Eldorado Brasil Celulose S.A.

Financial statements at December 31, 2013

Contents

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Independent auditor's report

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

We have audited the accompanying individual and consolidated financial statements of Eldorado Brasil Celulose S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with accounting practices adopted in Brazil and these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion the individual financial statements

In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of Eldorado Brasil Celulose S.A. as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion the consolidated financial statements

In our opinion, the consolidated financial statements referred to present fairly, in all material respects, the consolidated financial position of Eldorado Brasil Celulose S.A. as at December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

Investments

As described in note 2 to the financial statements, the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of the Company, these accounting practices differ from the IFRSs, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRS would be measured at cost or fair value.
Our opinion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (DVA), for the year ended December 31, 2013, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS that does not require the presentation of a DVA. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, March 19, 2014

KPMG Auditores Independentes
CRC 2SP014428/O-6

Orlando Octávio de Freitas Júnior
Accountant CRC 1SP178871/O-4

Eldorado Brasil Celulose S.A.

Balance sheets as at December 31, 2013 and 2012

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
Assets	**Note**	**2013**	**2012**	**2013**	**2012**
Current assets					
Cash and cash equivalents	6	49,840	593,883	74,678	595,799
Trade receivables	7	570,025	7,529	510,874	4,727
Inventories	9	245,245	200,589	332,246	203,537
Recoverable taxes	10	114,252	33,434	114,310	33,434
Advances to suppliers	11	97,457	55,636	97,460	55,636
Derivatives receivable	27 b	56,520	-	56,520	-
Other current assets		44,409	3,910	46,035	4,173
Total current assets		1,177,748	894,981	1,232,123	897,306
Non-current assets					
Other assets - related parties	8	50,320	41,005	41,009	41,005
Recoverable taxes	10	265,378	250,740	265,378	250,740
Advances to suppliers	11	35,220	54,805	35,220	54,805
Deferred income tax and social contribution	19	270,879	-	270,879	-
Deposits, guarantees and other		3,955	2,097	4,094	2,097
		625,752	348,647	616,580	348,647
Biological assets	12	1,176,791	611,881	1,179,932	615,022
Investments	13	90,740	76,912	6,521	25,048
Property, plant and equipment	14	5,151,797	4,949,460	5,193,461	4,986,054
Intangible assets	15	3,216	2,465	46,101	12,676
Total non-current assets		7,048,296	5,989,365	7,042,595	5,987,447
Total assets		8,226,044	6,884,346	8,274,718	6,884,753

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**2013**	**2012**	**2013**	**2012**
Current liabilities					
Trade payables	16	233,447	342,019	253,443	342,019
Borrowings and financing	17	1,458,549	628,613	1,458,549	628,613
Taxes payable, payroll and related taxes	18	53,535	64,239	54,313	64,273
Other payables - related parties	8	29,007	-	29,007	-
Other current liabilities		25,129	51,369	46,660	51,419
Total current liabilities		1,799,667	1,086,240	1,841,972	1,086,324
Non-current liabilities					
Borrowings and financing	17	5,190,877	4,059,132	5,190,877	4,059,132
Provision for contingent liabilities	20	3,200	2,010	3,200	2,010
Other non-current liabilities		-	1,816	1,655	2,139
Total non-current liabilities		5,194,077	4,062,958	5,195,732	4,063,281
Equity	21				
Share capital		1,567,635	1,567,635	1,567,635	1,567,635
Advance for future capital increase		221,157	221,157	221,157	221,157
Cumulative translation adjustments		(12,548)	-	(12,548)	-
Accumulated losses		(543,944)	(53,644)	(543,944)	(53,644)
Attributable to owners of the Company		1,232,300	1,735,148	1,232,300	1,735,148
Non-controlling interests		-	-	4,714	-
Total equity		1,232,300	1,735,148	1,237,014	1,735,148
Total liabilities and equity		8,226,044	6,884,346	8,274,718	6,884,753

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

Eldorado Brasil Celulose S.A.

Income statements

Years ended December 31, 2013 and 2012

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
	Note	**2013**	**2012**	**2013**	**2012**
Net revenue	22	1,489,137	5,416	1,570,417	2,595
Cost of sales		(1,103,316)	(7,024)	(1,045,202)	(2,435)
Gross profit		385,821	(1,608)	525,215	160
Operating (expenses) income					
General and administrative expenses	24	(79,988)	(82,277)	(88,826)	(82,589)
Selling expenses	24	(173,815)	(14,756)	(298,576)	(14,756)
Finance income (costs), net	25	(1,078,087)	11,173	(1,080,719)	11,198
Fair value of biological assets	12	149,665	15,989	149,665	15,989
Share of profits of subsidiaries	13	7,462	1,786	-	-
Other income (expenses), net		27,763	(1,750)	31,373	(1,445)
Loss before provision for income tax and social contribution		(761,179)	(71,443)	(761,868)	(71,443)
Deferred income tax and social contribution	19	270,879	8,191	270,855	8,191
Profit (loss)		(490,300)	(63,252)	(491,013)	(63,252)
Attributable to					
Owners of the Company				(490,300)	(63,252)
Non-controlling interests				(713)	-

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

Eldorado Brasil Celulose S.A.

Statements of comprehensive income

Years ended December 31, 2013 and 2012

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Profit (loss)	(490,300)	(63,252)	(491,013)	(63,252)
Exchange differences on investments	(12,548)	-	(12,548)	-
Total comprehensive income	(502,848)	(63,252)	(503,561)	(63,252)
Attributable to				
Owners of the Company			(502,848)	(63,252)
Non-controlling interests			(713)	-

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

Eldorado Brasil Celulose S.A.

Statements of changes in equity

Years ended December 31, 2013 and 2012

(In thousands of Brazilian reais - R$)

	Share capital	Advance for future capital increase	Earnings reserve for expansion	Retained earnings (accumulated losses)	Cumulative translation adjustments	Attributable to Owners of the Company	Non-controlling interests	Total
Balance at December 31, 2011	1,497,135	221,157	9,608	-	-	1,727,900	-	1,727,900
Capital increase	70,500	-	-	-	-	70,500	-	70,500
Offset of loss with reserves	-	-	(9,608)	9,608	-	-	-	-
Loss	-	-	-	(63,252)	-	(63,252)	-	(63,252)
Balance at December 31, 2012	1,567,635	221,157	-	(53,644)	-	1,735,148	-	1,735,148
Loss	-	-	-	(490,300)	-	(490,300)	(713)	(491,013)
Exchange differences on investments	-	-	-	-	(12,548)	(12,548)	-	(12,548)
Effect of non-controlling interests on consolidated entities	-	-	-	-	-	-	5,427	5,427
Balance at December 31, 2013	1,567,635	221,157	-	(543,944)	(12,548)	1,232,300	4,714	1,237,014

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

Eldorado Brasil Celulose S.A.

Statements of cash flows

Years ended December 31, 2013 and 2012

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Cash flows from operating activities				
Loss:	(490,300)	(63,252)	(491,013)	(63,252)
Adjustments to reconcile loss to cash used in operating activities:				
Depreciation and amortization	170,841	803	171,465	803
Residual value of property, plant and equipment written off	185	-	185	-
Fair value of biological assets	(149,665)	(15,989)	(149,665)	(15,989)
Deferred income tax and social contribution	(270,879)	(8,191)	(270,879)	(8,191)
Financial charges - Interest and exchange differences	969,131	11,130	969,131	11,130
Provision for contingent liabilities	1,190	2,010	1,190	2,010
Deferred variable compensation	-	422	-	422
Derivatives receivable	(56,520)	-	(56,520)	-
Cumulative translation adjustments	(12,548)	-	(12,548)	-
Effect of non-controlling interests on consolidated entities	-	-	713	-
Share of profits (losses) of subsidiaries	(7,462)	(1,786)	-	-
	153,973	(74,853)	162,059	(73,067)
Decrease (increase) in assets				
Trade receivables	(562,496)	(6,944)	(506,147)	(4,142)
Inventories	17,919	(186,461)	(66,134)	(189,409)
Recoverable taxes	(95,456)	(277,201)	(95,514)	(277,200)
Advances to suppliers	(22,236)	(35,770)	(22,239)	(35,770)
Other assets - related parties	(9,315)	282	(4)	282
Other current and non-current assets	(42,357)	(2,455)	(43,799)	(2,477)
Increase (decrease) in liabilities				
Trade payables	(108,572)	170,301	(88,701)	170,301
Other payables - related parties	29,007	-	29,007	-
Taxes payable, payroll and related taxes	(10,704)	-	(9,960)	-
Other current and non-current liabilities	(28,056)	86,056	(5,244)	86,104
Net cash used in operating activities	(678,293)	(327,045)	(646,676)	(325,378)
Cash flows from investing activities				
Increase in biological assets	(477,820)	(202,401)	(477,820)	(202,401)
Additions to tangible and intangible assets	(374,114)	(2,583,508)	(374,728)	(2,583,829)
Acquisition of Rishis, net of cash obtained on the acquisition	-	-	(14,447)	-
Additions to investments	(6,366)	(13,916)	-	(13,420)
Net cash used in investing activities	(858,300)	(2,799,825)	(866,995)	(2,799,650)
Cash flows from financing activities				
Borrowings and financing	3,156,538	6,081,355	3,156,538	6,081,355
Repayment of borrowings and financing	(2,163,988)	(2,433,002)	(2,163,988)	(2,433,002)
Capital increase	-	70,500	-	70,500
Net cash generated by financing activities	992,550	3,718,853	992,550	3,718,853
Net changes	(544,043)	591,983	(521,121)	593,825
Cash and cash equivalents at the beginning of the year	593,883	1,900	595,799	1,974
Cash and cash equivalents at the end of the year	49,840	593,883	74,678	595,799

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

Eldorado Brasil Celulose S.A.

Statements of value added

Years ended December 31, 2013 and 2012

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Revenues				
Sales of merchandise, products and services	1,545,278	5,416	1,626,559	2,595
Other operating income (expenses), net	448,307	152	451,917	459
Transfers related to the construction of own assets	273,148	730,493	273,148	730,493
	2,266,733	736,061	2,351,624	733,547
Inputs purchased from third parties				
Cost of sales, materials, energy, outside services and other	(925,076)	(616,507)	(995,263)	(611,918)
Gross value added	1,341,657	119,554	1,356,361	121,629
Depreciation and amortization	(170,841)	(803)	(171,465)	(803)
Wealth created by the entity	1,170,816	118,751	1,184,896	120,826
Value added received as transfer				
Share of profits of subsidiaries	7,462	1,786	-	-
Finance income	10,769	67,462	24,348	67,508
Wealth for distribution	1,189,047	187,999	1,209,244	188,334
Wealth distribution				
Personnel				
Salaries and wages	348,216	109,915	351,201	109,960
Benefits	82,622	62,603	83,607	62,604
Severance Pay Fund (FGTS)	11,470	7,417	11,471	7,417
	442,308	179,935	446,279	179,981
Taxes and contributions				
Federal	31,493	7,399	31,498	7,399
State	35,321	1,144	35,321	1,145
Municipal	46	6	49	6
	66,860	8,549	66,868	8,550
Lenders and lessors				
Interest	1,081,476	18,864	1,096,504	18,885
Rentals	79,620	35,418	80,081	35,415
Other	9,082	8,485	10,525	8,755
	1,170,178	62,767	1,187,110	63,055
Shareholders				
Profit for the year (loss)	(490,299)	(63,252)	(491,013)	(63,252)
Wealth distributed	1,189,047	187,999	1,209,244	188,334

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

Notes to the financial statements
(In thousands of Brazilian reais - R$)

1 General information
Eldorado Brasil Celulose S.A. ("Company" or "Eldorado") is a publicly traded company, whose register was obtained on June 6, 2012 in the category shares traded over the counter, established under Brazilian laws, with registered office in São Paulo, State of São Paulo (Brazil). The Company's individual and consolidated financial statements for the year ended December 31, 2013 include the Company, its subsidiaries and associates (collectively referred to as the "Group", and individually referred to as the "Group entities"). The Group is primarily engaged in the production 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 Gross do Sul, and started production in December 2012.

The Company has current liabilities in excess of current assets amounting to R$ 621,919 (R$ 609,849 in consolidated),due to the start-up of its operations at the end of 2012, and in 2013 the Company is in the stage of forming its inventories and adjusting its production processes and, therefore, the equity and financial balance of the Company's business depends exclusively on the increase of its operations and the full utilization of its production capacity, which will occur over the course of next years.

2 List of subsidiaries

Group entities

		Equity interest	
Subsidiaries	**Country**	**12/31/2013**	**12/31/2012**
Timber Holdings S.A.	Brazil	100%	100%
Cellulose Eldorado Austria Gmbh	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	60%	-
Indirect subsidiary			
Eldorado USA Inc	United States	100%	100%

3 Acquisition of subsidiary

On October 8, 2013, the Company obtained the control of Rishis Empreendimentos e Participações S.A. ("Rishis"), a port terminal located in the city of Santos, when it acquired 13.68% of the shares of the voting capital of that entity. As a result, Eldorado's interest in Rishis increased from 46.32% to 60%.

The acquisition of control of Rishis aims at increasing the efficiency of the logistics operations in pulp production sale to foreign markets. Further to the purpose above, this acquisition is expected to reduce the Company's logistics costs at the Port of Santos.

In the three months up to December 31, 2013, Rishis contributed a loss of R$ 1,071. Had the acquisition taken place on January 1, 2013, Management estimated that the consolidated loss for the year would have been R$ 494,327. To determine these amounts, Management considered that the fair value adjustments that arose on the acquisition date, provisionally determined, would have been the same had the acquisition taken place on January 1, 2013.

a. Consideration transferred

The table below summarizes the fair value at the acquisition date of the most material items of the consideration transferred:

Premium on warrants issued	(a)	9,000
Payment of subscribed shares	(b)	11,665
Purchase consideration – related parties	(c)	9,075
Offset against other investments	(d)	1,911
Consideration transferred		31,651

(a) Premium on warrants issued with right to subscribe to 517,647 shares, equivalent to 46.32% of Rishis' voting capital.

(b) Right to subscribe to shares, in the amount of R$ 13,500, payable in 36 installments, until September 2013, 29 installments had been paid.

(c) Amounts relating to working capital, recorded in Rishis' accounting books in line item "related parties", in liabilities.

(d) Acquisition of 152,894 common shares of Rishis, equivalent to 13.68% of the share capital, with offset against investments advanced in 2012.

b. Identifiable assets acquired and liabilities assumed

The table below summarizes the values of the assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	159
Property, plant and equipment	4,601
Intangible asset – concession agreement	16,669
Other receivables	60
Trade payables	(125)
Other payables	(1)
Total net identifiable assets	21,363

c. Fair value measurement

Assets acquired	Valuation
Property, plant and equipment	Residual historical cost, refers to expenditures in 2012 and 2013 on the construction of canvas warehouse and construction in progress
Intangible assets	Residual historical cost, refers to cost of lease of the port area and facilities with finite useful life

d. Goodwill

Consideration transferred	31,651
Non-controlling interest, based on the proportional share of the acquiree's recognized assets and liabilities	4,915
Total net identifiable assets	(21,363)
Goodwill	15,203

The goodwill is attributed mainly to the concession of the Santos port area, which will assist the Company in the distribution of its products in the foreign market and in the optimization of logistics costs on cargo movements at the port. No portion of the recognized goodwill is expected to be deductible for income tax and social contribution purposes.

In the Company's individual balance sheet, the goodwill shown above is included in the carrying amount of the investments, while in the consolidated balance sheet the goodwill is shown in the intangible assets account. The amortization of goodwill is not permitted.

4 Basis of preparation and presentation of the financial statements

a. Statement of compliance

- The consolidated financial statements 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 Federal Accounting Council (CFC) resolutions, and Brazilian Securities Commission (CVM) standards; and

- The individual financial statements prepared in accordance with accounting practices adopted in Brazil, in compliance with the Brazilian Corporation Law, as amended by Laws 11,638/07 and 11,941/09, and the pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (CPC), approved by Federal Accounting Council (CFC) resolutions, and Brazilian Securities Commission (CVM) standards.

The Parent Company's individual financial statements have been prepared in accordance with accounting practices adopted in Brazil (CPC) and, in the case of the Group, these practices differ from the IFRSs applicable to separate financial statements with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRS would be measured at cost or fair value.

However, there is no difference between the consolidated equity and consolidated profit stated by the Group and the Parent Company's equity and profit included in its individual financial statements. The Group's consolidated financial statements and Parent Company's individual financial statements, therefore, are being presented as a single set of financial statements, in a side-by-side format.

The individual and consolidated financial statements were authorized for issue by the Board of Directors at the meeting held on March 19, 2014.

b. Basis of measurement

The individual and consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments are measured at fair value through profit or loss;
- available-for-sale financial assets are measured at fair value through profit or loss;
- biological assets are measured at fair value less costs to sell.

c. Use of estimates and judgments

The preparation of the individual and consolidated financial statements in accordance with IFRS and CPC standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods 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 financial statements are included in the following notes to the financial statements:

- Note 28 – lease classification; and
- Note 2 – consolidation: determining whether the Company has control over an investee.

(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 year ending December 31, 2014 is included in the following notes:

- Note 3 (c) – acquisition of subsidiary: fair value measured on a provisional basis;
- Note 14 – impairment test: main underlying assumptions of the recoverable amounts, including the recoverability of the development costs;
- Note 19 – recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- Note 20 – recognition and measurement of provisions and contingencies: main assumptions on the probability and magnitude of the cash outflows.

Fair value measurement
When measuring the fair value of an asset or a liability, the Group 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 12 – biological assets; and
- Note 27 – financial instruments.

d. Functional and presentation currency
This individual and consolidated information is presented in Brazilian reais, which is the Company's functional currency. All financial information presented in Brazilian reais has been rounded to the nearest thousands, except when otherwise indicated.

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

a. Basis of consolidation

(i) Subsidiaries
The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The subsidiaries' accounting policies are aligned with the policies adopted by the Parent Company.

In the Parent Company's individual financial statements, the financial information on subsidiaries is accounted for under the equity method. The Company has 100% interest in direct subsidiaries Celulose Eldorado Austria GmbH and Timber Holding S.A., 60% in Rishis Empreendimentos e Participações S.A. and 100% in indirect subsidiary Eldorado USA Inc..

(ii) Non-controlling interests
The Company elected to measure any non-controlling interest in the acquiree by the proportional share of the identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for equity transactions.

(iii) Transactions eliminated on consolidation
Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iv) Business combinations

Business combinations are accounted for at the acquisition date, that is , at the date in which the control is transferred to the Company using the acquisition method. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In determining the existence of control, the Company takes into consideration potential voting rights that are currently exercisable.

The Company measures goodwill at the acquisition date as:

- the value of the consideration transferred; less
- the net fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized directly in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at its fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value are recognized in profit or loss.

b. Operating 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.

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

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

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

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

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

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

c. Cash and cash equivalents

Cash, banks, and short-term investments are balance sheet items that are presented in the statement of cash flows as cash and cash equivalents with redemption periods of three months or less from the investment date.

d. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The differences in foreign currencies resulting from retranslation are generally recognized in profit or loss. Non-monetary items that are measured based on the historical cost in foreign currency are not translated.

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

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

Exchange gains or losses resulting from a monetary item receivable from, or payable to, a foreign operation, whose settlement has not been planned and is not expected to occur in a foreseeable future, are considered as part of the net investment in the foreign operation and is recognized in other comprehensive income and accumulated in carrying value adjustments in equity.

e. Financial instruments

Financial instruments are recognized only as from the date that the Company and its subsidiaries become a party to the contractual provisions of the instrument. A financial asset or a financial liability is initially recognized at its fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial assets and financial liabilities classified as at fair value through profit or loss, whose transaction costs are directly expensed.

Financial instruments are subsequently measured at the end of each reporting period according to the rules established for each type of classification of financial assets and liabilities.

- ***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. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. 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. Financial assets classified in this category are Cash and cash equivalents.

- ***Loans and receivables***
  Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The main assets held by the Company and its subsidiaries classified in this category are: Trade receivables and Balances with related parties.

The Group will perform an individual analysis of the receivables and, if necessary, will recognize an allowance for doubtful debts in an amount Management considers sufficient to cover any losses.

- ***Held-to-maturity***
  If the Company has the positive intent and ability to hold debt securities to maturity (quoted in an active market), then such financial assets are classified as held-to-maturity. Held-to-maturity investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses. The Company and its subsidiaries do not have any financial instruments in this category.

- ***Non-derivative financial liabilities***
  The Company and its subsidiaries recognize debt securities issued and subordinated liabilities initially on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company and its subsidiaries become a party to the contractual provisions of the instrument. The Company and its subsidiaries derecognize a financial liability when its contractual obligations are discharged, cancelled or expire. The Company and its subsidiaries hold the following non-derivative financial liabilities: Borrowings and financing and Trade payables.

- ***Available-for-sale financial assets***
  Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses. The Company does not have any financial instruments in this category.

- ***Impairment of financial assets***
  Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

  The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and inventories, where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

- ***Derivative financial instruments***
  The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are recognized initially at fair value; any attributable transaction costs are recognized in profit or loss when incurred. When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

- ***Share capital***
  Common shares
  Common shares are classified as equity. Incremental costs directly attributable to the issue of shares and share options are recognized as a deduction from equity, net of any tax effects.

f. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the average cost and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. 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 its fair value less costs to sell at the date of harvest.

g. Property, plant and equipment

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

A property, plant and equipment item is derecognized on disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the residual carrying amount of the asset and is recognized in profit or loss.

The financial charges on borrowings incurred 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 recognized based on the estimated useful life of each asset on a straight-line basis, so that the cost less its residual value after its useful life is fully written off (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 from any change in estimates are recorded prospectively. The annual depreciation rates are as follows:

Weighted annual depreciation rates

Buildings	2.86%
Facilities and improvements	2.81%
Furniture and fixtures	1.35%
Vehicles	13.73%
Technical and scientific instruments	13.12%
IT equipment	18.57%
Machinery and equipment	3.79%
Leasehold improvements	10%

h. Biological assets

The Company's biological assets comprise the cultivation and plantation of eucalyptus forests aimed at the production of pulp used to manufacture paper. Biological assets are measured at fair value, including any gains and losses thereon, which are recognized in the income statement for the year. According to the analyses and the prospects of the forest engineers, the Company measures the fair value of cultivated forests older than three years, since in shorter periods, in addition to the absence of an active market, the fair value and formation cost are basically the same. This position is based on the likelihood that these forests will reach maturity and the reliability of the assumptions used after this maturation period.

i. Operating land leases

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

j. Intangible assets

(i) Goodwill arising on business combination

Goodwill acquired in a business combination is carried at its fair value on the date of the business combination, net of accumulated impairment losses, if any.

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

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

(ii) Other intangible assets

Consist mostly of warehouse lease concession and software, recognized pursuant to CPC 4 (R1) - Intangible Assets at acquisition or formation costs, less accumulated amortization and any accumulated impairment losses. The software amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(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. Goodwill is not amortized. The estimated useful lives are as follows:

• Software	6-7 years
• Terminal concession	20 years

k. Impairment

Property, plant and equipment items, intangible assets with indefinite useful life, and other assets (current and non-current), where applicable, are tested for impairment at least annually when there are indications that the asset may be impaired.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible 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 in order to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. An impairment loss is reversed if there are changes in the estimates used to determine the recoverable amount, except for goodwill. When an impairment loss is reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

l. Trade payables

Refer to the amounts due to suppliers in the normal course of the business of the Company and its subsidiaries. If the payment term is equivalent to one year or loss, trade payables are classified in current liabilities. Otherwise, the corresponding amount is classified in non-current liabilities. When applicable, charges, inflation adjustments or foreign exchange differences are added.

m. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The finance costs incurred are recorded in profit or loss.

n. Earnings per share

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

o. Income tax and social contribution

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

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

(i) Current income tax

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

(ii) Deferred income tax

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

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

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

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

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.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

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.

p. Present value adjustment of assets and liabilities

As prescribed by the accounting practices adopted in Brazil, the Company presents, when applicable, assets and liabilities at present value. The short- and long-term monetary assets and liabilities are adjusted to their present value. However, the adjustment to short-term balances is made when the effect is considered material in relation to the financial statements taken as a whole.

In calculating the present value adjustment, the company takes into account the following assumptions: (i) the amount to be discounted; (ii) the realization and settlement dates; and (iii) the discount rate.
The discount rate used by the Company takes into account the current market assessments of the time value of money and the specific risks for each asset and liability.

q. Statement of value added (“DVA”)

The Brazilian corporate law requires the presentation of the statement of value added as an integral part of the set of financial statements presented by an entity. The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period. The statement of value added has been prepared pursuant to the provisions of CPC 09 Statement of Value Added, using information obtained from the Company's accounting records used to prepare the financial statements.

q.1 Statements of cash flows

The statements of cash flows have been prepared under the indirect method, based on accounting information, in accordance with the instructions set out in CPC 3 (R2) Statements of Cash Flows.

r. New standards and interpretations issued and not yet adopted

The following new standards, amendments to standards and interpretations of standards have been issued by the IASB, but have not been enacted by the CPC:

(i) IFRS 9 Financial Instruments

IFRS 9 (2009) introduces a new requirement for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional modifications in relation to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) is effective for annual periods beginning on or after January 1, 2015. The adoption of IFRS 9 (2010) should have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

The Accounting Pronouncements Committee has not yet issued any accounting pronouncement or amendment to existing pronouncements equivalent to this standard.

(ii) IAS 32 –'Financial instruments: offsetting financial assets and financial liabilities

This standard brings additional clarifications to the application guidance contained in IAS 32 on the requirement to offset financial assets and financial liabilities in the balance sheet. The standard will be applicable beginning on January 1, 2014.

6 Cash and cash equivalents

	Parent Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Cash and cash equivalents	2	2	3	2
Banks - demand deposits	5,303	313,336	30,037	315,250
Banks - short-term investments	44,535	280,545	44,638	280,547
	49,840	593,883	74,678	595,799

Highly-liquid short-term investments are made with prime banks and their yield approximates the Interbank Certificate of Deposit (CDI) rate. As they are highly liquid, they were classified as cash equivalents in the statements of cash flows. Early redemption does not entail any financial losses. The average yield in the year was 0.52% p.m., totaling R$ 6,232 in the year (R$ 21,851 in 2012).

7 Trade receivables

	Parent Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Domestic market	66,658	3,678	66,658	3,678
Foreign market	3,804	-	444,216	1,049
Related parties (Note 8)	499,563	3,851	-	-
	570,025	7,529	510,874	4,727

The aging list of trade receivables is as follows:

	12/31/2013	
	Parent Company	**Consolidated**
Current	456,914	436,724
1 to 30 days past due	16,858	73,666
31 to 60 days past due	13,822	94
61 to 90 days past due	43,818	89
Over 90 days past due	38,613	301
	570,025	510,874

The Company did not identify the need to recognize an allowance for doubtful debts.

8 Related-party transactions

The main balances between related parties in the balance sheet and income statement accounts are as follows:

		Parent Company		Consolidated	
Assets	**Type**	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**
Current assets					
Eldorado Austria	Sale	461,666	2,918	-	-
Eldorado USA	Sale	37,897	933	-	-
		499,563	3,851	-	-
Non-current assets					
J&F Investimentos	Intragroup loan (ii)	41,009	41,005	41,009	41,005
Rishis Empreendimentos e Participações	Intragroup loan (i)	9,311	-	-	-
		50,320	41,005	41,009	41,005

		Parent Company		Consolidated	
Liabilities	**Type**	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**
Current liabilities					
J&F Investimentos	Guarantee (iii)	29,007	-	29,007	-
		29,007	-	29,007	-

		Parent Company		Consolidated	
	Type	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**
Profit or loss					
Eldorado Austria	Pulp sales	1,182,583	942	-	-
Eldorado USA	Pulp sales	95,746	2,947	-	-
		1,278,329	3,889	-	-

(i) Advance loan to obtain concession.

(ii) Sale of rural properties called “Florágua Farms” falling due in September 2014 and May 2016, which bear market interest of 9% p.a. (R$ 14,553) and 8.5% p.a. (R$ 25,000), respectively, less a performance bonus of 15% calculated on interest payable (R$1,234). The change in this line item reflects the accrual and payment of interest for the period.

(iii) Letter of guarantee provided by the holding company J&F to guarantee the Company's financing transactions with financial institutions.

8.1 Management compensation

The expense on key management personnel compensation includes directors and officers, represented by ten members in Parent Company and consolidated, in the following amounts for the years ended:

	12/31/2013	12/31/2012
Short-term employee benefits (a)	7,641	1,249

(a) Comprises: wages, medical care, and other benefits.

All officers are hired under employment contracts pursuant to the provisions of the Brazilian Labor Code (CLT) that comply with all statutory compensation and benefit requirements. Compensation does not include any profit sharing bonuses or other additional corporate benefits to its employees or extended to their families.

Under IAS 24 (revised)/CPC 05 (R1) Related Party Disclosures, the executive committee’s and board of directors’ members are not parties to contracts that provide for additional corporate benefits, such as postemployment or any other long-term benefits, severance benefits other than those provided for by the CLT, where applicable, or share-based compensation.

9 Inventories

Inventories, carried at average purchase cost, are broken down as follows:

	Parent Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Seedlings	2,198	2,913	2,198	2,913
Raw materials (wood for production)	102,204	120,600	102,204	118,959
Pulp	82,008	42,751	169,009	47,340
Inputs	14,601	6,867	14,601	6,867
Storeroom supplies	44,234	27,458	44,234	27,458
	245,245	200,589	332,246	203,537

During 2013 the raw material inventory amounting to R$ 62,575 (R$ 10,407 in 2012) was added, relating to the fair value of the depleted biological asset, as shown in note 12.

10 Recoverable taxes

	Parent Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
State VAT (ICMS) (i)	87,490	44,894	87,490	44,894
Taxes on revenue (PIS and COFINS) (ii)	287,990	236,862	287,990	236,862
Federal VAT (IPI)	818	42	818	42
Service tax (ISS)	39	39	39	39
Withholding income tax (IRRF) (iii)	3,293	2,337	3,351	2,337
	379,630	284,174	379,688	284,174
Breakdown				
Current assets	114,252	33,434	114,310	33,434
Non-current assets	265,378	250,740	265,378	250,740
	379,630	284,174	379,688	284,174

(i) ICMS
The Company records ICMS accumulated over the last years basically related to credits on the purchase of property, plant and equipment items used to implement its plant located in Três Lagoas, MS. The Company's management has been prioritizing a series of actions intended to maximize the utilization of these credits and currently does not expect any losses on their realization. The management actions include the expected realization of these credits by increasing pulp sales in the domestic market.

(ii) PIS and COFINS
Refers basically to noncumulative PIS and COFINS credits on the purchase of property, plant and equipment items, related to the completion of the plant, which went into production at the end of 2012. This amount refers to credits on equipment purchases and provision of services, which are realizable through offset against debts of these taxes levied on sales in the domestic market and income tax and social contribution payable.

(iii) IRRF
Refers to the income tax withheld on short-term investments, realizable through offset against income tax and social contribution payable.

Realization of tax credits
The Company's management has been prioritizing a series of actions intended to maximize the utilization of these credits and currently does not expect any losses on their realization.

11 Advances to suppliers

	Parent Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Purchase of wood (i)	70,490	73,374	70,490	73,374
Other (ii)	62,187	37,067	62,190	37,067
	132,677	110,441	132,680	110,441
Breakdown				
Current assets	97,457	55,636	97,460	55,636
Non-current assets	35,220	54,805	35,220	54,805
	132,677	110,441	132,680	110,441

(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. The settlement of these advances will be based on the value of the wood received. Company specialists value and monitor forest development to mitigate risks associated to the compliance of each contract. There are no derivative instruments in these wood purchase transactions as the contracts were closed at fixed prices for the wood volume to be supplied.

(ii) Refer mainly to advances to suppliers on purchase of vehicles for wood transportation and providers of waterway freight services for wood and pulp transportation.

12 Biological assets

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

The opening and closing balances are broken down as follows:

	Parent Company		Consolidated	
	12/31/2013	**12/31/2012**	**30/12/2013**	**12/31/2012**
At the beginning of the year	611,881	371,350	615,022	374,491
Change in the fair value of biological assets net of costs to sell	149,665	15,989	149,665	15,989
Tree felling for inventory	(62,575)	(10,407)	(62,575)	(10,407)
Forest development cost	477,820	234,949	477,820	234,949
Total biological assets	1,176,791	611,881	1,179,932	615,022

Currently the Company holds a production area of 154,815 ha (113,019 ha in 2012), of which 22,011 ha (22,951 ha in 2012) are Company-owned areas and 132,804 ha (90,068 ha in 2012) are areas contracted under leased leases or partnerships, not including other areas such as the permanent preservation areas and statutory reserves, in compliance with prevailing environmental laws. The valued area that meets the biological assets' valuation assumptions at December 31, 2013 was 41,796 ha (35,594 ha at December 31, 2012), which results in a fair value adjustment of R$ 149,665.

The harvest and replanting process (single felling) has a cycle of approximately seven years, varying according to the cultivation and genetic material used.

It is not the Company's policy to insure standing timber due to the excessively high prices charged by insurers. The Company has several loss preventions programs to avoid any possible losses of biological assets, such as:

- watchtowers;
- constant boundary monitoring;
- teams with specialized firefighting training;
- wood transportation monitoring.

Assumptions for the recognition of biological assets at fair value

Under IAS 41/CPC 29, the Company used the following assumptions to recognize its biological assets at fair value:

(i) Eucalyptus forests are measured at their fair value. The fair value measurement method of the biological assets consists of projecting the future cash flows according to the projected productivity cycle of an average felling cycle of five and eight years, taking into account a price average and the average growth of the biological assets, which reflects the selling price of the asset less the selling expenses required to make the product available for sale or consumption.

(ii) The discount rate used and applied to cash flows is 4.5% p.a., (real WACC, without the estimated inflation of 4.5%), which reflects Company forecasts of both investment return and funding;

(iii) The forest productivity volumes are determined based on harvest and age, and are formed within an index called IMA (Average Annual Increase), expressed in cubic meters per hectare/year, used as basis for the productivity projection. The Company used the 41 m^3/hectare average of the domestic market as calculation basis;

(iv) The prices of the biological assets, denominated in R$/$m^3$, are obtained using market price surveys, disclosed by a reliable, renowned entity. The net sales price used was R$ 61.36/m3 as at December 31, 2013 (R$53.61/m3 in 2012), projected based on the estimated eucalyptus price in the domestic market.

(v) The estimated average standard cost includes the costs incurred on underbrush control, chemical control of weed competition, ant and other pest control, fertilization, road maintenance, inputs, and labor services.

(vi) The Company decided to revalue its biological assets quarterly (March, June, September and December) because it understands that this period is sufficient to evidence the increase in the number of hectares planted for more than three years and thus avoid any gap in the adjusted balance of biological assets.

(vii) The Company does not have any biological assets involving financial risks and/or biological assets pledged as collateral during the year ended December 31, 2013.

13 Investments

	Parent Company		Consolidated	
Parent Company	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**
Investments in subsidiaries	57,524	41,653	-	-
Other investments (a)	6,521	25,048	6,521	25,048
Goodwill on investment in subsidiaries (b)	26,695	10,211	-	-
	90,740	76,912	6,521	25,048

(a) The balance of R$ 6,521 refers to advance for future increase in interest in subsidiary Rishis.

(b) See note 15.

Significant information on subsidiaries as at December 31, 2013

Investments in subsidiaries

(In thousands of Brazilian reais - R$)

	Year	Equity interest	Net assets	Unrealized profit on inventories	Group's share of net assets	Profit or loss	Group's share of profits/ losses	Exchange differences on investments
	2012							
Timber Holdings S.A.	December 31	100%	39,370	-	39,370	(1)	(1)	-
Celulose Eldorado Austria GmbH	December 31	100%	2,283	1,622	2,283	165	1,787	-
			41,653	1,622	41,653	164	1,786	-
	2013							
Timber Holdings S.A.	December 31	100%	39,371	-	39,371	-	-	-
Cellulose Eldorado Austria Gmbh	December 31	100%	28,734	17,652	11,082	26,185	8,533	(12,548)
Rishis Empreendimentos e Participações S.A.	December 31	60%	11,785	-	7,071	(1,784)	(1,071)	-
			79,890	17,652	57,524	24,401	7,462	(12,548)

Changes in investments in subsidiaries:

Parent Company	**12/31/2013**
Opening balance at December 31, 2012	41,653
Share of profits (losses) of subsidiaries	7,462
Acquisition of equity interest	8,409
Closing balance at December 31, 2013	57,524

Subsidiaries

Timber Holdings S.A.

Timber Holdings S.A. owns land and eucalyptus forests and was acquired for the purpose of forming the forest basis necessary to supply wood to the Company's pulp plant.

Goodwill is attributed to the expected future earnings, primarily based on, but not limited to, the productivity forecasts of the acquired areas in excess of the areas owned by the Company and the decrease in wood freight costs related to the distance between the acquired areas and the Eldorado plant.

Start of foreign operations

As initially forecast by the Company, in December 2012 two units strategically located abroad, called Eldorado USA Inc. (United States) and Celulose Eldorado Austria GmbH (Austria), were opened aimed at supplying the demand under executed contracts and also prospecting new accounts for sales abroad.

Continuing the expansion of the Company's presence in the foreign market, in 2013 two commercial offices were opened, one in Shanghai, China, and another in Baar, in Switzerland.

Rishis Empreendimentos e Participações S.A.

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

The Company acquired a warrant that entitles it to subscribe to 517,647 common shares, equivalent to 46.32% of Rishis' voting capital, at an issue premium of R$9,000 and fixed exercise price of R$13,500. These warrants were exercised and will be paid in up to 36 monthly installments. The Company subscribed to 279,569 Rishis shares, and as a result paid in R$7,299 in Rishis share capital.

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

The Company's management seeks obtaining a logistic operating gain through this transaction, which would increase the Company's competitiveness in pulp exports.

14 Property, plant and equipment

	Parent Company 2013			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2013**
Land	-	341,425	-	341,425
Buildings	2,86%	1,078,908	(34,902)	1,044,006
Leasehold improvements	10%	6,337	(211)	6,126
Facilities and improvements	2,81%	213,150	(7,258)	205,892
Furniture and fixtures	1,35%	5,075	(567)	4,508
Vehicles	13,73%	47,095	(10,839)	36,256
Technical and scientific instruments	13,12%	3,990	(1,234)	2,756
IT equipment	18,57%	52,418	(10,545)	41,873
Machinery and equipment	3,79%	3,544,566	(147,490)	3,397,076
Construction in progress and advances for capital expenditures	-	71,879	-	71,879
		5,364,843	(213,046)	5,151,797

	Parent Company 2012			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2012**
Land	-	359,628	-	359,628
Buildings	2.86%	910,193	(7,676)	902,517
Facilities and improvements	2.81%	135,125	(401)	134,724
Furniture and fixtures	1.35%	4,123	(233)	3,890
Vehicles	13.73%	15,468	(8,300)	7,168
Technical and scientific instruments	13.12%	2,146	(833)	1,313
IT equipment	18.57%	17,563	(1,358)	16,205
Machinery and equipment	3.79%	2,786,301	(24,652)	2,761,649
Construction in progress and advances for capital expenditures	-	762,366	-	762,366
		4,992,913	(43,453)	4,949,460

	Consolidated 2013			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2013**
Land	-	377.698	-	377.698
Buildings	2.86%	1.078.908	(34.902)	1.044.006
Leasehold improvements	10%	11.335	(676)	10.659
Facilities and improvements	2.81%	213.170	(7.259)	205.911
Furniture and fixtures	1.35%	5.137	(571)	4.566
Vehicles	13.73%	47.095	(10.839)	36.256
Technical and scientific instruments	13.12%	3.990	(1.234)	2.756
IT equipment	18.57%	52.828	(10.570)	42.258
Machinery and equipment	3.79%	3.544.576	(147.491)	3.397.085
Advances for capital expenditures	-	72.266	-	72.266
		5.407.003	(213.542)	5.193.461

	Consolidated 2012			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2012**
Land	-	395,901	-	395,901
Buildings	2.86%	910,193	(7,676)	902,517
Facilities and improvements	2.81%	135,125	(401)	134,724
Furniture and fixtures	1.35%	4,123	(233)	3,890
Vehicles	13.73%	15,468	(8,300)	7,168
Technical and scientific instruments	13.12%	2,146	(833)	1,313
IT equipment	18.57%	17,563	(1,358)	16,205
Machinery and equipment	3.79%	2,786,301	(24,652)	2,761,649
Advances for capital expenditures	-	762,687	-	762,687
		5,029,507	(43,453)	4,986,054

Changes in property and equipment

Parent Company

Changes	Balance at 12/31/2012	Additions	Write-offs	Transfers	Interest capitalization	Depreciation	Balance at 12/31/2013
Land	359,628	-	-	(18,203)	-	-	341,425
Buildings	902,517	308	-	168,407	-	(27,226)	1,044,006
Leasehold improvements	-	-	-	6,337	-	(211)	6,126
Facilities and improvements	134,724	-	-	78,025	-	(6,857)	205,892
Furniture and fixtures	3,890	123	-	829	-	(334)	4,508
Vehicles	7,168	32,247	(182)	(1)	-	(2,976)	36,256
Technical and scientific instruments	1,313	9	-	1,835	-	(401)	2,756
IT equipment	16,205	4,339	-	30,516	-	(9,187)	41,873
Machinery and equipment	2,761,649	59,912	(3)	698,356	-	(122,838)	3,397,076
Construction in progress and advances for capital expenditures	762,366	273,148	-	(963,635)	-	-	71,879
	4,949,460	370,086	(185)	2,466	-	(170,030)	5,151,797

Changes	Balance at 12/31/2011	Additions	Write-offs	Transfers	Interest capitalization	Depreciation	Balance at 12/31/2012
Land	53,682	-	-	305,946	-	-	359,628
Buildings	19,299	-	-	818,024	68,820	(3,626)	902,517
Facilities and improvements	84	-	-	134,995	-	(355)	134,724
Furniture and fixtures	587	177	-	3,226	-	(100)	3,890
Vehicles	8,527	1,769	(143)	(62)	-	(2,923)	7,168
Technical and scientific instruments	869	1	-	723	-	(280)	1,313
IT equipment	1,735	926	-	13,859	-	(315)	16,205
Machinery and equipment	17,195	141,466	-	2,411,540	206,460	(15,012)	2,761,649
Construction in progress and advances for capital expenditures	1,981,765	2,438,186	-	(3,382,305)	(275,280)	-	762,366
	2,083,743	2,582,525	(143)	305,946	-	(22,611)	4,949,460

Consolidated

Changes	Balance at 12/31/2012	Arising from acquisition of subsidiary	Additions	Write-offs	Transfers	Interest capitalization	Depreciation	Balance at 12/31/2013
Land	395,901	-	-	-	(18,203)	-	-	377,698
Buildings	902,517	-	308	-	168,407	-	(27,226)	1,044,006
Leasehold improvements	-	4,363	292	-	6,337	-	(333)	10,659
Facilities and improvements	134,724	-	-	-	78,045	-	(6,858)	205,911
Furniture and fixtures	3,890	31	123	-	858	-	(336)	4,566
Vehicles	7,168	-	32,247	(182)	(1)	-	(2,976)	36.,56
Technical and scientific instruments	1,313	-	9	-	1,835	-	(401)	2,756
It equipment	16.,05	198	4,540	-	30,522	-	(9,207)	42,258
Machinery and equipment	2,761,649	9	59,912	(3)	698,356	-	(122,838)	3,397,085
Construction in progress and advances for capital expenditures	762,687	-	273,270	-	(963,691)	-	-	72,266
	4,986,054	4,601	370,701	(185)	2,465	-	(170,175)	5,193,461

Changes	Balance at 12/31/2011	Additions	Write-offs	Transfers	Interest capitalization	Depreciation	Balance at 12/31/2012
Land	89,955	-	-	305,946	-	-	395,901
Buildings	19,299	-	-	818,024	68,820	(3,626)	902,517
Facilities and improvements	84	-	-	134,995	-	(355)	134,724
Furniture and fixtures	587	177	-	3,226	-	(100)	3,890
Vehicles	8,527	1,769	(143)	(62)	-	(2,923)	7,168
Technical and scientific instruments	869	1	-	723	-	(280)	1,313
IT equipment	1,735	926	-	13,859	-	(315)	16,205
Machinery and equipment	17,195	141,466	-	2,411,540	206,460	(15,012)	2,761,649
Construction in progress and advances for capital expenditures	1,981,765	2,438,507	-	(3,382,305)	(275,280)	-	762,687
	2,120,016	2,582,846	(143)	305,946	-	(22,611)	4,986,054

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at December 31, 2013 refer to the structural improvements in the plant and surrounding areas, investments in railway logistics (cars and engine), renovation of the plant's port area, the Pederneiras port, and the Santos port, according to the Company's logistics plan to ship goods via the Tietê river until Pederneiras and afterward by train until the Santos port. Company assets are pledged as collateral for borrowings and financing up to the maximum limit of each of the debts assumed (Note 17).

Review of useful lives

As at December 31, 2012, the Company reviewed the useful lives of its property, plant and equipment items by engaging a specialized firm. From the start of plant operations, the new acquisitions and/or constructions are recorded with an estimated useful life and the useful lives of property, plant and equipment items are reviewed annually, and changed where applicable.

Impairment test - property, plant and equipment

The Company performed the annual impairment test of its tangible and intangible assets on December 31, 2013, based on the values in use and using discounted cash flows, which evidenced that their estimated fair values are higher than their net carrying amounts on the test date. During the year, there were no indications that material individual assets or group of assets might be impaired. Possible impairment losses are separately disclosed in a note, when material.

Interest capitalization - Borrowing costs

Pursuant to the criteria set by CPC 20 (R1) - Borrowing Costs, the Company capitalized the borrowing costs directly attributable to the construction of qualifying assets, which refer solely to construction in progress.

The borrowing costs allocated to qualifying assets occurred during 2012 (until December 12, 2012, date when the plant went into operation) and are as follows:

	Consolidated
	12/31/2012
Construction in progress	3,382,305
(+) Borrowing costs capitalized in 2011	83,983
(+) Borrowing costs capitalized in 2012	191,297
	275,280
	3,657,585

In the year ended December 31, 2013 there was no capitalization of borrowing costs.

The capitalization rates used to determine the eligible borrowing costs were as follows:

Eligible borrowings	**Average annual interest rate**	**Capitalized interest**
Bank financing	Interest of 0.34% to 1.60% p.m.	127,619
Shareholder loans	CDI + interest of 0.5% to 1% p.m.	147,661
		275,280

All costs eligible for capitalization originated from specific borrowings for the construction of qualifying assets through the date when the plant went into operation.

15 Intangible assets

	Parent Company 2013			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2013**
Software	15.00%	4,908	(1,692)	3,216
		4,908	(1,692)	3,216

	Parent Company 2012			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2012**
Software	15.00%	3,346	(881)	2,465
		3,346	(881)	2,465

	Consolidated 2013			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2013**
Goodwill	-	26,695	-	26,695
Software	15.00%	5,049	(1,702)	3,347
Terminal concession	-	20,988	(4,929)	16,059
		52,732	(6,631)	46,101

	Consolidated 2012			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2012**
Goodwill	-	10,211	-	10,211
Software	15.00%	3,346	(881)	2,465
		13,557	(881)	12,676

Changes in intangible assets

Parent Company	12/31/2012	Additions	Amortization	Transfer	12/31/2013
Software	2,465	1,231	(811)	331	3,216
	2,465	1,231	(811)	331	3,216

Consolidated	12/31/2012	Arising from acquisition of subsidiary	Additions	Amortization	Transfer	12/31/2013
Goodwill	10,211	-	16,484	-	-	26,695
Software	2,465	133	1,231	(813)	331	3,347
Terminal concession	-	16,536	-	(477)	-	16,059
	12,676	16,669	17,715	(1,290)	331	46,101

Goodwill breakdown

In consolidated - Recorded as intangible assets

Timber
Goodwill on acquisition of 100% of the shares and voting capital of Timber Holdings S.A. in September 2011, in the amount of R$10,211, based on expected future earnings.

Rishis
Goodwill on acquisition of 100% of the shares and voting capital of Rishis Empreendimentos e Participações S.A.in October 2013, in the amount of R$ 16,484, based on expected future earnings. On the acquisition date the goodwill was R$ 15,203, complemented by the payment of the installments corresponding to the year of the share subscription.

Impairment test - intangible assets
On December 31, 2013, the Company tested goodwill for impairment, using the value-in-use concept, based on discounted cash flow models that represent the groups of tangible and intangible assets recorded by the Company.

The determination of the value in use involves the use of assumptions, judgments and estimates on cash flows, such as revenue, cost and expense growth rates, estimates of future investments and working capital, and discount rates. The assumptions on growth, cash flow and future cash flow projections are based on management's best estimates and comparable market data, and the economic conditions that will exist during the useful lives of the group of assets that generate the cash flows. Future cash flows were discounted based on the rate representing the cost of capital.

Based on the annual impairment test of the Company's intangible assets as at December 31, 2013, prepared using the projections made on the financial statements, growth forecasts at the time, and the monitoring of projections and operating results during the year, no possible impairment losses or indications of impairment were identified since the value in use is higher than the net carrying amount on the test date.

16 Trade payables

	Parent Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Supplies and services	135,819	301,032	137,807	301,032
Inputs	88,403	40,895	106,254	40,895
Other	9,225	92	9,382	92
	233,447	342,019	253,443	342,019

17 Borrowings and financing

Type	Average annual interest rate and commissions	Parent Company and Consolidated 12/31/2013	Parent Company and Consolidated 12/31/2012
Property, plant and equipment purchase financing			
FINAME - project finance	Average interest of 3% to 8.00% p.a.	36.779	12.665
ACC (advance on exchange contract) (i)	Forext + interest	876.645	108.728
Bank credit notes (ii)	CDI + interest of 0.45% to 0.65% p.m.	-	503.908
BNDES - Subloan A (iii)	TJLP + 3.32%	511.854	500.390
BNDES - Subloan B (iii)	Floating rate BNDES + 3.32%	842.310	729.065
BNDES - Subloan C H and L (iii)	Floating rate BNDES + 4.52%	965.991	620.427
BNDES - Subloan G (iii)	TJLP + 2.92%	137.191	137.186
BNDES - Subloan K (iii)	TJLP	5.019	1.644
BNDES - Subloan D (iii)	TJLP + 1.8%	144.537	61.869
BNDES - Subloan E (iii)	Floating rate BNDES + 1.8%	389.196	146.390
BNDES - Subloans F and J (iii)	Floating rate BNDES + 3%	219.497	79.597
BNDES - Subloan I (iii)	TJLP + 1.4%	37.119	10.161
ECAs (iv)	Forex + interest of 2.8% to 5.69% p.a.	911.051	721.750
Debentures (first issue) (v)	110% of CDI	10.156	15.600
Debentures (second issue) (vi)	IPCA + 7.41% p.a.	992.607	940.000
FCO (Mid-west Financing Fund)	Interest of 8.5% to 9 % p.a.	64.862	64.833
Lease	4.86 % to 9.84% p.a	5	155
Working capital	Interest of 5.74% p.a. in dollars and 10.27% to 12.41% p.a.	452.779	-
NCE (ix)	CDI + spread	51.829	-
Caterpillar Financial (viii)	Forex + 5,74 p.a.	-	33.377
		6.649.426	4.687.745

	Parent company and consolidated 12/31/2013	Parent company and consolidated 12/31/2012
Breakdown		
Current liabilities	1.458.549	628.613
Non-current liabilities	5.190.877	4.059.132
	6.649.426	4.687.745

	Parent Company and Consolidated 12/31/2013	Parent Company and Consolidated 12/31/2012
Non-current liabilities mature as follows:		
2014	-	106.100
2015	541,057	376,970
2016	587,406	394,434
2017	582,962	394,265
2018	579,816	394,265
After 2019	2,899,636	2,393,098
	5,190,877	4,059,132

Changes in borrowings and financing

Parent Company and Consolidated	**12/31/2013**
Opening balance at December 31, 2012	4,687,745
Financial charges - interest and exchange differences	969,131
New borrowings	3,156,538
Repayments	(2,163,988)
Closing balance at December 31, 2013	6,649,426

17.1 Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts) with the banks Deutsche Bank, BTG, Bic, Pine, Cargill, Bradesco, BNP Paribas, Caixa Economica Federal, Banrisul, ICBC and Santander.

(ii) The financing transactions refer to bank credit notes with Banco Panamericano, settled on September 30, 2013.

(iii) 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 acquisition of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas (“Project”). Thus, BNDES confirmed the effectiveness of the agreement by disbursing the funds between March 2012 and December 2013, to be repaid in 90 installments beginning January 2015.

(iv) ECA (Export Credit Agency) financing agreements, disbursed on December 28, 2012, repayable in 19 semiannual installments, from November 2013 to November 2022, subject to interest and US dollar exchange fluctuation, granted by the following Agencies: Finnvera, R$439,551 subject to 3.1% p.a. equivalent to US$215,447, and R$116,830 subject to 5.69% p.a., equivalent to US$57,243, EKN, R$204,825 subject to 2.8% p.a. equivalent to US$100,256 and Oekb, R$182,439 subject to 5.69% p.a., equivalent to US$89,361.

(v) On August 20, 2012 the Company carried out the 1st issue of simple, nonconvertible, unsecured debentures, in a single series for private placement, therefore exempt from CVM registration, with interest of 110% of CDI per year and final maturity in September 2015. The debentures were fully distributed on November 29, 2012.

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

(vii) FCO (Mid-west Financing Fund) financing agreements, entered into with Banco do Brasil, in the following amounts and with the following maturities: R$14,481 maturing in 2014, R$25,000 maturing in 2016, and R$23,086 maturing in 2017, guaranteed by properties (farms) up to the limit of the assumed debt.

(viii) Dollar-denominated borrowings with Caterpillar Financial Services for financing the purchase of engines with semiannual repayment from 2014 to 2020, and bank credit notes with Banco Panamericano and Banco Bradesco.

(ix) Real-denominated Export Credit Notes (NCE) contracts with Banco Modal and Banco BIC.

17.2 Restrictive covenants

The financing agreements, ECAs and debentures entered into by the Company for the construction of its plant and the related logistics infrastructure are collateralized by the financed property, plant and equipment up to the limit of the assumed debt, and contain restrictive financial covenants usually applicable to these types of long-term financing. These covenants prescribe that the compliance tests with the agreed terms and conditions shall be conducted after the end of fiscal year 2014.

18 Taxes payable, payroll and related taxes

	Parent Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Payroll and related taxes	40,052	47,615	40,807	47,647
Accruals and taxes	13,035	10,409	13,040	10,409
Taxes payable	413	6,203	432	6,203
Other	35	12	34	14
	53,535	64,239	54,313	64,273

19 Deferred income tax and social contribution

As at December 31, 2013, the Company has an accounting loss balance which, adjusted for the expenses and revenues not permitted by the tax law for income tax and social contribution calculation purposes, totals R$ 1,016,560 (R$ 77,660 as at December 31, 2012).

Income tax and social contribution reconciliation:

	2013	2012
Income tax and social contribution		
Profit before income tax and social contribution	(761,179)	(71,443)
Additions:		
Bonus	2,424	26,761
Other additions		
Permanent differences	9,343	18,071
Allowance for inventory loss + hedge MTM	56,850	-
(Exclusions):		
Fair value of biological assets	(149,665)	(15,989)
Share of profits (losses) of subsidiaries	(7,462)	(1,786)
Exchange differences	(24,674)	-
Profit (loss) for the year	(874,363)	(44,386)
Rate	34%	34%
Total income tax and social contribution expense	(297,283)	(15,091)
Tax loss of prior years	77,660	20,295
Income tax and social contribution	26,404	6,900

Changes in deferred income tax and social contribution:	**12/31/2013**	**12/31/2012**
Opening balance	-	(8,191)
Recognition of deferred income tax and social contribution - 34% tax rate on biological assets' appreciation	(50,886)	(5,436)
Recognition of deferred income tax and social contribution assets on tax losses	321,765	13,627
Closing deferred income tax and social contribution	270,879	(8,191)
Closing deferred income tax and social contribution balance disclosed in the balance sheet	270,879	-

The Company, recently established, expects to generate taxable profits as from 2015. This expectation is based on a technical study of generation of future taxable profits prepared with growth and discount rates aligned with the budget estimate for the next five years. The measurement of the deferred tax asset arises from the income tax and social contribution tax losses and temporary differences previously shown.

Normative Ruling 1,397

On September 16, 2013, the Federal Revenue of Brazil (RFB) issued Normative Ruling 1,397 defining in general that, for purposes of calculating the income tax and social contribution tax base of the legal entity subject to the Transition Tax Regime (RTT), the accounting methods and criteria prevailing at December 31, 2007 shall be considered, among other provisions.

Provisional Act 627

On November 11, 2013 Provisional Act 627, which revokes the Transition Tax Regime (RTT), was enacted introducing the following changes, among other issues: (i) amendments to Decree Law 1,598/77 which addresses the income tax of legal entities, and amendments to the legislation related to social contribution on net income; (ii) establishes that the modification or adoption of accounting methods and criteria through administrative acts issued based on a competence attributed in a commercial law, which are subsequent to the enactment of this Provisional Act, will not have impact on the calculation of the federal taxes until the tax law regulates the matter; (iii) includes a specific treatment on the potential taxation of profits or dividends; (iv) includes provisions on the calculation of interest on capital; and includes considerations on investments accounted for under the equity method. The provisions contained in the Provisional Act are effective as from 2015. Its early adoption for 2014 may eliminate potential tax effects, especially as regards dividends and interest on capital actually paid through the date of enactment of this Provisional Act and the share of profits (losses) of subsidiaries. The Company's management does not expect to adopt the Provision Act 627 early.

20 Provision for contingent liabilities

The Company is subject, in the normal course of business, to tax, labor, and civil lawsuits. Management, based on the opinion of its legal counsel and, where applicable, specific opinions issued by specialists, assesses the expected outcome of ongoing proceedings 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:

	Parent Company and Consolidated						
	12/31/2011	**Additions**	**Exclusions**	**12/31/2012**	**Additions**	**Exclusions**	**12/31/2013**
Civil	104	907	(104)	907	773	(80)	1,600
Labor	-	1,103	-	1,103	1,420	(923)	1,600
	104	2,010	(104)	2,010	2,193	(1,003)	3,200

As at December 31, 2013, the Company was a party to other ongoing lawsuits, amounting to approximately R$47,005 (R$4,540 as at December 31, 2012), basically related to labor claims in which, according to the legal counsel, the likelihood of an unfavorable outcome is possible, not probable. Management understands that no provision is necessary for these lawsuits, in accordance with CPC 25 Provisions, Contingent Liabilities and Contingent Assets.

21 Equity

21.1 Share capital

	Subscribed capital	Unpaid capital	Issued capital
Balance at December 31, 2013	1,788,792	(221,157)	1,567,635

On August 20, 2012, subscribed capital increased from R$1,718,291,903.18 (1,495,274,914 shares) to R$1,788,791,903.18 (1,525,558,419 shares), i.e., by R$70,500,000, paid in through the issue of 30,283,505 registered common shares without par value, as registered with the São Paulo Division of Corporations (JUCESP) under number 3530044472-8.

	Number of shares
Total shares at 12/31/2011	1,495,274,914
Capital subscription	30,283,505
Total shares at 12/31/2012	1,525,558,419
Total shares at 12/31/2013	1,525,558,419

21.2 Advance for future capital increase

On November 29, 2011, the parent company J&F entered into a binding and irrevocable advance for future capital increase ("AFAC") agreement with Eldorado, amounting to R$221,156.

Under this agreement between J&F and Eldorado, the AFAC shall be converted into Eldorado's capital within five (5) years from the AFAC agreement execution date, through the issue of 221,156,740 shares.

21.3 Legal reserve

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

21.4 Dividends

Under the Company bylaws, the balance of the profit for the year remaining after the 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.

21.5 Carrying value adjustments

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

21.6 Earnings per share

As required by IAS 33/CPC 41 Earnings per Share, the tables below reconcile profit for the year (loss) with the amounts used to calculate basic loss per share.

Basic

Basic loss per share is calculated by dividing the loss attributable to Company owners by the number of shares outstanding in the year.

	12/31/2013	12/31/2012
Loss attributable to Company owners	(490,300)	(63,252)
Total shares outstanding in the year (subscribed and advance for future capital increase) – in thousands	1,525,558	1,525,558
Loss profit per thousand shares	(321.39)	(41.46)

22 Net revenue

	Parent Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Gross sales revenue				
Domestic market	266,950	3,616	266,950	3,616
Foreign market	1,278,328	3,888	1,515,039	1,067
	1,545,278	7,504	1,781,989	4,683
Discounts and rebates	-	-	(155,431)	-
	1,545,278	7,504	1,626,558	4,683
Sales deductions				
Sales returns and taxes	(56,141)	(2,088)	(56,141)	(2,088)
Net operating revenue	1,489,137	5,416	1,570,417	2,595

23 Operating segments

(a) Base for segmentation

The Company has two reportable segments: pulp and energy. The summary below describes the operations of each of the reportable segments:

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

(b) Reportable segments

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

	Consolidated		
	Energy	**Pulp**	**Total**
Net revenue	13,493	1,556,924	1,570,417
Cost of sales	(11,422)	(1,033,780)	(1,045,202)
Gross profit	2,071	523,144	525,215
Operating (expenses) income			
General and administrative expenses		(88,826)	(88,826)
Selling expenses		(298,576)	(298,576)
Finance income (costs), net		(1,080,719)	(1,080,719)
Fair value of biological assets		149,665	149,665
Share of profits (losses) of subsidiaries		-	-
Other income (expenses), net		31,373	31,373
Loss before provision for income tax and social contribution	2,071	(763,939)	(761,868)
Deferred income tax and social contribution		270,855	270,855
Profit for the year (loss)	2,071	(493,084)	(491,013)

(c) Geographic segments

The Pulp segment is managed at international level, although it operates sales offices in Austria, Switzerland, China and the USA.

In the presentation based on geographic segments, the segment's revenue and non-current assets is based on the customer's geographic location. The segment's revenue is based on the customers' geographic location and the segment's assets are based on the assets' geographic location.

(i) Operating Revenue

	2013
Brazil	192,015
All foreign countries	
China	471,923
Italy	258,562
Japan	171,473
United Kingdom	107,872
Austria	102,769
USA	97,856
Germany	48,515
France	42,062
Spain	16,554
Belgium	12,171
Mexico	8,787
The Netherlands	7,965
Other	18,401
	1,556,924

(ii) Non-current assets

	2013
Brazil	7,042,048
All foreign countries	
Austria	410
United States	107
	7,042,595

24 Selling, general and administrative expenses

	Parent Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Personnel expenses	(44,494)	(43,541)	(48,396)	(43,838)
Service expenses	(45,351)	(1,122)	(49,265)	(1,122)
Expenses on sundry materials	(3,641)	(21,164)	(3,711)	(21,164)
Transportation	(154,407)	(29,501)	(278,440)	(29,516)
Depreciation	(7,401)	(803)	(8,025)	(803)
Other	1,491	(902)	435	(902)
	(253,803)	(97,033)	(387,402)	(97,345)
Breakdown				
General and administrative expenses	(79,988)	(82,277)	(88,826)	(82,589)
Selling expenses	(173,815)	(14,756)	(298,576)	(14,756)
	(253,803)	(97,033)	(387,402)	(97,345)

Personnel expenses increased throughout the year, especially due to the significant increase in the Company's headcount.

General and administrative expenses increased significantly between 2012 and 2013, which is basically due to the increase in legal and sundry consulting services, outsourced labor, technical assistance, provisional warehousing, surveillance, IT consulting, transportation, etc.

25 Finance income (costs), net

	Parent Company		Consolidated	
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2012**
Interest receivable	1	-	1	-
Income from short-term investments	6,232	9,844	6,232	9,844
Sundry banking costs	(2,259)	(12,518)	(3,114)	(12,493)
Interest payable	(435,804)	(43,720)	(435,804)	(43,720)
Foreign exchange losses, net	(453,421)	45,559	(454,873)	45,559
Related parties - letter of guarantee for debts	(54,334)	-	(54,334)	-
Gain (loss) on derivatives	(80,292)	12,008	(80,292)	12,008
Guarantee expenses	(15,145)	-	(15,145)	-
Other	(43,065)	-	(43,390)	-
	(1,078,087)	11,173	(1,080,719)	11,198

The Company posted an increase in its finance income, net, especially as a result of foreign exchange gains arising on translating foreign-currency denominated borrowings, and also income from short-term investments.

26 Insurance

As at December 31, 2013, the insurance coverage against operating risks totaled R$ 4,700,000 for property damages, R$ 1,200,000 for loss of profits, and R$ 58,556 for civil liability.

27 Risk management and financial instruments

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

Market risks

The Company is exposed to market risks arising from its business activities. These risks mainly comprise possible changes in foreign exchange and interest rates. The risks are concentrated on its debt to financial institutions and suppliers, related to the construction of the plant and eucalyptus forests.

a. Interest rate risks

Interest rate risk refers to the potential financial losses that the Company and its subsidiaries could incur due to adverse changes in this risk factor, triggered by different reasons, such as economic crises, changes in sovereign monetary policies, and market fluctuations. The Company has assets and especially liabilities exposed to this risk, in transactions pegged to indices such as the CDI (interbank deposit rate), TJLP (benchmark long-term interest rate), and the IPCA (extended consumer price index), and occasional transactions with fixed positions in relation to some of the indices above that could result in unrealized and/or realized losses caused by mark-to-market. The Company seeks to mitigate the interest rate risk by diversifying the contracted indices and making short-term investments with the same indices associated to its liabilities, thus creating a natural hedge.

The interest rate risk is directly linked to the risk of increase in financial charges on Company borrowings and financing, as a result of market fluctuations.

The Company's exposure to interest rate risk refers basically to borrowings and financing. The position as at December 31, 2013 and December 31, 2012 is as follows:

		Parent Company and Consolidated	
Type	**Average annual interest rate and commissions**	**12/31/2013**	**12/31/2012**
Bank credit notes (ii)	CDI + interest of 0.45% to 0,65% p.m.	-	503,908
BNDES - subloan A (iii)	TJLP + interest of 3.32% p.a.	511,854	500,390
BNDES - subloan G (iii)	TJLP + 2.92% p.a.	137,191	137,186
BNDES (iii)	Currency basket+spread of 1.80% to 4.52% p.a.	2,420,495	298,017
BNDES - subloan K (iii)	TJLP	5,019	1,644
Debentures (first issue)	110% of CDI	10,156	15,600
Debentures (second issue)	IPCA + 7.41% p.a.	992,607	940,000
Short-term investments (repos)	99% of CDI	(44,534)	(280,585)
		4,032,788	2,116,160

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at December 31, 2013 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:

Transaction - 12/31/2013	Risk	Position	Probable	Possible 25%	Remote 50%
Bank credit notes (ii)	CDI + interest of 0.45% to 0.65% p.m.	-	-	-	-
BNDES - subloan A (iii)	TJLP + interest of 3.32% p.a.	511,854	-	127,964	255,925
BNDES - subloan G (iii)	TJLP + 2.92% p.a.	137,191	-	34,298	68,596
BNDES (iii)	Currency basket+spread of 1.80% to 4.52% p.a.	2,420,495	-	605,123	1,210,247
BNDES - subloan K (iii)	TJLP	5,019	-	1,255	2,510
Debentures (first issue)	110% of CDI	10,156	-	2,539	5,078
Debentures (second issue)	IPCA + 7.41% p.a.	992,607	-	248,152	496,304
Short-term investments (repos)	99% of CDI	(44,534)	-	(11,134)	(22,267)
Net exposure to interest rates		4,032,788	-	1,008,197	2,016,393

Transaction - 12/31/2012	Risk	Position	Probable	Possible 25%	Remote 50%
Bank credit notes (ii)	CDI + interest of 0.45% to 0.65% p.m.	503,908	-	125,977	251,954
BNDES - subloan A (iii)	TJLP + interest of 3.32% p.a.	500,390	-	125,098	250,195
BNDES - subloan G (iii)	TJLP + 2.92% p.a.	137,186	-	34,297	68,593
BNDES (iii)	TJLP + USD exchange fluctuation	298,017	-	74,504	149,009
BNDES - subloan K (iii)	TJLP	1,644	-	411	822
Debentures (first issue)	110% of CDI	15,600	-	3,900	7,800
Debentures (second issue)	IPCA + 7.41% p.a.	940,000	-	235,000	470,000
Short-term investments (repos)	99% of CDI	(280,585)	-	(70,146)	(140,293)
Net exposure to interest rates		2,116,160	-	529,041	1,058,080

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

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

The long-term interest rate (TJLP) was created to serve as benchmark of the basic cost of funding granted by BNDES and at the reporting date was 5.5% per year.

b. *Foreign exchange rate risks*

The foreign exchange rate is the risk that foreign exchange rate fluctuations make the Company incur unexpected losses, leading to a decrease in assets or an increase in liabilities.

The main Company exposures refer to the US dollar, euro, and Swedish krona fluctuations in relation to the Brazilian real.

As at December 31, 2013, the US dollar, euro, and Swedish krona quotations were R$2.3426, R$3.2265, and R$0.3639, respectively, and at December 31, 2012 were R$2.0429, R$2.6954, and R$0.3138, respectively.

As at December 31, 2013 and 2012, the foreign exchange fluctuation risk concentrates in line items 'Advances to suppliers', 'Trade payables' and 'Borrowings'.
To hedge against the foreign exchange volatility risk, the Company seeks balancing the amounts of assets and liabilities in foreign currencies.

The Company's assets and liabilities exposed to the foreign exchange risk, related to the years ended December 31, 2013 and 2012, are as follows:

Parent Company

	12/31/2013	**12/31/2012**
Trade receivables (US dollar)	3,804	-
Total trade receivables	3,804	-
Advances in US$	-	3
Advances in Euro	438	144
Advances in Renminbi (China)	18	10
Non-deliverable Forwards (US$)	3,820,781	105,000
Total advances to suppliers	3,821,237	105,157
Trade payables (US dollar)	(1,907)	(6,317)
Trade payables (euro)	(86,610)	(159,500)
Trade payables (Swedish krona)	-	-
Trade payables (Swedish krona)	(1,684)	(6,915)
Total trade payables	(90,201)	(172,732)
ACC (advance on exchange contract) (i)	(876,645)	(108,728)
BNDES - subloans C, H and L	(965,991)	(620,427)
BNDES - subloan B	(842,310)	(729,065)
BNDES - subloans D, E, F, J and I	(790,349)	(298,017)
ECAs	(911,051)	(721,750)
Caterpillar Financial	-	(33,377)
Total borrowings and financing	(4,386,346)	(2,511,364)
Net exposure	(651,506)	(2,578,939)

The risk of foreign exchange fluctuation may result in losses for the Company due to a possible decrease in its assets or increase in its liabilities.

Sensitivity analysis
For the purpose of providing information on how the market risks to which the Company is exposed at December 31, 2013 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

		12/31/2013		
Transaction	**Risk**	**Position**	**25%**	**50%**
Advances to suppliers	R$ depreciation	679	170	340
Non-deliverable Forwards (NDFs)	R$ appreciation	56,520	14,130	28.260
Net exposure to currency risk		57.199	14,300	28,600

Derivative financial instruments

As at December 31, 2013, the outstanding derivatives with maturity on February 3 and May 2, 2014, entered into with Banco BTG Pactual, Banco Pine, Banco do Brasil, BNP Paribas, Banco Modal and Brasil Plural totaling U$ 1,631,000.0 refer to Non Deliverable Forwards (NDF) contracts aimed at reducing the volatility in dollar-denominated debt transactions.

As at December 31, 2012 the only outstanding derivatives held by the Company are NDFs (non-deliverable forwards), maturing between February 2 and July 1, 2013 (closed in the first quarter of 2013 for R$3,959), entered into with Banco BTG Pactual, as shown below: The purpose of these contracts is to mitigate the volatility in US dollar sales during the first months of operation.

As at December 31, 2013 and 2012, the discounted cash flow method was adopted, using the BM&F projection curves to calculate the fair value of the derivative instruments.

Outstanding derivatives

	Notional amount			Fair value	
NDFs	**US dollar**	**Real**	**Maturity**	**US dollar**	**Real**
Short position (US$)	1,631,000	3,866,770	02/03/14 to 05/02/14	24,127	56,520

c. ***Credit risk***

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

Bank deposits, financial investments and NDF transactions are contracted with prime financial institutions; therefore, the risk of incurring any loss with these financial institutions is minimum.

Exposure to credit risk
The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk on the reporting date was:

	Parent Company		Consolidated	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Cash and cash equivalents	49,840	593,883	74,678	595,799
Trade receivables	70,462	7,529	510,874	4,727
Receivables from related parties	549,883	41,005	41,009	41,005
Derivatives receivable	56,520	-	56,520	-
	726,705	642,417	683,081	641,531

Guarantees
As a result of the transactions between BNDES and ECAs, the following shared guarantees were provided: a) first mortgage of the plan in the city of Três Lagoas, b) pledge of 750,000,000 registered common shares of Eldorado, c) pledge of 368,000,000 book-entry common shares of the associate JBS S.A. and d) statutory lien on the forest equipment financed by ECAs in the amount of approximately R$ 80,000.

d. 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, etc. 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.

Parent Company	12/31/2013	12/31/2012
Estimated amount of firm contracts	870,448	380,902
Advances made	(35,220)	(73,366)
Total	835,228	307,536

The risks of changes in prices are mitigated by the actual delivery of wood, when the trade payable and the related inventory is recognized, both at a price set when the contract is closed. Thus, according to the delivery schedule, as the wood inventories are not yet fully delivered, there is no payment obligation and, particularly, there is no risk of wood price fluctuation.

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

e. *Liquidity risk*

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

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

The table below shows the fair value of the Company’s financial liabilities and their maturities:

Parent Company

	Less than 1 year	Between 1 and 2 years	Between 3 and 4 years	Over 4 years	Fair value
At December 31, 2013					
Trade payables	233,447	-	-	-	233,447
Borrowings and financing	1,458,549	541,057	587,406	4,062,414	6,649,426
Non-deliverable Forwards (NDFs)	(56,520)	-	-	-	(56,520)
(-) Cash and cash equivalents:	(49,840)	-	-	-	(49,840)
Total	1,585,636	541,057	587,406	4,062,414	6,776,513
At December 31, 2012					
Trade payables	342,019	-	-	-	342,019
Borrowings and financing	628,613	849,865	921,968	2,287,299	4,687,745
Non-deliverable Forwards (NDFs)	3,613	-	-	-	3,613
(-) Cash and cash equivalents:	(593,883)	-	-	-	(593,883)
Total	380,362	849,865	921,968	2,287,299	4,439,494

Consolidated

	Less than 1 year	Between 1 and 2 years	Between 3 and 4 years	Over 4 years	Fair value
At December 31, 2013					
Trade payables	253,443	-	-	-	253,443
Borrowings and financing	1,458,549	541,057	587,406	4,062,414	6,649,426
(-) Cash and cash equivalents:	(74,678)	-	-	-	(74,678)
Total	1,637,314	541,057	587,406	4,062,414	6,828,191
At December 31, 2012					
Trade payables	342,019	-	-	-	342,019
Borrowings and financing	628,613	849,865	921,968	2,287,299	4,687,745
(-) Cash and cash equivalents:	(595,799)	-	-	-	(595,799)
Total	374,833	849,865	921,968	2,287,299	4,433,965

f. *Fair value of financial instruments*

Financial assets and financial liabilities are presented in the financial statements at their carrying amounts and the related accrued income or expenses are accounted for according to their expected realization or settlement.
Under CPC 40/IFRS 7 Financial Instruments: Disclosures, the Company and its subsidiaries classify fair value measurement by the levels in the fair value hierarchy that reflect the importance of the indices used in this measurement, as follows:

- **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 data. The Company and its subsidiaries do not have instruments in this measurement level.

The table below shows the classification per risk level:

Parent Company

	12/31/2013			12/31/2012		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	49,840	-	-	593,883	-	-
Non-deliverable Forwards (NDFs)	-	56,520	-	-	3,613	-
Total assets	49,840	56,520	-	593,883	3,613	-

Consolidated

	12/31/2013			12/31/2012		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	74,678	-	-	595,799	-	-
Non-deliverable Forwards (NDFs)	-	56,520	-	-	3,613	-
Total assets	74,678	56,520	-	595,799	3,613	-

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

Parent Company

	12/31/2013		12/31/2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or los				
Cash and cash equivalents	49,840	49,840	593,883	593,883
Non-deliverable Forwards (NDFs)	56,520	56,520	3,613	3,613
Loans and receivables				
Trade receivables	570,025	570,025	7,529	7,529
Receivables from related parties	50,320	50,320	41,005	41,005
Advances to suppliers	132,677	132,677	110,441	110,441
Total financial assets	859,382	859,382	756,471	756,471

	12/31/2013		12/31/2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost:				
Borrowings and financing	6,649,426	6,649,426	4,687,745	4,687,745
Trade payables	233,447	233,447	342,019	342,019
Total financial liabilities	6,882,873	6,882,873	5,029,764	5,029,764

Consolidated

	12/31/2013		12/31/2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or los				
Cash and cash equivalents	74,678	74,678	595,799	595,799
Non-deliverable Forwards (NDFs)	56,520	56,520	-	-
Loans and receivables				
Trade receivables	510,874	510,874	4,727	4,727
Receivables from related parties	41,009	41,009	41,005	41,005
Advances to suppliers	132,677	132,677	110,441	110,441
Total financial assets	815,758	815,758	751,972	751,972

	12/31/2013		12/31/2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost:				
Borrowings and financing	6,649,426	6,649,426	4,687,745	4,687,745
Trade payables	253,443	253,443	342,019	342,019
Total financial liabilities	6,902,869	6,902,869	5,029,764	5,029,764

	12/31/2013	12/31/2012
Total borrowings and financings	6,649,426	4,687,745
(-) Borrowings subsidized by the BNDES (i)	(3,252,713)	(2,243,133)
(-) Financing from Export Credit Agency (ECA) (i)	(911,051)	(772,026)
(-) Debentures (i)	(1,002,763)	(955,600)
(-) Short-term borrowings (ii)	(1,458,549)	(605,425)
Total financial liabilities	24,350	111,561

The Company shows that the carrying amounts approximates of financial instruments approximate their fair values due to: (i) the absence of an active market for such instruments; (ii) borrowings with short-term maturities, presented net when the impact of fair value measurement is immaterial.

28 Other matters - Operating land lease

The future lease payments under operating land are as follows:

	Parent Company and Consolidated	
	12/31/2013	**12/31/2012**
Less than one year	47,225	27,525
Between one and five years	281,712	158,357
More than five years	541,511	34,531
Total	870,448	220,413

The Company leases land used in its operations under operating leases. These leases typically run for a period of six to ten years, with an option to renew the lease after that date. Lease payments are adjusted every five years to reflect market rentals. Some leases provide for additional lease payments that are based on changes in a local price index.

During the year an amount of R$412,424 was recognized as biological asset development cost in respect of operating leases (R$32,29 in 2012).

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 property lessor is increased to market rent at regular intervals, and the Company does not participate in the residual value of the land; it was determined that substantially all the risks and rewards of the land and buildings are with the lessor. Thus, the Company determined that the leases are operating leases.

Executive Committee

José Carlos Grubisich Filho
CEO

Helio Baptista Novaes
Chief Financial Officer and
Investor Relations Officer

Carlos Roberto Paiva Monteiro
Industrial Techical Officer

Luis Fernando Sartini Felli
Sales Officer

Germano Aguiar Vieira
Forest Officer

Board of Directors

Joesley Mendonça Batista
Chairman of the Board

Wesley Mendonça Batista
Vice Chairman of the Board

Humberto Pires Grault Vianna de Lima
Director

Paulo Eduardo Nigro
Director

Luís Carlos Fernandes Afonso
Director

Marcus Vinicius Pratini de Moraes
Director

Miguel João Jorge Filho
Director