Brazil	280,268	324,489
China	664,566	720,155
Italy	302,564	372,214
United States	161,282	218,378
Austria	112,844	98,868
Japan	100,132	190,032
Singapore	87,122	46,469
Germany	70,339	71,358
Sweden	61,612	8,812
Poland	58,514	1,611
Argentina	56,981	71,084
Mexico	44,943	14,907
Canada	42,974	53,142
France	30,094	48,138
Egypt	22,125	5,788
United Kingdom	17,061	660
Slovenia	16,127	13,614
Spain	8,346	24,328
Thailand	4,085	42,356
Israel	1,993	14,543
Others	61,029	75,914
	2,205,001	**2,416,860**

d. Information on major customers

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

e. Information on total noncurrent assets

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

Noncurrent assets	**9/30/2016**	**12/31/2015**
Brazil	8,282,157	7,902,502
Austria	2,977	2,893
United States	141	150
China	8	-
	8,285,283	**7,905,545**

23 Selling, logistics, general and administrative expenses

	Parent Company		**Consolidated**	
	9/30/2016	**9/30/2015**	**9/30/2016**	**9/30/2015**
Personnel expenses	252,023	159,268	262,965	165,955
Service, material and transportation expenses	122,024	129,930	286,254	274,539
Depreciation, depletion and amortization	250,445	203,817	255,422	205,083
Raw materials and consumables	565,804	728,826	565,804	728,826
Others	109,467	111,108	122,957	177,686
	1,299,763	**1,332,949**	**1,493,402**	**1,552,089**
Breakdown				
Cost of sales	1,121,441	1,149,850	1,134,661	1,214,242
General and administrative expenses	72,613	43,554	97,443	60,656
Selling and logistics expenses	105,709	139,545	261,298	277,191
	1,299,763	**1,332,949**	**1,493,402**	1,552,089

24 Finance income (costs), net

	Parent Company		Consolidated	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Finance income				
Interest receivable	1,109	8,713	1,330	8,724
Income from short-term investments	58,099	18,074	58,100	18,075
Gain (loss) on derivatives	-	1,994,621	-	1,994,621
Foreign exchange gains	1,101,977	361,422	1,102,380	384,882
Other finance income	1,931	1,571	1,944	1,621
	1,163,116	2,384,401	1,163,754	2,407,923
Finance costs				
Sundry banking costs	(132)	(149)	(393)	(174)
Interest payable	(626,028)	(526,917)	(624,462)	(526,917)
Foreign exchange losses	(234,582)	(2,543,068)	(234,760)	(2,582,982)
Gain (loss) on derivatives	(877,004)	-	(877,004)	-
Guarantee expenses	(73,854)	(74,373)	(73,854)	(78,313)
Other finance costs	(47)	(18,575)	(10,786)	(29,057)
	(1,811,647)	(3,163,082)	(1,821,259)	(3,217,443)
	(648,531)	(778,681)	(657,505)	(809,520)

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

25 Other income (expenses), net

	Parent Company		Consolidated	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
ICMS credits (a)	131,602	123,228	131,602	123,228
PIS / COFINS credits (b)	107,973	-	107,973	-
Insurance indemnity	532	113	532	131
Others	14,791	11,038	15,204	12,408
	254,898	134,379	255,311	135,767

(a) This refers to Government Grants for Investments under a tax incentive package granted by the Mato Grosso do Sul Government for use in future industrial expansion (Vanguarda 2.0 Project).

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

26 Employee benefits

a. Defined contribution pension plan

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

Under the regulations of the benefit plan, the Company's contributions match the employees' contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period ended September 30, 2016 totaled R$ 1,577.

27 Insurance

As at September 30, 2016, the insurance coverage against operating risks totaled R$ 5,457,738 for property damages, R$ 956,735 for loss of profits, and R$ 81,155 for civil liability.

28 Financial instruments

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

(i). Market risks

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

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

a. Interest rate risks

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

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

		Parent Company	
Type	**Average annual interest rate and commissions**	**9/30/2016**	**12/31/2015**
BNDES - Subloan A	TJLP + interest of 3.32% p.a.	406,640	448,209
BNDES - Subloan B	Floating rate BNDES + interest of 3.32% p.a.	908,495	1,229,368
BNDES - Subloan C H and L	Floating rate BNDES + interest of 4.52% p.a.	1,034,757	1,402,647
BNDES - Subloan G	TJLP + interest of 2.92% p.a.	106,363	118,249
BNDES - Subloan K	TJLP	19,889	16,587
BNDES - Subloan D	TJLP + interest of 1.8% p.a.	112,059	124,578
BNDES - Subloan E	Floating rate BNDES + interest of 1.8% p.a.	419,385	569,746
BNDES - Subloan F and J	Floating rate BNDES + interest of 3% p.a.	233,937	317,820
BNDES - Subloan I	TJLP + interest of 1.4% p.a.	28,779	31,993
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,218,372	1,146,333
PPE	LIBOR + spread	35,997	-
NCE	Spread 123% to 128% of CDI	860,087	1,127,823
Financial investments		(979,417)	(1,069,017)
		4,405,343	5,464,336

Type	Average annual interest rate and commissions	Consolidated 9/30/2016	Consolidated 12/31/2015
BNDES - Subloan A	TJLP + interest of 3.32% p.a.	406,640	448,209
BNDES - Subloan B	Floating rate BNDES + interest of 3.32% p.a.	908,495	1,229,368
BNDES - Subloan C H and L	Floating rate BNDES + interest of 4.52% p.a.	1,034,757	1,402,647
BNDES - Subloan G	TJLP + interest of 2.92% p.a.	106,363	118,249
BNDES - Subloan K	TJLP	19,889	16,587
BNDES - Subloan D	TJLP + interest of 1.8% p.a.	112,059	124,578
BNDES - Subloan E	Floating rate BNDES + interest of 1.8% p.a.	419,385	569,746
BNDES - Subloan F and J	Floating rate BNDES + interest of 3% p.a.	233,937	317,820
BNDES - Subloan I	TJLP + interest of 1.4% p.a.	28,779	31,993
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,218,372	1,146,333
PPE	LIBOR + spread	35,997	-
NCE	Spread of 123% to 128% of CDI	860,087	1,127,823
Loan	LIBOR + spread	304,381	-
Financial investments		(1,029,757)	(1,069,017)
		4,659,384	5,464,336

Sensitivity analysis

Debt

For the purpose of providing information on how the market risks to which the Company is exposed as at September 30, 2016 would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable scenario, are shown below.

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

Parent Company

Transaction - 9/30/2016	Risk	Position	Possible 25% (i)	Remote 50% (ii)
BNDES	TJLP + interest and floating rate BNDES + interest	220,778	55,194	110.389
Debentures (interest)	IPCA + interest of 7.41% p.a.	64,025	16,006	32.012
Debentures (adjustment for inflation)	IPCA	72,682	18,171	36.341
PPE	LIBOR + spread	939	235	470
NCE	Spread of 123% to 127% of CDI	131,256	32,814	65.628
Net exposure to interest rates		489,680	122,420	244,840

Transaction - 9/30/2015	Risk	Position	Possible 25% (i)	Remote 50% (ii)
BNDES	TJLP + interest and floating rate BNDES + interest	147,616	36,904	73,808
Debentures (interest)	IPCA + interest of 7.41% p.a.	37,829	9,457	18,914
Debentures (adjustment for inflation)	IPCA	65,821	16,455	32,911
NCE	Spread of 123% to 127% of CDI	8,687	2,172	4,344
Checking account	CDI + spread	18,429	4,607	9,214
Net exposure to interest rates		**278,382**	**69,595**	**139,191**

Consolidated

Transaction - 9/30/2016	Risk	Position	Possible 25% (i)	Remote 50% (ii)
BNDES	TJLP + interest and floating rate BNDES + interest	220,778	55,194	110,389
Debentures (interest)	IPCA + interest of 7.41% p.a.	64,025	16,006	32,012
Debentures (adjustment for inflation)	IPCA	72,682	18,171	36,341
PPE	LIBOR + spread	939	235	470
NCE	Spread of 123% to 127% of CDI	131,256	32,814	65,628
Loan	LIBOR + spread	7,353	1,838	3,677
Net exposure to interest rates		497.033	124,258	248,517

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

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

The long-term interest rate (TJLP) was created to be used as a benchmark of the basic cost of funding granted by BNDES and at the reporting date was 7.5% per year (6.5% per year in September 2016).

b. *Foreign exchange rate risks*

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

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

As at September 30, 2016, the US Dollar and Euro quotations were US$ 3,2462, EUR 1,1239 and GBP 1,3015, respectively.

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

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

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

Parent Company

	9/30/2016	12/31/2015
Operating		
Trade receivables (US Dollar)	1,040,962	1,011,081
Advances (Euro)	148	1,840
Advances (US Dollar)	-	111
Trade payables (Euro)	(359)	(148)
Trade payables (US Dollar)	(1,002)	(136)
Trade payables (Pound Sterling)	(6)	-
Trade payables (Swedish Krona)	-	(250)
Loans and financing (US Dollar)	(4,888,177)	(6,399,044)

Total operating	(3,848,434)	(5,386,546)
Derivatives		
Derivatives (US Dollar)	-	7,503,999
Total derivatives	-	7,503,999
Net exposure to currency risk	**(3,848,434)**	**2,117,453**

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

Sensitivity analysis
For the purpose of providing information on how the market risks to which the Company is exposed at September 30, 2016 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

			9/30/2016	
Transaction	**Risk**	**Position**	**25%**	**50%**
Operating exposure	R$ appreciation	(3,848,434)	(962,109)	(1,924,217)
Net exposure to foreign exchange rate risk		(3,848,434)	(962,109)	(1,924,217)

c. *Price risk*

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

Parent Company	**9/30/2016**	**12/31/2015**
Estimated amount of firm contracts	515,009	488,048
Advances made	(346,151)	(166,645)
	168,858	321,403

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

(ii). Credit risk

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

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

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

Exposure to credit risk

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

	Parent Company		**Consolidated**	
	9/30/2016	**12/31/2015**	**9/30/2016**	**12/31/2015**
Cash and cash equivalents	1,028,012	1,058,790	1,411,112	1,264,151
Marketable securities	158,251	114,524	158,251	114,524
Trade receivables	1,171,809	1,128,532	604,393	704,486
Derivatives receivable	-	89,871	-	89,871
	2,358,072	2,391,717	2,173,756	2,173,032

Guarantees

As a result of the transactions between BNDES and ECAs, the following shared guarantees were provided: a) first mortgage of the plant in the city of Três Lagoas, b) pledge of 750,000,000 registered common shares of Eldorado, c) pledge of 268,000,000 book-entry common shares of the associate JBS S.A. and d) statutory lien on the forest equipment financed by ECAs in the amount of approximately R$ 80,000.

(iii). Liquidity risk

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

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

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

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

Parent Company	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**After 3 years**	**Fair value**
At September 30, 2016					
Trade payables	236,929	-	-	-	236,929
Loans and financing	2,310,182	1,415,787	1,721,999	2,299,585	7,747,553
Amounts due to related parties	86,406	71,236	71,236	1,252,673	1,481,551
(-) Cash and cash equivalents	(1,028,012)	-	-	-	(1,028,012)
	1,605,505	1,487,023	1,793,235	3,552,258	8,438,021
At December 31, 2015					
Trade payables	203,773	-	-	-	203,773
Loans and financing	2,286,481	1,469,551	2,280,901	3,329,700	9,366,633
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,058,790)	-	-	-	(1,058,790)
	1,341,593	1,469,551	2,280,901	3,329,700	8,421,745

Consolidated	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**After 3 years**	**Fair value**
At September 30, 2016					
Trade payables	249,132	-	-	-	249,132
Loans and financing	2,371,305	1,517,320	1,857,377	3,466,691	9,212,693
Amounts due to related parties	18,713	-	-	-	18,713
(-) Cash and cash equivalents	(1,411,112)	-	-	-	(1,411,112)
	1,228,038	1,517,320	1,857,377	3,466,691	8,069,426
At December 31, 2015					
Trade payables	212,962	-	-	-	212,962
Loans and financing	2,286,481	1,469,551	2,280,901	3,329,700	9,366,633
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,264,151)	-	-	-	(1,264,151)
	1,145,421	1,469,551	2,280,901	3,329,700	8,225,573

(iv). Fair value of financial instruments

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

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

The table below shows the classification per risk level:

	9/30/2016			12/31/2015		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	1,028,012	-	-	1,058,790	-	-
Trade receivables	-	1,171,809	-	-	1,128,532	-
Advances to suppliers	-	103,762	-	-	100,028	-
Derivatives receivable	-	-	-	-	89,871	-
Marketable securities	158,251	-	-	114,524	-	-
Total assets	1,186,263	1,275,571	-	1,173,314	1,318,431	-

	9/30/2016			12/31/2015		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Trade payables	-	236,929	-	-	203,773	-
Loans and financing	-	7,747,553	-	-	9,366,633	-
Amounts due to related parties	-	1,481,551	-	-	45,153	-
Total liabilities	-	9,466,033	-	-	9,615,559	-

	9/30/2016			12/31/2015		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	1,411,112	-	-	1,264,151	-	-
Trade receivables	-	604,393	-	-	704,486	-
Advances to suppliers	-	103,821	-	-	105,799	-
Derivatives receivable	-	-	-	-	89,871	-
Marketable securities	158,251	-	-	114,524	-	-
Total assets	1,569,363	708,214	-	1,378,675	900,156	-

	9/30/2016			12/31/2015		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Trade payables	-	249,132	-	-	212,962	-
Loans and financing	-	9,212,693	-	-	9,366,633	-
Amounts due to related parties	-	18,713	-	-	45,153	-
Total liabilities	-	9,480,538	-	-	9,624,748	-

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

	9/30/2016		12/31/2015	
Parent Company	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or loss				
Cash and cash equivalents	1,028,012	1,028,012	1,058,790	1,058,790
Derivatives receivable	-	-	89,871	89,871
Marketable securities	158,251	158,251	114,524	114,524
Loans and receivables				
Trade receivables	1,171,809	1,171,809	1,128,532	1,128,532
Advances to suppliers	103,762	103,762	100,028	100,028
Total financial assets	2,461,834	2,461,834	2,491,745	2,491,745

	9/30/2016		12/31/2015	
Parent Company	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair vaue**
Liabilities				
Liabilities at amortized cost				
Trade payables	236,929	236,929	203,773	203,773
Loans and financing	7,747,553	7,747,553	9,366,633	9,366,633
Amounts due to related parties	1,481,551	1,481,551	45,153	45,153
Total financial liabilities	9,466,033	9,466,033	9,615,559	9,615,559

	9/30/2016		12/31/2015	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or loss				
Cash and cash equivalents	1,411,112	1,411,112	1,264,151	1,264,151
Derivatives receivable	-	-	89,871	89,871
Marketable securities	158,251	158,251	114,524	114,524
Loans and receivables				
Trade receivables	604,393	604,393	704,486	704,486
Advances to suppliers	103,821	103,821	105,799	105,799
Total financial assets	2,277,577	2,277,577	2,278,831	2,278,831

	9/30/2016		12/31/2015	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair Value**
Liabilities				
Liabilities at amortized cost				
Trade payables	249,132	249,132	212,962	212,962
Loans and financing	9,212,693	9,212,693	9,366,633	9,366,633

Amounts due to related parties	18,713	18,713	45,153	45,153
Total financial liabilities	9,480,538	9,480,538	9,624,748	9,624,748

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

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

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

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

29 Operating leases

a. Land operating leases

Land operating leases are paid as follows:

	Parent Company and Consolidated	
	9/30/2016	**12/31/2015**
2016	27,921	70,568
2017	84,806	71,479
2018	86,838	72,156
2019	87,332	72,622
2020 and thereafter	652,949	509,325
	939,846	**796,150**

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

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

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

(i) Future minimum lease payments

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

	Consolidated	
	9/30/2016	**12/31/2015**
2016	8,384	37,819
2017	74,725	37,819
2018	74,725	37,819
2019	74,725	37,819
2020 and thereafter	634,702	302,547
	867,261	**453,823**

(ii) Amounts recognized in profit or loss

	Consolidated	
	9/30/2016	**9/30/2015**
Lease expenses	50,963	31,941
	50,963	31,941

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

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

30 Other information

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

The Company hired a law firm to monitor the lawsuit and at a meeting of the Company's Board of Directors of July 6, 2016 approval was given for hiring Veirano Advogados, which will work together with Ernst & Young in an independent investigation of the allegations related to the Injunction, which resulted in the search and seizure warrant.

On September 5, 2016, the Federal Judge of the 10th Federal Court of Brasília ordered a Search and Seizure Warrant at the Company’s head office, in connection with Lawsuit 373250-67.2016.4.01.3400, which investigates the investments made by the pension funds through FIPs (Private Equity Funds), among which is Florestal Fundo de Investimento em Participações, which holds 34.45% of the shares issued by the Company.

At the meeting of the Company’s Board of Directors held on September 13, 2016, approval was given to expand the scope of work of the law firm Veirano Advogados, which will work together with Ernst & Young in an independent investigation of the investment made by Florestal Fundo de Investimento em Participações in Florestal Brasil S.A., merged into the Company in 2011, in connection with the Injunction that resulted in such search and seizure warrant.

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

Board of Executive Officers

José Carlos Grubisich Filho
CEO

José Carlos Grubisich Filho
Investor Relations Officer

Carlos Roberto Paiva Monteiro
Industrial Technical Officer

Luis Fernando Sartini Felli
Sales Officer

Germano Aguiar Vieira
Forest Officer

Board of Directors

Joesley Mendonça Batista
Chairman of the Board of Directors

Wesley Mendonça Batista
Vice Chairman of the Board of Directors

Henrique Jäger
Director

Paulo Eduardo Nigro
Director

Max Mauran Pantoja da Costa
Director

José Batista Sobrinho
Director

Miguel João Jorge Filho
Director

Accountant

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