Eldorado Brasil Celulose S.A.

Financial statements at December 31, 2015 and 2014

Contents

Independent auditor's report

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

Introduction

We have audited the accompanying individual and consolidated financial statements of Eldorado Brasil Celulose S.A. ("Parent Company"), identified as Parent Company and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2015, the statement of profit or loss, 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 the auditor's 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, the auditor considers 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 on the individual and consolidated financial statements
In our opinion, the individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Eldorado Brasil Celulose S.A. as at December 31, 2015, and its consolidated financial performance and 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.

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, 2015, prepared under the responsibility of the Company's management and whose presentation is required by the Brazilian Corporate Law for publicly-traded companies and considered as supplemental information under IFRS, which does not require the presentation of the DVA. These statements have been submitted to the same auditing procedures previously described and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, January 26, 2016.

KPMG Auditores Independentes
CRC 2SP014428/O-6

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

Eldorado Brasil Celulose S.A.

Statements of financial position at December 31, 2015 and 2014

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
Assets	**Note**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Current assets					
Cash and cash equivalents	5.1	1.058.790	34.969	1.264.151	54.551
Trade receivables	6	1.128.532	687.756	704.486	465.291
Inventories	8	255.080	229.258	453.221	360.622
Taxes recoverable	9	369.717	294.878	371.640	296.536
Advances to suppliers	10	40.517	11.243	46.288	14.856
Derivatives receivable	28 b	89.871	28.134	89.871	28.134
Other current assets		19.587	10.770	20.553	11.509
Total current assets		2.962.094	1.297.008	2.950.210	1.231.499
Noncurrent assets					
Marketable securities	5.2	114.524	48.589	114.524	48.589
Taxes recoverable	9	578.158	360.631	580.827	360.631
Advances to suppliers	10	59.511	47.148	59.511	47.148
Deferred income tax and social contribution	18	522.260	522.830	522.260	522.830
Deposits, guarantees and other		2.746	2.201	2.936	2.363
Amounts due from related parties	7	-	26.191	-	26.191
Other noncurrent assets		14.909	14.909	14.909	14.909
		1.292.108	1.022.499	1.294.967	1.022.661
Biological assets	11	1.736.309	1.508.171	1.736.309	1.508.171
Investments	12	108.061	73.495	-	-
Property, plant and equipment	13	4.764.993	4.847.904	4.834.979	4.886.384
Intangible assets	14	7.279	6.093	39.290	39.167
Total noncurrent assets		7.908.750	7.458.162	7.905.545	7.456.383
Total assets		10.870.844	8.755.170	10.855.755	8.687.882

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Current liabilities					
Trade payables	15	203.773	184.501	212.962	185.475
Borrowings	16	2.286.481	1.744.957	2.286.481	1.744.957
Taxes payable, payroll and related taxes	17	81.288	89.161	83.143	89.741
Amounts due to related parties	7	45.153	31.379	45.153	31.379
Other current liabilities		15.132	22.088	48.417	30.501
Total current liabilities		2.631.827	2.072.086	2.676.156	2.082.053
Noncurrent liabilities					
Borrowings	16	7.080.152	5.421.951	7.080.152	5.421.951
Borrowings - related parties	7	-	365.470	-	365.470
Provision for contingent liabilities	19	5.006	2.364	5.006	2.364
Provision for losses in subsidiaries	12	59.418	77.255	-	-
Total noncurrent liabilities		7.144.576	5.867.040	7.085.158	5.789.785
Equity	20				
Issued capital		1.788.792	1.788.792	1.788.792	1.788.792
Cumulative translation adjustments		(12.418)	(10.170)	(12.418)	(10.170)
Accumulated losses		(681.933)	(962.578)	(681.933)	(962.578)
Total equity		1.094.441	816.044	1.094.441	816.044
Total liabilities		9.776.403	7.939.126	9.761.314	7.871.838
Total liabilities and equity		10.870.844	8.755.170	10.855.755	8.687.882

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

Eldorado Brasil Celulose S.A.

Statements of proft or loss

Years ended December 31, 2015 and 2014

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
	Note	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Net revenue	21	2.948.392	2.099.695	3.236.594	2.199.222
Cost of sales		(1.512.132)	(1.474.026)	(1.520.820)	(1.443.076)
Gross profit		1.436.260	625.669	1.715.774	756.146
Operating (expenses) income					
General and administrative expenses	23	(63.231)	(83.752)	(92.020)	(96.692)
Selling and logistics expenses	23	(178.434)	(183.154)	(380.374)	(370.958)
Fair value of biological assets	11	16.473	12.293	16.473	12.293
Share of profits (losses) of subsidiaries	12	13.973	(93.265)	-	-
Other income, net	25	201.121	197.952	202.856	199.455
Profit before finance (costs) income and taxes		1.426.162	475.743	1.462.709	500.244
Finance (costs) income, net	24				
Finance costs		(3.262.477)	(1.241.513)	(3.348.041)	(1.264.708)
Finance income		2.117.530	95.185	2.166.559	95.189
Profit (loss) before provision for income tax and social contribution		281.215	(670.585)	281.227	(669.275)
Income tax and social contribution					
Current		-	-	(12)	(1.678)
Deferred	18	(570)	251.951	(570)	251.951
Profit (loss) for the year		280.645	(418.634)	280.645	(419.002)
Attributable to					
Owners of the Company				280.645	(418.634)
Noncontrolling interests				-	(368)

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

Eldorado Brasil Celulose S.A.

Statements of comprehensive income

Years ended December 31, 2015 and 2014

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Profit (loss)	280.645	(418.634)	280.645	(419.002)
Exchange differences on investments	(2.248)	2.378	(2.248)	2.378
Total comprehensive income	278.397	(416.256)	278.397	(416.624)
Attributable to				
Owners of the Company			278.397	(416.256)
Noncontrolling interests			-	(368)

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, 2015 and 2014

(In thousands of Brazilian reais - R$)

	Share capital	Advance for future capital increase	Accumulated losses	Cumulative translation adjustments	Attributable to owners of the Company	Noncontrolling interests	Total
Balance at December 31, 2013	1.567.635	221.157	(543.944)	(12.548)	1.232.300	4.714	1.237.014
Loss for the year	-	-	(418.634)	-	(418.634)	(368)	(419.002)
Exchange differences on investments	-	-	-	2.378	2.378	-	2.378
Advance for future capital increase	221.157	(221.157)	-	-	-	-	-
Effect of noncontrolling interests on consolidated entities	-	-	-	-	-	(4.346)	(4.346)
Balance at December 31, 2014	1.788.792	-	(962.578)	(10.170)	816.044	-	816.044
Profit for the year	-	-	280.645	-	280.645	-	280.645
Exchange differences on investments	-	-	-	(2.248)	(2.248)	-	(2.248)
Balance at December 31, 2015	1.788.792	-	(681.933)	(12.418)	1.094.441	-	1.094.441

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

Eldorado Brasil Celulose S.A.

Statements of cash flows

Years ended December 31, 2015 and 2014

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Cash flows from operating activities				
Profit (loss) for the year:	280.645	(418.634)	280.645	(419.002)
Adjustments to reconcile profit (loss) to cash generated by operating activities:				
Depreciation and amortization	228.709	211.051	231.591	212.652
Depletion	57.202	65.499	57.202	68.640
Residual value of property, plant and equipment written off	33.951	294.681	34.361	331.013
Fair value of biological assets	(16.473)	(12.293)	(16.473)	(12.293)
Deferred income tax and social contribution	570	(251.951)	570	(251.951)
Financial charges - interest and exchange differences	3.106.129	1.107.005	3.106.129	1.107.005
Financial charges - interest - intragroup loan	18.429	128.490	18.429	128.490
Provision for contingent liabilities	2.642	(836)	2.642	(836)
Derivatives receivable	(61.737)	28.386	(61.737)	28.386
Exchange differences on trade receivables	39.324	-	45.889	-
Effect of noncontrolling interests on consolidated entities	-	-	-	(4.346)
Share of profits (losses) of subsidiaries	(13.973)	93.265	-	-
	3.675.418	1.244.663	3.699.248	1.187.758
Decrease (increase) in assets				
Trade receivables	(480.100)	(117.731)	(285.084)	45.583
Inventories	(25.822)	15.987	(92.599)	(32.363)
Taxes recoverable	(292.366)	(275.879)	(295.300)	(277.479)
Advances to suppliers	(41.637)	74.286	(43.795)	70.676
Amounts due from related parties	26.191	24.129	26.191	14.818
Other current and noncurrent assets	(9.362)	20.484	(9.617)	21.348
Decrease (increase) in liabilities				
Trade payables	19.272	(48.946)	27.487	(67.968)
Amounts due to related parties	13.774	2.372	13.774	2.372
Taxes payable, payroll and related taxes	(7.873)	35.626	(6.598)	35.428
Other current and noncurrent liabilities	(6.956)	(3.041)	17.916	(17.814)
Carrying value adjustments and cumulative translation adjustments	-	2.378	(2.248)	2.378
Net cash generated by operating activities	2.870.539	974.328	3.049.375	984.737
Cash flows from investing activities				
Increase in biological assets	(268.867)	(384.586)	(268.867)	(380.599)
Additions to tangible and intangible assets	(180.935)	(204.716)	(214.670)	(229.654)
Additions to investments	(40.678)	1.235	-	6.521
Marketable securities	(65.935)	(48.589)	(65.935)	(48.589)
Net cash used in investing activities	(556.415)	(636.656)	(549.472)	(652.321)
Cash flows from financing activities				
Borrowings	2.694.977	1.463.488	2.694.977	1.463.488
Repayment of borrowings - principal	(2.149.453)	(1.589.457)	(2.149.453)	(1.589.457)
Repayment of borrowings - interest	(627.945)	(416.985)	(627.945)	(416.985)
Repayment of borrowings - exchange differences	(823.983)	(46.569)	(823.983)	(46.569)
Borrowing raised	723.779	2.066.469	723.779	2.066.469
Repayment of borrowing	(1.107.678)	(1.829.489)	(1.107.678)	(1.829.489)
Net cash used in financing activities	(1.290.303)	(352.543)	(1.290.303)	(352.543)
Net changes	1.023.821	(14.871)	1.209.600	(20.127)
Cash and cash equivalents at the beginning of the year	34.969	49.840	54.551	74.678
Cash and cash equivalents at the end of the year	1.058.790	34.969	1.264.151	54.551

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

Eldorado Brasil Celulose S.A.

Statements of value added

Years ended December 31, 2015 and 2014

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2015	2014	2015	2014
Revenues				
Sales of merchandise, products and services	2.983.527	2.136.726	3.272.883	2.236.254
Other operating income (expenses), net	60.487	109.682	63.586	111.784
Transfers related to the construction of own assets	94.148	70.618	127.725	103.277
	3.138.162	2.317.026	3.464.194	2.451.315
Inputs purchased from third parties				
Cost of sales, materials, energy, outside services and other	(788.827)	(995.718)	(929.047)	(1.165.871)
Gross value added	2.349.335	1.321.308	2.535.147	1.285.444
Depreciation and amortization	(228.709)	(211.051)	(231.591)	(212.652)
Wealth created by the entity	2.120.626	1.110.257	2.303.556	1.072.792
Value added received as transfer				
Share of profits (losses) of subsidiaries	13.973	(93.265)	-	-
Finance income	51.175	12.541	51.246	12.545
Wealth for distribution	2.185.774	1.029.533	2.354.802	1.085.337
Wealth distribution				
Personnel				
Salaries and wages	606.233	380.514	614.451	383.760
Benefits	148.462	132.598	150.849	132.869
Severance Pay Fund (FGTS)	20.264	15.879	20.452	15.882
	774.959	528.991	785.752	532.511
Taxes, fees and contributions				
Federal	48.184	(207.703)	49.069	(206.025)
State	(192.249)	(117.557)	(192.247)	(117.557)
Municipal	-	1.139	283	1.140
	(144.065)	(324.121)	(142.895)	(322.442)
Lenders and lessors				
Interest	1.445.834	1.204.081	1.450.416	1.204.579
Rentals	77.655	78.635	78.670	79.416
Others	(249.254)	(39.419)	(97.786)	10.275
	1.274.235	1.243.297	1.431.300	1.294.270
Shareholders				
Profit (loss) for the year	280.645	(418.634)	280.645	(419.002)
Total wealth for distribution	2.185.774	1.029.533	2.354.802	1.085.337

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, 2015 include the Company and its subsidiaries. The Company and its subsidiaries are 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 liquidity of R$ 274,054 in consolidated and R$ 330,267 in Parent company. The Company’s production grew significantly in the first three years of operation and currently the capacity already reaches 1.7 million tons of pulp, 13% above the project's nominal capacity of 1.5 million tons. The second half of 2015 represents a track record in the Company's history, with various actions that contribute to increasing its competitiveness. In June, Eldorado discontinued the harvesting of timber derived from the State of São Paulo, which represents the beginning of a process to cut down on costs to carry the timber from the Company’s forests to the manufacturing unit in Três Lagoas (MS). Currently all the Company’s eucalyptus harvest is made in the State of Mato Gross do Sul and this process to lower distances between forests and plant will be extremely important to reduce timber costs in the next years. In July, the Company started the operations of its port terminal in Santos, through the subsidiary Rishis Empreendimentos e Participações S.A., contributing to enhancing its logistics efficiency and increasing its productivity. The Company also acts on different forefronts to create value and increase its competitiveness. Another factor to be considered for the achievement of profitability is the devaluation of the Real since the Company is an exporting company, that is, a large part of its revenues is denominated in Dollar. All these initiatives contributed to the profit for the year of R$ 280,645, the first in the Company's history, and the record EBITDA of R$ 1,867,578, with EBITDA margin of 58%. The Company closed the year with a significant cash position and will develop studies to obtain more attractive funds with terms of more than three years in order to extend the average term of the debt and reduce its borrowing costs.

2 List of subsidiaries

Subsidiaries

Subsidiaries	Country	Equity interest 12/31/2015	Equity interest 12/31/2014
Cellulose Eldorado Austria Gmbh	Austria	100%	100%
Rishis Empreendimentos e participações S.A.	Brazil	100%	100%
Indirect subsidiary			
Eldorado USA Inc.	United States	100%	100%

2.1 Merger of subsidiary Timber Holdings S.A.

At the Extraordinary General Meeting held on November 18, 2014, the shareholders approved the merger, at book value, of the subsidiary Timber Holdings S.A. ("Timber"), with no increase in the subscribed capital. Such subsidiary was a Company's wholly-owned subsidiary.

The total net assets of Timber at the merger date corresponded to R$ 45,678, comprising basically forest assets (Land and Forests), which represent R$ 45,605 (99.84%) of the total net assets held by the subsidiary.

The purpose of such restructuring was the alignment of the Company's structure to its business strategy, and the operational unification of the forest control

3 Basis of preparation and presentation of the financial statements

a. Statement of compliance

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

The individual financial statements of the parent company have been prepared in accordance with accounting practices adopted in Brazil.

The revision of Technical Pronouncement No. 07 (approved in December 2014) amended CPC 35, CPC 37 and CPC 18 and authorized the use of the equity method in separate financial statements under IFRS, eliminating the difference between BR GAAP and IFRS.

After appreciation of the Individual and Consolidated Financial Statements by the Board of Directors at the meeting held on January 26, 2016, they were authorized for issue by the Company.

b. Basis of measurement

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

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

c. Use of estimates and judgments

The preparation of the individual and consolidated 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 year in which the estimates are revised and in any future years affected.

(i) Judgments

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

- **Note 29** – land operating leases.

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the year ended December 31, 2015 is included in the following notes:

- **Note 8** – provision for inventory losses;
- **Note 12** – goodwill on investments;
- **Note 13 –** impairment test;
- **Note 18** – recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- **Note 19** – recognition and measurement of provisions and contingent liabilities: main assumptions on the probability and magnitude of the cash outflows.

d. Fair value measurement

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

- **Note 11** – biological assets; and
- **Note 28** – risk management and financial instruments.

e. 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 thousand, unless otherwise indicated.

4 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 the following equity interests: 100% in direct subsidiaries Celulose Eldorado Austria GmbH and Rishis Empreendimentos e Participações S.A. and 100% in indirect subsidiary Eldorado USA Inc..

(ii) Noncontrolling interests

The Company elected to measure any noncontrolling interest in the acquiree by the proportional share of the identifiable net assets at the acquisition date. Changes in the Company's and its subsidiaries' interest in a subsidiary that do not result in loss of control are accounted for as 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.

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. 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.

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.

d. 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.

- ***Cash and cash equivalents***
  Cash, banks, and short-term investments are items of the statement of financial position 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.

- ***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 Company and its subsidiaries 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 investments***
  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 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 for 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.

  The Company and its subsidiaries use derivative financial instruments only for foreign exchange hedge purpose.

- ***Issued capital***
  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.

e. 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 measured at the cost determined at the date of harvest.

f. Property, plant and equipment

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

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

Depreciation
Depreciation is 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 of any changes in estimates are accounted for prospectively. The annual depreciation rates are as follows:

Weighted annual depreciation rates

Buildings	4,73%
Facilities and improvements	8.70%
Furniture and fixtures	9.99%
Vehicles	23.42%
Technical and scientific instruments	14.87%
IT equipment	22.88%
Machinery and equipment	12.21%
Leasehold improvements	8.57%

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. These assets are measured at fair value, including any gains and losses whose impacts are recognized in the statement of profit or loss for the year. According to analyses and prospects of 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 development 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.

g. Land operating leases
Lease advances paid are recognized in assets until the time of consumption at the date of harvest.

h. 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. If the recoverable amount is lower than the carrying amount, the impairment loss is recognized directly in profit or loss and is not reversed in subsequent periods.

On the disposal of a certain asset to which goodwill has been 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 terminal concession and software, recognized pursuant to CPC 4 (R1) - Intangible Assets at acquisition or development 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	5 years
Terminal concession	14 years

i. Impairment

Items of property, plant and equipment and intangible assets with indefinite useful life and other assets (current and noncurrent), 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 and 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.

The Company's management has not identified any indication of impairment that would justify the need for a provision as at December 31, 2015.

j. Trade payables

Refer to 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 less, trade payables are classified in current liabilities. Otherwise, the corresponding amount is classified in noncurrent liabilities. When applicable, charges, inflation adjustments or exchange differences are added.

k. 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 recognized in profit or loss.

l. Earnings per share

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

m. 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 includes current and deferred income taxes, which are recognized in profit or loss unless they are related to business combinations or items directly recognized in equity or in other comprehensive income.

(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.

n. Employee benefits

(i) Defined contribution pension plan

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

o. 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 the Company. 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.

p. 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.

q. New standards and interpretations issued and not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2016 or future dates, and have not been adopted in the preparation of these financial statements. Those that can be material for the Company are mentioned below: The Company does not plan to adopt these standards early.

(i) IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, supersedes the guidance in IAS 39 Financial Instruments: Recognitio*n* and Measurement.

IFRS 9 includes a revised guidance on the classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of the impairment of financial assets and new requirements on hedge accounting.

The standard retains the existing guidance on recognition and derecognition of financial instruments of IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 Revenues from Contracts with Customers

IFRS 15 requires that an entity recognize the amount of revenue reflecting the consideration that it expects to receive in exchange for the control of these goods or services. The new standard, when adopted, will replace most of the detailed guidance on revenue recognition currently existing in IFRS and U.S. GAAP. The new standard is effective on or after January 1, 2018, with early adoption permitted by IFRS.

The standard can be adopted on a retrospective basis, using a cumulative effect approach. The Company is assessing the effects that IFRS 15 will have on the financial statements and their disclosures and has not yet elected the method of transition to the new standard and has not determined the effects of the new standard on the current financial reports.

(ii) Agriculture: Bearer Plants (amendments to IAS 16 and IAS 41)

These amendments require that bearer plants, defined as a living plant, be accounted for as property, plant and equipment and included within the scope of IAS 16 Property, Plant and Equipment, rather than in IAS 41 Agriculture.

The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Additionally, the following new standards or amendments are not expected to have a material impact on the Group’s consolidated financial statements.

- *IFRS 14 - Regulatory Deferral Accounts*;
- *Accounting for Acquisitions of Interests in Joint Operations* (amendments to IFRS 11);
- • *Clarification of Acceptable Methods of Depreciation and* Amortization (amendments to IAS 16 and IAS 38);
- • *Defined Benefit Plans: Employee Contributions* (amendments to IAS 19);
- • *Annual Improvements to IFRSs 2010-2012 Cycle*;
- • *Annual Improvements to IFRSs 2011-2013 Cycle.*

The Accounting Pronouncements Committee has not yet issued any accounting pronouncements or amendments to existing pronouncements equivalent to these standards. Early adoption is not permitted.

5 Cash and cash equivalents and marketable securities

5.1 Cash and cash equivalents

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Cash and cash equivalents	5	4	7	6
Banks - demand deposits	104,292	26,662	309,651	46,135
Banks - short-term investments	954,493	8,303	954,493	8,410
	1,058,790	34,969	1,264,151	54,551

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 approximate average yield in the period was 0.98% p.m. (0.85% p.m. in 2014), totaling R$40,379 in the year (R$12,545 in 2014) of the consolidated result.

5.2 Marketable securities

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Fundo Caixa FI (a)	53,961	48,589	53,961	48,589
CDB CEF (b)	60,563	-	60,563	-
	114,524	48,589	114,524	48,589

(a) Fixed-income investment with Caixa Econômica Federal, with gross yield of 87.10% of the CDI. These funds are linked as reciprocity of financial investment to the issue of debentures in FI-FGTS.

(b) Investment in CDB with Caixa Econômica Federal.

6 Trade receivables

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Domestic market	116,465	90,381	116,466	90,381
Foreign market	22,808	10,422	587,035	370,395
Related parties (Note 7)	989,259	586,953	985	4,515
	1,128,532	687,756	704,486	465,291

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Current	954,837	453,603	617,010	415,258
1 to 30 days past due	162,940	19,595	35,388	43,610
31 to 60 days past due	6,189	50,784	28,586	485
61 to 90 days past due	1,874	43,274	16,152	608
Over 90 days past due	2,692	120,500	7,350	5,330
	1,128,532	687,756	704,486	465,291

The Company did not identify the need to recognize an allowance for doubtful debts because it has a letter of guarantee, insurance and other instruments that guarantee the receipt.

7 Related-party transactions

The main balances between related parties in the statement of financial position and statement of profit or loss accounts are as follows:

		Parent Company		Consolidated	
Assets	**Type**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Current assets					
Cellulose Eldorado Áustria GmbH (Note 6)	Pulp sales	866,797	508,701	-	-
Eldorado EUA (Note 6)	Pulp sales	121,477	73,737	-	-
JBS (Note 6)	Sale others	985	4,515	985	4,515
		989,259	586,953	985	4,515
Noncurrent assets					
J&F Investimentos	Current account (i)	-	26,191	-	26,191
		-	26,191	-	26,191

		Parent Company		Consolidated	
Liabilities	**Type**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Current liabilities					
JBS (Note 15)	Freight (ii)	13,171	17,015	13,171	17,015
J&F Investimentos	Surety (iii)	45,153	31,379	45,153	31,379
Rishis Empreend. e Particip. (Note 15)	Service provision	246	-	-	-
		58,570	48,394	58,324	48,394
Noncurrent liabilities					
J&F Investimentos	Current account (iv)	-	365,470	-	365,470
		-	365,470	-	365,470

		Parent Company		Consolidated	
Profit or loss	**Type**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Celulose Eldorado Áustria GmbH	Pulp sales	2,109,964	1,444,174	-	-
Eldorado EUA Inc.	Pulp sales	291,668	231,485	-	-
JBS	Sale others	35,814	-	35,814	-
Total revenue (Note 21)		2,437,446	1,675,659	35,814	-
J&F Investimentos (Note 24)	Surety (iii)	(80,804)	(59,018)	(80,804)	(59,018)
J&F Investimentos (Note 24)	Current account (iv)	(18,429)	(128,490)	(18,429)	(128,490)
JBS	Freight (ii)	(41,256)	-	(41,256)	-
Rishis Empreendimentos e Participações	Service provision	(9,422)	-	-	-
		2,287,535	1,488,151	(104,675)	(187,508)

(i) Sale of rural properties called “Florágua Farms”, which bears market interest of 8.5% p.a., settled in March 2015.

(ii) Refer to amounts payable on freight related to wood purchases.

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

(iv) In December 2014 there was a current account with the parent company J&F Investimentos S.A. with interest rate equivalent to CDI + 3% p.a..

7.1 Management compensation

The expense on key management personnel compensation includes directors and officers, represented by twenty-eight members in parent company and consolidated as at December 31, 2015 (twenty-four members as at December 31, 2014), in the following amounts for the periods ended:

	12/31/2015	12/31/2014
Short-term employee benefits (a)	16,385	16,544

(a) Comprises: fixed compensation, annual officers' bonuses, healthcare, private pension plan and others.

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. Under IAS 24 (revised)/CPC 05 (R1) Related Party Disclosures, the members of the Board of Executive Officers and Board of Directors 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.

8 Inventories

Inventories, carried at standard cost and adjusted to actual cost on the monthly closing, are broken down as follows:

	Parent Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Seedlings	1,657	1,661	1,657	1,661
Raw materials (wood for production)	101,613	95,248	101,612	95,248
Pulp	41,689	39,086	239,725	170,450
Inputs	16,871	25,782	16,871	25,782
Storeroom supplies	93,250	67,481	93,356	67,481
	255,080	229,258	453,221	360,622

During the period the amount of R$57,202 (R$65,499 as at December 31, 2014) was added to the raw material inventory, due to the harvest of the biological asset and its consequent transfer to inventories, as shown in note 11.

Changes in provision for inventory impairment

Parent Company	12/31/2015
Opening balance at December 31, 2014	(3,921)
Additions	-
Write-offs	3,921
Balance at December 31, 2015	-

9 Taxes recoverable

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
State VAT (ICMS) (i)	590,604	331,856	590,699	331,866
Taxes on revenue (PIS and COFINS) (ii)	299,858	302,215	301,624	303,806
Federal VAT (IPI)	2,831	1,905	2,831	1,905
Service tax (ISS)	155	254	155	254
Social Security Contribution (INSS) for offset	545	-	545	-
REINTEGRA (iii)	41,429	13,756	41,430	13,756
Withholding income tax (IRRF) (iv)	12,453	5,523	15,183	5,580
	947,875	655,509	952,467	657,167
Breakdown				
Current assets	369,717	294,878	371,640	296,536
Noncurrent assets	578,158	360,631	580,827	360,631
	947,875	655,509	952,467	657,167

(i) ICMS

The Company has an ICMS balance accumulated over the last years basically derived from credits on the purchase of inputs used in the production process, assets classified as property, plant and equipment for implementation of its plant in Três Lagoas, MS, and a new package of tax incentives granted by the Mato Grosso do Sul State Government for use in the current operation and future industrial expansion.

The Company has prioritized a series of actions intended to maximize the utilization of these credits and currently does not expect any losses on their realization. Management actions include the expected realization of these credits by increasing pulp sales in the domestic market, payment to suppliers and utilization in the production capacity expansion project for purchase of machinery and equipment.

(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 its plant that was placed into service 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, and applications for refund to the Federal Revenue, which was filed in the second half of 2014.

(iii) REINTEGRA

In October 2014, the Company adopted Decree 7,633, of December 1, 2011, which regulated the REINTEGRA.

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

(iv) IRRF

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

10 Advances to suppliers

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Purchase of wood (i)	68,746	47,148	68,746	47,148
Others	31,282	11,243	37,053	14,856
	100,028	58,391	105,799	62,004
Breakdown				
Current assets	40,517	11,243	46,288	14,856
Noncurrent assets	59,511	47,148	59,511	47,148
	100,028	58,391	105,799	62,004

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

11 Biological assets

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

The opening and closing balances are broken down as follows:

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
At the beginning of the year	1,508,171	1,176,791	1,508,171	1,179,932
Change in the fair value of biological assets net of costs to sell	16,473	12,293	16,473	12,293
Tree felling for inventory	(57,202)	(65,499)	(57,202)	(68,640)
Forest development cost	268,867	384,586	268,867	384,586
	1,736,309	1,508,171	1,736,309	1,508,171

Currently the Company holds a production area of 203,426 ha (193,911 ha as at December 31, 2014), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

In compliance with IAS 41/CPC 29, the Company used the Discounted Cash Flows method to recognize its biological assets at fair value. In general lines, the methodology can be summarized by the projection of forest growth and its subsequent depletion, with felling age between six and eight years, considering operating restrictions and annual demand. The standing timber inventory is exposed to market and costs, expenses and taxes are deducted. These revenues and expenses comprise a discounted cash flow at a real WACC rate of 4.5%, which reflects the Company forecasts of both investment return and funding.

The harvested wood volumes are determined based on growth and felling age. This growth is represented by the Average Annual Increase (IMA) expressed in cubic meters per hectare/year. In the wood flow used to calculate the biological asset, the IMA was 37.57 m³/hectare year.

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

The Company decided to assess its biological assets on a quarterly basis and perform the revaluation on an annual basis because it understands that this procedure is sufficient to show the evolution of the fair value of the forests. The Company does not have biological assets involving financial risks.

The Company does not have insurance for its forests and has the following prevention programs to avoid losses of biological assets:

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

12 Investments

Parent Company	**12/31/2015**	**12/31/2014**
Assets		
Rishis Empreendimentos e participações S.A.	77,843	10,788
Goodwill on investment in subsidiaries (b)	17,001	17,001
Advance for future capital increase (a)	13,217	45,706
	108,061	73,495
Liabilities		
Cellulose Eldorado Austria Gmbh	(59,418)	(77,255)
	(59,418)	(72,255)

(a) Advance for future capital increase for subsidiary Rishis.

(b) The goodwill arose from the acquisition of subsidiaries, which is presented as intangible asset in the parent company. See note 14.

Significant information on subsidiaries as at December 31, 2015

Investments in subsidiaries

	Year	Equity interest	Net assets	Unrealized profit on inventories	Company's share of net assets	Profit or loss	Company's share of profits/ losses	Cumulative translation adjustments
	2014							
Cellulose Eldorado Austria Gmbh	December 31	100%	(33,437)	43,818	(77,255)	(64,565)	(90,674)	2.378
Rishis Empreendimentos e participações S.A.	December 31	60%	10,788	-	10,788	(2,959)	(2,591)	-
Balance at December 31, 2014			(22.649)	43,818	(66,467)	(67,524)	(93,265)	2,378
	2015							
Cellulose Eldorado Austria Gmbh	December 31	100%	100,477	159,895	(59,418)	126,637	20,085	(2.248)
Rishis Empreendimentos e participações S.A.	December 31	100%	77,843	-	77,843	(6,112)	(6,112)	-
Balance at December 31, 2015			178.320	159,895	18,425	120,525	13,973	(2,248)

Subsidiaries

Cellulose Eldorado Austria Gmbh

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

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.

On August 12, 2011, 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 fully paid in May 2014. Of the exercised right, 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 its equity interest from 46.32% to 60%.

On August 11, 2014, the Company acquired an additional 40% interest, through payment in kind, increasing its stake from 60% to 100%.

On June 30, 2015, the Company started its operation in the Port of Santos.

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

13 Property, plant and equipment

	Parent Company 2015			
	Weighted annual depreciation and amortization rates	Cost	Accumulated depreciation	Net 12/31/2015
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	10%	14,746	(3,035)	11,711
Facilities and improvements	8.40%	234,651	(27,779)	206,872
Furniture and fixtures	9.77%	7,050	(1,623)	5,427
Vehicles	23.40%	133,829	(42,813)	91,016
Technical and scientific instruments	14.76%	4,890	(2,191)	2,699
IT equipment	22.74%	60,039	(32,586)	27,453
Machinery and equipment	12.22%	3,663,062	(438,291)	3,224,771
Construction in progress and advances for capital expenditures		128,400	-	128,400
		5,408,090	(643,097)	4,764,993

	Parent Company 2014			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2014**
Land	-	101,701	-	101,701
Buildings	2.86%	1,089,882	(64,740)	1,025,142
Leasehold improvements	10%	14,746	(1,561)	13,185
Facilities and improvements	2.81%	213,170	(17,482)	195,688
Furniture and fixtures	1.35%	6,258	(1,042)	5,216
Vehicles	13.73%	107,932	(22,068)	85,864
Technical and scientific instruments	13.12%	4,119	(1,692)	2,427
IT equipment	18,.57%	52,561	(21,484)	31,077
Machinery and equipment	3.79%	3,613,023	(290,000)	3,323,023
Construction in progress and advances for capital expenditures		64,581	-	64,581
		5,267,973	(420,069)	4,847,904

	Consolidated 2015			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2015**
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	8.57%	70,030	(4,023)	66,007
Facilities and improvements	8.70%	239,817	(27,788)	212,029
Furniture and fixtures	9.99%	7,405	(1,651)	5,754
Vehicles	23.42%	133,965	(42,868)	91,097
Technical and scientific instruments	14.87%	4,891	(2,192)	2,699
IT equipment	22.88%	61,085	(32,932)	28,153
Machinery and equipment	12.21%	3,671,687	(438,363)	3,233,324
Construction in progress and advances for capital expenditures		129,272	-	129,272
		5,479,575	(644,596)	4,834,979

	Consolidated 2014			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2014**
Land	-	101,701	-	101,701
Buildings	2.86%	1,089,882	(64,740)	1,025,142
Leasehold improvements	10%	14,746	(1,561)	13,185
Facilities and improvements	2.81%	218,314	(17,486)	200,828
Furniture and fixtures	1.35%	6,298	(1,047)	5,251
Vehicles	13.73%	107,932	(22,068)	85,864
Technical and scientific instruments	13.12%	4,119	(1,692)	2,427
IT equipment	18.57%	53,197	(21,619)	31,578
Machinery and equipment	3.79%	3,613,065	(290,007)	3,323,058
Construction in progress and advances for capital expenditures		97,350	-	97,350
		5,306,6	(420,220)	4,886,384

Changes in property, plant and equipment

Parent Company

Changes	Balance at 12/31/2014	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2015
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	21,222	(23,172)	(28,202)	(30,047)	964,943
Leasehold improvements	13,185	-	-	-	(1,474)	11,711
Facilities and improvements	195,688	449	-	21,032	(10,297)	206,872
Furniture and fixtures	5,216	570	-	222	(581)	5,427
Vehicles	85,864	30,974	(3,342)	268	(22,748)	91,016
Technical and scientific instruments	2,427	647	-	75	(450)	2,699
IT equipment	31,077	3,831	(110)	3,757	(11,102)	27,453
Machinery and equipment	3,323,023	27,472	(7,327)	31,526	(149,923)	3,224,771
Construction in progress and advances for capital expenditures	64,581	94,148	-	(30,329)	-	128,400
	4,847,904	179,313	(33,951)	(1,651)	(226,622)	4,764,993

Changes	Balance at 12/31/2013	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2014
Land	341,425	47,714	(287,743)	305	-	101,701
Buildings	1,044,006	-	-	10,974	(29,838)	1,025,142
Leasehold improvements	6,126	7,800	-	609	(1,350)	13,185
Facilities and improvements	205,892	-	-	20	(10,224)	195,688
Furniture and fixtures	4,508	1,142	-	41	(475)	5,216
Vehicles	36,256	56,646	(156)	4,625	(11,507)	85,864
Technical and scientific instruments	2,756	129	-	-	(458)	2,427
IT equipment	41,873	1,824	(1,779)	98	(10,939)	31,077
Machinery and equipment	3,397,076	23,717	(5,003)	51,861	(144,628)	3,323,023
Construction in progress and advances for capital expenditures	71,879	64,101	-	(71,399)	-	64,581
	5,151,797	203,073	(294,681)	(2,866)	(209,419)	4,847,904

Consolidated

Changes	Balance at 12/31/2014	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2015
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	21,222	(23,172)	(28,202)	(30,047)	964,943
Leasehold improvements	13,185	-	-	55,283	(2,461)	66,007
Facilities and improvements	200,828	463	-	21,041	(10,303)	212,029
Furniture and fixtures	5,251	616	-	491	(604)	5,754
Vehicles	85,864	30,974	(3,752)	813	(22,802)	91,097
Technical and scientific instruments	2,427	647	-	75	(450)	2,699
IT equipment	31,578	3,906	(110)	4,091	(11,312)	28,153
Machinery and equipment	3,323,058	27,495	(7,327)	40,086	(149,988)	3,233,324
Construction in progress and advances for capital expenditures	97,350	127,725	-	(95,803)	-	129,272
	4,886,384	213,048	(34,361)	(2,125)	(227,967)	4,834,979

Changes	**Balance at 12/31/2013**	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Balance at 12/31/2014**
Land	377,698	37,503	(324,016)	10,516	-	101,701
Buildings	1,044,006	-	-	10,974	(29,838)	1,025,142
Leasehold improvements	10,659	7,800	-	(3,924)	(1,350)	13,185
Facilities and improvements	205,911	584	-	4,549	(10,216)	200,828
Furniture and fixtures	4,566	1,157	-	12	(484)	5,251
Vehicles	36,256	56,646	(156)	4,625	(11,507)	85,864
Technical and scientific instruments	2,756	129	-	-	(458)	2,427
IT equipment	42,258	1,828	(1,780)	298	(11,026)	31,578
Machinery and equipment	3,397,085	23,717	(5,003)	51,891	(144,632)	3,323,058
Construction in progress and advances for capital expenditures	72,266	96,765	(58)	(71,623)	-	97,350
	5,193,461	226,129	(331,013)	7,318	(209,511)	4,886,384

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, 2015 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering and equipment to be used in the construction of Projeto Vanguarda 2.0, new production line with capacity of more than 2.3 million tons of pulp. Company assets are pledged as collateral for borrowings up to the maximum limit of each of the debts assumed (Note 16).

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. The Company's management reviews annually if there was any significant change in the useful lives of all items of property, plant and equipment and, when applicable, they are changed.

Impairment test - property, plant and equipment

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

14 Intangible assets

	Parent Company 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2015**
Software	23.59%	12,691	(5,412)	7,279

	Parent Company 2014			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2014**
Software	15.00%	9,417	(3,324)	6,093

	Consolidated 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2015**
Goodwill	-	17,001	-	17,001
Software	23.20%	13,319	(5,481)	7,838
Terminal concession	7.14%	20,988	(6,537)	14,451
		51,308	(12,018)	39,290

	Consolidated 2014			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2014**
Goodwill	-	17,001	-	17,001
Software	15.00%	9,571	(3,355)	6,216
Terminal concession	7.14%	20,988	(5,038)	15,950
		47,560	(8,393)	39,167

Changes in intangible assets

Parent Company	**12/31/2014**	**Additions**	**Transfers**	**Amortization**	**12/31/2015**
Software	6,093	1,622	1,651	(2,087)	7,279

Consolidated	**12/31/2014**	**Additions**	**Transfers**	**Amortization**	**12/31/2015**
Goodwill	17,001	-	-	-	17,001
Software	6,216	1,622	2,125	(2,125)	7,838
Terminal concession	15,950	-	-	(1,499)	14,451
	39,167	1,622	2,125	(3,624)	39,290

Goodwill breakdown

Rishis Empreendimentos e participações S.A.

Goodwill of R$ 15,203 on acquisition of 100% of the shares and voting capital of Rishis Empreendimentos e Participações S.A., of which 60% in October 2013 and 40% in August 2014, based on expected future earnings. From the acquisition date the goodwill was complemented by the payment of the installments corresponding to the exercise of the share subscription, as at December 31, 2015 goodwill totals R$ 17,001.

Impairment test - intangible assets

As at December 31, 2015, the Company tested the impairment of goodwill using the concept of “value in use”, based on the comparability of the gain on own operation against the outsourced operation.

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, 2015, prepared using the projections made on the financial statements, growth prospects at the time, and the monitoring of projections and operating results for the period, no possible impairment losses or indications of impairment were identified since the value in use estimate is higher than the net carrying amount on the test date.

15 Trade payables

	Parent Company		**Consolidated**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Supplies and services	39,425	43,228	46,998	30,179
Supplies and services – related parties (Note 7)	13,417	17,015	13,171	17,015
Inputs	106,373	106,887	106,373	111,161
Others	44,558	17,371	46,420	27,120
	203,773	184,501	212,962	185,475

16 Borrowings

Type	Average annual interest rate and commissions	Parent Company and Consolidated	
		12/31/2015	12/31/20
Property, plant and equipment purchase financing			
FINAME - project finance	Average interest of 3% to 8% p.a.	83,545	93,627
ACC (advance on exchange contract) (i)	Forex + interest	1,257,038	1,157,659
BNDES - subloan A (ii)	TJLP + interest of 3.32.% p.a.	448,209	514,926
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	1,229,368	960,388
BNDES - subloans C, H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	1,402,647	1,098,702
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	118,249	137,031
BNDES - subloan K (ii)	TJLP	16,587	12,748
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	124,578	144,364
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	569,746	445,210
		317,820	
BNDES – subloans F and J (ii)	Floating rate BNDES + interest of 3% p.a.		248,849
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	31,993	37,075
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	1,415,564	1,062,017
Debentures (first issue) (iv)	110% of CDI	-	4,536
Debentures (second issue) (v)	IPCA + interest of 7.41% p.a.	1,146,333	1,047,365
FCO (Center-West Financing Fund) (vi)	Interest of 8.5% to 9 % p.a.	23,560	49,960
Working capital (viii)	Rate of 5.74% p.a.in US dollars	50,290	41,415
NCE (vii)	CDI+spread of 123% to 128% of CDI	1,127,823	111,036
Leasing	Fixed rate – 12.9854% p.a. in R$	3,283	-
		9,366,633	7,166,908

	Parent Company and Consolidated	
	12/31/2015	**12/31/2014**
Breakdown		
Current liabilities	2,286,481	1,744,957
Noncurrent liabilities	7,080,152	5,421,951
	9,366,633	7,166,908

	12/31/2015	**12/31/2014**
Noncurrent liabilities mature as follows:		
2016	-	765.019
2017	1,469,551	681,906
2018	1,216,522	680,005
2019	1,064,379	672,967
2020	895,377	664,239
After 2021	2,434,323	1,957,815
	7,080,152	5,421,951

Changes in borrowings

Parent Company and Consolidated	**12/31/2015**
Opening balance at December 31, 2014	7,166,908
Interest – accrued	708,690
Exchange differences – accrued	2,397,439
New borrowings	2,694,977
Repayments	
Principal	(2,149,453)
Interest	(627,945)
Exchange differences	(823,983)
Closing balance at December 31, 2015	**9,366,633**

16.1 Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts).

(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on March 5 and August 10, 2012, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas (“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.

(iii) 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$551,372 subject to 3.1% p.a. equivalent to US$177,712, and R$146,567 subject to 5.69% p.a. equivalent to US$47,240, EKN, R$254,903 subject to 2.8% p.a. equivalent to US$82,158, and Oekb, R$231,630 subject to 5.69% p.a. equivalent to US$74,657.

(iv) 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.

(v) 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.

(vi) FCO (Mid-west Financing Fund) financing agreement, entered into with Banco do Brasil, in the amount of R$ 24,533 and maturing in 2017, guaranteed by properties (farms) up to the limit of the assumed debt.

(vii) Real-denominated Export Credit Notes (NCE) contracts, maturing within 360 days and 1,540 days.

(viii) Borrowings from Catterpillar Financial Services, denominated in dollars, for financing the purchase of engine, with semiannual amortization from 2014 to 2020.

16.2 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.

16.3 Guarantees of the borrowings

All borrowing and financing agreements of the BNDES and ECA types and part of the agreements of the ACC, Finame, Working Capital, FCO and Debenture types are guaranteed by the parent company J&F Investimentos. The debentures have as guarantee the amounts invested in marketable securities, as shown in note 5.

17 Taxes payable, payroll and related taxes

	Parent Company		**Consolidated**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Payroll and related taxes	47,783	56,450	49,384	57,021
Accruals and taxes	28,456	20,056	28,696	20,050
Taxes payable	5,049	12,619	5,063	12,634
Others	-	36	-	36
	81,288	89,161	83,143	89,741

18 Deferred income tax and social contribution

As at December 31, 2015, 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$ 1,744,614 (R$ 1,155,593 as at December 31, 2014).

Movement in tax loss	
Opening balance at 12/31/2014	**1,155,593**
Adjustment to deferred income tax and social contribution on the 2014 tax loss - change of exchange difference taxation criterion to the accrual basis	514,987
Tax loss for 2015	74,034
Closing balance at 12/31/2015	**1,744,614**

Parent Company

Income tax and social contribution reconciliation:

	12/31/2015	12/31/2014
Income tax and social contribution		
Profit (loss) before income tax and social contribution	**281,215**	**(670,585)**
Add-backs:		
Permanent differences	3,156	4,717
Provision for inventory losses	(3,921)	4,252
MTM hedge to be realized	(61,737)	28,386
Products billed but not shipped	26,499	4,921
Accrued payroll	(6,905)	41,699
Operating provisions	(12,934)	17,253
PIS/COFINS on finance income	2,521	-
Others	(2,759)	6,694
Deductions:		
Fair value of biological assets	(16,473)	(12,293)
Share of profits (losses) of subsidiaries	(13,973)	93,265
Tax incentives granted	(268,723)	(172,331)
Tax loss for the period	**(74,034)**	**(654,022)**
Temporary differences	75,709	(87,010)
Tax loss – prior years	-	-
Deferred income tax and social contribution tax base	1,675	(741,032)
Tax rate	34%	34%
Provision for non-realization of tax credits	-	-
Total income tax and social contribution expense	**(570)**	**251,951**

	12/31/2015	12/31/2014
Changes in deferred income tax and social contribution:		
Opening balance	**522,830**	**270,879**
Recognition of deferred income tax and social contribution assets on tax losses	25,171	222,368
Recognition of deferred income tax and social contribution assets on temporary differences	(25,741)	29,583
Closing deferred income tax and social contribution	**(570)**	**251,951**
Deferred income tax and social contribution assets	522,260	522,830
	522,260	**522,830**

Accounting position	**12/31/2015**	**12/31/2014**
Tax losses	593,169	567,998
MTM currency hedge receivable outstanding	(30,557)	(9,566)
Biological assets	(65,202)	(59,601)
Products billed but not shipped	10,683	1,673
Sundry provisions	14,167	22,326
	522,260	**522,830**

The Company expects to generate taxable profits in the next years, as mentioned in Note 1.

19 Provision for contingent liabilities

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

	12/31/2013	**Additions**	**Write-offs**	**12/31/2014**	**Additions**	**Write-offs**	**12/31/2015**
Civil	1,600	2	(1,273)	329	625	(2)	952
Labor	1,600	1,763	(1,684)	1,679	3,329	(1,232)	3,776
Tax	-	404	(48)	356	3	(81)	278
	3,200	**2,169**	**(3,005)**	**2,364**	**3,957**	**(1,315)**	**5,006**

As at December 31, 2015, the Company was the defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 77,381 (R$ 65,588 as at December 31, 2014), of which the Company accrued R$ 5,006 (R$ 2,364 as at December 31, 2014), classified by its management and legal counsel as likelihood of probable loss. In general, the claims that originated the lawsuits involve claims for obligations, indemnity for pain and suffering and property damages, collection and prohibitory interdict.

For the lawsuits classified as possible losses in the amount of R$ 67,855 (R$ 63,029 as at December 31, 2014), management understands that no provision for losses is necessary, in accordance with CPC 25 Provisions, Contingent Liabilities and Contingent Assets.

20 Equity

20.1 Issued capital

The subscribed and paid-in capital as at December 31, 2015 is R$ 1,788,792, comprising 1,525,558,419 shares.

20.2 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.

20.3 Dividends

Under the Company bylaws, the balance of the profit for the year remaining after the offset of accumulated losses and allocation to the legal reserve and the contingency reserve, is used for the payment of a mandatory minimum dividend that cannot be lower than 25% of profit for the year adjusted as prescribed by the Corporate Law.

20.4 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.

20.5 Earnings per share

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

Basic

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to Company owners by the number of shares outstanding in the year.

	12/31/2015	12/31/2014
Loss (profit) attributable to Company owners	280,645	(418,634)
Total shares outstanding in the period (subscribed and advance for future capital increase) – in thousands	1,525,558	1,525,558
Profit (loss) per thousand shares	**0.18**	**(0.27)**

21 Net revenue

	Parent Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Gross sales revenue				
Domestic market	432,829	410,686	432,829	410,686
Foreign market	116,415	50,947	3,286,560	2,137,569
Domestic and foreign markets – related parties (Note 7)	2,437,446	1,675,659	35,814	-
Discounts and rebates	(3,163)	(566)	(482,321)	(312,002)
	2,983,527	2,136,726	3,272,882	2,236,253
Sales returns and taxes	(35,135)	(37,031)	(36,288)	(37,031)
Net operating revenue	**2,948,392**	**2,099,695**	**3,236,594**	**2,199,222**

22 Operating segments

a. Base for segmentation

The Company has three reportable segments: pulp, energy and others. 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.
Others	Sale of chips, scrap and waste

b. Reportable segments

	Consolidated			
	Pulp	**Energy**	**Others**	**Total**
Net revenue	3,148,598	58,555	29,441	3,236,594
Cost of sales	(1,485,450)	(980)	(34,390)	(1,520,820)
Gross profit	**1,663,148**	**57,575**	**(4,949)**	**1,715,774**
Operating (expenses) income				
General and administrative expenses	(92,020)	-	-	(92,020)
Selling expenses	(380,374)	-	-	(380,374)
Fair value of biological assets	16,473	-	-	16,473
Other income (expenses), net	202,856	-	-	202,856
Finance income (costs), net				
Finance costs	(3,348,041)	-	-	(3,348,041)
Finance income	2,166,559	-	-	2,166,559
Profit (loss) before income tax and social contribution	**228,601**	**57,575**	**(4,949)**	**281,227**
Income tax and social contribution				
Current	(12)	-	-	(12)
Deferred	(570)	-	-	(570)
Profit (loss) for the year	**228,019**	**57,575**	**(4,949)**	**280,645**

c. Geographic segments

In the presentation based on geographic segments, the segment's revenue is based on the customers' geographic location..

Operating revenue

	12/31/2015	**12/31/2014**
Brazil	403,921	287,962
Latin America	100,337	46,444
Europe	954,816	764,883
North America	472,825	271,731
Asia	1,304,695	828,202
	3,236,594	**2,199,222**

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

Noncurrent assets

	12/31/2015	12/31/2014
Brazil	7,902,501	7,449,598
Austria	2,893	6,675
United States	150	110
	7,905,544	**7,456,383**

23 Selling, general and administrative expenses

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Personnel expenses	65,591	62,399	76,384	65,919
Service, material and transportation expenses	143,912	177,379	358,957	380,179
Depreciation and amortization	20,363	19,137	23,218	20,771
Others	11,799	7,991	13,835	781
	241,665	**266,906**	**472,394**	**467,650**
Breakdown				
General and administrative expenses	63,231	83,752	92,020	96,692
Selling and logistics expenses	178,434	183,154	380,374	370,958
	241,665	**266,906**	**472,394**	**467,650**

24 Finance income (costs), net

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Finance income				
Interest receivable	8,955	101	8,976	101
Income from short-term investments	40,379	12,541	40,379	12,545
Gain (loss) on derivatives	1,715,084	82,543	1,715,084	82,543
Foreign exchange gains	351,271	-	400,229	-
Other finance income	1,841	-	1,891	-
	2,117,530	95,185	2,166,559	95,189
Finance costs				
Sundry banking costs	(191)	(134)	(222)	(151)
Interest payable	(708,690)	(495,812)	(708,690)	(495,808)
Interest payable – related parties (Note 7)	(18,429)	(128,490)	(18,429)	(128,490)
Foreign exchange losses	(2,405,342)	(507,815)	(2,471,466)	(526,643)
Related parties - letter of guarantee for debts (Note 7)	(80,804)	(59,018)	(80,804)	(59,018)
Guarantee expenses	(21,456)	(18,385)	(25,397)	(18,385)
Other finance costs	(27,565)	(31,859)	(43,033)	(36,213)
	(3,262,477)	(1,241,513)	(3,348,041)	(1,264,708)
	(1,144,947)	(1,146,328)	(1,181,482)	(1,169,519)

Gains (losses) on daily adjustments of financial instruments used as a hedge of assets and liabilities in the futures market, as well as the amounts of the positions marked to market of the agreements traded on the over-the-counter market, are recognized in line item "Gains (losses) on derivatives".

25 Other income (expenses), net

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
ICMS credits (a)	185,388	165,145	185,388	165,145
Insurance indemnity	155	12,198	174	12,198
Others	15,578	20,609	17,294	22,112
	201,121	197,952	202,856	199,455

(a) This amount includes credits from a tax incentive package granted by the Mato Grosso do Sul State Government for use in the current operation and future industrial expansion.

26 Employee benefits

a. Defined contribution pension plan

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

Under the regulations of the benefit plan, the Company’s contributions match the employees’ contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the year ended December 2015 totaled R$ 391.

27 Insurance

As at December 31, 2015, the insurance coverage against operating risks totaled R$ 5,105,084 for property damages, R$ 894,915 for loss of profits, and R$ 99,322 for civil liability.

28 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 market risks comprise mainly 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 formation of the eucalyptus forests.

a. Interest rate risks

Interest rate risk refers to the potential financial losses that the Company and its subsidiaries may 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.

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

The Company's exposure to interest rate risk refers basically to borrowings. The position as at December 31, 2015 and December 31, 2014 is as follows:

		Parent Company	
Type	**Average annual interest rate and commissions**	**12/31/2015**	**12/31/2014**
BNDES - subloan A	TJLP + interest of 3.32% p.a.	448,209	514,926
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	1,229,368	960,388
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	1,402,647	1,098,702
BNDES - subloan G	TJLP + interest of 2.92% p.a.	118,249	137,031
BNDES - subloan K	TJLP	16,587	12,748
BNDES - subloan D	TJLP + interest of 1.8% p.a.	124,578	144,364
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	569,746	445,210
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	317,820	248,849
BNDES - subloan I	TJLP + interest of 1.4% p.a.	31,993	37,075
Debentures (first issue)	110% of CDI	-	4,536
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,146,333	1,047,365
FINAME - Enterprise financing	Average interest of 3% to 8% p.a.	83,545	93,627
ACC (advance on exchange contract)	Forex + interest	1,257,038	1,157,659
ECAs	Forex + interest of 2.8% to 5.69% p.a.	1,415,564	1,062,017
FCO (Center-West Financing Fund)	Interest of 8.5% to 9 % p.a.	23,560	49,960
Working capital	Rate of 5.74% p.a. in US$	50,290	41,415
NCE	CDI+spread of 123% to 128% of CDI	1,127,823	111,036
Leasing	Fixed rate – 12.9854% p.a. in R$	3,283	-
Short-term investments		(1,069,017)	(56,892)
Current account	CDI + 3% p.a.	-	365,470
		8,297,616	7,475,486

Sensitivity analysis
For the purpose of providing information on how the market risks to which the Company is exposed as at December 31, 2015 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 - 12/31/2015	**Risk**	**Position**	**Possible 25% (i)**	**Remote 50% (ii)**
BNDES	TJPLP + interest and floating rate BNDES + interest	316,726	79,182	158,363
Debentures (Interest)	IPCA + interest of 7.41% p.a.	79,051	19,763	39,526
Debentures (Adjustment for Inflation)	IPCA	110,793	27,698	55,397
FINAME	Average interest of 3% to 8% p.a.	4,043	1,011	2,022
ACC (advance on exchange contract)	Forex + interest	78,400	19,600	39,200
ECAs	Forex + interest of 2.8% to 5.69% p.a.	60,385	15,096	30,193
FCO (Center-West Financing Fund)	Interest of 8.5% to 9 % p.a.	2,330	583	1,166
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	3,085	771	1,543
Leasing	Fixed rate – 12.9854% p.a.	175	44	87
NCE	CDI + spread of 123% to 127% of CDI	53,702	13,426	26,851
Net exposure to interest rates		708,690	177,174	354,348

Transaction - 12/31/2014	**Risk**	**Position**	**Possible 25% (i)**	**Remote 50%(ii)**
BNDES	TJPLP + interest and floating rate BNDES + interest	247,606	61,901	123,803
Debentures (Interest)	IPCA + interest of 7.41% p.a. and 110% of CDI	75,175	18,794	37,587
Debentures (Adjustment for Inflation)	IPCA	64,945	16,236	32,473
FINAME	Average interest of 3% to 8% p.a.	2,672	668	1,336
ACC (advance on exchange contract)	Forex + interest	38,667	9,667	19,333
ECAs	Forex + interest of 2.8% to 5.69% p.a.	43,375	10,844	21,688
FCO (Center-West Financing Fund)	Interest of 8.5% to 9 % p.a.	4,358	1,089	2,179
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	5,473	1,368	2,736
Current account	CDI + 3% p.a.	128,489	32,122	64,245
NCE	CDI + spread of 123% to 127% of CDI	13,542	3,387	6,771
Net exposure to interest rates		624,302	156,076	312,151

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

The borrowing cost based on the basket of currencies 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 be used as a benchmark of the basic cost of funding granted by BNDES and at the reporting date was 6.5% 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, 2015, the US Dollar, Euro, and Swedish Krona quotations were R$ 3.9048, R$ 4.2504 and R$ 0.4627, respectively.

As at December 31, 2015, the foreign exchange fluctuation risk concentrates in line items 'Advances to suppliers', 'Trade payables' and 'Borrowings'.

In order to hedge against the foreign exchange volatility risk, the Company seeks to balance the amounts of assets and liabilities in foreign currencies.

The Company's assets and liabilities exposed to the foreign exchange risk as at December 31, 2015 are as follows:

Parent Company

	12/31/2015	**12/31/2014**
OPERATING		
Trade receivables (US Dollar)	1,011,081	593,203
Advances (Euro)	1,840	1,128
Advances (US Dollar)	111	89
Trade payables (Euro)	(148)	(349)
Trade payables (US Dollar)	(136)	(619)
Trade payables (Swedish Krona)	(250)	(232)
Total operating	1,012,498	593,220
DERIVATIVES		
Derivatives (US Dollar)	7,503,999	4,401,323
Total derivatives	7,503,999	4,401,323
Net exposure to currency risk	8,516,497	4,994,543

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, 2015 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

		12/31/2015		
Transaction	**Risk**	**Position**	**25%**	**50%**
Operating exposure	R$ appreciation	1,012,498	253,124	506,249
Exposure of derivatives	R$ appreciation	7,503,999	1,876,000	3,752,000
Net exposure to currency risk		8,516,497	2,129,124	4,258,249

Derivative financial instruments
As at December 31, 2015, the outstanding derivatives with maturity on February 1, 2016, totaling US$ 1,400,000, refer to Non Deliverable Forwards (NDF) contracts aimed at reducing the volatility in dollar-denominated debt transactions.

The fair value of the derivative instruments is calculated based on the discounted cash flow method, using the BM&F projection curves.

Outstanding derivatives

	Notional amount			Fair value	
Derivatives	**US Dollar**	**Real**	**Maturity**	**US Dollar**	**Real**
Short position (US$)	1,900,000	7,503,999	02/01/16	22,755	89,871

Maturity	**Notional in Dollars**	**Average Rate**	**MtM**
01/02/2016	1,900,000	3,9494	89,871
Total	1,900,000	3,9494	89,871

c. Credit risk
Credit risk is the risk that the Company may incur losses on a financial instrument arising from the failure of a 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 at the end of the reporting period was:

	Parent Company		Consolidated	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Cash and cash equivalents	1,058,790	34,969	1,264,151	54,551
Marketable securities	114,524	48,589	114,524	48,589
Trade receivables	139,273	100,803	703,501	460,766
Amounts due from related parties	989,259	586,953	985	4,515
Derivatives receivable	89,871	28,134	89,871	28,134
	2,391,717	799,448	2,173,032	596,555

Guarantees
As a result of the transactions between BNDES and ECAs, the following shared guarantees were provided: a) first mortgage of the plant 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 and others. To ensure the supply of the raw material necessary for the operation of its plant, the Company has been entering into partially prepaid wood supply contracts for future delivery and is not exposed to the volatility of prices for the contracts already signed.

Parent Company	**12/31/2015**	**12/31/2014**
Estimated amount of firm contracts	488,048	1,443,259
Advances made	(166,645)	(73,347)
	321,403	1,369,912

The risks of changes in prices are mitigated by the actual delivery of wood, when the trade payable and the related inventory are 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	Less than 2 years	Less than 3 years	Less than 4 years	Fair value
At December 31, 2015					
Trade payables	190,356	-	-	-	190,356
Amounts due to related parties	13,417	-			13,417
Borrowings	2,286,481	1,469,551	2,280,901	3,329,700	9,366,633
(-) Derivatives receivable	(89,871)	-	-		(89,871)
(-) Cash and cash equivalents	(1,058,790)	-	-	-	(1,058,790)
	1,341,593	**1,469,551**	**2,280,901**	**3,329,700**	**8,421,745**

	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Fair value
At December 31, 2014					
Trade payables	167,486	-	-	-	167,486
Amounts due to related parties	17,015	-	-	-	17,015
Borrowings	1,744,957	765,019	681,906	3,975,026	7,166,908
Borrowings – related parties	-	365,470	-	-	365,470
(-) Derivatives receivable	(28,134)	-	-	-	(28,134)
(-) Cash and cash equivalents	(34,969)	-	-	-	(34,969)
	1,866,355	**1,130,489**	**681,906**	**3,975,026**	**7,653,776**

Consolidated	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Fair value
At December 31, 2015					
Trade payables	199,791	-	-	-	199,791
Amounts due to related parties	13,171	-	-	-	13,171
Borrowings	2,286,481	1,468,851	2,280,727	3,330,574	9,366,633
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,264,151)	-	-	-	(1,264,151)
	1,145,421	**1,468,851**	**2,280,727**	**3,330,574**	**8,225,573**

	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Fair value
At December 31, 2014					
Trade payables	168,460	-	-	-	168,460
Amounts due to related parties	17,015	-		-	17,015
Borrowings	1,744,957	765,019	681,906	3,975,026	7,166,908
Borrowings – related parties	-	365,470	-	-	365,470
(-) Derivatives receivable	(28,134)	-	-	-	(28,134)
(-) Cash and cash equivalents	(54,551)	-	-	-	(54,551)
	1,847,747	**1,130,489**	**681,906**	**3,975,026**	**7,635,168**

f. Fair value of financial instruments

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 inputs. The Company and its subsidiaries do not have instruments in this measurement level.

The table below shows the classification per risk level:

Parent Company	**12/31/2015**			**12/31/2014**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	1,058,790	-	-	34,969	-	-
Derivatives receivable	-	89,871	-	-	28,134	-
Total assets	1,058,790	89,871	-	34,969	28,134	-

Consolidated	**12/31/2015**			**12/31/2014**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	1,264,151	-	-	54,551	-	-
Derivatives receivable	-	89,871	-	-	28,134	-
Total assets	1,264,151	89,871	-	54,551	28,134	-

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

Parent Company	**12/31/2015**		**12/31/2014**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or loss				
Cash and cash equivalents	1,058,790	1,058,790	34,969	34,969
Derivatives receivable	89,871	89,871	28,134	28,134
Loans and receivables				
Trade receivables	139,273	139,273	100,803	100,803
Amounts due from related parties	989,259	989,259	586,953	586,953
Advances to suppliers	100,028	100,028	58,391	58,391
Total financial assets	2,377,221	2,377,221	809,250	809,250

	12/31/2015		12/31/2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Borrowings	9,366,633	9,366,633	7,166,908	7,166,908
Borrowings – related parties	-	-	365,470	365,470
Trade payables	190,356	190,356	167,486	167,486
Amounts due to related parties	13,417	13,417	17,015	17,015
Total financial liabilities	9,570,406	9,570,406	7,716,879	7,716,879

Consolidated	12/31/2015		12/31/2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or loss				
Cash and cash equivalents	1,264,151	1,264,151	54,551	54,551
Derivatives receivable	89,871	89,871	28,134	28,134
Loans and receivables				
Trade receivables	703,501	703,501	460,776	460,776
Amounts due from related parties	985	985	4,515	4,515
Advances to suppliers	105,799	105,799	62,004	62,004
Total financial assets	2,164,307	2,164,307	609,980	609,980

	12/31/2015		12/31/2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Borrowings	9,366,633	9,366,633	7,166,908	7,166,908
Borrowings – related parties	-	-	365,470	365,470
Trade payables	199,791	199,791	168,460	168,460
Amounts due to related parties	13,171	13,171	17,015	17,015
Total financial liabilities	9,579,595	9,579,595	7,717,853	7,717,853

	Parent Company and Consolidated	
	12/31/2015	**12/31/2014**
Total borrowings	9,366,633	7,166,908
(-) Borrowings subsidized by the BNDES (i)	(3,600,388)	(3,599,293)
(-) Financing from Export Credit Agency (ECA) (i)	(1,206,038)	(1,062,017)
(-) Debentures (i)	(1,127,549)	(1,051,901)
(-) Short-term borrowings (ii)	(2,286,481)	(1,744,957)

The Company shows that the carrying amounts 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.

29 Land operating leases

Land operating leases are paid as follows:

	Parent Company and Consolidated	
	12/31/2015	**12/31/2014**
Less than one year	6,535	83,645
Between one and five years	488,675	335,385
More than five years	543,608	558,548
	1,038,818	977,578

The Company leases land used in its operations under operating lease agreements effective for fourteen years. Lease payments are adjusted every five years according to market rentals. Some leases provide for additional lease payments that are based on changes in a local price index.

During the period the amount of R$ 58,420 (R$ 53,942 as at December 31, 2014) was recognized as biological asset development cost in respect of operating leases.

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.

Board of Executive Officers

José Carlos Grubisich Filho
CEO

José Carlos Grubisich Filho
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

Henrique Jäger
Director

Paulo Eduardo Nigro
Director

Max Mauran Pantoja da Costa
Director

José Batista Sobrinho
Director

Miguel João Jorge Filho
Director

Accountant

Monica Aparecida da Fonseca
CRC SP 1SP174689