Eldorado Brasil Celulose S.A.

Financial statements at

December 31, 2016 and 2015
(A free translation of the original report in Portuguese, containing the financial statements prepared in accordance with accounting practices adopted in Brazil)

KPDS 165120

Contents

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone 55 (11) 3940-1500, Fax 55 (11) 3940-1501
www.kpmg.com.br

Independent auditor's report

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

Qualified opinion

We have audited the 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, 2016, and 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter "a)" and for possible effects of the matter "b") described in the "Basis for qualified opinion" section of this report, the financial statements present fairly, in all material respects, the individual and consolidated financial position of Eldorado Brasil Celulose S.A. as at December 31, 2016, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB.

Basis for qualified opinion

a) We draw attention to Note 16 to the individual and consolidated financial statements, which states that the Company had not complied with certain covenants of the loan and financing agreements with financial institutions as at December 31, 2016 and obtained a waiver from the financial institutions only after the end of the fiscal year. In accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), considering that the Company and its subsidiaries did not have the unconditional right to postopone the settlement of these obligations recorded in the individual and consolidated statement of financial position in the amounts of R$ 7,620,171 thousand and R$ 9,066,535 thousand, respectively, within at least twelve months as from December 2016, the amounts of R$ 5,328,757 thousand and R$ 6,702,349 thousand classified in noncurrent liabilities, individual and consolidated , respectively, should have been fully classified in current liabilities. Accordingly, current liabilities, individual and consolidated, as at December 31, 2016 are understated by R$ 5,328,757 thousand and R$ 6,702,349 thousand, respectively, and noncurrent liabilities, individual and consolidated, are overstated by the same amounts.

b) As described in Note 30 to the individual and consolidated financial statements, the Company's Board of Directors, as a result of the search and seizure raid ordered by the Federal Prosecutor's Office ("MPF") in the context of the so-called "Sépsis Operation", hired an independent investigation service to assess the supposed involvement of the Company in the scope of such investigation. The independent investigation revealed the existence of payments recorded in the Company's accounting books as expenses, between the years 2012 to 2014, by order of its parent company J&F Investimentos S.A. ("J&F"), to certain external consultants, amounting to R$ 37,400 thousand. The Company's management informs that these payments refer to services provided by J&F, on the basis of an agreement for apportionment of use and reimbursement of administrative resources dated September 1, 2011, and not by those external consultants; however, until the date of completion of our work we had not been provided with the supporting documentation of the expenses and evidence that these services were actually provided. Consequently, we were unable to determine whether it would have been necessary to make adjustments to such amounts, as well as on the other components of the individual and consolidated financial statements for the year ended December 31, 2016 and in the related disclosures in the notes to the financial statements.

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical principles set out in the Code of Ethics for Professional Accountants and Professional Standards issued by the Federal Accounting Board ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of matter – Requirement of New Independent Investigation by the Federal Prosecutor's Office ("MPF")

We draw attention to note 30 to the individual and consolidated financial statements, which describes that although the Company's Board of Directors has hired an independent investigation service in connection with the supposed involvement of the Company in the scope of such investigation of the Sépsis and Greenfield Operations and has already had access to the results of such investigation, as disclosed in the same note, in compliance with the petition filed by the MPF, on February 6, 2017, the Federal Judge of the 10th Federal Court of the Judicial Section of the Federal District determined, on March 31, 2017, the hiring of a new independent investigation service. This new independent investigation that is being overseen by an "Oversight Committee" composed by members appointed by Funcef, Petros and the Company is in progress and, therefore, due to the current stage it is not possible to assess what will the outcome of this new investigation. Our opinion is not being qualified in respect of this matter.

Information other than the individual and consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Management Report. Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. As a result of the matters described in the "Basis for qualified opinion" section of our report, the other information is also misstated as a result of the matter "a)" and could be materially misstated as a result of the matter "b)", in respect of the amounts and other aspects described in such section.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for qualified opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Effects on the financial statements related to the investigations resulting from the search and seizure raids - Individual and Consolidated

As disclosed in note 30 to the individual and consolidated financial statements, the Company is in the scope of the investigation conducted by the Federal Prosecutor's Office ("MPF") of the so-called Sépsis and Greenfield Operations, which investigate the supposed involvement of the Company in the scope of such investigations.

This matters was addressed as significant in our audit given the need to exercise a high degree of judgment in the determination and conclusion as to the outcome of the scope of the investigation, of the forensic procedures and techniques used, and in the determination of the assumptions that resulted in the conclusions on the impacts of the result of the investigation on the individual and consolidated financial statements.

<u>How the matter was addressed in our audit</u>

Our audit procedures included, but were not limited to:

- Discussions with senior management about the scope and results of the internal investigations conducted by the Company.
- Involvement of our internal specialists in forensic issues to assist us in the assessment of the scope, including the completeness and scope of the independent investigation, notably regarding the Sépsis and Greenfield operations.
- Exercise of judgment regarding the remaining risk due to the limitations and restrictions to the full access to information that otherwise could enable a more thorough analysis of the aspects involved in the investigation and in the critical assessment of the procedures and methodologies used by the independent investigation, including as regards the procedures for collection and analysis of documents and/or critical information, selection of aspects of greater criticality for the performance of additional procedures, approaches of interviews, monitoring of significant information through means of communication.
- Assessment and discussion, in view of the available evidence, of the assumptions used to reach the conclusions of the investigations in respect of the records and disclosures of this matter in the financial statements.

Fair value measurement of biological assets – Individual and Consolidated

As mentioned in note 11 to the individual and consolidated financial statements, biological assets are measured at fair value determined based on the present value of the discounted cash flows. The fair value measurement of these assets, less the estimated costs to sell at the point of harvest, involve a significant degree of judgment in their determination and is based on business assumptions that include, but are not limited to, the average forest formation cycle by planting region, planted areas, conditions of the asset and discount rates for fair value measurement of the biological assets less costs to sell. Due to the materiality of the estimates, of the determination of the discount rates used and of the impact that any changes in these assumptions could have on the individual and consolidated financial statements, we have determined this matter to be a key audit matter

<u>How the matter was addressed in our audit</u>

Our audit procedures included, but were not limited to:

- Involvement of our internal specialists in corporate finance to assess the assumptions adopted in the calculation methodology, in the tests of recalculation of the projections and the cash flows prepared by the Company;
- Comparison, when available, with information on market segment, productivity indicators and estimated costs to sell.
- Assessment of the completeness of the information used, as well as of the mathematical accuracy of the fair value measurement of biological assets.
- Assessment of the appropriateness of the disclosures.

Realization of Recoverable and Deferred Taxes – Individual and Consolidated

As mentioned in notes 9 and 18 to the individual and consolidated financial statements, the Company has recorded in its assets a taxes recoverable balance relating to ICMS (state VAT) and deferred income tax and social contribution arising from temporary differences and recurring tax losses from prior years. The realization of the taxes recoverable is based on a technical study and on purchase and sale projections for future years, and the realization of the deferred taxes is based on the expected generation of future taxable profits. The Company uses accounting and business assumptions in the calculations of the aforementioned projections that include, but are not limited to, assumptions regarding purchase and sale estimate, growth rates in operations, and the expected profit margins.

In view of the high degree of judgment involved to determine such projections and of the impact that any changes in the assumptions could have on the individual and consolidated financial statements and on the investment amount accounted for by the equity method in the parent company's financial statements, we have determined this matter to be a key audit matter.

How the matter was addressed in our audit
Our audit procedures included, but were not limited to:

- Use of our internal specialists in corporate finance to assess the assumptions used in the purchase and sale estimates and projections of future profits by comparing, when available, with data from external sources, such as the projected economic growth and the inflation of costs.
- Assessment of the consistency of the assumptions with the business plans approved by the Board of Directors.
- Involvement of our internal tax specialists in the analysis of alternatives to utilize these recoverable taxes in future payments of Federal and State taxes through refund and/or offset requests and, for deferred taxes, based on tests, on the assessment of the Brazilian tax laws, deductible expenses or taxable revenues that make up the balance of temporary differences.
- Assessment, with the assistance of our internal tax specialists, of whether the tax base used to calculate the deferred taxes was appropriate based on the prevailing tax laws.
- Analysis of the appropriateness of the amount recorded by recalculation of the temporary differences and tax losses.
- Assessment of the appropriateness of the disclosures included in the Company's notes to the financial statements.

Revenue recognition – Individual and Consolidated

The Company's revenues from pulp sales are recognized when the risks and rewards are substantially transferred to the buyer. In view of the diversity and variety of the contractual terms, the materiality of the amounts, and the judgment involved in the determination of the timing at which the risks and rewards of the products sold are transferred to the counterparty, which may impact the amount recognized in the individual and consolidated financial statements and the investment amount accounted for under the equity method in the individual financial statements, we have determined this matter to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to:

- Performance of document tests, on a sampling basis, on the existence and recognition of revenues in the appropriate period, assessing the timing of the sales revenue recognition by the transfer of ownership of the Company's product to the customer, considering the supporting documentation of shipping and delivery of the products sold.
- Analysis of the Company's internal and external indicators, such as volumes of products sold and price fluctuations, to identify unusual trends that could indicate material errors in revenue recognition.
- Consideration on the appropriateness of the disclosures made in the financial statements.

Other matters – Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2016, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". In our opinion, these statements of value added have been properly prepared, in all material aspects, in accordance with the criteria defined in such Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) 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.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's individual and consolidated financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance a statement that we have complied with the relevant ethical requirements, including independence requirements, and communicate all relationships or matters that could considerably affect our independence, including, when applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, April 26, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
Orlando Octávio de Freitas Júnior
Accountant CRC 1SP178871/O-4

Eldorado Brasil Celulose S.A.

Statements of financial position at December 31, 2016 and 2015

(In thousands of Brazilian reais - R$)

		Parent Company			Consolidated		
Assets	**Note**	**12/31/2016**	**12/31/2015 (Restated)**	**01/01/2015 (Restated)**	**12/31/2016**	**12/31/2015 (Restated)**	**01/01/2015 (Restated)**
Current assets							
Cash and cash equivalents	5.1	829.602	1.058.790	34.969	1.044.637	1.264.151	54.551
Trade receivables	6	954.120	1.128.532	687.756	525.453	540.860	330.685
Inventories	8	349.840	255.080	229.258	506.186	530.106	448.947
Taxes recoverable	9	168.177	369.717	294.878	168.913	371.640	296.536
Advances to suppliers	10	30.459	40.517	11.243	30.577	46.288	14.856
Derivatives receivable	28 (i) b	12.846	89.871	28.134	12.846	89.871	28.134
Amounts due from related parties	7	27.241	-	-	24.500	-	-
Other current assets		31.445	19.587	10.770	31.835	20.553	11.509
Total current assets		2.403.730	2.962.094	1.297.008	2.344.947	2.863.469	1.185.218
Noncurrent assets							
Marketable securities	5.2	161.399	114.524	48.589	161.399	114.524	48.589
Taxes recoverable	9	740.815	578.158	360.631	743.648	580.827	360.631
Advances to suppliers	10	76.948	59.511	47.148	76.948	59.511	47.148
Deferred income tax and social contribution	18	528.374	522.260	522.830	528.374	522.260	522.830
Deposits, guarantees and others		5.343	2.746	2.201	5.554	2.936	2.363
Other assets - related parties		-	-	26.191	-	-	26.191
Other noncurrent assets		15.026	14.909	14.909	15.028	14.909	14.909
		1.527.905	1.292.108	1.022.499	1.530.951	1.294.967	1.022.661
Biological assets	11	2.050.789	1.736.309	1.508.171	2.050.789	1.736.309	1.508.171
Investments	12	108.074	108.061	73.495	-	-	-
Property, plant and equipment	13	4.760.269	4.764.993	4.847.904	4.831.642	4.834.979	4.886.384
Intangible assets	14	6.450	7.279	6.093	36.860	39.290	39.167
Total noncurrent assets		8.453.487	7.908.750	7.458.162	8.450.242	7.905.545	7.456.383
Total assets		10.857.217	10.870.844	8.755.170	10.795.189	10.769.014	8.641.601

		Parent Company			Consolidated		
Liabilities and equity	**Note**	**12/31/2016**	**12/31/2015 (Restated)**	**01/01/2015 (Restated)**	**12/31/2016**	**12/31/2015 (Restated)**	**01/01/2015 (Restated)**
Current liabilities							
Trade payables	15	229.311	203.773	184.501	239.050	212.962	185.475
Borrowings	16	2.291.414	2.286.481	1.744.957	2.364.186	2.286.481	1.744.957
Amounts due to related parties	7	115.404	45.153	31.379	36.205	45.153	31.379
Taxes payable, payroll and related taxes	17	101.494	81.288	89.161	104.403	83.143	89.741
Other current liabilities		7.266	15.132	22.088	17.766	29.187	7.796
Total current liabilities		2.744.889	2.631.827	2.072.086	2.761.610	2.656.926	2.059.348
Noncurrent liabilities							
Borrowings	16	5.328.757	7.080.152	5.421.951	6.702.349	7.080.152	5.421.951
Amounts due to related parties	7	1.364.929	-	365.470	-	-	365.470
Provision for contingent liabilities	19	7.484	5.006	2.364	7.484	5.006	2.364
Provision for losses in subsidiaries	12	87.412	126.929	100.831	-	-	-
Total noncurrent liabilities		6.788.582	7.212.087	5.890.616	6.709.833	7.085.158	5.789.785
Equity	20						
Issued capital		1.788.792	1.788.792	1.788.792	1.788.792	1.788.792	1.788.792
Cumulative translation adjustments		(3.989)	(12.418)	(10.170)	(3.989)	(12.418)	(10.170)
Accumulated losses		(461.057)	(749.444)	(986.154)	(461.057)	(749.444)	(986.154)
Total equity		1.323.746	1.026.930	792.468	1.323.746	1.026.930	792.468
Total liabilities		9.533.471	9.843.914	7.962.702	9.471.443	9.742.084	7.849.133
Total liabilities and equity		10.857.217	10.870.844	8.755.170	10.795.189	10.769.014	8.641.601

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, 2016 and 2015

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
	Note	12/31/2016	12/31/2015 (Restated)	12/31/2016	12/31/2015 (Restated)
Net revenue	21	2.641.865	2.948.392	2.962.316	3.207.574
Cost of sales	23	(1.535.494)	(1.512.132)	(1.567.452)	(1.532.260)
Gross profit		1.106.371	1.436.260	1.394.864	1.675.314
Operating (expenses) income					
General and administrative expenses	23	(101.269)	(63.231)	(133.819)	(92.020)
Selling and logistics expenses	23	(142.353)	(178.434)	(355.295)	(383.849)
Fair value of biological assets	11	1.348	16.473	1.348	16.473
Share of profits (losses) of subsidiaries	12	31.102	(29.962)	-	-
Other income, net	25	317.500	201.121	318.033	202.856
Profit before finance (costs) income and taxes		1.212.699	1.382.227	1.225.131	1.418.774
Finance (costs) income, net	24				
Finance costs		(2.057.527)	(3.262.477)	(2.070.215)	(3.348.041)
Finance income		1.148.566	2.117.530	1.149.745	2.166.559
Profit (loss) before provision for income tax and social contribution		303.738	237.280	304.661	237.292
Income tax and social contribution	18				
Current		(21.465)	-	(22.388)	(12)
Deferred		6.114	(570)	6.114	(570)
Profit (loss) for the year		288.387	236.710	288.387	236.710
Earnings per thousand shares		0,19	0,16	0,19	0,16

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

Eldorado Brasil Celulose S.A.

Statements of comprehensive income

Years ended December 31, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015 (Restated)**	**12/31/2016**	**12/31/2015 (Restated)**
Profit (loss) for the year	288.387	236.710	288.387	236.710
Exchange differences on investments	8.429	(2.248)	8.429	(2.248)
Total comprehensive income	296.816	234.462	296.816	234.462

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, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Capital	Accumulated losses	Translation reserve	Attributable to owners of the Company	Total
Balance at January 1, 2015 (restated)	1.788.792	(986.154)	(10.170)	792.468	792.468
Profit for the year	-	236.710	-	236.710	236.710
Exchange differences on investments	-	-	(2.248)	(2.248)	(2.248)
Balance at December 31, 2015 (restated)	1.788.792	(749.444)	(12.418)	1.026.930	1.026.930
Profit for the year	-	288.387	-	288.387	288.387
Exchange differences on investments	-	-	8.429	8.429	8.429
Balance at December 31, 2016	1.788.792	(461.057)	(3.989)	1.323.746	1.323.746

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

Eldorado Brasil Celulose S.A.

Statements of cash flows

Years ended December 31, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015 (Restated)**	**12/31/2016**	**12/31/2015 (Restated)**
Cash flows from operating activities				
Profit for the year:	288.387	236.710	288.387	236.710
Adjustments to reconcile profit to cash generated by operating activities:				
Depreciation and amortization	250.289	228.709	256.864	231.591
Residual value of property, plant and equipment written off	34.541	33.951	34.541	34.361
Fair value of biological assets	(1.348)	(16.473)	(1.348)	(16.473)
Deferred income tax and social contribution	(6.114)	570	(6.114)	570
Financial charges - interest and exchange differences	(226.914)	3.106.129	(292.912)	3.106.129
Financial charges - interest and exchange differences - related parties	(4.138)	18.429	(74.948)	18.429
Provision for contingent liabilities	2.478	2.642	2.478	2.642
Derivatives	(12.846)	(61.737)	(12.846)	(61.737)
Exchange differences on trade receivables	5.599	39.324	5.599	45.889
Share of profits (losses) of subsidiaries	(31.102)	29.962	-	-
Carrying value adjustments and cumulative translation adjustments	-	-	48.751	-
	298.832	3.618.216	248.453	3.598.111
Decrease (increase) in assets				
Trade receivables	168.813	(480.100)	(83.506)	(256.064)
Inventories	8.727	31.380	79.073	(23.957)
Taxes recoverable	38.883	(292.366)	39.425	(295.300)
Advances to suppliers	(7.379)	(41.637)	(1.731)	(43.795)
Amounts due from related parties	(2.741)	26.191	-	26.191
Other current and noncurrent assets	75.300	(9.362)	75.802	(9.617)
Decrease (increase) in liabilities				
Trade payables	25.538	19.272	189.143	27.487
Taxes payable, payroll and related taxes	20.206	(7.873)	21.464	(6.598)
Other payables	(8.948)	13.774	(8.948)	13.774
Other current and noncurrent liabilities	(7.866)	(6.956)	(6.201)	21.391
Carrying value adjustments and cumulative translation adjustments	-	-	8.429	(2.248)
Net cash generated by (used in) operating activities	609.365	2.870.539	561.404	3.049.375
Cash flows from investing activities				
Increase in biological assets	(416.619)	(268.867)	(416.619)	(268.867)
Additions to tangible and intangible assets	(279.277)	(180.935)	(285.738)	(214.670)
Additions to investments	-	(40.678)	-	-
Amounts due from related parties	(24.500)	-	(24.500)	-
Marketable securities - net	(46.875)	(65.935)	(46.875)	(65.935)
Net cash used in investing activities	(767.271)	(556.415)	(773.732)	(549.472)
Cash flows from financing activities				
Loans and financing raised	1.376.644	2.694.977	2.948.694	2.694.977
Repayment of loans and financing - principal	(1.828.600)	(2.149.453)	(1.828.600)	(2.149.453)
Repayment of loans and financing - interest	(664.922)	(627.945)	(724.067)	(627.945)
Repayment of loans and financing - exchange differences	(402.670)	(823.983)	(403.213)	(823.983)
Checking account	-	723.779	-	723.779
Amortization of checking account	-	(1.107.678)	-	(1.107.678)
Loans and financing raised - related parties	1.512.753	-	-	-
Repayment of loans from related parties - interest	(62.606)	-	-	-
Repayment of loans from related parties - exchange differences	(1.881)	-	-	-
Net cash generated by (used in) financing activities	(71.282)	(1.290.303)	(7.186)	(1.290.303)
Net changes in cash and cash equivalents	-	-	(36.629)	-
Cash and cash equivalents at the beginning of the year	(229.188)	1.023.821	(182.885)	1.209.600
Cash and cash equivalents at the beginning of the year	1.058.790	34.969	1.264.151	54.551
Cash and cash equivalents at the end of the year	829.602	1.058.790	1.044.637	1.264.151

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

Eldorado Brasil Celulose S.A.

Statements of value added

Years ended December 31, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Revenues				
Sales of merchandise, products and services	2.672.581	2.983.527	2.996.140	3.243.863
Other operating income (expenses), net	152.782	60.487	153.351	63.586
Transfers related to the construction of own assets	19.034	94.148	19.038	127.725
	2.844.397	3.138.162	3.168.529	3.435.174
Inputs purchased from third parties				
Cost of sales, materials, energy, outside services and others	(963.553)	(1.180.600)	(1.218.313)	(1.335.735)
Gross value added	1.880.844	1.957.562	1.950.216	2.099.439
Depreciation and amortization	(250.289)	(228.709)	(256.862)	(231.591)
Wealth created by the entity	1.630.555	1.728.853	1.693.354	1.867.848
Value added received as transfer				
Share of profits (losses) of subsidiaries	31.102	(29.962)	-	-
Finance income	97.915	51.175	98.196	51.246
Wealth for distribution	1.759.572	1.750.066	1.791.550	1.919.094
Wealth distribution				
Personnel				
Salaries and wages	275.227	214.460	285.816	222.678
Benefits	190.553	148.462	194.064	150.849
Severance Pay Fund (FGTS)	24.497	20.264	24.806	20.452
	490.277	383.186	504.686	393.979
Taxes, fees and contributions				
Federal	65.205	48.184	68.281	49.069
State	(174.152)	(192.249)	(173.895)	(192.247)
Municipal	1	-	699	283
	(108.946)	(144.065)	(104.915)	(142.895)
Lenders and lessors				
Interest	775.841	1.445.834	773.818	1.450.416
Rentals	88.199	77.655	89.589	78.670
Others	225.814	(249.254)	239.985	(97.786)
	1.089.854	1.274.235	1.103.392	1.431.300
Shareholders				
Profit (loss) for the year	288.387	236.710	288.387	236.710
Total wealth for distribution	1.759.572	1.750.066	1.791.550	1.919.094

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. (the "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, 2016 include the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged in the production and sale of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, State of Mato Grosso do Sul, and started production in December 2012.

The Company's annual production capacity is approximately 1.7 million tons of bleached eucalyptus pulp, a volume that represents 110% of the annual installed capacity of 1.5 million tons. We have and operate the largest pulp plant in a single line in the world, located in the City of Três Lagoas, in the State of Mato Grosso do Sul. All wood we use to produce pulp is derived from the State of Mato Grosso do Sul in a climate area topographically well adapted for the growth of eucalyptus.

In 2016, we produced 1,638 million tons of bleached eucalyptus pulp, of which we sold 1,665 million tons, equivalent to 101.7% of production, for a diversified base of customers in Asia, Europe, North America, Brazil and other Latin America countries. Eldorado's forest base underwent a significant change in 2016 due to the significant reduction of the average transportation distance from the forests to the plant, allowing the consolidation of the forest operations and increasing the cost efficiency and reduction, in line with its vision of becoming a reference in productivity and forest efficiency.

Eldorado has the lowest production cost of pulp in the world, with a production cost of R$ 619 per ton made in 2016. Eldorado's competitiveness is the result of the efficiency of our vertically integrated forest, industrial and logistics operations, which we attribute, among other factors, to the low rates of consumption of raw materials, capacity to acquire raw materials at competitive prices, competitiveness of the cost of wood from our own forests, co-generation of energy required for our pulp production operations, sale of surplus energy to the national electricity system, well-trained outsourced workforce, and high levels of mechanization and technological advancement.

Eldorado remains focused in its liability management process seeking to diversify its sources to obtain working capital financing and aimed at extending the average term of the debt, combined with a reduction of the financial cost.

The robust cash of R$ 1.2 billion at the end of the period assures the company a good position in regard to the maturities of the project's debts, as mentioned above, while the possibility of refinancing the trade finance lines improves the company's liquidity. The liability management actions aligned with the company's operational efficiency are intended to allow the Company increasing its liquidity indexes and consequently the net working capital.

The Company has current liabilities exceeding current assets in the amount of R$ 341,159 in parent company, and current liabilities exceeding current assets in the amount of R$ 416,663 in consolidated, impacted by the 16.6% appreciation of the Brazilian Real against the Dollar and adjustment of the term for recoverability of the tax credits.

2 List of subsidiaries

Subsidiaries

		Equity interest	
Subsidiaries	**Country**	**12/31/2016**	**12/31/2015**
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%
Eldorado Intl. Finance GmbH	Austria	100%	-
Cellulose Eldorado Asia (a)	China	100%	-

(a) A commercial office was opened in China (Xangai) in 2013, in continuity to the expansion of the Company's presence in the foreign market, and the results started being consolidated in 2016, with the actual operation of the office.

3 Basis of preparation and presentation of the financial statements

a. Statement of compliance (in respect of the IFRS and CPC standards)

The individual and 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).

After appreciation of the Individual and Consolidated Financial Statements by the Board of Directors at the meeting held on April 26, 2017, 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 –** 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, 2016 is included in the following notes:

- **Note 8 –** provision for inventory losses;
- **Note 11** – biological assets;
- **Note 13 –** impairment test;
- **Note 18** – recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- **Note 19** – recognition and measurement of provisions and 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 uses as much as possible observable market inputs. Additional information on the assumptions used in the fair value measurement is included in the following notes:

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

e. Functional and presentation currency

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

f. Restatement of the corresponding figures

During 2016, the Company reassessed its perception of the timing at which the Company transfers the significant risks and rewards of ownership to the buyer, in accordance with

CPC 30 – Revenue, concluding on the need to make corrections on a retrospective basis, as set out in Technical Pronouncement CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26 – Presentation of Financial Statements.

Additionally, in order to improve the presentation and disclosure of the balances, the Company made certain reclassifications, which impacted only the lines of operating activities from the statement of cash flows, and the lines of cost of sales and personnel expenses from the statement of value added.

Based on the result of this process, adjustments and reclassifications were identified at December 31, 2015 and January 1, 2015, as follows:

Parent Company

a. Statements of Financial Position	**Balances at 12/31/2015**			**Balances at 1/01/2015**		
Assets	**Originally reported**	**Adjustments**	**Restated**	**Originally reported**	**Adjustments**	**Restated**
Total assets	**10,870,844**	**-**	**10,870,844**	**8,755,170**	**-**	**8,755,170**
Liabilities	**Originally reported**	**Adjustments**	**Restated**	**Originally reported**	**Adjustments**	**Restated**
Provision for losses in subsidiaries	59,418	67,511	126,929	77,255	23,576	100,831
Total liabilities	9,776,403	67,511	9,843,914	7,939,126	23,576	7,962,702
Equity	**Originally reported**	**Adjustments**	**Restated**	**Originally reported**	**Adjustments**	**Restated**
Issued capital	1,788,792	-	1,788,792	1,788,792	-	1,788,792
Cumulative translation adjustments	(12,418)	-	(12,418)	(10,170)	-	(10,170)
Accumulated losses	(681,933)	(67,511)	(749,444)	(962,578)	(23,576)	(986,154)
Total equity	1,094,441	(67,511)	1,026,930	816,044	(23,576)	792,468
Total liabilities and equity	**10,870,844**	**-**	**10,870,844**	**8,755,170**	**-**	**8,755,170**

b. Statements of Profit or Loss	**Balances at 12/31/2015**		
	Originally reported	**Adjustments**	**Restated**
Net revenue	1,436,260	-	1,436,260
Operating income (expenses)			
General and administrative expenses	(63,231)	-	(63,231)
Sales and logistics	(178,434)	-	(178,434)
Fair value of biological assets	16,473	-	16,473
Share of profits (losses) of subsidiaries	13,973	(43,935)	(29,962)
Other revenues, net	201,121	-	201,121
Profit (loss) before finance income (costs) and taxes	**1,426,162**	**(43,935)**	**1,382,227**
Finance income (costs), net	(1,144,947)	-	(1,144,947)
Income tax and social contribution	(570)	-	(570)
Profit for the year	**280,645**	**(43,935)**	**236,710**

c. Statements of Comprehensive Income	**Balances at 12/31/2015**		
	Originally reported	**Adjustments**	**Restated**
Profit for the year	280,645	(43,935)	236,710
Exchange differences on investments	(2,248)	-	(2,248)
Total comprehensive income	**278,397**	**(43,935)**	**234,462**

d. Statements of Cash Flows	**Balance at 12/31/2015**		
	Originally reported	**Adjustments**	**Restated**
Cash flows from operating activities			
Profit (loss) for the year	280,645	(43,935)	236,710
Adjustments to reconcile profit (loss) for the year to cash generated by operating activities	**3,675,418**	**(57,202)**	**3,618,216**
Depletion	57,202	(57,202)	-
Share of profits (losses) of subsidiaries	(13,973)	43,935	29,962
Decrease (increase) in assets			
Inventories	(25,822)	57,202	31,380
Net cash generated by operating activities	**2,870,539**		**2,870,539**
Exchange differences	**1,023,821**	**-**	**1,023,821**
Cash and cash equivalents at the beginning of the year	**34,969**	**-**	**34,969**
Cash and cash equivalents at the end of the year	**1,058,790**	**-**	**1,058,790**

e. Statements of Value Added	**Balances at 12/31/2015**		
	Originally reported	**Adjustments**	**Restated**
Revenues	3,138,162	-	3,138,162
Inputs purchased from third parties			
Costs of sales, materials, energy, outside services and others	(788,827)	(391,773)	(1,180,600)
Gross value added	**2,349,335**	**(391,773)**	**1,957,562**
Depreciation and amortization	(228,709)		(228,709)
Wealth created by the entity	**2,120,626**	**(391,773)**	**1,728,853**
Wealth received in transfer			
Share of profits (losses) of subsidiaries	13,973	(43,935)	(29,962)
Finance income	51,175	-	51,175
Wealth for distribution	**2,185,774**	**(435,708)**	**1,750,066**
Personnel	774,959	(391,773)	383,186
Taxes, fees and contributions	(144,065)	-	(144,065)
Lenders and lessors	1,274,235	-	1,274,235
Shareholders	280,645	(43,935)	236,710
Total wealth for distribution	**2,185,774**	**(435,708)**	**1,750,066**

Consolidated

a. Statements of Financial Position	**Balances at 12/31/2015**			**Balances at 1/01/2015**		
Assets	**Originally reported**	**Adjustments**	**Restated**	**Originally reported**	**Adjustments**	**Restated**
Trade receivables	704,486	(163,626)	540,860	465,291	(134,606)	330,685
Inventories	453,221	76,885	530,106	360,622	88,325	448,947
Total assets	**10,855,755**	**(86,741)**	**10,769,014**	**8,687,882**	**(46,281)**	**8,641,601**
Liabilities	**Originally reported**	**Adjustments**	**Restated**	**Originally reported**	**Adjustments**	**Restated**
Other current liabilities	48,417	(19,230)	29,187	30,501	(22,705)	7,796
Total liabilities	9,761,314	(19,230)	9,742,084	7,871,838	(22,705)	7,849,133
Equity	**Originally reported**	**Adjustments**	**Restated**	**Originally reported**	**Adjustments**	**Restated**
Issued capital	1,788,792	-	1,788,792	1,788,792	-	1,788,792
Cumulative translation adjustments	(12,418)	-	(12,418)	(10,170)	-	(10,170)
Accumulated losses	(681,933)	(67,511)	(749,444)	(962,578)	(23,576)	(986,154)
Total equity	1,094,441	(67,511)	1,026,930	816,044	(23,576)	792,468
Total liabilities and equity	**10,855,755**	**(86,741)**	**10,769,014**	**8,687,882**	**(46,281)**	**8,641,601**

b. Statements of Profit or Loss	**Balances at 12/31/2015**		
	Originally reported	**Adjustments**	**Restated**
Net revenue	3,236,594	(29,020)	3,207,574
Cost of sales	(1,520,820)	(11,440)	(1,532,260)
Gross profit	**1,715,774**	**(40,460)**	**1,675,314**
Operating income (expenses)			
General and administrative expenses	(92,920)	-	(92,020)
Sales and logistics	(380,374)	(3,475)	(383,849)
Fair value of biological assets	16,473	-	16,473
Other revenues, net	202,856	-	202,856
Profit (loss) before finance income (costs) and taxes	**1,462,709**	**(43,935)**	**1,418,774**
Finance income (costs), net	(1,181,482)	-	(1,181,482)
Income tax and social contribution	(582)	-	(582)
Profit for the year	**280,645**	**(43,935)**	**236,710**

c. Statements of Comprehensive Income	**Balances at 12/31/2015**		
	Originally reported	**Adjustments**	**Restated**
Profit for the year	280,645	(43,935)	236,710
Exchange differences on investments	(2,248)	-	(2,248)
Total comprehensive income	**278,397**	**(43,935)**	**234,462**

d. Statements of Cash Flows	**Balances at 12/31/2015**		
	Originally reported	**Adjustments**	**Restated**
Cash flows from operating activities			
Profit for the year	280,645	(43,935)	236,710
Adjustments to reconcile profit (loss) for the year to cash generated by operating activities	**3,699,248**	**(101,137)**	**3,598,111**
Depletion	57,202	(57,202)	-
Decrease (increase) in assets			
Trade receivables	(285,084)	29,020	(256,064)
Inventories	(92,599)	68,642	(23,957)
Increase (decrease) in liabilities			
Other current and noncurrent liabilities	17,916	3,475	21,391
Net cash generated by operating activities	**3,049,375**	**-**	**3,049,375**
Exchange differences	**1,209,600**	**-**	**1,209,600**
Cash and cash equivalents at the beginning of the year	**54,551**	**-**	**54,551**
Cash and cash equivalents at the end of the year	**1,264,151**	**-**	**1,264,151**

e. Statements of Value Added	**Balances at 12/31/2015**		
	Originally reported	**Adjustments**	**Restated**
Revenues			
Sales of merchandise, products and services	3,272,883	(29,020)	3,243,863
Other operating income (expenses), net	63,586	-	63,586
Transfers related to construction of own assets	127,725	-	127,725
	3,464,194	**(29,020)**	**3,435,174**
Inputs purchased from third parties			
Costs of sales, materials, energy, outside services and others	(929,047)	(406,688)	(1,335,735)
Gross value added	**2,535,147**	**(435,708)**	**2,099,439**
Depreciation and amortization	(231,591)	-	(231,591)
Wealth received in transfer			
Finance income	51,246	-	51,246
Wealth for distribution	**2,354,802**	**(435,708)**	**1,919,094**
Personnel	785,752	(391,773)	393,979
Taxes, fees and contributions	(142,895)	-	(142,895)
Lenders and lessors	1,431,300	-	1,431,300
Shareholders	280,645	(43,935)	236,710
Total wealth for distribution	**2,354,802**	**(435,708)**	**1,919,094**

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.

(ii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

b. Revenue

Revenue is recognized on an accrual basis. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of the Company and its subsidiaries.

Revenues are measured net of sales taxes, returns, trade discounts and rebates.

In accordance with Pronouncement 30, issued by the Accounting Pronouncements Committee - CPC 30 (R1) - 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

The Company recognizes loans and receivables issued at the date they were originated. All other financial instruments are recognized initially at the trading date in which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flow in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not hold the control of the transferred asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

- ***Financial assets at fair value through profit or loss***

  A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Subsequent to initial recognition, transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in profit or loss.

- ***Cash and cash equivalents***

  Cash, banks, and short-term investments are the items of the statement of financial position 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, subject to an insignificant risk of change in value.

- ***Loans and receivables***
  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.

- ***Non-derivative financial liabilities***
  Financial liabilities are initially measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

- ***Impairment of financial assets***
  Financial assets not classified as at fair value through profit or loss are assessed at the end of each reporting period to determine whether there is objective evidence of impairment.

  The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there is no realistic perspective of recovery of the asset, the amount is amortized. If the amount of the impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

- ***Derivative financial instruments***
  Derivatives are recognized initially at fair value; any attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and any gains and losses are recognized in profit or loss.

- ***Issued capital***
  Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

e. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of standing timber transferred from biological assets is measured at the cost determined at the date of harvest.

f. 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.

Any gains or losses arising on the disposal or retirement of an item of property, plant and equipment are recognized in profit or loss.

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

Depreciation

Depreciation is calculated based on the residual value using the straight-line method over the estimated useful life of each asset and is generally recognized in profit or loss (except land and construction in progress).

The estimated useful lives, the residual values, and the depreciation methods are reviewed at the end of the reporting period, and the effects of any changes in estimates are accounted for prospectively. The annual depreciation rates are as follows:

Weighted annual depreciation rates

	12/31/2016	12/31/2015
Buildings	3.84%	4.73%
Facilities and improvements	8.80%	8.70%
Furniture and fixtures	10.34%	9.99%
Vehicles	24.35%	23.42%
Technical and scientific instruments	15.58%	14.87%
IT equipment	22.69%	22.88%
Machinery and equipment	17.19%	12.21%
Leasehold improvements	7.31%	8.57%
Eucalyptus matrices	20%	-

Biological assets

Biological assets comprise renewable plantation eucalyptus forests for production of pulp used to produce paper. These assets are measured at fair value less costs to sell, whose impacts are recognized in the statement of profit or loss for the year.

g. Operating leases

The costs of the land operating leases are recognized in profit or loss on an accrual basis and subsequently allocated to the forest formation cost together with the other related costs.

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term.

h. Intangible assets

(i) Goodwill arising on business combination

Goodwill acquired in a business combination is carried at its fair value, net of accumulated impairment losses.

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

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

(iii) Amortization

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

Software	4 years
Terminal concession	14 years

i. Impairment

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

For the purposes of impairment testing, assets are grouped at the smallest group, which generates cash inflows that are largely independent from the cash inflows of other assets or CGUs. Goodwill resulting from a business combination is allocated to the CGU or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of value in use and fair value less costs of disposal. The value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, less depreciation or amortization, had no impairment loss been recognized.

j. Trade payables

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

k. Provisions

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

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.

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.

(i) Current taxes

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

(ii) Deferred taxes

The deferred tax is recognized on temporary differences 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.

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

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

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

n. Employee benefits

Defined contribution pension plan

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

o. 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, 2017. The Company has not adopted these amendments in the preparation of these financial statements. The Company does not plan to adopt these standards early.

(i) IFRS 9 - Financial Instruments

IFRS 9 supersedes the guidance existing in IAS 39 (CPC 38) Financial Instruments: Recognition and Measurement. IFRS 9 includes new models for the classification and measurement of financial instruments and the measurement of expected credit losses for financial and contractual assets, as well as new requirements on hedge accounting. The new standard retains the existing guidance on the 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 only for financial statements in accordance with IFRSs.

The impact of the adoption of IFRS 9 on the Company's financial statements in 2018 cannot be reliably measured since it will depend on the financial instruments held then by the Company and on the economic conditions in 2018, as well as on accounting decisions and judgments made by the Company in the future. The new standard will require that the Company review its accounting processes and internal controls related to the classification and measurement of financial instruments and these amendments have not yet been finalized. The Company is assessing the effects that IFRS 9 will have on the financial statements and on its disclosures, in this phase the Company has not identified any material impacts on its financial statements.

Disclosures

IFRS 9 will require extensive new disclosures, specifically on hedge accounting, credit risk and expected credit losses.

Transition

The main issues addressed in IFRS 9 to be assessed by the Company are:

- The determination of the business model within which a financial asset is held.
- The designation and revocation of prior designations of certain financial assets and liabilities.
- The designation of certain investments in equity instruments not held for trading.

(ii) IFRS 15 Revenues from Contracts with Customers

IFRS 15 introduces a comprehensive structure to determine if and when a revenue is recognized, and how revenue is recognized. IFRS 15 replaces the current standards for revenue recognition, including CPC 30 (IAS 18) Revenue, CPC 17 (IAS 11) Construction Contracts and CPC 30 Interpretation A (IFRIC 13) Customer Loyalty Programmes

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted only for financial statements in accordance with IFRSs. The Company is assessing the effects that IFRS 15 will have on the financial statements and on its disclosures, in this phase the Company has not identified any material impacts on its financial statements.

Sale of goods
For sales, revenues are recognized when the goods are delivered to the customer’s location, considered as the time in which the customer accepts the goods and the risks and rewards related to the ownership are transferred. Revenue is recognized at this time as long as the revenue and costs can be reliably measured, the receipt of the consideration is probable, and there is no continuous involvement of Management with the goods.

Transition
The Company will adopt IFRS 15 in its financial statements for the year ended December 31, 2018 and intends to use the retrospective approach. As a result, the Company will apply all the requirements of IFRS 15 to each comparative period presented, adjusting its financial statements previously presented.

The Company plans to use practical expedients for completed contracts. This means that completed contracts that begin and end in the same comparative reporting period, as well as contracts that are completed contracts at the beginning of the earliest period presented, will not be restated.

(iii) ***IFRS 16*** **Leases**

IFRS 16 introduces a single model to account for leases in the statement of financial position for lessees. A lessee recognizes a right-of-use asset that represents its right to use the leased asset and a lease liability that represents its obligation to make lease payments. Optional exemptions are available for short-term leases and leases of low-value assets. The lessor’s accounting remains similar to the current standard, that is, lessors continue to classify leases into finance or operating leases.

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

The standard is effective for annual periods beginning on or after January 1, 2019. The early adoption is permitted only for financial statements in accordance with IFRSs and only for entities that apply IFRS 15 Revenue from Contracts with Customers beginning on or after the date of initial adoption of IFRS 16.

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

(iv) ***Disclosure Initiative (Amendments to CPC 26/IAS 7)***

The amendments require additional disclosures that allow users of financial statements to understand and assess the changes in liabilities arising from financing activities, both changes arising from cash flows and other changes.

IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The early adoption is permitted only for financial statements in accordance with IFRSs.

To comply with the new disclosure requirements, the Company intends to present a reconciliation between the opening and closing balances of liabilities and the changes arising from financing activities.

(v) Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to CPC 32 / IAS 12)

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after January 1, 2017. The early adoption is permitted only for financial statements in accordance with IFRSs.

The Company is assessing the potential impact on its financial statements. To date, the Company does not expect any material impact.

(vi) Other amendments

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

• Amendments to CPC 10 (IFRS 2) Shared-based payment related to the classification and measurement of certain share-based payment transactions.

• Amendments to CPC 36 Consolidated Financial Statements (IFRS 10) and CPC 18 Investments in Associates and Joint Ventures (IAS 28) in relation to sales or contributions of assets between an investor and its associate or its joint venture.

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

5 Cash and cash equivalents and marketable securities

5.1 Cash and cash equivalents

	Parent Company		**Consolidated**	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Cash and cash equivalents	6	5	7	7
Banks - demand deposits	8,692	104,292	173,187	309,651
Banks - short-term investments (a)	820,904	954,493	871,443	954,493
	829,602	1,058,790	1,044,637	1,264,151

(a) These are daily liquidity investments in Bank Certificate of Deposit ("CDB-type") of first-tier financial institutions with yield that approximates the Interbank Certificate of Deposit (CDI) rate. The average yield accumulated for 2016 was 1.00% p.m., of the accumulated result (compared with 0.98% a.m. in the accumulated for 2015), totaling R$ 81,042 (R$ 40,379 in the accumulated for 2015).

5.2 Marketable securities

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Fundo Caixa FI (a)	60,300	53,961	60,300	53,961
CDB CEF (b)	101,099	60,563	101,099	60,563
	161,399	114,524	161,399	114,524

(a) Fixed-income investment with Caixa Econômica Federal, with gross yield of 99.80% of the CDI. These funds are linked as reciprocity of financial investment to the issue of debentures in FI-FGTS, as shown in note 16.4.

(b) Investment in CDB with Caixa Econômica Federal, with gross yield of 101.50% of the CDI. These funds are linked as reciprocity of financial investment to the issue of ACC and NCE, as shown in note 16.2. (i) and (vi).

6 Trade receivables

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015 (Restated)
Domestic market	139,369	117,450	139,370	117,451
Foreign market	814,751	1,011,082	386,083	423,409
	954,120	1,128,532	525,453	540,860

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015 (Restated)
Current	768,320	954,837	432,458	453,384
1 to 30 days past due	167,675	162,940	64,772	35,388
31 to 60 days past due	6,547	6,189	12,962	28,586
61 to 90 days past due	2,420	1,874	4,803	16,152
Over 90 days past due	9,158	2,692	10,458	7,350
	954,120	1,128,532	525,453	540,860

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

7 Related-party transactions

The main 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**	**12/31/2016**	**12/31/2015**	**12/31/2016**	**12/31/2015**
Current					
Cellulose Eldorado Áustria GmbH (Note 6)	Pulp sale	695,907	866,797	-	-
Eldorado EUA (note 6)	Pulp sale	94,377	121,477	-	-
JBS (note 6)	Chip sale	356	985	356	985
Eldorado Intl. Finance GmbH	Pass-through of costs	2,741	-	-	-
Loans to officers	Loan (viii)	24,500	-	24,500	-
		817,881	989,259	24,856	985

		Parent Company		Consolidated	
Liabilities	**Type**	**12/31/2016**	**12/31/2015**	**12/31/2016**	**12/31/2015**
Current					
JBS (note 15)	Purchase of PP&E (i)	-	12,981	-	12,981
JBS (note 15)	Sundry (vii)	218	190	218	190
Celulose Eldorado Áustria GmbH	PPE (iv)	74,041	-	-	-
Eldorado Intl. Finance GmbH	PPE (v)	5,158	-	-	-
J&F Investimentos	Guarantee (iii)	36,205	45,153	36,205	45,153
J&F Investimentos (note 15)	Checking account (vi)	4,500	-	4,500	-
Rishis Empreend. e Partic. (note 15)	Service provision	7,704	246	-	-
		127,826	58,570	40,923	58,324
Noncurrent					
Celulose Eldorado Áustria GmbH	PPE (iv)	250,317	-	-	-
Eldorado Intl. Finance GmbH	PPE (v)	1,114,612	-	-	-
		1,364,929	-	-	-

		Parent Company		Consolidated	
Profit or loss	**Type**	**12/31/2016**	**12/31/2015**	**12/31/2016**	**12/31/2015**
Celulose Eldorado Áustria GmbH	Pulp sale	1,929,487	2,109,964	-	-
Eldorado EUA Inc.	Pulp sale	232,315	291,668	-	-
JBS	Chip sale	4,162	35,814	4,162	35,814
JBS	Massive forest sale	752	-	752	
Enersea Comercializ. de Energia	Energy sale	129	-	129	-
Total revenue (note 21)		2.166.845	2,437,446	5,043	35,814
Cellulose Eldorado Austria (Note 24)	PPE (iv)	(12,709)	-	-	-
Eldorado Intl. Finance GmbH (Note 24)	PPE (v)	(58,101)	-	-	-
JBS	Sundry (vii)	(2,702)	(41,256)	(2,702)	(41,256)
J&F Investimentos (note 24)	Guarantee (iii)	(76,939)	(80,804)	(76,939)	(80,804)
J&F Investimentos (note 24)	Checking account (iii)	-	(18,429)	-	(18,429)
J&F Investimentos	Checking account (vi)	(4,500)	-	(4,500)	-
J&F Investimentos (note 24)	Checking account	23,918	-	23,918	-
Rishis Empreend. e Partic.	Service provision	(23,267)	(9,422)	-	-
		2,012,545	2,287,535	(55,180)	(104,675)

(i) Refers to the amounts payable from the purchase of property, plant and equipment. In November 2016, there was the early settlement of 100% of the debt.

(ii) Guarantee provided by the holding company J&F Investimentos S.A. for the Company's financing transactions with financial institutions.

(iii) Checking account with the parent company J&F Investimentos S.A. with interest rate equivalent to CDI + 3% p.a., settled in March 2015.

(iv) Export financing (prepayment) granted by Cellulose Eldorado Austria GmbH to Eldorado Brasil Celulose S.A with a five-year term and interest rate of 6% p.a. + exchange differences.

(v) Export financing (prepayment) granted by Eldorado Intl. Finance GmbH to Eldorado Brasil Celulose S.A with a five-year term, with interest rate of 9.8% p.a. + exchange differences.

(vi) Checking account with the parent company J&F Investimentos S.A. relating to the indemnity for delivery of eucalyptus forest budding area smaller than the area agreed in the "Bonito" Farm purchase and sale commitment.

(vii) Refers to amounts payable relating to various transactions, among them: freight on wood transportation, purchase of consumables for use in the cafeteria, rental of administrative building and data center, etc. In 2015 refers basically to purchase of wood, among others.

(viii) Loans to the CEO at the rate of 100% of the CDI, with maturity on December 31, 2017.

7.1 Management compensation

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

	12/31/2016	**12/31/2015**
Short-term employee benefits (a)	23,334	16,385

(a) Benefits include fixed compensation (salaries, vacation and 13th month salary), social security contributions (INSS), severance pay fund (FGTS), bonus and others. All officers are parties to employment contracts governed by the Consolidated Labor Laws (CLT) and follow all legal requirements related to compensation and benefits.

8 Inventories

	Parent Company		**Consolidated**	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015** (Restated)
Seedlings	3,404	1,657	3,404	1,657
Raw materials (wood for production)	165,232	101,613	165,232	101,612
Pulp	42,829	41,689	199,055	316,610
Inputs	23,539	16,871	23,539	16,871
Storeroom supplies	114,836	93,250	114,956	93,356
	349,840	255,080	506,186	530,106

During the period the amount of R$103,487 (R$57,202 as at December 31, 2015) was added to the raw material inventory, due to the harvest of the biological asset, as shown in note 11.

9 Taxes recoverable

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
State VAT (ICMS) (i)	825,284	590,604	828,768	590,699
Taxes on revenue (PIS and COFINS) (ii)	18,153	299,858	18,227	301,624
Federal VAT (IPI)	68	2,831	68	2,831
Service tax (ISS)	111	155	111	155
Social Security Contribution (INSS)	-	545	-	545
REINTEGRA (iii)	11,269	41,429	11,269	41,430
Withholding income tax (IRRF) (iv)	30,184	12,453	30,195	15,183
Corporate income tax (IRPJ) prepayment (v)	11,267	-	11,267	-
Social contribution on profit (CSLL) prepayment (v)	12,656	-	12,656	-
	908,992	947,875	912,561	952,467
Breakdown				
Current assets	168,177	369,717	168,913	371,640
Noncurrent assets	740,815	578,158	743,648	580,827
	908,992	947,875	912,561	952,467

(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.

The Company has prioritized a series of actions to maximize the utilization of such credits and currently no losses on their realization are expected. Among the actions taken by Management is the expectation to realize these credits by increasing pulp sales to the foreign market and the granting, by the State of Mato Grosso do Sul, of the right to utilize the ICMS credits to pay suppliers contracted to expand the production capacity.

(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 construction of the plant, which went into operation at the end of 2012. This amount refers to credits on equipment purchases and provision of services, which are realizable through offset against debts of these taxes levied on sales in the domestic market and income tax and social contribution payable, and applications for refund to the Federal Revenue.

(iii) REINTEGRA

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

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

(iv) IRRF

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

(v) IRPJ and CSLL - Prepayment

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

10 Advances to suppliers

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Purchase of wood (i)	89,665	68,746	89,665	68,746
Others	17,742	31,282	17,860	37,053
	107,407	100,028	107,525	105,799
Breakdown				
Current assets	30,459	40,517	30,577	46,288
Noncurrent assets	76,948	59,511	76,948	59,511
	107,407	100,028	107,525	105,799

(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	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
At the beginning of the year	1,736,309	1,508,171	1,736,309	1,508,171
Change in the fair value of biological assets net of costs to sell	1,348	16,473	1,348	16,473
Tree felling for inventory	(103,487)	(57,202)	(103,487)	(57,202)
Forest development cost	416,619	268,867	416,619	268,867
	2,050,789	1,736,309	2,050,789	1,736,309

Currently the Company holds a production area of 226,528 ha (203,426 ha as at December 31, 2015), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

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

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

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

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

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

	2016	**2015**
Current productive area (hectare)	226,528	203,426
Average Annual Increase (IMA) - m³/ hectare	38.46	37.57
Discount rate (WACC without consumer price index) - %	4.5	4.5

12 Investments

Parent Company	**12/31/2016**	**12/31/2015** (Restated)
Assets		
Rishis Empreendimentos e participações S.A.	91,073	77,843
Goodwill on investments in subsidiaries	17,001	17,001
Advance for future capital increase (a)	-	13,217
	108,074	108,061
Liabilities		
Cellulose Eldorado Austria Gmbh	(87,412)	(126,929)
	(87,412)	(126,929)

(a) Advance for future capital increase for subsidiary Rishis, made in January 2016.

Significant information on subsidiaries as at December 31, 2016

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/loses**	**Cumulative translation adjustments**
	(Restated)							
Cellulose Eldorado Austria Gmbh	December 31, 2015	100%	32,966	(159,895)	(126,929)	82,702	(23,850)	(2.248)
Rishis Empreendimentos e participações S.A.	December 31, 2015	100%	77,843	-	77,843	(6,112)	(6,112)	-
Balance at December 31, 2015			110.809	(159,895)	(49,086)	76,590	(29,962)	(2,248)
Cellulose Eldorado Austria Gmbh	December 31, 2016	100%	(20,974)	(66,438)	(87,412)	(62,369)	31,089	8.429
Rishis Empreendimentos e participações S.A.	December 31, 2016	100%	91,073	-	91,073	13	13	-
Balance at December 31, 2016			70.099	(66,438)	3,661	(62,356)	31,102	8,429

Subsidiaries

Cellulose Eldorado Austria Gmbh

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

Eldorado Intl Finance GmbH is a company established for the issuance of bonds in the international market so as to segregate such function from the other activities carried out by the subsidiaries of Eldorado. The company was established in February 2016 and started its activities in June 2016, with the issuance of bonds.

Rishis Empreendimentos e participações S.A.

Rishis 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 Port of Santos, 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, whose right was exercised and paid in 36 installments. 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 at 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 2016			
	Weighted annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	3,84%	1,094,689	(126,718)	967,971
Leasehold improvements	10%	14,746	(4,510)	10,236
Facilities and improvements	9,66%	249,505	(39,034)	210,471
Furniture and fixtures	10,13%	7,990	(2,276)	5,714
Vehicles	24,35%	138,376	(61,104)	77,272
Technical and scientific instruments	15,49%	5,893	(2,712)	3,181
IT equipment	22,58%	62,169	(43,870)	18,299
Machinery and equipment	17,22%	3,747,928	(601,473)	3,146,455
Eucalyptus matrices	20%	79	(13)	66
Construction in progress and advances for capital expenditures	-	218,903	-	218,903
		5,641,979	(881,710)	4,760,269

	Parent Company 2015			
	Weighted annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net**
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

	Consolidated 2016			
	Weighted annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	3.84%	1,094,689	(126,718)	967,971
Leasehold improvements	7.31%	70,560	(9,467)	61,093
Facilities and improvements	9.71%	254,664	(39,047)	215,617
Furniture and fixtures	10.34%	8,360	(2,370)	5,990
Vehicles	24.35%	138,489	(61,194)	77,295
Technical and scientific instruments	15.58%	5,893	(2,712)	3,181
IT equipment	22.69%	63,282	(44,410)	18,872
Machinery and equipment	17.19%	3,757,283	(602,233)	3,155,050
Eucalyptus matrices	20%	79	(13)	66
Construction in progress and advances for capital expenditures	-	224,806	-	224,806
		5,719,806	(888,164)	4,831,642

	Consolidated 2015			
	Weighted annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net**
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

Changes in property, plant and equipment

Parent Company

Changes	**Balance at 12/31/2015**	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Balance at 12/31/2016**
Land	101,701	-	-	-	-	101,701
Buildings	964,943	-	-	34,967	(31,939)	967,971
Leasehold improvements	11,711	-	-	-	(1,475)	10,236
Facilities and improvements	206,872	427	-	14,428	(11,256)	210,471
Furniture and fixtures	5,427	797	-	143	(653)	5,714
Vehicles	91,016	33,397	(20,687)	-	(26,454)	77,272
Technical and scientific instruments	2,699	989	-	14	(521)	3,181
IT equipment	27,453	1,914	-	216	(11,284)	18,299
Machinery and equipment	3,224,771	72,764	(13,854)	26,943	(164,169)	3,146,455
Eucalyptus matrices	-	-	-	79	(13)	66
Construction in progress and advances for capital expenditures	128,400	168,572	-	(78,069)	-	218,903
	4,764,993	278,860	(34,541)	(1,279)	(247,764)	4,760,269

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

Consolidated

Changes	Balance at 12/31/2015	Additions	Disposals	Transfers	Depreciation	Exchange differences	Balance at 12/31/2016
Land	101,701	-	-	-	-	-	101,701
Buildings	964,943	-	-	34,967	(31,939)	-	967,971
Leasehold improvements	66,007	-	-	530	(5,444)	-	61,093
Facilities and improvements	212,029	427	-	14,427	(11,259)	(7)	215,617
Furniture and fixtures	5,754	825	-	148	(719)	(18)	5,990
Vehicles	91,097	33,397	(20,687)	-	(26,485)	(27)	77,295
Technical and scientific instruments	2,699	989	-	14	(521)	-	3,181
IT equipment	28,153	1,913	-	328	(11,475)	(47)	18,872
Machinery and equipment	3,233,324	72,764	(13,854)	27,671	(164,855)	-	3,155,050
Eucalyptus matrices	-	-	-	79	(13)	-	66
Construction in progress and advances for capital expenditures	129,272	175,005	-	(79,470)	-	(1)	224,806
	4,834,979	285,320	(34,541)	(1,306)	(252,710)	(100)	4,831,642

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

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at September 31, 2016 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering, environmental license and infrastructure woks for the construction of Projeto Vanguarda 2.0, new production line with capacity of more than 2.3 million tons of pulp per year.

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

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 2016			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net**
Software	25.10%	14,387	(7,937)	6,450

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

	Consolidated 2016			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net**
Goodwill	-	17,001	-	17,001
Software	25.18%	15,041	(8,134)	6,907
Terminal concession	7.14%	20,988	(8,036)	12,952
		53,030	(16,170)	36,860

	Consolidated 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net**
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

Changes in intangible assets

Parent Company

Changes	**12/31/2015**	**Additions**	**Transfers**	**Amortization**	**12/31/2016**
Software	7,279	417	1,279	(2,525)	6,450

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

Consolidated

Changes	**12/31/2015**	**Additions**	**Transfers**	**Amortization**	**12/31/2016**
Goodwill (a)	17,001	-	-	-	17,001
Software	7,838	418	1,306	(2,655)	6,907
Terminal concession	14,451	-	-	(1,499)	12,952
	39,290	418	1,306	(4,154)	36,860

Changes	**12/31/2014**	**Additions**	**Transfers**	**Amortization**	**12/31/2015**
Goodwill (a)	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

(a) Refers to Rishis goodwill (Note 12).

Impairment of tangible and intangible assets other than goodwill

As at December 31, 2016, the Company reviewed the carrying amounts of its tangible and intangible assets to determine whether there was any indication that those assets had suffered an impairment loss and concluded that there was no indication of impairment.

15 Trade payables

	Parent Company		**Consolidated**	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Supplies and services	48,520	52,842	55,139	60,169
Inputs	141,702	106,373	141,702	106,373
Others	39,089	44,558	42,209	46,420
	229,311	203,773	239,050	212,962

16 Loans and financing

		Parent Company	
Type	**Average annual interest rate and commissions**	**12/31/2016**	**12/31/2015**
Property, plant and equipment purchase financing			
FINAME - project finance	Average interest of 3% to 8% p.a.	62,435	83,545
ACC (advance on exchange contract) (i)	Forex + interest	1,059,251	1,257,038
BNDES - subloan A (ii)	TJLP + interest of 3,32% p.a.	388,650	448,209
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	873,196	1,229,368
BNDES - subloans C, H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	994,585	1,402,647
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	101,657	118,249
BNDES - subloan K (ii)	TJLP	19,008	16,587
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	107,098	124,578
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	403,073	569,746
BNDES – subloans F and J (ii)	Floating rate BNDES + interest of 3% p.a.	224,846	317,820
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	27,504	31,993
FINEM Florestal (xii)	TJLP / selic + spread	174,690	-
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	999,609	1,415,564
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	1,211,140	1,146,333
FCO (Center-West Financing Fund) (v)	Interest of 8.5% to 9 % p.a.	23,565	23,560
Working capital (vii)	Rate of 5.74% p.a. in US$	33,739	50,290
PPE (viii)	LIBOR + spread	36,631	-
NCE (vi)	CDI + spread	859,824	1,127,823
CCB (xi)	Fixed rate	16,955	-
Leasing	Fixed rate – 12.9854% p.a. in R$	2,715	3,283
		7,620,171	9,366,633

	Parent Company	
Breakdown	**12/31/2016**	**12/31/2015**
Current liabilities	2,291,414	2,286,481
Noncurrent liabilities	5,328,757	7,080,152
	7,620,171	9,366,633

Noncurrent liabilities mature as follows:	**Parent Company**
	12/31/2016
2018	1,105,356
2019	960,443
2020	780,346
2021	766,427
After 2022	1,716,185
	5,328,757

Type	**Average annual interest rate and commissions**	**Consolidated** **12/31/2016**	**12/31/2015**
Property, plant and equipment purchase financing			
FINAME - project finance	Average interest of 3% to 8% p.a.	62,435	83.545
ACC (advance on exchange contract) (i)	Forex + interest	1,059,251	1.257.038
BNDES - subloan A (ii)	TJLP + interest of 3.32% p.a.	388,650	448.209
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	873,196	1.229.368
BNDES - subloans C, H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	994,585	1.402.647
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	101,657	118.249
BNDES - subloan K (ii)	TJLP	19,008	16.587
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	107,098	124.578
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	403,073	569.746
BNDES – subloans F and J (ii)	Floating rate BNDES + interest of 3% p.a.	224,846	317.820
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	27,504	31.993
FINEM Florestal (xii)	TJLP / selic + spread	174,690	-
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	999,609	1.415.564
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	1,211,140	1.146.333
FCO (Center-West Financing Fund) (v)	Interest of 8.5% to 9 % p.a.	23,565	23.560
Working capital (vii)	Rate of 5.74% p.a. in US$	33,739	50.290
PPE (viii)	LIBOR + spread	36,631	-
NCE (vi)	CDI + spread	859,824	1.127.823
CCB (xi)	Fixed rate	16,955	-
Term Loan (ix)	LIBOR + spread	305,383	-
Bonds (x)	Rate of 8.625% p.a.	1,140,981	-
Leasing	Fixed rate – 12.9854% p.a. in R$	2,715	3.283
		9,066,535	9.366.633

Breakdown	**Consolidated** **12/31/2016**	**12/31/2015**
Current liabilities	2,364,186	2,286,481
Noncurrent liabilities	6,702,349	7,080,152
	9,066,535	9,366,633

Noncurrent liabilities mature as follows:	**Consolidated**
	12/31/2016
2018	1,172,511
2019	1,027,758
2020	847,662
2021	1,938,232
After 2022	1,716,186
	6,702,349

16.1 Changes in loans and financing

Parent Company	**12/31/2016**	**12/31/2015**
Opening balance	**9,366,633**	**7,166,908**
Interest - accrued	759,657	708,690
Exchange differences - accrued	(986,571)	2,397,439
New loans and financing	1,376,644	2,694,977
Repayments		
Principal	(1,828,600)	(2,149,453)
Interest	(664,922)	(627,945)
Exchange differences	(402,670)	(823,983)
Closing balance	**7,620,171**	**9,366,633**

Consolidated	**12/31/2016**	**12/31/2015**
Opening balance	**9,366,633**	**7,166,908**
Interest - accrued	798,711	708,690
Exchange differences - accrued	(1,091,623)	2,397,439
New loans and financing	2,948,694	2,694,977
Repayments		
Principal	(1,828,600)	(2,149,453)
Interest	(724,067)	(627,945)
Exchange differences	(403,213)	(823,983)
Closing balance	**9,066,535**	**9,366,633**

16.2 Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts), linked to reciprocity of CDB, as mentioned in Note 5.2.

(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. 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$513,099 subject to 3.1% p.a. equivalent to US$157,684, and R$136,830 subject to 5.69% p.a. equivalent to US$41,984; EKN, R$237,691 subject to 2.8% p.a. equivalent to US$72,931; and Oekb, R$215,742 subject to 5.69% p.a. equivalent to US$66,197.

(iv) On December 1, 2012, the Company carried out the 2nd issue of simple debentures, fully subscribed by FI-FGTS. These debentures are nonconvertible, unsecured, with additional collateral and unsecured guarantee, 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.

(v) FCO (Center-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.

(vi) Real-denominated Export Credit Notes (NCE) contracts, maturing within 360 days and 1,540 days, linked to the reciprocity of CDB, as mentioned in Note 5.2.

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

(viii) In March 2016, the Company entered into an export prepayment contract aimed at extending the repayment profile of the working capital financing. This contract has a two-year term and semiannual repayments starting the first year, and Libor interest rate + spread is charged.

(ix) In May 2016, Cellulose Eldorado Austria GmbH, Company's wholly-owned subsidiary, entered into a Term Loan agreement with Banco do Brasil AG, Succursale France to extend the average term of its financing transactions. This contract is guaranteed by the Company and has a five-year term and semiannual repayments starting the first year, and Libor interest rate + spread is charged.

(x) In June 2016, the Company, through its wholly-owned subsidiary Eldorado Intl. Finance GmbH, issued Senior Unsecured Bonds/Notes in the amount of USD 350,000 thousand. These instruments are guaranteed by the Company and mature fully in 2021, with a coupon of 8.625% paid semiannually.

(xi) Bank Credit Notes for equipment financing with a five-year term and fixed interest rate of 19.70% p.a.

(xii) Financing granted by BNDES for the company's eucalyptus planting at rates based on TJLP and/or SELIC + spread. This line has a nine-year term and a seven-year grace period, keeping pace with the eucalyptus planting and harvest cycle.

16.3 Restrictive covenants

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

The Company's management considers that these financial statements present fairly the Company's financial position, financial performance and cash flows and applied the Technical Pronouncements, Guidance and Interpretations of item 74 of Technical Pronouncement CPC 26 of the Accounting Pronouncements Committee, the application of which was ruled out in order for these financial statements to present fairly the Company's financial position and cash flows.

In spite of the excellent operating and commercial results obtained by the Company in the last years, consolidated and incremented in 2016, some factors out of the Company's control, especially the reduction of the international pulp prices and the fluctuations of the Brazilian real and the US dollar during the fiscal year 2016, generated temporary deterioration of some financial ratios of the Company.

For all cases in which the ratios obtained by the Company did not satisfy the restrictive conditions required by the agreement, the Company obtained, prior to the reporting date, a waiver from compliance with the ratios for the fiscal year ended December 31, 2016 or, where appropriate, the renegotiation of the indexes at new levels met by the Company, as detailed below:

i. *Export Credit Agencies*: Financial covenants measured annually as from December 31, 2015. For the year ended December 31, 2016, the indexes originally established were:

Index	**Limit**
Debt Service Coverage Ratio	$\geq$
Net Debt / EBITDA	$\leq$
Net Debt / Equity	$\leq$
Indebtedness Level	$\leq \boldsymbol{USD\ 250\ million} *$

* On October 9, 2014, the Company obtained authorization from creditors to incur an indebtedness of up to USD 750 million, with validity through December 31, 2015. After this date, the limit of USD 250 million should be applied, remaining authorized debts contracted until December 31, 2015, whose debt balance does not exceed the limit of USD 750 million.

Based on the results projected for the end of the fiscal year 2016, the Company identified the possibility of non-compliance with (i) the Net Debt /EBITDA ratio, and (ii) the indebtedness limit set out in this financial instrument. Therefore, the Company started discussions to obtain a waiver from the compliance with this ratio and obligation with Banco Santander (financing agent). This waiver was granted by Banco Santander and the ECAs on March 7, 2017 (with effects retroactive to December 16, 2016) related to the fiscal year ended December 31, 2016.

ii. *Debentures:* Financial covenants measured annually as from December 31, 2015. For the fiscal year ended December 31, 2016, the ratios originally established were:

Index	**Limit**
Net Debt / EBITDA	$\leq \boldsymbol{4.0x}$
Net Debt / Equity	$\leq$
Indebtedness Level	$\leq \boldsymbol{USD\ 1\ billion}$

Based on the results projected for the end of the fiscal year 2016, the Company identified the possibility of non-compliance with (i) the Net Debt /EBITDA ratio, and (ii) the Net Debt/Equity ratio; and (iii) indebtedness limit set out in the financial instrument. Therefore, the Company started discussions to obtain a waiver from the compliance with this ratio and obligation with Caixa Econômica Federal ("CEF"), financing agent. As at March 30, 2017, CEF agreed with the renegotiation of the ratios, which became as follows for the year ended December 31, 2016:

Index	Limit
Net Debt / EBITDA	$\leq \mathbf{5.3x}$
Net Debt / Equity	$\leq \mathbf{6.0x}$
Indebtedness Level	$\leq \mathbf{USD\ 1.1\ billion}$

iii. *Term Loan*: Financial covenant measured in US$ annually as from December 31, 2016. For the fiscal year ended December 31, 2016, the ratio originally established was:

Index	Limit
Net Debt / EBITDA	$\leq \mathbf{4.75x}$

Based on the results projected for the end of the fiscal year 2016, the Company identified the possibility of non-compliance with the Net Debt /EBITDA ratio. Therefore, the Company started negotiations to obtain a waiver from compliance with this ratio with Banco do Brasil AG, Succursale France ("BB-France"). This waiver was granted by BB-France on February 10, 2017 (with effects retroactive to December 16, 2016) related to the fiscal year ended December 31, 2016.

iv. *Letters of Guarantee:* Financial covenants measured annually as from December 31, 2015 in USD for the guarantee of Banco Santander and in R$ for the guarantee of Banco do Brasil. For 2016, the ratios were:

Index	Limit
Net Debt / EBITDA	$\leq \mathbf{4.0x}$
Net Debt / Equity	$\leq \mathbf{4.0x}$
Indebtedness Level	$\leq \mathbf{USD\ 750\ million}$
Debt Service Coverage Ratio	$\geq \mathbf{1.15}$

Based on the results projected for the end of the fiscal year 2016, the Company identified the possibility of non-compliance with the following obligations established in the Letter of Guarantee issued by Banco do Brasil ("BB"): (i) Net Debt/EBITDA ratio; (ii) Net Debt/Equity ratio; (iii) Debt Level Service Coverage ratio; and (iv) indebtedness limit contained therein. Therefore, the Company started discussions to obtain a waiver from the compliance with these ratios and obligation with BB. This waiver was granted by BB on February 9, 2017 (with effects retroactive to December 16, 2016) related to the fiscal year ended December 31, 2016.

Therefore, based on the results projected for the end of the fiscal year 2016, the Company identified the possibility of non-compliance with the following obligations established in the Letter of Guarantee issued by Banco Santander: (i) Net Debt/EBITDA ratio, and (ii) ineptness limit contained therein. Therefore, the Company started discussions to obtain a waiver from the compliance with this ratio and obligation with Banco Santander. This waiver was granted by Banco Santander on January 23, 2017 (with effects retroactive to December 16, 2016) related to the fiscal year ended December 31, 2016.

CPC 26 establishes, in its item 74, that "74. When an entity breaches a covenant of a long-term agreement (indebtedness ratio or interest coverage ratio, for example) at the end or before the end of the reporting period, making the liability due and payable to the creditor, the liability should be classified as current even if the creditor has agreed, after the end of the reporting period and before the date of authorization for issue of the financial statements, not to require the advance payment as a consequence of the breach of the covenant. The liability should be classified as current because, at the end of the reporting period, the entity does not have the unconditional right to defer its settlement during at least twelve months after this date".

Considering that, as described above, prior to the publication of these financial statements the Company obtained a waiver from compliance with the ratios established for the fiscal year ended December 31, 2016 or, where appropriate, the renegotiation of the ratios at new levels met by the Company, the Company's management considers that the compliance with item 74 of CPC 26 would make the Company's financial statements to present in the short term debts that, at the date of publication of the financial statements, were not required in the short term since the Company had obtained a waiver from compliance with the ratios and obligations related to the contractual agreements and covenant.

16.4 Guarantees of the loans

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

17 Taxes payable, payroll and related taxes

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Payroll and related taxes	61,349	47,783	63,008	49,384
Accruals and taxes	28,366	28,456	28,848	28,696
Taxes payable	11,779	5,049	12,547	5,063
	101,494	81,288	104,403	83,143

18 Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015** (Restated)	**12/31/2016**	**12/31/2015** (Restated)
Profit before income tax and social contribution	303,738	237,280	304,661	237,292
Income tax and social contribution – statutory rate of 34%	(103,271)	(80,675)	(103,585)	(80,679)
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	10,575	(10,187)	-	-
Nondeductible expenses	(700)	(1,074))	(1,303)	(1,074)
Government grant	78,045	91,366	78,045	91,366
Effect of taxes of foreign subsidiaries	-	-	10,575	10,187
Others	-	-	(6)	8
Current and deferred income tax and social contribution	(15,351)	(570)	(16,274)	(582)
Effective rate	5.0%	0.2%	5.3%	0.2%

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

Parent Company	**12/31/2015**	**Additions**	**Deductions**	**12/31/2016**
Tax losses (i)	593,169	-	(9,375)	583,794
Hedge - derivatives	(30,556)	26,188	-	(4,368)
Biological assets	(65,202)	(3,842)	-	(69,044)
Products not shipped	10,682	-	(10,682)	-
Operating provisions	14,167	3,825	-	17,992
Balance in the period	**522,260**	**26,171**	**(20,057)**	**528,374**

Consolidated	**12/31/2015**	**Additions**	**Deductions**	**12/31/2016**
Tax loss (i)	593,169	-	(9,375)	583,794
Hedge - derivatives	(30,556)	26,188	-	(4,368)
Biological assets	(65,202)	(3,842)	-	(69,044)
Products not shipped	10,682	-	(10,682)	-
Operating provisions	14,167	3,825	-	17,992
	522,260	**26,171**	**(20,057)**	**528,374**

(i) As at December 31, 2016, the Company had a balance of income tax and social contribution losses of R$ 1,717,041.

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

When assessing the probability of realization of deferred tax assets calculated on tax losses, Management considers earning taxable profit in its budget and in the multiannual strategic plan as from 2017 and, thus, it is highly possible that the deferred asset will be realized.

19 Provision for contingent liabilities

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

Company provided for the following amounts:

	12/31/2014	Additions	Disposals	12/31/2015	Additions	Disposals	12/31/2016
Civil	329	625	(2)	952	1,149	(230)	1,871
Labor	1,679	3,329	(1,232)	3,776	4,048	(2,518)	5,306
Tax	356	3	(81)	278	29	-	307
	2,364	**3,957**	**(1,315)**	**5,006**	**5,226**	**(2,748)**	**7,484**

As at December 31, 2016, the Company was a defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 436,697 (R$ 77,381 as at December 31, 2015), of which the Company accrued R$ 7,484 (R$ 5,006 as at December 31, 2015), classified by its management and legal counsel as likelihood of probable loss. The Company believes that an outflow of resources embodying economic benefits will be required to settle the obligation. Management believes the negotiations will not occur during at least twelve months. 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$ 213,624 (R$ 67,855 as at December 31, 2015), the Company believes that no provision for losses is required.

Among the lawsuits above, the Company is a defendant in a dispute of intellectual property with Fibria Celulose S.A., one of the Company’s competitors, in which Fibria alleges that the Company infringed on Fibria’s rights over certain eucalyptus clones used in the Company's plantations, or the alleged infringement. On April 19, 2013, Fibria filed a request (Provisional Remedy for Early Production of Evidence) in a state court in the State of Mato Grosso do Sul to prevent the Company from using certain eucalyptus clones in order to collect evidences in connection with the alleged infringement. The court granted Fibria's request and the result of the experts' report was unfavorable to Eldorado Brasil. In a subsequent court decision, the court accepted the expert report produced. The decision was final and unappealable.

On April 1, 2016, the Company was summoned to appear before a state court in the State of Mato Grosso do Sul as defendant in a lawsuit filed by Fibria in connection with the alleged infringement mentioned above, for which Fibria is seeking compensation in the amount of R$ 100 million. On May 5, 2016, the Company argued for a change of venue and, in the alternative, that the case be dismissed. Fibria was notified to present the reply and the Company filed a motion for Clarification of Judgment as the judge had not analyzed the request for preliminary injunction. On July 19, 2016 Fibria presented the reply and on July 26, 2016, the Company filed for withdrawal of the reply from the court records since it had been presented after the term through a petition that is still under appreciation by the Judge. No provision for such action was recognized since the likelihood of loss is possible.

20 Equity

20.1 Issued capital

The subscribed and paid-in capital as at December 31, 2016 is R$ 1,788,792, comprising 1,525,558,419 common shares.

	Common shares
Balance at December 31, 2014	**1,525,558,419**
Issuance of shares	-
Balance at December 31, 2015	**1,525,558,419**
Issuance of shares	-
Balance at December 31, 2016	**1,525,558,419**

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

Basic and diluted

Basic earnings per share were calculated by dividing the profit attributable to holders of common shares by the weighted average number of common shares outstanding:

	12/31/2016	**12/31/2015** (Restated)
Profit attributable to Company owners	288,387	236,710
Total shares outstanding in the period – thousands (a)	1,525,558	1,525,558
Earnings per thousand shares	**0.19**	**0.16**

(a) There were no movements of the shares in the period.

21 Net revenue

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015** (Restated)
Gross sales revenue				
Domestic market	428,106	468,643	428,113	468,643
Foreign market	2,247,654	2,518,047	3,032,070	3,257,540
Discounts and rebates	(3,179)	(3,163)	(464,043)	(482,321)
	2,672,581	2,983,527	2,996,140	3,243,862
Sales deductions and taxes	(30,716)	(35,135)	(33,824)	(36,288)
Net operating revenue	**2,641,865**	**2,948,392**	**2,962,316**	**3,207,574**

22 Operating segments

a. Base for segmentation

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

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

b. Reportable segments

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

	Consolidated Dec/16			
	Pulp	**Energy**	**Others**	**Total**
Net revenue				
Foreign market	2,583,561	-	-	2,583,561
Domestic market	341,942	34,262	2,551	378,755
Cost of sales	(1,217,793)	(13,081)	(6,428)	(1,237,302)
Gross profit (loss)	**1.707.710**	**21,181**	**(3,877)**	**1,725,014**
Operating (expenses) income				
General and administrative expenses	(121,091)	-	-	(121,091)
Sales and logistics	(337,823)	-	-	(337,823)
Fair value of biological assets	1,348	-	-	1,348
Depreciation, amortization and depletion	(360,351)	-	-	(360,351)
Other income (expenses), net	318,033	-	-	318,033
Finance income (costs), net				
Finance costs	(2,070,215)	-	-	(2,070,215)
Finance income	1,149,745	-	-	1,149,745
Profit (loss) before income tax and social contribution	**287,357**	**21,181**	**(3,877)**	**304,661**
Income tax and social contribution	(16.274)	-	-	(16,274)
Profit (loss) for the period	**271.083**	**21,181**	**(3,877)**	**288,387**

	Consolidated Dec/15 (Restated)			
	Pulp	**Energy**	**Others**	**Total**
Net revenue				
Foreign market	2,781,193	-	-	2,781,193
Domestic market	338,385	58,555	29,441	426,381
Cost of sales	(1,231,317)	(980)	(34,390)	(1,266,687)
Gross profit (loss)	**1.888.261**	**57,575**	**(4,949)**	**1,940,887**
Operating (expenses) income				
General and administrative expenses	(85,155)	-	-	(85,155)
Sales and logistics	(367,494)	-	-	(367,494)
Fair value of biological assets	16,473	-	-	16,473
Depreciation, amortization and depletion	(288,793)	-	-	(288,793)
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	**184,666**	**57,575**	**(4,949)**	**237,292**
Income tax and social contribution	(582)	-	-	(582)
Profit (loss) for the period	**184.084**	**57,575**	**(4,949)**	**236,710**

c. Geographic segments

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

Operating revenue	**12/31/2016**	**12/31/2015**
		(Restated)
Brazil	378,755	426,381
China	916,387	888,631
Italy	433,914	502,966
United States	196,031	306,917
Austria	156,865	152,041
Japan	138,976	261,613
Singapore	111,059	67,115
Germany	90,495	94,414
Poland	80,258	2,106
Argentina	72,961	109,137
Sweden	69,456	16,043
Mexico	65,010	30,034
Canada	60,203	71,236
France	32,634	68,545
United Kingdom	18,670	1,093
Slovenia	17,315	19,520
Spain	10,354	32,335
Thailand	4,081	49,547
Israel	3,619	15,397
Others	105,273	92,503
	2,962,316	**3,207,574**

d. Information on major customers

No individual customer accounts for more than 13% of the Company’s revenues.

e. Information on total noncurrent assets

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

Noncurrent assets	**12/31/2016**	**12/31/2015**
Brazil	8,447,185	7,902,502
Austria	2,967	2,893
United States	83	150
China	7	-
	8,450,242	**7,905,545**

23 Selling, logistics, general and administrative expenses

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015 (Restated)
Personnel expenses	284,256	231,562	298,670	242,355
Service, material and transportation expenses	171,513	171,619	395,515	390,139
Depreciation, depletion and amortization	353,730	287,972	360,351	290,827
Raw materials and consumables	862,143	890,482	880,374	901,922
Others	107,474	172,162	121,296	182,886
	1,779,116	**1,753,797**	**2,056,566**	**2,088,129**
Breakdown				
Cost of sales	1,535,494	1,512,132	1,567,452	1,532,260
General and administrative expenses	101,269	63,231	133,819	92,020
Selling and logistics expenses	142,353	178,434	355,295	383,849
	1,779,116	**1,753,797**	**2,056,566**	**2,008,129**

24 Finance income (costs), net

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Finance income				
Interest receivable	1,712	8,955	2,313	8,976
Income from short-term investments	81,041	40,379	81,042	40,379
Gain (loss) on derivatives	-	1,715,084	-	1,715,084
Foreign exchange gains	1,063,532	351,271	1,064,083	400,229
Other finance income	2,281	1,841	2,307	1,891
	1,148,566	2,117,530	1,149,745	2,166,559
Finance costs				
Sundry banking costs	(166)	(191)	(515)	(222)
Interest payable	(817,519)	(727,119)	(812,892)	(727,119)
Foreign exchange losses	(225,285)	(2,405,342)	(226,067)	(2,471,466)
Gain (loss) on derivatives	(910,698)	-	(910,698)	-
Expenses on guarantees	(96,185)	(102,260)	(96,184)	(106,201)
Other finance costs	(7,674)	(27,565)	(23,859)	(43,033)
	(2,057,527)	(3,262,477)	(2,070,215)	(3,348,041)
	(908,961)	(1,144,947)	(920,470)	(1,181,482)

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	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
ICMS credits (a)	166,677	185,388	166,677	185,388
PIS / COFINS credits (b)	107,973	-	107,973	-
Wood inventory appreciation	34,757	-	34,757	-
Insurance indemnity	701	155	701	174
Others	7,392	15,578	7,925	17,294
	317,500	201,121	318,033	202,856

(a) This refers to Government Grants for Investments under a tax incentive package granted by the Mato Grosso do Sul Government for use in future industrial expansion (Vanguarda 2.0 Project).

(b) Untimely PIS / COFINS credits arising from purchases of inputs used in the production of pulp for export.

26 Employee benefits

a. Defined contribution pension plan

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

Under the regulations of the benefit plan, the Company's contributions match the employees' contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period ended December 31, 2016 totaled R$ 2,139.

27 Insurance

As at December 31, 2016, the insurance coverage against operating risks totaled R$ 3,913,133 for property damages, R$ 2,350,549 for loss of profits, and R$ 81,477 for civil liability.

28 Financial instruments

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

(i) Market risks

Market risk is the risk that changes in market prices – such as changes in foreign exchange and interest rates – will affect the company yield or the value of its interests in financial instruments.

The objective of the market risk management is to manage and control the exposure to market risk within acceptable parameters, to optimize the return. The Company uses derivatives to manage the market risk. Generally, the Company seeks to use hedge to manage the volatility in profits or losses.

a. Interest rate risks

The interest risk refers to the potential economic losses that the Company and its subsidiaries may incur due to the adverse fluctuations in this risk factor. 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), UMBNDES (BNDES Monetary Unit), LIBOR (London Interbank Offer Rate), and IPCA (Extended Consumer Price Index), and occasional transactions with fixed positions in relation to some of the indices above that could result in unrealized and/or realized losses caused by mark-to-market. The Company seeks to mitigate the interest rate risk by diversifying the contracted indices and, occasionally, entering into derivative transactions.

The Company's exposure to interest rate risk refers basically to loans and financing. The position as at December 31, 2016 and December 31, 2015 is as follows:

Type	Average annual interest rate and commissions	Parent Company 12/31/2016	Parent Company 12/31/2015
FINAME - project finance	Average interest of 3% to 8% p.a.	62,435	83,545
ACC (advance on exchange contract)	Forex + interest	1,059,251	1,257,038
BNDES - subloan A	TJLP + interest of 3.32% p.a.	388,650	448,209
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	873,196	1,229,368
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	994,585	1,402,647
BNDES - subloan G	TJLP + interest of 2.92% p.a.	101,657	118,249
BNDES - subloan K	TJLP	19,008	16,587
BNDES - subloan D	TJLP + interest of 1.8% p.a.	107,098	124,578
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	403,073	569,746
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	224,846	317,820
BNDES - subloan I	TJLP + interest of 1.4% p.a.	27,504	31,993
FINEM Florestal	TJLP / selic + spread	174,690	-
ECAs – Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	999,609	1,415,564
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,211,140	1,146,333
FCO (Center-West Financing Fund)	Interest of 8.5% to 9 % p.a.	23,565	23,560
Working capital	Rate of 5.74% p.a. in US$	33,739	50,290
PPE	LIBOR + spread	36,631	-
NCE	CDI + spread	859,824	1,127,823
CCB	Fixed rate	16,955	-
Leasing	Fixed rate – 12.9854% p.a. in R$	2,715	3,283
Short-term investments		(982,303)	(1,069,017)
		6,637,868	8,297,616

Type	Average annual interest rate and commissions	Consolidated 12/31/2016	Consolidated 12/31/2015
FINAME - project finance	Average interest of 3% to 8% p.a.	62,435	83,545
ACC (advance on exchange contract)	Forex + interest	1,059,251	1,257,038
BNDES - subloan A	TJLP + interest of 3.32% p.a.	388,650	448,209
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	873,196	1,229,368
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Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,211,140	1,146,333
FCO (Center-West Financing Fund)	Interest of 8.5% to 9 % p.a.	23,565	23,560
Working capital	Rate of 5.74% p.a. in US$	33,739	50,290
PPE	LIBOR + spread	36,631	-
NCE	CDI + spread	859,824	1,127,823
CCB	Fixed rate	16,955	-
Term Loan	LIBOR + spread	305,383	-
Bonds	Rate of 8.625% p.a.	1,140,981	-
Leasing	Fixed rate – 12.9854% p.a. in R$	2,715	3,283
Short-term investments		(1,032,842)	(1,069,017)
		8,033,693	8,297,616

Sensitivity analysis

Debt

For the purpose of providing information on how the market risks to which the Company is exposed as at December 31, 2016 would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable, are shown below.

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

Parent Company

Transaction - 12/31/2016	Risk	Position	Possible 25% (i)	Remote 50% (ii)
BNDES	TJPLP + interest and floating rate BNDES + interest	285,471	71,368	142.735
Debentures (interest)	IPCA + interest of 7.41% p.a.	85,465	21,366	42.733
Debentures (adjustment for inflation)	IPCA	77,332	19,333	38.666
PPE	LIBOR + spread	1,425	356	712
NCE	CDI + spread	166,493	41,623	83.247
Net exposure to interest rates		616,186	154,046	308,093

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
NCE	CDI + spread	53,702	13,426	26.851
Net exposure to interest rates		560.272	140,069	280,137

Consolidated

Transaction - 12/31/2016	Risk	Position	Possible 25% (i)	Remote 50% (ii)
BNDES	TJPLP + interest and floating rate BNDES + interest	285,471	71,368	142.735
Debentures (interest)	IPCA + interest of 7.41% p.a.	85,465	21,366	42.733
Debentures (adjustment for inflation)	IPCA	77,332	19,333	38.666
PPE	LIBOR + spread	1,425	356	712
NCE	CDI + spread	166,493	41,623	83.247
Loan	LIBOR + spread	12,294	3,073	6.147
Net exposure to interest rates		628.480	157,119	314,240

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
NCE	CDI + spread	53,702	13,426	26,851
Net exposure to interest rates		560,272	140,069	280,137

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

The loan 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 7.5% per year (6.5% per year in December 2015).

b. *Foreign exchange rate risks*

The Company is exposed to foreign exchange rate risk when there is a mismatching between the currencies in which its sales, purchases and loans are denominated and its functional currency. The main exposures to which the Company is exposed are the fluctuations of the US dollar and Euro rates in relation to the Brazilian real.

As at December 31, 2016, the US Dollar and Euro quotations were US$ 3,2591, EUR 3,4384, respectively.

As at December 31, 2016, 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, 2016 are as follows:

Parent Company

	12/31/2016	**12/31/2015**
Operating		
Trade receivables (US Dollar)	814,667	1,011,081
Advances (Euro)	140	1,840
Advances (US Dollar)	-	111
Trade payables (Euro)	(10)	(148)
Trade payables (US Dollar)	(258)	(136)
Trade payables (Swedish Krona)	-	(250)
Loans and financing (US Dollar)	(4,624,931)	(6,399,044)
Total operating	(3,810,392)	(5,386,546)
Derivatives		
Derivatives (US Dollar)	-	7,503,999
Total derivatives	-	7,503,999
Net exposure to currency risk	**(3,810,392)**	**2,117,453**

The foreign exchange rate risk may result in losses for the Company due to a possible appreciation of the Real.

As at December 31, 2017, the Company had an amount receivable of R$ 12.846 in outstanding derivatives. This amount refers to the adjustment receivable from BM&F relating to the last session of December in a future dollar position. This position matured on the last day of formation of the PTAX, according to the agreement in effect for the month.

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at December 31, 2016 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

			12/31/2016	
Transaction	**Risk**	**Position**	**25%**	**50%**
Operating exposure	R$ depreciation	(3,810,392)	952,598	1,905,196
Net exposure to foreign exchange rate risk		(3,810,392)	952,598	1,905,196

c. *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	**12/31/2016**	**12/31/2015**
Estimated number of firm contracts	732,083	488,048
Advances made	(377,776)	(166,645)
	354,307	321,403

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

d. 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.

The credit risk in the Company’s operating activities is managed based on specific rules for customer acceptance, credit analysis and establishment of exposure limits for each customer, which are periodically reviewed. The Company works to ensure the realization of the past-due receivables by constantly monitoring its default customers and using letter of credit and other financial instruments.

Bank deposits and financial investments are contracted with first-tier 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	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015** (Restated)
Cash and cash equivalents	829,602	1,058,790	1,044,637	1,264,151
Marketable securities	161,399	114,524	161,399	114,524
Trade receivables	954,120	1,128,532	525,453	540,860
Derivatives receivable	12,846	89,871	12,846	89,871
	1,957,967	2,391,717	1,744,335	2,009,406

Guarantees

As a result of the transactions between BNDES and ECAs for the construction and installation of Eldorado's operation line, 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 268,000,000 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. For the FINEM Florestal credit line entered into with BNDES for Eldorado's eucalyptus forest planting and maintenance, a second mortgage of the plant in the city of Três Lagoas was granted.

e. Liquidity risk

Liquidity risk is the risk that the Company may face difficulties to fulfill its obligations associated with its financial liabilities that are settled through delivery of cash or other financial assets.

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, and also debts taken by its subsidiaries, *Term Loan*s and Bonds. 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 according to their maturities and do not include expected interest cash outflows:

Parent Company	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**After 3 years**	**Fair value**
At December 31, 2016					
Trade payables	229,311	-	-	-	229,311
Loans and financing	2,291,414	2,065,799	1,546,773	1,716,185	7,620,171
Amounts due to related parties	115,404	143,038	1,221,891	-	1,480,333
(-) Derivatives receivable	(12,846)	-	-	-	(12,846)
(-) Cash and cash equivalents	(829,602)	-	-	-	(829,602)
	1,793,681	2,208,837	2,768,664	1,716,185	8,487,367
At December 31, 2015					
Trade payables	203,773	-	-	-	203,773
Loans and financing	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

Consolidated	Less than 1 year	1 to 2 years	2 to 3 years	After 3 years	Fair value
At December 31, 2016					
Trade payables	239,050	-	-	-	239,050
Loans and financing	2,364,186	2,200,269	2,785,894	1,716,186	9,066,535
Amounts due to related parties	36,205	-	-	-	36,205
(-) Derivatives receivable	(12,846)	-	-	-	(12,846)
(-) Cash and cash equivalents	(1,044,637)	-	-	-	(1,044,637)
	1,581,958	2,200,269	2,785,894	1,716,186	8,284,307
At December 31, 2015					
Trade payables	212,962	-	-	-	212,962
Loans and financing	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	(1,264,151)	-	-	-	(1,264,151)
	1,145,421	1,469,551	2,280,901	3,329,700	8,225,573

f. Fair value of financial instruments

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

- **Level 1 -** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2 -** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and valuation techniques that use market inputs**.**
- **Level 3 -** Inputs for the asset or liability that are not based on observable market inputs**.** The Company and its subsidiaries do not have instruments in this measurement level.

The table below shows the classification per risk level:

	12/31/2016			**12/31/2015**		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Derivatives receivable	-	12,846	-	-	89,871	-
Marketable securities	161,399	-	-	114,524	-	-
Total assets	161,399	12,846	-	114,524	89,871	-

	12/31/2016			**12/31/2015**		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Loans and financing	-	7,620,171	-	-	9,366,633	-
Amounts due to related parties	-	1,480,333	-	-	45,153	-
Total liabilities	-	9,100,504	-	-	9,411,786	-

	12/31/2016			12/31/2015		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Derivatives receivable	-	12,846	-	-	89,871	-
Marketable securities	161,399	-	-	114,524	-	-
Total assets	161,399	12,846	-	114,524	89,871	-

	12/31/2016			12/31/2015		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Loans and financing	-	9,066,535	-	-	9,366,633	-
Amounts due to related parties	-	36,205	-	-	45,153	-
Total liabilities	-	9,102,740	-	-	9,411,786	-

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

	12/31/2016		12/31/2015	
Parent Company	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or loss				
Derivatives receivable	12,846	12,846	89,871	89,871
Marketable securities	161,399	161,399	114,524	114,524
Total financial assets	174,245	174,245	204,395	204,395

	12/31/2016		12/31/2015	
Parent Company	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Loans and financing	7,620,171	7,479,617	9,366,633	9,366,633
Amounts due to related parties	1,480,333	1,480,333	45,153	45,153
Total financial liabilities	9,100,504	8,959,950	9,411,786	9,411,786

	12/31/2016		12/31/2015	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or loss				
Derivatives receivable	12,846	12,846	89,871	89,871
Marketable securities	161,399	161,399	114,524	114,524
Total financial assets	174,245	174,245	204,395	204,395

	12/31/2016		12/31/2015	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Loans and financing	9,066,535	8,925,981	9,366,633	9,366,633
Amounts due to related parties	36,205	36,205	45,153	45,153
Total financial liabilities	9,102,740	8,962,186	9,411,786	9,411,786

The fair value of the financial assets and liabilities refers to the value for which the instrument can be changed in a current transaction between willing parties and not in a forced sale or liquidation transaction. The methods and assumptions used to estimate the fair value are described below.

The fair value of cash and cash equivalents, trade receivables, advances to suppliers, trade payables and amounts due from/to related parties approximates their carrying amounts, mainly due to the short-term maturity of these instruments. The fair value of the other long-term liabilities does not differ materially from their carrying amounts.

The fair value of the loans and financing, and the company’s debentures are measured in two ways: 1) for debts with renegotiation in the secondary market, where the settlement value may differ from their cost, the market value on the last day available is used; 2) for debts that are not traded in the secondary market, where the settlement value is close to the cost (principal and interest accrued to the date), the carrying amount is used as the fair value. A substantial part of the company’s debts is under this category, including, but not limited to, debts to BNDES, ACC, ECAs and others.

Derivatives are measured using valuation techniques based on observable market data. The valuation techniques most frequently applied include swap contract pricing models, calculating the present value of the cash flows involved in the transaction. For positions of future commodities on the BM&F, the adjustment price disclosed by this entity is used. The models comprise several data, including the credit quality of the counterparty, location and the contracted rates.

29 Operating leases

a. Land operating leases

Land operating leases are paid as follows:

	Parent Company and Consolidated	
	12/31/2016	**12/31/2015**
2017	91,895	71,479
2018	93,323	72,156
2019	93,817	72,622
2020	93,725	72,538
2021 and thereafter	619,902	436,787
	992,662	**725,582**

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

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

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

(i) Future minimum lease payments

As at December 31, 2016, future minimum noncancelable lease payments are as follows:

	Consolidated	
	12/31/2016	**12/31/2015**
2017	74,725	37,819
2018	74,725	37,819
2019	74,725	37,819
2020	74,725	37,819
2021 and thereafter	559,977	264,728
	858,877	**416,004**

(ii) Amounts recognized in profit or loss

	Consolidated	
	12/31/2016	**12/31/2015**
Lease expenses	76,754	42,479
	76,754	42,479

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

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

30 Independent Investigation

On July 1, 2016, a search and seizure raid was conducted at the Company's headquarters, issued in the context of the precautionary measures required by the Federal Prosecutor's Officer ("MPF") in the context of the so-called "Sepsis Operation", intended to investigate supposed irregularities committed in the management of the funds of the Severance Pay Fund (FGTS). The search and seizure raid at the Eldorado's headquarters was issued to obtain evidences about the operation of subscription, by the FI-FGTS, of debentures issued by the Company in 2012 in the total amount of R$ 940 million.

On July 6, 2016, the Company's Board of Directors unanimously approved the conducting of an independent investigation ("Independent Investigation") for a thorough examination of the pertinence of the allegations made in the Sepsis Operation.
On July 21, 2016, the Board of Directors approved the hiring of the law firm Veirano Advogados Associados ("Veirano") for, together with the firm Ernst &Young ("EY"), conducting the Independent Investigation. The Board of Directors also determined that wide access on all the Company's information should be granted to the advisors Veirano and EY for the conducting of the Independent Investigation, which should be made with wide independence of the advisors and with the monitoring by a Work Committee, composed by Messrs. Miguel Jorge, Paulo Nigro (Company's Independent Directors) and José Carlos Grubisich Filho (Company's CEO), whose function was, according to determination of the Company's Board of Directors, to provide wide access on the Company's information to Veirano and EY.

On September 5, 2016, a new search and seizure raid was conducted at the Company's headquarters, this time issued in connection with the precautionary measures required by the MPF in the context of the so-called "Greenfield Operation", which is intended to investigate eventual losses caused to four (4) Private Pension Entities - EFPC (Petros, Funcef, Previ and Postalis) by their administrators/managers in investments made through various Private Equity Funds[1]. The search and seizure raid conducted at Eldorado's headquarters was issued to obtain evidences related to the investments of the EFPCs Petros and Funcef in Florestal Fundo de Investimento em Participações ("FIP Florestal").

Petros and Funcef hold each a 24.75% interest in FIP Florestal, which in turn holds 34.45% of the Company shares, totaling individual indirect interest of 8.526% held by Petros and Funcef in Eldorado's capital.

On September 13, 2016, the Company's Board of Directors unanimously approved to expand the scope of the Independent Investigation conducted by Veirano and EY to include the allegations of the MPF in the precautionary measures proposed in the context of the Greenfield Operation.

30.1 Independent Investigation Methodology

The Independent Investigation followed the methodology traditionally used for this type of work. Under the methodology established by Veirano and EY for the Independent Investigation, the advisors set the following scopes for the Independent Investigation: (i) the facts related to the subscription of debentures issued by Eldorado and subscribed by the FI-FGTS ("Scope FI-FGTS"); (ii) the facts informed by Eldorado to Veirano and EY related to the payments made by Eldorado by order of its controlling shareholder J&F Investimentos S.A. to the companies Viscaya and Araguaia, related to Mr. Lúcio Funaro ("Funaro Scope"); and (iii) the facts related to the investments made by Funcef and Petros in Florestal Brasil S.A., company merged into the Company in 2011 ("Greenfield Scope" and, together with the FI-FGTS Scope and with the Funaro Scope, "Scopes").

Eldorado provided unrestricted access to the information required by Veirano and EY within the Scopes of the Independent Investigation, as well as to the members selected for the conducting of interviews. Moreover, Eldorado provided access, when necessary, to certain information from other companies of the J&F Group (especially, J&F itself and FIP Florestal).

The analysis of the documents was divided into three (3) main stages, which are described below.

30.1.1. First Stage

The first stage of the Independent Investigation ("First Stage") consisted in preserving the records. For this, based on data and information obtained from Eldorado and available in public sources, Veirano and EY prepared a list of 22 employees and executive officers of Eldorado who would be the custodians ("Custodians") and would have their emails and documents collected, processed and stored by EY.

[1] FIP Cevix, FIP Multiner, FIP Sondas, FIP OAS Empreendimentos, FIP Enseada, FIP RG Estaleiros, FIP Global Equity and FIP Florestal

Based on the list mentioned above, on August 18, 2016, Eldorado sent a hold notice prepared by Veirano to the Custodians for preservation and maintenance of the original data.

The First Stage also involved the forensic collection, processing and storage of electric data and records of Eldorado's employees and executive officers through the image of computer, emails, mobile phones and other sources of communication that could contain or have contained records produced by people who potentially had information on the Scopes.

EY collected electronic data from the Custodians – including the files of mobile phones – stored in servers and of the personal storage table ("PST") type, containing, among others, emails and documents stored in sharing folders and software – and stored them in its server in Brazil. Moreover, between August 15 and October 19, 2016, full collection procedures of the financial/accounting database, bank records (statements and return files) and of the Procure-to-Pay processes were performed by EY.

After the processing of such data, Veirano developed and provided to EY the list of search raids for filtering and review of the electronic documents collected that were potentially relevant to clarify the operations covered by the Scopes of the Independent Investigation. Thus, EY applied the search raids to the collected data and loaded the documents that contained more than one search raids into a database called "Relativity" ("Platform"), in which the teams of reviewers of Veirano classified the documents during the Second Stage (as defined below).

Approximately 6 million emails and other electronic documents were collected by EY (the equivalent to 1,076 GB) between August 19 and 24, 2016. After the application of the search raids and removal of the duplicated documents, approximately 306 thousand documents remained for review.

The first part of the electronic documents collected at Eldorado was processed between August 24 and September 6, 2016 by EY and made available for review on the Relativity by the Veirano team on September 7, 2016. This first group was comprised of approximately 98 thousand electronic documents ("First Group of Electronic Documents Collected").

The second part of the electronic documents collected at Eldorado was processed between September 17 and October 20, 2016 by EY and made available for review by the Veirano team on October 21, 2016. This second group was comprised of approximately 208 thousand electronic documents ("Second Group of Electronic Documents Collected").

30.1.2. Second Stage

The second stage of the Independent Investigation ("Second Stage") consisted in restoring the history of the transactions object of the Scopes, jointly by Veirano and EY, which included the identification of business procedures and processes that had involved the transactions, the obtainment of the related records (contracts, physical and electronic correspondences, reports, minutes of meeting and others) and people involved.

The objective of the Second Stage was to understand the procedures, processes and history involving such transactions, and to identify people at Eldorado that could help to restore the history of these transactions.

For this, Veirano team analyzed various documents provided by Eldorado or produced by EY, in addition to the First and Second Groups of Electronic Documents Collected. The analysis of the First Group of Electronic Documents Collected was completed on October 26, 2016. The analysis of the Second Group of Electronic Documents Collected was completed on December 5, 2016.

Due to the large volume of data, during the analysis of the First and Second Groups of Electronic Documents Collected, Veirano team developed a review of the documents classified into three levels ("Protocol of the Review"):

- First Level: a team of 16 reviewers from Veirano conducted the review of 306,263 electronic documents at the First Level, classifying them according to their relevance, among other codes, into (i) "Hot", (ii) "Relevant", (iii) "Needs further review", (iv) "Not relevant" or (v) "Unviewable". The documents classified into one of the three (3) first options above were, then, identified with respect to one of the matters of the Scopes of the Independent Investigation and made available for analysis at the Second Level (as defined below). At the First Level, 4,499 documents potentially relevant for the Scopes of the Independent Investigation were identified.

The reviewers of the First Level were trained on (i) the nature and objective of the Independent Investigation; and (ii) how to identify and classify the most important documents for the Independent Investigation. Furthermore, senior lawyers from Veirano supervised the reviewers of the First Level.

- Second Level: Subsequently, other lawyers from Veirano team analyzed these 4,499 documents at the second level of review ("Second Level"), confirming whether they were properly classified. At the Second Level, 2,918 documents potentially relevant ("hot", "relevant" or "needs further review") were sent for analysis, by the senior lawyers, at the third level (as defined below).

- Third Level: At the third level, these 2,918 documents that helped to clarify the relevant facts on the allegations covered by the Scopes of the Independent Investigation were analyzed. These documents were organized by categories and described in chronological reports (timelines) and were also important to guide the interviews conducted, both in regard to which people to interview and in regard to the matters that should be explored during the interviews.

The tables below summarize the number of documents by classification code:

Summary of the review	Numbers
Total documents reviewed	306.263
Selected for the Second Level	4,499 (≈1.5%)
Selected for the Third Level	2,918 (≈1%)

The Second Stage also include the analysis, by EY, of Eldorado's financial records and bank and accounting statements, as well as relevant public information in order to verify whether Eldorado or any of its members made improper payments.

Finally, in the Second Stage, interviews were conducted with the members of Eldorado directly related to the operations included in the Scopes of the Independent Investigation. These interviews were started on November 15 and completed on November 29, 2016. In total, 17 members of Eldorado were interviewed. Representatives from Veirano and EY participated in all these interviews, for which roadmaps were prepared contained questions that demanded further clarifications by the interviewed persons, based on public information, contained in the Precautionary Measures and/or already analyzed through the review of documents by Veirano and EY.

30.1.3. Third Stage

The third stage of the Independent Investigation ("Third Stage") consisted in: (a) the analysis of Eldorado's documents selected at the Third Level of the review of electronic documents; (b) the analysis of documents and reports produced by EY; (c) the researches in external environments; (d) the examination of payments and relevant accounting and financial transactions; and (e) the review of interview notes and background check, in order to try to identify potential irregularities eventually related to the three Scopes.

Specifically, the objective of this Third Stage was to verify the conformity of financial and accounting transactions, contracts and other documents related to the transactions covered by the Scopes of the Independent Investigation and analyze them based on the relevant Brazilian legislation, Eldorado's internal policies and market practices.

Finally, the last part of the Third Stage consisted in preparing the summary of conclusions of the Independent Investigation by Veirano and EY.

30.2. Conclusions of the Independent Investigation

On January 16, 2017, Veirano and EY made a presentation to the Company's Board of Directors on the conclusions of the Independent Investigation, regarding each of the Scopes of the Independent Investigation:

(i) FI-FGTS Scope: No indications were found that would allow concluding that the allegations related to the FI-FGTS apply.

(ii) Funaro Scope: No indications were found that would allow concluding that the payments made to the companies related to Mr. Funaro would be related to the obtainment of financing from the FI-FGTS or to the smoothing of the financial covenants established in the debenture indenture;

(iii) Greenfield Scope: No indications were found that would allow concluding that the allegations related to the Company in the Greenfield Operation apply.

The Board of Directors, after receiving the conclusions of the Independent Investigation presented by Veirano and EY, concluded on the appropriateness of the Scopes of the Independent Investigation and agreed with the recommendation made by Veirano and EY of presenting the result of the Independent Investigation to the Company's independent auditors and to make the disclosure of the conclusions of the Independent Investigation by means of these financial statements.

30.3. Conducting of a new Independent Investigation

At the request of the Federal Prosecutor's Office, from which the controlling shareholder of J&F Investimentos S.A. agreed not to appeal, it was established that the facts object of the Scopes of the Independent Investigation made by Veirano and EY shall be subject to a new independent investigation, to be paid by J&F Investimentos S.A. and supervised by an oversight committee containing in its composition 1 member appointed by Funcef, 1 member appointed by Petros, and another member with unblemished reputation and notable experience in independent investigation to be appointed by Eldorado, with a term for completion of the work not exceeding four (4) months.

Board of Executive Officers

José Carlos Grubisich Filho
CEO and
Investor Relations Officer

Germano Aguiar Vieira
Forest Officer

Carlos Roberto Paiva Monteiro
Industrial Techical Officer

Rodrigo Libaber
Sales Officer

Board of Directors

Wesley Mendonça Batista
Chairman of the
Board of Directors

Ricardo Menin Gaertner
Director

Henrique Jäger
Director

Antonio da Silva Barreto Junior
Director

Max Mauran Pantoja da Costa
Director

José Batista Sobrinho
Director

Miguel João Jorge Filho
Director

Accountant

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