(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 September 30, 2018

ELDORADO BRASIL CELULOSE S.A.

Individual and consolidated interim financial information
As at September 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 September 30, 2018, which comprise the individual and consolidated interim statement of financial position as at September 30, 2018 and the respective individual and consolidated interim statements of operations and comprehensive income (loss) for the three and nine-month periods then ended, and individual and consolidated interim statements of changes in equity and cash flows for the nine-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 September 30, 2018, in the amounts of R$ 6,338,335 thousand and R$ 8,028,038 thousand (December 31, 2017 - R$ 6,651,517 thousand and R$ 8,052,070 thousand), respectively, for at least twelve months after September 30, 2018, the amounts of R$ 4,053,448 thousand and R$ 5,622,648 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 September 30, 2018, are understated by R$ 4,053,448 thousand and R$ 5,622,648 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 are not modified in respect of this matter.

ICMS to be recovered

As described in Note 9 to the individual and consolidated interim financial information, which describes the actions that the Company has prioritized in order to maximize the realization of ICMS credits that are conditioned mainly in the expectation of increased sales of pulp to the market and the granting of incentives by the government of the State of Mato Grosso do Sul to pay suppliers to be hired under the project to expand production. Our conclusion are not modified in respect of this matter.

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added for the nine-month period ended September 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, and Emphasis on ICMS to be recovered.

The individual and consolidated interim financial information for the quarter ended September 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. and Emphasis on ICMS to be recovered.

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

São Paulo, November 9, 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 September 30, 2018 and December 31, 2017
(In thousands of Brazilian Reais)

Assets		Parent company		Consolidated	
	Note	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Current					
Cash and cash equivalents	5.1	439,479	161,013	1,098,026	377,507
Trade accounts receivable	6	1,651,519	1,155,280	684,600	647,709
Inventories	8	360,499	301,046	571,364	493,109
Recoverable taxes	9	330,201	432,373	330,602	432,717
Advances to suppliers	10	13,529	32,976	13,588	33,063
Intercompany receivables	7	3,501	2,783	133	-
Assets available for sale		-	2,113	-	2,113
Other current assets		31,473	38,969	31,670	39,469
Total current		2,830,201	2,126,553	2,729,983	2,025,687
Noncurrent					
Trade accounts receivable	6	-	683	-	683
Financial investments	5.2	158,437	168,038	217,523	219,336
Recoverable taxes	9	1,035,090	629,934	1,035,101	629,939
Advances to suppliers	10	95,099	83,873	95,099	83,873
Deferred income and social contribution taxes	18	243,351	391,044	243,351	391,044
Deposit, guarantees and others		5,801	6,821	6,206	7,164
Other noncurrent assets		14,955	14,993	14,959	14,996
		1,552,733	1,295,386	1,612,239	1,347,035
Biological assets	11	2,570,588	2,499,996	2,570,588	2,499,996
Investments	12	104,306	105,121	-	-
Fixed assets	13	4,304,599	4,578,125	4,367,840	4,644,597
Intangible assets	14	6,477	7,337	30,264	33,242
Total noncurrent		8,538,703	8,485,965	8,580,931	8,524,870
Total assets		11,368,904	10,612,518	11,310,914	10,550,557

Liabilities		Parent company		Consolidated	
	Note	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Current					
Loans and financing	16	2,284,887	2,319,414	2,405,390	2,392,372
Trade accounts payable	15	212,513	210,378	208,383	223,380
Intercompany payables	7	175,473	135,977	14,783	31,257
Tax liabilities, payroll and social charges	17	170,659	185,912	175,112	190,719
Derivatives payable		70,221	-	70,221	-
Other current liabilities		11,455	9,312	24,210	10,514
Total current		2,925,208	2,860,993	2,898,099	2,848,242
Noncurrent					
Loans and financing	16	4,053,448	4,332,103	5,622,648	5,659,698
Trade accounts payable	15	5,059	6,629	5,059	6,629
Intercompany payables	7	1,534,945	1,298,834	-	-
Provision for procedural risks	19	19,376	12,608	19,376	12,608
Provision for losses on controlled companies	12	65,136	77,971	-	-
Total noncurrent		5,677,964	5,728,145	5,647,083	5,678,935
Equity	20				
Capital stock		1,788,792	1,788,792	1,788,792	1,788,792
Tax incentive reserve		1,013,325	849,487	1,013,325	849,487
Cumulative translation adjustments		65,275	12,334	65,275	12,334
Accumulated losses		(101,660)	(627,233)	(101,660)	(627,233)
Total equity		2,765,732	2,023,380	2,765,732	2,023,380
Total liabilities and equity		11,368,904	10,612,518	11,310,914	10,550,557

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

ELDORADO BRASIL CELULOSE S.A.

Statements of operations
Quarters ended September 30, 2018 and 2017

		Parent company				Consolidated			
		2018		2017		2018		2017	
	Note	3nd quarter	Accum.	3nd quarter	Accum.	3nd quarter	Accum.	3nd quarter	Accum.
Net revenue	21	1,206,168	3,396,667	604,632	2,000,790	1,331,610	3,586,432	825,496	2,345,016
Cost of goods sold	23	(422,129)	(1,239,084)	(368,806)	(1,140,275)	(427,889)	(1,279,878)	(371,766)	(1,135,173)
Gross profit		784,039	2,157,583	235,826	860,515	903,721	2,306,554	453,730	1,209,843
Operating revenues/(expenses)									
Administrative and general	23	(25,452)	(73,947)	(25,338)	(82,891)	(27,869)	(80,983)	(28,309)	(92,622)
Selling and logistics	23	(56,682)	(159,082)	(37,650)	(117,402)	(117,734)	(328,795)	(80,964)	(251,943)
Fair value of biological assets	11	53,430	126,647	14,504	338,026	53,430	126,647	14,504	338,026
Equity in earnings (losses) of controlled companies	12	52,004	(40,037)	168,009	196,361	-	-	-	-
Other revenues, net	25	2,240	97,551	29,401	90,132	2,120	94,727	29,389	90,054
Income before financial revenues (expenses) and taxes		809,579	2,108,715	384,752	1,284,741	813,668	2,118,150	388,350	1,293,358
Net financial income (loss)	24								
Financial (expenses)		(272,390)	(679,661)	(195,561)	(625,719)	(276,360)	(689,396)	(196,854)	(632,223)
Financial revenues		211,686	284,917	8,360	71,123	212,092	286,081	8,508	71,563
Exchange rate gains (losses), net		(184,280)	(886,911)	208,502	149,424	(184,403)	(887,298)	208,428	149,450
Income before provision for income and social contribution taxes		564,595	827,060	406,053	879,569	564,997	827,537	408,432	882,148
Income and social contribution taxes	18								
Current		(66,627)	10,044	(44,256)	(54,954)	(67,031)	9,607	(46,635)	(57,533)
Deferred		(96,938)	(147,693)	(16,171)	(116,806)	(96,936)	(147,733)	(16,171)	(116,806)
Net income for the period		401,030	689,411	345,626	707,809	401,030	689,411	345,626	707,809
Earnings per thousand shares		0.26	0.45	0.23	0.46	0.26	0.45	0.23	0.46

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

ELDORADO BRASIL CELULOSE S.A.

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

	Parent company				Consolidated			
	2018		2017		2018		2017	
	3nd quarter	Accum.	3nd quarter	Accum.	3nd quarter	Accum.	3nd quarter	Accum.
Net income for the period	401,030	689,411	345,626	707,809	401,030	689,411	345,626	707,809
Exchange rate gains (losses) on investments	7,259	52,941	(2,075)	3,719	7,259	52,941	(2,075)	3,719
Total comprehensive income	408,289	742,352	343,551	711,528	408,289	742,352	343,551	711,528

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	-	-	-	707,809	707,809
Tax incentive reserve	-	102,906	-	(102,906)	-
Exchange rate gains (losses) on investments	-	-	3,719	-	3,719
Balances as at September 30, 2017	1,788,792	729,258	(270)	(512,562)	2,005,218
Balances as at December 31, 2017	1,788,792	849,487	12,334	(627,233)	2,023,380
Net income for the period	-	-	-	689,411	689,411
Tax incentive reserve	-	163,838	-	(163,838)	-
Exchange rate gains (losses) on investments	-	-	52,941	-	52,941
Balances as at September 30, 2018	1,788,792	1,013,325	65,275	(101,660)	2,765,732

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

ELDORADO BRASIL CELULOSE S.A.

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

	Parent company		Consolidated	
	09/30/2018	09/30/2017	09/30/2018	09/30/2017
Cash flows from operating activities				
Income (loss) before income and social contribution taxes	827,060	879,569	827,537	882,148
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities:				
Depreciation and amortization	183,333	177,517	188,236	186,545
Depletion	131,025	132,123	130,930	134,713
Appreciation amortization	884	2,653	884	2,653
Residual value of assets written off of fixed assets	128,680	8,671	128,680	8,673
Fair value of biological assets	(126,647)	(338,026)	(126,647)	(338,026)
Finance charges – interest and exchange rate gains (losses)	1,283,359	312,699	1,382,558	363,416
Finance charges – interest and exchange rate gains (losses) – related parties	402,920	46,061	301,460	(44,128)
Provision for procedural risks	15,437	3,807	15,437	3,807
Derivatives	70,221	-	70,221	-
Trade accounts receivable – exchange rate gains (losses)	14,060	3,307	14,060	3,307
Equity in earnings (losses) of controlled companies	40,037	(196,361)	-	-
	2,970,369	1,032,020	2,933,356	1,203,108
Decrease (increase) in assets				
Trade accounts receivable	(665,859)	94,391	(253,614)	(45,183)
Inventories	88,540	117,248	115,186	92,789
Recoverable taxes	(302,984)	(171,632)	(302,992)	(168,398)
Advances to suppliers	8,221	(12,487)	8,249	(12,429)
Other receivables	(718)	-	(718)	-
Other current and noncurrent assets	10,668	(13,719)	10,979	(13,945)
Increase (decrease) in liabilities				
Trade accounts payable	565	(33,838)	(67,858)	(18,553)
Other liabilities	(16,474)	(20,127)	(16,474)	(20,127)
Tax liabilities, payroll and social charges	90,394	6,188	89,307	4,352
Other current and noncurrent liabilities	(6,525)	7,789	1,138	8,657
Asset and liability valuation adjustments and cumulative translation adjustments	-	-	-	45,045
Net cash from operating activities	2,176,197	1,005,833	2,516,559	1,075,316
Income tax and social contribution paid	(95,603)	-	(95,682)	-
Net cash from operation activities	2,080,594	1,005,833	2,420,877	1,075,316
Cash flows from investing activities				
Increase in biological assets	(209,487)	(262,373)	(209,487)	(262,373)
Additions to fixed and intangible assets	(51,103)	(70,835)	(51,864)	(71,336)
Sale of fixed assets	156,242	9,227	156,242	9,227
Financial investments	9,601	(4,084)	12,032	(53,211)
Intercompany receivables	-	29,326	-	29,326
Net cash from investing activities	(94,747)	(298,739)	(93,077)	(348,367)
Cash flows from financing activities				
Loans and financing raised	1,188,020	845,580	1,188,020	845,580
Amortization of loans and financing - principal	(1,978,127)	(1,647,487)	(2,017,062)	(1,686,421)
Amortization of loans and financing - interest	(362,990)	(405,275)	(427,402)	(467,418)
Amortization of loans and financing – exchange rate gains (losses)	(443,444)	(54,003)	(450,637)	(51,317)
Amortization of intercompany loans - principal	(39,638)	(39,638)	-	-
Amortization of intercompany loans - interest	(66,000)	(65,418)	-	-
Amortization of intercompany loans – exchange rate gains (losses)	(5,202)	4,126	-	-
Net cash from financing activities	(1,707,381)	(1,362,115)	(1,707,081)	(1,359,576)
Effects of exchange rate gains (losses) on cash	-	-	99,800	(6,435)
Change in cash and cash equivalents, net	278,466	(655,021)	720,519	(639,062)
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	439,479	174,581	1,098,026	405,575
Change in cash and cash equivalents, net	278,466	(655,021)	720,519	(639,062)

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

ELDORADO BRASIL CELULOSE S.A.

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

	Parent company		Consolidated	
	09/30/2018	09/30/2017	09/30/2018	09/30/2017
Revenues				
Sales of merchandise, products and services	3,460,388	2,026,647	3,651,156	2,371,650
Other operating revenues (expenses), net	138,973	326,249	136,170	326,201
Transfers related to the construction of own assets	2,924	7,373	2,924	7,373
	3,602,285	2,360,269	3,790,250	2,705,224
Inputs acquired from third parties				
Costs of goods sold, materials, energy, third-party services and others	(823,262)	(707,081)	(1,020,372)	(821,035)
Gross value added	2,779,023	1,653,188	2,769,878	1,884,189
Depreciation, amortization and depletion	(314,358)	(309,640)	(319,166)	(321,258)
Net value added generated by the entity	2,464,665	1,343,548	2,450,712	1,562,931
Value added received in transfer				
Equity in earnings (losses) of controlled companies	(40,037)	196,361	-	-
Financial revenues	20,271	40,817	21,416	35,776
Total value added to be distributed	2,444,899	1,580,726	2,472,128	1,598,707
Value added distribution				
Personnel				
Direct compensation	172,894	147,017	179,255	153,700
Benefits	75,826	72,198	79,337	75,782
FGTS (Severance Pay Fund)	14,823	14,336	15,519	15,050
	263,543	233,551	274,111	244,532
Taxes, fees and contributions				
Federal	195,494	235,481	197,039	239,119
State	(77,508)	(111,458)	(77,487)	(111,436)
Municipal	-	-	1,004	776
	117,986	124,023	120,556	128,459
Return on debt capital				
Interest	605,937	417,690	602,600	418,413
Rents	73,679	73,160	77,667	74,726
Others	694,343	24,493	707,783	24,768
	1,373,959	515,343	1,388,050	517,907
Return on equity capital				
Net income for the period	689,411	707,809	689,411	707,809
Total value added distributed	2,444,899	1,580,726	2,472,128	1,598,707

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 September 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$ 95,007 Parent Company and R$ 168,116 Consolidated, affected by the depreciation of 21.04% 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. As far as these conditions do not occur, the Company uses the good operating moment along with the favorable cash position (totaling R$ 597,916 Parent Company and R$ 1,315,549 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 09/30/2018	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 November 09, 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 September 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, September 30, 2017 and December 31, 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 agreement with the pronunciation nº 47 emited by Comitê de Pronunciamentos Contábeis – CPC 47 – Revenue from Contracts with Customers, The Company and it´s subsidiaries recognize the 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

	09/30/2018 (%)	09/30/2017 (%)
Buildings	3.67	2.84
Facilities and improvements	5.53	5.54
Furniture and fixtures	9.19	9.18
Vehicles	21.38	21.99
Technical and scientific instruments	10.90	11.84
IT equipment	19.89	19.23
Machinery and equipment	6.40	7.03
Leasehold improvements	7.38	7.26
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	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Cash and cash equivalents	5	5	7	5
Banks - demand deposits	24,726	12,472	683,271	228,966
Banks - financial investments (a)	414,748	148,536	414,748	148,536
	439,479	161,013	1,098,026	377,507

(In thousands of Brazilian Reais)

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

5.2. Financial investments - noncurrent assets

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Fundo Caixa FI (a)	70,097	67,245	70,097	67,245
CDB CEF (b)	88,340	100,793	88,340	100,793
Banco do Brasil Paris (c)	-	-	59,086	51,298
	158,437	**168,038**	**217,523**	**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	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Domestic market	206,504	138,660	206,503	138,662
Foreign market	1,445,015	1,017,303	478,097	509,730
	1,651,519	**1,155,963**	**684,600**	**648,392**
Breakdown				
Current assets	1,651,519	1,155,280	684,600	647,709
Noncurrent assets	-	683	-	683
	1,651,519	**1,155,963**	**684,600**	**648,392**

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Falling due	1,473,759	1,134,073	609,245	551,044
1 to 30 days past due	140,439	14,816	60,615	82,562
31 to 60 days past due	28,897	1,199	6,785	5,563
61 to 90 days past due	332	504	332	1,488
Over 90 days past due	8,092	5,371	7,623	7,735
	1,651,519	**1,155,963**	**684,600**	**648,392**

(In thousands of Brazilian Reais)

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.

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	
Current assets	**Type**	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
Cellulose Eldorado Austria GmbH (Note 6)	Pulp sale	1,189,864	826,478	-	-
Eldorado EUA (note 6)	Pulp sale	226,634	135,194	-	-
Eldorado Intl. Finance GmbH	Transfer of costs	3,368	2,783	-	-
J&F Investimentos	Transfer of costs	133	-	133	-
Total current assets		**1,419,999**	**964,455**	**133**	**-**

		Parent Company		Consolidated	
Current liabilities	**Type**	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
JBS (note 15)	Sundry (iv)	1,094	1,673	1,094	1,606
Seara Alimentos (note 15)	Consumables (v)	10	258	10	258
Cellulose Eldorado Austria GmbH	PPE (ii)	82,944	79,904	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	77,746	24,816	-	-
J&F Investimentos	Guarantee (i)	14,783	31,257	14,783	31,257
J&F Investimentos (note 15)	Sundry (vi)	231	2,828	231	2,828
Rishis Empreend. e Partic. (note 15)	Rendering of service	18,822	14,376	-	-
Total current liabilities		**195,630**	**155,112**	**16,118**	**35,949**
Noncurrent liabilities					
Celulose Eldorado Austria GmbH	PPE (ii)	174,436	179,578	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	1,360,509	1,119,256	-	-
Total noncurrent liabilities		**1,534,945**	**1,298,834**	**-**	**-**

(In thousands of Brazilian Reais)

		Parent Company			
Profit or loss	**Type**	**3Q18**	**3Q17**	**9M18**	**9M17**
Cellulose Eldorado Austria GmbH	Pulp sale	835,825	371,331	2,435,689	1,375,781
Eldorado EUA Inc.	Pulp sale	124,592	61,186	341,892	175,043
JBS	Sale of chip	-	170	-	170
JBS	Sale of forest tract	-	89	-	97
JBS	Electricity sale	-	-	-	1,164
Enersea Comercializ. de Energia	Electricity sale	-	-	-	374
Total sales revenue (note 21)		**960,417**	**432,776**	**2,777,581**	**1,552,629**
Cellulose Eldorado Austria (note 24)	PPE (ii)	(3,994)	(4,259)	(11,610)	(13,456)
Eldorado Intl. Finance GmbH (note 24)	PPE (iii)	(32,230)	(25,770)	(87,139)	(76,733)
JBS S.A.	Sundry (iv)	(4,827)	(3,465)	(15,669)	(7,417)
Seara Alimentos	Consumables (v)	(12)	(55)	(125)	(224)
J&F Investimentos (note 24)	Endorsement (i)	(14,782)	(16,078)	(44,359)	(49,015)
J&F Investimentos	Current account	-	2,007	-	2,007
Loans to officers	Loans (vii)	-	596	-	2,818
Rishis Empreend. e Partic.	Rendering of service	(6,026)	(5,560)	(16,913)	(16,275)
Total profit or loss		**898,546**	**380,192**	**2,601,766**	**1,394,334**

		Consolidated			
Profit or loss	**Type**	**3Q18**	**3Q17**	**9M18**	**9M17**
JBS	Sale of chip	-	170	-	170
JBS	Sale of forest tract	-	89	-	97
JBS	Electricity sale	-	-	-	1,164
Enersea Comercializ. de Energia	Electricity sale	-	-	-	374
Total sales revenue (note 21)		**-**	**259**	**-**	**1,805**
JBS S.A.	Sundry (iv)	(4,827)	(3,465)	(15,669)	(7,417)
Seara Alimentos	Consumables (v)	(12)	(55)	(125)	(224)
J&F Investimentos (note 24)	Endorsement (i)	(14,782)	(16,078)	(44,359)	(49,015)
J&F Investimentos	Current account	-	2,007	-	2,007
Loans to officers	Loans (vii)	-	596	-	2,818
Total profit or loss		**(19,621)**	**(16,736)**	**(60,153)**	**(50,026)**

(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 pulp transportation, purchase of consumables for use in the cafeteria, rental of administrative building and data center, etc.;
(v) These refer to acquisition of consumables for use in the cafeteria and Christmas kits;
(vi) This refers to reimbursements related to rents and corporate expenses;
(vii) Return to loans to the ex-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:

	3Q18	3Q17	9M18	9M17
Benefits (a)	1,427	5,406	7,904	18,709

(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	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Seedlings	3,074	2,570	3,074	2,570
Raw materials (wood for production)	155,693	127,311	155,693	127,311
Pulp	52,839	41,629	263,499	233,470
Inputs	22,784	19,254	22,784	19,254
Storeroom supplies	126,109	110,282	126,314	110,504
	360,499	301,046	571,364	493,109

During the period the amount of R$ 265,542 (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.

(In thousands of Brazilian Reais)

9. Taxes recoverable

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
State VAT (ICMS) (i)	1,154,118	1,008,245	1,154,501	1,008,485
Taxes on sales (PIS e COFINS) (ii)	40,921	14,328	40,921	14,328
Federal VAT (IPI)	2	105	2	105
Services tax (ISS)	270	224	270	224
REINTEGRA (iii)	58,639	29,986	58,639	29,986
Withholding income tax (IRRF) (iv)	2,525	8,329	2,525	8,329
Corporate income tax (IRPJ) to offset (v)	25,301	796	25,301	796
Social contribution tax (CSLL) to offset (v)	20,256	294	20,256	294
Prepayment IRPJ (vi)	46,395	-	46,413	75
Prepayment CSLL (vi)	16,864	-	16,875	34
	1,365,291	**1,062,307**	**1,365,703**	**1,062,656**
Breakdown				
Current assets	330,201	432,373	330,602	432,717
Noncurrent assets	1,035,090	629,934	1,035,101	629,939
	1,365,291	**1,062,307**	**1,365,703**	**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.

(ii) PIS and COFINS

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

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

(In thousands of Brazilian Reais)

(iii) REINTEGRA

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

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

(iv) IRRF

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

(v) IRPJ and CSLL to offset

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

(vi) IRPJ and CSLL - Prepayment

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

10. Advances to suppliers

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Purchase of wood (i)	95,099	101,059	95,098	101,059
Others	13,529	15,790	13,589	15,877
	108,628	**116,849**	**108,687**	**116,936**
Breakdown				
Current assets	13,529	32,976	13,588	33,063
Noncurrent assets	95,099	83,873	95,099	83,873
	108,628	116,849	108,687	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.

(In thousands of Brazilian Reais)

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	
	09/30/2018	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	126,647	373,016
Tree felling for inventory	(265,542)	(271,981)
Forest development cost	209,487	348,172
	2,570,588	**2,499,996**

Currently the Company holds a production area of 217,177 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.

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.

(In thousands of Brazilian Reais)

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:

	09/30/2018	12/31/2017
Current productive area (hectare)	217,177	224,197
Average Annual Increase (IMA) - m^3/ hectare	37.73	37.77
Discount rate (WACC without consumer price index) - %	6.1	6.1
Non-Financial Estimative of hc quantities	4,196	5,309

(In thousands of Brazilian Reais)

12. Investments

Significant information about investments on subsidiaries for the period ended September 30, 2018

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria Gmbh	100%	3,268,775	111	(65,136)	2,968,162	49,859
Rishis Empreendimentos e Participações S.A.	100%	93,417	108,979	91,137	16,098	69

In parent company	Balance as at 12/31/2017	Amortization	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as at 09/30/2018
Cellulose Eldorado Austria Gmbh	(77,971)	-	52,941	(89,965)	49,859	(65,136)
Rishis Empreendimentos e Participações S.A.	91,068	-	-	-	69	91,137
Appreciation of right to use granting of port movements	14,053	(884)	-	-	-	13,169
Total	27,150	(884)	52,941	(89,965)	49,928	39,170
Provision for losses on investments	77,971					65,136

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.

(In thousands of Brazilian Reais)

Appreciation of right-of-use of port movement concession

The Company has recorded, as at September 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.

13. Fixed assets

	Parent Company - 09/30/2018			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.67%	1,148,946	(189,432)	959,514
Leasehold improvements	10.00%	8,325	(4,003)	4,322
Facilities and improvements	5.32%	273,186	(60,280)	212,906
Furniture and fixtures	9.13%	8,685	(3,937)	4,748
Vehicles	21.38%	130,727	(95,664)	35,063
Technical and scientific instruments	10.85%	6,194	(3,702)	2,492
IT equipment	19.87%	63,508	(57,941)	5,567
Machinery and equipment	6.38%	3,627,561	(863,052)	2,764,509
Vessels and floating structures	20.00%	7	-	7
Eucalyptus matrices	20.00%	79	(41)	38
Construction in progress and advances for capital expenditures	-	212,222	-	212,222
		5,582,651	(1,278,052)	4,304,599

	Parent Company - 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	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 - 09/30/2018			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.67%	1,148,946	(189,432)	959,514
Leasehold improvements	7.38%	64,298	(15,945)	48,353
Facilities and improvements	5.53%	278,362	(60,843)	217,519
Furniture and fixtures	9.19%	9,182	(4,172)	5,010
Vehicles	21.38%	130,866	(95,803)	35,063
Technical and scientific instruments	10.90%	6,194	(3,702)	2,492
IT equipment	19.89%	64,710	(58,863)	5,847
Machinery and equipment	6.40%	3,637,677	(865,080)	2,772,597
Vessels and floating structures	20.00%	7	-	7
Eucalyptus Matrices	20.00%	79	(41)	38
Construction in progress and advances for capital expenditures	-	218,189	-	218,189
		5,661,721	(1,293,881)	4,367,840

	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 09/30/2018
Land	103,211	-	-	-	-	103,211
Buildings	969,440	-	-	19,533	(29,459)	959,514
Leasehold improvements	8,761	-	(1,823)	(1,550)	(1,066)	4,322
Facilities and improvements	223,579	-	-	(1,540)	(9,133)	212,906
Furniture and fixtures	5,508	65	(1)	68	(892)	4,748
Vehicles	52,685	3,512	(27)	76	(21,183)	35,063
Technical and scientific instruments	2,760	-	-	107	(375)	2,492
IT equipment	8,158	73	-	169	(2,833)	5,567
Machinery and equipment	3,012,468	538	(126,829)	8,036	(129,704)	2,764,509
Vessels and floating structures	-	7	-	-	-	7
Eucalyptus matrices	50	-	-	-	(12)	38
Construction in progress and advances for capital expenditures	191,505	46,908	-	(26,191)	-	212,222
	4,578,125	**51,103**	**(128,680)**	**(1,292)**	**(194,657)**	**4,304,599**

(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**

(In thousands of Brazilian Reais)

Consolidated

Changes	Balance at 12/31/2017	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Balance at 09/30/2018
Land	103,211	-	-	-	-	-	103,211
Buildings	969,440	-	-	19,533	(29,459)	-	959,514
Leasehold improvements	55,750	-	(1,823)	(1,509)	(4,065)	-	48,353
Facilities and improvements	228,422	-	-	(1,540)	(9,367)	4	217,519
Furniture and fixtures	5,815	65	(1)	68	(947)	10	5,010
Vehicles	52,685	3,512	(27)	76	(21,183)	-	35,063
Technical and scientific instruments	2,760	-	-	107	(375)	-	2,492
IT equipment	8,596	73	-	169	(2,994)	3	5,847
Machinery and equipment	3,020,651	538	(126,829)	8,501	(130,264)	-	2,772,597
Vessels and floating structures	-	7	-	-	-	-	7
Eucalyptus matrices	50	-	-	-	(12)	-	38
Construction in progress and advances for capital expenditures	197,217	47,669	-	(26,697)	-	-	218,189
	4,644,597	**51,864**	**(128,680)**	**(1,292)**	**(198,666)**	**17**	**4,367,840**

(In thousands of Brazilian Reais)

Consolidated

Changes	Balance at 12/31/2016	Additions	Write-off	Available for sale	Transfers	Depreciation	Saldo em 31/12/2017
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 September 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 – 09/30/2018			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	20.54%	19,306	(12,829)	6,477

	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 - 09/30/2018			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,002	(3,833)	13,169
Software	20.46%	20,036	(13,269)	6,767
Terminal Concession	7.14%	20,988	(10,660)	10,328
		58,026	(27,762)	30,264

	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	09/30/2018
Software	7,337	-	1,292	(2,152)	6,477

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	09/30/2018
Appreciation of right-of-use of port movement concession (a)	14,053	-	-	(884)	13,169
Software	7,736	-	1,292	(2,261)	6,767
Terminal concession	11,453	-	-	(1,125)	10,328
	33,242	-	1,292	(4,270)	30,264

(In thousands of Brazilian Reais)

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

(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	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Supplies and services	41,737	46,576	35,926	58,459
Inputs	158,632	151,275	158,633	151,275
Others	17,203	19,156	18,883	20,275
	217,572	**217,007**	**213,442**	**230,009**
Breakdown				
Current liabilities	212,513	210,378	208,383	223,380
Noncurrent liabilities	5,059	6,629	5,059	6,629

(In thousands of Brazilian Reais)

16. Loans and Financing

Type	Average annual interest rate and commissions	Maturity	Parent Company 09/30/2018	Parent Company 12/31/2017
Fixed assets purchase financing				
FINAME - project finance	Average interest of 3% to 19.83% p.a.	July/2023	27,093	40,527
ACC (advance on exchange contract) (i)	Forex + interest of 5.05% to 8.625% p.a.	June/2019	1,027,526	1,070,650
BNDES (ii)	TJLP + spread	June/2022	445,205	531,486
BNDES (ii)	Floating rate BNDES + spread	July/2022	2,104,188	2,079,771
FINEM Florestal (x)	TJLP / selic + spread	May/2025	194,657	187,044
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	November/2022	954,319	846,305
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	December/2027	1,270,544	1,233,020
Working capital (vi)	Rate of 5.74% p.a. in US$	December/2020	22,708	25,684
PPE (vii)	LIBOR + spread.	March/2018	-	18,635
NCE (v)	CDI + spread	December/2019	290,480	616,244
Lease	Fixed rate - 12.9854% p.a.	July/2020	1,615	2,151
			6,338,335	**6,651,517**
Breakdown				
Current liabilities			2,284,887	2,319,414
Noncurrent liabilities			4,053,448	4,332,103
			6,338,335	**6,651,517**

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

2019	372,270
2020	969,582
2021	962,428
2022	676,477
After 2023	1,072,691
	4,053,448

(In thousands of Brazilian Reais)

Type	Average annual interest rate and commissions	Maturity	Consolidated 09/30/2018	Consolidated 12/31/2017
Fixed assets purchase financing				
FINAME - project finance	Average interest of 3% to 19.83% p.a.	July/2023	27,093	40,527
ACC (advance on exchange contract) (i)	Forex + interest of 5.05% to 8.625% p.a.	June/2019	1,027,526	1,070,650
BNDES (ii)	TJLP + spread	June/2022	445,205	531,486
BNDES (ii)	Floating rate BNDES + spread	July/2022	2,104,188	2,079,771
FINEM Florestal (x)	TJLP / selic + spread	May/2025	194,657	187,044
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	November/2022	954,319	846,305
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	December/2027	1,270,544	1,233,020
Working capital (vi)	Rate of 5.74% p.a. in US$	December/2020	22,708	25,684
PPE (vii)	LIBOR + spread	March/2018	-	18,635
NCE (v)	CDI + spread	December/2019	290,480	616,244
Term Loan (viii)	LIBOR + spread	April/2021	267,432	256,771
Bonds (ix)	Rate of 8.625% p.a.	June/2021	1,422,271	1,143,782
Leasing	Fixed rate - 12.9854% p.a.	July/2020	1,615	2,151
			8,028,038	8,052,070
Breakdown				
Current liabilities			2,405,390	2,392,372
Noncurrent liabilities			5,622,648	5,659,698
			8,028,038	8,052,070

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

2019	416,435
2020	1,057,912
2021	2,399,133
2022	676,477
After 2023	1,072,691
	5,622,648

16.1. Changes in loans and financing

Parent Company	09/30/2018	12/31/2017
Opening balance	**6,651,517**	**7,620,171**
Interest - accrued	431,390	589,963
Exchange differences - accrued	851,969	46,882
New loans and financing	1,188,020	1,082,247
Repayments		
Principal	(1,978,127)	(2,017,393)
Interest	(362,990)	(538,237)
Exchange differences	(443,444)	(132,116)
Closing balance	**6,338,335**	**6,651,517**

(In thousands of Brazilian Reais)

Consolidated	09/30/2018	12/31/2017
Opening balance	**8,052,070**	**9,066,535**
Interest - accrued	531,213	710,551
Exchange differences - accrued	1,151,836	70,370
New loans and financing	1,188,020	1,082,247
Repayments		
Principal	(2,017,062)	(2,095,263)
Interest	(427,402)	(653,287)
Exchange differences	(450,637)	(129,083)
Closing balance	**8,028,038**	**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 finncing 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$ 1,200,869, 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	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Payroll and social charges	15,017	18,196	15,922	19,184
Accruals and charges	65,373	66,174	67,486	68,386
Taxes payable	90,269	101,542	91,704	103,149
	170,659	**185,912**	**175,112**	**190,719**

(In thousands of Brazilian Reais)

18. Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company			
	3Q18	3Q17	9M18	9M17
Profit (loss) before income tax and social contribution	564,595	406,053	827,060	879,569
Income tax and social contribution - statutory rate of 34%	**(191,962)**	**(138,058)**	**(281,200)**	**(299,053)**
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	17,681	57,123	(13,613)	66,763
Nondeductible expenses	(3,322)	(70)	(6,226)	(1,857)
Government grant	13,800	20,591	70,572	62,395
Effect of taxes of foreign subsidiaries	-	-	-	-
Current IR adjustment - 2017	236	-	76,907	-
Tax loss reversal 2013/2014	1	-	15,902	-
Others	1	(13)	9	(8)
Current and deferred income tax and social contribution	**(163,565)**	**(60,427)**	**(137,649)**	**(171,760)**
Effective rate	**-28.97%**	**-14.88%**	**-16.64%**	**-19.53%**

	Consolidated			
	3Q18	3Q17	9M18	9M17
Profit (loss) before income tax and social contribution	564,998	408,432	827,538	882,148
Income tax and social contribution - statutory rate of 34%	**(192,099)**	**(138,867)**	**(281,363)**	**(299,930)**
Reconciliation for effective expenses				
Nondeductible expenses	(3,582)	(1,652)	(6,536)	(3,557)
Government grant	13,800	20,591	70,572	62,395
Effect of taxes of foreign subsidiaries	17,681	57,123	(13,613)	66,763
Current IR adjustment - 2017	236	-	76,907	-
Tax loss reversal 2013/2014	1	-	15,902	-
Others	(4)	(1)	5	(10)
Current and deferred income tax and social contribution	**(163,967)**	**(62,806)**	**(138,126)**	**(174,339)**
Effective rate	**-29,02%**	**-15,38%**	**-16,69%**	**-19,76%**

(In thousands of Brazilian Reais)

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

Parent company and consolidated	12/31/2017	Additions	Deductions	09/30/2018
Tax losses (i)	537,753	-	(11,724)	526,029
MTM currency hedge receivable outstanding	-	23,875	-	23,875
Biological assets	(167,327)	-	(8,034)	(175,361)
Sundry provisions	20,618	(4,120)	-	16,498
Tax x accounting depreciation 2017	-	-	(75,396)	(75,396)
Tax x accounting depreciation 2018	-	-	(72,294)	(72,294)
Balance in the period	**391,044**	**19,755**	**(167,448)**	**243,351**

(i) As at September 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$ 1,547,144.

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

When assessing the probability of realization of deferred tax assets calculated on tax losses, Management considers earning taxable profit in its budget and in the multiannual strategic plan 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	09/30/2018
Environmental	256	-	-	14	270
Civil	2,349	5,630	(1,197)	3,190	9,972
Labor	9,699	3,772	(7,217)	402	6,656
Tax	304	2,427	(255)	2	2,478
	12,608	**11,829**	**(8,669)**	**3,608**	**19,376**

(In thousands of Brazilian Reais)

	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 September 30, 2018 the Company was a defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 5,434,960 (R$ 532,757 at December 31, 2017), of which the Company accrued R$ 19,376 (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$ 850,608 (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.

20. Equity

20.1. Social capital

The subscribed and paid-in capital as at September 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.

(In thousands of Brazilian Reais)

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:

	09/30/2018	09/30/2017
Profit attributable to Company owners	689,411	707,809
Total shares outstanding in the period - thousands	1,525,558	1,525,558
Earnings (losses) per thousand shares	0.45	0.46

21. Net Revenue

	Parent Company			
	3Q18	3Q17	9M18	9M17
Gross sales revenue				
Domestic market	246,421	151,836	613,431	400,087
Foreign market	993,731	466,725	2,875,409	1,647,984
Discounts and rebates	(295)	(433)	(785)	(1,391)
	1,239,856	**618,128**	**3,488,055**	**2,046,680**
Sales deductions and taxes	(33,688)	(13,496)	(91,388)	(45,890)
Net operating revenue	**1,206,168**	**604,632**	**3,396,667**	**2,000,790**

(In thousands of Brazilian Reais)

	Consolidated			
	3Q18	3Q17	9M18	9M17
Gross sales revenue				
Domestic market	246,421	151,837	613,431	400,088
Foreign market	1,378,981	853,834	3,749,403	2,453,531
Discounts and rebates	(266,930)	(167,433)	(709,464)	(473,406)
	1,358,472	**838,238**	**3,653,370**	**2,380,213**
Sales deductions and taxes	(26,862)	(12,742)	(66,938)	(35,197)
Net operating revenue	**1,331,610**	**825,496**	**3,586,432**	**2,345,016**

22. Operating segments

a. Base for segmentation

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

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

b. Reportable segments

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

(In thousands of Brazilian Reais)

	Consolidated 3Q18			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	1,112,001	-	-	1,112,001
Domestic market	177,752	40,371	1,486	219,609
Cost of goods sold	(322,811)	(711)	(2,049)	(325,571)
Gross profit (loss)	**966,942**	**39,660**	**(563)**	**1,006,039**
Operating expenses/revenues				
Administrative and general	(26,322)	-	-	(26,322)
Selling and logistics	(114,332)	-	-	(114,332)
Fair value of biological assets	53,430	-	-	53,430
Depreciation, amortization and depletion	(107,267)	-	-	(107,267)
Other revenues (expenses),net	2,120	-	-	2,120
Net financial income (loss)				
Financial expenses	(213,840)	-	-	(213,840)
Financial revenues	149,572	-	-	149,572
Exchange rate gains (losses), net	(184,403)	-	-	(184,403)
Income/ (loss) before provision for Income and social contribution taxes	**525,900**	**39,660**	**(563)**	**564,997**
Income and social contribution taxes	(163,967)	-	-	(163,967)
Net income (loss) for the period	**361,933**	**39,660**	**(563)**	**401,030**

(In thousands of Brazilian Reais)

	Consolidated 9M18			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	3,039,701	-	-	3,039,701
Domestic market	459,332	84,773	2,626	546,731
Cost of goods sold	(969,446)	(1,688)	(5,557)	(976,691)
Gross profit (loss)	**2,529,587**	**83,085**	**(2,931)**	**2,609,741**
Operating expenses/revenues				
Administrative and general	(76,266)	-	-	(76,266)
Selling and logistics	(317,533)	-	-	(317,533)
Fair value of biological assets	126,647	-	-	126,647
Depreciation, amortization and depletion	(319,166)	-	-	(319,166)
Other revenues (expenses),net	94,727	-	-	94,727
Net financial income (loss)				
Financial expenses	(689,396)	-	-	(689,396)
Financial revenues	286,081	-	-	286,081
Exchange rate gains (losses), net	(887,298)	-	-	(887,298)
Income/ (loss) before provision for Income and social contribution taxes	**747,383**	**83,085**	**(2,931)**	**827,537**
Income and social contribution taxes	(138,126)	-	-	(138,126)
Net income (loss) for the period	**609,257**	**83,085**	**(2,931)**	**689,411**

(In thousands of Brazilian Reais)

	Consolidated 3Q17			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	690,383	-	-	690,383
Domestic market	106,795	27,889	428	135,112
Cost of goods sold	(264,315)	(239)	(1,885)	(266,439)
Gross profit (loss)	**532,863**	**27,650**	**(1,457)**	**559,056**
Operating expenses/revenues				
Administrative and general	(26,697)	-	-	(26,697)
Selling and logistics	(76,386)	-	-	(76,386)
Fair value of biological assets	14,504	-	-	14,504
Depreciation, amortization and depletion	(111,516)	-	-	(111,516)
Other revenues (expenses),net	29,389	-	-	29,389
Net financial income (loss)				
Financial expenses	(196,854)	-	-	(196,854)
Financial revenues	8,508	-	-	8,508
Exchange rate gains (losses), net	208,428	-	-	208,428
Income/ (loss) before provision for Income and social contribution taxes	**382,239**	**27,650**	**(1,457)**	**408,432**
Income and social contribution taxes	(62,806)	-	-	(62,806)
Net income (loss) for the period	**319,433**	**27,650**	**(1,457)**	**345,626**

(In thousands of Brazilian Reais)

	Consolidated 9M17			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	1,989,532	-	-	1,989,532
Domestic market	290,060	64,485	938	355,483
Cost of goods sold	(826,566)	(1,569)	(4,293)	(832,428)
Gross profit (loss)	**1,453,026**	**62,916**	**(3,355)**	**1,512,587**
Operating expenses/revenues				
Administrative and general	(87,682)	-	-	(87,682)
Selling and logistics	(238,369)	-	-	(238,369)
Fair value of biological assets	338,026	-	-	338,026
Depreciation, amortization and depletion	(321,258)	-	-	(321,258)
Other revenues (expenses),net	90,054	-	-	90,054
Net financial income (loss)				
Financial expenses	(632,223)	-	-	(632,223)
Financial revenues	71,563	-	-	71,563
Exchange rate gains (losses), net	149,450	-	-	149,450
Income/ (loss) before provision for Income and social contribution taxes	**822,587**	**62,916**	**(3,355)**	**882,148**
Income and social contribution taxes	(174,339)	-	-	(174,339)
Net income (loss) for the period	**648,248**	**62,916**	**(3,355)**	**707,809**

(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	3Q18	3Q17	9M18	9M17
Brazil	219,609	135,112	546,731	355,483
China	421,357	266,654	1,108,185	719,121
Italy	127,821	92,623	369,853	267,812
USA	135,547	54,329	342,565	165,804
Austria	59,132	15,899	179,978	61,208
Sweden	57,837	38,755	151,807	101,633
Japan	14,701	34,486	126,863	124,673
Poland	47,473	26,951	122,422	62,062
Germany	32,858	29,874	92,271	72,821
Canadian	33,133	18,381	85,305	47,833
Spain	28,877	5,540	71,765	20,334
United Kingdom	21,951	443	50,356	2,150
Others	131,314	106,449	338,331	344,081
	1,331,610	**825,496**	**3,586,432**	**2,345,015**

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	09/30/2018	12/31/2017
Brazil	8,521,662	8,473,398
Austria	59,192	51,398
United States	76	71
China	1	3
	8,580,931	**8,524,870**

(In thousands of Brazilian Reais)

23. Selling, logistics, general and administrative expenses

	Parent Company			
	3T18	3T17	9M18	9M17
Personnel expenses	89,427	87,454	263,739	258,062
Service, material and transportation expenses	80,730	104,606	336,244	312,781
Depreciation, depletion and amortization	106,530	104,666	314,358	309,640
Raw materials and consumables	221,844	131,428	545,194	449,977
Others	5,732	3,640	12,578	10,108
	504,263	**431,794**	**1,472,113**	**1,340,568**
Breakdown				
Cost of sales	422,129	368,806	1,239,084	1,140,275
General and administrative expenses	25,452	25,338	73,947	82,891
Selling and logistics expenses	56,682	37,650	159,082	117,402
	504,263	**431,794**	**1,472,113**	**1,340,568**

	Consolidated			
	3T18	3T17	9M18	9M17
Personnel expenses	93,625	91,641	275,376	270,094
Service, material and transportation expenses	141,338	150,714	504,947	458,497
Depreciation, depletion and amortization	107,267	111,516	319,166	321,258
Raw materials and consumables	223,293	121,379	573,714	416,408
Others	7,969	5,789	16,453	13,481
	573,492	**481,039**	**1,689,656**	**1,479,738**
Breakdown				
Cost of sales	427,889	371,766	1,279,878	1,135,173
General and administrative expenses	27,869	28,309	80,983	92,622
Selling and logistics expenses	117,734	80,964	328,795	251,943
	573,492	**481,039**	**1,689,656**	**1,479,738**

(In thousands of Brazilian Reais)

24. Financial income (loss), net

	Parent Company			
	3Q18	**3Q17**	**9M18**	**9M17**
Financial revenues				
Interest gains	631	969	1,763	4,126
Return on financial investments	6,300	5,049	16,483	34,557
Gains from derivatives	202,952	-	264,646	28,300
Other financial revenues	1,803	2,342	2,025	4,140
	211,686	**8,360**	**284,917**	**71,123**
Financial expenses				
Sundry bank expenses	(47)	(73)	(132)	(149)
Interest losses	(184,004)	(184,866)	(541,756)	(553,914)
Losses from derivatives	(67,440)	-	(70,221)	-
Expenses on endorsement and surety	(19,576)	(21,174)	(58,169)	(64,552)
Other financial expenses	(1,323)	10,552	(9,383)	(7,104)
	(272,390)	**(195,561)**	**(679,661)**	**(625,719)**
Exchange rate gains (losses), net	(184,280)	208,502	(886,911)	149,424
	(244,984)	**21,301**	**(1,281,655)**	**(405,172)**

	Consolidated			
	3Q18	**3Q17**	**9M18**	**9M17**
Financial revenues				
Interest gains	1,035	1,052	2,873	4,278
Return on financial investments	6,300	5,049	16,517	34,681
Gains from derivatives	202,952	-	264,646	28,300
Other financial revenues	1,805	2,407	2,045	4,304
	212,092	**8,508**	**286,081**	**71,563**
Financial expenses				
Sundry bank expenses	(172)	(242)	(483)	(450)
Interest losses	(182,654)	(188,388)	(538,416)	(554,633)
Losses from derivatives	(67,440)	-	(70,221)	-
Expenses on endorsement and surety	(19,576)	(21,175)	(58,169)	(64,553)
Other financial expenses	(6,518)	12,951	(22,107)	(12,587)
	(276,360)	**(196,854)**	**(689,396)**	**(632,223)**
Exchange rate gains (losses), net	(184,403)	208,428	(887,298)	149,450
	(248,671)	**20,082**	**(1,290,613)**	**(411,210)**

(In thousands of Brazilian Reais)

25. Other income (expenses), net

	Parent Company			
	3Q18	3Q17	9M18	9M17
PIS/COFINS credits (c)	29,883	-	29,883	-
ICMS credits (a)	-	32,810	107,352	103,086
FADEFE-FAI/MS (b)	(1,224)	-	(30,029)	-
Sales of fixed assets	(2,082)	1,382	23,139	1,717
Non-recoverable ICMS	(4,978)	(467)	(9,214)	(1,279)
Contingences	(6,761)	(1,803)	(6,767)	(3,806)
Indemnities	(11,237)	(2,171)	(14,316)	(4,203)
Others	(1,361)	(350)	(2,497)	(5,383)
	2,240	**29,401**	**97,551**	**90,132**

	Consolidated			
	3Q18	3Q17	9M18	9M17
PIS/COFINS credits (c)	29,883	-	29,883	-
ICMS credits (a)	-	32,810	107,352	103,086
FADEFE-FAI/MS (b)	(1,224)	388	(30,029)	388
Sales of fixed assets	(2,082)	1,381	23,139	1,716
Non-recoverable ICMS	(4,985)	- 474	(9,235)	(1,300)
Contingences	(6,761)	- 1,803	(6,767)	(3,806)
Indemnities	(11,442)	- 2,170	(14,686)	(4,186)
Others	(1,269)	(743)	(4,930)	(5,844)
	2,120	**29,389**	**94,727**	**90,054**

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

(b) FADEFE/MS – Fund for Support of Economic Development and Fiscal Balance of the State of Mato Grosso do Sul – established through Statute No. 241/2017 – refers to a fee of 8% to 15% on the amounts of the tax benefits enjoyed by companies with benefited investment projects which joined the Legal Incentive Program created to validate with CONFAZ (National Council of Fiscal Policy) the Agreement Terms and Regulatory Acts; FAI/MS - Fund for Support of Industrialization - established through the program MS-Empreendedor (Statute No. 93/2001) – refers to a fee of 2% on the amounts of the tax benefits enjoyed by the companies entitled to the tax incentive;

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

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 September 30, 2018 totaled R$ 1,738.

27. Insurance

As at September 30, 2018, the insurance coverage (coverage from 08/15/2018 to 08/15/2019) against operating risks totaled R$ 6,903,603 for property damages, R$ 1,907,318 for loss of profits, and R$ 100,097 for civil liability effective from 08/15/2018 to 08/15/2019.

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

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.

(In thousands of Brazilian Reais)

(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 September 30, 2018 and December 31, 2017:

		Parent Company	
Type	Average annual interest rate and commissions	09/30/2018	31/12/2017
FINAME - project finance	Average interest of 3% to 19.83% p.a.	27,093	40,527
ACC (advance on exchange contract)	Forex + interest of 5.05% to 8.625% p.a.	1,027,526	1,070,650
BNDES	TJLP + spread	445,205	531,486
BNDES	Floating rate BNDES + spread	2,104,188	2,079,771
FINEM Florestal	TJLP / selic + spread	194,657	187,044
ECAs - Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	954,319	846,305
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,270,544	1,233,020
Working capital	Rate of 5.74% p.a. in US$	22,708	25,684
PPE	LIBOR + spread	-	18,635
NCE	CDI + spread from 123% to 128% of CDI	290,480	616,244
Leasing	Fixed rate - 12.9854% p.a.	1,615	2,151
PPE's Intercompanys	Interest of 6% to 9.8% p.a. + forex	1,673,319	1,392,421
Cash and cash equivalents and financial investments	Interest rate from 6% to 9.8% pa + exchange variation	(597,916)	(316,574)
		7,413,738	7,727,364

(In thousands of Brazilian Reais)

Type	Average annual interest rate and commissions	Consolidated	
		09/30/2018	12/31/2017
FINAME - project finance	Average interest of 3% to 19.83% p.a.	27,093	40,527
ACC (advance on exchange contract)	Forex + interest of 5.05% to 8.625% p.a.	1,027,526	1,070,650
BNDES	TJLP + spread	445,205	531,486
BNDES	Floating rate BNDES + spread	2,104,188	2,079,771
FINEM Florestal	TJLP / selic + spread	194,657	187,044
ECAs - Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	954,319	846,305
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,270,544	1,233,020
Working capital	Rate of 5.74% p.a. in US$	22,708	25,684
PPE	LIBOR + spread	-	18,635
NCE	CDI + spread	290,480	616,244
Term Loan	LIBOR + spread	267,432	256,771
Bonds	Rate of 8.625% p.a.	1,422,271	1,143,782
Leasing	Fixed rate - 12.9854% p.a.	1,615	2,151
Cash and cash equivalents and financial investments		(1,315,549)	(367,871)
		6,712,489	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 September 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.

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	7,413,738	8,245	(52,100)	(105,851)

Consolidated

Operational	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	6,712,489	7,087	(47,479)	(96,609)

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 September 30, 2018, US dollar and Euro rates were R$ 4.0039 and R$ 4.6545, respectively.

As at September 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 September 30, 2018, expressed in thousands of Brazilian Reais.

(In thousands of Brazilian Reais)

Parent Company

	USD		R$	
Operation	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
Cash and cash equivalents and financial investments	5,129	-	20,537	-
Trade receivables	361,743	307,551	1,448,383	1,017,216
Trade payables	(13)	(247)	(51)	(854)
Debits with related parties	(417,922)	(420,925)	(1,673,319)	(1,392,421)
Loans and financing	(1,026,185)	(1,221,598)	(4,108,741)	(4,041,045)
	(1,077,248)	**(1,335,219)**	**(4,313,191)**	**(4,417,104)**
Derivatives	1,100,000	-	4,404,290	-
Net exposure to foreign exchange fluctuation	**22,752**	**(1,335,219)**	**91,099**	**(4,417,104)**

	EUR		R$	
Operation	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
Trade payables	(21)	(27)	(99)	(91)
Net exposure to foreign exchange fluctuation	**(21)**	**(27)**	**(99)**	**(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 September 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

Operational	Balance (USD)	Balance (R$)	Probable	25%	50%
Net exposure to exchange rate gains (losses)	1,077,247	4,313,191	122,698	(1,078,298)	(2,156,595)

(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 thousands of Brazilian Reais)

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

Notional	Maturity	09/30/2018
1,100,000	November/2018	70,221

Derivatives	Notional (USD) 09/30/2018	Notional (R$) 09/30/2018	Probable (R$)	25% (R$)	50% (R$)
Maturity date:					
11/01/2018					
Long position	1,100,000	4,404,290	(244,823)	981,540	2,082,613
			(244,823)	981,540	2,082,613

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

(iv) Price risk

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

(In thousands of Brazilian Reais)

Parent Company and Consolidated	09/30/2018	12/31/2017
Estimated number of firm contracts	647,158	733,888
Advances made	(527,728)	(454,949)
	119,430	**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	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Cash and cash equivalents	439,479	161,013	1,098,026	377,507
Financial investments	158,437	168,038	217,523	219,336
Trade receivables	1,651,519	1,155,963	684,600	648,392
	2,249,435	**1,485,014**	**2,000,149**	**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 3 years	Fair Value
At September 30, 2018					
Trade payables	212,513	2,094	2,093	872	217,572
Loans and financing	2,284,887	1,341,851	1,638,906	1,072,691	6,338,335
Amounts due to related parties	175,473	125,794	1,409,151	-	1,710,418
Derivatives payable	70,221	-	-	-	70,221
(-) Cash and cash equivalents	(439,479)	-	-	-	(439,479)
	2,303,615	**1,469,739**	**3,050,150**	**1,073,563**	**7,897,067**
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 3 years	Fair Value
At September 30, 2018					
Trade payables	208,383	2,094	2,093	872	213,442
Loans and financing	2,405,390	416,434	1,057,912	4,202,883	8,082,619
Amounts due to related parties	14,783	-	-	-	14,783
Derivatives payable	70,221	-	-	-	70,221
(-) Cash and cash equivalents	(1,098,026)	-	-	-	(1,098,026)
	1,600,751	**418,528**	**1,060,005**	**4,203,755**	**7,283,039**
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
Derivatives payable	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:

	09/30/2018			12/31/2017		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	158,437	-	-	168,038	-	-
Total Assets	**158,437**	-	-	**168,038**	-	-
Liabilities						
Loans and financing	-	6,338,335	-	-	6,651,517	-
Amounts due to related parties	-	1,710,418	-	-	1,434,811	-
Derivatives payable	-	70,221	-	-	-	-
Total Liabilities	-	**8,118,974**	-	-	**8,086,328**	-

	09/30/2018			12/31/2017		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	217,523	-	-	219,336	-	-
Total do Ativo	**217,523**	-	-	**219,336**	-	-
Liabilities						
Loans and financing	-	8,028,038	-	-	8,052,070	-
Amounts due to related parties	-	14,783	-	-	31,257	-
Derivatives payable	-	70,221	-	-	-	-
Total Liabilities	-	**8,113,042**	-	-	**8,083,327**	-

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

(In thousands of Brazilian Reais)

	09/30/2018		12/31/2017	
Parent Company	**Carryng Amount**	**Fair Value**	**Carryng Amount**	**Fair Value**
Assets				
Assets at amortized cost				
Cash and cash equivalents	439,479	439,479	161,013	161,013
Trade accounts receivables	1,651,519	1,651,519	1,155,963	1,155,963
Intercompany receivables	3,501	3,501	2,783	2,783
Total assets at amortized cost	**2,094,499**	**2,094,499**	**1,319,759**	**1,319,759**
Assets at fair value through income (loss)				
Financial investments	158,437	158,437	168,038	168,038
Total financial assets	**2,252,936**	**2,252,936**	**1,487,797**	**1,487,797**
Liabilities				
Liabilities at amortized cost				
Loans and financing	6,338,335	6,338,335	6,651,517	6,651,517
Amounts due to related parties	1,710,418	1,710,418	1,434,811	1,434,811
Total liabilities at amortized cost	**8,048,753**	**8,048,753**	**8,086,328**	**8,086,328**
Liabilities at fair value through income (loss)				
Derivatives payable	70,221	70,221	-	-
Total financial liabilities	**8,118,974**	**8,118,974**	**8,086,328**	**8,086,328**

(In thousands of Brazilian Reais)

Consolidated	09/30/2018 Carryng Amount	09/30/2018 Fair Value	31/12/2017 Carryng Amount	31/12/2017 Fair Value
Assets				
Assets at amortized cost				
Cash and cash equivalents	1,098,026	1,098,026	377,507	377,507
Trade accounts receivables	684,600	684,600	648,392	648,392
Intercompany receivables	133	133	-	-
Total assets at amortized cost	**1,782,759**	**1,782,759**	**1,025,899**	**1,025,899**
Assets at fair value through income (loss)				
Financial investments	217,523	217,523	219,336	219,336
Total financial assets	**2,000,282**	**2,000,282**	**1,245,235**	**1,245,235**
Liabilities				
Liabilities at amortized cost				
Loans and financing	8,028,038	8,082,619	8,052,070	8,124,348
Amounts due to related parties	14,783	14,783	31,257	31,257
Total liabilities at amortized cost	**8,042,821**	**8,097,402**	**8,083,327**	**8,155,605**
Liabilities at fair value through income (loss)				
Derivatives payable	70,221	70,221	-	-
Total financial liabilities	**8,113,042**	**8,167,623**	**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.

(In thousands of Brazilian Reais)

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.

29. Operating Leases

a. Land operating leases

Land operating leases are paid as follows:

	Parent Company and Consolidated	
	09/30/2018	12/31/2017
2018	40,214	97,818
2019	127,030	98,700
2020	126,935	98,605
2021	126,190	97,484
2022 and thereafter	651,879	559,904
	1,072,248	**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 September 30, 2018, future minimum noncancelable lease payments are as follows:

(In thousands of Brazilian Reais)

	Parent Company and Consolidated	
	09/30/2018	12/31/2017
2018	18,681	74,725
2019	74,725	74,725
2020	74,725	74,725
2021	74,725	74,725
2022 and thereafter	485,253	485,253
	728,109	784,153

(ii) Amounts recognized in income (loss)

	Parent Company and Consolidated			
	3Q18	3Q17	9M18	9M17
Lease expenses	35,455	25,379	92,479	76,947
	35,455	25,379	92,479	76,947

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.

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.

30.2. 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 02/28/2018, 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.

From the matters analyzed, the only one with accounting impacts to the Company was that related to the verification of the circumstances of payments made by the Company in the scheme operated by Lucio Funaro for the release of funds by FI-FGTS and Caixa Econômica Federal (CEF), including payment of R$ 37.4 million without a cause. The Company, through an assessment from the Brazilian Revenue Service (RFB), fully paid the taxes and fines related, in the amount of R$ 46.3 million, with decrease of 50% of fine.

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").

(In thousands of Brazilian Reais)

CA Investment (Brazil) S.A. filed the preliminary preventive injunction No. 1083967-87.2018.8.26.0100 with the 2nd Business Court and Conflict Arbitration of the Central Court of the Capital District of São Paulo at the beginning of August 2018, which is under judicial secrecy, having as its main purpose matters related to Share Purchase and Sale Agreement. On September 04, 2016, the Company received correspondence from J&F Investimentos S.A., informing that J&F exercised the right to extinguish the Share Purchase and Sale Agreement.

Still in September 2018, the Company received a notification from the proper authorities informing the beginning of the arbitration proceeding by CA Investment (Brazil) S.A against J&F and the Company, which is under judicial secrecy, having as its main purpose matters related to Share Purchase and Sale Agreement and related matters.

As at September 20, 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., the sole shareholders of Eldorado, with J&F Investimentos S.A. remaining as shareholder of the Company.

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

José Luis de Salles Freire
Member

Accountant

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