(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 June 30, 2019

ELDORADO BRASIL CELULOSE S.A.

Individual and consolidated interim financial information
As at June 30, 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 June 30, 2019, which comprise the individual and consolidated interim statement of financial position as at June 30, 2019 and the respective individual and consolidated interim statements of operations and comprehensive income (loss) for the three and six-month periods then ended, and individual and consolidated interim statements of changes in equity and cash flows for the six-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. Accordingly, 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 June 30, 2019

As described in Note 3.f to the quarterly information, which describes the restatement of individual and consolidated interim financial information as at June 30, 2019, due to the review of certain accounting practices related to the matters described in the respective Note. On August 13, 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 Notes 9 and 33 to the individual and consolidated interim financial statements, the Company has prioritized actions to maximize the realization of ICMS credits contingent on the use of tax incentives granted by the government of the state of Mato Grosso do Sul for the payment of suppliers to be hired in relation to the project for expansion of production and increase in sales of pulp in the domestic market. Additionally, this Management plan requires obtaining funds that may be affected depending on the final resolution of the disputes between the Company's shareholders, to be rendered by the arbitration court on a future date not yet determined. Our review report is 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 six-month period ended June 30, 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 June 30, 2018 presented for comparison purposes were reviewed by us, in which we issued a report dated August 13, 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 June 30, 2019 and December 31, 2018
(In thousands of Brazilian Reais)

Assets

		Parent company		Consolidated	
	Note	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Current					
Cash and cash equivalents	5.1	215,153	310,419	596,044	610,591
Trade accounts receivable	6	1,037,431	1,238,398	677,272	651,016
Inventories	8	314,325	368,265	563,000	654,030
Recoverable taxes	9	199,828	220,012	201,194	220,492
Advances to suppliers	10	133,675	12,364	134,443	12,423
Other accounts receivable	7	-	3,268	-	9
Other current assets		42,797	43,602	44,152	44,080
Total current		1,943,209	2,196,328	2,216,105	2,192,641
Noncurrent					
Financial investments	5.2	114,294	160,621	170,847	217,802
Recoverable taxes	9	1,043,652	1,039,931	1,044,352	1,039,944
Advances to suppliers	10	112,650	97,152	112,650	97,152
Deferred income and social contribution taxes	20	-	37,368	-	37,368
Deposit, guarantees and others		5,478	5,656	5,966	6,039
Other noncurrent assets		15,069	14,943	15,072	14,947
		1,291,143	1,355,671	1,348,887	1,413,252
Biological assets	11	2,779,166	2,668,744	2,779,166	2,668,744
Investments	12	391,359	104,018	-	-
Fixed assets	13	4,272,224	4,306,058	4,281,718	4,314,798
Intangible assets	14	4,638	5,782	77,177	82,136
Rights of use	15	665,503	-	669,034	-
Total noncurrent		9,404,033	8,440,273	9,155,982	8,478,930
Total assets		11,347,242	10,636,601	11,372,087	10,671,571

Liabilities

		Parent company		Consolidated	
	Note	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Current					
Loans and financing	17	1,718,489	2,131,478	1,803,858	2,218,319
Trade accounts payable	16	226,874	226,085	228,597	227,526
Leases payables	18	144,656	0	145,564	
Intercompany payables	7	104,443	118,447	12,549	28,007
Tax liabilities, payroll and social charges	19	112,315	141,893	116,644	150,662
Derivatives payable		8,349	13,829	8,349	13,829
Proposed dividends		-	7,636	-	7,636
Other current liabilities		3,712	5,532	26,258	38,239
Total current		2,318,838	2,644,900	2,341,819	2,684,218
Noncurrent					
Loans and financing	17	3,615,364	3,619,771	5,036,180	5,096,496
Trade accounts payable	16	3,489	4,536	3,489	4,536
Leases payables	18	538,407	-	541,122	-
Intercompany payables	7	1,421,667	1,444,112	-	-
Provision for procedural risks	21	16,080	9,167	16,080	9,167
Provision for losses on controlled companies	12	-	36,961	-	-
Deferred income and social contribution taxes	20	52,637	-	52,637	-
Total noncurrent		5,647,644	5,114,547	5,649,508	5,110,199
Equity	22				
Capital stock		1,788,792	1,788,792	1,788,792	1,788,792
Tax incentive reserve		1,002,508	998,160	1,002,508	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		52,234	57,864	52,234	57,864
		497,252	-	497,252	-
Total equity		3,380,760	2,877,154	3,380,760	2,877,154
Total liabilities and equity		11,347,242	10,636,601	11,372,087	10,671,571

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

Statements of operations
For the periods ended June 30, 2019 and 2018
(In thousands of Brazilian Reais)

		Parent company				Consolidated			
		2019		2018		2019		2018	
	Note	2nd quarter	Accum.	2nd quarter	Accum.	2nd quarter	Accum.	2nd quarter	Accum.
Net revenue	23	830,261	1,714,461	1,306,929	2,190,499	1,039,540	2,218,641	1,142,604	2,254,822
Cost of goods sold	25	(407,302)	(836,276)	(406,682)	(816,955)	(390,313)	(871,998)	(405,463)	(851,989)
Gross profit		422,959	878,185	900,247	1,373,544	649,227	1,346,643	737,141	1,402,833
Operating revenues/(expenses)									
Administrative and general	25	(34,599)	(63,441)	(24,488)	(48,495)	(38,048)	(69,433)	(26,867)	(53,114)
Selling and logistics	25	(60,579)	(109,810)	(52,706)	(102,400)	(131,386)	(235,599)	(103,970)	(211,061)
Fair value of biological assets	11	(2,034)	52,624	40,186	73,217	(2,034)	52,624	40,186	73,217
Equity in earnings (losses) of controlled companies	12	148,715	330,521	(220,391)	(92,041)	-	-		-
Other revenues, net	27	(2,015)	(4,767)	38,652	95,311	(1,840)	(4,662)	38,347	92,607
Income before financial revenues (expenses) and taxes		472,447	1,083,312	681,500	1,299,136	475,919	1,089,573	684,837	1,304,482
Net financial income (loss)	26								
Financial (expenses)		(232,395)	(538,486)	(212,276)	(407,271)	(236,412)	(545,913)	(215,857)	(413,036)
Financial revenues		10,311	15,910	68,276	73,231	11,826	17,953	68,843	73,989
Exchange rate gains (losses), net		60,478	30,870	(680,394)	(702,631)	60,396	30,918	(680,647)	(702,895)
Income before provision for income and social contribution taxes		310,841	591,606	(142,894)	262,465	311,729	592,531	(142,824)	262,540
Income and social contribution taxes	20								
Current		0	-	130,276	76,671	(888)	(925)	130,248	76,638
Deferred		(56,453)	(90,006)	(34,533)	(50,755)	(56,453)	(90,006)	(34,575)	(50,797)
Net income for the period		254,388	501,600	(47,151)	288,381	254,388	501,600	(47,151)	288,381
Earnings per thousand shares		0.17	0.33	(0.03)	0.19	0.17	0.33	(0.03)	0.19

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 June 30, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company				Consolidated			
	2019		2018		2019		2018	
	2nd quarter	Accum.	2nd quarter	Accum.	2nd quarter	Accum.	2nd quarter	Accum.
Net income for the period	254,388	501,600	(47,151)	288,381	254,388	501,600	(47,151)	288,381
Exchange rate gains (losses) on investments	(10,676)	(5,630)	42,076	45,682	(10,676)	(5,630)	42,076	45,682
Total comprehensive income	243,712	495,970	(5,075)	334,063	243,712	495,970	(5,075)	334,063

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)

	Capital stock	Profit reserves: Tax incentive reserve	Profit reserves: Legal reserve	Profit reserves: Reserve for expansion	Profit reserves: 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	-	-	-	-	-	-	288,381	288,381
Tax incentive reserve	-	142,605	-	-	-	-	(142,605)	-
Exchange rate gains (losses) on investments						45,682	-	45,682
Balances as at June 30, 2018	1,788,792	992,092	-	-	-	58,016	(481,457)	2,357,443
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	-	-	-	-	-	-	501,600	501,600
Tax incentive reserve	-	4,348	-	-	-	-	(4,348)	-
Exchange variation on investments	-	-	-	-	-	- 5,630	-	(5,630)
Special reserve for mandatory dividend not distributed	-	-	-	-	7,636	-	-	7,636
Balances as at June 30, 2019	1,788,792	1,002,508	9,432	22,906	7,636	52,234	497,252	3,380,760

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 June 30, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Cash flows from operating activities				
Income (loss) before income and social contribution taxes	591,606	262,465	592,531	262,540
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities:				
Depreciation and amortization	114,149	124,105	122,267	127,895
Depletion	108,207	83,723	112,635	84,004
Appreciation amortization	589	589	589	589
Residual value of assets written off of fixed assets	1,206	124,656	1,206	124,656
Fair value of biological assets	(52,624)	(73,217)	(52,624)	(73,217)
Finance charges – interest and exchange rate gains (losses)	217,518	960,119	270,707	1,023,032
Finance charges – interest and exchange rate gains (losses) – related parties	54,240	302,864	(243)	238,996
Provision for procedural risks	8,470	(3,061)	8,470	(3,061)
Derivatives	8,349	(61,694)	8,349	(61,694)
Trade accounts receivable –exchange rate gains (losses)	21,488	(39,760)	21,489	(39,760)
Equity in earnings (losses) of controlled companies	(330,521)	92,041	-	-
Allowance for doubtful accounts	20	-	20	-
	742,698	1,772,830	1,085,396	1,683,980
Decrease (increase) in assets				
Trade accounts receivable	176,006	(265,811)	(57,066)	(288,805)
Inventories	26,582	43,937	56,728	72,341
Recoverable taxes	16,463	(289,319)	14,849	(289,277)
Advances to suppliers	(133,225)	11,897	(133,937)	11,852
Other assets - related parties	3,268	(469)	9	(469)
Other current and non-current assets	857	10,592	(133)	10,954
Increase (decrease) in liabilities				
Trade accounts payable	(258)	(1,940)	11,464	(15,757)
Leases payable	(2,980)	-	(3,259)	-
Other liabilities - related parties	(15,458)	(1,680)	(15,346)	(1,680)
Tax liabilities, payroll and social charges	(27,151)	113,789	(32,307)	112,231
Other current and non-current liabilities	(17,206)	(1,301)	(27,244)	(1,495)
Net cash from operating activities	769,596	1,392,525	899,154	1,293,875
Income tax and social contribution paid	(2,427)	(95,603)	(2,524)	(95,665)
Net cash from operation activities	767,169	1,296,922	896,630	1,198,210
Cash flows from investing activities				
Increase in biological assets	(120,605)	(136,986)	(128,802)	(136,986)
Additions to fixed and intangible assets	(81,463)	(31,788)	(82,475)	(32,294)
Sale of fixed assets	3,452	154,158	3,452	154,158
Financial investments	46,327	12,160	(10,619)	14,591
Net cash from investing activities	(152,289)	(2,456)	(218,444)	(531)
Cash flows from financing activities				
Loans and financing raised	583,324	938,600	583,324	938,600
Amortization of loans and financing - principal	(822,512)	(1,384,156)	(861,447)	(1,423,090)
Amortization of loans and financing - interest	(197,031)	(247,177)	(263,311)	(306,902)
Amortization of loans and financing – exchange rate gains (losses)	(198,695)	(248,551)	(204,050)	(255,600)
Loans and financing intercompany raised	35,886	-	-	-
Amortization of intercompany loans - principal	(40,619)	(39,638)	-	-
Amortization of intercompany loans - interest	(66,157)	(62,224)	-	-
Amortization of intercompany loans – exchange rate gains (losses)	(4,342)	(5,188)	-	-
Net cash from financing activities	(710,146)	(1,048,334)	(745,484)	(1,046,992)
Effects of exchange rate gains (losses) on cash	-	-	52,751	88,466
Change in cash and cash equivalents, net	(95,266)	246,131	(14,547)	239,153
Cash and cash equivalents at beginning of year	310,419	161,013	610,591	377,507
Cash and cash equivalents at end of year	215,153	407,144	596,044	616,660
Change in cash and cash equivalents, net	(95,266)	246,131	(14,547)	239,153

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 June 30, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Revenues				
Sales of merchandise, products and services	1,791,592	2,228,395	2,296,442	2,293,333
Other operating revenues (expenses), net	42,382	77,131	42,498	74,441
Transfers related to the construction of own assets	4,526	2,445	4,526	2,445
	1,838,500	2,307,971	2,343,466	2,370,219
Inputs acquired from third parties				
Costs of goods sold, materials, energy, third-party services and others	(555,613)	(537,569)	(701,208)	(673,399)
Gross value added	1,282,887	1,770,402	1,642,258	1,696,821
Depreciation, amortization and depletion	(222,945)	(207,829)	(235,491)	(211,899)
Net value added generated by the entity	1,059,942	1,562,574	1,406,767	1,484,922
Value added received in transfer				
Equity in earnings (losses) of controlled companies	330,521	(92,041)	-	-
Financial revenues	15,910	11,537	17,953	12,278
Total value added to be distributed	1,406,373	1,482,070	1,424,720	1,497,200
Value added distribution				
Personnel				
Direct compensation	83,563	97,329	88,107	101,421
Benefits	54,981	49,679	57,659	51,918
FGTS (Severance Pay Fund)	9,650	9,403	10,160	9,843
	148,194	156,411	155,926	163,182
Taxes, fees and contributions				
Federal	156,090	26,591	157,837	27,334
State	41,310	(87,084)	41,319	(87,070)
Municipal	-	-	670	615
	197,400	(60,493)	199,826	(59,121)
Return on debt capital				
Interest	352,366	402,224	351,664	400,235
Rents	52,797	50,585	53,605	51,560
Others	154,016	644,962	162,099	652,963
	559,179	1,097,771	567,368	1,104,758
Return on equity capital				
Net income for the period	501,600	288,381	501,600	288,381
Total value added distributed	1,406,373	1,482,070	1,424,720	1,497,200

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

(In thousands of Brazilian Reais)

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 June 30, 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 June 30, 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$ 375,629 in the Parent Company and in the amount of R$ 125,714 in the Consolidated. Eldorado continues its efforts to improve its liability management, aiming to replace old debts for new ones with longer maturities and lower charges. To that end, the Company seeks new sources of long-term financing, in order to improve its capital structure, readjusting its debt capital between short and long term.

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.

2. List of subsidiaries

		Equity Interest	
	Country	06/30/2019	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 June 30, 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. Reapresentação dos valores correspondentes

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$ 665,503 thousand and R$ 683,063 thousand ih the Parent Company e R$ 669,034 thousand and R$ 686,686 thousand in the Consolidated. Previously, it has been registered the net amounts of PIS and COFINS of R$ 638,051 thousand and R$ 650,093 thousand of right to use and lease liabilities, respectively, in the Parent Company and of R$ 641,582 thousand of right of use and R$ 653,717 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 Pronouncement nº 47 (Revenue from Contracts with Clients) / IFRS 15, emitted by CPC, the Company and its 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.

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).

(In thousands of Brazilian Reais)

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

	06/30/2019	12/31/2018
Buildings	3.58%	3.68%
Facilities and improvements	5.46%	5.53%
Furniture and fixtures	9.38%	9.29%
Vehicles	20.61%	21.39%
Technical and scientific instruments	11.40%	10.93%
IT equipment	19.88%	19.89%
Machinery and equipment	6.37%	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. Intangible assets

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

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

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

When the disposal of an 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	5 years	4 years
Appreciation of right-of-use of port movement concession	14 years	14 years
Terminal concession	14 years	14 years

i. Impairment

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

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.

j. Trade accounts payable

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

k. Provisions

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

l. Earnings per share

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

m. 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

Current tax is the estimated tax payable or receivable calculated on taxable income or loss for the year, as well as any adjustment to payable taxes from prior years. It is calculated based on the tax rates enacted, or substantially enacted, at the reporting date.

(ii) Deferred taxes

Deferred taxes are recognized for tax losses and temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for income tax purposes. Deferred tax is not recognized for the following temporary differences:

- the initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect accounting or taxable income or loss;

- differences related to investments in controlled companies, branches and associated companies, and in joint ventures considering that the Company is capable of controlling the moment of reversal and that such differences should not be reversed in the future.

- Deferred taxes are not recognized for taxable temporary differences resulting from the initial recognition of goodwill;

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

Deferred tax assets are recognized as non-utilized tax losses, tax credits and deductible temporary differences, when it is probable that future taxable income will be available and against which they will be used. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that they will be realized.

The deferred tax is measured at the rates which are expected to be applied to temporary differences when they reverse, based on enacted or substantively enacted laws by the date of the interim financial statements.

n. Employee benefits

Defined contribution pension plan

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

o. 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 Brazilian 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.

p. ICPC 22 (IFRIC 23) - Uncertainty over Income Tax Treatment

The interpretation in effect as from January 01, 2019 explains how to apply the measurement and recognition requirements when there is uncertainty over income tax treatments.

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

IFRIC 23 does not introduce new disclosures, but reinforces the need to comply with existing disclosure requirements regarding (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 any impacts arising from this change.

q. New standards, revisions 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.

(In thousands of Brazilian Reais)

r. 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.

s. 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. 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	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash and cash equivalents	40	23	979	26
Banks - demand deposits	96,759	21,841	199,645	322,010
Banks - financial investments (a)	118,354	288,555	395,420	288,555
	215,153	**310,419**	**596,044**	**610,591**

(In thousands of Brazilian Reais)

(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	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Fundo Caixa FI (a)	72,648	70,833	72,648	70,833
CDB CEF (b)	41,646	89,788	41,646	89,788
Banco do Brasil Paris (c)	-	-	56,553	57,181
	114,294	**160,621**	**170,847**	**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);
(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 (vii).

6. Trade accounts Receivable

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Domestic market	168,298	206,677	168,298	206,677
Foreign market	869,133	1,031,721	508,974	444,339
	1,037,431	**1,238,398**	**677,272**	**651,016**

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Falling due	922,713	1,191,069	618,672	559,363
1 to 30 days past due	104,332	39,492	31,737	79,683
31 to 60 days past due	7,398	6,441	7,861	8,732
61 to 90 days past due	355	176	665	1,506
Over 90 days past due	2,633	1,220	18,337	1,732
	1,037,431	**1,238,398**	**677,272**	**651,016**

(In thousands of Brazilian Reais)

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	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Beginning balanced	(5,700)	-	(6,026)	-
(Constitutional) / reversals	20	(5,700)	20	(6,027)
Exchange rate fluctuation	-	-	3	1
Final balanced	(5,680)	(5,700)	(6,003)	(6,026)

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**	**06/30/2019**	**12/31/2018**	**06/30/2019**	**12/31/2018**
Cellulose Eldorado Áustria GmbH	Pulp sale	502,084	781,611	-	-
Cellulose Eldorado Áustria GmbH	PPE (ii)	(163,291)	(256,225)	-	-
Eldorado EUA	Pulp sale	333,602	218,219	-	-
Eldorado Intl. Finance GmbH	Transfer of costs	-	3,259	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	(1,350,270)	(1,133,049)	-	-
Rishis Empreend. e Partic.	Rendering of service	(22,472)	(20,100)	-	-
Total net payable to subsidiaries		**(700,347)**	**(406,285)**	-	-
Balances with controlling shareholders					
J&F Investimentos	Transfer of costs	-	9	-	9
J&F Investimentos	Guarantee (i)	(12,549)	(28,007)	(12,549)	(28,007)
J&F Investimentos	Sundry (vi)	(52)	(49)	(52)	(49)
Total net payable to shareholders		**(12,601)**	**(28,047)**	**(12,601)**	**(28,047)**
Balances with companies belonging to the Group					
JBS	Sundry (iv)	(1,366)	(988)	(1,366)	(988)
Seara Alimentos	Consumables (v)	(19)	(207)	(19)	(207)
Total net payable with companies belonging to the Group		**(1,385)**	**(1,195)**	**(1,385)**	**(1,195)**
Net total		**(714,333)**	**(435,527)**	**(13,986)**	**(29,242)**

(In thousands of Brazilian Reais)

Result
Revenue and (expenses)

		Parent			
		2019	2018	2019	2018
Transactions with subsidiaries	**Type**	**2Q19**	**2Q18**	**Acum.**	**Acum.**
Cellulose Eldorado Áustria GmbH	Pulp sale	418,042	972,329	949,093	1,599,864
Cellulose Eldorado Áustria GmbH	PPE (ii)	(4,584)	(3,876)	(7,688)	(7,616)
Eldorado EUA Inc.	Pulp sale	228,568	128,815	387,580	217,300
Eldorado Intl. Finance GmbH	PPE (iii)	(29,371)	(29,043)	(59,431)	(54,909)
Rishis Empreend. e Partic.	Rendering of service	(5,910)	(5,568)	(11,713)	(10,887)
Revenues from subsidiaries, net		**606,745**	**1,062,657**	**1,257,841**	**1,743,752**
Transactions with controlling shareholders					
J&F Investimentos	Endorsement (i)	(12,246)	(15,118)	(24,470)	(29,577)
Expenses with controlling shareholders, net		**(12,246)**	**(15,118)**	**(24,470)**	**(29,577)**
Transactions with companies belonging to the Group					
JBS	Sundry (iv)	(3,761)	(4,606)	(7,557)	(10,842)
Seara Alimentos	Consumables (v)	(6)	(41)	(39)	(113)
Expenses with companies belonging to the Group, net		**(3,767)**	**(4,647)**	**(7,596)**	**(10,955)**
Total net income		**590,732**	**1,042,892**	**1,225,775**	**1,703,220**

		Consolidated			
		2019	2018	2019	2018
Transactions with controlling shareholders	**Type**	**2Q19**	**2Q18**	**Acum.**	**Acum.**
J&F Investimentos	Endorsement (i)	(12,246)	(15,118)	(24,470)	(29,577)
Expenses with controlling shareholders, net		**(12,246)**	**(15,118)**	**(24,470)**	**(29,577)**
Transactions with companies belonging to the Group					
JBS S.A.	Sundry (iv)	(3,761)	(4,606)	(7,557)	(10,842)
Seara Alimentos	Consumables (v)	(6)	(41)	(39)	(113)
Expenses with companies belonging to the Group, net		**(3,767)**	**(4,647)**	**(7,596)**	**(10,955)**
Total net income		**(16,013)**	**(19,765)**	**(32,066)**	**(40,532)**

(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 8.19% 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 8.875% 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:

(In thousands of Brazilian Reais)

	Parent Company			
	2Q19	2Q18	6M19	6M18
Benefits (a)	4,455	3,457	11,114	6,804

	Consolidated			
	2Q19	2Q18	6M19	6M18
Benefits (a)	4,948	3,833	12,803	8,896

(a) The benefits include fixed compensation (salaries, vacation pay and year-end bonus), social security contribution to the Social Security Authority (INSS), to Severance Pay Fund (FGTS), bonuses and others. The directors are party of work contracts entered into under the Labor Code (CLT) regime and follow all the legal prerogatives of compensation and benefits and some directors receive under management compensation regime.

8. Inventories

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Seedlings	15	-	15	-
Raw materials (wood for production)	123,376	194,336	123,376	194,337
Pulp	39,324	34,961	287,818	320,522
Inputs	24,794	19,256	24,794	19,256
Storeroom supplies	126,816	119,712	126,997	119,915
	314,325	368,265	563,000	654,030

9. Taxes recoverable

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
State VAT (ICMS) (i)	1,116,923	1,127,166	1,117,824	1,127,646
Taxes on sales (PIS e COFINS) (ii)	49,478	42,683	49,478	42,683
Federal VAT (IPI)	2	2	3	2
Services tax (ISS)	167	230	167	230
Reintegra (iii)	38,338	51,110	38,338	51,110
Withholding income tax (IRRF) (iv)	8,272	3,843	8,272	3,843
National Institute of Social Security (INSS) to offset	-	-	395	-
Corporate income tax (IRPJ) to offset (v)	6,988	14,652	6,988	14,665
Social contribution tax (CSLL) to offset (v)	22,243	20,257	22,243	20,257
Prepayment IRPJ (vi)	780	-	1,529	-
Prepayment CSLL (vi)	289	-	309	-
	1,243,480	1,259,943	1,245,546	1,260,436

(In thousands of Brazilian Reais)

Breakdown				
Current assets	199,828	220,012	201,194	220,492
Noncurrent assets	1,043,652	1,039,931	1,044,352	1,039,944
	1,243,480	**1,259,943**	**1,245,546**	**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.

Until the end of this six-month period, we realized R$ 15 MM of the accumulated credit balance, only with the daily operations of the Company.

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.

(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.

Other part of the credit arises from a favorable decision, issued by the Federal Regional Court of 3rd region, in a lawsuit filed by the Company to exclude ICMS from the calculation bases of the social contribution taxes (PIS/COFINS) levied on sales for the domestic market. The Federal Court of São Paulo approved the related injunction in May 2015 and, in June 2015, issued a favorable decision on the deduction of ICMS from the mentioned calculation base. The mentioned decision was confirmed by the Federal Regional Court of 3rd region, with a final and unappealable decision on June 28, 2019.

(In thousands of Brazilian Reais)

(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 June/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.

(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	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Purchase of wood (i)	189,920	97,152	189,920	97,152
Others	56,405	12,364	57,173	12,423
	246,325	109,516	247,093	109,575
Breakdown				
Current assets	133,675	12,364	134,443	12,423
Noncurrent assets	112,650	97,152	112,650	97,152
	246,325	109,516	247,093	109,575

(In thousands of Brazilian Reais)

(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	
	06/30/2019	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	52,624	276,420
Tree felling for inventory	(83,916)	(395,212)
Forest development cost	141,714	287,540
	2,779,166	**2,668,744**

At June 30, 2019 had a production area of 229,561 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.

(In thousands of Brazilian Reais)

The crop handling costs include expenditures with the fertilization, weed control, control of ants and other pests, maintenance of roads and firebreaks, and other services required for the maintenance of the planted forests.

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

Biological assets had positive growth in the last quarter, with consequent maturation of assets. However, it was not sufficient to withstand the decrease in wood prices in the regional market.

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

	06/30/2019	12/31/2018
Current productive area (hectare)	229,561	229,592
Average Annual Increase (IMA) - m^3/ hectare	37.23	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".

12. Investments

Significant information about investments on subsidiaries for the period ended June 30, 2019

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria Gmbh	100%	2,927,219	111	288,006	1,841,500	177,211
Rishis Empreendimentos e Participações S.A.	100%	96,616	108,979	91,068	11,068	(76)

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 06/30/2019
Cellulose Eldorado Austria Gmbh	(36,961)	-	(5,630)	153,386	177,211	288,006
Rishis Empreendimentos e Participações S.A.	91,144	-	-	-	(76)	91,068
Appreciation of right to use granting of port movements	12,874	(589)	-	-	-	12,285
Total	67,057	(589)	(5,630)	153,386	177,135	391,359
Provision for losses on subsidiaries						
Total	36,961					-

(In thousands of Brazilian Reais)

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.

(In thousands of Brazilian Reais)

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 June 30, 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.

13. Fixed assets

	Parent Company - 06/30/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.58%	1,152,789	(219,289)	933,500
Leasehold improvements	10.00%	3,111	(1,724)	1,387
Facilities and improvements	5.22%	289,591	(69,785)	219,806
Furniture and fixtures	9.33%	9,392	(4,582)	4,810
Vehicles	20.61%	128,097	(108,404)	19,693
Technical and scientific instruments	11.38%	6,533	(4,089)	2,444
IT equipment	19.86%	66,581	(59,731)	6,850
Machinery and equipment	6.36%	3,691,517	(975,594)	2,715,923
Vessels and floating structures	20.00%	7	(1)	6
Eucalyptus matrices	20.00%	79	(52)	27
Construction in progress and advances for capital expenditures	-	264,567	-	264,567
		5,715,475	**(1,443,251)**	**4,272,224**

(In thousands of Brazilian Reais)

	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

	Consolidated - 06/30/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.58%	1,152,789	(219,289)	933,500
Leasehold improvements	7.48%	3,367	(1,780)	1,587
Facilities and improvements	5.46%	289,641	(69,811)	219,830
Furniture and fixtures	9.38%	10,040	(4,873)	5,167
Vehicles	20.61%	128,230	(108,537)	19,693
Technical and scientific instruments	11.40%	6,533	(4,089)	2,444
IT equipment	19.88%	68,039	(60,764)	7,275
Machinery and equipment	6.37%	3,694,012	(976,260)	2,717,752
Vessels and floating structures	20.00%	7	(1)	6
Eucalyptus Matrices	20.00%	79	(52)	27
Construction in progress and advances for capital expenditures	-	271,226	-	271,226
		5,727,174	(1,445,456)	4,281,718

(In thousands of Brazilian Reais)

	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

Changes in fixed assets

Parent Company

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Balance at 06/30/2019
Land	103,211	-	-	-	-	103,211
Buildings	951,439	42	-	1,940	(19,921)	933,500
Leasehold improvements	1,542	-	-	-	(155)	1,387
Facilities and improvements	225,042	6	-	1,175	(6,417)	219,806
Furniture and fixtures	4,661	80	-	506	(437)	4,810
Vehicles	29,427	181	(541)	-	(9,374)	19,693
Technical and scientific instruments	2,556	23	-	127	(262)	2,444
IT equipment	5,237	152	-	2,661	(1,200)	6,850
Machinery and equipment	2,745,219	610	(665)	47,038	(76,279)	2,715,923
Vessels and floating structures	7	-	-	-	(1)	6
Eucalyptus matrices	34	-	-	-	(7)	27
Construction in progress and advances for capital expenditures	237,683	80,357	-	(53,473)	-	264,567
	4,306,058	81,451	(1,206)	(26)	(114,053)	4,272,224

(In thousands of Brazilian Reais)

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	8,761	-	(4,449)	(1,538)	(1,232)	1,542
Facilities and	223,579	-	-	13,684	(12,221)	225,042
Furniture and	5,508	186	(1)	68	(1,100)	4,661
Vehicles	52,685	3,588	(27)	115	(26,934)	29,427
Technical and	2,760	183	-	113	(500)	2,556
IT equipment	8,158	270	-	233	(3,424)	5,237
Machinery and	3,012,468	696	(128,187)	28,636	(168,394)	2,745,219
Vessels and floati	-	7	-	-	-	7
Eucalyptus	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

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Balance at 06/30/2019
Land	103,211	-	-	-	-	-	103,211
Buildings	951,439	42	-	1,940	(19,921)	-	933,500
Leasehold improvements	1,752	-	-	-	(165)	-	1,587
Facilities and improvements	225,068	6	-	1,175	(6,419)	-	219,830
Furniture and fixtures	4,920	221	-	506	(478)	(2)	5,167
Vehicles	29,427	181	(541)	-	(9,374)	-	19,693
Technical and scientific instruments	2,556	23	-	127	(262)	-	2,444
IT equipment	5,479	418	-	2,661	(1,282)	(1)	7,275
Machinery and equipment	2,747,168	610	(665)	47,038	(76,399)	-	2,717,752
Vessels and floating structures	7	-	-	-	(1)	-	6
Eucalyptus matrices	34	-	-	-	(7)	-	27
Construction in progress and advances for capital expenditures	243,737	80,962	-	(53,473)	-	-	271,226
	4,314,798	82,463	(1,206)	(26)	(114,308)	(3)	4,281,718

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

(In thousands of Brazilian Reais)

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at June 30, 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 estimated of more than 2.3 million tons of pulp per year and Project of Thermoelectric Plant - Onça Pintada, which will have capacity for generating 50MW of energy from eucalyptus stumps and roots biomass.

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.

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.

14. Intangible assets

	Parent Company -06/30/2019			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	20.03%	19,371	(14,733)	4,638

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

(In thousands of Brazilian Reais)

	Consolidated - 06/30/2019			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,002	(4,717)	12,285
Software	20.03%	20,101	(15,267)	4,834
Terminal Concession	7.14%	89,449	(29,391)	60,058
		126,552	(49,375)	77,177

	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	06/30/2019
Software	5,782	12	26	(1,182)	4,638

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

Consolidated

Changes	12/31/2018	Additions	Transfers	Amortizations	06/30/2019
Appreciation of right-of-use of port movement concession (a)	12,874	-	-	(589)	12,285
Software	6,037	12	26	(1,241)	4,834
Terminal concession	63,225	-	-	(3,167)	60,058
	82,136	12	26	(4,997)	77,177

(In thousands of Brazilian Reais)

Movement	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 June 30, 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 - 06/30/2019		
	Cost	Accumulated depreciation	Net
Lease use right			
Land	659,220	(42,543)	616,677
Buildings	1,539	(305)	1,234
Vehicles	14,817	(4,096)	10,721
Machinery and equipment forest implements	42,014	(5,190)	36,824
Facilities and improvements	149	(102)	47
Total	**717,739**	**(52,236)**	**665,503**

	Consolidated - 06/30/2019		
	Cost	Accumulated depreciation	Net
Lease use right			
Land	659,220	(42,543)	616,677
Buildings	5,444	(679)	4,765
Vehicles	14,817	(4,096)	10,721
Machinery and equipment forest implements	42,014	(5,190)	36,824
Facilities and improvements	149	(102)	47
Total	**721,644**	**(52,610)**	**669,034**

(In thousands of Brazilian Reais)

Movement of assets in use during the quarter:

Parent Company

Lease use right	01/01/2019	Additions	Depreciation	Adjustment of plots	06/30/2019
Land	651,641	-	(42,543)	7,579	616,677
Buildings	853	695	(305)	(9)	1,234
Vehicles	14,824	-	(4,096)	(7)	10,721
Machinery and equipment forest implements	40,887	-	(5,190)	1,127	36,824
Facilities and improvements	149	-	(102)	-	47
Total	708,354	695	(52,236)	8,690	665,503

Consolidated

Lease use right	01/01/2019	Additions	Depreciation	Adjustment of plots	Exchange variation	12/31/2019
Land	651,641	-	(42,543)	7,579	-	616,677
Buildings	4,667	695	(679)	83	(1)	4,765
Vehicles	14,824	-	(4,096)	(7)	-	10,721
Machinery and equipment forest implements	40,887	-	(5,190)	1,127	-	36,824
Facilities and improvements	149	-	(102)	-	-	47
Total	712,168	695	(52,610)	8,782	(1)	669,034

The amount of R$ 32,488 thousand of depreciation of the parent company and consolidated are considered to biological assets to compose the formation cost.

16. Trade payables

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Supplies and services	36,681	60,207	34,773	56,393
Inputs	179,745	155,153	179,745	155,154
Others	13,937	15,261	17,568	20,515
	230,363	230,621	232,086	232,062
Breakdown				
Current liabilities	226,874	226,085	228,597	227,526
Noncurrent liabilities	3,489	4,536	3,489	4,536
	230,363	230,621	232,086	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.

(In thousands of Brazilian Reais)

17. Loans and Financing

Type	Average annual interest rate and commissions	Maturity	Parent Company 06/30/2019	Parent Company 12/31/2018
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	9,444	14,072
ACC - Advance on Exchange Contract (i)	Forex + interest	December/2019	629,250	954,153
BNDES (ii)	TJLP + spread	June/2022	355,895	414,659
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,619,937	1,903,920
FINEM Florestal (ix)	TJLP / selic + spread	May/2025	203,286	197,497
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	November/2022	696,163	805,223
Debentures (Second Issue) (iv)	IPCA + interest 7.41% p.a.	December/2027	1,245,894	1,215,417
Working Capital (vi)	Forex + interest	December/2020	14,872	20,057
NCE (v)	CDI + spread	April/2022	483,323	224,904
CCB (xi)	Pre-Fixed	June/2020	48,761	-
Leasing (x)	CDI + spread	May/2024	27,028	1,347
			5,333,853	**5,751,249**
Breakdown				
Current liabilities			1,718,489	2,131,478
Noncurrent liabilities			3,615,364	3,619,771
			5,333,853	**5,751,249**

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

2020	505,308
2021	1,198,784
2022	793,196
2023	156,473
After 2024	961,603
	3,615,364

Type	Average annual interest rate and commissions	Maturity	Consolidated 06/30/2019	Consolidated 12/31/2018
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	9,444	14,072
ACC - Advance on Exchange Contract (i)	Forex + interest	December/2019	629,250	954,153
BNDES (ii)	TJLP + spread	June/2022	355,895	414,659
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,619,937	1,903,920
FINEM Florestal (ix)	TJLP / SELIC + spread	May/2025	203,286	197,497
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	November/2022	696,163	805,223
Debentures (Second Issue) (iv)	IPCA + interest 7.41% p.a.	December/2027	1,245,894	1,215,417
Working Capital (vi)	Forex + interest	December/2020	14,872	20,057
NCE (v)	CDI + spread	April/2022	483,323	224,904
CCB (xi)	Pre-Fixed	June/2020	48,761	-
Term Loan (vii)	LIBOR + spread	April/2021	170,537	215,551
Bonds (viii)	Rate of 8.625% p.a.	June/2021	1,335,648	1,348,015
Leasing (x)	CDI + spread	May/2024	27,028	1,347
			6,840,038	**7,314,815**
Breakdown				
Current liabilities			1,803,858	2,218,319
Noncurrent liabilities			5,036,180	5,096,496
			6,840,038	**7,314,815**

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

2020	547,548
2021	2,577,359
2022	793,196
2023	156,473
After 2024	961,604
	5,036,180

(In thousands of Brazilian Reais)

17.1. Changes in loans and financing

Parent Company	06/30/2019	12/31/2018
Opening balance	**5,751,249**	**6,651,517**
Interest - accrued	209,344	553,260
Exchange differences - accrued	8,174	709,130
New loans and financing	583,324	1,495,220
Repayments		
Principal	(822,512)	(2,559,926)
Interest	(197,031)	(476,581)
Exchange differences	(198,695)	(621,371)
Closing balance	**5,333,853**	**5,751,249**

Consolidated	06/30/2019	12/31/2018
Opening balance	**7,314,815**	**8,052,070**
Interest - accrued	278,154	687,721
Exchange differences - accrued	(7,447)	953,939
New loans and financing	583,324	1,495,220
Repayments		
Principal	(861,447)	(2,637,794)
Interest	(263,311)	(604,367)
Exchange differences	(204,050)	(631,974)
Closing balance	**6,840,038**	**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.
(xi) In May 2019, the Company raised Bank Credit Notes at fixed rate.

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.

(In thousands of Brazilian Reais)

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:

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:

(In thousands of Brazilian Reais)

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:

(In thousands of Brazilian Reais)

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.

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 06/30/2019	Consolidated 06/30/2019
Provision with lease	1,050,647	1,055,626
Adjustment to present value	(367,584)	(368,940)
	683,063	686,686
Current liabilities	144,656	145,564
Noncurrent liabilities	538,407	541,122
	683,063	686,686

(In thousands of Brazilian Reais)

Parent Company	01/01/2019	New contracts	Payment	Financial interest	Contractual amendments	06/30/2019
Direito de uso arrendamento mercantil						
Provision with lease	1,111,664	768	(75,197)	-	13,412	1,050,647
Adjustment to present value	(403,309)	(73)	-	40,521	(4,723)	(367,584)
	708,355	**695**	**(75,197)**	**40,521**	**8,689**	**683,063**

Changes in the allowance for leasing:

Consolidated	01/01/2019	New contracts	Payment	Financial interest	Contractual amendments	Exchange variation	06/30/2019
Lease use right							
Provision with lease	1,117,012	768	(75,667)	-	13,514	(1)	1,055,626
Adjustment to present value	(404,844)	(73)	-	40,708	(4,731)	-	(368,940)
	712,168	695	(75,667)	40,708	8,783	(1)	686,686

The amount of R$ 31,098 thousand of interest from the parent company and consolidated are considered in the composition of the cost of formation of the biological asset.

Schedule of payment of the installment to provision with leasing:

Pay	Parent Company 06/30/2019	Consolidated 06/30/2019
2019	76,984	77,513
2020	151,620	152,443
2021	139,785	140,587
2022	130,560	131,340
2023	117,062	117,726
From 2024	434,636	436,017
(-) AVP	(367,584)	(368,940)
Total	**683,063**	**686,686**

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:

(In thousands of Brazilian Reais)

		06/30/2019
		Parent Company
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	1,050,647	683,063
PIS/COFINS potential (9,25%) [1]	53,552	33,608

[1] Incident on contracts signed with legal entities

		06/30/2019
		Consolidated
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	1,055,626	686,686
PIS/COFINS potential (9,25%) [1]	53,956	33,888

[1] Incident on contracts signed with legal entities

19. Tax liabilities, payroll and social charges

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Payroll and social charges	21,083	34,295	21,792	34,900
Accruals and charges	69,132	70,720	71,052	73,232
Taxes payable	22,100	36,878	23,800	42,530
	112,315	**141,893**	**116,644**	**150,662**

20. Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Party Company			
	2Q19	2Q18	6M19	6M18
Profit before income tax and social contribution	310,841	(142,894)	591,606	262,465
Income tax and social contribution - statutory rate of 34%	(105,686)	48,584	(201,146)	(89,238)
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	50,549	(74,933)	112,377	(31,294)
Nondeductible expenses	(1,995)	516	(2,868)	(2,904)
Government grant	802	29,002	1,992	56,772
Effect of taxes of foreign subsidiaries	-	-	-	-
Current IR Adjustment - 2017	-	76,671	-	76,671
Effect IFRS 16 - Lease	(122)	-	(359)	-
Reversion Tax Prejudice 2013/2014	-	15,901	-	15,901
Others	(1)	1	(1)	7
Current and deferred income tax and social contribution	(56,453)	95,743	(90,006)	25,916
Effective rate	(18.16%)	(67.00%)	(15.21%)	9.87%

(In thousands of Brazilian Reais)

	Consolidated			
	2Q19	2Q18	6M19	6M18
Profit before income tax and social contribution	311,729	(142,824)	592,531	262,540
Income tax and social contribution - statutory rate of 34%	**(105,988)**	**48,560**	**(201,460)**	**(89,264)**
Reconciliation for effective expenses				
Nondeductible expenses	(1,995)	536	(2,868)	(2,954)
Government grant	802	29,002	1,992	56,772
Effect of taxes of foreign subsidiaries	50,549	(74,933)	112,377	(31,294)
Current IR Adjustment - 2017	-	76,671	-	76,671
Effect IFRS 16 - Lease	(122)	-	(359)	-
Reversion Tax Prejudice 2013/2014	-	15,901	-	15,901
Others	(587)	(65)	(612)	8
Current and deferred income tax and social contribution	**(57,341)**	**95,673**	**(90,931)**	**25,841**
Effective rate	**(18.39%)**	**(66.99%)**	**(15.35%)**	**9.84%**

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

Party Company and Consolidated	**12/31/2018**	**Additions**	**Deductions**	**06/30/2019**
Tax losses (i)	521,751	-	11,296	533,047
Hedge derivatives	4,701	(1,863)	-	2,838
Biological assets	(212,913)	2,115	-	(210,798)
Operational provisions	23,213	(5,909)	-	17,304
Tax Depreciation x Accounting Depreciation	(299,383)	(95,645)	-	(395,028)
	37,369	**(101,302)**	**11,296**	**(52,637)**

(i) As at June 30, 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$ 1,567,784.

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.

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:

	06/30/2019
Year	Party Company and Consolidated
In 2019	163,590
In 2020	151,928
In 2021	93,521
In 2022	21,736
In 2023	122,413
	553,189

(In thousands of Brazilian Reais)

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	06/30/2019
Environmental	274	-	-	39	313
Civil	4,582	845	-	(1,672)	3,755
Labor	3,447	6,572	(1,492)	2,643	11,170
Tax	864	20	(65)	23	842
	9,167	**7,437**	**(1,557)**	**1,033**	**16,080**

	12/31/2017	Additions	Write off	Adjustment	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 June 30, 2019, the Company was a defendant in environmental, civil, labor and tax lawsuits, of which the Company accrued R$ 16,080 (R$ 9,167 at December 31, 2018), classified by its management and legal counsel as probable loss. It is considered that an outflow of funds including economic benefits to settle the obligation will be required.

For the lawsuits classified as possible losses in the amount of R$ 746,604 (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.

In one of 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 in a small part of the Company's plantations. On April 19, 2013, Fibria filed a lawsuit for an anticipated production of evidence. As this was a mere production of evidence of Fibria, a report favorable to Fibria's claims was approved and the process terminated.

On April 01, 2016, the Company was included as defendant in an obligation to do suit, claiming R$ 100 million. On May 05, 2016, Eldorado filed a reply for preliminary lack of jurisdiction and a preliminary injunction counterclaim stating briefly that according to the legal technical criteria, the examination of 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 for Protection of Cultivars, with no damage to Fibria.

On September 26, 2016, the urgent measure required by Fibria was granted, for the immediate cessation and abstention of the planting and spread of VT02 clone eucalyptus by the Company, throughout the Brazilian territory. Regarding that measure, an interlocutory appeal was filed also addressing the lack of retention of jurisdiction of the court of Três Lagoas for the judgment of the ordinary proceeding. The appeal was judged groundless. A special appeal against this rendered decision was filed, being submitted to the judge with no stay of execution.

(ii) Administrative Sanctioning Process – CVM

On December 08, 2017, CVM filed Administrative Proceeding – CVM No. 5388/17 intended to investigate the purchase of US dollar derivative agreements on behalf of Eldorado Brasil S.A. and of other companies of its economic group, between May 05 and 17, 2017 using non-equitable practices, in alleged violation to item II, line “d” of CVM Instruction No. 8/1979. A proposal of instrument of commitment and defense was presented in May 2018 and is currently under analysis by the defense. At this phase of the lawsuit, it is not possible to classify its likelihood of loss and no provision has been recognized for this lawsuit.

22. Equity

22.1. Capital stock

The subscribed and paid-in capital as at June 30, 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.

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.
As approved in the Annual General Meeting, held on April 25, 2019, the minimum mandatory dividends were allocated to the Company's special reserve, pursuant to 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.

(In thousands of Brazilian Reais)

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:

	06/30/2019	06/30/2018
Profit attributable to Company owners	501,600	288,381
Total shares outstanding in the period - thousands	1,525,558	1,525,558
Earnings per shares	0.33	0.19

23. Net Revenue

	Parent Company			
	2Q19	2Q18	6M19	6M18
Gross sales revenue				
Domestic market	192,265	200,974	401,987	366,451
Foreign market	681,745	1,111,941	1,399,131	1,864,760
Discounts and rebates	(306)	(227)	(508)	(490)
	873,704	**1,312,688**	**1,800,610**	**2,230,721**
Sales deductions and taxes	(43,443)	(5,759)	(86,149)	(40,222)
Net operating revenue	**830,261**	**1,306,929**	**1,714,461**	**2,190,499**

	Consolidated			
	2Q19	2Q18	6M19	6M18
Gross sales revenue				
Domestic market	192,264	200,974	401,986	366,451
Foreign market	1,090,199	1,200,232	2,294,514	2,370,423
Discounts and rebates	(203,318)	(237,598)	(397,416)	(442,535)
	1,079,145	**1,163,608**	2,299,084	**2,294,339**
			-	
Sales deductions and taxes	(39,605)	(21,004)	(80,443)	(39,517)
Net operating revenue	**1,039,540**	**1,142,604**	**2,218,641**	**2,254,822**

(In thousands of Brazilian Reais)

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

b. Reportable segments

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

	Consolidated - 2Q19			
	Pulp	**Energy**	**Others**	**Total**
Net revenue				
Foreign market	886,875	-	-	886,875
Domestic market	137,915	16,013	(1,263)	152,665
Cost of goods sold	(296,325)	(382)	3,594	(293,113)
Gross profit (loss)	**728,465**	**15,631**	**2,331**	**746,427**
Operating expenses/revenues				
Administrative and general	(34,920)	-	-	(34,920)
Selling and logistics	(126,237)	-	-	(126,237)
Fair value of biological assets	(2,034)	-	-	(2,034)
Depreciation, amortization and depletion	(105,771)	-	-	(105,771)
Other revenues (expenses), net	(1,546)	-	-	(1,546)
Net financial income (loss)				
Financial expenses	(236,305)	-	-	(236,305)
Financial revenues	11,719	-	-	11,719
Exchange rate gains (losses), net	60,396	-	-	60,396
Income/ (loss) before provision for Income and social contribution taxes	**293,767**	**15,631**	**2,331**	**311,729**
Income and social contribution taxes	(57,341)	-	-	(57,341)
Net income (loss) for the period	**236,426**	**15,631**	**2,331**	**254,388**

(In thousands of Brazilian Reais)

	Consolidated - 2Q18			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	962,575	-	-	962,575
Domestic market	153,153	26,428	448	180,029
Cost of goods sold	(304,726)	(521)	(1,298)	(306,545)
Gross profit (loss)	**811,002**	**25,907**	**(850)**	**836,059**
Operating expenses/revenues				
Administrative and general	(25,293)	-	-	(25,293)
Selling and logistics	(100,505)	-	-	(100,505)
Fair value of biological assets	40,186	-	-	40,186
Depreciation, amortization and depletion	(103,958)	-	-	(103,958)
Other revenues (expenses), net	38,348	-	-	38,348
Net financial income (loss)				
Financial expenses	(215,857)	-	-	(215,857)
Financial revenues	68,843	-	-	68,843
Exchange rate gains (losses), net	(680,647)	-	-	(680,647)
Income/ (loss) before provision for Income and social contribution taxes	**(167,881)**	**25,907**	**(850)**	**(142,824)**
Income and social contribution taxes	95,673	-	-	95,673
Net income (loss) for the period	**(72,208)**	**25,907**	**(850)**	**(47,151)**

	Consolidated 6M19			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	1,897,072	-	-	1,897,072
Domestic market	277,241	44,068	260	321,569
Cost of goods sold	(645,350)	(945)	(1,012)	(647,307)
Gross profit (loss)	**1,528,963**	**43,123**	**(752)**	**1,571,334**
Operating expenses/revenues				
Administrative and general	(65,480)	-	-	(65,480)
Selling and logistics	(229,341)	-	-	(229,341)
Fair value of biological assets	52,624	-	-	52,624
Depreciation, amortization and depletion	(235,491)	-	-	(235,491)
Other revenues (expenses), net	(4,073)	-	-	(4,073)
Net financial income (loss)				
Financial expenses	(545,913)	-	-	(545,913)
Financial revenues	17,953	-	-	17,953
Exchange rate gains (losses), net	30,918	-	-	30,918
Income/ (loss) before provision for Income and social contribution taxes	**550,160**	**43,123**	**(752)**	**592,531**
Income and social contribution taxes	(90,931)	-	-	(90,931)
Net income (loss) for the period	**459,229**	**43,123**	**(752)**	**501,600**

(In thousands of Brazilian Reais)

	Consolidated 6M18			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	1,927,700	-	-	1,927,700
Domestic market	281,580	44,402	1,140	327,122
Cost of goods sold	(646,635)	(977)	(3,508)	(651,120)
Gross profit (loss)	**1,562,645**	**43,425**	**(2,368)**	**1,603,702**
Operating expenses/revenues				
Administrative and general	(49,945)	-	-	(49,945)
Selling and logistics	(203,201)	-	-	(203,201)
Fair value of biological assets	73,217	-	-	73,217
Depreciation, amortization and depletion	(211,899)	-	-	(211,899)
Other revenues (expenses),net	92,608	-	-	92,608
Net financial income (loss)				
Financial expenses	(413,036)	-	-	(413,036)
Financial revenues	73,989	-	-	73,989
Exchange rate gains (losses), net	(702,895)	-	-	(702,895)
Income/ (loss) before provision for Income and social contribution taxes	**221,483**	**43,425**	**(2,368)**	**262,540**
Income and social contribution taxes	25,841	-	-	25,841
Net income (loss) for the period	**247,324**	**43,425**	**(2,368)**	**288,381**

Geographic segments

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

Operating revenue	2Q19	2Q18	6M19	6M18
Brazil	152,665	180,029	321,569	327,122
China	442,013	340,072	981,296	686,828
USA	133,886	119,833	277,704	207,018
Italy	114,918	107,924	220,258	242,032
Austria	31,588	56,194	67,675	120,846
Canada	34,124	28,691	58,307	52,172
Argentina	12,641	13,446	32,061	24,368
Sweden	11,169	49,466	30,595	93,970
France	15,469	13,316	30,533	29,240
Slovenia	13,901	12,974	24,819	23,368
Germany	9,327	28,946	22,561	59,413
Egypt	9,863	2,961	20,954	10,051
Mexico	8,578	10,238	18,783	14,333
Bolivia	10,877	7,347	16,373	11,171
Spain	9,031	20,328	16,228	42,888
Jordan	9,077	3,413	11,636	7,988
UK	3,349	24,246	7,508	28,405
Israel	4,343	3,794	5,818	10,142
Others	12,721	119,386	53,963	263,467
	1,039,540	**1,142,604**	**2,218,641**	**2,254,822**

c. Information on major customers

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

(In thousands of Brazilian Reais)

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	06/30/2019	12/31/2018
Brazil	9,097,580	8,421,560
Austria	57,898	57,298
United States	369	71
China	135	1
	9,155,982	8,478,930

25. Selling, logistics, general and administrative expenses

	Parent Company			
	2Q2019	2Q2018	06/30/2019	06/30/2018
Personnel expenses	80,122	88,660	159,326	174,312
Service, material and transportation expenses	135,404	137,331	252,374	255,514
Depreciation, depletion and amortization	104,693	101,085	222,356	207,828
Raw materials and consumables	171,582	152,919	358,213	323,350
Others	10,679	3,881	17,258	6,846
	502,480	483,876	1,009,527	967,850
Breakdown				
Cost of sales	407,302	406,682	836,276	816,955
General and administrative expenses	34,599	24,488	63,441	48,495
Selling and logistics expenses	60,579	52,706	109,810	102,400
	502,480	483,876	1,009,527	967,850

	Consolidated			
	2Q2019	2Q2018	06/30/2019	06/30/2018
Personnel expenses	84,644	92,689	167,881	181,751
Service, material and transportation expenses	205,840	195,092	377,484	363,609
Depreciation, depletion and amortization	96,732	103,958	234,902	211,899
Raw materials and consumables	160,644	140,224	377,038	350,421
Others	11,887	4,337	19,725	8,484
	559,747	536,300	1,177,030	1,116,164
Breakdown				
Cost of sales	390,313	405,463	871,998	851,989
General and administrative expenses	38,048	26,867	69,433	53,114
Selling and logistics expenses	131,386	103,970	235,599	211,061
	559,747	536,300	1,177,030	1,116,164

(In thousands of Brazilian Reais)

26. Financial income (loss), net

	Parent Company			
	2Q19	2Q18	6M19	6M18
Financial income				
Interest income	243	654	550	1,132
Return on financial investments	7,269	5,893	12,023	10,183
Income from derivatives	-	61,694	-	61,694
Other financial Income	2,799	35	3,337	222
	10,311	**68,276**	**15,910**	**73,231**
Financial expenses				
Sundry bank expenses	(45)	(46)	(95)	(85)
Interest expenses	(162,322)	(183,356)	(318,540)	(357,752)
Loss from derivatives	(52,105)	(2,781)	(183,319)	(2,781)
Expenses on endorsement and surety	(16,587)	(19,767)	(33,643)	(38,593)
Other financial expenses	(1,336)	(6,326)	(2,889)	(8,060)
	(232,395)	**(212,276)**	**(538,486)**	**(407,271)**
Exchange rate gains (losses), net	60,478	(680,394)	30,870	(702,631)
	(161,606)	**(824,394)**	**(491,706)**	**(1,036,671)**

	Consolidated			
	2Q19	**2Q18**	**6M19**	**6M18**
Financial income	1,457	1,169	2,399	1,838
Interest income	7,570	5,927	12,217	10,217
Return on financial investments	-	61,694	-	61,694
Income from derivatives	2,799	53	3,337	240
Other financial Income	**11,826**	**68,843**	**17,953**	**73,989**
Financial expenses	(336)	(156)	(465)	(311)
Sundry bank expenses	(162,214)	(182,293)	(317,831)	(355,762)
Interest expenses	(52,105)	(2,781)	(183,319)	(2,781)
Loss from derivatives	(16,586)	(19,766)	(33,643)	(38,593)
Expenses on endorsement and surety	(5,171)	(10,861)	(10,655)	(15,589)
Other financial expenses	**(236,412)**	**(215,857)**	**(545,913)**	**(413,036)**
	60,396	(680,647)	30,918	(702,895)
Exchange rate gains (losses), net				
	(164,190)	**(827,661)**	**(497,042)**	**(1,041,942)**

(In thousands of Brazilian Reais)

27. Other income, net

	Parent Company			
	2Q19	2Q18	6M19	6M18
PIS/COFINS credits (c)	6,953	-	6,953	-
FADEFE/ FAI (b)	(134)	(6,042)	(348)	(11,426)
Non-recoverable ICMS	(566)	(3,661)	(1,388)	(4,235)
Indemnities	(924)	(762)	(1,457)	(3,079)
Sales of fixed assets	(1,957)	(2,041)	(191)	25,220
Contingences	(4,877)	12,441	(6,913)	(6)
ICMS credits (a)	-	56,290	-	107,352
Others	(510)	(17,573)	(1,423)	(18,515)
	(2,015)	**38,652**	**(4,767)**	**95,311**

	Consolidated			
	2Q19	2Q18	6M19	6M18
PIS/COFINS credits (c)	6,953	-	6,953	-
FADEFE/ FAI (b)	(134)	(6,042)	(348)	(11,426)
Non-recoverable ICMS	(568)	(3,654)	(1,397)	(4,235)
Indemnities	(931)	(762)	(1,493)	(3,079)
Sales of fixed assets	(1,957)	(2,041)	(191)	25,220
Contingences	(4,877)	12,441	(6,913)	(6)
ICMS credits (a)	-	56,290	-	107,352
Others	(326)	(17,885)	(1,273)	(21,219)
	(1,840)	**38,347**	**(4,662)**	**92,607**

(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 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; FAI/MS - Fund for Support of Industrialization - established through the program MS-Empreendedor (Statute No. 93/2001) – refers to a fee of 2% on the amounts of the tax benefits enjoyed by the companies entitled to the tax incentive.

(c) Credit arises from a favorable decision in a lawsuit filed by the Company to exclude ICMS from the calculation basis of social contribution taxes (PIS/COFINS), which are levied on sales for the domestic market. The Federal Court of São Paulo approved injunction in May 2015 and, in June 2015, issued a favorable decision on excluding ICMS from the highlighted calculation base. The mentioned decision was confirmed by the Federal Regional Court of 3rd region, with a final and unappealable decision on June 28, 2019.

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 June 30, 2019 totaled R$ 1,137 (R$ 2,491 as at December 31, 2018).

29. Insurance

As at June 30, 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$ 95,805 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, and accordingly were not reviewed 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.

(In thousands of Brazilian Reais)

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. 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 June 30, 2019 and December 31, 2018:

		Parent Company	
Type	**Average annual interest rate and commissions**	**06/30/2019**	**12/31/2018**
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3% to 8% p.a.	9,444	14,072
ACC - Advance on Exchange Contract	Forex + interest	629,250	954,153
BNDES	TJLP + spread	355,895	414,659
BNDES	Floating rate BNDES + spread	1,619,937	1,903,920
FINEM Florestal	TJLP / selic + spread	203,286	197,497
ECAs - Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	696,163	805,223
Debentures (Second Issue)	IPCA + interest 7.41% p.a.	1,245,894	1,215,417
Working Capital	Rate of 5.74% p.a. in US$	14,872	20,057
NCE	CDI + spread	483,323	224,904
CCB	Pre-Fixed - 7.72% a.a.	48,761	-
Leasing	CDI + spread	27,028	1,347
PPE´s Intercompanys	Interest of 6% to 9.8% p.a. + forex	1,521,342	1,545,290
Financial Investments		(232,648)	(449,176)
		6,622,547	**6,847,363**

(In thousands of Brazilian Reais)

Type	Average annual interest rate and commissions	Consolidated 06/30/2019	Consolidated 12/31/2018
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3% to 8% p.a.	9,444	14,072
ACC - Advance on Exchange Contract	Forex + interest	629,250	954,153
BNDES	TJLP + spread	355,895	414,659
BNDES	Floating rate BNDES + spread	1,619,937	1,903,920
FINEM Florestal	TJLP / selic + spread	203,286	197,497
ECAs - Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	696,163	805,223
Debentures (Second Issue)	IPCA + interest 7.41% p.a.	1,245,894	1,215,417
Working Capital	Rate of 5.74% p.a. in US$	14,872	20,057
NCE	CDI + spread	483,323	224,904
CCB	Pre-Fixed - 7.72% a.a.	48,761	-
Term Loan	LIBOR + spread	170,537	215,551
Bonds	Rate of 8.625% p.a.	1,335,648	1,348,015
Leasing	CDI + spread	27,028	1,347
Financial Investments		(566,267)	(506,357)
		6,273,771	6,808,458

Sensitivity analysis

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

Operacional	Saldo (R$)	Provável	25%	50%
Net exposure to interest rates	(6,622,547)	752	(22,953)	(45,906)

Consolidated

Operational	Saldo (R$)	Provável	25%	50%
Net exposure to interest rates	(6,273,771)	(96)	(24,808)	(49,616)

(In thousands of Brazilian Reais)

(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 June 30, 2019, US dollar rate was R$ 3.8322.

As at June 30, 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	**06/30/2019**	**12/31/2018**	**06/30/2019**	**12/31/2018**
Cash and cash equivalents and financial investments	1,222	4,104	4,683	15,902
Trade receivables	227,186	267,105	870,620	1,034,979
Trade payables	(12)	(148)	(45)	(573)
Debits with related parties	(396,989)	(398,805)	(1,521,342)	(1,545,290)
Loans and financing	(772,460)	(950,592)	(2,960,222)	(3,683,353)
	(941,053)	**(1,078,336)**	**(3,606,306)**	**(4,178,335)**
Derivatives	500,000	1,100,000	1,916,100	4,262,280
Net exposure to foreign exchange fluctuation	**(441,053)**	**21,664**	**(1,690,206)**	**83,945**

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.

(In thousands of Brazilian Reais)

Sensitivity analysis

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

Parent Company

Operational	Balance (USD)	Balance (R$)	Probable	25%	50%
Net exposure to exchange rate gains (losses)	(941,053)	(3,606,305)	30,302	(901,576)	(1,803,153)

(iii) Derivative financial instruments

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 regarding the debt in this currency. 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 derivatives is limited to the Company's debt in US dollar, 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 June 30, 2019, the Company held the notional amount of US$ 500,000 in outstanding derivatives (NDF) maturing on August 01, 2019:

Derivatives position with mark to market

Notional	Maturity	06/30/2019
500,000	August 2019	8,349

(In thousands of Brazilian Reais)

Derivatives	Notional (USD) 06/30/2019	Notional (R$) 06/30/2019	Probable (R$)	25% (R$)	50% (R$)
Maturity date:					
08/01/2019					
Net position	500,000	1,916,100	(32,321)	462,804	941,829
			(32,321)	**462,804**	**941,829**

(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	06/30/2019	12/31/2018
Estimated number of firm contracts	1,823,971	968,675
Advances made	(285,462)	(534,716)
	1,538,509	**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.

(In thousands of Brazilian Reais)

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

Exposure to credit risk

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

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash and cash equivalents	215,153	310,419	404,329	610,591
Financial investments	114,294	160,621	362,562	217,802
Trade receivables	1,037,431	1,238,398	677,272	651,016
	1,366,878	1,709,438	1,444,163	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 June 30, 2019					
Trade payables	234,442	2,093	1,396	-	237,931
Loans and financing	1,718,489	505,308	1,198,784	1,911,272	5,333,853
Amounts due to related parties	104,443	37,391	1,384,276		1,526,110
Derivatives payable	8,349	-	-	-	8,349
(-) Cash and cash equivalents	(215,153)	-	-	-	(215,153)
	1,850,570	544,792	2,584,456	1,911,272	6,891,090

(In thousands of Brazilian Reais)

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

Consolidated	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At June 30, 2019					
Trade payables	236,166	2,093	1,396	-	239,655
Loans and financing	1,803,858	547,548	2,577,359	1,992,731	6,921,496
Amounts due to related parties	12,549	-	-	-	12,549
Derivatives payable	8,349	-	-	-	8,349
(-) Cash and cash equivalents	(404,329)	-	-	-	- 404,329
	1,656,593	549,641	2,578,755	1,992,731	6,777,720
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.

(In thousands of Brazilian Reais)

- 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:

- 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:

	06/30/2019			12/31/2018		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	114,294	-	-	160,621	-	-
Biological assets	-	-	2,791,056	-	-	2,668,744
Total assets	**114,294**	**-**	**2,791,056**	**160,621**	**-**	**2,668,744**
Liabilities						
Loans and financing	-	5,333,853	-	-	5,751,249	-
Amounts due to related parties	-	1,526,110	-	-	1,562,559	-
Derivatives payable	-	8,349	-	-	13,829	-
Total liabilities	**-**	**6,868,312**	**-**	**-**	**7,327,637**	**-**

(In thousands of Brazilian Reais)

	06/30/2019			12/31/2018		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	362,562	-	-	217,802	-	-
Biological assets	-	-	2,791,056	-	-	2,668,744
Total assets	**362,562**	**-**	**2,791,056**	**217,802**	**-**	**2,668,744**
Liabilities						
Loans and financing	-	6,840,038	-	-	7,314,815	-
Amounts due to related parties	-	12,549	-	-	28,007	-
Derivatives payable	-	8,349	-	-	13,829	-
Total liabilities	**-**	**6,860,936**	**-**	**-**	**7,356,651**	**-**

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

	06/30/2019		12/31/2018	
Parent Company	**Carryng amount**	**Fair value**	**Carryng amount**	**Fair value**
Assets				
Assets at amortized cost				
Cash and cash equivalents	215,153	215,153	310,419	310,419
Trade accounts receivables	1,037,431	1,037,431	1,238,398	1,238,398
Intercompany receivables	-	-	3,268	3,268
Total assets at amortized cost	**1,252,584**	**1,252,584**	**1,552,085**	**1,552,085**
Assets at fair value through income (loss)				
Financial investments	114,294	114,294	160,621	160,621
Total financial assets	**1,366,878**	**1,366,878**	**1,712,706**	**1,712,706**
Liabilities				
Liabilities at amortized cost				
Loans and financing	5,333,853	5,333,853	5,751,249	5,751,249
Leases payable	650,093	650,093	-	-
Amounts due to related parties	1,526,110	1,526,110	1,562,559	1,562,559
Total liabilities at amortized cost	**7,510,056**	**7,510,056**	**7,313,808**	**7,313,808**
Liabilities at fair value through income (loss)				
Derivatives payable	8,349	8,349	13,829	13,829
Total financial liabilities	**7,518,405**	**7,518,405**	**7,327,637**	**7,327,637**

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

	06/30/2019		12/31/2018	
Parent Company	**Carryng amount**	**Fair value**	**Carryng amount**	**Fair value**
Assets				
Assets at amortized cost				
Cash and cash equivalents	215,153	215,153	310,419	310,419
Trade accounts receivables	1,037,431	1,037,431	1,238,398	1,238,398
Intercompany receivables	-	-	3,268	3,268
Total assets at amortized cost	**1,252,584**	**1,252,584**	**1,552,085**	**1,552,085**
Assets at fair value through income (loss)				
Financial investments	114,294	114,294	160,621	160,621
Total financial assets	**1,366,878**	**1,366,878**	**1,712,706**	**1,712,706**
Liabilities				
Liabilities at amortized cost				
Loans and financing	5,333,853	5,333,853	5,751,249	5,751,249
Leases payable	650,093	650,093	-	-
Amounts due to related parties	1,526,110	1,526,110	1,562,559	1,562,559
Total liabilities at amortized cost	**7,510,056**	**7,510,056**	**7,313,808**	**7,313,808**
Liabilities at fair value through income (loss)				
Derivatives payable	8,349	8,349	13,829	13,829
Total financial liabilities	**7,518,405**	**7,518,405**	**7,327,637**	**7,327,637**

(In thousands of Brazilian Reais)

Consolidated	06/30/2019 Carryng Amount	06/30/2019 Fair Value	12/31/2018 Carryng Amount	12/31/2018 Fair Value
Assets				
Assets at amortized cost				
Cash and cash equivalents	404,329	404,329	610,591	610,591
Trade accounts receivables	677,272	677,272	651,016	651,016
Intercompany receivables	-	-	9	9
Total assets at amortized cost	**1,081,601**	**1,081,601**	**1,261,616**	**1,261,616**
Assets at fair value through income (loss)				
Financial investments	362,562	362,562	217,802	217,802
Total financial assets	**1,444,163**	**1,444,163**	**1,479,418**	**1,479,418**
Liabilities				
Liabilities at amortized cost				
Loans and financing	6,840,038	6,921,496	7,314,815	7,387,972
Leases payable	653,717	653,717	-	-
Amounts due to related parties	12,549	12,549	28,007	28,007
Total liabilities at amortized cost	**7,506,304**	**7,587,762**	**7,342,822**	**7,415,979**
Liabilities at fair value through income (loss)				
Derivatives payable	8,349	8,349	13,829	13,829
Total financial liabilities	**7,514,653**	**7,596,111**	**7,356,651**	**7,429,808**

Consolidated	06/30/2019 Carryng Amount	06/30/2019 Fair Value	12/31/2018 Carryng Amount	12/31/2018 Fair Value
Assets				
Assets at amortized cost				
Cash and cash equivalents	404,329	404,329	610,591	610,591
Trade accounts receivables	677,272	677,272	651,016	651,016
Intercompany receivables	-	-	9	9
Total assets at amortized cost	**1,081,601**	**1,081,601**	**1,261,616**	**1,261,616**
Assets at fair value through income (loss)				
Financial investments	362,562	362,562	217,802	217,802
Total financial assets	**1,444,163**	**1,444,163**	**1,479,418**	**1,479,418**
Liabilities				
Liabilities at amortized cost				
Loans and financing	6,840,038	6,921,496	7,314,815	7,387,972
Leases payable	653,717	653,717	-	-
Amounts due to related parties	12,549	12,549	28,007	28,007
Total liabilities at amortized cost	**7,506,304**	**7,587,762**	**7,342,822**	**7,415,979**
Liabilities at fair value through income (loss)				
Derivatives payable	8,349	8,349	13,829	13,829
Total financial liabilities	**7,514,653**	**7,596,111**	**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 June 30, 2019, future minimum noncancelable lease payments are as follows:

	Parent Company and Consolidated	
	06/30/2019	06/30/2018
2018	-	17,701
2019	5,413	74,725
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	335,803
	640,117	**727,129**

(In thousands of Brazilian Reais)

Amounts recognized in income (loss)

	Parent Company and Consolidated			
	2Q19	2Q18	6M19	6M18
Lease expenses	35,245	29,977	69,312	57,024
	35,245	29,977	69,312	57,024

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 publicly known, in May 2017 some executives and former executives of J&F Investimentos S.A. ("J&F"), as parent company of the companies belonging to "Grupo J&F", to which is part, assumed certain obligations arising from the Plea Bargain Agreement entered into with the Attorney General's Office (PGR), aiming satisfying the public interest, particularly the deepening, all over the country, of the investigations of events contrary to the law.

On June 05, 2017, J&F entered into a Leniency Deal with the Federal Public Prosecution Office (MPF), homologated by MPF 5th Chamber of Coordination and Review on August 24, 2017, which the Company joined on September 21, 2017 ("Deal").

In the Deal, J&F committed, in its name and in the name of the companies controlled by it, to voluntarily cooperate with the State, conduct internal investigations and provide it with information to prove the materiality and authorship of the irregular actions committed and confessed. It also committed to compensate damages and losses arising from the facts related to the Plea Bargain Agreement, by means of payment of R$ 10.3 billion throughout 25 years, maturing as from December 2017. The independent internal investigations in J&F are 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 conducted in the Company

Pursuant to Clause 15, XX, of the Deal, it is obligation of J&F to conduct an internal investigation, in accordance with international good practices, intended to verify and support the illegal facts described in the Deal and also to identify the possible existence of additional documents or elements supporting the facts informed in the Deal.

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 J&F and 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. Share purchase and sale agreement

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 President of the Board of Directors

João Adalberto Elek Júnior
Board Member

José Antonio Batista Costa
Board Member

Leonardo Porciuncula Gomes Pereira
Board Member

Francisco de Assis e Silva
Board Member

Marcio Antonio Teixeira Linares
Board Member

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