(Convenience translation into English from the original previously issued in Portuguese)

ELDORADO BRASIL CELULOSE S.A.

Independent auditor's review report

Individual and consolidated interim financial information
As at March 31, 2019

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Individual and consolidated interim financial information
As at March 31, 2019

Contents

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the
Shareholders, Board Members and Management of
Eldorado Brasil Celulose S.A.
São Paulo – SP

Introduction

We have reviewed the individual and consolidated interim financial information of Eldorado Brasil Celulose S.A. ("Company"), included in the quarterly information, identified as Parent company and consolidated, respectively, for the quarter ended March 31, 2019, which comprise the individual and consolidated interim statement of financial position as at March 31, 2019 and the respective individual and consolidated interim statements of operations, comprehensive income (loss), changes in equity and cash flows for the three-month period then ended, as well as the corresponding notes to the quarterly information, including a summary of significant accounting policies.

The Company's management is responsible for the preparation of this individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) – Interim financial statements and with International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for the presentation of this interim financial information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Information. Our responsibility is to express a conclusion on this individual and consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accdingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, and presented in accordance with the standards issued by CVM applicable to the preparation of Quarterly Information.

Emphasis

Restatement of interim financial information as at March 31, 2019

As described in Note 3.f to the quarterly information, which describes the restatement of individual and consolidated interim financial information as at March 31, 2019, due to the review of certain accounting practices related to the matters described in the respective Note. On May 15, 2019, we issued a report containing a modification conclusion of the reclassification of loans and financing, which is no longer necessary and, therefore, our new review report are not modified in respect of this matter.

Plea Bargain Agreement, Leniency Deal and Independent Investigation

As described in Note 32 to the individual and consolidated interim financial information, in May 2017, some executives and former executives of the Group J&F Investimentos S.A. (J&F), entered into Plea Bargain Agreements with the Attorney General's Office (PGR), later blessed by the Supreme Court of Brazil (STF). Also, in June 2017, J&F entered into a Leniency Deal with MPF. On August 24, 2017, MPF 5th Chamber blessed the Leniency Deal entered into and on October 11, 2017 the federal regular judge of the 10th Federal Court of Distrito Federal, on a justification hearing, also approved in court the mentioned deal.

In April 2018, the internal investigation imposed by the Agreement was concluded, through specialized, external and independent professionals in relation to the Company, corroborating in large part the irregularities in the Annexes of the Collaboration. In the fourth quarter of 2018, at the request of the Federal Prosecutor's Office to the Investigation Team, additional procedures were initiated for the investigation now completed. The complementary scope refers exclusively to facts narrated in Leniency Agreement and topics already addressed in said completed investigation. On March 25, 2019, these professionals completed the supplementary investigation.

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

ICMS to be recovered

As described in Note 9 and Note 33 to the individual and consolidated interim financial information, which describes the actions that the Company has prioritized in order to maximize the realization of ICMS credits that are conditioned mainly in the expectation of increased sales of pulp to the market and the granting of incentives by the government of the State of Mato Grosso do Sul to pay suppliers to be hired under the project to expand production. In addition, this management plan requires obtaining resources that may be impacted by the final resolution of the conflicts between the Company's shareholders, which will be rendered by the arbitral tribunal, at an undefined date.
Our review report are not modified in respect of this matter.

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added (DVA), for the three-month period ended March 31, 2019, prepared by the Company's Management, whose disclosure in the interim financial information is required in accordance with the standards issued by CVM and considered as supplemental information by the International Financial Reporting Standards (IFRS), which do not require the disclosure of the statement of value added. These statements have been subject to review procedures performed in conjunction with the review of the Quarterly Information (ITR), with the purpose of concluding that they are reconciled with the individual and consolidated interim financial information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". Based on our review, we are not aware of any fact that would lead us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and in a consistent manner in relation to the interim accounting information, individual and consolidated, taken as a whole.

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

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

The individual and consolidated interim financial information for the quarter ended March 31, 2018 presented for comparison purposes were reviewed by us, in which we issued a report dated May 11, 2018, that contained a modification on the reclassification of loans and financing, as the Company had not complied with certain contractual clauses (covenants) of loans and financing contracts with financial institutions on December 31, 2017, and had not obtained a waiver from financial institutions, issue now regularized.

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

São Paulo, March 30, 2020.

BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1

Paulo Sérgio Tufani
Accountant CRC 1 SP 124504/O-9

ELDORADO BRASIL CELULOSE S.A.

Statements of financial position
As at March 31, 2019 and December 31, 2018
(In thousands of Brazilian Reais)

Assets	Note	Parent company 03/31/2019	Parent company 12/31/2018	Consolidated 03/31/2019	Consolidated 12/31/2018
Current					
Cash and cash equivalents	5.1	362,038	310,419	846,196	610,591
Trade accounts receivable	6	1,251,132	1,238,398	700,869	651,016
Inventories	8	368,860	368,265	608,025	654,030
Recoverable taxes	9	200,279	220,012	201,246	220,492
Advances to suppliers	10	31,849	12,364	31,908	12,423
Other accounts receivable	7	-	3,268	-	9
Other current assets		44,365	43,602	44,730	44,080
Total current		2,258,523	2,196,328	2,432,974	2,192,641
Noncurrent					
Financial investments	5.2	163,066	160,621	220,570	217,802
Recoverable taxes	9	1,040,126	1,039,931	1,040,141	1,039,944
Advances to suppliers	10	104,711	97,152	104,711	97,152
Deferred income and social contribution taxes	20	3,815	37,368	3,815	37,368
Deposit, guarantees and others		5,537	5,656	6,026	6,039
Other noncurrent assets		14,994	14,943	14,998	14,947
		1,332,249	1,355,671	1,390,261	1,413,252
Biological assets	11	2,721,125	2,668,744	2,721,125	2,668,744
Investments	12	253,614	104,018	-	-
Fixed assets	13	4,278,692	4,306,058	4,287,725	4,314,798
Intangible assets	14	5,172	5,782	79,618	82,136
Rights of use	15	689,580	-	693,227	-
Total noncurrent		9,280,432	8,440,273	9,171,956	8,478,930
Total assets		11,538,955	10,636,601	11,604,930	10,671,571

Liabilities	Note	Parent company 03/31/2019	Parent company 12/31/2018	Consolidated 03/31/2019	Consolidated 12/31/2018
Current					
Loans and financing	17	2,084,837	2,131,478	2,201,538	2,218,319
Trade accounts payable	16	217,655	226,085	216,822	227,526
Leases payables	18	143,694	-	144,591	-
Intercompany payables	7	134,189	118,447	12,224	28,007
Tax liabilities, payroll and social charges	19	92,313	141,893	99,485	150,662
Derivatives payable		13,794	13,829	13,794	13,829
Proposed dividends		-	7,636	-	7,636
Other current liabilities		2,321	5,532	30,735	38,239
Total current		2,688,803	2,644,900	2,719,189	2,684,218
Noncurrent					
Loans and financing	17	3,690,956	3,619,771	5,177,576	5,096,496
Trade accounts payable	16	4,012	4,536	4,012	4,536
Leases payables	18	553,110	-	555,902	-
Intercompany payables	7	1,453,823	1,444,112	-	-
Provision for procedural risks	21	11,203	9,167	11,203	9,167
Provision for losses on controlled companies	12	-	36,961	-	-
Total noncurrent		5,713,104	5,114,547	5,748,693	5,110,199
Equity	22				
Capital stock		1,788,792	1,788,792	1,788,792	1,788,792
Tax incentive reserve		1,000,831	998,160	1,000,831	998,160
Legal reserve		9,432	9,432	9,432	9,432
Reserve for expansion		22,906	22,906	22,906	22,906
Special reserve		7,636	-	7,636	-
Cumulative conversion adjustments		62,910	57,864	62,910	57,864
Accumulated profit		244,541	-	244,541	-
Total equity		3,137,048	2,877,154	3,137,048	2,877,154
Total liabilities and equity		11,538,955	10,636,601	11,604,930	10,671,571

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

ELDORADO BRASIL CELULOSE S.A.

Statements of operations
For the periods ended March 31, 2019 and 2018
(In thousands of Brazilian Reais)

		Parent company		Consolidated	
	Note	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Net revenue	23	884,200	883,570	1,179,101	1,112,218
Cost of goods sold	25	(428,974)	(410,273)	(481,685)	(446,526)
Gross profit		455,226	473,297	697,416	665,692
Operating revenues/(expenses)					
Administrative and general	25	(28,842)	(24,007)	(31,385)	(26,247)
Selling and logistics	25	(49,231)	(49,694)	(104,213)	(107,091)
Fair value of biological assets	11	54,658	33,031	54,658	33,031
Equity in earnings (losses) of controlled companies	12	181,806	128,350	-	-
Other revenues, net	27	(2,752)	56,659	(2,822)	54,260
Income before financial revenues (expenses) and taxes		610,865	617,636	613,654	619,645
Net financial income (loss)	26				
Financial (expenses)		(306,091)	(194,995)	(309,501)	(197,179)
Financial revenues		5,599	4,955	6,127	5,146
Exchange rate gains (losses), net		(29,608)	(22,237)	(29,478)	(22,248)
Income before provision for income and social contribution taxes		280,765	405,359	280,802	405,364
Income and social contribution taxes	20				
Current		-	(53,605)	(37)	(53,610)
Deferred		(33,553)	(16,222)	(33,553)	(16,222)
Net income for the period		247,212	335,532	247,212	335,532
Earnings per thousand shares		0.16	0.22	0.16	0.22

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

ELDORADO BRASIL CELULOSE S.A.

Statements of comprehensive income (loss)
For the periods ended March 31, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Net income for the period	247,212	335,532	247,212	335,532
Exchange rate gains (losses) on investments	5,046	3,606	5,046	3,606
Total comprehensive income	252,258	339,138	252,258	339,138

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

ELDORADO BRASIL CELULOSE S.A.

Statements of changes in equity
(In thousands of Brazilian Reais)

		Profit reserves						
	Capital stock	Tax incentive reserve	Legal reserve	Reserve for expansion	Special reserve	Cumulative translation adjustments	Accumulated (losses)	Total
Balances as at December 31, 2017	1,788,792	849,487	-	-	-	12,334	(627,233)	2,023,380
Net income for the period	-	-	-	-	-	-	335,532	335,532
Tax incentive reserve	-	67,086	-	-	-	-	(67,086)	-
Exchange rate gains (losses) on investments						3,606	-	3,606
Balances as at March 31, 2018	1,788,792	916,573	-	-	-	15,940	(358,787)	2,362,518
Balances as at December 31, 2018	1,788,792	998,160	9,432	22,906	-	57,864	-	2,877,154
Net income for the period	-	-	-	-	-	-	247,212	247,212
Tax incentive reserve	-	2,671	-	-	-	-	(2,671)	-
Exchange variation on investments	-	-	-	-	-	5,046	-	5,046
Special reserve for mandatory dividend not distributed	-	-	-	-	7,636	-	-	7,636
Balances as at March 31, 2019	1,788,792	1,000,831	9,432	22,906	7,636	62,910	244,541	3,137,048

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

ELDORADO BRASIL CELULOSE S.A.

Statements of cash flows
For the periods ended March 31, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Cash flows from operating activities				
Income (loss) before income and social contribution taxes	280,765	405,359	280,802	405,364
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities:				
Depreciation and amortization	56,057	64,590	66,174	65,924
Depletion	63,251	42,153	63,251	42,017
Appreciation amortization	295	295	295	295
Residual value of assets written off of fixed assets	440	122,877	440	122,877
Fair value of biological assets	(54,658)	(33,031)	(54,658)	(33,031)
Finance charges – interest and exchange rate gains (losses)	141,327	157,859	185,114	195,422
Finance charges – interest and exchange rate gains (losses) – related parties	44,403	38,577	-	-
Provision for procedural risks	2,526	9,381	2,526	9,381
Derivatives	13,794	-	13,794	-
Trade accounts receivable –exchange rate gains (losses)	(28,113)	(5,511)	(28,113)	(5,511)
Equity in earnings (losses) of controlled companies	(181,806)	(128,350)	-	-
	338,281	674,198	529,625	802,738
Decrease (increase) in assets				
Trade accounts receivable	13,520	(159,579)	(20,990)	(221,474)
Inventories	13,068	20,633	54,288	55,591
Recoverable taxes	19,538	(136,969)	19,055	(136,892)
Advances to suppliers	(26,922)	(1,068)	(26,922)	(1,042)
Other current and non-current assets	(695)	11,277	(678)	11,378
Increase (decrease) in liabilities				
Trade accounts payable	(8,954)	2,490	(15,767)	(7,323)
Leases payable	(1,383)	-	(1,526)	-
Other liabilities	(15,783)	(16,798)	(15,783)	(16,798)
Tax liabilities, payroll and social charges	(47,153)	(30,714)	(48,723)	(32,157)
Other current and noncurrent liabilities	(17,530)	1,776	(22,021)	11,945
Net cash from operating activities	265,987	365,246	450,558	465,966
Income tax and social contribution paid	(2,427)	(33,020)	(2,472)	(33,070)
Net cash from operation activities	263,560	332,226	448,086	432,896
Cash flows from investing activities				
Increase in biological assets	(64,696)	(71,249)	(64,696)	(71,249)
Additions to fixed and intangible assets	(29,977)	(7,373)	(30,383)	(7,414)
Sale of fixed assets	1,859	154,510	1,859	154,510
Financial investments	(2,445)	(2,684)	(2,445)	(250)
Increase in rights of use	-	-	-	-
Intercompany receivables	3,268	(22)	9	(9)
Net cash from investing activities	(91,991)	73,182	(95,656)	75,588
Cash flows from financing activities				
Loans and financing raised	245,513	355,885	245,513	355,885
Amortization of loans and financing - principal	(205,221)	(379,186)	(205,221)	(379,186)
Amortization of loans and financing - interest	(92,799)	(112,108)	(96,907)	(116,253)
Amortization of loans and financing – exchange rate gains (losses)	(64,276)	(50,660)	(64,200)	(50,662)
Amortization of intercompany loans - interest	(3,195)	(3,830)	-	-
Amortization of intercompany loans – exchange rate gains (losses)	28	(42)	-	-
Net cash from financing activities	(119,950)	(189,941)	(120,815)	(190,216)
Effects of exchange rate gains (losses) on cash	-	-	3,990	(1,034)
Change in cash and cash equivalents, net	51,619	215,467	235,605	317,234
Cash and cash equivalents at beginning of year	310,419	161,013	610,591	377,507
Cash and cash equivalents at end of year	362,038	376,480	846,196	694,741
Change in cash and cash equivalents, net	51,619	215,467	235,605	317,234

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

ELDORADO BRASIL CELULOSE S.A.

Statements of value added
For the periods ended March 31, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Revenues				
Sales of merchandise, products and services	922,507	901,034	1,217,748	1,129,931
Other operating revenues (expenses), net	52,105	44,911	52,066	42,519
Transfers related to the construction of own assets	1,211	1,550	1,211	1,550
	975,823	947,495	1,271,025	1,174,000
Inputs acquired from third parties				
Costs of goods sold, materials, energy, third-party services and others	(265,767)	(267,709)	(361,447)	(358,455)
Gross value added	710,056	679,786	909,578	815,545
Depreciation, amortization and depletion	(119,603)	(106,743)	(129,720)	(107,941)
Net value added generated by the entity	590,453	573,043	779,858	707,604
Value added received in transfer				
Equity in earnings (losses) of controlled companies	181,806	128,350	-	-
Financial revenues	5,599	4,955	6,127	5,146
Total value added to be distributed	777,858	706,348	785,985	712,750
Value added distribution				
Personnel				
Direct compensation	45,565	47,995	47,741	49,888
Benefits	27,922	24,508	29,166	25,535
FGTS (Severance Pay Fund)	4,784	4,574	5,021	4,775
	78,271	77,077	81,928	80,198
Taxes, fees and contributions				
Federal	72,063	94,544	72,480	94,838
State	19,489	(42,933)	19,517	(42,926)
Municipal	-	-	340	248
	91,552	51,611	92,337	52,160
Return on debt capital				
Interest	173,449	221,041	172,862	220,115
Rents	25,624	25,420	26,029	25,956
Others	161,750	(4,333)	165,617	(1,211)
	360,823	242,128	364,508	244,860
Return on equity capital				
Net income for the period	247,212	335,532	247,212	335,532
Total value added distributed	777,858	706,348	785,985	712,750

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

1. Operations

Eldorado Brasil Celulose S.A. (the “Company” or “Eldorado”) is a closely held corporation, whose registration with the Brazilian Securities and Exchange Commission (CVM) was obtained on June 6, 2012 in the category shares traded over the counter, established under Brazilian laws, located in the municipality of São Paulo, state of São Paulo (Brazil).

The Company’s individual and consolidated interim financial information for the period ended March 31, 2019 includes the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged in the production and sale of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, state of Mato Grosso do Sul, and started production in December 2012.

As of March 31, 2019, Eldorado's annual production capacity is around 1.7 million tons of bleached eucalyptus pulp. The wood we use to produce cellulose is 98.6% from the state of Mato Grosso do Sul and the rest of the state of Mato Grosso, a climatically and topographically well-adapted area for eucalyptus growth.

The Company has current liabilities in excess of current assets in the amount of R $ 430,280 in the Parent Company and in the amount of R $ 286,215 in the Consolidated, part of the impact is the devaluation of the Real against the US Dollar. Eldorado continues to make no effort in its liability management process to reduce its leverage. To this end, the Company has been seeking alternatives to access several sources of long-term financing in order to improve its capital structure.

As soon as certain political and market conditions are settled, the Company intends to seek new long-term financing agreements in order to adjust its debt capital structure between short and long term. As far as these conditions do not occur, the Company uses the good operating moment along with the favorable cash position (totaling R$ 525,104 Parent Company and R$ 1,066,766 Consolidated) in order to maintain the continual deleveraging process.

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

(In thousands of Brazilian Reais)

2. List of subsidiaries

		Equity Interest	
	Country	03/31/2019	12/31/2018
Subsidiaries			
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Indirect Subsidiaries			
Eldorado USA Inc.	United States	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

3. Preparation and presentation of the interim financial information

a. Statement of compliance (in respect of the IFRS and CPC standards)

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

After review of the Individual and Consolidated interim financial information by the Board of Directors at the meeting held on March 30, 2020, they were authorized for issue by the Company.

b. Basis of measurement

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

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

c. Use of estimates and judgments

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

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

(i) Judgments

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

- Note 31 – operating leases.

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the period ended March 31, 2019 is included in the following notes:

- Note 8 – inventory valuation allowance;
- Note 11 – biological assets;
- Note 13 – impairment test;
- Note 20 – recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized;
- Note 21 – recognition and measurement of provisions and procedural risks: main assumptions on the probability and magnitude of the cash outflows.

d. Fair value measurement

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

- Note 11 – biological assets;
- Note 30 – financial instruments.

e. Functional and presentation currency

This individual and consolidated interim financial 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.

f. Restatement of the corresponding values

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

As a result of the implementation of this guidance, the Company proceeded with the recalculation of the discounted cash flow at present value of its leases by the gross amount of PIS and COFINS (sales taxes) of the payment installments.

The actual amounts corresponding to the right to use and lease liabilities are, respectively, R$ 689,580 thousand and R$ 696,804 thousand ih the Parent Company e R$ 693,227 thousand and R$ 700,493 thousand in the Consolidated. Previously, it has been registered the net amounts of PIS and COFINS of R$ 654,090 thousand and R$ 660,438 thousand of right to use and lease liabilities, respectively, in the Parent Company and of R$ 657,737 thousand of right of use and R$ 664,127 thousand of lease liabilities in the Consolidated.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of this interim financial information are set out below. These policies have been applied consistently to all periods presented.

a. Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

b. Revenue

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

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

In accordance with Pronuncement nº 47 (Revenue from Contracts with Clients) / IFRS 15, emited by Comitê de Pronunciamentos, the Company and it´s subsidiaries recognize revenue when, and only when:

- The amount of revenue can be reliably measured;
- The Company and its subsidiaries have transferred to the buyer the control of the asset, for the amount that the entity expects to be entitled to receive;
- It is probable that economic benefits flow to the Company and its subsidiaries;
- The expenses incurred or to be incurred in respect of the transaction can be reliably measured.

c. Functional and reporting currency

(i) Transactions in foreign currency

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

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

(ii) Foreign operations

Assets and liabilities of foreign operations are translated into Brazilian Real (R$) at the exchange rates at the balance sheet date. Revenues and expenses of foreign operations are translated into Brazilian Real (R$) at the average exchange rates during the period.

The differences in foreign currencies generated on the translation to the presentation currency are recognized in other comprehensive income and in cumulative translation adjustment in equity.

d. Financial instruments

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

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

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

- Financial assets at fair value through profit or loss

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

- Cash and cash equivalents

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

- Financial assets measured at amortized cost

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

- Non-derivative financial liabilities

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

- Impairment of financial assets

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

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

- Derivative financial instruments

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

- Social capital

Additional costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

e. Inventories

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

f. Fixed assets

Fixed assets are carried at the historical cost of acquisition or construction, less accumulated depreciation and any accumulated impairment losses.

Any gains or losses arising on the disposal or write-off of an item of fixed assets are recognized in profit or loss.

(In thousands of Brazilian Reais)

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

Depreciation

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

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

Weighted annual depreciation rates

	03/31/2019	12/31/2018
Buildings	3.58%	3.68%
Facilities and improvements	5.41%	5.53%
Furniture and fixtures	9.26%	9.29%
Vehicles	20.61%	21.39%
Technical and scientific instruments	10.95%	10.93%
IT equipment	19.82%	19.89%
Machinery and equipment	6.31%	6.40%
Leasehold improvements	7.48%	7.48%
Vessels and floating structures	20.00%	20.00%
Eucalyptus matrices	20.00%	20.00%

g. Biological assets

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

Depletion is measured based on the quantity of wood harvested from the forests.

h. Operating leases

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

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

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

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

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

(ii) Provision for leasing – explanatory note 18

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

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

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

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

(iii) Take or pay contracts

Operating lease payments (take or pay) are recognized in inventory at the acquisition of chemical products and, subsequently, allocated to cost of pulp in the production process, as mentioned in Note 31.

i. Intangible assets

(i) Appreciation of right-of-use of concession

Goodwill resulting from a business combination is stated by fair value, net of impaimrnet.

Goodwill impairment is anually tested, or more frequently when there is na indication that it may presente na impairment. If the recoverable is less than the accounted value the loss is recognized direccly in the income of the year and not reversed in subsequent periods.

When the disposal of na asset with the corresponding goodwill allocated, the goodwill attributable value is included in the determination of the profit or loss of the 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:

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

j. Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine where there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated.

For the purposes of impairment testing, assets are grouped at the smallest group, which generates cash inflows that are largely independent from the cash inflows of other assets or cash Generation Unit (CGU). 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.

k. Trade accounts payable

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

l. Provisions

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

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

m. Earnings per share

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

n. Income tax and social contribution tax

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

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

(i) Current taxes

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 and tax losses 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 the Company 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.

o. 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.

p. New standards and interpretations not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for periods beginning after January 01, 2020. The Company has not early adopted these amendments in the preparation of this interim financial information. The Company does not plan to adopt these standards early.

(i) ICPC 22 (IFRIC 23) – Uncertainty over Taxes on Profits

The interpretation, effective as of January 1, 2019, clarifies how to apply the recognition and measurement requirements when there is uncertainty about the treatment of taxes on profit.

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

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

Management did not identify impacts resulting from this change.

(ii) Other amendments

The new or revised standards below are not expected to have a material impact on the Company's financial information.

- Amendments to CPC 10 (IFRS 2) Shared-based payment related to the classification and measurement of certain share-based payment transactions;
- Amendments to CPC 36 Consolidated Financial Statements (IFRS 10) and CPC 18 Investments in Associates (IAS 28) in relation to sales or contributions of assets between an investor and its associate or its joint venture.

The Accounting Pronouncements Committee has not yet issued accounting pronouncements or amendments to existing pronouncements equivalent to all new IFRS. Therefore, the early adoption of these IFRS is not permitted for entities that disclose their financial information in accordance with accounting practices adopted in Brazil.

q. Added Value Statment

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

r. Segment information

An operating segment is a component of the Company that carries out business activities from which it can obtain revenues and incur expenses. The Company’s management defined three segments: pulp, energy and others based on the reports used by the Board of Directors to make strategic and operating decisions.

(In thousands of Brazilian Reais)

The summary below describes the operations of each of the segments, whose performance targets for assessment purposes are defined and controlled:

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

5. Cash and cash equivalents and financial investments

5.1. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Cash and cash equivalents	40	23	43	26
Banks - demand deposits	66,238	21,841	550,393	322,010
Banks - financial investments (a)	295,760	288,555	295,760	288,555
	362,038	**310,419**	**846,196**	**610,591**

(a) These are daily liquidity investments in Bank Certificate of Deposit ("CDB") of top-tier financial institutions with return that approximates the Interbank Certificate of Deposit (CDI) rate.

5.2. Financial investments – non-current assets

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Fundo Caixa FI (a)	71,886	70,833	71,886	70,833
CDB CEF (b)	91,180	89,788	91,180	89,788
Banco do Brasil Paris (c)	-	-	57,504	57,181
	163,066	**160,621**	**220,570**	**217,802**

(a) Fixed-income investment with Caixa Econômica Federal, with gross return based on CDI variation. These funds are given in guarantee of financial investment to the issue of debentures in FI-FGTS, as shown in note 17.4;
(b) Investment in CDB with Caixa Econômica Federal, with gross return based on CDI variation. These funds are given in guarantee of financial investment to the issue of NCE, as shown in note 17.2. (i) and (v);

(In thousands of Brazilian Reais)

(c) Funds in checking account with Banco do Brasil Paris. These funds are given in guarantee to a Term Loan operation, as stated in Note 17.2 (viii).

6. Trade accounts Receivable

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Domestic market	181,381	206,677	181,381	206,677
Foreign market	1,069,751	1,031,721	519,488	444,339
	1,251,132	**1,238,398**	**700,869**	**651,016**
Breakdown				
Current assets	1,251,132	1,238,398	700,869	651,016
	1,251,132	**1,238,398**	**700,869**	**651,016**

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Falling due	1,176,694	1,191,069	673,472	559,363
1 to 30 days past due	54,426	39,492	18,536	79,683
31 to 60 days past due	18,384	6,441	6,656	8,732
61 to 90 days past due	795	176	858	1,506
Over 90 days past due	833	1,220	1,347	1,732
	1,251,132	**1,238,398**	**700,869**	**651,016**

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

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Beginning balanced	(5,700)	-	(6,026)	-
(Constitutional) / reversals	-	(5,700)	-	(6,027)
Exchange rate fluctuation	-	-	(4)	1
Final balanced	**(5,700)**	**(5,700)**	**(6,030)**	**(6,026)**

(In thousands of Brazilian Reais)

7. Related-party transactions

The main intercompany balances in balance sheet accounts and transactions affecting income (loss) accounts result from operations conducted at market conditions and prices agreed between the parties and showed as follows:

Assets and Liabilities
Receivable and (payable)

		Parent Company		Consolidated	
Balances with subsidiaries	Type	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Cellulose Eldorado Áustria GmbH	Pulp sale	775,441	781,611	-	-
Cellulose Eldorado Áustria GmbH	PPE (ii)	(204,472)	(256,225)	-	-
Eldorado EUA (nota 6)	Pulp sale	262,885	218,219	-	-
Eldorado Intl. Finance GmbH	Transfer of costs	-	3,259	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	(1,371,317)	(1,133,049)	-	-
Rishis Empreend. e Partic. (nota16)	Rendering of service	(20,985)	(20,100)	-	-
Total net payable to subsidiaries		**(558,448)**	**(406,285)**	-	-
Balances with controlling shareholders					
J&F Investimentos	Transfer of costs	-	9	-	9
J&F Investimentos	Guarantee (i)	(12,224)	(28,007)	(12,224)	(28,007)
J&F Investimentos	Sundry (vi)	(52)	(49)	(52)	(49)
Total net payable to shareholders		**(12,276)**	**(28,047)**	**(12,276)**	**(28,047)**
Balances with companies belonging to the Group					
JBS	Sundry (iv)	(1,094)	(988)	(1,094)	(988)
Seara Alimentos	Consumables (v)	(19)	(207)	(19)	(207)
Total net payable with companies belonging to the Group		**(1,113)**	**(1,195)**	**(1,113)**	**(1,195)**
Net total		**(571,837)**	**(435,527)**	**(13,389)**	**(29,242)**

Result
Revenue and (expenses)

		Parent Company	
Transactions with subsidiaries	**Type**	**03/31/2019**	**03/31/2018**
Cellulose Eldorado Áustria GmbH	Pulp sale	531,051	627,535
Cellulose Eldorado Áustria GmbH	PPE (ii)	(3,104)	(3,740)
Eldorado EUA Inc.	Pulp sale	159,012	88,485
Eldorado Intl. Finance GmbH	PPE (iii)	(30,060)	(25,866)
Rishis Empreend. e Partic.	Rendering of service	(5,803)	(5,319)
Revenues from subsidiaries, net		**651,096**	**681,095**
Transactions with controlling shareholders			
J&F Investimentos	Endorsement (i)	(12,224)	(14,459)
Expenses with controlling shareholders, net		**(12,224)**	**(14,459)**
Transactions with companies belonging to the Group			
JBS	Sundry (iv)	(3,796)	(6,236)
Seara Alimentos	Consumables (v)	(33)	(72)
Expenses with companies belonging to the Group, net		**(3,829)**	**(6,308)**
Total net income		**635,043**	**660,328**

(In thousands of Brazilian Reais)

		Consolidated	
Transactions with controlling shareholders	**Type**	**03/31/2019**	**03/31/2018**
J&F Investimentos	Endorsement (i)	(12,224)	(14,459)
Expenses with controlling shareholders, net		**(12,224)**	**(14,459)**
Transactions with companies belonging to the Group			
JBS S.A.	Sundry (iv)	(3,796)	(6,236)
Seara Alimentos	Consumables (v)	(33)	(72)
Expenses with companies belonging to the Group, net		**(3,829)**	**(6,308)**
Total net income		**(16,053)**	**(20,767)**

(i) Guarantee granted by the holding J&F Investimentos S.A., for warranty of loans operations that the Company has with banks;
(ii) Export financing granted by Cellulose Eldorado Austria GmbH to Eldorado Brasil Celulose S.A with a five-year term and interest rate of 6% p.a. + exchange differences;
(iii) Export financing granted by Eldorado Intl. Finance GmbH to Eldorado Brasil Celulose S.A with a five-year term, with interest rate of 9.8% p.a. + exchange differences;
(iv) Refers to amounts payable relating to various transactions, among them: freight on pulp transportation, purchase of consumables for use in the cafeteria, rental of administrative building and data center, etc.;
(v) These refer to acquisition of consumables for use in the cafeteria and Christmas kits;
(vi) This refers to reimbursements related to rents and corporate expenses.

7.1. Management compensation

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

	Parent Company		Consolidated	
	03/31/2019	**03/31/2018**	**03/31/2019**	**03/31/2018**
Benefits (a)	6,659	3,347	7,855	5,063

(a) Benefits include fixed compensation (salaries, vacation pay and year-end bonus), 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	
	03/31/2019	**12/31/2018**	**03/31/2019**	**12/31/2018**
Raw materials (wood for production)	178,471	194,336	178,471	194,337
Pulp	47,747	34,961	286,724	320,522
Inputs	20,359	19,256	20,359	19,256
Storeroom supplies	122,283	119,712	122,471	119,915
	368,860	**368,265**	**608,025**	**654,030**

(In thousands of Brazilian Reais)

9. Taxes recoverable

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
State VAT (ICMS) (i)	1,121,975	1,127,166	1,122,531	1,127,646
Taxes on sales (PIS e COFINS) (ii)	41,937	42,683	41,937	42,683
Federal VAT (IPI)	2	2	2	2
Services tax (ISS)	169	230	169	230
Reintegra (iii)	42,648	51,110	42,648	51,110
Withholding income tax (IRRF) (iv)	4,382	3,843	4,382	3,843
National Institute of Social Security (INSS) to offset	-	-	393	-
Corporate income tax (IRPJ) to offset (v)	7,966	14,652	7,966	14,665
Social contribution tax (CSLL) to offset (v)	20,257	20,257	20,257	20,257
Prepayment IRPJ (vi)	780	-	807	-
Prepayment CSLL (vi)	289	-	295	-
	1,240,405	**1,259,943**	**1,241,387**	**1,260,436**
Breakdown				
Current assets	200,279	220,012	201,246	220,492
Noncurrent assets	1,040,126	1,039,931	1,040,141	1,039,944
	1,240,405	**1,259,943**	**1,241,387**	**1,260,436**

(i) ICMS

The Company has an ICMS balance accumulated over the last years derived from credits on the purchase of inputs used in the production process, assets classified as fixed assets for implementation of its plant in Três Lagoas - MS and fiscal incentive package granted by the Government of Mato Grosso do Sul for application in the current operation and future industrial expansion.

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

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

(In thousands of Brazilian Reais)

(ii) PIS and COFINS

Part of the credit corresponds to non-cumulative PIS and COFINS credits for the acquisition of fixed assets, such as equipment and services, as a result of the completion of the construction of the industrial plant put into operation at the end of 2012. The Company uses this loan by offsetting with the debts of these taxes, incident on sales in the domestic market and with income tax and social contribution payable on profits, as well as through requests for compensation from the Federal Revenue Service.

Another part of the credit is based on a favorable decision rendered by the Federal Regional Court of the 3rd Region, in a lawsuit filed by the Company to exclude the ICMS from the Social Contributions calculation base (PIS / COFINS), incident to domestic sales operations. The matter has already been definitively judged by the Federal Supreme Court, favorably to the taxpayers, with general repercussion, in RE 574,706. It is awaited the judgment of the Declaration of Embargoes, proposed by the Attorney General of the National Treasury (PGFN) to clarify some points of the STF decision, which, however, can not change the merits of the action. In view of this, the Company decided to recognize the extemporaneous credit of the amounts calculated the greater in the last five years.

(iii) Reintegra

In October 2014, the Company adopted Decree 7.633, of December 1, 2011, which regulated the Reintegra.

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

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

* To apply 2,0% from Jun/18 to Aug/18.

(iv) IRRF

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

(v) IRPJ and CSLL to offset

Related to IRPJ and CSLL in 2017, collected in advanced in compliance with the rules for actual profit taxation regime, which by the end of the year totaled more than the amount actually due by the Company. Based on Legal Legislation the company has the right to offset these taxes against federal taxes in 2018.

(In thousands of Brazilian Reais)

(vi) IRPJ and CSLL - Prepayment

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

10. Advances to suppliers

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Purchase of wood (i)	107,109	97,152	107,109	97,152
Others	29,451	12,364	29,510	12,423
	136,560	109,516	136,619	109,575
Breakdown				
Current assets	31,849	12,364	31,908	12,423
Noncurrent assets	104,711	97,152	104,711	97,152
	136,560	109,516	136,619	109,575

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

11. Biological assets

The Company's biological assets are represented by eucalyptus forests under development, intended for the supply of wood to produce pulp, 98.6% in areas located in the state of Mato Grosso do Sul and the remaining in the state of Mato Grosso.

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

	Parent Company and Consolidated	
	03/31/2019	12/31/2018
At the beginning of the year	2,668,744	2,499,996
Change in the fair value of biological assets net of costs to sell	54,658	276,420
Tree felling for inventory	(73,411)	(395,212)
Forest development cost	71,134	287,540
	2,721,125	**2,668,744**

(In thousands of Brazilian Reais)

At March 31, 2019 had a production area of 229,560 hectares (229,592 hectares at December 31, 2018), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

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

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

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

There was a change in the discount rate used (WACC) to 5.94% in December 2018.

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:

	03/31/2019	12/31/2018
Current productive area (hectare)	229,560	229,592
Average Annual Increase (IMA) - m^3 / hectare	38.10	38.11
Discount rate (WACC without consumer price index) - %	5.94	5.94

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

(In thousands of Brazilian Reais)

12. Investments

Significant information about investments on subsidiaries for the period ended March 31, 2019

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria Gmbh	100%	3,115,383	111	149,949	985,283	48,228
Rishis Empreendimentos e Participações S.A.	100%	96,168	108,979	91,087	5,483	(57)

In parent company:	Balance as at 12/31/2018	Addition (low)	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as at 03/31/2019
Cellulose Eldorado Austria Gmbh	(36,961)	-	5,046	133,635	48,228	149,948
Rishis Empreendimentos e Participações S.A.	91,144	-	-	-	(57)	91,087
Appreciation of right to use granting of port movements	12,874	(295)	-	-	-	12,579
Total	67,057	(295)	5,046	133,635	48,171	253,614
Provision for losses on subsidiaries						
Total	36,961					-

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

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

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

Subsidiaries

Cellulose Eldorado Austria Gmbh

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

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

Rishis Empreendimentos e Participações S.A.

Rishis Empreendimentos e Participações S.A. holds the rights and obligations of the Lease Agreement No. DP-DC 01/2005 ("Lease Agreement") entered into with Companhia Docas do Estado de São Paulo – CODESP ("CODESP") on December 02, 2005, valid up to November 04, 2029.

Rishis is a port operator, certified by the port authority (Codesp) since March 05, 2015, lessee of a port facility of public use specialized in the break bulk transportation of pulp for export. It is located in the official area of the established port of Santos, in the area named Outeirinhos. Its total area is about 10,000 m^2 with capacity for static storage of 32,000 tonnes, moved by three overhead cranes with telescopic spreaders of latest generation and forklifts with clamps. Rishis has controls and processes compliant with ISO9001, ISO14001 and OHSAS18001 standards, whose certifications are assessed and issued by BRTUV.

The facilities, accesses and operating activities are ruled by customs legislation from the Brazilian Revenue Service, being its permit for operations published in the Federal Register (DOU) by means of Executive Declaratory Act No. 30 of May 20, 2013, effective up to November 05, 2029.

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

Appreciation of right-of-use of port movement concession

The Company has recorded, as at March 31, 2019, appreciation of the right to use the port area object of a lease agreement that is being amortized for the term of such usage right, valid up to November 05, 2029.

(In thousands of Brazilian Reais)

13. Fixed assets

	Parent Company - 03/31/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.58%	1,152,748	(209,323)	943,425
Leasehold improvements	10.00%	3,111	(1,646)	1,465
Facilities and improvements	5.22%	289,591	(66,573)	223,018
Furniture and fixtures	9.21%	9,276	(4,359)	4,917
Vehicles	20.61%	142,923	(106,265)	36,658
Technical and scientific instruments	10.93%	6,395	(3,957)	2,438
IT equipment	19.81%	64,699	(59,116)	5,583
Machinery and equipment	6.29%	3,659,581	(939,068)	2,720,513
Vessels and floating structures	20.00%	7	(1)	6
Eucalyptus matrices	20.00%	80	(49)	31
Construction in progress and advances for capital expenditures	-	237,427	-	237,427
		5,669,049	(1,390,357)	4,278,692

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

(In thousands of Brazilian Reais)

	Consolidated - 03/31/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.58%	1,152,748	(209,323)	943,425
Leasehold improvements	7.48%	3,367	(1,698)	1,669
Facilities and improvements	5.41%	289,641	(66,598)	223,043
Furniture and fixtures	9.26%	9,787	(4,627)	5,160
Vehicles	20.61%	143,058	(106,400)	36,658
Technical and scientific instruments	10.95%	6,395	(3,957)	2,438
IT equipment	19.82%	66,139	(60,104)	6,035
Machinery and equipment	6.31%	3,662,076	(939,674)	2,722,402
Vessels and floating structures	20.00%	7	(1)	6
Eucalyptus Matrices	20.00%	80	(49)	31
Construction in progress and advances for capital expenditures	-	243,647	-	243,647
		5,680,156	(1,392,431)	4,287,725

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

(In thousands of Brazilian Reais)

Changes in fixed assets

Parent Company

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Balance at 03/31/2019
Land	103,211	-	-	-	-	103,211
Buildings	951,439	-	-	1,941	(9,955)	943,425
Leasehold improvements	1,542	-	-	-	(77)	1,465
Facilities and improvements	225,042	6	-	1,175	(3,205)	223,018
Furniture and fixtures	4,661	43	-	427	(214)	4,917
Vehicles	29,427	12,081	-	-	(4,850)	36,658
Technical and scientific instruments	2,556	2	-	10	(130)	2,438
IT equipment	5,237	38	-	893	(585)	5,583
Machinery and equipment	2,745,219	270	(440)	13,309	(37,845)	2,720,513
Vessels and floating structures	7	-	-	-	(1)	6
Eucalyptus matrices	34	-	-	-	(3)	31
Construction in progress and advances for capital expenditures	237,683	17,525	-	(17,781)	-	237,427
	4,306,058	**29,965**	**(440)**	**(26)**	**(56,865)**	**4,278,692**

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

Consolidated

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Balance at 03/31/2019
Land	103,211	-	-	-	-	-	103,211
Buildings	951,439	-	-	1,941	(9,955)	-	943,425
Leasehold improvements	1,752	-	-	-	(83)	-	1,669
Facilities and improvements	225,068	6	-	1,175	(3,206)	-	223,043
Furniture and fixtures	4,920	43	-	427	(231)	1	5,160
Vehicles	29,427	12,081	-	-	(4,850)	-	36,658
Technical and scientific instruments	2,556	2	-	10	(130)	-	2,438
IT equipment	5,479	278	-	893	(618)	3	6,035
Machinery and equipment	2,747,168	270	(440)	13,309	(37,905)	-	2,722,402
Vessels and floating structures	7	-	-	-	(1)	-	6
Eucalyptus matrices	34	-	-	-	(3)	-	31
Construction in progress and advances for capital expenditures	243,737	17,691	-	(17,781)	-	-	243,647
	4,314,798	**30,371**	**(440)**	**(26)**	**(56,982)**	**4**	**4,287,725**

(In thousands of Brazilian Reais)

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

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at March 31, 2019 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering, environmental license and infrastructure woks for the construction of Projeto Vanguarda 2.0, new production line with estimaded 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 17).

Review of useful life

In order to meet the requirements of CPC 27, the Company reviewed the technical useful life of fixed assets and found that some items should be adjusted to improve adherence to the current reality of the operation. The assumptions used by the technical area are based on the assets operation characteristics: working hours, technological obsolescence, use conditions and maintenances made.

The effects were recognized prospectively and the impact was approximately R $ 2 million / month from 2018.

Impairment test - fixed assets

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

(In thousands of Brazilian Reais)

14. Intangible assets

	Parent Company -03/31/2019			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	20.03%	19,371	(14,199)	5,172

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

	Consolidated - 03/31/2019			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,002	(4,423)	12,579
Software	20.03%	20,101	(14,703)	5,398
Terminal Concession	7.14%	89,449	(27,808)	61,641
		126,552	**(46,934)**	**79,618**

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

Changes in intangible assets

Parent Company

Changes	12/31/2018	Additions	Transfers	Amortizations	03/31/2019
Software	5,782	12	26	(648)	5,172

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

(In thousands of Brazilian Reais)

Consolidated

Changes	12/31/2018	Additions	Transfers	Amortizations	03/31/2019
Appreciation of right-of-use of port movement concession (a)	12,874	-	-	(295)	12,579
Software	6,037	12	26	(677)	5,398
Terminal concession	63,225	-	-	(1,584)	61,641
	82,136	12	26	(2,556)	79,618

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

(a) These refer to the appreciation of the right-of-use of port movement concession (Note 12).

Impairment of tangible and intangible assets

As at March 31, 2019, 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. Rights of use

	Parent Company - 03/31/2019		
	Cost	Accumulated depreciation	Net
Lease use right			
Land	658,621	(21,006)	637,615
Buildings	917	(146)	771
Vehicles	14,808	(2,021)	12,787
Machinery and equipment forest implements	40,895	(2,588)	38,307
Facilities and improvements	150	(50)	100
Total	715,391	(25,811)	689,580

(In thousands of Brazilian Reais)

	Consolidated - 03/31/2019		
	Cost	Accumulated depreciation	Net
Lease use right			
Land	658,621	(21,006)	637,615
Buildings	4,749	(331)	4,418
Vehicles	14,808	(2,021)	12,787
Machinery and equipment forest implements	40,895	(2,588)	38,307
Facilities and improvements	150	(50)	100
Total	**719,223**	**(25,996)**	**693,227**

Movement of assets in use during the quarter:

Parent Company

Lease use right	01/01/2019	Depreciation	Adjustment of plots	03/31/2019
Land	651,641	(21,006)	6,980	637,615
Buildings	853	(146)	64	771
Vehicles	14,824	(2,021)	(16)	12,787
Machinery and equipment forest implements	40,887	(2,588)	8	38,307
Facilities and improvements	150	(50)	-	100
Total	**708,355**	**(25,811)**	**7,036**	**689,580**

Consolidated

Lease use right	01/01/2019	Depreciation	Adjustment of plots	03/31/2019
Land	651,641	(21,006)	6,980	637,615
Buildings	4,667	(331)	82	4,418
Vehicles	14,824	(2,021)	(16)	12,787
Machinery and equipment forest implements	40,887	(2,588)	8	38,307
Facilities and improvements	150	(50)	-	100
Total	**712,169**	**(25,996)**	**7,054**	**693,227**

The amount of R$ 16,106 thousand of depreciation of the parent company and consolidated are considered to biological assets to compose the formation cost.

(In thousands of Brazilian Reais)

16. Trade payables

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Supplies and services	42,783	69,261	37,078	65,447
Inputs	163,351	146,099	163,351	146,100
Others	15,533	15,261	20,405	20,515
	221,667	230,621	220,834	232,062
Breakdown				
Current liabilities	217,655	226,085	216,822	227,526
Noncurrent liabilities	4,012	4,536	4,012	4,536
	221,667	230,621	220,834	232,062

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

17. Loans and Financing

Type	Average annual interest rate and commissions	Maturity	Parent Company 03/31/2019	Parent Company 12/31/2018
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	11,389	14,072
ACC - Advance on Exchange Contract (i)	Forex + interest	September/2019	986,175	954,153
BNDES (ii)	TJLP + spread	June/2022	387,872	414,659
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,781,854	1,903,920
FINEM Florestal (ix)	TJLP / selic + spread	May/2025	200,313	197,497
ECAs - Export Credit Agencies (iii)	Forex + interest of 2,8% to 5,69% p.a.	November/2022	823,423	805,223
Debentures (Second Issue) (iv)	IPCA + interest 7,41% p.a.	December/2027	1,230,020	1,215,417
Working Capital (vi)	Rate of 5,74% p.a. in US$	December/2020	17,069	20,057
NCE (v)	CDI + spread	March/2022	324,433	224,904
Leasing (x)	Fixed rate - 12,98% p.a.	March/2024	13,245	1,347
			5,775,793	5,751,249
Breakdown				
Current liabilities			2,084,837	2,131,478
Noncurrent liabilities			3,690,956	3,619,771
			5,775,793	5,751,249

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

2020	784,590
2021	1,075,855
2022	731,375
2023	151,082
After 2024	948,054
	3,690,956

(In thousands of Brazilian Reais)

Type	Average annual interest rate and commissions	Maturity	Consolidated 03/31/2019	Consolidated 12/31/2018
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	11,389	14,072
ACC - Advance on Exchange Contract (i)	Forex + interest	September/2019	986,175	954,153
BNDES (ii)	TJLP + spread	June/2022	387,872	414,659
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,781,854	1,903,920
FINEM Florestal (ix)	TJLP / selic + spread	May/2025	200,313	197,497
ECAs - Export Credit Agencies (iii)	Forex + interest of 2,8% to 5,69% p.a.	November/2022	823,423	805,223
Debentures (Second Issue) (iv)	IPCA + interest 7,41% p.a.	December/2027	1,230,020	1,215,417
Working Capital (vi)	Rate of 5,74% p.a. in US$	December/2020	17,069	20,057
NCE (v)	CDI + spread	March/2022	324,433	224,904
Term Loan (vii)	LIBOR + spread	April/2021	216,911	215,551
Bonds (viii)	Rate of 8,625% p.a.	June/2021	1,386,410	1,348,015
Leasing (x)	Fixed rate - 12,98% p.a.	March/2024	13,245	1,347
			7,379,114	**7,314,815**
Breakdown				
Current liabilities			2,201,538	2,218,319
Noncurrent liabilities			5,177,576	5,096,496
			7,379,114	**7,314,815**

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

2020	870,594
2021	2,476,471
2022	731,375
2023	151,082
After 2024	948,054
	5,177,576

17.1. Changes in loans and financing

Parent Company	03/31/2019	12/31/2018
Opening balance	**5,751,249**	**6,651,517**
Interest - accrued	107,534	553,260
Exchange differences - accrued	33,793	709,130
New loans and financing	245,513	1,495,220
Repayments		
Principal	(205,221)	(2,559,926)
Interest	(92,799)	(476,581)
Exchange differences	(64,276)	(621,371)
Closing balance	**5,775,793**	**5,751,249**

(In thousands of Brazilian Reais)

Consolidated	03/31/2019	12/31/2018
Opening balance	**7,314,815**	**8,052,070**
Interest - accrued	141,508	687,721
Exchange differences - accrued	43,606	953,939
New loans and financing	245,513	1,495,220
Repayments		
Principal	(205,221)	(2,637,794)
Interest	(96,907)	(604,367)
Exchange differences	(64,200)	(631,974)
Closing balance	**7,379,114**	**7,314,815**

17.2. Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts);
(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on March 5 and August 10, 2012, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas;
(iii) ECA (Export Credit Agency) financing agreements, disbursed on December 28, 2012;
(iv) On December 1, 2012, the Company carried out the 2nd issue of simple debentures, fully subscribed by FI-FGTS. These debentures are nonconvertible, unsecured, with additional collateral and unsecured guarantee. The debentures were fully distributed on December 17, 2012;
(v) Real-denominated Export Credit Notes (NCE) contracts;
(vi) Borrowings from Caterpillar Financial Services, denominated in dollars, for financing the purchase of engines;
(vii) In May 2016, Cellulose Eldorado Austria GmbH, Company's wholly-owned subsidiary, entered into a Term Loan agreement with Banco do Brasil AG, Succursale France to extend the average term of its financing transactions;
(viii) In June 2016, the Company, through its wholly-owned subsidiary Eldorado Intl. Finance GmbH, issued Senior Unsecured Bonds/Notes in the amount of USD 350,000 thousand;
(ix) Financing granted by BNDES for the company's eucalyptus planting;
(x) Financing of machinery and equipment through leasing denominated in reais.

17.3. Restrictive covenants

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

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

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

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

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

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

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

(In thousands of Brazilian Reais)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

* In 2019, the Company obtained authorization from Banco Santander and Banco do Brasil to increase the “Indebtedness Limit” to US $ 1.3 billion and waives compliance with the “Debt Service Coverage Index”.

** Short Net Debt: net debt minus all debt and / or financing that cumulatively meet the following criteria: (i) have an average term of more than 5 (five) years; and (ii) are intended exclusively for the investment plan for the construction of Line 2 (Vanguarda Project).

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

(In thousands of Brazilian Reais)

17.4. Loan Guarantees

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

18. Lease to pay

	Parent Company 03/31/2019	Consolidated 03/31/2019
Provision with lease	1,082,419	1,087,551
Adjustment to present value	(385,615)	(387,058)
	696,804	700,493
Current liabilities	143,694	144,591
Noncurrent liabilities	553,110	555,902
	696,804	700,493

Changes in the allowance for leasing:

Parent Company	01/01/2019	Payment	Financial interest	Contractual amendments	03/31/2019
Direito de uso arrendamento mercantil					
Provision with lease	1,111,664	(39,012)	-	9,767	1,082,419
Adjustment to present value	(403,309)	-	20,426	(2,732)	(385,615)
	708,355	(39,012)	20,426	7,035	696,804

Consolidated	01/01/2019	Payment	Financial interest	Contractual amendments	03/31/2019
Lease use right					
Provision with lease	1,117,012	(39,251)	-	9,790	1,087,551
Adjustment to present value	(404,844)	-	20,521	(2,735)	(387,058)
	712,168	(39,251)	20,521	7,055	700,493

The amount of $ 15,664 thousand of interest from the parent company and consolidated are considered in the composition of the cost of formation of the biological asset.

(In thousands of Brazilian Reais)

Schedule of payment of the installment to provision with leasing:

Pay	Parent Company 03/31/2019	Consolidated 03/31/2019
2019	114,672	115,400
2020	150,549	151,355
2021	138,992	139,782
2022	129,994	130,763
2023	116,029	116,690
From 2024	432,183	433,561
(-) AVP	(385,615)	(387,058)
Total	**696,804**	**700,493**

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

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

		03/31/2019
		Parent Company
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	1,082,419	696,804
PIS/COFINS potential (9,25%) [1]	58,659	36,796

[1] Incident on contracts signed with legal entities

		03/31/2019
		Consolidated
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	1,087,551	700,493
PIS/COFINS potential (9,25%) [1]	59,077	37,082

[1] Incident on contracts signed with legal entities

(In thousands of Brazilian Reais)

19. Tax liabilities, payroll and social charges

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Payroll and social charges	19,866	34,295	20,548	34,900
Accruals and charges	49,416	70,720	50,494	73,232
Taxes payable	23,031	36,878	28,443	42,530
	92,313	**141,893**	**99,485**	**150,662**

20. Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company		Consolidated	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Profit before income tax and social contribution	280,765	405,359	280,802	405,364
Income tax and social contribution - statutory rate of 34%	(95,460)	(137,822)	(95,473)	(137,824)
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	61,828	43,639	-	-
Nondeductible expenses	(874)	(3,420)	(874)	(3,490)
Government grant	1,190	27,770	1,190	27,770
Effect of taxes of foreign subsidiaries	-	-	61,828	43,639
Effect IFRS 16 - Lease	(238)	-	(238)	-
Others	-	6	(25)	73
Current and deferred income tax and social contribution	(33,553)	(69,827)	(33,591)	(69,832)
Effective rate	(11.95%)	(17.23%)	(11.96%)	(17.23%)

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

Party Company and Consolidated	**12/31/2018**	**Additions**	**Deductions**	**03/31/2019**
Tax losses (i)	521,751	-	28,845	550,596
Hedge derivatives	4,701	(12)	-	4,689
Biological assets	(212,913)	(3,097)	-	(216,010)
Operational provisions	23,213	(11,363)	-	11,850
Tax Depreciation x Accounting Depreciation	(299,383)	(47,926)	-	(347,309)
	37,369	**(62,398)**	**28,845**	**3,816**

(i) As at March 31, 2019, the Company has a balance of accumulated tax loss, adjusted for revenues and expenses not allowed by tax law for the calculation of income and social contribution taxes, totaled R$ 1,619,399.

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.

(In thousands of Brazilian Reais)

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

	03/31/2019
Year	Party Company and Consolidated
In 2019	163,590
In 2020	151,928
In 2021	93,521
In 2022	21,736
In 2023	136,360
	567,135

21. Provision for procedural risk

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

	12/31/2018	Additions	Write off	Adjustment	03/31/2019
Environmental	274	-	-	4	278
Civil	4,582	814	-	144	5,540
Labor	3,447	1,193	(490)	359	4,509
Tax	864	-	-	12	876
	9,167	2,007	(490)	519	11,203

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

As at March 31, 2019 the Company was a defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 995,078 (R$ 1,050,633 at December 31, 2018), of which the Company accrued R$ 11,203 (R$ 9,167 as at December 31, 2018), classified by its management and legal counsel as likelihood of probable loss. In general, the claims that originated the lawsuits involve claims indemnity for damages, notices of violation and others.

For the lawsuits classified as possible losses in the amount of R$ 785,436 (R$ 870,843 as at December 31, 2018), the Company believes that no provision for losses is required.

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

Nature of the main contingencies

(i) Fibria Celulose S.A.

Among the cases above, the Company is the defendant in an intellectual property dispute with Fibria Celulose S.A., which alleges that the Company violated certain rights related to the use of eucalyptus clones used in a small part of the Company's plantations. On April 19, 2013, Fibria filed a preliminary injunction with the Preliminary Proof Production. As this was a mere production of evidence from Fibria, the award favorable to Fibria's claims was approved and the process was extinguished.

On April 1, 2016, the Company was cited as a defendant in an obligation to file an action claiming the amount of R $ 100 million. On May 5, 2016, Eldorado filed a preliminary objection of incompetence and counterclaim with urgency, claiming in summary that following the legal technical criteria, the examination in the samples showed that the seedlings were not the clones of Fibria and that , even if they were, the use by the Company would be assured by the provisions of the Law of Protection of Cultivars, without any damage to Fibria.

On September 26, 2016, the emergency measure required by Fibria was approved, for the immediate cessation and abstention of the planting and propagation of eucalyptus clones of VT02 by the Company throughout the national territory. Of this measure, there was interposition of an Agravo of instrument that also dealt with the absence of prevention of the judgment of Três Lagoas for the judgment of the ordinary action.

There was judgment of the aggravation that decided by the dismissal. From this decision was filed an appeal in a special appeal, which is concluded without suspensive effect.

The process is under investigation.

(ii) Administrative process Sancionador – CVM

On December 8, 2017, the CVM filed a CVM Sanctioning Administrative Proceeding No. 5388/2017, which seeks to determine the purchase of derivative contracts on behalf of Eldorado Brasil SA and other companies within its economic group, between the days 05 and May 17, 2017 with the use of unfair practices, in alleged violation of item II, item "d" of CVM Instruction No. 8/1979. A compromise and defense proposal was submitted in May 2018. Currently, the process awaits appreciation of the defense. At the present stage of the process it is not possible to classify its likelihood of loss, nor has any provision been made for this process.

(iii) Exclusion of ICMS from the PIS and COFINS Basis calculation

The Company filed a writ of mandamus seeking to exclude ICMS from the PIS and COFINS calculation basis. The Federal Court of São Paulo approved the injunction in May / 2015 and, in June / 2015, ruled in merit favoring the exclusion of ICMS from the calculation base in relief. This decision was confirmed by the Federal Regional Court of the 3rd Region. The Federal Government, through the Attorney of the National Treasury, appealed the decision to the Superior Courts (STF and STJ). On March 15, 2017, in a general repercussion (decision that affects all legal proceedings in this matter), the STF determined that ICMS should be excluded from the calculation bases of PIS and COFINS, in line with the thesis pleaded for the company. Based on this decision and the legal opinions of its legal advisors, the Company has concluded that the chance of loss of the writ of mandamus is remote, which will be final and unappealable, allowing the Company to proceed with the offset of the credits established.

22. Equity

22.1. Social capital

The subscribed and paid-in capital as at March 31, 2019 is R$ 1,788,792, comprising 1,525,558,419 common shares.

22.2. Statutory reserve

Recognized, when applicable, at the rate of 5% of the profit for each year, as provided for by Article 193 of Law 6.404/76, up to the ceiling of 20% of the share capital.

22.3. Tax incentive reserve

The Company recognized a tax incentive reserve using part of the net income resulting from government subventions, represented by ICMS credits granted, arising from a tax incentive package offered by the Government of the state of Mato Grosso do Sul to be applied in its future industrial expansion.

(In thousands of Brazilian Reais)

22.4. Dividends

Under the Company bylaws, the balance of the profit for the year remaining after the offset of accumulated losses and allocation to the legal reserve and the contingency reserve, is used for the payment of a mandatory minimum dividend that cannot be lower than 25% of profit for the year adjusted as prescribed by the Corporate Law. The minimum mandatory dividends is recorded under the special reserve of the Company, by Article 202, paragraph 5 of Law No. 6.404/76.

22.5 Reserve for expansion

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

22.6. Cumulative translation adjustments

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

22.7. Earnings per share

Basic

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

	03/31/2019	03/31/2018
Profit attributable to Company owners	247,212	335,532
Total shares outstanding in the period - thousands	1,525,558	1,525,558
Earnings per shares	0.16	0.22

(In thousands of Brazilian Reais)

23. Net Revenue

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Gross sales revenue				
Domestic market	209,722	165,477	209,722	165,477
Foreign market	717,386	752,819	1,204,315	1,170,191
Discounts and rebates	(202)	(263)	(194,098)	(204,937)
	926,906	918,033	1,219,939	1,130,731
Sales deductions and taxes	(42,706)	(34,463)	(40,838)	(18,513)
Net operating revenue	884,200	883,570	1,179,101	1,112,218

24. Operating segments

a. Base for segmentation

The Company's management defined three segments: pulp, energy and others based on the reports used by the Board of Directors to make strategic and operating decisions. 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

(In thousands of Brazilian Reais)

b. Reportable segments

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

	Consolidated - 03/31/2019			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	1,010,197	-	-	1,010,197
Domestic market	139,326	28,055	1,523	168,904
Cost of goods sold	(349,025)	(563)	(4,606)	(354,194)
Gross profit (loss)	**800,498**	**27,492**	**(3,083)**	**824,907**
Operating expenses/revenues				
Administrative and general	(30,560)	-	-	(30,560)
Selling and logistics	(103,104)	-	-	(103,104)
Fair value of biological assets	54,658	-	-	54,658
Depreciation, amortization and depletion	(129,720)	-	-	(129,720)
Other revenues (expenses),net	(2,527)	-	-	(2,527)
Net financial income (loss)				
Financial expenses	(309,608)	-	-	(309,608)
Financial revenues	6,234	-	-	6,234
Exchange rate gains (losses), net	(29,478)	-	-	(29,478)
Income/ (loss) before provision for Income and social contribution taxes	**256,393**	**27,492**	**(3,083)**	**280,802**
Income and social contribution taxes	(33,590)	-	-	(33,590)
Net income (loss) for the period	**222,803**	**27,492**	**(3,083)**	**247,212**

(In thousands of Brazilian Reais)

	Consolidated - 03/31/2018			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	965,125	-	-	965,125
Domestic market	128,427	17,974	692	147,093
Cost of goods sold	(341,909)	(456)	(2,210)	(344,575)
Gross profit (loss)	**751,643**	**17,518**	**(1,518)**	**767,643**
Operating expenses/revenues				
Administrative and general	(24,652)	-	-	(24,652)
Selling and logistics	(102,696)	-	-	(102,696)
Fair value of biological assets	33,031	-	-	33,031
Depreciation, amortization and depletion	(107,941)	-	-	(107,941)
Other revenues (expenses),net	54,260	-	-	54,260
Net financial income (loss)				
Financial expenses	(197,179)	-	-	(197,179)
Financial revenues	5,146	-	-	5,146
Exchange rate gains (losses), net	(22,248)	-	-	(22,248)
Income/ (loss) before provision for Income and social contribution taxes	**389,364**	**17,518**	**(1,518)**	**405,364**
Income and social contribution taxes	(69,832)	-	-	(69,832)
Net income (loss) for the period	**319,532**	**17,518**	**(1,518)**	**335,532**

Geographic segments

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

Operating revenue	03/31/2019	03/31/2018
Brazil	168,904	147,093
China	539,283	346,756
Italy	143,818	87,185
USA	105,340	134,108
Austria	36,087	64,652
Sweden	24,183	23,481
Poland	19,426	44,504
Japan	19,420	10,922
Canadian	15,064	15,924
Germany	13,319	-
Spain	13,234	30,467
United Kingdom	11,639	-
Argentina	11,091	7,090
Others	58,293	200,036
	1,179,101	**1,112,218**

(In thousands of Brazilian Reais)

c. Information on major customers

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

d. 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	03/31/2019	12/31/2018
Brazil	9,113,423	8,421,560
Austria	58,148	57,298
United States	383	71
China	2	1
	9,171,956	8,478,930

25. Selling, logistics, general and administrative expenses

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Personnel expenses	79,204	85,652	83,237	89,062
Service, material and transportation expenses	115,325	118,183	180,389	168,517
Depreciation, depletion and amortization	119,308	106,743	129,425	107,941
Raw materials and consumables	186,631	170,431	216,394	210,197
Others	6,579	2,965	7,838	4,147
	507,047	483,974	617,283	579,864
Breakdown				
Cost of sales	428,974	410,273	481,685	446,526
General and administrative expenses	28,842	24,007	31,385	26,247
Selling and logistics expenses	49,231	49,694	104,213	107,091
	507,047	483,974	617,283	579,864

(In thousands of Brazilian Reais)

26. Financial income (loss), net

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Financial income				
Interest income	307	478	942	669
Return on financial investments	4,754	4,290	4,647	4,290
Other financial Income	538	187	538	187
	5,599	**4,955**	**6,127**	**5,146**
Financial expenses				
Sundry bank expenses	(50)	(39)	(129)	(155)
Interest expenses	(156,218)	(174,396)	(155,617)	(173,469)
Loss from derivatives	(131,214)	-	(131,214)	-
Expenses on endorsement and surety	(17,056)	(18,826)	(17,057)	(18,827)
Other financial expenses	(1,553)	(1,734)	(5,484)	(4,728)
	(306,091)	**(194,995)**	**(309,501)**	**(197,179)**
Exchange rate gains (losses), net	(29,608)	(22,237)	(29,478)	(22,248)
	(330,100)	**(212,277)**	**(332,852)**	**(214,281)**

27. Other income, net

	Parent Company		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Contingences	(2,036)	(12,447)	(2,036)	(12,447)
FADEFE (b)	(214)	(5,384)	(214)	(5,384)
ICMS credits (a)	-	51,062	-	51,062
Indemnities	(533)	(2,317)	(562)	(2,317)
Non-recoverable ICMS	(822)	(574)	(829)	(581)
Sales of fixed assets	1,766	27,261	1,766	27,261
Others	(913)	(942)	(947)	(3,334)
	(2,752)	**56,659**	**(2,822)**	**54,260**

(a) This refers to Government Grants for Investments under a tax incentive package granted by the Mato Grosso do Sul Government for use in future industrial expansion (Vanguarda 2.0 Project). The co-obligations required for keeping the benefit include: average annual billings, average number of direct jobs, fixed investments and joining to FADEFE/MS. As of July 2018, with the signing of the new Agreement Agreement No. 1,171 / 2018, we no longer enjoy the tax benefit applied in the Sales of Pulp for Foreign Market;

(b) FADEFE/MS – Fund for Support of Economic Development and Fiscal Balance of the state of Mato Grosso do Sul – established through Statute No. 241/2017 – refers to a fee of 8% to 15% on the amounts of the tax benefits enjoyed by companies with benefited investment projects which joined the Legal Incentive Program created to validate with CONFAZ (National Council of Fiscal Policy) the Agreement Terms and Regulatory Acts.

28. Employee benefits

a. Defined contribution pension plan

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

Under the regulations of the benefit plan, the Company’s contributions match the employees’ contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period as at March 31, 2019 totaled R$ 561 (R$ 2,491 as at December 31, 2018).

29. Insurance

As at March 31, 2019, the insurance coverage (coverage from 08/15/2018 to 08/15/2019) against operating risks totaled R$ 6,903,603 for property damages, R$ 1,907,318 for loss of profits, and R$ 96,870 for civil liability effective from 08/15/2018 to 08/15/2019.

The risk assumptions adopted, given their nature, are not part of the scope of an audit, therefore, they were not audited by the independent auditors.

30. Financial instruments

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

a. Market risks

Market risk is the risk that changes in market prices (exchange rates and interest rates, inflation rates, prices of commodities and shares) affect the company's income (loss) or the amount of its interest in financial instruments.

The purpose of market risk management is to manage and control exposure to market risks within acceptable limits, in order to improve the return. The Company uses derivatives to manage market risk, reducing the volatility in profit or loss.

(i) Interest rate risks

It refers to possible losses that the Company and its subsidiaries may incur due to interest rate fluctuations.

(In thousands of Brazilian Reais)

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

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

		Parent Company	
Type	**Average annual interest rate and commissions**	**03/31/2019**	**12/31/2018**
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3% to 8% p.a.	11,389	14,072
ACC - Advance on Exchange Contract	Forex + interest	986,175	954,153
BNDES	TJLP + spread	387,872	414,659
BNDES	Floating rate BNDES + spread	1,781,854	1,903,920
FINEM Florestal	TJLP / selic + spread	200,313	197,497
ECAs - Export Credit Agencies	Forex + interest of 2,8% to 5,69% p.a.	823,423	805,223
Debentures (Second Issue)	IPCA + interest 7,41% p.a.	1,230,020	1,215,417
Working Capital	Rate of 5,74% p.a. in US$	17,069	20,057
NCE	CDI + spread	324,433	224,904
Leasing	Fixed rate - 12,98% p.a.	13,245	1,347
PPE´s Intercompanys	Interest of 6% to 9,8% p.a. + forex	1,585,004	1,545,290
Financial Investments		(458,826)	(449,176)
		6,901,971	**6,847,363**

		Consolidated	
Type	**Average annual interest rate and commissions**	**03/31/2019**	**12/31/2018**
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3% to 8% p.a.	11,389	14,072
ACC - Advance on Exchange Contract	Forex + interest	986,175	954,153
BNDES	TJLP + spread	387,872	414,659
BNDES	Floating rate BNDES + spread	1,781,854	1,903,920
FINEM Florestal	TJLP / selic + spread	200,313	197,497
ECAs - Export Credit Agencies	Forex + interest of 2,8% to 5,69% p.a.	823,423	805,223
Debentures (Second Issue)	IPCA + interest 7,41% p.a.	1,230,020	1,215,417
Working Capital	Rate of 5,74% p.a. in US$	17,069	20,057
NCE	CDI + spread from 123% to 128% of CDI	324,433	224,904
Leasing	Fixed rate - 12,98% p.a.	216,911	215,551
Bonds	Rate of 8,62% p.a.	1,386,410	1,348,015
Leasing	Fixed rate - 12,98% p.a.	13,245	1,347
Financial Investments		(516,330)	(506,357)
		6,862,784	**6,808,458**

(In thousands of Brazilian Reais)

Sensitivity analysis

Debt

For the purpose of providing information on how the market risks to which the Company is exposed as at March 31, 2019, would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable, are shown below.

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

Parent Company

Operational	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	6,901,971	3,476	(21,205)	(42,411)

Consolidated

Operational	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	6,862,784	3,524	(21,403)	(42,806)

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

The average cost of loans based on the basket of currencies is established according to the average cost of BNDES fund raising in foreign market, forming the UMBNDES and charges of the basket of currencies, which is the 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 March 31, 2019 was 7.03% per year (6.98% per year in December 2018).

(ii) Foreign exchange rate risks

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

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

As at March 31, 2019, US dollar and Euro rates were R$ 3.8967 and R$ 4.3760, respectively.

(In thousands of Brazilian Reais)

As at March 31, 2019, the foreign exchange rate risk was concentrated on the captions Cash and cash equivalents, Financial investments, Trade accounts receivable and payable, and Loans and financing.

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

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

Parent Company

	USD		R$	
Operation	**03/31/2019**	**12/31/2018**	**03/31/2019**	**12/31/2018**
Cash and cash equivalents and financial investments	2,342	4,104	9,089	15,902
Trade receivables	274,707	267,105	1,069,751	1,034,979
Trade payables	(58)	(148)	(224)	(573)
Debits with related parties	(406,755)	(398,805)	(1,585,004)	(1,545,290)
Loans and financing	(926,045)	(950,592)	(3,608,521)	(3,683,353)
	(1,055,809)	**(1,078,336)**	**(4,114,909)**	**(4,178,335)**
Derivatives	500,000	1,100,000	1,948,350	4,262,280
Net exposure to foreign exchange fluctuation	**(555,809)**	**21,664**	**(2,166,559)**	**83,945**

	EUR		R$	
Operation	**03/31/2019**	**12/31/2018**	**03/31/2019**	**12/31/2018**
Trade payables	(11)	(55)	(49)	(246)
Net exposure to foreign exchange fluctuation	**(11)**	**(55)**	**(49)**	**(246)**

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

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at March 31, 2019, would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable scenario, are shown below. Management considers that the closing quotations used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of asset and liability exposures are as follows:

(In thousands of Brazilian Reais)

Parent Company

Operational	Balance (USD)	Balance (R$)	Probable	25%	50%
Net exposure to exchange rate gains (losses)	1,055,809	4,114,909	207,715	(1,028,727)	(2,057,454)

(iii) Derivative financial instruments

The Company monitors the net exposure risk of business transactions receivable in comparison with its obligations (including debts) regarding foreign exchange fluctuation continually evaluating the decisions to be made.

In May 2018, the Board of Directors followed the recommendation of the Audit, Finance and Risk Management Committee (“Committee”) adopting the plan for hire of derivative financial instruments for hedging against its exposure to US dollar in the Company's statement of financial position. By the end of that month, the Company started to hire currency forward contracts with no physical delivery (Non Derivable Forward - NDF), acquired from private banks, indexed to US dollars and maturing in the first business day of the following month, as shown in the table below. The notional value of the derivatives is limited to the Company’s exposure to foreign exchange fluctuation, daily calculated.

The Company daily calculates mark-to-market (MtM) of its derivatives using future dollar prices negotiated at BMF Bovespa, considering that the derivative transactions hired are short term and have the same maturity of the contracts negotiated in the stock exchange.

On March 31, 2019, the Company held the notional amount of US$ 500,000 in outstanding derivatives (NDF) maturing on May 2, 2019:

Derivatives position with mark to market

Notional	Maturity	03/31/2019
500,000	May/2019	13,794

Derivatives	Notional (USD) 03/31/2019	Notional (R$) 03/31/2019	Probable (R$)	25% (R$)	50% (R$)
Maturity date:					
02/05/2019					
Net position	500,000	1,948,350	(136,653)	448,785	935,872
			(136,653)	448,785	935,872

(In thousands of Brazilian Reais)

On November 09, 2018, the board of directors reviewed and ratified NDF hirings made by the company in the last quarter until the date of this report.

(iv) Price risk

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

Parent Company and Consolidated	03/31/2019	12/31/2018
Estimated number of firm contracts	2,192,552	968,675
Advances made	(594,043)	(534,716)
	1,598,510	**433,959**

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

b. Credit risk

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

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

The bank deposits and financial investments are hired from top-tier financial institutions, so the risk of loss from these financial institutions is minimum.

(In thousands of Brazilian Reais)

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	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Cash and cash equivalents	362,038	310,419	846,196	610,591
Financial investments	163,066	160,621	220,570	217,802
Trade receivables	1,251,132	1,238,398	700,869	651,016
	1,776,236	1,709,438	1,767,635	1,479,409

c. Liquidity Risk

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

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

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

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

Parent Company	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At March 31, 2019					
Trade payables	217,480	2,093	1,919	-	221,492
Loans and financing	2,084,837	784,590	1,075,855	1,830,511	5,775,793
Amounts due to related parties	134,189	79,510	1,374,313		1,588,012
Derivatives payable	13,794	-	-	-	13,794
(-) Cash and cash equivalents	(362,038)	-	-	-	(362,038)
	2,088,262	866,193	2,452,087	1,830,511	7,237,053
At December 31, 2018					
Trade payables	226,085	2,094	2,093	349	230,621
Loans and financing	2,131,478	943,227	936,893	1,739,651	5,751,249
Amounts due to related parties	118,447	79,029	1,365,083	-	1,562,559
Derivatives payable	13,829	-	-	-	13,829
(-) Cash and cash equivalents	(310,419)	-	-	-	(310,419)
	2,179,420	1,024,350	2,304,069	1,740,000	7,247,839

(In thousands of Brazilian Reais)

Consolidated	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At March 31, 2019					
Trade payables	216,647	2,093	1,919	-	220,659
Loans and financing	2,201,538	870,594	2,476,471	1,807,810	7,356,413
Amounts due to related parties	12,224	-	-	-	12,224
Derivatives payable	13,794	-	-	-	13,794
(-) Cash and cash equivalents	(846,196)	-	-	-	(846,196)
	1,598,007	**872,687**	**2,478,390**	**1,807,810**	**6,756,894**
At December 31, 2018					
Trade payables	227,526	2,094	2,093	349	232,062
Loans and financing	2,218,319	1,028,609	2,328,236	1,812,808	7,387,972
Amounts due to related parties	28,007	-	-	-	28,007
Derivatives payable	13,829	-	-	-	13,829
(-) Cash and cash equivalents	(610,591)	-	-	-	(610,591)
	1,877,090	1,030,703	2,330,329	1,813,157	7,051,279

d. Operational risks

(i) Biological assets

The valuation of biological assets at their fair value, made quarterly by the Company, considers certain estimates, such as: wood price, discount rate, forest productivity and silvicultural costs, which are subject to uncertainties and may generate effects on future income (loss) as a result of their variations. The change in fair value is determined by the difference between fair values of biological assets at beginning and end of the period evaluated. Changes in the fair value of biological assets were recognized in income for the year, in the line fair value of biological assets.

The forests that make up the biological assets are subject to operational and environmental risks, such as fires, pests, diseases and climatic variations.

In the Company, forest protection against fire, pests and diseases is based on a strategy of prevention, monitoring and control. Annually maintenance of firebreaks, which are an area without vegetation where the soil is cleared, causing the discontinuity of combustible vegetal material and, thus, preventing that burnings and fires are spread. Also, constant monitoring is done through a camera system strategically positioned in the forests, with the use of alarm systems and contact with fire brigades trained to fight fire outbreaks in forest areas In cases of pest and disease occurrence, the management of Forest Research and Technology operates with physiology and phytosanitary experts who adopt procedures for diagnosis and fast measures against the possible occurrences and losses of forest production.

Additionally, there is an exposure to risks related to weather changes, which may affect the ecosystem balance and, consequently, productivity of plantings. The Company adopts measures of control and monitoring of forest productivity, such as monitoring of handling, in addition to nutrition and genetic improvement, which includes adaptation of species in different weather conditions. We have increased the number of clones planted on an operational scale to mitigate risks inherent to weather changes. With increasing genetic variability, we can affirm that we currently have forests more prepared to adapt to the oscillations of the climate.

We continually improve our forest handling plan, which contains the main guidelines and information on our silvicultural operations, harvesting, timber transportation, native vegetation conservation areas, and social and environmental responsibility initiatives. In addition, we are guardians of approximately 100 thousand hectares of preserved areas, including permanent preservation areas, legal reserve areas and other conservation areas. Sustainable and innovative initiatives together with responsible management guarantee the balanced use of natural resources essential for the continuity of our business.

Our forest operations are certified by the Forest Stewardship Council, or FSC, an independent international non-profit organization. The FSC establishes ten principles and several criteria for describing essential elements or rules of environmentally adequate, socially beneficial and economically viable forest handling, all of which must be applied in a forest handling unit before it can be FSC certified. FSC certificates are valid for five years, but certification bodies qualified by FSC conduct annual audits to check continued compliance with FSC certification requirements.

(ii) Right-of-use of port movement concession

The operations at Rishis are subject to operating and environmental risks, such as fires, loss of the concession, non-compliance with the international security plan (ISPS Code) and with the environmental protocol, acts of God or force majeure.

In this scenario, Rishis has an insurance policy issued by FM Global including: Property, D&O and General Civil Liability in addition to the permanent inspection from intervening authorities such as: Companhia Docas - CODESP (port authority), National Agency of Waterway Transportation - ANTAQ, the Environmental Agency of the state of São Paulo - CETESB, Security Commission of ISPS Code, Municipal Government of Santos (work permit) and permit of the Fire Department of the state of São Paulo (AVCB), always in line with the legislation inherent to the mentioned authorities.

- Mutual Assistance Plan for the Port of Santos ("Plano de Auxílio Mútuo do Porto de Santos" - PAM)

In compliance with the PAM of the Port of Santos and in line with the Company's corporate policies, Rishis developed its "Permanent Plan on Emergency and Occupational Health and Safety" guided by "Regulatory Standard 29" (NR29) on port occupational health and safety, whose team is formed by qualified professionals such as: safety technician, nursing technician, fire brigade and representatives of the Internal Commission for Accident Prevention (CIPA).

- ISPS Code

Rishis meets all basic requirements of ISPS Code by controlling the access of people, vehicles and 24 hours monitoring. All records and images are shared in real time with the customs of the Port of Santos.

- Environmental management

Rishis updates and meets all environmental and sustainability protocols required by the Port Authority (CODESP), CETESB and by the Municipal Environment Department, whose foundations and better practices adopted by the company are recognized and ratified as per ISO14001.

- Port lease

The port lease is ruled by the mentioned Lease Agreement DP-DC 01/2005. It is the legal instrument of public domain, entered into with the port authority (CODESP) ratified by the competent federal regulatory bodies (SEP, ANTAQ). Rishis focus on the full compliance with all the clauses of this contract by meeting its obligations punctually, exercising the rules of good coexistence in the established port, moving the committed cargo, promoting the sustainable and social development of the region (port-city).

- Fortuitous or force majeure case

The Company has a quite varied logistic operation, in which Rishis is responsible for 38% of total volume. To reduce the risk of acts of God or force majeure in Santos, the Company implemented a break bulk operation in the public port of São Francisco do Sul/SC whose movements may reach 450 thousand tonnes.

e. Fair value of financial instruments

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

(In thousands of Brazilian Reais)

- 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:

	03/31/2019			12/31/2018		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	163,066	-	-	160,621	-	-
Biological Assets	-	-	2,721,125	-	-	2,668,744
Total assets	**163,066**	**-**	**2,721,125**	**160,621**	**-**	**2,668,744**
Liabilities						
Loans and financing	-	5,775,793	-	-	5,751,249	-
Amounts due to related parties	-	1,588,012	-	-	1,562,559	-
Derivatives payable	-	13,794	-	-	13,829	-
Total liabilities	**-**	**7,377,599**	**-**	**-**	**7,327,637**	**-**

	03/31/2019			12/31/2018		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	220,570	-	-	217,802	-	-
Biological Assets	-	-	2,721,125	-	-	2,668,744
Total assets	**220,570**	**-**	**2,721,125**	**217,802**	**-**	**2,668,744**
Liabilities						
Loans and financing	-	7,379,114	-	-	7,314,815	-
Amounts due to related parties	-	12,224	-	-	28,007	-
Derivatives payable	-	13,794	-	-	13,829	-
Total liabilities	**-**	**7,405,132**	**-**	**-**	**7,356,651**	**-**

(In thousands of Brazilian Reais)

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

Parent Company	03/31/2019 Carryng amount	03/31/2019 Fair value	12/31/2018 Carryng amount	12/31/2018 Fair value
Assets				
Assets at amortized cost				
Cash and cash equivalents	362,038	362,038	310,419	310,419
Trade accounts receivables	1,251,132	1,251,132	1,238,398	1,238,398
Intercompany receivables	-	-	3,268	3,268
Total assets at amortized cost	**1,613,170**	**1,613,170**	**1,552,085**	**1,552,085**
Assets at fair value through income (loss)				
Financial investments	163,066	163,066	160,621	160,621
Total financial assets	**1,776,236**	**1,776,236**	**1,712,706**	**1,712,706**
Liabilities				
Liabilities at amortized cost				
Loans and financing	5,775,793	5,775,793	5,751,249	5,751,249
Leases payable	696,804	696,804	-	-
Amounts due to related parties	1,588,012	1,588,012	1,562,559	1,562,559
Total liabilities at amortized cost	**8,060,609**	**8,060,609**	**7,313,808**	**7,313,808**
Liabilities at fair value through income (loss)				
Derivatives payable	13,794	13,794	13,829	13,829
Total financial liabilities	**8,074,403**	**8,074,403**	**7,327,637**	**7,327,637**

Consolidated	03/31/2019 Carryng Amount	03/31/2019 Fair Value	31/12/2018 Carryng Amount	31/12/2018 Fair Value
Assets				
Assets at amortized cost				
Cash and cash equivalents	846,196	846,196	610,591	610,591
Trade accounts receivables	700,869	700,869	651,016	651,016
Intercompany receivables	-	-	9	9
Total assets at amortized cost	**1,547,065**	**1,547,065**	**1,261,616**	**1,261,616**
Assets at fair value through income (loss)				
Financial investments	220,570	220,570	217,802	217,802
Total financial assets	**1,767,635**	**1,767,635**	**1,479,418**	**1,479,418**
Liabilities				
Liabilities at amortized cost				
Loans and financing	7,379,114	7,356,413	7,314,815	7,387,972
Leases payable	700,493	700,493	-	-
Amounts due to related parties	12,224	12,224	28,007	28,007
Total liabilities at amortized cost	**8,091,831**	**8,069,130**	**7,342,822**	**7,415,979**
Liabilities at fair value through income (loss)				
Derivatives payable	13,794	13,794	13,829	13,829
Total financial liabilities	**8,105,625**	**8,082,924**	**7,356,651**	**7,429,808**

(In thousands of Brazilian Reais)

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

The fair value of related-party receivables/payables approximates their carrying amounts, mainly due to the short-term maturity of these instruments.

The fair value of the loans and financing, and the company's debentures are measured in two ways: 1) for debts with renegotiation in the secondary market, where the settlement value may differ from their cost, the market value on the last day available is used; 2) for debts that are not traded in the secondary market, where the settlement value is close to the cost (principal and interest accrued to the date), the carrying amount is used as the fair value. A substantial part of the company's debts is under this category, including, but not limited to, debts to BNDES, ACC, ECAs and others.

The derivatives are measured using valuation techniques based on observable market inputs. The valuation techniques more frequently applied include pricing models of swap contracts, calculating the present value of the cash flows involved in the transaction. For the calculation of the over-the-counter NDF transactions, an early settlement is simulated using the exercise price and PTAX of the day. For future commodities positions at BM&F, it is used the adjustment price disclosed by that entity. The models incorporate several data, including the counterparty's credit quality, place and rated hired.

31. Operating Leases

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

(i) Future minimum lease payments

As at March 31, 2019, future minimum noncancelable lease payments are as follows:

	Parent Company and Consolidated	
	03/31/2019	03/31/2018
2019	40,658	47,678
2020	74,725	74,725
2021	74,725	74,725
2022	74,725	74,725
2023	74,725	74,725
2024 and thereafter	335,804	410,528
	675,362	**757,106**

(In thousands of Brazilian Reais)

Amounts recognized in income (loss)

	Parent Company and Consolidated	
	03/31/2019	03/31/2018
Lease expenses	34,067	27,047
	34,067	**27,047**

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.

These contracts did not fall within the scope of IFRS 16 because they are not assets dedicated exclusively to the Company or because the value of the asset is immaterial in relation to the total value of the contract.

32. Collaboration Agreement, Leniency Agreement and Internal Investigation

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

As it is publicly known, in May 2017 certain executives and former executives of J&F Investimentos SA ("J&F"), as the parent company of the companies belonging to the "J & F Group", of which the Company is a part, assumed certain Collaboration Agreement Awarded with the Attorney General's Office ("PGR"), aiming at meeting the public interest, in particular the deepening, throughout the country, of investigations into events contrary to the law.

On June 5, 2017, J&F entered into a Leniency Agreement with the Federal Public Ministry ("MPF"), approved by the 5th MPF Coordination and Review Chamber on August 24, 2017, to which the Company adhered on September 21, 2017 ("Agreement").

In the Agreement, J&F undertook, on its behalf and on behalf of the companies controlled by it, to cooperate voluntarily with the state, conduct internal investigations and provide information to prove the materiality and authorship of the irregular acts committed and confessed In addition, J&F undertook to repair damages and losses arising from the related events under the Collaboration Agreements, by paying R $ 10.3 billion over 25 years, due in December 2017. Internal investigations J&F are still in progress.

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

32.2. Internal investigation carried out within the scope of the Company

Under Clause 15, XX of the Agreement, J&F is required to conduct internal investigation, following good international practice, with the purpose of verifying and corroborating the wrongful acts described in the Agreement, and also to identify possible documents or additional evidence of corroboration of the facts narrated in the Agreement.

In view of such obligation and as a result of the Company joining the Deal, an internal investigation at the Company was conducted by the law firm Barros Pimentel, Alcantara Gil and Rodriguez Advogados (“BP”), which designated the company PricewaterhouseCoopers Contadores Públicos Ltda. (“PwC” and, along with BP, “Investigation team”) to render specialized forensic services of collection, hosting, processing and analysis of data necessary to an investigation of this nature (“Internal investigation”).
The investigation work was concluded by the Investigation Team, which delivered reports to the Independent Supervision Committee, set up to follow the Internal Investigation and provide the necessary clarifications directly to the MPF.

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

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

33. Purchase and Sale Agreement of Stock

On September 2, 2017, J & F entered into a purchase and sale agreement for the sale of its direct and indirect interest in the Company to CA Investment (Brazil) SA, a company of the group Paper Excellence ("CA Investment"), for the total value of the Company of R $ 15 billion, to be adjusted according to working capital and net debt, under the terms of the agreement ("Purchase and Sale Agreement").

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

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

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

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

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

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

34. Subsequent Events

Eldorado clarifies that, until the time of publication of its financial statements, no material adverse impact on the continuity of its business was identified as a result of the COVID-19 pandemic, as well as the accounting estimates made, whether within the scope of the recoverability of Assets, or in the Measurement of Fair Value, Assets and Contingencies Assets and Liabilities, Recognition of Revenue and Provisions for Expected Loss.

To date, several precautionary measures, protection of the health, safety and well-being of our employees, their families and the societies where we operate, are already underway, both in our operations and facilities in Brazilian territory, as well as abroad, always in line with CDC (Centers for Desease Control and Prevention) guidelines.

In the scope of business, with regard to possible subsequent events, it is worth mentioning that Eldorado has sales well distributed in several continents, selling to more than 150 customers in more than 40 countries around the world, in a dispersed manner, avoiding large concentrations in a single client, largely backed by long-term contracts. The Company understands that if there is a reduction in the growth in global demand, which may affect the demand for paper and cellulose in the short term, such a scenario would ratify the Company's ability and commitment to deliver its results in a solid and consistent manner, since almost all of its sales are denominated in dollars, acting as a natural hedge for moments of exacerbated volatility in global markets. This fact would shield the Company even in the event of possible global credit and financing shortages, regarding the rollover of short-term debts with banks that have credit lines, so far we have had no negative indicator in the rollover of existing debts.

With regard to Eldorado's international logistics, it is important to note that most exports have the transfer of ownership to the customer at the port of destination, without the need to carry out internal logistics for the same. However, to guarantee the agreed service level, we work with security stocks at the main Terminals in each of the continents we sell (USA, Canada, Holland, Germany, Italy, Spain, France and China), being able to operate with the rail modes , road and even waterway, in cases where the final delivery is our responsibility. Finally, we reinforce that Eldorado has unmatched logistical flexibility, based on long-term contracts with Break Bulk shipowners and also containers, dedicated to transporting pulp, ensuring safety, capillarity, flexibility and competitiveness.

The Company monitors the progress of the COVID-19 pandemic in Brazil and worldwide, committing itself to return to the market if the scenario above changes.

Board of Executive Officers

Aguinaldo Gomes Ramos Filho
CEO

Germano Aguiar Vieira
Forest Director

Carlos Roberto de Paiva Monteiro
Industrial Technical Director

Rodrigo Libaber
Business and Investor Relations Director

Fernando Storchi
Financial Director

Board of Directors

Sérgio Longo
Vice Presidente do Conselho de Administração

João Adalberto Elek Júnior
Conselheiro

José Antonio Batista Costa
Conselheiro

Leonardo Porciuncula Gomes Pereira
Conselheiro

Marcio Antonio Teixeira Linares
Conselheiro

Francisco de Assis e Silva
Conselheiro

Accountant

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