(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, 2018

ELDORADO BRASIL CELULOSE S.A.

Individual and consolidated interim financial information
As at June 30, 2018

Contents

Tel.: +55 11 3848 5880
Fax: + 55 11 3045 7363
www.bdobrazil.com.br

Rua Major Quedinho 90
Consolação – São Paulo, SP - Brasil
01050-030

# 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. (the Company) included in the quarterly information for the quarter ended June 30, 2018, which comprise the individual and consolidated interim statement of financial position as at June 30, 2018 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.

## Basis for qualified conclusion

Reclassification of loans and financing

As mentioned in Note 16 to the individual and consolidated interim financial information, the Company has not complied with certain covenants of loan and financing agreements entered into with financial institutions as at December 31, 2017, and has not obtained waiver from some of those financial institutions until the present date. In accordance with the Brazilian accounting practices and the IFRS issued by IASB, considering that the Company and its controlled companies did not have the unconditional right to postpone the settlement of the obligations recorded in the individual and consolidated statements of financial position, as at June 30, 2018, in the amounts of R$ 6,670,352 thousand and R$ 8,266,311 thousand (December 31, 2017 - R$ 6,651,517 thousand and R$ 8,052,070 thousand), respectively, for at least twelve months after June 30, 2018, the amounts of R$ 4,136,816 thousand and R$ 5,646,098 thousand (December 31, 2017 - R$ 4,332,103 thousand and R$ 5,659,698 thousand) classified in individual and consolidated non-current liabilities, respectively, should had been fully classified in current liabilities. Consequently, the individual and consolidated current liabilities, as at June 30, 2018, are understated by R$ 4,136,816 thousand and R$ 5,646,098 thousand (December 31, 2017 - R$ 4,332,103 thousand and R$ 5,659,698 thousand), respectively, and the individual and consolidated non-current liabilities are overstated by those amounts.

## Qualified conclusion on the individual and consolidated interim financial information

Based on our review, except for the matter mentioned in the section "Basis for qualified conclusion", 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

Plea Bargain Agreement, Leniency Deal and Independent Investigation

As described in Note 30 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). The agreements establish, among other things, cooperation with the Federal Public Prosecution Office (MPF) relating to all facts reported to that authority. 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. The Deal refers to the operations "Cui Bono", "Carne Fraca," "Sepsis" and "Greenfield". On September 21, 2017, the Company joined the Leniency Deal, therefore avoiding the financial impacts of the Deal fully assumed by J&F.

The conduction of an internal investigation on the facts reported in the Plea Bargain Agreements related to the Company is one of the obligations established in the Leniency Deal. The Independent Supervision Committee (CSI) of the Leniency Deal has, among other functions, the responsibility of approving the service providers conducting the internal investigations at the Company, as well as adjusting the respective work plans. The expert professionals started the investigation process in July 2017, and they are external and independent from the Company. So far, on April 20, 2018, those professionals have concluded investigations, corroborating in large part the irregularities in the Annexes of the Collaboration. Remaining investigations into the J&F Group. Our conclusion is not modified in respect of this matter.

ICMS to be recovered

As described in Notes 9 and 31 to the individual and consolidated interim financial information, the Company has prioritized actions in order to maximize the realization of ICMS credits that are conditioned mainly in the expectation of increased sales of pulp to the market and the granting of incentives by the government of the State of Mato Grosso do Sul to pay suppliers to be hired under the project to expand production. The effectiveness of the project will also depend on the new Parent company's determinations, in the context of the negotiations for the sale of the Company's control by J&F Investimentos S.A. Our conclusion 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 for the six-month period ended June 30, 2018, 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 were submitted to the same review procedures previously described and based on our review, except for the matter mentioned in the section "Basis for qualified conclusion", we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the individual and consolidate interim financial information, taken as a whole.

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

The financial statements for the year ended December 31, 2017, presented for comparison purposes, were audited by us, whose report thereon, dated March 28, 2018, was modified regarding the matter mentioned in the section "Basis for qualified conclusion" and about the aspects of the Plea Bargain Agreement, Leniency Deal and Independent Investigation, mentioned in the section "Emphasis", in which they were ongoing and concluded on April 20, 2018, not containing any new fact that impacted these individual and consolidate interim financial information.

The individual and consolidated interim financial information for the quarter ended June 30, 2017, presented for comparison purposes, was reviewed by us, whose report thereon, dated March 28, 2018, was modified regarding the same matter "Plea Bargain Agreement, Leniency Deal and Independent Investigation" mentioned in the section "Emphasis", in which they were ongoing and concluded on April 20, 2018, not containing any new fact that impacted these individual and consolidate interim financial information.

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

São Paulo, August 13, 2018.

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, 2018 and December 31, 2017
(In thousands of Brazilian Reais)

| Assets | | Parent company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Current | | | | | |
| Cash and cash equivalents | 5.1 | 407,144 | 161,013 | 616,660 | 377,507 |
| Trade accounts receivable | 6 | 1,307,376 | 1,155,280 | 743,585 | 647,709 |
| Inventories | 8 | 337,968 | 301,046 | 535,537 | 493,109 |
| Recoverable taxes | 9 | 317,025 | 432,373 | 317,364 | 432,717 |
| Advances to suppliers | 10 | 12,704 | 32,976 | 12,836 | 33,063 |
| Derivatives receivable | | 61,694 | - | 61,694 | |
| Intercompany receivables | 7 | 3,252 | 2,783 | 9 | - |
| Assets available for sale | | - | 2,113 | - | 2,113 |
| Other current assets | | 31,454 | 38,969 | 31,575 | 39,469 |
| Total current | | 2,478,617 | 2,126,553 | 2,319,260 | 2,025,687 |
| Noncurrent | | | | | |
| Trade accounts receivable | 6 | - | 683 | - | 683 |
| Financial investments | 5.2 | 155,878 | 168,038 | 212,779 | 219,336 |
| Recoverable taxes | 9 | 1,034,601 | 629,934 | 1,034,610 | 629,939 |
| Advances to suppliers | 10 | 92,248 | 83,873 | 92,248 | 83,873 |
| Deferred income and social contribution taxes | 18 | 340,289 | 391,044 | 340,289 | 391,044 |
| Deposit, guarantees and others | | 5,889 | 6,821 | 6,291 | 7,164 |
| Other noncurrent assets | | 14,961 | 14,993 | 14,964 | 14,996 |
| | | 1,643,866 | 1,295,386 | 1,701,181 | 1,347,035 |
| Biological assets | 11 | 2,555,903 | 2,499,996 | 2,555,903 | 2,499,996 |
| Investments | 12 | 104,616 | 105,121 | - | - |
| Fixed assets | 13 | 4,351,773 | 4,578,125 | 4,416,096 | 4,644,597 |
| Intangible assets | 14 | 6,430 | 7,337 | 30,923 | 33,242 |
| Total noncurrent | | 8,662,588 | 8,485,965 | 8,704,103 | 8,524,870 |
| Total assets | | 11,141,205 | 10,612,518 | 11,023,363 | 10,550,557 |

| Liabilities | | Parent company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Current | | | | | |
| Loans and financing | 16 | 2,533,536 | 2,319,414 | 2,620,213 | 2,392,372 |
| Trade accounts payable | 15 | 209,484 | 210,378 | 212,014 | 223,380 |
| Intercompany payables | 7 | 152,650 | 135,977 | 29,577 | 31,257 |
| Tax liabilities, payroll and social charges | 17 | 127,427 | 185,912 | 130,936 | 190,719 |
| Other current liabilities | | 4,944 | 9,312 | 8,885 | 10,514 |
| Total current | | 3,028,041 | 2,860,993 | 3,001,625 | 2,848,242 |
| Noncurrent | | | | | |
| Loans and financing | 16 | 4,136,816 | 4,332,103 | 5,646,098 | 5,659,698 |
| Trade accounts payable | 15 | 5,583 | 6,629 | 5,583 | 6,629 |
| Intercompany payables | 7 | 1,476,294 | 1,298,834 | - | - |
| Provision for procedural risks | 19 | 12,614 | 12,608 | 12,614 | 12,608 |
| Provision for losses on controlled companies | 12 | 124,414 | 77,971 | - | - |
| Total noncurrent | | 5,755,721 | 5,728,145 | 5,664,295 | 5,678,935 |
| Equity | 20 | | | | |
| Capital stock | | 1,788,792 | 1,788,792 | 1,788,792 | 1,788,792 |
| Tax incentive reserve | | 992,092 | 849,487 | 992,092 | 849,487 |
| Cumulative translation adjustments | | 58,016 | 12,334 | 58,016 | 12,334 |
| Accumulated losses | | (481,457) | (627,233) | (481,457) | (627,233) |
| Total equity | | 2,357,443 | 2,023,380 | 2,357,443 | 2,023,380 |
| Total liabilities and equity | | 11,141,205 | 10,612,518 | 11,023,363 | 10,550,557 |

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

ELDORADO BRASIL CELULOSE S.A.

Statements of operations
Quarters ended June 30, 2018 and 2017
(In thousands of Brazilian Reais)

| | | Parent company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2018 | | 2017 | | 2018 | | 2017 | |
| | Note | 2nd quarter | Accum. | 2nd quarter | Accum. | 2nd quarter | Accum. | 2nd quarter | Accum. |
| Net revenue | 21 | 1,306,929 | 2,190,499 | 791,144 | 1,396,158 | 1,142,604 | 2,254,822 | 823,661 | 1,519,520 |
| Cost of goods sold | 23 | (406,682) | (816,955) | (379,171) | (771,469) | (405,463) | (851,989) | (390,000) | (763,407) |
| Gross profit | | 900,247 | 1,373,544 | 411,973 | 624,689 | 737,141 | 1,402,833 | 433,661 | 756,113 |
| Operating revenues/(expenses) | | | | | | | | | |
| Administrative and general | 23 | (24,488) | (48,495) | (26,855) | (57,553) | (26,867) | (53,114) | (29,606) | (64,313) |
| Selling and logistics | 23 | (52,706) | (102,400) | (41,226) | (79,752) | (103,970) | (211,061) | (89,284) | (170,979) |
| Fair value of biological assets | 11 | 40,186 | 73,217 | 13,263 | 323,522 | 40,186 | 73,217 | 13,263 | 323,522 |
| Equity in earnings (losses) of controlled companies | 12 | (220,391) | (92,041) | (31,043) | 28,352 | - | - | - | - |
| Other revenues, net | 25 | 38,652 | 95,311 | 29,764 | 60,731 | 38,347 | 92,607 | 29,706 | 60,665 |
| Income before financial revenues (expenses) and taxes | | 681,500 | 1,299,136 | 355,876 | 899,989 | 684,837 | 1,304,482 | 357,740 | 905,008 |
| Net financial income (loss) | 24 | | | | | | | | |
| Financial (expenses) | | (212,276) | (407,271) | (208,490) | (430,158) | (215,857) | (413,036) | (210,628) | (435,369) |
| Financial revenues | | 68,276 | 73,231 | 39,960 | 62,763 | 68,843 | 73,989 | 40,055 | 63,055 |
| Exchange rate gains (losses), net | | (680,394) | (702,631) | (205,505) | (59,078) | (680,647) | (702,895) | (205,226) | (58,978) |
| Income before provision for income and social contribution taxes | | (142,894) | 262,465 | (18,159) | 473,516 | (142,824) | 262,540 | (18,059) | 473,716 |
| Income and social contribution taxes | 18 | | | | | | | | |
| Current | | 130,276 | 76,671 | 5,714 | (10,698) | 130,248 | 76,638 | 5,614 | (10,898) |
| Deferred | | (34,533) | (50,755) | 10,168 | (100,635) | (34,575) | (50,797) | 10,168 | (100,635) |
| Net income for the period | | (47,151) | 288,381 | (2,277) | 362,183 | (47,151) | 288,381 | (2,277) | 362,183 |
| Earnings per thousand shares | | (0.03) | 0.19 | (0.00) | 0.24 | (0.03) | 0.19 | (0.00) | 0.24 |

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

ELDORADO BRASIL CELULOSE S.A.

Statements of comprehensive income (loss)
Quarters ended June 30, 2018 and 2017
(In thousands of Brazilian Reais)

| | Parent company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | | 2017 | | 2018 | | 2017 | |
| | 2nd quarter | Accum. | 2nd quarter | Accum. | 2nd quarter | Accum. | 2nd quarter | Accum. |
| Net income for the period | (47,151) | 288,381 | (2,277) | 362,183 | (47,151) | 288,381 | (2,277) | 362,183 |
| Exchange rate gains (losses) on investments | 42,076 | 45,682 | 5,624 | 5,794 | 42,076 | 45,682 | 5,624 | 5,794 |
| Total comprehensive income | (5,075) | 334,063 | 3,347 | 367,977 | (5,075) | 334,063 | 3,347 | 367,977 |

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

# ELDORADO BRASIL CELULOSE S.A.

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

| | Capital stock | Tax incentive reserve | Cumulative translation adjustments | Accumulated (losses) | Total |
|---|---|---|---|---|---|
| Balances as at December 31, 2016 | 1,788,792 | 626,352 | (3,989) | (1,117,465) | 1,293,690 |
| Net income for the period | - | - | - | 362,183 | 362,183 |
| Tax incentive reserve | | 102,906 | | (102,906) | - |
| Exchange rate gains (losses) on investments | - | - | 5,794 | - | 5,794 |
| Balances as at June 30, 2017 | 1,788,792 | 729,258 | 1,805 | (858,188) | 1,661,667 |
| 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 |

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

ELDORADO BRASIL CELULOSE S.A.

Statements of cash flows
Quarters ended June 30, 2018 and 2017
(In thousands of Brazilian Reais)

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 06/30/2017 | 06/30/2018 | 06/30/2017 |
| Cash flows from operating activities | | | | |
| Income (loss) before income and social contribution taxes | 262,465 | 473,516 | 262,540 | 473,716 |
| Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities: | | | | |
| Depreciation and amortization | 124,105 | 117,051 | 127,895 | 121,258 |
| Depletion | 83,723 | 87,923 | 84,004 | 88,484 |
| Appreciation amortization | 589 | 2,358 | 589 | 2,358 |
| Residual value of assets written off of fixed assets | 124,656 | 3,447 | 124,656 | 3,447 |
| Fair value of biological assets | (73,217) | (323,522) | (73,217) | (323,522) |
| Finance charges – interest and exchange rate gains (losses) | 960,119 | 359,771 | 1,023,675 | 423,758 |
| Finance charges – interest and exchange rate gains (losses) – related parties | 302,864 | 81,307 | 238,996 | 21,147 |
| Provision for procedural risks | (3,061) | - | (3,061) | 2,003 |
| Derivatives | (61,694) | 2,003 | (61,694) | - |
| Trade accounts receivable –exchange rate gains (losses) | (39,760) | (35,030) | (39,760) | (35,030) |
| Equity in earnings (losses) of controlled companies | 92,041 | (28,352) | - | - |
| | 1,772,830 | 740,472 | 1,684,623 | 777,619 |
| Decrease (increase) in assets | | | | |
| Trade accounts receivable | (265,811) | (48,521) | (288,805) | (5,355) |
| Inventories | 43,937 | 96,798 | 72,341 | 78,102 |
| Recoverable taxes | (289,319) | (112,158) | (289,277) | (108,898) |
| Advances to suppliers | 11,897 | (1,945) | 11,852 | (1,886) |
| Other receivables | (469) | - | (469) | - |
| Other current and non-current assets | 10,592 | 13,477 | 10,954 | 13,325 |
| Increase (decrease) in liabilities | | | | |
| Trade accounts payable | (1,940) | (36,815) | (15,757) | (54,244) |
| Other liabilities | (1,680) | (3,268) | (1,680) | (3,268) |
| Tax liabilities, payroll and social charges | 113,789 | (8,799) | 112,231 | (9,053) |
| Other current and noncurrent liabilities | (1,301) | 1,923 | (1,495) | (7,368) |
| Asset and liability valuation adjustments and cumulative translation adjustments | - | - | - | - |
| Net cash from operating activities | 1,392,525 | 641,164 | 1,294,518 | 678,974 |
| Income tax and social contribution paid | (95,603) | - | (95,665) | |
| Net cash from operation activities | 1,296,922 | 641,164 | 1,198,853 | 678,974 |
| Cash flows from investing activities | | | | |
| Increase in biological assets | (136,986) | (182,064) | (136,986) | (182,064) |
| Additions to fixed and intangible assets | (31,788) | (46,308) | (32,294) | (46,515) |
| Sale of fixed assets | 154,158 | 3,193 | 154,158 | 3,193 |
| Financial investments | 12,160 | (352) | 14,591 | (51,653) |
| Intercompany receivables | - | (2,264) | - | (2,223) |
| Net cash from investing activities | (2,456) | (227,795) | (531) | (279,261) |
| Cash flows from financing activities | | | | |
| Loans and financing raised | 938,600 | 658,920 | 938,600 | 658,920 |
| Amortization of loans and financing - principal | (1,384,156) | (1,263,795) | (1,423,090) | (1,302,730) |
| Amortization of loans and financing - interest | (247,177) | (279,349) | (306,902) | (337,203) |
| Amortization of loans and financing – exchange rate gains (losses) | (248,551) | (57,605) | (256,243) | (54,980) |
| Amortization of intercompany loans - principal | (39,638) | (39,639) | - | |
| Amortization of intercompany loans - interest | (62,224) | (61,113) | - | - |
| Amortization of intercompany loans – exchange rate gains (losses) | (5,188) | 4,020 | - | - |
| Net cash from financing activities | (1,048,334) | (1,038,561) | (1,047,635) | (1,035,993) |
| Effects of exchange rate gains (losses) on cash | - | - | 88,466 | 4,850 |
| Change in cash and cash equivalents, net | 246,131 | (625,192) | 239,153 | (631,430) |
| Cash and cash equivalents at beginning of year | 161,013 | 829,602 | 377,507 | 1,044,637 |
| Cash and cash equivalents at end of year | 407,144 | 204,410 | 616,660 | 413,207 |
| Change in cash and cash equivalents, net | 246,131 | (625,192) | 239,153 | (631,430) |

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

ELDORADO BRASIL CELULOSE S.A.

Statements of value added
Quarters ended June 30, 2018 and 2017
(In thousands of Brazilian Reais)

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 06/30/2017 | 06/30/2018 | 06/30/2017 |
| Revenues | | | | |
| Sales of merchandise, products and services | 2,228,395 | 1,412,348 | 2,293,333 | 1,536,256 |
| Other operating revenues (expenses), net | 77,131 | 314,750 | 74,441 | 314,684 |
| Transfers related to the construction of own assets | 2,445 | 5,153 | 2,445 | 5,153 |
| | 2,307,971 | 1,732,251 | 2,370,219 | 1,856,093 |
| Inputs acquired from third parties | | | | |
| Costs of goods sold, materials, energy, third-party services and others | (537,569) | (489,848) | (673,399) | (567,857) |
| Gross value added | 1,770,402 | 1,242,403 | 1,696,821 | 1,288,236 |
| Depreciation, amortization and depletion | (207,829) | (204,974) | (211,899) | (209,742) |
| Net value added generated by the entity | 1,562,574 | 1,037,429 | 1,484,922 | 1,078,494 |
| Value added received in transfer | | | | |
| Equity in earnings (losses) of controlled companies | (92,041) | 28,352 | - | - |
| Financial revenues | 11,537 | 34,463 | 12,278 | 34,755 |
| Total value added to be distributed | 1,482,070 | 1,100,244 | 1,497,200 | 1,113,249 |
| Value added distribution | | | | |
| Personnel | | | | |
| Direct compensation | 97,329 | 97,044 | 101,421 | 101,079 |
| Benefits | 49,679 | 47,971 | 51,918 | 50,167 |
| FGTS (Severance Pay Fund) | 9,403 | 9,570 | 9,843 | 10,008 |
| | 156,411 | 154,585 | 163,182 | 161,254 |
| Taxes, fees and contributions | | | | |
| Federal | 26,591 | 152,959 | 27,334 | 153,638 |
| State | (87,084) | (75,914) | (87,070) | (75,914) |
| Municipal | - | - | 615 | 546 |
| | (60,493) | 77,045 | (59,121) | 78,270 |
| Return on debt capital | | | | |
| Interest | 402,224 | 471,307 | 400,235 | 471,950 |
| Rents | 50,585 | 48,497 | 51,560 | 48,497 |
| Others | 644,962 | (13,373) | 652,963 | (8,905) |
| | 1,097,771 | 506,431 | 1,104,758 | 511,542 |
| Return on equity capital | | | | |
| Net income for the period | 288,381 | 362,183 | 288,381 | 362,183 |
| Total value added distributed | 1,482,070 | 1,100,244 | 1,497,200 | 1,113,249 |

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

## 1. Operations

Eldorado Brasil Celulose S.A. (the “Company” or “Eldorado”) is a closely held corporation, whose register 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, 2018 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.

The Company’s annual production capacity is approximately 1.7 million tons of bleached eucalyptus pulp. We have and operate the largest pulp plant in a single line in the world, located in the City of Três Lagoas, in the State of Mato Grosso do Sul. 98.6% of wood we use to produce pulp is derived from the State of Mato Grosso do Sul and the remaining from the state of Mato Grosso, in a climate area topographically well adapted for the growth of eucalyptus.

The Company reports current liabilities in excess of current assets in the amount of R$ 549,424 Parent Company and R$ 682,365 Consolidated, affected by the depreciation of 16.56% of Brazilian Real against US Dollar. Eldorado remains focused on the management of its liabilities aiming to reduce leverage. To that end, the Company intentionally allows the gradual transfer of long-term debts to short term, aiming the amortization and/or substitution of certain credit lines.

As soon as certain political and market conditions are settled, the Company intends to seek new long-term financing agreements in order to adjust its debt capital structure between short and long term. While these conditions do not occur, the Company uses the good operating moment along with the favorable cash position (totaling R$ 563,022 Parent Company and R$ 829,429 Consolidated) in order to maintain the continual deleveraging process.

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

(In thousands of Brazilian Reais)

## 2. List of subsidiaries

### Subsidiaries

| | Country | Equity Interest 06/30/2018 | 12/31/2017 |
|---|---|---|---|
| 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 appreciation of the Individual and Consolidated Interim Financial Information by the Board of Directors at the meeting held on August 13, 2018, 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 29 – operating leases.

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the period ended June 30, 2018 is included in the following notes:

- Note 8 – Inventory valuation allowance;
- Note 11 – biological assets;
- Note 13 – impairment test;
- Note 18 – recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- Note 19 – recognition and measurement of provisions and 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; and
- Note 28 – financial instruments.

e. Functional and presentation currency

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

f. Restatement of the comparative statement of changes in equity

In order to improve the disclosure of its financial information, the Company reclassified Tax Incentives resulting from ICMS benefits granted by the Government of the State of Mato Grosso do Sul from the caption "Accumulated losses" to "Tax incentive reserve", for comparison of the periods ended December 31, 2016 and June 30, 2017.

## 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 30, issued by the Accounting Pronouncements Committee - CPC 30 (R1) - Revenues, 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 significant risks and rewards of ownership;

- 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 exchange rates at the transaction dates.

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

e. 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.

f. Cash and cash equivalents

Cash, banks, and 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.

g. 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.

h. 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.

i. 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 amortized. 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.

j. 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.

k. Social capital

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

l. 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.

m. 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).

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:

(In thousands of Brazilian Reais)

Weighted annual depreciation rates

| | 06/30/2018 (%) | 06/30/2017 (%) |
|---|---|---|
| Buildings | 3.67 | 2.84 |
| Facilities and improvements | 5.53 | 5.31 |
| Furniture and fixtures | 9.19 | 9.10 |
| Vehicles | 21.38 | 21.97 |
| Technical and scientific instruments | 10.85 | 11.79 |
| IT equipment | 19.89 | 19.14 |
| Machinery and equipment | 6.38 | 6.90 |
| Leasehold improvements | 7.38 | 7.39 |
| Vessels and floating structures | 20.00 | - |
| Eucalyptus matrices | 20.00 | 20.00 |

n. Biological assets

Biological assets comprise renewable plantation eucalyptus forests for production of pulp. 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.

o. Operating leases

(i) Lease of land

The costs of the land operating leases are recognized in forest formation along with other related costs on an accrual basis and subsequently allocated to the cost of pulp in the production process.

(ii) Other leases

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 29.

p. Intangible assets

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

The appreciation resulting from a business combination being amortized during the term of right of use.

(ii) Other intangible assets

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

(iii) Amortization

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

| | |
|---|---|
| Software | 5 years |
| Appreciation of right-of-use of port movement concession | 14 years |
| Terminal concession | 14 years |

q. 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.

r. Trade accounts payable

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

s. 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.

t. 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.

u. Income tax and social contribution tax

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

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

(i) Current taxes

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

(ii) Deferred taxes

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

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

- Differences related to investments in subsidiaries, branches and associates, and interests in joint ventures, when it is probable that the Company will not reverse in a foreseeable future;
- A deferred tax is not recognized for taxable temporary differences resulting from the initial recognition of goodwill.

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

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

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

v. 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.

w. New standards and interpretations not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for periods beginning after January 01, 2019. The Company has not early adopted these amendments in the preparation of this interim financial information. The Company does not plan to adopt these standards early.

(i) IFRS 16 Leases

IFRS 16 introduces a single model for accounting of leases in the balance sheet for lessees. A lessee recognizes a right of use asset representing its right to use the leased asset and a lease liability representing its obligation to make the lease payments. Optional exemptions are available for short-term leases and low value items. The lessor accounting remains similar to the current form, that is, lessors continue to classify leases as operating or finance.

(In thousands of Brazilian Reais)

IFRS 16 replaces the existing lease standards, including CPC 06 (IAS 17) Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Complementary aspects of Lease Operations.

The standard is effective for annual periods starting on or after January 1, 2019. Early adoption is only allowed for financial information issued according to the IFRS and only for entities applying IFRS 15 Revenue from contracts with customers or before the initial date of adoption of IFRS 16.

The Company is assessing the effects that IFRS 16 will have on the financial information and its disclosures.

(ii) Other amendments

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

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

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

## 5. Cash and cash equivalents and financial investments

### 5.1. Cash and cash equivalents

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Cash and cash equivalents | 8 | 5 | 8 | 5 |
| Banks - demand deposits | 86,124 | 12,472 | 295,639 | 228,966 |
| Banks - financial investments (a) | 321,012 | 148,536 | 321,013 | 148,536 |
| | 407,144 | 161,013 | 616,660 | 377,507 |

(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.

(In thousands of Brazilian Reais)

## 5.2. Financial investments

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Fundo Caixa FI (a) | 69,018 | 67,245 | 69,018 | 67,245 |
| CDB CEF (b) | 86,860 | 100,793 | 86,860 | 100,793 |
| Banco do Brasil Paris (c) | - | - | 56,901 | 51,298 |
| | 155,878 | 168,038 | 212,799 | 219,336 |

(a) Fixed-income investment with Caixa Econômica Federal, with gross return based on CDI variation. These funds are linked as reciprocity of financial investment to the issue of debentures in FI-FGTS, as shown in note 16.4;
(b) Investment in CDB with Caixa Econômica Federal, with gross return based on CDI variation. These funds are linked as reciprocity of financial investment to the issue of NCE, as shown in note 16.2. (i) and (v);
(c) Funds in checking account with Banco do Brasil Paris. These funds are linked as reciprocity to a Term Loan operation, as stated in Note 16.2 (viii).

## 6. Trade accounts Receivable

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Domestic Market | 171,766 | 138,660 | 171,766 | 138,662 |
| Foreign Market | 1,135,610 | 1,017,303 | 571,819 | 509,730 |
| | 1,307.376 | 1,155,963 | 743,585 | 648,392 |
| | | | | |
| Breakdown | | | | |
| Current assets | 1,307,376 | 1,155,280 | 743,585 | 647,709 |
| Noncurrent assets | - | 683 | - | 683 |
| | 1,307,376 | 1,155,963 | 743,585 | 648,392 |

The aging list of trade receivables is as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Falling due | 1,284,426 | 1,134,073 | 677,378 | 551,044 |
| 1 to 30 days past due | 8,552 | 14,816 | 49,009 | 82,562 |
| 31 to 60 days past due | 3,510 | 1,199 | 8,118 | 5,563 |
| 61 to 90 days past due | 1,492 | 504 | 1,368 | 1,488 |
| Over 90 days past due | 9,396 | 5,371 | 7,712 | 7,735 |
| | 1,307,376 | 1,155,963 | 743,585 | 648,392 |

The Company did not identify the need to recognize an allowance for doubtful accounts, because it has financial instruments to hedge these receivables for high-risk markets and practices for constant analysis and monitoring of the credit limits granted, and active collection of pending and past-due amounts in all markets in which it operates, thus this set of good practices strongly contributes to ensure the collection of the amounts.

(In thousands of Brazilian Reais)

## 7. Related-party transactions

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

| | | Parent Company | | Consolidated | |
|---|---|---|---|---|---|
| | Type | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Current assets | | | | | |
| Cellulose Eldorado Austria GmbH (Note 6) | Pulp sale | 946,535 | 826,478 | - | - |
| Eldorado EUA (note 6) | Pulp sale | 157,223 | 135,194 | - | - |
| Eldorado Intl. Finance GmbH | Transfer of costs | 3,243 | 2,783 | - | - |
| J&F Investimentos | Transfer of costs | 9 | - | 9 | - |
| Total current assets | | 1,107,010 | 964,455 | 9 | - |
| Current liabilities | | | | | |
| JBS (note 15) | Sundry (iv) | 1,785 | 1,673 | 1,785 | 1,606 |
| Seara Alimentos (note 15) | Consumables (v) | - | 258 | - | 258 |
| Cellulose Eldorado Austria GmbH | PPE (ii) | 79,318 | 79,904 | - | - |
| Eldorado Intl. Finance GmbH | PPE (iv) | 43,757 | 24,816 | - | - |
| J&F Investimentos | Guarantee (i) | 29,577 | 31,257 | 29,577 | 31,257 |
| J&F Investimentos (note 15) | Sundry (vi) | - | 2,828 | - | 2,828 |
| Rishis Empreend. e Partic. (note 15) | Rendering of service | 17,140 | 14,376 | - | - |
| Total current liabilities | | 171,577 | 155,112 | 31,362 | 35,949 |
| Noncurrent liabilities | | | | | |
| Celulose Eldorado Austria GmbH | PPE (ii) | 167,732 | 179,578 | - | - |
| Eldorado Intl. Finance GmbH | PPE (iii) | 1,308,562 | 1,119,256 | - | - |
| Total noncurrent liabilities | | 1,476,294 | 1,298,834 | - | - |

(In thousands of Brazilian Reais)

| Profit or loss | Type | Parent Company 06/30/2018 | Parent Company 06/30/2017 | Consolidated 06/30/2018 | Consolidated 06/30/2017 |
|---|---|---|---|---|---|
| Cellulose Eldorado Austria GmbH | Pulp sale | 1,599,864 | 1,004,450 | - | - |
| Eldorado EUA Inc. | Pulp sale | 217,300 | 113,857 | - | - |
| JBS | Electricity sale | - | 1,164 | - | 1,164 |
| JBS | Sale of forest tract | | 8 | - | 8 |
| Enersea Comercializ. de Energia | Electricity sale | - | 374 | - | 374 |
| Total sales revenue (note 21) | | 1,817,164 | 1,119,853 | - | 1,546 |
| Cellulose Eldorado Austria (note 24) | PPE (ii) | (7,616) | (9,197) | - | - |
| Eldorado Intl. Finance GmbH (note 24) | PPE (iii) | (54,909) | (50,963) | - | - |
| JBS S.A. | Sundry (v) | (10,842) | (3,952) | (10,842) | (3,952) |
| Seara Alimentos | Consumables (vi) | (113) | (169) | (113) | (169) |
| J&F Investimentos (note 24) | Endorsement(i) | (29,577) | (32,937) | (29,577) | (32,937) |
| Loans to officers | Loans (vii) | - | 2,222 | - | 2,222 |
| Rishis Empreend. e Partic. | Services | (10,887) | (10,715) | - | - |
| Total profit or loss | | 1,703,220 | 1,014,142 | (40,532) | (33,290) |

(i) Endorsement granted by the holding J&F Investimentos S.A., for warranty of loans operations that the Company has with banks.
(ii) Export financing granted by Cellulose Eldorado Austria GmbH to Eldorado Brasil Celulose S.A with a five-year term and interest rate of 6% p.a. + exchange differences.
(iii) Export financing granted by Eldorado Intl. Finance GmbH to Eldorado Brasil Celulose S.A with a five-year term, with interest rate of 9.8% p.a. + exchange differences.
(iv) Refers to amounts payable relating to various transactions, among them: freight on wood 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.
(vii) Return to loans to the CEO at the rate of 100% of the CDI, with maturity on December 31, 2017, settled in advance on September 28, 2017.

(In thousands of Brazilian Reais)

### 7.1 Management compensation

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

| | 06/30/2018 | 06/30/2017 |
|---|---|---|
| Benefits (a) | 6,804 | 13,303 |

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

## 8. Inventories

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Seedlings | 2,462 | 2,570 | 2,462 | 2,570 |
| Raw materials (wood for production) | 140,044 | 127,311 | 140,044 | 127,311 |
| Pulp | 53,390 | 41,629 | 250,748 | 233,470 |
| Inputs | 19,941 | 19,254 | 19,941 | 19,254 |
| Storeroom supplies | 122,131 | 110,282 | 122,342 | 110,504 |
| | 337,968 | 301,046 | 535,537 | 493,109 |

During the period the amount of R$ 154,296 (R$ 271,981 as at December 31, 2017) was added to inventories due to the harvest of the biological asset, as shown in note 11.

## 9. Taxes recoverable

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| State VAT (ICMS) (i) | 1,142,212 | 1,008,245 | 1,142,549 | 1,008,485 |
| Taxes on sales (PIS e COFINS) (ii) | 14,821 | 14,328 | 14,821 | 14,328 |
| Federal VAT (IPI) | 1 | 105 | 1 | 105 |
| Services tax (ISS) | 282 | 224 | 282 | 224 |
| REINTEGRA (iii) | 45,516 | 29,986 | 45,516 | 29,986 |
| Withholding income tax (IRRF) (iv) | 2,024 | 8,329 | 2,024 | 8,329 |
| Corporate income tax (IRPJ) to offset (v) | 63,255 | 796 | 63,255 | 796 |
| Social contribution tax (CSLL) to offset (v) | 20,256 | 294 | 20,256 | 294 |
| Prepayment IRPJ (vi) | 46,395 | - | 46,402 | 75 |
| Prepayment CSLL (vi) | 16,864 | - | 16,868 | 34 |
| | 1,351,626 | 1,062,307 | 1,351,974 | 1,062,656 |
| Breakdown | | | | |
| Current assets | 317,025 | 432,373 | 317,364 | 432,717 |
| Noncurrent assets | 1,034,601 | 629,934 | 1,034,610 | 629,939 |
| | 1,351,626 | 1,062,307 | 1,351,974 | 1,062,656 |

(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.

The Company has prioritized a series of actions to maximize the utilization of such credits and currently no losses on their realization are expected. Among the actions planned by the Company, we highlight the increase in sales of pulp to the domestic market, which would allow the realization of part of those credits, and obtaining from the state government of Mato Grosso do Sul authorization to use the ICMS credits to pay suppliers hired in the context of the Project "Vanguarda 2.0" to expand its production capacity, expected to start in 2019.

(ii) PIS and COFINS

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

(iii) REINTEGRA

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

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

(iv) IRRF

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

(In thousands of Brazilian Reais)

## 10. Advances to suppliers

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 31/12/2017 | 06/30/2018 | 31/12/2017 |
| Purchase of wood (i) | 93,454 | 101,059 | 93,453 | 101,059 |
| Others | 11,498 | 15,790 | 11,631 | 15,877 |
| | 104,952 | 116,849 | 105,084 | 116,936 |
| Breakdown | | | | |
| Current assets | 12,704 | 32,976 | 12,836 | 33,063 |
| Noncurrent assets | 92,248 | 83,873 | 92,248 | 83,873 |
| | 104,952 | 116,849 | 105,084 | 116,936 |

(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 broken down as follows:

| | Parent Company and Consolidated | |
|---|---|---|
| | 06/30/2018 | 12/31/2017 |
| At the beginning of the year | 2,499,996 | 2,050,789 |
| Change in the fair value of biological assets net of costs to sell | 73,217 | 373,016 |
| Tree felling for inventory | (154,296) | (271,981) |
| Forest development cost | 136,986 | 348,172 |
| | 2,555,903 | 2,499,996 |

Currently the Company holds a production area of 219,481 hectares (224,197 hectares at December 31, 2017), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

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

(In thousands of Brazilian Reais)

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

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

Some assumptions were changed as from the first quarter of 2017. They were: the average selling price for eucalyptus wood considered was estimated for the domestic market, adjusted to reflect the price of standing timber by region, which is affected by the distance between the farm and the production unit; the estimated productivity of forests that do not have at least two measurements of inventory was considered, taking into account the average productivity of planted forests in the last three years with inventory (2013, 2014 and 2015); the actual discount rate used was 6.1% (Weighted Average Cost of Capital – WACC); and the average annual cost per hectare of the land lease paid to third parties was considered for the purpose of remuneration of the own land.

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

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

| | 06/30/2018 | 12/31/2017 |
|---|---|---|
| Current productive area (hectare) | 219,481 | 224,197 |
| Average Annual Increase (IMA) - m³/ hectare | 37.72 | 37.77 |
| Discount rate (WACC without consumer price index) - % | 6.1 | 6.1 |
| Non-Financial Estimative of hc quantities | 5,115 | 5,309 |

(In thousands of Brazilian Reais)

## 12. Investments

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

| In subsidiaries: | % Ownership interest | Total assets | Capital stock | Equity | Net revenue | Net income (loss) |
|---|---|---|---|---|---|---|
| Cellulose Eldorado Austria Gmbh | 100% | 2,750,593 | 111 | 4,956 | 1,881,970 | 51,393 |
| Rishis Empreendimentos e Participações S.A. | 100% | 93,214 | 108,979 | 91,152 | 10,404 | 84 |

| | Balance as at 12/31/2017 | Amortization | Cumulative translation adjustment | Unrealized profit in inventories | Equity in earnings (losses) | Balance as at 06/30/2018 |
|---|---|---|---|---|---|---|
| Cellulose Eldorado Austria Gmbh | (77,971) | - | 45,682 | (40,732) | (51,393) | (124,414) |
| Rishis Empreendimentos e Participações S.A. | 91,068 | - | - | - | 84 | 91,152 |
| Appreciation of right to use granting of port movements | 14,053 | (589) | - | - | - | 13,464 |
| Total | 27,150 | (589) | 45,682 | (40,732) | (51,309) | 19,798 |
| | | | | | | |
| Provision for losses on investments | 77,971 | | | | | 124,414 |

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, according to note 16.2 (ix).

Rishis Empreendimentos e participações S.A.

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

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

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

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

Appreciation of right-of-use of port movement concession

The Company has recorded, as at June 30, 2018, appreciation of the right to use the port area object of a lease agreement that is being amortized for the term of such usage right, valid up to November 05, 2029.

(In thousands of Brazilian Reais)

## 13. Fixed assets

| | Parent Company – 06/30/2018 | | | |
|---|---|---|---|---|
| | Weighted annual depreciation rates | Cost | Accumulated depreciation | Net |
| Land | - | 103,211 | - | 103,211 |
| Buildings | 3.67% | 1,129,784 | (178,162) | 951,622 |
| Leasehold improvements | 10.00% | 14,746 | (6,722) | 8,024 |
| Facilities and improvements | 5.33% | 272,670 | (57,247) | 215,423 |
| Furniture and fixtures | 9.12% | 8,605 | (3,731) | 4,874 |
| Vehicles | 21.38% | 130,480 | (89,081) | 41,399 |
| Technical and scientific instruments | 10.79% | 6,134 | (3,577) | 2,557 |
| IT equipment | 19.87% | 63,365 | (57,303) | 6,062 |
| Machinery and equipment | 6.37% | 3,632,623 | (825,866) | 2,806,757 |
| Vessels and floating structures | 20.00% | 7 | - | 7 |
| Eucalyptus matrices | 20.00% | 79 | (37) | 42 |
| Construction in progress and advances for capital expenditures | - | 211,795 | - | 211,795 |
| | | 5,573,499 | (1,221,726) | 4,351,773 |

| | Parent Company – 12/31/2017 | | | |
|---|---|---|---|---|
| | Weighted annual depreciation rates | Costs | Accumulated depreciation | Net |
| Land | - | 103,211 | - | 103,211 |
| Buildings | 2.84% | 1,128,025 | (158,585) | 969,440 |
| Leasehold improvements | 10.00% | 14,746 | (5,985) | 8,761 |
| Facilities and improvements | 5.34% | 274,726 | (51,147) | 223,579 |
| Furniture and fixtures | 9.09% | 8,554 | (3,046) | 5,508 |
| Vehicles | 21.87% | 127,683 | (74,998) | 52,685 |
| Technical and scientific instruments | 11.78% | 6,087 | (3,327) | 2,760 |
| IT equipment | 19.23% | 63,266 | (55,108) | 8,158 |
| Machinery and equipment | 7.04% | 3,771,799 | (759,331) | 3,012,468 |
| Eucalyptus Matrices | 20.00% | 79 | (29) | 50 |
| Construction in progress and advances for capital expenditures | - | 191,505 | - | 191,505 |
| | | 5,689,681 | (1,111,556) | 4,578,125 |

(In thousands of Brazilian Reais)

| | Consolidated – 06/30/2018 | | | |
|---|---|---|---|---|
| | Weighted annual depreciation rates | Cost | Accumulated depreciation | Net |
| Land | - | 103,211 | - | 103,211 |
| Buildings | 3.67% | 1,129,784 | (178,162) | 951,622 |
| Leasehold improvements | 7.38% | 70,719 | (17,664) | 53,055 |
| Facilities and improvements | 5.53% | 277,844 | (57,731) | 220,113 |
| Furniture and fixtures | 9.19% | 9,098 | (3,946) | 5,152 |
| Vehicles | 21.38% | 130,615 | (89,215) | 41,400 |
| Technical and scientific instruments | 10.85% | 6,134 | (3,577) | 2,557 |
| IT equipment | 19.89% | 64,559 | (58,166) | 6,393 |
| Machinery and equipment | 6.38% | 3,642,273 | (827,701) | 2,814,572 |
| Vessels and floating structures | 20.00% | 7 | - | 7 |
| Eucalyptus Matrices | 20.00% | 79 | (37) | 42 |
| Construction in progress and advances for capital expenditures | - | 217,972 | - | 217,972 |
| | | 5,652,295 | (1,236,199) | 4,416,096 |

| | Consolidated – 12/31/2017 | | | |
|---|---|---|---|---|
| | Weighted annual depreciation rates | Cost | Accumulated depreciation | Net |
| Land | - | 103,211 | - | 103,211 |
| Buildings | 2.84% | 1,128,025 | (158,585) | 969,440 |
| Leasehold improvements | 7.38% | 70,679 | (14,929) | 55,750 |
| Facilities and improvements | 5.57% | 279,893 | (51,471) | 228,422 |
| Furniture and fixtures | 9.19% | 9,028 | (3,213) | 5,815 |
| Vehicles | 21.88% | 127,798 | (75,113) | 52,685 |
| Technical and scientific instruments | 11.84% | 6,087 | (3,327) | 2,760 |
| IT equipment | 19.31% | 64,430 | (55,834) | 8,596 |
| Machinery and equipment | 7.05% | 3,781,449 | (760,798) | 3,020,651 |
| Eucalyptus matrices | 20.00% | 79 | (29) | 50 |
| Construction in progress and advances for capital expenditures | - | 197,217 | - | 197,217 |
| | | 5,767,896 | (1,123,299) | 4,644,597 |

(In thousands of Brazilian Reais)

## Changes in fixed assets

Parent Company

| Changes | Balance at 12/31/2017 | Additions | Write-off | Transfers | Depreciation | Balance at 06/30/2018 |
|---|---|---|---|---|---|---|
| Land | 103,211 | - | - | - | - | 103,211 |
| Buildings | 969,440 | - | - | 1,759 | (19,577) | 951,622 |
| Leasehold improvements | 8,761 | - | - | - | (737) | 8,024 |
| Facilities and improvements | 223,579 | - | - | (2,056) | (6,100) | 215,423 |
| Furniture and fixtures | 5,508 | 53 | (1) | - | (686) | 4,874 |
| Vehicles | 52,685 | 3,348 | (27) | (7) | (14,600) | 41,399 |
| Technical and scientific instruments | 2,760 | - | - | 47 | (250) | 2,557 |
| IT equipment | 8,158 | 21 | - | 78 | (2,195) | 6,062 |
| Machinery and equipment | 3,012,468 | 521 | (124,628) | 7,209 | (88,813) | 2,806,757 |
| Vessels and floating structures | - | - | - | 7 | - | 7 |
| Eucalyptus matrices | 50 | - | - | - | (8) | 42 |
| Construction in progress and advances for capital expenditures | 191,505 | 27,845 | - | (7,555) | - | 211,795 |
| | 4,578,125 | 31,788 | (124,656) | (518) | (132,966) | 4,351,773 |

(In thousands of Brazilian Reais)

Parent Company

| Changes | Balance at 12/31/2016 | Additions | Write-off | Available for sale | Transfers | Depreciation | Balance at 12/31/2017 |
|---|---|---|---|---|---|---|---|
| Land | 101,701 | 2,060 | (550) | - | - | - | 103,211 |
| Buildings | 967,971 | - | - | - | 33,336 | (31,867) | 969,440 |
| Leasehold improvements | 10,236 | - | - | - | - | (1,475) | 8,761 |
| Facilities and improvements | 210,471 | - | (20) | - | 25,241 | (12,113) | 223,579 |
| Furniture and fixtures | 5,714 | 291 | (9) | - | 289 | (777) | 5,508 |
| Vehicles | 77,272 | 6,569 | (3,667) | (1,419) | - | (26,070) | 52,685 |
| Technical and scientific instruments | 3,181 | 158 | - | - | 36 | (615) | 2,760 |
| IT equipment | 18,299 | 542 | (13) | - | 596 | (11,266) | 8,158 |
| Machinery and equipment | 3,146,455 | 9,743 | (6,403) | (5,409) | 39,593 | (171,511) | 3,012,468 |
| Eucalyptus matrices | 66 | - | - | - | - | (16) | 50 |
| Construction in progress and advances for capital expenditures | 218,903 | 75,171 | - | - | (102,569) | - | 191,505 |
| | 4,760,269 | 94,534 | (10,662) | (6,828) | (3,478) | (255,710) | 4,578,125 |

Consolidated

| Changes | Balance at 12/31/2017 | Additions | Write-off | Transfers | Depreciation | Exchange rate fluctuation | Balance at 06/30/2018 |
|---|---|---|---|---|---|---|---|
| Land | 103,211 | - | - | - | - | - | 103,211 |
| Buildings | 969,440 | - | - | 1,759 | (19,577) | - | 951,622 |
| Leasehold improvements | 55,750 | - | - | 41 | (2,736) | - | 53,055 |
| Facilities and improvements | 228,422 | - | - | (2,056) | (6,256) | 3 | 220,113 |
| Furniture and fixtures | 5,815 | 53 | (1) | - | (723) | 8 | 5,152 |
| Vehicles | 52,685 | 3,348 | (27) | (6) | (14,600) | - | 41,400 |
| Technical and scientific instruments | 2,760 | - | - | 47 | (250) | - | 2,557 |
| IT equipment | 8,596 | 21 | - | 78 | (2,305) | 3 | 6,393 |
| Machinery and equipment | 3,020,651 | 521 | (124,628) | 7,208 | (89,180) | - | 2,814,572 |
| Vessels and floating structures | | - | - | 7 | - | - | 7 |
| Eucalyptus matrices | 50 | - | - | - | (8) | - | 42 |
| Construction in progress and advances for capital expenditures | 197,217 | 28,351 | - | (7,596) | - | - | 217,972 |
| | 4,644,597 | 32,294 | (124,656) | (518) | (135,635) | 14 | 4,416,096 |

(In thousands of Brazilian Reais)

Consolidated

| Changes | Balance at 12/31/2016 | Additions | Write Off | Available for sale | Transfers | Depreciation | Balance at 12/31/2017 |
|---|---|---|---|---|---|---|---|
| Land | 101,701 | 2,060 | (550) | - | - | - | 103,211 |
| Buildings | 967,971 | - | - | - | 33,336 | (31,867) | 969,440 |
| Leasehold improvements | 61,093 | - | - | - | 119 | (5,462) | 55,750 |
| Facilities and improvements | 215,617 | - | (20) | - | 25,249 | (12,424) | 228,422 |
| Furniture and fixtures | 5,990 | 291 | (9) | - | 392 | (849) | 5,815 |
| Vehicles | 77,295 | 6,569 | (3,667) | (1,419) | - | (26,093) | 52,685 |
| Technical and scientific instruments | 3,181 | 158 | - | - | 36 | (615) | 2,760 |
| IT equipment | 18,872 | 551 | (14) | - | 665 | (11,478) | 8,596 |
| Machinery and equipment | 3,155,050 | 9,743 | (6,403) | (5,409) | 39,888 | (172,218) | 3,020,651 |
| Eucalyptus matrices | 66 | - | - | - | - | (16) | 50 |
| Construction in progress and advances for capital expenditures | 224,806 | 75,650 | - | - | (103,239) | - | 197,217 |
| | 4,831,642 | 95,022 | (10,663) | (6,828) | (3,554) | (261,022) | 4,644,597 |

(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, 2018 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 capacity of more than 2.3 million tons of pulp per year.

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

Review of useful life

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

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

Impairment test - fixed assets

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

## 14. Intangible assets

| | Parent Company – 06/30/2018 | | | |
|---|---|---|---|---|
| | Weighted annual amortization rates | Costs | Accumulated amortization | Net |
| Software | 20.56% | 18,532 | (12,102) | 6,430 |

| | Parent Company – 12/31/2017 | | | |
|---|---|---|---|---|
| | Weighted annual amortization rates | Costs | Accumulated amortization | Net |
| Software | 21.18% | 18,014 | (10,677) | 7,337 |

(In thousands of Brazilian Reais)

| | Consolidated – 06/30/2018 | | | |
|---|---|---|---|---|
| | Weighted annual amortization rates | Costs | Accumulated amortization | Net |
| Appreciation of right-of-use of port movement concession | 6.94% | 17,002 | (3,538) | 13,464 |
| Software | 20.47% | 19,262 | (12,506) | 6,756 |
| Terminal Concession | 7.14% | 20,988 | (10,285) | 10,703 |
| | | 57,252 | (26,329) | 30,923 |

| | Consolidated – 12/31/2017 | | | |
|---|---|---|---|---|
| | Weighted annual amortization rates | Costs | Accumulated amortization | Net |
| Appreciation of right-of-use of port movement concession | 6.94% | 17,001 | (2,948) | 14,053 |
| Software | 21.02% | 18,744 | (11,008) | 7,736 |
| Terminal Concession | 7.14% | 20,988 | (9,535) | 11,453 |
| | | 56,733 | (23,491) | 33,242 |

## Changes in intangible assets

Parent Company

| Changes | 12/31/2017 | Additions | Transfers | Amortizations | 06/30/2018 |
|---|---|---|---|---|---|
| Software | 7,337 | - | 518 | (1,425) | 6,430 |

Parent Company

| Changes | 12/31/2016 | Additions | Transfers | Amortizations | 12/31/2017 |
|---|---|---|---|---|---|
| Software | 6,450 | 149 | 3,478 | (2,740) | 7,337 |

Consolidated

| Changes | 12/31/2017 | Additions | Transfers | Amortizations | 06/30/2018 |
|---|---|---|---|---|---|
| Appreciation of right-of-use of port movement concession (a) | 14,053 | - | - | (589) | 13,464 |
| Software | 7,736 | - | 518 | (1,498) | 6,756 |
| Terminal Concession | 11,453 | - | - | (750) | 10,703 |
| | 33,242 | - | 518 | (2,837) | 30,923 |

Consolidated

| Changes | 12/31/2016 | Additions | Transfers | Amortizations | 12/31/2017 |
|---|---|---|---|---|---|
| Appreciation of right-of-use of port movement concession (a) | 17,001 | - | - | (2,948) | 14,053 |
| Software | 6,907 | 149 | 3,554 | (2,874) | 7,736 |
| Terminal Concession | 12,952 | - | - | (1,499) | 11,453 |
| | 36,860 | 149 | 3,554 | (7,321) | 33,242 |

(In thousands of Brazilian Reais)

(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 December 31, 2017, the Company reviewed the carrying amounts of its tangible and intangible assets to determine whether there was any indication that those assets had suffered an impairment loss and concluded that there was no indication of impairment.

## 15. Trade payables

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Supplies and services | 45,216 | 46,576 | 41,720 | 58,459 |
| Inputs | 153,383 | 151,275 | 153,383 | 151,275 |
| Others | 16,468 | 19,156 | 22,494 | 20,275 |
| | 215,067 | 217,007 | 217,597 | 230,009 |
| Breakdown | | | | |
| Current liabilities | 209,484 | 210,378 | 212,014 | 223,380 |
| Noncurrent liabilities | 5,583 | 6,629 | 5,583 | 6,629 |

(In thousands of Brazilian Reais)

## 16. Loans and Financing

| Type | Average annual interest rate and commissions | Maturity | Parent Company 06/30/2018 | Parent Company 12/31/2017 |
|---|---|---|---|---|
| Fixed assets purchase financing | | | | |
| FINAME - project finance | Average interest of 3% to 19.83% p.a. | July/2023 | 31,065 | 40,527 |
| ACC (advance on exchange contract) (i) | Forex + interest of 5.05% to 8.625% p.a. | June/2019 | 1,281,392 | 1,070,650 |
| BNDES (ii) | TJLP + spread | June/2022 | 471,967 | 531,486 |
| BNDES (ii) | Floating rate BNDES + spread | July/2022 | 2,159,311 | 2,079,771 |
| FINEM Florestal (x) | TJLP / selic + spread | May/2025 | 191,804 | 187,044 |
| ECAs - Export Credit Agencies (iii) | Forex + interest of 2.8% to 5.69% p.a. | November/2022 | 901,834 | 846,305 |
| Debentures (second issue) (iv) | IPCA + interest of 7.41% p.a. | December/2027 | 1,255,658 | 1,233,020 |
| Working capital (vi) | Rate of 5.74% p.a. in US$ | December/2020 | 24,939 | 25,684 |
| PPE (vii) | LIBOR + spread. | March/2018 | - | 18,635 |
| NCE (v) | CDI + spread | December/2019 | 350,583 | 616,244 |
| Lease | Fixed rate – 12.9854% p.a. | July/2020 | 1,799 | 2,151 |
| | | | 6,670,352 | 6,651,517 |
| Breakdown | | | | |
| Current liabilities | | | 2,533,536 | 2,319,414 |
| Noncurrent liabilities | | | 4,136,816 | 4,332,103 |

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

| | |
|---|---|
| 2019 | 554,180 |
| 2020 | 938,229 |
| 2021 | 931,417 |
| 2022 | 653,952 |
| After 2023 | 1,059,038 |
| | 4,136,816 |

(In thousands of Brazilian Reais)

| Type | Average annual interest rate and commissions | Maturity | Consolidated 06/30/2018 | Consolidated 12/31/2017 |
|---|---|---|---|---|
| Fixed assets purchase financing | | | | |
| FINAME - project finance | Average interest of 3% to 19.83% p.a. | July/2023 | 31,065 | 40,527 |
| ACC (advance on exchange contract) (i) | Forex + interest of 5.05% to 8.625% p.a. | June/2019 | 1,281,392 | 1,070,650 |
| BNDES (ii) | TJLP + spread | June/2022 | 471,967 | 531,486 |
| BNDES (ii) | Floating rate BNDES + spread | July/2022 | 2,159,311 | 2,079,771 |
| FINEM Florestal (x) | TJLP / selic + spread | May/2025 | 191,804 | 187,044 |
| ECAs - Export Credit Agencies (iii) | Forex + interest of 2.8% to 5.69% p.a. | November/2022 | 901,834 | 846,305 |
| Debentures (second issue) (iv) | IPCA + interest of 7.41% p.a. | December/2027 | 1,255,657 | 1,233,020 |
| Working capital (vi) | Rate of 5.74% p.a. in US$ | December/2020 | 24,939 | 25,684 |
| PPE (vii) | LIBOR + spread | March/2018 | - | 18,635 |
| NCE (v) | CDI + spread | December/2019 | 350,583 | 616,244 |
| Term Loan (viii) | LIBOR + spread | April/2021 | 1,799 | 256,771 |
| Bonds (ix) | Rate of 8.625% p.a. | June/2021 | 257,211 | 1,143,782 |
| Leasing | Fixed rate – 12.9854% p.a. | July/2020 | 1,338,749 | 2,151 |
| | | | 8,266,311 | 8,052,070 |
| Breakdown | | | | |
| Current liabilities | | | 2,620,213 | 2,392,372 |
| Noncurrent liabilities | | | 5,646,098 | 5,659,698 |
| | | | 8,266,311 | 8,052,070 |

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

| | |
|---|---|
| 2019 | 596,648 |
| 2020 | 1,023,166 |
| 2021 | 2,313,294 |
| 2022 | 653,952 |
| After 2023 | 1,059,038 |
| | 5,646,098 |

## 16.1. Changes in loans and financing

| Parent Company | 06/30/2018 | 12/31/2017 |
|---|---|---|
| Opening Balance | 6,651,517 | 7,620,171 |
| Interest - accrued | 282,180 | 589,963 |
| Exchange differences - accrued | 677,939 | 46,882 |
| New loans and financing | 938,600 | 1,082,247 |
| Repayments | | |
| Principal | (1,384,156) | (2,017,393) |
| Interest | (247,177) | (538,237) |
| Exchange differences | (248,551) | (132,116) |
| Closing balance | 6,670,352 | 6,651,517 |

(In thousands of Brazilian Reais)

| Consolidated | 06/30/2018 | 12/31/2017 |
|---|---|---|
| Opening balance | 8,052,070 | 9,066,535 |
| Interest - accrued | 345,687 | 710,551 |
| Exchange differences - accrued | 915,546 | 70,370 |
| New loans and financing | 938,600 | 1,082,247 |
| Repayments | | |
| Principal | (1,423,090) | (2,095,263) |
| Interest | (306,902) | (653,287) |
| Exchange differences | (255,600) | (129,083) |
| Closing balance | 8,266,311 | 8,052,070 |

## 16.2. Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts);
(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on March 5 and August 10, 2012, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas;
(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 March 2016, the Company entered into an export prepayment contract aimed at extending the repayment profile of the working capital financing;
(viii) 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;
(ix) 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;
(x) Financing granted by BNDES for the company's eucalyptus planting.

### 16.3. Restrictive covenants

The Company has financing agreements that contain certain covenants for compliance with financial ratios. The agreements that contain such covenant are: (i) the facility agreements entered into with Export Credit Agencies - ECAs, (ii) the Debentures subscribed by the FI-FGTS; (iii) the bank letters of guarantee issued by Banco do Brasil and Santander to secure the Company's financing agreement entered into with the National Bank for Economic and Social Development – BNDES; and (iv) the facility and arrangement agreement ("term loan") entered into with Banco do Brasil in France.

For all cases in which the ratios obtained by the Company did not satisfy the restrictive conditions required by the agreement, it were requested from the banks waivers from compliance for the year ended December 31, 2017 or, where appropriate, the renegotiation of the indexes at new levels met by the Company. The Company was granted the waiver from the creditors mentioned, except regarding FI-FGTS, whose final reply to the Company's request, up to the date of publication of this interim financial information, was not provided.

The Company's management considers that this interim financial information fairly presents the financial position, the financial performance and cash flows of the Company, adopting the applicable Technical Pronouncements, Interpretations and Guidelines of CPC, except for item 74 of CPC 26, whose adoption was not made in order to make this interim financial information properly present the financial position, financial performance and cash flows of the Company.

In item 74, CPC 26 establishes that "when the entity breaks a contractual arrangement (covenant) on a long-term loan (indebtedness index or interest coverage, for example) at the end or before the end of the reporting period, turning it an overdue liability payable to the creditor, the liability shall be classified as current even if the creditor agrees, after the balance sheet date and before the date of approval of issue of the financial statements, not to demand the early payment as a consequence of non-compliance with the covenant. The liability shall be classified as current because, at balance sheet date, the entity does not have the unconditional right to defer its settlement for at least twelve months after this date".

(In thousands of Brazilian Reais)

Considering that, as mentioned above, the Company (i) obtained authorization for renegotiating with creditors the cases in which the ratios obtained by the Company did not satisfy the restrictive conditions required by the agreement in relation to the year ended December 31, 2017, except with the creditor referred to above; and (ii) continues to negotiate with this creditor to obtain the renegotiation of this obligation to new levels met by the Company in relation to the year ended December 31, 2017, the Company's management believes that meeting the requirements of item 74 of CPC 26 would cause its interim financial information to state in short term debts in the amount of R$ 1,186,127, specifically related to FI-FGTS, that, on the date of publication of the financial statements, were not demanded in short term, given that the Company was still negotiating them and was not notified on any non-compliance with the contractual agreements.

### 16.4 Guarantees of the loans

All loan and financing agreements of the types BNDES, FINEM Florestal and ECAs, and part of the agreements of ACC, Finame, Working capital, NCE and Debenture, are guaranteed by sureties from the parent company J&F Investimentos S.A., as well as by mortgage of the property where the Company’s plant is located, among others.

Debentures and certain long-term debts are also guaranteed by amounts in financial investments according to note 5.2.

## 17. Taxes payable, payroll and social charges

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Payroll and social charges | 32,566 | 58,028 | 34,232 | 60,619 |
| Accruals and charges | 34,204 | 26,342 | 34,845 | 26,951 |
| Taxes payable | 60,657 | 101,542 | 61,859 | 103,149 |
| | 127,427 | 185,912 | 130,936 | 190,719 |

(In thousands of Brazilian Reais)

## 18. Deferred income tax and social contribution

### (a) Reconciliation of the effective tax rates:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 06/30/2017 | 06/30/2018 | 06/30/2017 |
| Profit (loss) before income tax and social contribution | 262,465 | 473,516 | 262,560 | 473,716 |
| Income tax and social contribution – statutory rate of 34% | (89,238) | (160,996) | (89,264) | (161,064) |
| Reconciliation for effective expenses | | | | |
| Profit (loss) of investees accounted for as own capital, net of taxes | (31,294) | 9,640 | - | - |
| Nondeductible expenses | (2,904) | (1,769) | (2,954) | (1,901) |
| Government grant | 56,772 | 41,804 | 56,772 | 41,804 |
| Effect of taxes of foreign subsidiaries | - | - | (31,294) | 9,640 |
| Current IR adjustment – 2017 | 76,671 | | 76,671 | |
| Tax loss reversal 2013/2014 | 15,901 | | 15,901 | |
| Others | 8 | (12) | 9 | (12) |
| Current and deferred income tax and social contribution | 25,916 | (111,333) | 25,841 | (111,533) |
| Effective rate | 9.87% | (23.51%) | 9.84% | (23.54%) |

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

| Parent company and consolidated | 12/31/2017 | Additions | Deductions | 06/30/2018 |
|---|---|---|---|---|
| Nature | | | | |
| Tax losses (i) | 538,493 | 22,891 | - | 561,384 |
| Hedge - derivatives | - | - | (20,976) | (20,976) |
| Biological assets | (167,327) | - | (6,356) | (173,683) |
| Operational provisions | 19,878 | 4,989 | - | 24,867 |
| Tax x accounting depreciation | - | 24,093 | (75,396) | (51,303) |
| Balance in the period | 391,044 | 51,973 | (102,728) | 340,289 |

(i) As at June 30, 2018, 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, totaling R$ 1,651,128.

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

(In thousands of Brazilian Reais)

When assessing the probability of realization of deferred tax assets calculated on tax losses, Management considers earning taxable profit in its budget and in the multiannual strategic plan in 2018 and, thus, it is highly possible that the deferred asset will be realized.

## 19. Provision for contingent liabilities

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

| | 12/31/2017 | Additions | Write off | Adjustment | 06/30/2018 |
|---|---|---|---|---|---|
| Environmental | 256 | - | - | 10 | 266 |
| Civil | 2,349 | 2,111 | (1,197) | 3,041 | 6,304 |
| Labor | 9,699 | 972 | (7,474) | 408 | 3,605 |
| Tax | 304 | 2,389 | (255) | 1 | 2,439 |
| | 12,608 | 5,472 | (8,926) | 3,460 | 12,614 |

| | 12/31/2016 | Additions | Write off | Adjustment | 12/31/2017 |
|---|---|---|---|---|---|
| Environmental | - | 256 | - | - | 256 |
| Civil | 1,871 | 500 | (22) | - | 2,349 |
| Labor | 5,306 | 7,285 | (3,203) | 311 | 9,699 |
| Tax | 307 | - | (3) | - | 304 |
| | 7,484 | 8,041 | (3,228) | 311 | 12,608 |

As at June 30, 2018 the Company was a defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 1,026,515 (R$ 532,757 at December 31, 2017), of which the Company accrued R$ 12,614 (R$ 12,608 as at December 31, 2017), classified by its management and legal counsel as likelihood of probable loss. In general, the claims that originated the lawsuits involve claims indemnity for damages, notices of violation and others.

For the lawsuits classified as possible losses in the amount of R$ 843,536 (R$ 469,853 as at December 31, 2017) , 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, 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 SA, 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 5, 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 was approved. 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. This decision was challenged and the new appeals await judgment.

No provision was recognized for these proceedings, given that the likelihood of loss is considered possible.

(ii) Administrative Sanctioning Process - CVM
On December 08, 2017, CVM filed Administrative Proceeding 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. The defense was presented in May of the current year and is currently under analysis by CVM. In its current stage, the process is classified under likelihood of loss possible, in the estimated amount of R$ 84,9 million.

(In thousands of Brazilian Reais)

## 20. Equity

### 20.1. Social capital

The subscribed and paid-in capital as at June 30, 2018 is R$ 1,788,792, comprising 1,525,558,419 common shares.

### 20.2. 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.

### 20.3. 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.

### 20.4. 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.

### 20.5. Cumulative translation adjustments

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

### 20.6. 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:

| | 06/30/2018 | 06/30/2017 |
|---|---|---|
| Profit attributable to Company owners | 288,381 | 362,183 |
| Total shares outstanding in the period – thousands | 1,525,558 | 1,525,558 |
| Earnings (losses) per thousand shares | 0.19 | 0.24 |

(In thousands of Brazilian Reais)

## 21. Net Revenue

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 06/30/2017 | 06/30/2018 | 06/30/2017 |
| Gross sales revenue | | | | |
| Domestic market | 367,010 | 248,251 | 367,010 | 248,251 |
| Foreign market | 1,881,679 | 1,181,259 | 2,370,423 | 1,599,697 |
| Discounts and rebates | (490) | (958) | (442,535) | (305,973) |
| | 2,248,199 | 1,428,552 | 2,294,898 | 1,541,975 |
| Sales deductions and taxes | (57,700) | (32,394) | (40,076) | (22,455) |
| Net operating revenue | 2,190,499 | 1,396,158 | 2,254,822 | 1,519,520 |

## 22. Operating segments

### a. Base for segmentation

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

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

(In thousands of Brazilian Reais)

## b. Reportable segments

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

| | Consolidated Jun/18 | | | |
|---|---|---|---|---|
| | 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 | (49,944) | - | - | (49,944) |
| 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 | 92,607 | - | - | 92,607 |
| Net financial income (loss) | | | | |
| Financial expenses | (475,556) | - | - | (475,556) |
| Financial revenues | 136,509 | - | - | 136,509 |
| Exchange rate gains (losses), net | (702,896) | - | - | (702,896) |
| Income/ (loss) before provision for Income and social contribution taxes | 221,483 | 43,425 | (2,368) | 262,450 |
| Income and social contribution taxes | 25,841 | - | - | 25,841 |
| Net income (loss) for the period | 247,324 | 43,425 | (2,368) | 288,381 |

| | Consolidated Jun/17 | | | |
|---|---|---|---|---|
| | Pulp | Energy | Others | Total |
| Net revenue | | | | |
| Foreign market | 1,299,149 | - | - | 1,299,149 |
| Domestic market | 183,265 | 36,596 | 510 | 220,371 |
| Cost of goods sold | (562,251) | (1,330) | (2,408) | (565,989) |
| Gross profit (loss) | 920,163 | 35,266 | (1,898) | 953,531 |
| Operating expenses/revenues | | | | |
| Administrative and general | (60,985) | - | - | (60,985) |
| Selling and logistics | (161,983) | - | - | (161,983) |
| Fair value of biological assets | 323,522 | - | - | 323,522 |
| Depreciation, amortization and depletion | (209,742) | - | - | (209,742) |
| Other revenues (expenses),net | 60,665 | - | - | 60,665 |
| Net financial income (loss) | | | | |
| Financial expenses | (435,369) | - | - | (435,369) |
| Financial revenues | 63,055 | - | - | 63,055 |
| Exchange rate gains (losses), net | (58,978) | - | - | (58,978) |
| Income/ (loss) before provision for Income and social contribution taxes | 440,348 | 35,266 | (1,898) | 473,716 |
| Income and social contribution taxes | (111,533) | - | - | (111,533) |
| Net income (loss) for the period | 328,815 | 35,266 | (1,898) | 362,183 |

(In thousands of Brazilian Reais)

Geographic segments

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

| Operating revenue | 06/30/2018 | 06/30/2017 |
|---|---|---|
| Brazil | 327,122 | 220,371 |
| China | 686,828 | 452,467 |
| Italy | 242,032 | 175,189 |
| United States | 207,018 | 111,475 |
| Austria | 120,846 | 45,309 |
| Japan | 112,162 | 90,187 |
| Sweden | 93,970 | 62,878 |
| Poland | 74,949 | 35,111 |
| Germany | 59,413 | 42,947 |
| Canadian | 52,172 | 29,452 |
| Spain | 42,888 | 14,794 |
| France | 29,240 | 33,125 |
| Singapore | 29,006 | 47,325 |
| United Kingdom | 28,405 | 1,707 |
| Others | 148,771 | 157,183 |
| | 2,254,822 | 1,519,520 |

c. Information on major customers

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

d. Information on total noncurrent assets

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

| Noncurrent assets | 06/30/2018 | 12/31/2017 |
|---|---|---|
| Brazil | 8,647,019 | 8,473,398 |
| Austria | 57,005 | 51,398 |
| United States | 77 | 71 |
| China | 2 | 3 |
| | 8,704,103 | 8,524,870 |

(In thousands of Brazilian Reais)

## 23. Selling, logistics, general and administrative expenses

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 06/30/2017 | 06/30/2018 | 06/30/2017 |
| Personnel expenses | 174,312 | 170,608 | 181,751 | 178,453 |
| Service, material and transportation expenses | 255,514 | 208,175 | 363,609 | 307,783 |
| Depreciation, depletion and amortization | 207,828 | 204,974 | 211,899 | 209,742 |
| Raw materials and consumables | 323,350 | 318,549 | 350,421 | 295,029 |
| Others | 6,846 | 6,468 | 8,484 | 7,692 |
| | 967,850 | 908,774 | 1,116,164 | 998,699 |
| Breakdown | | | | |
| Cost of sales | 816,955 | 771,469 | 851,989 | 763,407 |
| General and administrative expenses | 48,495 | 57,553 | 53,114 | 64,313 |
| Selling and logistics expenses | 102,400 | 79,752 | 211,061 | 170,979 |
| | 967,850 | 908,774 | 1,116,164 | 998,699 |

## 24. Financial income (loss), net

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 06/30/2017 | 06/30/2018 | 06/30/2017 |
| Financial revenues | | | | |
| Interest gains | 1,132 | 3,157 | 1,838 | 3,226 |
| Return on financial investments | 10,183 | 29,508 | 10,217 | 29,632 |
| Gains from derivatives | 61,694 | 28,300 | 61,694 | 28,300 |
| Other financial revenues | 222 | 1,798 | 240 | 1,897 |
| | 73,231 | 62,763 | 73,989 | 63,055 |
| Financial expenses | | | | |
| Sundry bank expenses | (85) | (76) | (311) | (208) |
| Interest losses | (357,752) | (369,048) | (355,762) | (366,245) |
| Losses from derivatives | (2,781) | - | (2,781) | |
| Expenses on endorsement and surety | (38,593) | (43,378) | (38,593) | (43,378) |
| Other financial expenses | (8,060) | (17,656) | (15,589) | (25,538) |
| | (407,271) | (430,158) | (413,036) | (435,369) |
| Exchange rate gains (losses), net | (702,631) | (59,078) | (702,895) | (58,978) |
| | (1,036,671) | (426,473) | (1,041,942) | (431,292) |

(In thousands of Brazilian Reais)

## 25. Other income (expenses), net

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 06/30/2018 | 06/30/2017 | 06/30/2018 | 06/30/2017 |
| ICMS credits(a) | 107,352 | 70,276 | 107,352 | 70,276 |
| Sales of fixed assets | 25,220 | 335 | 25,220 | 335 |
| FADEFE-FAI/MS (b) | (28,805) | - | (28,805) | - |
| Insurance compensation | - | 251 | - | 251 |
| Others | (8,456) | (10,131) | (11,160) | (10,197) |
| | 95,311 | 60,731 | 92,607 | 60,665 |

(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;

(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.

## 26. Employee benefits

### a. Defined contribution pension plan

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

Under the regulations of the benefit plan, the Company's contributions match the employees' contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period as at June 30, 2018 totaled R$ 1,053.

## 27. Insurance

As at June 30, 2018, the insurance coverage (coverage from 08/15/2017 to 08/15/2018) against operating risks totaled R$ 5,221,064 for property damages, R$ 2,382,530 for loss of profits, and R$ 83,095 for civil liability effective from 08/15/2017 to 08/15/2018.

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

## 28. Financial instruments

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

### a. Market risks

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

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

#### (i) Interest rate risks

It refers to possible losses that the Company and its subsidiaries may incur due to interest rate fluctuations. 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, 2018 and December 31, 2017:

(In thousands of Brazilian Reais)

| Type | Average annual interest rate and commissions | Parent Company 06/30/2018 | Parent Company 12/31/2017 |
|---|---|---|---|
| FINAME - project finance | Average interest of 3% to 19.83% p.a. | 31,065 | 40,527 |
| ACC (advance on exchange contract) | Forex + interest of 5.05% to 8.625% p.a. | 1,281,392 | 1,070,650 |
| BNDES | TJLP + spread | 471,967 | 531,486 |
| BNDES | Floating rate BNDES + spread | 2,159,311 | 2,079,771 |
| FINEM Florestal | TJLP / selic + spread | 191,804 | 187,044 |
| ECAs – Export Credit Agencies | Forex + interest of 2.8% to 5.69% p.a. | 901,834 | 846,305 |
| Debentures (second issue) | IPCA + interest of 7.41% p.a. | 1,255,658 | 1,233,020 |
| Working capital | Rate of 5.74% p.a. in US$ | 24,939 | 25,684 |
| PPE | LIBOR + spread | - | 18,635 |
| NCE | CDI + spread | 350,583 | 616,244 |
| Leasing | Fixed rate – 12.9854% p.a. | 1,799 | 2,151 |
| Short-term investments | | (563,022) | (316,574) |
| | | 6,107,330 | 6,334,943 |

| Type | Average annual interest rate and commissions | Consolidated 06/30/2018 | Consolidated 12/31/2017 |
|---|---|---|---|
| FINAME - project finance | Average interest of 3% to 19.83% p.a. | 31,065 | 40,527 |
| ACC (advance on exchange contract) | Forex + interest of 5.05% to 8.625% p.a. | 1,281,392 | 1,070,650 |
| BNDES | TJLP + spread | 471,967 | 531,486 |
| BNDES | Floating rate BNDES + spread | 2,159,311 | 2,079,771 |
| FINEM Florestal | TJLP / selic + spread | 191,804 | 187,044 |
| ECAs – Export Credit Agencies | Forex + interest of 2.8% to 5.69% p.a. | 901,834 | 846,305 |
| Debentures (second issue) | IPCA + interest of 7.41% p.a. | 1,255,658 | 1,233,020 |
| Working capital | Rate of 5.74% p.a. in US$ | 24,939 | 25,684 |
| PPE | LIBOR + spread | - | 18,635 |
| NCE | CDI + spread | 350,583 | 616,244 |
| Term Loan | LIBOR + spread | 257,211 | 256,771 |
| Bonds | Rate of 8.625% p.a. | 1,338,749 | 1,143,782 |
| Leasing | Fixed rate – 12.9854% p.a. | 1,799 | 2,151 |
| Short-term investments | | (829,439) | (367,871) |
| | | 7,436,873 | 7,684,199 |

## Sensitivity analysis

### Debt

For the purpose of providing information on how the market risks to which the Company is exposed as at June 30, 2018, would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable, are shown below.

(In thousands of Brazilian Reais)

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

Parent Company

| Operational | Balance (R$) | Probable | 25% | 50% |
|---|---|---|---|---|
| Net exposure to interest rates | 6,107,330 | 243,356 | (1,513,830) | (3,028,787) |

Consolidated

| Operational | Balance (R$) | Probable | 25% | 50% |
|---|---|---|---|---|
| Net exposure to interest rates | 7,436,873 | 242,448 | (1,513,830) | (3,030,424) |

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

The average cost of loans based on the basket of currencies is established according to the average cost of BNDES fund raising in foreign market, forming the UMBNDES and charges of the basket of currencies, which is the variable interest rate.

The long-term interest rate (TJLP) was created to be used as a benchmark of the basic cost of funding granted by BNDES and at the reporting date was 6.60% per year (6.75% per year in December 2017).

(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, 2018, US dollar and Euro rates were R$ 3.8558 and R$ 4.5032, respectively.

As at June 30, 2018, 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.

We present below the Company's assets and liabilities exposed to the foreign exchange rate risks as at June 30, 2018, expressed in thousands of Brazilian Reais.

Parent Company

| | USD | | R$ | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Operational | | | | |
| Cash and cash equivalents and financial investments | 45,459 | - | 175,279 | - |
| Trade receivables | 295,364 | 307,551 | 1,136,444 | 1,017,216 |
| Trade payables | (144) | (247) | (556) | (854) |
| Debts with related parties | (414,796) | (420,925) | (1,599,369) | - |
| Loans and financing | (1,132,703) | (1,221,598) | (4,367,476) | (4,041,045) |
| | (1,206,820) | (1,335,219) | (4,655,678) | (3,024,683) |
| Derivatives | 1,100,000 | - | 4,241,380 | - |
| Net exposure to foreign exchange fluctuation | (106,820) | - | (414,298) | (3,024,683) |

| | EUR | | R$ | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Operational | | | | |
| Trade payables | (35) | - | (158) | (91) |
| Net exposure to foreign exchange fluctuation | (35) | - | (158) | (91) |

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

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at June 30, 2018, 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

| Operation | Balance (USD) | Balance (R$) | Probable | 25% | 50% |
|---|---|---|---|---|---|
| Net exposure to exchange rate gains (losses) | 1,206,820 | (4,655,678) | 188,120 | (1,163,919) | (2,327,839) |

(In thousands of Brazilian Reais)

(iii) Derivative financial instruments

The Company monitors the net exposure risk (NE 28 – Financial Instruments) of business transactions receivable in comparison with its obligations (including debts) regarding foreign exchange fluctuation continually evaluating the decisions to be made.

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

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

On June 30, 2018, the Company held the notional amount of US$ 1,100,000.00 in outstanding derivatives (NDF) maturing on August 1, 2018.

| Bank | Notional | Maturity | 12/31/2018 |
|---|---|---|---|
| BTG Pactual | 485,000 | August/2018 | 43,348 |
| Santander | 200,000 | August/2018 | 15,370 |
| Banco Fibra | 315,000 | August/2018 | 2,689 |
| Banco Pine | 50,000 | August/2018 | 193 |
| BR Partners | 50,000 | August/2018 | 94 |
| | 1,100,000 | | 61,694 |

| Derivatives | Notional (USD) at 06/30/2018 | Notional (R$) at 06/30/2018 | Probable (R$) | 25% (R$) | 50% (R$) |
|---|---|---|---|---|---|
| Maturity date: 08/01/2018 | | | | | |
| Long position | 1,100,000 | 4,241,380 | 61,694 | 1,129,950 | 2,198,206 |
| Short position | - | - | - | - | - |
| | | | 61,694 | 1,129,950 | 2,198,206 |

(In thousands of Brazilian Reais)

(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.

| | 06/30/2018 | 12/31/2017 |
|---|---|---|
| Parent Company and Consolidated | | |
| Estimated number of firm contracts | 647,158 | 733,888 |
| Advances made | (505,605) | (454,949) |
| | 141,553 | 278,939 |

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

b. Credit risk

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

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

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

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 | |
|---|---|---|---|---|
| | 06/30/2018 | 12/31/2017 | 06/30/2018 | 12/31/2017 |
| Cash and cash equivalents | 407,144 | 161,013 | 616,660 | 377,507 |
| Financial investments | 155,878 | 168,038 | 212,779 | 219,336 |
| Trade receivables | 1,307,376 | 1,155,963 | 743,585 | 648,392 |
| | 1,870,398 | 1,485,014 | 1,573,024 | 1,245,235 |

(In thousands of Brazilian Reais)

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 debts consist of BNDES, ECAs and debentures, with maturity from 10 to 15 years, and grace period of at least one year, and also of debts from its subsidiaries, Term loan and Bond. The debt resulting from the ECAs and debentures have customized payments. In the first years, the amortization of the principal is lower in comparison with the years closer to full settlement.

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

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

| Parent Company | Less than 1 year | 01 to 02 years | 02 to 03 years | After 03 years | Fair Value |
|---|---|---|---|---|---|
| At June 30, 2018 | | | | | |
| Trade payables | 209,484 | 2,094 | 2,093 | 1,396 | 215,067 |
| Loans and financing | 2,533,536 | 1,492,409 | 1,585,369 | 1,059,038 | 6,670,352 |
| Amounts due to related parties | 152,650 | 120,918 | 1,355,375 | | 1,628,944 |
| (-) Derivatives receivable | (61,694) | - | - | - | (61,694) |
| (-) Cash and cash equivalents | (407,144) | - | - | - | (407,144) |
| | 2,426,832 | 1,615,421 | 2,942,837 | 1,060,434 | 8,045,525 |
| At December 31, 2017 | | | | | |
| Trade payables | 210,378 | 2,268 | 2,268 | 2,093 | 217,007 |
| Loans and financing | 2,319,414 | 1,062,019 | 1,653,366 | 1,616,718 | 6,651,517 |
| Amounts due to related parties | 135,977 | 143,638 | 1,155,196 | - | 1,434,811 |
| (-) Cash and cash equivalents | (161,013) | - | - | - | (161,013) |
| | 2,504,756 | 1,207,925 | 2,810,830 | 1,618,811 | 8,142,322 |

| Consolidated | Less than 1 year | 01 to 02 years | 02 to 03 years | After 03 years | Fair Value |
|---|---|---|---|---|---|
| At June 30, 2018 | | | | | |
| Trade payables | 212,014 | 2,094 | 2,093 | 1,396 | 217,597 |
| Loans and financing | 2,620,213 | 596,649 | 1,023,166 | 4,081,600 | 8,321,628 |
| Amounts due to related parties | 29,577 | - | - | - | 29,577 |
| (-) Derivatives receivable | (61,694) | - | - | - | (61,694) |
| (-) Cash and cash equivalents | (616,660) | - | - | - | (616,660) |
| | 2,183,450 | 598,743 | 1,025,259 | 4,082,996 | 7,890,448 |
| As at December 31, 2017 | | | | | |
| Trade payables | 223,380 | 2,268 | 2,268 | 2,093 | 230,009 |
| Loans and financing | 2,392,372 | 1,134,769 | 2,908,211 | 1,688,996 | 8,124,348 |
| Amounts due to related parties | 31,257 | - | - | - | 31,257 |
| (-) Cash and cash equivalents | (377,507) | - | - | - | (377,507) |
| | 2,269,502 | 1,137,037 | 2,910,479 | 1,691,089 | 8,008,107 |

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.

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

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

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

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

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

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

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

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

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

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

- ISPS Code

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

- Environmental management

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

- Port lease

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

- Fortuitous or force majeure case

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

e. Fair value of financial instruments

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

- 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.

(In thousands of Brazilian Reais)

The table below shows the classification per risk level:

| Parent Company | 06/30/2018 Level 1 | 06/30/2018 Level 2 | 06/30/2018 Level 3 | 12/31/2017 Level 1 | 12/31/2017 Level 2 | 12/31/2017 Level 3 |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Derivatives receivable | 61,694 | | | | | |
| Financial investments | 155,878 | - | - | 168,038 | - | - |
| Total Assets | 217,752 | - | - | 168,038 | - | - |
| Liabilities | | | | | | |
| Loans and financing | - | 6,670,352 | - | - | 6,651,517 | - |
| Amounts due to related parties | - | 1,628,944 | - | - | 1,434,811 | - |
| Total Liabilities | - | 8,299,296 | - | - | 8,086,328 | - |

| Consolidated | 06/30/2018 Level 1 | 06/30/2018 Level 2 | 06/30/2018 Level 3 | 12/31/2017 Level 1 | 12/31/2017 Level 2 | 12/31/2017 Level 3 |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Derivatives receivable | 61,694 | | | | | |
| Financial investments | 212,779 | - | - | 219,336 | - | - |
| Total Assets | 274,473 | - | - | 219,336 | - | - |
| Liabilities | | | | | | |
| Loans and financing | - | 8,266,311 | - | - | 8,052,070 | - |
| Amounts due to related parties | - | 29,577 | - | - | 31,257 | - |
| Total Liabilities | - | 8,295,888 | - | - | 8,083,327 | - |

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

| Parent company | 06/30/2018 Carrying amount | 06/30/2018 Fair value | 12/31/2017 Carrying amount | 12/31/2017 Fair value |
|---|---|---|---|---|
| Assets | | | | |
| Assets at amortized cost | | | | |
| Cash and cash equivalents | 407,144 | 407,144 | 161,013 | 161,013 |
| Financial investments | 155,878 | 155,878 | 168,038 | 168,038 |
| Trade accounts receivable | 1,307,376 | 1,307,376 | 1,155,963 | 1,155,963 |
| Intercompany receivables | 3,252 | 3,252 | 2,783 | 2,783 |
| Total financial assets | 1,873,650 | 1,873,650 | 1,487,797 | 1,487,797 |
| Assets at fair value through income (loss) | | | | |
| Derivatives receivable | 61,694 | 61,694 | - | - |
| Total financial assets | 1,935,344 | 1,935,344 | 1,487,797 | 1,487,797 |
| Liabilities | | | | |
| Liabilities at amortized cost | | | | |
| Loans and financing | 6,670,352 | 6,670,352 | 6,651,517 | 6,651,517 |
| Debts with related parties | 1,628,944 | 1,628,944 | 1,434,811 | 1,434,811 |
| Total financial liabilities | 8,299,296 | 8,299,296 | 8,086,328 | 8,086,328 |

(In thousands of Brazilian Reais)

| Consolidated | 06/30/2018 Carrying amount | 06/30/2018 Fair value | 12/31/2017 Carrying amount | 12/31/2017 Fair value |
|---|---|---|---|---|
| Assets | | | | |
| Assets at amortized cost | | | | |
| Cash and cash equivalents | 616,660 | 616,660 | 377,507 | 377,507 |
| Financial investments | 212,779 | 212,779 | 219,336 | 219,336 |
| Trade accounts receivable | 743,585 | 743,585 | 648,392 | 648,392 |
| Intercompany receivables | 9 | 9 | - | - |
| Total financial assets | 1,573,033 | 1,573,033 | 1,245,235 | 1,245,235 |
| Assets at fair value through income (loss) | | | | |
| Derivatives receivable | 61,694 | 61,694 | - | - |
| Total financial assets | 1,634,727 | 1,634,727 | 1,245,235 | 1,245,235 |
| Liabilities | | | | |
| Liabilities at amortized cost | | | | |
| Loans and financing | 8,266,311 | 8,321,628 | 8,052,070 | 8,124,348 |
| Amounts due to related parties | 29,577 | 29,577 | 31,257 | 31,257 |
| Total financial liabilities | 8,295,888 | 8,351,205 | 8,083,327 | 8,155,605 |

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.

(In thousands of Brazilian Reais)

## 29. Operating Leases

### a. Land operating leases

Land operating leases are paid as follows:

| | Parent Company and Consolidated | |
|---|---|---|
| | 06/30/2018 | 12/31/2017 |
| 2018 | 72,684 | 97,818 |
| 2019 | 126,631 | 98,700 |
| 2020 | 126,536 | 98,605 |
| 2021 | 125,810 | 97,484 |
| 2022 and thereafter | 653,097 | 559,904 |
| | 1,104,758 | 952,511 |

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

The leases recorded by the Company refer basically to land where eucalyptus is planted. As no land title deed is transferred, the Company determined that the land leases are operating leases. The lease paid to the land lessor is adjusted according to market prices at regular intervals, and the Company does not participate in any residual value; it was determined that basically all the risks and rewards of the lease are of the lessor. Thus, the Company determined that the leases are operating leases.

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

#### (i) Future minimum lease payments

As at June 30, 2018, future minimum noncancelable lease payments are as follows:

| | Parent Company and Consolidated | |
|---|---|---|
| | 06/30/2018 | 12/31/2017 |
| 2018 | 17,701 | 74,725 |
| 2019 | 74,725 | 74,725 |
| 2020 | 74,725 | 74,725 |
| 2021 | 74,725 | 74,725 |
| 2022 and thereafter | 485,253 | 485,253 |
| | 727,129 | 784,153 |

(In thousands of Brazilian Reais)

(ii) Amounts recognized in income (loss)

| | Parent Company and Consolidated | |
|---|---|---|
| | 06/30/2018 | 06/30/2017 |
| Lease expenses | 57,024 | 51,568 |
| | 57,024 | 51,568 |

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

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

## 30. Plea Bargain Agreement, Leniency Deal and Independent Investigation

### 30.1. General information about the Plea Bargain Agreement of executives and former executives at J&F Investimentos S.A.

As is public knowledge, in May 2017 certain executives and former executives of J&F Investimentos S.A. ("J&F"), in its capacity as parent company of companies belonging to the Group "J&F", of which the company forms part, took some obligations in the Plea Bargain Agreement awarded the Attorney General's Office ("PGR"), aiming at the service of the public interest, in particular the deepening, across the country, the research around events contrary to the law.

## 30.2. Leniency Deal of J&F Investments S.A.

On 05 June 2017 J&F Investimentos S.A. ("J&F"), parent company of the company, entered into an Plea Bargain Agreement with the Federal Public Prosecution Office ("MPF"), approved by the 5th Board coordination and review of the MPF on August 24, 2017, to which the company joined on September 21, 2017 ("Deal").

In the Deal the J&F is committed, on your behalf and on behalf of the companies controlled by it, to cooperate voluntarily with the State, to carry out internal investigations and provide you with information to prove the materiality and authorship of acts irregular committed and confessed, where J&F is committed to fully repair the damage and losses resulting from infractions upon payment of R$10.3 billion over the next 25 years, being R$ 50 million in semi-annual installments maturing in December 2017, and other 22 (twenty-two) annual installments to cover the debit balance due from December 2020, to be paid exclusively by J&F by way of compensation for damage caused by the facts investigated in various operations filed by the MPF and the Federal Police (PF), such as, “Cui Bono”, “Carne Fraca”, “Sepsis” and “Greenfield”, and by other facts mentioned in information and consequently described in annexes contained in the respective Deal.

J&F, undertook also (i) implement measures to prevent the practice of illicit acts, corruption and bribery by performing the improvement and implementation of health programs, (ii) cooperate and collaborate effectively with the official investigations, by conducting a broad internal investigation that must obey international practices, in order to ascertain the facts already taken in good faith to the authorities ' knowledge, as well as, (iii) repair the damage arising from acts confessed and described in the respective Deal.

## 30.3. Internal investigation held within the Company

Under clause 15, XX, of the Deal, is the obligation to conduct internal research Collaborator, following international practices, with the scope to verify and corroborate the illicit facts described in the Deal and identify possible existence of additional documents or evidence of corroboration of the facts narrated in the agreement.

In the face of such an obligation, and as a result of the Company's adherence to the Deal, was conducted internal investigation ("internal investigation") in the company by law firm Barros Pimentel, Alcantara and Gil Rodriguez Lawyers ("BP"), having designated the PricewaterhouseCoopers Contadores Públicos Ltda. ("PwC") to provide specialized forensic services, hosting, data processing and analysis necessary for an investigation of this nature. In this way, BP and PwC wrote the investigation team. The Company highlights that there are Attachments to the Deal yet maintained in secrecy as determined by the proper Court.

We think it is important to point out that, on August 11, 2017, as part of the obligations assumed under the Deal, was made up of an Independent Supervision Committee (“CSI” or “Committee”) to accompany internal investigation and yet, provide any clarifications directly to the MPF. This Committee has ratified the appointment of the investigating team, passing this to respond directly to the Committee, including with regard to your scope of practice and preliminary and final findings.

Different from the independent investigation commissioned by the company in July 2016, which gave for decision of your Board of Directors, the internal investigation stems from the Deal. The independent investigation of 2016 was hired by a decision of the directors of the Company, being the goal of the work make a calculation for internal purposes, having the work completed in January 2017, and their results reported in financial statements for the financial year ended December 31, 2016.

With respect to the execution of the work, we clarify that according to the Investigation Team, these followed standard methodology used internationally for this type of procedure and nature, being that the analysis had based on: (i) documents requested by the Investigation Team to the Company; (ii) documents collected from electronic equipment to employees and former employees, as well as file and network servers of the Company; (iii) conduct of interviews with relevant persons considered "key" to the process, and (iv) documents provided by J&F pertinent to the Leniency Deal.

Among the activities carried out by the Investigation Team include: a) definition of custodians, equipment, data collection in the cities of São Paulo/SP and Três Lagoas/MS and network data collection on the servers of the Company in São Paulo/SP, which reassembled approximately 6.7 terabytes of data; b) monitoring the work, in the form of shadowing, by auditing company BDO RCS Auditores Independentes SS, current auditing firm hired by the Company from the year 2017 and follow-up by KPMG Auditores Independentes as the audit firm hired by the Company until the year 2016; c) conducting interviews with employees and ex-employees of the Company and employees of J&F that may have something to do with the facts under review; d) definition of search expressions (key words) and processing of the data collected, and the result of the processing of such data, the basis for analysis purposes contained about of 2,933,313 items, which focused the search expressions. After the processing of the collected data and application of search expressions, was carried out the analysis of 146,497 documents, the number of documents scanned to the end (third level of analysis), the total of 1,187 documents.

After 218 days of work, the Investigation Team, on 02/28/2017, issued a preliminary report handed to the Independent Committee. After that date, interviews were conducted with 3 custodians who could not be heard up to that date, and analyses were made to the additional documents requested to the Company by the Investigation Team.

After concluded the additional procedures referred to above, the investigation work was finished by the Investigation Team with the issue of a report, dated 04/20/2018, handed by the Investigation Team to the Independent Committee and to J&F.

The conclusions of this report, related to facts and data analyzed so far by the Investigation Team, inform that no new fact was found besides those already publicly known and mentioned in the Attachments of the Deal, and that there are no new relevant facts in the context of the impacts on the financial statements of the Company.

Of the subjects examined, the one who brought the Company accounting impacts was that related to the verification of the circumstances of the payments made by the Company in the scheme operated by Lucio Funaro to the release of funds by the FI-FGTS and Federal Economic Bank (CEF), involving payments of R$ 37.4 million with no cause.

As a result, the Company, after being assessed by the Brazilian Revenue Service (RFB), made the payment in full of taxes and fines related to the facts, in the amount of R$ 6.6 million, with 50% reduction of the fine, and provisioned the value of R$ 38.7 million for the payment of any new assessments relating to the exercise of 2013 and 2014, as well as reworked the calculation of Income tax and social contribution of R$ 2.4 million and Deferred income tax and social contribution of R$ 14 million, impacting net income amounting to R$ 33.7 million on losses accumulated in shareholders ' equity, which are reflected in its financial statements.

Important to note that, despite having been performed by the Company payments to Companies linked to Lucio Funaro, in accordance with the annexes 04 and 06 of the Deal i) interactions with Lucio Funaro were not made by directors or employees of the Company and the executives Company had no knowledge of the setting with Lucio Funaro; ii) was a system of payment made to companies linked to Lucio Funaro through invoices issued against companies in the group, and with respect to the Company were made payments in the amount of R$ 37.4 million; iii) funding obtained by the Company did not have more advantageous conditions than other financing granted to other companies at the time. In this respect, the report brings conclusion corroborating the allegations above.

## 31. Share purchase and sale agreement

On September 02, 2017, J&F Investimentos S.A., the Company's parent company, entered into a purchase and sale agreement for the sale of all its direct and indirect ownership interest in the Company to CA Investment (Brazil) S.A., a company of the Paper Excellence group, at the total amount of the Company of R$ 15 billion, to be adjusted according to working capital and net debt, under the agreement terms ("Operation").

As at June 30, 2018, the Company's shareholding structure consists of 49.42% of ownership interest from CA Investment (Brazil) S.A. and 50.58% of ownership interest from J&F Investimentos S.A., sole shareholders of Eldorado, the latter being the Company's parent company.

The conclusion of the mentioned Operation with the sale of the totality of the Company's shares to CA Investment (Brazil) S.A., is subject to common condition precedents established in such type of Operation. Pursuant to the mentioned purchase and sale agreement, the Operation has a term of up to twelve (12) months to be completed.

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

Board of Directors

José Batista Sobrinho
Chairman of the Board of Directors

Sérgio Longo
Deputy Chairman of the Board of Directors

José Antonio Batista Costa
Member

Francisco de Assis e Silva
Member

Accountant

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