



**Floresteca S.A.**

Agreed-upon procedures report  
December 31, 2013



**KPMG Auditores Independentes**  
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## Agreed-upon procedures report

To  
The Directors and Shareholders  
Floresteca S.A.  
Jangada - MT

We have performed the procedures agreed with you and enumerated below with respect to the Thinning Report for the year ended December 31, 2013 of Floresteca S.A., set forth in the accompanying schedules, Attachment I - Thinning Report Resume and Attachment II - Result by parcel. Our engagement was undertaken in accordance with the International Standard on Related Services ISRS 4400, issued by IFAC and NBC TSC 4400, issued by the Federal Accounting Council in Brazil, both applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of the Thinning Report and are summarized as follows:

- 1 We obtained the analytical breakdown of sales for 2013, which contained the following information: date of issuing, client name, invoice number, amount in cubic meters, unit price, total amount of the invoice, market, product group, branch and plot, and we compared the full amount of the breakdown with the amount of Gross Revenue stated in the audited individual financial statements of Floresteca S.A. as at and for the year ended on December 31, 2013, prepared in accordance to accounting practices adpetd in Brazil;
- 2 From the analytical breakdown of item 1, we randomly selected 50 sales invoices, using the IDEA sampling tools, option Sampling routine "Random Record Sampling" and compared the following breakdown data with the sale invoice: date issuing, client name, invoice number, quantity in cubic meters, unit price, total amount of the invoice, market, product group, branch and plot;
- 3 Based on the analytical breakdown of sales of item 1, we recalculated the average selling price per product group and by market (internal and external), by dividing the average price by product group and by market for the quantity sold for these product group and markets;
- 4 We obtained the BDU (Base de Dados Uniformizado) file prepared by Management and compared the average price used for the calculation of the restated sale amount, under "Vlr Total" with the average price calculated in item 3 and compared the total amount under "Vlr Total" with the total amount under "Gross Revenue" of Appendix I - Thinning Report Summary;

- 5 Based on the BDU file, we recalculated the FUNRURAL, PIS and COFINS levied on sales under "Vlr Total", based on the rates below:

Market	FUNRURAL	PIS	COFINS
Within the state	2.85%	1.65%	7.60%
Interstate	2.85%	1.65%	7.60%
Export	0.00%	0.00%	0.00%

- 6 Based on the BDU file, we recalculated the FETHAB (State Transportation and Housing Fund), levied on foreign market sales under "Vlr Total ", based on the rate of R\$ 11.27 per cubic meter. We compared the total amount under FUNRURAL, PIS, COFINS (of item 5 above) and FETHAB with the total amount under "Tax on Sales" of Appendix I - Thinning Report Summary;
- 7 We obtained the total amount of expenses classified, presented in "Classification" file, during the year 2013 and divided by the total amount exported in 2013. We compared the result of this calculation with the average cost of classification used under "Classificação" of the BDU file. We compared the total under "Classificação" of the file BDU with the total amount under "Classification cost" of Appendix I - Thinning Report Summary;
- 8 Based on the BDU file, we recalculated the logistic cost presented under "Logística" in the Cokpit file, multiplying the amount sold by R\$ 365.69 per cubic meter in exports and R \$ 28.96 per cubic meter for domestic sales. We compared the total under "Logística" of the BDU file with the total amount under "Logistic" of Appendix I - Thinning Report Summary;
- 9 Based on Appendix I - Thinning Report Summary, we recalculated the net revenue based on the following formula: Gross Revenue (-) Tax on Sales (-) Classification cost (-) Logistics and compared with the total under "Net Revenue - R\$";
- 10 Based on file "Exchange", which contains the daily US Dollar rate from January 2, 2013 to December 31, 2013, we selected 50 days, using the IDEA sampling tools, option Sampling routine "Random Record Sampling", for validation between the daily rate used in the spreadsheet and the rate for same day available on the website of the Central Bank of Brazil.
- 11 Based on the BDU file, we randomly selected 50 plots, using the IDEA sampling tools, option Sampling routine "Random Record Sampling", and recalculated the weighted average rate of the dollar used in each plot. Based on the weighted average rate verified, we translated the amount in R\$ under "RL" to USD and compared it with the amount stated under "Exchange". We compared the total under "Exchange" with the total under "Net Revenue - USD" of Appendix I - Thinning Report Resume.
- 12 Based on file "BDKrigagem", we checked if the projects that accrue revenue under "Past Net Revenue - USD", are in the same thinning cycle of the previous year, based on the random selection of 50 IDs (obtained under ID in the file), using the IDEA sampling tools, option Sampling routine "Random Record Sampling", and we compared the total of this column with the total under "Past Net Revenue - USD" of Appendix II - Result by parcel.

- 13** We compared the total net revenue in US Dollars under "Net Revenue - USD" of Appendix I - Thinning Report Summary with the total under "Net Revenue" of Appendix II - Result by parcel.
- 14** Based on file "BDKrigagem", we compared the total revenue per hectare of each thinning cycle under "Total Revenue - USD" with the amounts per hectare according to the contract. For items where the revenue per hectare of certain cycle exceeds the contract amount of the table below, we calculated the amount payable by subtracting from the total amount of revenue of that contract the contractual amount of the hectare and compared it the "Gross Payment".
- | <b>Thinning cycle</b>               | <b>Maximum Retainer</b> |
|-------------------------------------|-------------------------|
| 1 <sup>st</sup> thinning cycle      | 100.00%                 |
| 1 <sup>st</sup> late thinning cycle | 100.00%                 |
| 2 <sup>nd</sup> thinning cycle      | USD 2,000.00 per ha     |
| 3 <sup>th</sup> thinning cycle      | USD 2,500.00 per ha     |
| 4 <sup>th</sup> thinning cycle      | USD 3,000.00 per ha     |
| Final thinning                      | 5.00%                   |
- 15** Based on file "BDKrigagem", we found that the projects that have payments made in previous years under "Past Payment -USD", were presented in file "BDKrigagem2012", based on the random selection of 50 IDs (obtained under ID in the file), using the IDEA sampling tools, option Sampling routine "Random Record Sampling", and we compared the total of this column with the total under "Past Payment" in Appendix II - Result by parcel.
- 16** Based on file "BDKrigagem", we recalculated the selling, general and administrative and sawmill costs stated under "G&A Recovery - USD", allocating the total cost of USD 2,853,460.07 in the proportion of the revenue of each ID with the total revenue under "Net Revenue - USD". We compared the total under "G&A Recovery - USD" of file "BDKrigagem" with the total under "SG&A Recovery" of Appendix II - Result by parcel;
- 17** Based on Appendix II - Result by parcel, we calculated the amount payable based on the following formula: Gross Payment (-) Past Payment (+) SG&A Recovery (+) Receivables and we compared it with the total under "Payables".
- 18** Based on Appendix II - Result by parcel, we calculated the net amount payable by discounting from the amount payable under "Payables", 15% related to taxes withheld on the amount payable and we compared it with the total under "Net Payments".
- 19** We asked to local management if the statements disclosed in Appendix I - Thinning 2013 was applied in all abovementioned calculations.

**We report our findings below:**

- (i) With respect to the procedure 1, we compared the analytical breakdown with the financial statement revenue - gross and identified the following difference:

	<b>R\$</b>
Analytical breakdown	15,425,601
Financial statements revenue - gross (*)	<u>27,622,191</u>
Difference	<u>(12,196,590)</u>
According to management the difference is related to:	
Return included in analytical breakdown	
Returns	254,133
Accounting error (**)	2,104,000
Other sales	
Sawn wood	2,344,833
Woodchip	24,402
Other (***)	1,711,273
Gross revenue - Related Parties	
Floresteca Indústria de Madeiras Ltda.	1,311,855
Floresteca BV (****)	4,346,904
Pecflor Ltda.	30,000
Other difference not reconciled	<u>69,190</u>
Total difference	<u>12,196,590</u>

(\*) All the financial information included in the Audited Financial Statements are presented in thousand of Reais and was rounded out to the nearest thousand when included in this report.

(\*\*) Invoice emitted with incorrect volume and subsequently registered as return in the financial statements(

(\*\*\*) Others products, not related with teak.

(\*\*\*\*) The Company has amounts receivable from its parent company Floresteca BV, on behalf and order of the beneficiary Stichting Administratie-en Trustkantoor Tectona, corresponding to the teak (Tectona grandis) forests that were transferred.

- (ii) With respect to the procedure 2, no exception noted as a result of the procedure performed.
- (iii) With respect to the procedure 3, no exception noted as a result of the procedure performed.
- (iv) With respect to the procedure 4, no exception noted as a result of the procedure performed.
- (v) With respect to the procedure 5, no exception noted as a result of the procedure performed.
- (vi) With respect to the procedure 6, no exception noted as a result of the procedure performed.
- (vii) With respect to the procedure 7, no exception noted as a result of the procedure performed.
- (viii) With respect to the procedure 8, no exception noted as a result of the procedure performed.

- (ix) With respect to the procedure 9, no exception noted as a result of the procedure performed.
- (x) With respect to the procedure 10, no exception noted as a result of the procedure performed.
- (xi) With respect to the procedure 11, no exception noted as a result of the procedure performed.
- (xii) With respect to the procedure 12, no exception noted as a result of the procedure performed.
- (xiii) With respect to the procedure 13, no exception noted as a result of the procedure performed.
- (xiv) With respect to the procedure 14, no exception noted as a result of the procedure performed.
- (xv) With respect to the procedure 15, no exception noted as a result of the procedure performed.
- (xvi) With respect to the procedure 16, no exception noted as a result of the procedure performed.
- (xvii) With respect to the procedure 17, no exception noted as a result of the procedure performed.
- (xviii) With respect to the procedure 18, no exception noted as a result of the procedure performed.
- (xix) With respect to the procedure 19, we inquired local management about application of the accounting practices as disclosed in the Notes to the thinning report summary and results by parcel, in Appendix I - Thinning 2013, and obtained their confirmation regards the following accounting practices adopted in the preparation of the Thinning 2013:
  - a. Revenues from the sale of the rough-thinning are recorded on the accrual basis of accounting, as of the date on which the rough-thinning is delivered to customers and the Company is entitled to invoice them. The amounts presented for the specified blocks of land presented in Statements of income corresponds to the projects in the specific thinning cycle period included in year ended December 31, 2013;
  - b. Taxes on sales revenues, presented as a deduction from gross sales revenues, were recognized considering the prevailing tax rates for each of the following taxes and contributions:
    - Rural Workers' Assistant Fund - FUNRURAL
    - State Transportation and Housing Fund - FETHAB
    - Social Integration Program - PIS
    - Social Contribution on Revenues - COFINS
    - State Value-Added Tax on Sales and Services - ICMS
  - c. Logistics costs to transport the log and firewood from Floresteca's farms to the customer final destination.
  - d. Classification is direct expense incurred to classify the logs by a specific size, diameter and quality.



- e. SG&A is Selling, general and administrative expenses incurred in Floresteca's to manage the company and its plantations.
- f. The translation from BRL to USD for the net sales revenue amounts presented in U.S. dollars in Statements of income were determined by the conversion from real to dolar in a daily basis, in accordance with the official rates from Brazil Central Bank.

Because the above procedures do not constitute either an audit or a review made in accordance with International and Brazilian Standards on Auditing or International and Brazilian Standards on Review Engagements, we do not express any assurance on the Thinning Report as of December 31, 2013.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International and Brazilian Standards on Auditing or International and Brazilian Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties, that have not assumed responsibility for the adequacy, or have not agreed to, the above procedures. This report relates only to the accounts and items specified above and does not extend to any financial statements of Floresteca S.A., taken as a whole

Campinas, May 22, 2014

KPMG Auditores Independentes  
CRC 2SP014428/O-6



Thiago Rodrigues de Oliveira  
Accountant CRC 1SP259468/O-7



**Floresteca S.A.**

Thinning Report for year ended  
December 31, 2013

KPMG Auditores Independentes

May 2014  
KPDS 88502





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## Attachment 1 - Thinning report summary

Project/ Block	Project	Block	Year	Thinning	Volume (m³)	Area (ha)	Gross Revenue	Tax on Sales	Classification	Logistics	Net Revenue	Net Revenue (USD)
BAM012	BAM	012	1999	2D	61.97	53.33	5,868	(710)	-	(1,795)	3,364	1,563
BAM014	BAM	014	1999	2D	180.26	29.56	17,070	(2,065)	-	(5,220)	9,784	4,730
BAM015	BAM	015	2000	2D	238.73	61.57	22,606	(2,735)	-	(6,914)	12,957	6,478
BAM016	BAM	016	2000	2D	580.52	67.37	54,971	(6,652)	-	(16,812)	31,508	15,753
BAM017	BAM	017	2000	2D	99.05	56.79	9,380	(1,135)	-	(2,869)	5,376	2,688
BAM018	BAM	018	2000	2D	60.39	29.68	5,719	(692)	-	(1,749)	3,278	1,636
BAM019	BAM	019	2000	2D	91.18	29.57	8,634	(1,045)	-	(2,641)	4,949	2,251
BAM020	BAM	020	2000	2D	113.71	27.06	10,767	(1,303)	-	(3,293)	6,172	3,079
BAM021	BAM	021	2000	2D	247.84	21.07	23,469	(2,840)	-	(7,178)	13,452	6,720
BAM022	BAM	022	2000	2D	495.28	40.15	49,317	(5,967)	-	(14,343)	29,006	13,694
BAM023A	BAM	023A	2000	2D	274.12	11.28	25,958	(3,141)	-	(7,939)	14,878	7,249
BAM023B	BAM	023B	2000	2D	146.17	5.29	13,841	(1,675)	-	(4,233)	7,933	3,973
BAM024	BAM	024	2000	2D	148.55	45.41	14,067	(1,702)	-	(4,302)	8,063	3,930
BAM025	BAM	025	2000	2D	135.41	42.24	12,823	(1,552)	-	(3,922)	7,350	3,650
BAM026A	BAM	026A	2000	2D	142.88	11.64	15,218	(1,841)	-	(4,138)	9,238	4,588
BAM026B	BAM	026B	2000	2D	222.63	25.80	21,082	(2,551)	-	(6,447)	12,084	6,038
BAM027	BAM	027	2000	2D	684.88	38.91	64,854	(7,847)	-	(19,834)	37,172	18,660
BAR001	BAR	001	2002	2D	133.99	45.42	12,688	(1,535)	-	(3,880)	7,273	3,282
BAR006	BAR	006	2002	3D	669.29	57.75	56,469	(6,833)	-	(19,383)	30,254	14,435
BAR007	BAR	007	2002	3D	687.39	53.68	49,259	(5,960)	-	(19,907)	23,392	11,082
BAR009	BAR	009	2002	3D	1,271.71	43.48	90,117	(10,904)	-	(36,829)	42,384	20,076
BAR010	BAR	010	2002	3D	853.49	28.79	71,381	(8,637)	-	(24,717)	38,027	18,152
BAR011	BAR	011	2002	3D	530.88	35.93	50,271	(6,083)	-	(15,374)	28,814	13,386
BAR012	BAR	012	2002	3D	128.00	29.10	5,169	(625)	-	(3,707)	836	388
BAR018	BAR	018	2002	3D	110.99	54.49	6,979	(845)	-	(3,214)	2,921	1,278
BAR019	BAR	019	2002	3D	899.86	51.42	101,905	(12,331)	-	(26,060)	63,515	28,940
BAR021	BAR	021	2002	3D	216.53	39.21	17,680	(2,139)	-	(6,271)	9,270	4,182
BAR022	BAR	022	2002	3D	484.36	50.21	50,667	(6,131)	-	(14,027)	30,509	13,823
BAR023	BAR	023	2002	3D	705.38	39.95	73,362	(8,877)	-	(20,428)	44,057	19,952
BAR027	BAR	027	2004	3D	21.41	52.11	2,027	(245)	-	(620)	1,162	525
BAR028	BAR	028	2004	3D	94.49	24.68	5,145	(623)	-	(2,736)	1,786	837
BAR029	BAR	029	2004	3D	413.84	27.04	26,963	(3,262)	-	(11,985)	11,715	5,550
BAR036	BAR	036	2004	3D	657.16	45.18	62,229	(7,530)	-	(19,031)	35,668	15,573
BAR037	BAR	037	2004	3D	384.10	49.21	36,372	(4,401)	-	(11,124)	20,848	9,103
BAR047	BAR	047	2004	3D	1,394.00	48.74	132,004	(15,972)	-	(40,370)	75,661	34,149
BAR049A	BAR	049A	2004	3D	637.65	52.60	60,381	(7,306)	-	(18,466)	34,609	15,400
BAR051	BAR	051	2004	2D	304.07	31.63	28,794	(3,484)	-	(8,806)	16,504	7,206
BOC002	BOC	002	1998	2D	11.00	37.99	444	(54)	-	(319)	72	36
BOC005	BOC	005	1998	2D	8.02	24.03	(437)	(108)	-	(638)	(1,182)	(595)

## Attachment 1 - Thinning report summary

Project/ Block	Project	Block	Year	Thinning	Volume (m³)	Area (ha)	Gross Revenue	Tax on Sales	Classification	Logistics	Net Revenue	Net Revenue (USD)
BOC006	BOC	006	1998	2D	122.98	45.52	(1,008)	(1,138)	-	(6,747)	(8,894)	(4,417)
BOC008	BOC	008	1998	2D	486.46	35.91	344,885	(5,482) -	7,057.46	(177,895)	154,451	76,011
BOC010	BOC	010	1998	2D	453.33	40.75	321,398	(5,109) -	6,576.84	(165,780)	143,932	70,701
BOC012	BOC	012	1998	2D	24.27	3.15	17,205	(274) -	352.07	(8,875)	7,705	3,807
BOC013	BOC	013	1998	2D	312.89	20.03	221,826	(3,526) -	4,539.27	(114,420)	99,341	48,755
BOC014	BOC	014	1998	2D	48.14	14.88	34,130	(543) -	698.40	(17,604)	15,284	7,501
BOC016	BOC	016	1999	2D	116.39	36.07	4,700	(569)	-	(3,371)	761	323
BOC018	BOC	018	1999	2D	40.00	42.25	1,615	(195)	-	(1,158)	261	130
BUR003	BUR	003	1994	2D	281.05	57.96	137,066	(3,990) -	2,452.21	(65,056)	65,568	32,042
BUR004	BUR	004	1994	2D	244.37	19.01	72,624	(3,381) -	1,052.72	(31,511)	36,680	16,609
BUR006	BUR	006	1994	3D	95.82	51.50	55,558	(1,267) -	1,062.21	(27,429)	25,800	11,517
BUR011	BUR	011	1994	3D	241.51	36.14	171,222	(2,722) -	3,503.76	(88,318)	76,679	35,219
BUR012	BUR	012	1994	3D	184.68	23.87	94,376	(2,417) -	1,752.72	(46,030)	44,177	19,941
CMB001	CMB	001	2002	3D	221.30	20.95	29,785	(3,604)	-	(6,409)	19,772	9,997
CMB002	CMB	002	2002	2D	755.57	44.72	84,861	(10,268)	-	(21,881)	52,712	26,590
CMB003B	CMB	003B	2002	2D	805.33	45.29	94,945	(11,488)	-	(23,322)	60,134	30,356
CMB004A	CMB	004A	2002	2D	227.31	14.85	21,524	(2,604)	-	(6,583)	12,337	6,205
CMB004B	CMB	004B	2002	2D	369.81	28.80	53,462	(4,676) -	348.98	(18,810)	29,627	14,978
CMB006B	CMB	006B	2002	2D	23.16	12.50	2,193	(265)	-	(671)	1,257	632
CMB007A	CMB	007A	2002	2D	242.79	22.43	52,567	(2,773) -	698.52	(23,244)	25,851	13,096
CMB008	CMB	008	2002	2D	487.55	35.07	46,168	(5,586)	-	(14,119)	26,462	13,309
CMB010	CMB	010	2002	2D	24.06	31.90	17,058	(271) -	349.07	(8,799)	7,639	3,898
CMB011	CMB	011	2002	2D	48.03	5.47	7,323	(886)	-	(1,391)	5,046	2,555
CMB012	CMB	012	2002	2D	290.86	50.45	57,165	(3,324) -	699.61	(24,661)	28,480	14,435
CMB014	CMB	014	2002	2D	31.45	30.94	4,796	(580)	-	(911)	3,305	1,673
CMB015	CMB	015	2002	2D	133.06	37.80	29,016	(1,717) -	349.20	(11,959)	14,991	7,605
CMB016	CMB	016	2002	2D	57.99	50.13	5,491	(664)	-	(1,679)	3,147	1,583
CMB018	CMB	018	2002	2D	28.48	36.05	4,343	(525)	-	(825)	2,993	1,515
CMB019	CMB	019	2003	2D	153.69	10.19	14,553	(1,761)	-	(4,451)	8,342	4,195
CPB001	CPB	001	1999	2D	313.96	26.01	222,584	(3,538) -	4,554.78	(114,811)	99,680	49,574
CPB002	CPB	002	1999	2D	575.21	27.19	385,498	(6,489) -	7,818.16	(198,121)	173,069	82,301
CPB003	CPB	003	1999	2D	417.96	29.37	296,318	(4,710) -	6,063.61	(152,843)	132,700	66,289
CPB004	CPB	004	1999	2D	578.08	40.78	406,741	(6,513) -	8,314.02	(209,713)	182,201	90,482
CPB005	CPB	005	1999	2D	120.52	7.36	85,442	(1,358) -	1,748.43	(44,072)	38,264	19,161
CPB006	CPB	006	1999	2D	144.73	12.04	102,606	(1,631) -	2,099.64	(52,925)	45,950	22,921
CPB007	CPB	007	1999	2D	289.53	39.36	205,268	(3,263) -	4,200.44	(105,879)	91,926	45,686
CPB008	CPB	008	1999	2D	458.29	33.26	324,912	(5,165) -	6,648.75	(167,592)	145,506	72,496
CPB009	CPB	009	1999	2D	289.00	22.71	204,889	(3,257) -	4,192.68	(105,683)	91,756	45,563
CPB010	CPB	010	1999	2D	216.29	12.83	153,345	(2,438) -	3,137.93	(79,097)	68,673	34,445

## Attachment 1 - Thinning report summary

Project/ Block	Project	Block	Year	Thinning	Volume (m³)	Area (ha)	Gross Revenue	Tax on Sales	Classification	Logistics	Net Revenue	Net Revenue (USD)
CPB011	CPB	011	1999	2D	277.33	19.66	196,616	(3,125) -	4,023.39	(101,416)	88,051	44,279
CPB012	CPB	012	1999	2D	506.26	55.27	358,923	(5,706) -	7,344.71	(185,135)	160,737	81,156
CPB013	CPB	013	1999	2D	355.17	38.85	251,800	(4,003) -	5,152.63	(129,880)	112,764	56,509
CPB014	CPB	014	1999	2D	24.09	4.51	17,080	(272) -	349.51	(8,810)	7,649	3,894
CPB015	CPB	015	1999	2D	276.83	22.85	196,265	(3,120) -	4,016.21	(101,235)	87,894	44,557
CPB016	CPB	016	1999	2D	506.96	44.41	359,416	(5,713) -	7,354.81	(185,390)	160,958	81,035
CPB017	CPB	017	1999	2D	554.13	53.04	392,861	(6,245) -	8,039.20	(202,641)	175,936	88,475
CPB018	CPB	018	1999	2D	337.67	18.37	239,395	(3,806) -	4,898.79	(123,482)	107,209	53,364
DLG001	DLG	001	2000	2D	142.86	48.28	17,603	(2,130)	-	(4,137)	11,336	5,726
DLG002	DLG	002	2000	2D	453.51	52.55	50,853	(6,153)	-	(13,134)	31,566	15,923
DLG003	DLG	003	2000	2D	478.17	48.27	57,990	(7,017)	-	(13,848)	37,126	18,748
DLG004	DLG	004	2000	2D	437.48	52.45	52,686	(6,375)	-	(12,669)	33,642	16,987
DLG005	DLG	005	2000	2D	535.32	49.60	62,657	(7,582)	-	(15,503)	39,573	19,974
DLG006	DLG	006	2000	2D	404.93	51.93	50,075	(6,059)	-	(11,727)	32,289	16,310
DLG007	DLG	007	2000	2D	42.11	14.86	6,421	(777)	-	(1,220)	4,425	2,240
DLG008A	DLG	008A	2000	2D	29.76	6.58	4,537	(549)	-	(862)	3,127	1,583
DLG008B	DLG	008B	2000	2D	134.50	14.77	15,945	(1,929)	-	(3,895)	10,120	5,109
DLG009A	DLG	009A	2000	2D	146.55	19.12	16,441	(1,989)	-	(4,244)	10,207	5,161
DLG009B	DLG	009B	2000	2D	148.58	31.90	17,270	(2,090)	-	(4,303)	10,877	5,490
DLG010A	DLG	010A	2000	2D	168.92	26.52	19,200	(2,323)	-	(4,892)	11,985	6,060
DLG010B	DLG	010B	2000	2D	145.01	23.04	15,523	(1,878)	-	(4,200)	9,446	4,761
DLG011A	DLG	011A	2000	2D	226.65	35.64	27,688	(3,350)	-	(6,564)	17,774	8,998
DLG011B	DLG	011B	2000	2D	81.36	15.78	9,232	(1,117)	-	(2,356)	5,759	2,905
DLG012A	DLG	012A	2000	2D	236.85	42.45	28,142	(3,405)	-	(6,859)	17,877	9,038
DLG012B	DLG	012B	2000	2D	175.94	6.69	18,179	(2,200)	-	(5,095)	10,884	5,496
DLG013	DLG	013	2000	2D	240.04	52.80	29,673	(3,590)	-	(6,952)	19,131	9,663
DLG014	DLG	014	2000	2D	417.13	50.46	48,071	(5,817)	-	(12,080)	30,175	15,251
DLG016	DLG	016	2000	2D	57.95	50.54	6,548	(792)	-	(1,678)	4,077	2,064
DLG017	DLG	017	2000	2D	98.08	49.15	9,288	(1,124)	-	(2,840)	5,323	2,695
DLG018	DLG	018	2000	2D	293.81	50.00	33,929	(4,105)	-	(8,509)	21,315	10,790
DLG019	DLG	019	2000	2D	292.09	48.88	38,253	(4,629)	-	(8,459)	25,165	12,730
DLG020	DLG	020	2000	2D	491.53	49.87	59,616	(7,214)	-	(14,235)	38,168	19,298
DLG021	DLG	021	2000	2D	308.21	30.74	33,129	(4,009)	-	(8,926)	20,195	10,223
DLG022	DLG	022	2000	2D	35.06	40.00	5,347	(647)	-	(1,015)	3,684	1,865
DLG023	DLG	023	2000	2D	437.62	52.22	49,350	(5,971)	-	(12,674)	30,705	15,544
DLG024	DLG	024	2000	2D	272.59	51.38	30,522	(3,693)	-	(7,894)	18,935	9,585
DLG025	DLG	025	2000	2D	223.11	50.71	24,722	(2,991)	-	(6,461)	15,269	7,730
DLG026	DLG	026	2000	2D	167.11	50.88	17,747	(2,147)	-	(4,839)	10,760	5,447
DLG035	DLG	035	2001	2D	222.09	56.01	21,031	(2,545)	-	(6,432)	12,054	6,024

## Attachment 1 - Thinning report summary

Project/ Block	Project	Block	Year	Thinning	Volume (m³)	Area (ha)	Gross Revenue	Tax on Sales	Classification	Logistics	Net Revenue	Net Revenue (USD)
DLG036	DLG	036	2001	2D	550.40	44.82	61,548	(7,447)	-	(15,940)	38,161	19,132
DLG037	DLG	037	2001	2D	359.31	36.66	45,671	(5,526)	-	(10,406)	29,739	14,768
DLG038	DLG	038	2001	2D	452.36	33.83	61,217	(7,407)	-	(13,100)	40,709	20,608
DLG039	DLG	039	2001	2D	494.57	53.15	63,053	(7,629)	-	(14,323)	41,101	20,807
DLG040	DLG	040	2001	2D	312.90	39.15	41,189	(4,984)	-	(9,061)	27,143	13,741
DLG041B	DLG	041B	2001	2D	146.60	11.52	18,197	(2,202)	-	(4,245)	11,750	5,948
DLG042	DLG	042	2001	2D	203.33	38.64	26,873	(3,252)	-	(5,888)	17,733	8,958
DLG043	DLG	043	2001	2D	379.97	44.27	46,741	(5,656)	-	(11,004)	30,082	15,228
DLG044	DLG	044	2001	2D	429.56	55.57	47,020	(5,689)	-	(12,440)	28,891	14,429
DLG046B	DLG	046B	2001	4D	34.54	7.13	3,270	(396)	-	(1,000)	1,874	931
DLG047	DLG	047	2001	4D	80.35	54.92	7,609	(921)	-	(2,327)	4,361	2,166
DLG048	DLG	048	2001	4D	163.35	40.39	15,468	(1,872)	-	(4,730)	8,866	4,402
DLG049	DLG	049	2001	4D	264.15	42.02	27,525	(3,331)	-	(7,650)	16,545	8,298
DLG050	DLG	050	2002	4D	477.55	48.41	57,708	(6,983)	-	(13,830)	36,895	18,677
DLG051	DLG	051	2001	4D	462.50	31.08	18,676	(2,260)	-	(13,394)	3,022	1,324
DLG053	DLG	053	2001	4D	703.60	30.03	28,412	(3,438)	-	(20,376)	4,598	2,085
DLG054	DLG	054	2001	4D	1,870.30	42.41	75,525	(9,138)	-	(54,164)	12,222	5,546
DLG064	DLG	064	2001	4D	727.50	52.26	29,377	(3,555)	-	(21,068)	4,754	2,113
DLG065	DLG	065	2001	4D	670.40	58.49	27,071	(3,276)	-	(19,415)	4,381	1,916
DLG066	DLG	066	2001	4D	359.30	36.77	14,509	(1,756)	-	(10,405)	2,348	1,034
DLG083B	DLG	083B	2005	4D	54.90	7.74	2,217	(268)	-	(1,590)	359	156
DLG086	DLG	086	2005	4D	682.30	29.47	27,552	(3,334)	-	(19,759)	4,459	1,872
ICR004	ICR	004	2004	4D	949.20	48.88	38,330	(4,638)	-	(27,489)	6,203	2,793
ICR005	ICR	005	2004	4D	123.00	40.59	4,967	(601)	-	(3,562)	804	343
ICR017	ICR	017	2004	4D	319.37	36.82	30,242	(3,659)	-	(9,249)	17,334	8,608
ICR018	ICR	018	2004	4D	121.21	33.46	11,478	(1,389)	-	(3,510)	6,579	3,267
ICR019	ICR	019	2004	4D	419.46	44.64	39,720	(4,806)	-	(12,148)	22,767	11,363
K_8007	K_8	007	1995	4D	48.50	31.04	1,958	(237)	-	(1,405)	317	143
SIL007	SIL	007	1995	4D	48.53	44.09	34,407	(547)	704.09	(17,748)	15,409	7,556
SIL009	SIL	009	1995	4D	50.00	49.64	2,019	(244)	-	(1,448)	327	139
SIL014	SIL	014	1995	4D	48.18	52.15	34,160	(543)	699.02	(17,620)	15,298	7,501
SIL018	SIL	018	1995	4D	48.40	19.62	34,311	(545)	702.11	(17,698)	15,366	7,534
SMJ003A	SMJ	003A	2002	4D	23.50	49.25	16,664	(265)	340.99	(8,595)	7,462	3,807
SMJ012	SMJ	012	2002	4D	48.31	38.58	34,253	(544)	700.93	(17,668)	15,340	7,541
SMJ033	SMJ	033	2003	4D	216.75	44.87	153,669	(2,443)	3,144.56	(79,264)	68,818	33,776
SMJ034	SMJ	034	2003	4D	23.51	24.31	16,666	(265)	341.03	(8,596)	7,463	3,808
TST015	TST	015	2004	4D	338.50	14.46	38,344	(4,640)	-	(9,803)	23,902	10,231
TST016	TST	016	2004	4D	28.94	0.98	4,413	(534)	-	(838)	3,041	1,281
TST017	TST	017	2004	4D	331.29	33.08	36,836	(4,457)	-	(9,594)	22,785	9,926

## Attachment 1 - Thinning report summary

Project/ Block	Project	Block	Year	Thinning	Volume (m³)	Area (ha)	Gross Revenue	Tax on Sales	Classification	Logistics	Net Revenue	Net Revenue (USD)
TST018	TST	018	2004	4D	962.73	42.58	123,787	(14,978)	-	(27,881)	80,928	35,558
TST019	TST	019	2004	4D	154.41	4.67	16,801	(2,033)	-	(4,472)	10,296	4,479
TST020A	TST	020A	2004	4D	518.39	29.90	58,280	(7,052)	-	(15,013)	36,216	15,795
TST020C	TST	020C	2004	4D	35.71	1.67	3,381	(409)	-	(1,034)	1,938	835
TST021A	TST	021A	2004	4D	693.05	38.26	80,220	(9,707)	-	(20,071)	50,442	21,993
TST021B	TST	021B	2004	4D	202.35	9.56	23,271	(2,816)	-	(5,860)	14,595	6,350
TST024	TST	024	2004	4D	82.11	31.69	9,818	(1,188)	-	(2,378)	6,252	2,670
TST026	TST	026	2004	4D	124.64	36.81	15,024	(1,818)	-	(3,610)	9,597	4,121
TST027A	TST	027A	2004	4D	952.14	35.32	102,571	(12,411)	-	(27,574)	62,586	27,044
TST027B	TST	027B	2004	2D	231.80	8.67	23,841	(2,885)	-	(6,713)	14,243	6,116
TST028	TST	028	2004	2D	787.04	31.23	101,758	(12,313)	-	(22,793)	66,652	29,097
TST029	TST	029	2004	2D	1,156.29	40.70	126,442	(15,300)	-	(33,486)	77,657	33,446
TST030	TST	030	2004	2D	740.95	49.75	70,163	(8,490)	-	(21,458)	40,216	17,163
TST031	TST	031	2004	2D	178.78	24.81	19,043	(2,304)	-	(5,177)	11,562	4,902
TST032	TST	032	2004	2D	214.36	31.39	21,435	(2,594)	-	(6,208)	12,634	5,504
TST034	TST	034	2004	2D	821.01	40.73	96,207	(11,641)	-	(23,776)	60,789	25,620
TST036	TST	036	2004	2D	339.62	16.70	32,160	(3,891)	-	(9,835)	18,433	8,279
TST037	TST	037	2004	2D	537.99	28.29	50,945	(6,164)	-	(15,580)	29,200	13,118
TST038A	TST	038A	2004	2D	621.37	37.57	58,840	(7,120)	-	(17,995)	33,726	15,151
TST038B	TST	038B	2004	2D	67.28	2.49	6,371	(771)	-	(1,948)	3,652	1,641
TST040	TST	040	2004	2D	53.38	2.26	6,129	(742)	-	(1,546)	3,842	1,717
TST041	TST	041	2004	2D	241.03	14.27	29,848	(3,612)	-	(6,980)	19,256	8,817
TST042	TST	042	2004	2D	594.67	30.50	74,996	(9,074)	-	(17,222)	48,700	22,153
TST043	TST	043	2004	2D	134.82	3.16	17,258	(2,088)	-	(3,904)	11,266	5,141
TST044	TST	044	2004	2D	246.91	18.33	28,045	(3,393)	-	(7,150)	17,501	8,016
TST045	TST	045	2004	2D	860.18	44.07	97,934	(11,850)	-	(24,911)	61,173	26,315
TST046	TST	046	2004	2D	1,652.53	47.37	197,592	(23,909)	-	(47,857)	125,826	54,883
TST047	TST	047	2004	2D	630.38	43.54	77,441	(9,370)	-	(18,256)	49,815	22,682
TST048	TST	048	2004	2D	365.53	29.44	41,963	(5,077)	-	(10,586)	26,299	12,031
TST049	TST	049	2004	2D	767.36	42.73	86,413	(10,456)	-	(22,223)	53,734	24,703
TST050	TST	050	2004	2D	49.73	2.45	5,804	(702)	-	(1,440)	3,661	1,662
TST051A	TST	051A	2004	2D	80.33	13.86	8,747	(1,058)	-	(2,326)	5,362	2,382
TST051B	TST	051B	2004	2D	80.76	5.35	10,662	(1,290)	-	(2,339)	7,033	3,100
TST052	TST	052	2004	2D	406.46	11.79	43,989	(5,323)	-	(11,771)	26,895	11,592
TST053	TST	053	2004	2D	31.27	0.77	2,961	(358)	-	(905)	1,697	770
VDO001	VDO	001	1998	2D	313.33	19.32	222,143	(3,531)	(4,546)	(114,583)	99,483	43,305
VDO002	VDO	002	1998	2D	482.26	30.82	341,904	(5,435)	(6,996)	(176,357)	153,116	66,241
VDO003	VDO	003	1998	2D	147.16	18.14	104,331	(1,658)	(2,135)	(53,815)	46,723	20,739
VDO004	VDO	004	1998	2D	169.17	6.02	119,938	(1,907)	(2,454)	(61,865)	53,712	23,849

## Attachment 1 - Thinning report summary

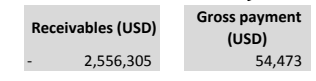
Project/ Block	Project	Block	Year	Thinning	Volume (m³)	Area (ha)	Gross Revenue	Tax on Sales	Classification	Logistics	Net Revenue	Net Revenue (USD)
VDO005	VDO	005	1998	2D	215.68	33.06	119,479	(2,111)	(2,404)	(62,035)	52,929	23,549
VDO006	VDO	006	1998	2D	542.13	45.59	319,702	(6,335)	(6,298)	(161,883)	145,186	64,656
VDO007	VDO	007	1998	2D	193.02	21.11	136,846	(2,175)	(2,800)	(70,586)	61,284	27,142
VDO012	VDO	012	1998	2D	96.40	8.48	68,345	(1,086)	(1,399)	(35,253)	30,607	13,899
VDO013	VDO	013	1998	2D	1,323.62	45.40	938,400	(14,917)	(19,203)	(484,035)	420,246	188,041
VDO014	VDO	014	1998	2D	731.42	35.73	451,690	(7,605)	(9,160)	(233,799)	201,126	86,634
VDO015	VDO	015	1998	2D	713.64	37.44	505,947	(8,043)	(10,353)	(260,972)	226,579	102,075
VDO017	VDO	017	1998	2D	241.39	10.09	171,137	(2,720)	(3,502)	(88,274)	76,641	31,905
<b>Total</b>					<b>68,733</b>		<b>15,142,857</b>	<b>(809,883)</b>	<b>(199,334)</b>	<b>(6,620,735)</b>	<b>7,512,905</b>	<b>3,556,445</b>

### Note

(\*) All amount is presented in BRL, except indicated otherwise

**Attachment 2 - Result by parcel**

Project	Year	Thinning Block	Parcels	Area (ha)	Volume (m³)	2013 Net Revenue (USD)	Past Net Revenue (USD)	Total Net Revenue (USD)	Retainer (USD)	Gross Payment (USD)	Past Payment (USD)	G&A Recovery (USD)	Past receivables (USD)	Total Net Result Before Taxes (USD)	Receivables (USD)	Gross Payment (USD)	Withholding Tax (USD)	Net Payment (USD)
BAM				597	3,924	106,678	-	106,678	106,678	-	-	85,471	-	85,471	85,471	-	-	-
BAR				1,055	10,599	237,319	83,225	320,544	320,544	-	-	190,141	19,147	209,288	209,288	-	-	-
BOC				300	1,623	202,253	1,299,676	1,501,929	749,119	752,811	581,823	166,062	10,215	5,289	36,387	31,098	4,665	26,434
BUR				191	1,047	115,328	-	115,328	115,328	-	-	92,401	-	92,401	92,401	-	-	-
CMB				477	3,900	152,622	45,798	198,420	198,420	-	-	122,282	20,224	142,506	142,506	-	-	-
CPB				456	6,242	982,188	140,063	1,122,251	851,078	271,173	24,314	786,935	2,420	542,495	565,870	23,375	3,506	19,869
DLG				2,062	17,425	463,557	13,627	477,184	477,184	-	-	371,405	6,018	377,422	377,422	-	-	-
ICR				204	1,932	26,374	137	26,511	26,511	-	-	21,131	61	21,192	21,192	-	-	-
K_8				30	49	143	2,372	2,515	2,515	-	-	115	1,047	1,162	1,162	-	-	-
SIL				166	195	22,730	124,851	147,581	147,581	-	-	18,211	55,133	73,345	73,345	-	-	-
SMJ				157	312	48,932	102,621	151,554	151,420	134	-	39,205	45,317	84,388	84,388	-	-	-
TST				901	16,316	506,284	-	506,284	506,284	-	-	405,638	-	405,638	405,638	-	-	-
VDO				373	5,169	692,037	-	692,037	598,809	93,228	-	554,464	-	461,236	461,236	-	-	-
<b>Total Geral</b>				<b>6,970</b>	<b>68,733</b>	<b>3,556,445</b>	<b>1,812,372</b>	<b>5,368,816</b>	<b>4,251,470</b>	<b>1,117,346</b>	<b>606,137</b>	<b>2,853,460</b>	<b>159,581</b>	<b>2,501,832</b>	<b>2,556,305</b>	<b>54,473</b>	<b>8,171</b>	<b>46,302</b>





## **Notes to the thinning report summary and results by parcel**

### **1 Operations**

Floresteca S.A. was incorporated on January 12, 1994 and is headquartered in the Municipality of Jangada, State of Mato Grosso - MT, Brazil. The main operations of Floresteca S.A. are carried out in various municipalities of the State of Mato Grosso - MT and its main activities comprise the forestation, planting, felling and clearing of *Tectona Grandis* (Teak) forests owned by third parties.

### **2 Purpose of presentation**

Statements of income were prepared for the purpose of demonstrating to the investors who hold an interest in the volumes, gross sales revenues, taxes on sales revenues, direct selling expenses and net revenue in Real and Dolar for the year ended December 31, 2013.

### **3 Accounting practices**

The schedule presented in Statements of income and Stock of rough-thinning has been prepared in accordance with the accounting practices described below.

#### **a. Sales revenues**

Revenues from the sale of the rough-thinning are recorded on the accrual basis of accounting, as of the date on which the rough-thinning is delivered to customers and the Company is entitled to invoice them. The amounts presented for the specified blocks of land presented in Statements of income corresponds to the projects in the specific thinning cycle period included in year ended December 31, 2013.

#### **b. Taxes on sales revenues**

Taxes on sales revenues, presented as a deduction from gross sales revenues, were recognized considering the prevailing tax rates for each of the following taxes and contributions:

- Rural Workers' Assistant Fund - FUNRURAL
- State Transportation and Housing Fund - FETHAB
- Social Integration Program - PIS
- Social Contribution on Revenues - COFINS
- State Value-Added Tax on Sales and Services - ICMS

#### **c. Logistics**

Logistics costs to transport the log and firewood from Floresteca's farms to the customer final destination.

#### **d. Classification**

Direct expense incurred to classify the logs by a specific size, diameter and quality.

**e. SG&A**

Selling, general and administrative expenses incurred in Floresteca's to manage the company and its plantations.

**f. Translation of Brazilian Reais to US dollars**

The net sales revenue amounts presented in U.S. dollars in Statements of income were determined by the conversion from real to dolar in a daily basis, in accordance with the official rates from Brazil Central Bank. These translations are being presented for the convenience of the reader only.

\* \* \*

**Board of directors**

Sylvio de Andrade Coutinho Neto  
Laurentis Petrus Antonius Brouns  
Hendrik Cornelis Van Druten

**Executive board**

Sylvio de Andrade Coutinho Neto  
Chief Executive Officer

Fausto Hissashi Takizawa  
Director

**Accountant**

Paulo Henrique Silveira da Silva  
CRC MT - 008951/O-8