



**JBS S.A.**  
**Condensed financial statements and Independent auditors'**  
**report**  
As of March 31, 2017 and 2016



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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

To the  
Shareholders, Board of Directors and Management of  
JBS S.A.  
São Paulo - SP

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information of JBS S.A. ("Company"), contained in the Quarterly Financial Information - ITR, identified as Company and Consolidated, respectively, for the quarter ended March 31, 2017, which comprise the, individual and consolidated, balance sheet as at March 31, 2017 and the related, individual and consolidated, statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as a summary of the significant accounting practices and other notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) - Demonstração Intermediária and with the International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of these interim financial information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with Brazilian and International Standard on Review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the Quarterly Financial information - ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to Quarterly Financial Information - ITR and presented in accordance with the standards issued by the CVM.



### Emphasis

- a. We draw attention to Note 1 to the Quarterly Information which discloses information on the events, measures taken by the Company and possible results of investigations in progress. Our conclusion is not modified in respect of this matter.
- b. We draw attention to Note 2 to the individual and consolidated interim financial information, which describes the restatement of the individual and consolidated interim financial information of the Company for the quarter ended March 31, 2016, due to the correction of errors and review of certain accounting practices related to the matters described in the mentioned note. Our conclusion is not modified in respect of this matter.

### Other issues

#### Interim statements of value added

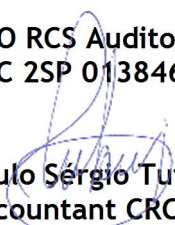
We have also reviewed the, individual and consolidated, statements of value added for the three-month period ended March 31, 2017, prepared under the responsibility of the Company's management, whose disclosure in the interim financial information is required in accordance with the standards issued by the CVM applicable to the preparation of the Quarterly Financial Information - ITR and considered as supplemental information under IFRS - International Financial Accounting Standards, which do not require the presentation of the Statement of Value Added. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they have not been fairly stated, in all material respects, in a manner consistent with the individual and consolidated interim financial information taken as a whole.

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

São Paulo, May 15, 2017.



**BDO RCS Auditores Independentes SS**  
**CRC 2SP 013846/O-1**

  
**Paulo Sérgio Tufani**  
**Accountant CRC 1 SP 124504/O-9**

**JBS S.A.**

**Statements of financial position  
In thousands of Brazilian Reais - R\$**

	Note	Company		Consolidated	
		March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	5,636,370	4,712,796	10,744,308	9,355,622
Trade accounts receivable	5	1,887,853	2,767,655	8,085,940	9,589,185
Inventories	6	1,901,013	1,673,501	10,386,576	9,608,474
Biological assets	7	-	-	2,672,662	2,673,113
Recoverable taxes	8	698,885	698,885	1,732,118	1,677,791
Derivative assets	22	590	-	43,163	38,250
Other current assets		342,362	369,246	930,426	977,370
<b>TOTAL CURRENT ASSETS</b>		<b>10,467,073</b>	<b>10,222,083</b>	<b>34,595,193</b>	<b>33,919,805</b>
<b>NON-CURRENT ASSETS</b>					
Biological assets	7	-	-	984,055	977,040
Recoverable taxes	8	2,958,316	2,948,627	4,678,773	4,718,535
Related party receivables	9	2,672,085	5,231,553	1,135,006	1,315,526
Investments in associates, subsidiaries and joint ventures	10	16,782,051	16,334,231	364,441	362,627
Property, plant and equipment	11	11,445,521	11,475,628	33,577,814	33,110,891
Deferred income taxes		-	-	501,301	454,117
Intangible assets	12	47,985	46,494	5,194,017	5,012,095
Goodwill	13	9,085,970	9,085,970	22,094,804	21,916,694
Other non-current assets		453,320	455,627	1,065,497	1,028,433
<b>TOTAL NON-CURRENT ASSETS</b>		<b>43,445,248</b>	<b>45,578,130</b>	<b>69,595,708</b>	<b>68,895,958</b>
<b>TOTAL ASSETS</b>		<b>53,912,321</b>	<b>55,800,213</b>	<b>104,190,901</b>	<b>102,815,763</b>

The accompanying notes are an integral part of the interim condensed financial statements.

**JBS S.A.**
**Statements of financial position  
In thousands of Brazilian Reais - R\$**

	Note	Company		Consolidated	
		March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Trade accounts payable		1,529,075	2,050,265	9,651,414	10,716,987
Loans and financing	14	10,665,667	12,281,028	17,872,941	18,148,818
Accrued income taxes and other taxes		167,249	165,030	452,559	500,930
Accrued payroll and social charges		396,420	412,296	2,317,482	2,595,381
Dividends payable		90,458	90,503	90,458	90,503
Other financial liabilities		7,659	7,659	152,701	161,114
Derivative liabilities	22	-	-	177,093	133,125
Other current liabilities		714,935	684,898	834,603	1,001,766
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,571,463</b>	<b>15,691,679</b>	<b>31,549,251</b>	<b>33,348,624</b>
<b>NON-CURRENT LIABILITIES</b>					
Loans and financing	14	13,651,216	14,021,384	40,677,350	38,111,596
Accrued income taxes and other taxes		60,329	71,841	215,146	228,752
Accrued payroll and social charges		-	-	416,394	437,218
Other financial liabilities		29,777	31,427	78,777	102,145
Deferred income taxes		2,027,677	1,935,493	3,915,815	3,828,080
Provisions	16	236,723	222,407	1,287,006	1,245,239
Other non-current liabilities		50,455	54,657	598,012	599,482
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>16,056,177</b>	<b>16,337,209</b>	<b>47,188,500</b>	<b>44,552,512</b>
<b>EQUITY</b>					
Share capital - common shares	17	23,576,206	23,576,206	23,576,206	23,576,206
Capital reserve		(134,549)	(1,743,893)	(134,549)	(1,743,893)
Other reserves		71,612	73,516	71,612	73,516
Profit reserves		3,458,025	5,045,937	3,458,025	5,045,937
Accumulated other comprehensive income (loss)		(3,110,808)	(3,180,441)	(3,110,808)	(3,180,441)
Retained earnings		424,195	-	424,195	-
<b>Attributable to company shareholders</b>		<b>24,284,681</b>	<b>23,771,325</b>	<b>24,284,681</b>	<b>23,771,325</b>
<b>Attributable to non-controlling interest</b>		<b>-</b>	<b>-</b>	<b>1,168,469</b>	<b>1,143,302</b>
<b>TOTAL EQUITY</b>		<b>24,284,681</b>	<b>23,771,325</b>	<b>25,453,150</b>	<b>24,914,627</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>53,912,321</b>	<b>55,800,213</b>	<b>104,190,901</b>	<b>102,815,763</b>

The accompanying notes are an integral part of the interim condensed financial statements.

**JBS S.A.**
**Statements of income (loss) for the three month periods ended March 31, 2017 and 2016**  
**In thousands of Brazilian Reais - R\$**

	Note	Company		Consolidated	
		2017	2016	2017	2016
<b>NET REVENUE</b>	18	<b>6,030,384</b>	<b>6,839,758</b>	<b>37,616,352</b>	<b>43,911,939</b>
Cost of sales		(5,175,930)	(5,098,763)	(33,195,380)	(39,148,148)
<b>GROSS PROFIT</b>		<b>854,454</b>	<b>1,740,995</b>	<b>4,420,972</b>	<b>4,763,791</b>
General and administrative expenses		(517,857)	(443,464)	(1,289,212)	(1,227,613)
Selling expense		(479,198)	(746,764)	(2,069,466)	(2,678,493)
Other expense		-	-	(7,774)	-
Other income		1,501	1,479	29,722	104,703
<b>OPERATING EXPENSE</b>		<b>(995,554)</b>	<b>(1,188,749)</b>	<b>(3,336,730)</b>	<b>(3,801,403)</b>
<b>OPERATING PROFIT</b>		<b>(141,100)</b>	<b>552,246</b>	<b>1,084,242</b>	<b>962,388</b>
Finance income	19	760,035	2,017,774	525,505	2,100,015
Finance expense	19	(414,053)	(5,915,724)	(936,269)	(6,865,290)
		<u>345,982</u>	<u>(3,897,950)</u>	<u>(410,764)</u>	<u>(4,765,275)</u>
Share of profit of equity-accounted investees, net of tax	10	309,593	(501,732)	1,815	295
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>514,475</b>	<b>(3,847,436)</b>	<b>675,293</b>	<b>(3,802,592)</b>
Current income taxes	15	731	466	(132,147)	(72,858)
Deferred income taxes	15	(92,915)	1,105,808	(56,970)	1,230,806
		<u>(92,184)</u>	<u>1,106,274</u>	<u>(189,117)</u>	<u>1,157,948</u>
<b>NET INCOME (LOSS)</b>		<b>422,291</b>	<b>(2,741,162)</b>	<b>486,176</b>	<b>(2,644,644)</b>
<b>ATTRIBUTABLE TO:</b>					
Company shareholders				422,291	(2,741,162)
Non-controlling interest				63,885	96,518
				<u>486,176</u>	<u>(2,644,644)</u>
<b>Basic earnings per share - common shares (R\$)</b>	20	<b>0.15</b>	<b>(0.97)</b>	<b>0.15</b>	<b>(0.97)</b>
<b>Diluted earnings per share - common shares (R\$)</b>	20	<b>0.15</b>	<b>(0.97)</b>	<b>0.15</b>	<b>(0.97)</b>

The accompanying notes are an integral part of the interim condensed financial statements.

JBS S.A.

Statements of comprehensive income for the three month period ended March 31, 2017 and 2016  
In thousands of Brazilian Reais - R\$

	Reference	Company		Consolidated	
		2017	2016	2017	2016
Net income (loss)	IS	422,291	(2,741,162)	486,176	(2,644,644)
<b>Other comprehensive income (loss)</b>					
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Foreign currency translation adjustments	SCSE	69,633	(1,127,656)	43,581	(1,280,571)
<b>Total other comprehensive income (loss)</b>		<b>69,633</b>	<b>(1,127,656)</b>	<b>43,581</b>	<b>(1,280,571)</b>
<b>Comprehensive income (loss)</b>		<b>491,924</b>	<b>(3,868,818)</b>	<b>529,757</b>	<b>(3,925,215)</b>
<b>Total comprehensive income (loss) attributable to:</b>					
Company shareholders	SCSE	491,924	(3,868,818)	491,924	(3,868,818)
Non-controlling interest	SCSE	-	-	37,833	(56,397)
		<b>491,924</b>	<b>(3,868,818)</b>	<b>529,757</b>	<b>(3,925,215)</b>

The accompanying notes are an integral part of the interim condensed financial statements.





**JBS S.A.**

**Statements of changes in equity for the three month period ended March 31, 2017 and 2016**

**In thousands of Brazilian Reals - R\$**

	Note	Capital reserves					Other reserves	Profit reserves		Other comprehensive income		Retained earnings (loss)	Total	Non-controlling interest	Total equity
		Share capital	Premium on issue of shares	Capital transaction <sup>(1)</sup>	Stocks option	Treasury shares		Legal	Investments statutory	VAE <sup>(2)</sup>	ATA <sup>(3)</sup>				
<b>DECEMBER 31, 2015</b>		<b>23,576,206</b>	<b>211,879</b>	<b>(141,751)</b>	<b>42,213</b>	<b>(903,571)</b>	<b>81,066</b>	<b>423,861</b>	<b>4,333,076</b>	<b>205,576</b>	<b>200,688</b>	-	<b>28,029,243</b>	<b>1,592,135</b>	<b>29,621,378</b>
Net income (loss)		-	-	-	-	-	-	-	-	-	-	(2,741,162)	(2,741,162)	96,518	(2,644,644)
Comprehensive income (loss)		-	-	-	-	-	-	-	-	(9,410)	(1,118,246)	-	(1,127,656)	(152,915)	(1,280,571)
<b>Total comprehensive income (loss)</b>		-	-	-	-	-	-	-	-	<b>(9,410)</b>	<b>(1,118,246)</b>	<b>(2,741,162)</b>	<b>(3,868,818)</b>	<b>(56,397)</b>	<b>(3,925,215)</b>
Purchase of treasury shares	17	-	-	-	-	(821,139)	-	-	-	-	-	-	(821,139)	-	(821,139)
Stock option exercise	17	-	-	-	3,311	-	-	-	-	-	-	-	3,311	-	3,311
Share-based compensation	17	-	-	-	41,838	-	-	-	-	-	-	-	41,838	(2,287)	39,551
Treasury shares used in stock option plan	17	-	-	-	(53,222)	55,677	-	-	(2,455)	-	-	-	-	-	-
Realization other reserves	17	-	-	-	-	-	(1,189)	-	-	-	-	1,189	-	-	-
Others		-	-	(4,324)	-	-	-	-	-	-	-	-	(4,324)	-	(4,324)
<b>MARCH 31, 2016</b>		<b>23,576,206</b>	<b>211,879</b>	<b>(146,075)</b>	<b>34,140</b>	<b>(1,669,033)</b>	<b>79,877</b>	<b>423,861</b>	<b>4,330,621</b>	<b>196,166</b>	<b>(917,558)</b>	<b>(2,739,973)</b>	<b>23,380,111</b>	<b>1,533,451</b>	<b>24,913,562</b>
<b>DECEMBER 31, 2016</b>		<b>23,576,206</b>	<b>211,879</b>	<b>(404,683)</b>	<b>74,421</b>	<b>(1,625,510)</b>	<b>73,516</b>	<b>442,661</b>	<b>4,603,276</b>	<b>197,069</b>	<b>(3,377,510)</b>	-	<b>23,771,325</b>	<b>1,143,302</b>	<b>24,914,627</b>
Net income		-	-	-	-	-	-	-	-	-	-	422,291	422,291	63,885	486,176
Comprehensive income (loss)		-	-	-	-	-	-	-	-	(3,894)	73,527	-	69,633	(26,052)	43,581
<b>Total comprehensive income (loss)</b>		-	-	-	-	-	-	-	-	<b>(3,894)</b>	<b>73,527</b>	<b>422,291</b>	<b>491,924</b>	<b>37,833</b>	<b>529,757</b>
Cancellation treasury shares	17	-	-	-	-	1,539,573	-	-	(1,539,573)	-	-	-	-	-	-
Share-based compensation	17	-	-	28,616	25,007	-	-	-	-	-	-	-	53,623	977	54,600
Treasury shares used in stock option plan	17	-	-	-	(37,598)	85,937	-	-	(48,339)	-	-	-	-	-	-
Realization other reserves	17	-	-	-	-	-	(1,904)	-	-	-	-	1,904	-	-	-
PPC share repurchase		-	-	(32,191)	-	-	-	-	-	-	-	-	(32,191)	(13,634)	(45,825)
Others		-	-	-	-	-	-	-	-	-	-	-	-	(9)	(9)
<b>MARCH 31, 2017</b>		<b>23,576,206</b>	<b>211,879</b>	<b>(408,258)</b>	<b>61,830</b>	-	<b>71,612</b>	<b>442,661</b>	<b>3,015,364</b>	<b>193,175</b>	<b>(3,303,983)</b>	<b>424,195</b>	<b>24,284,681</b>	<b>1,168,469</b>	<b>25,453,150</b>

<sup>(1)</sup> Refers to changes in the equity of investees arising from PPC's share repurchase and share-based compensation.

<sup>(2)</sup> Valuation adjustments to equity;

<sup>(3)</sup> Accumulated translation adjustments and exchange variation in subsidiaries.

The accompanying notes are an integral part of the interim condensed financial statements.



**JBS S.A.**  
**Statements of cash flows for the three month period ended March 31, 2017 and 2016**  
**In thousands of Brazilian Reais - R\$**

	Notes	Company		Consolidated	
		2017	2016	2017	2016
<b>Cash flows from operating activities</b>					
Net income (loss)		422,291	(2,741,162)	486,176	(2,644,644)
<b>Adjustments for:</b>					
Depreciation and amortization	7, 11 and 12	179,296	168,618	1,056,219	1,165,855
Allowance for doubtful accounts	5	5,091	7,286	8,848	27,047
Share of profit of equity-accounted investees	10	(309,593)	501,732	(1,815)	(295)
(Gain) loss on assets sales		(1,411)	(933)	5,599	(60,458)
Tax expense	15	92,184	(1,106,274)	189,117	(1,157,948)
Finance expense (income), net	19	(345,982)	3,897,950	410,764	4,765,275
Share-based compensation	17	25,007	41,838	54,600	39,551
Provisions	16	14,316	5,689	42,445	22,397
		<u>81,199</u>	<u>774,744</u>	<u>2,251,953</u>	<u>2,156,780</u>
<b>Changes in assets and liabilities:</b>					
Trade accounts receivable		732,714	137,688	1,048,901	940,460
Inventories		(227,512)	132,869	(799,050)	(155,768)
Recoverable taxes		(9,690)	(44,295)	1,482	(403,515)
Other current and non-current assets		26,529	125,112	(131,485)	53,668
Biological assets		-	-	(257,506)	(474,324)
Trade accounts payable		(513,822)	(373,196)	(978,383)	(1,541,100)
Other current and non-current liabilities		(39,911)	(250,025)	(551,887)	(451,294)
		<u>(31,692)</u>	<u>(271,847)</u>	<u>(1,667,928)</u>	<u>(2,031,873)</u>
<b>Changes in operating assets and liabilities</b>					
Interest paid		(345,109)	(341,323)	(806,613)	(784,278)
Interest received	19	254,667	366,774	73,168	246,040
Income taxes paid		-	-	(136,017)	(688,617)
		<u>(40,935)</u>	<u>528,348</u>	<u>(285,437)</u>	<u>(1,101,948)</u>
<b>Net cash provided by (used in) operating activities</b>					
<b>Cash flow from investing activities</b>					
Purchases of property, plant and equipment	11	(157,493)	(70,152)	(788,347)	(840,083)
Purchases of intangible assets	12	(3,437)	-	(5,412)	-
Proceeds from sale of property, plant and equipment	11	11,661	-	22,635	83,120
Additional investments in associates, joint-ventures and subsidiaries	10	-	(2,347)	-	-
Acquisitions, net of cash acquired	3	-	-	(1,125,088)	(130,000)
Dividends received from associates and joint-ventures	10	78,291	-	-	-
Related party transactions	9	2,053,138	386,560	153,462	10,008
		<u>1,982,160</u>	<u>314,061</u>	<u>(1,742,750)</u>	<u>(876,955)</u>
<b>Net cash provided by (used in) investing activities</b>					
<b>Cash flow from financing activities</b>					
Proceeds from loans and financings		1,899,352	4,863,539	16,035,327	10,203,716
Payments of loans and financings		(2,900,952)	(3,430,940)	(12,603,146)	(7,047,592)
Derivatives received	22	-	-	88,204	-
Settlement of derivative instruments	22	(4,015)	(3,475,670)	(24,019)	(3,356,263)
Stock option premium received upon exercise		-	3,311	-	3,311
PPC share repurchase		-	-	(45,825)	(4,324)
Purchase of treasury shares	17	-	(821,139)	-	(821,139)
Others		-	-	(9)	-
		<u>(1,005,615)</u>	<u>(2,860,899)</u>	<u>3,450,532</u>	<u>(1,022,291)</u>
<b>Net cash provided by (used in) financing activities</b>					
<b>Effect of exchange rate changes on cash and cash equivalents</b>					
		(12,036)	-	(33,659)	(555,566)
Net change in cash and cash equivalents		923,574	(2,018,490)	1,388,686	(3,556,760)
Cash and cash equivalents beginning of period		4,712,796	11,257,943	9,355,622	18,843,988
<b>Cash and cash equivalents at the end of period</b>		<u>5,636,370</u>	<u>9,239,453</u>	<u>10,744,308</u>	<u>15,287,228</u>

**Non-cash transactions:**

	Notes	Company		Consolidated	
		2017	2016	2017	2016
Increase in subsidiaries' investments through assumption of credit	10	111,986	-	-	-
Negative investment transference		38,474	28,885	-	-
Treasury shares cancellation	17	1,539,573	-	1,539,573	-
Payments of loans through settlement of related parties		394,612	-	-	-

The accompanying notes are an integral part of the interim condensed financial statements.

**JBS S.A.**
**Economic value added for the three month period ended March 31, 2017 and 2016  
In thousands of Brazilian Reais - R\$**

	Company		Consolidated	
	2017	2016	2017	2016
<b>Revenue</b>				
Sales of goods and services	6,168,156	7,169,284	38,098,824	44,581,162
Other income	3,119	2,670	3,618	84,255
Allowance for doubtful accounts	(5,091)	(7,286)	(8,848)	(27,047)
	<b>6,166,184</b>	<b>7,164,668</b>	<b>38,093,594</b>	<b>44,638,370</b>
<b>Goods</b>				
Cost of services and goods sold	(4,538,518)	(4,229,440)	(24,554,087)	(29,329,364)
Materials, energy, services from third parties and others	(815,657)	(1,154,563)	(6,034,774)	(6,959,143)
	<b>(5,354,175)</b>	<b>(5,384,003)</b>	<b>(30,588,861)</b>	<b>(36,288,507)</b>
<b>Gross added value</b>	<b>812,009</b>	<b>1,780,665</b>	<b>7,504,733</b>	<b>8,349,863</b>
<b>Depreciation and Amortization</b>	<b>(179,296)</b>	<b>(168,618)</b>	<b>(1,056,219)</b>	<b>(1,165,855)</b>
<b>Net added value generated</b>	<b>632,713</b>	<b>1,612,047</b>	<b>6,448,514</b>	<b>7,184,008</b>
<b>Net added value by transfer</b>				
Share of profit of equity-accounted investees, net of tax	309,593	(501,732)	1,815	295
Financial income	760,035	4,288,635	525,505	4,344,029
Others	(5,425)	(6,055)	15,564	27,230
<b>NET ADDED VALUE TOTAL TO DISTRIBUTION</b>	<b>1,696,916</b>	<b>5,392,895</b>	<b>6,991,398</b>	<b>11,555,562</b>
<b>DISTRIBUTION OF ADDED VALUE</b>				
<b>Labor</b>				
Salaries	464,579	609,095	3,758,395	4,319,394
Benefits	58,552	49,209	671,365	796,678
FGTS (Brazilian Labor Social Charge)	28,377	23,775	61,872	57,349
	<b>551,508</b>	<b>682,079</b>	<b>4,491,632</b>	<b>5,173,421</b>
<b>Taxes and contribution</b>				
Federal	119,441	(1,048,473)	374,136	(939,913)
State	131,546	285,493	311,953	461,350
Municipal	4,803	5,056	9,354	11,868
	<b>255,790</b>	<b>(757,924)</b>	<b>695,443</b>	<b>(466,695)</b>
<b>Capital Remuneration from third parties</b>				
Interests and exchange variation	406,087	8,164,905	920,728	9,072,254
Rents	53,929	31,827	200,883	194,035
Others	7,311	13,170	196,536	227,191
	<b>467,327</b>	<b>8,209,902</b>	<b>1,318,147</b>	<b>9,493,480</b>
<b>Owned capital remuneration</b>				
Net income attributable to company shareholders	422,291	(2,741,162)	422,291	(2,741,162)
Non-controlling interest	-	-	63,885	96,518
	<b>422,291</b>	<b>(2,741,162)</b>	<b>486,176</b>	<b>(2,644,644)</b>
<b>ADDED VALUE TOTAL DISTRIBUTED</b>	<b>1,696,916</b>	<b>5,392,895</b>	<b>6,991,398</b>	<b>11,555,562</b>

The accompanying notes are an integral part of the interim condensed financial statements.

## JBS S.A.

Notes to the quarterly interim condensed financial statements for the three months period ended March 31, 2017 and 2016  
(Expressed in thousands of Brazilian reais)

### 1 Operating activities

JBS S.A. ("JBS" or the "Company"), is a company listed on the "Novo Mercado" segment of the São Paulo Stock Exchange (BM&FBOVESPA S.A. - *Bolsa de Valores, Mercadorias & Futuros*) under the ticker symbol "JBSS3". JBS also trades its American Depository Receipts over-the-counter under the symbol "JBSAY". The Company's registered office is Avenida Marginal Direita do Tietê, 500, Vila Jaguara, São Paulo, Brazil.

The issuance of these interim condensed consolidated financial statements was authorized by the Board of Directors in May 15th, 2017.

The Company and its subsidiaries ("Company" or "Consolidated") is the world's largest company in processing animal protein as measured by total revenue.

The interim condensed financial statements presented herein include the Company's individual operations in Brazil as well as the activities of its subsidiaries.

#### Main events that occurred during the period:

- **Acquisition of GNP Group:**

In January 2017, the Company's indirect subsidiary PPC (Pilgrim's Pride Corporation), acquired 100% of the membership interest of JFC LLC and subsidiaries (together, GNP), as described in Note 3, Business Combination.

- **Cancellation of treasury shares:**

In February 2017, the Board of Directors approved a new share buyback program and the cancellation of 128,110,093 shares held as treasury shares, in accordance with note 17.

- **Refinancing of loans:**

Also in February 2017, the Company's indirect subsidiary, JBS USA Lux S.A., has entered into an agreement to raise R\$ 9 billion (US\$2.8 billion) through a Senior Secured Term Loan B Facility ("Term Loan"), due in October 30, 2022. We used a portion of the proceeds from the new term loan to repay in full our R\$1.3 billion (US\$408 million) JBS Lux term loan maturing in 2018, our R\$1.6 billion (US\$486 million) JBS Lux term loan maturing in 2020 and our R\$3.8 billion (US\$1.19 billion) JBS Lux term loan maturing in 2022. The remaining original issue discount of R\$29,613 (US\$9.4 million) was expensed and is included in interest expense, see Note 19 Finance income (expense), net.

- **Acquisition of Plumrose:**

In March 2017, the Company's indirect subsidiary JBS USA Lux S.A., entered into a Share Purchase Agreement with Danish Crown A/S (Danish Crown), which established the terms and conditions for the acquisition of Plumrose USA (Plumrose) in USA. The operation was approved by the both Boards of Directors of Danish Crown and JBS and is subject to the usual approvals, including approval by the competition authorities of the United States of America, as described in Note 3, Business Combination. This acquisition was concluded in May 1, 2017.

- **Operation Weak Flesh:**

Also in March 2017, it became public that the Brazilian authorities announced an investigation of the meat industry in Brazil, through an operation called "Operation Weak Flesh - *Operação Carne Fraca*", in which the Brazilian federal police carried out search and seizure raids at more than 30 beef and poultry processing facilities throughout Brazil. The judge of the 14<sup>th</sup> Federal Court of Justice of Curitiba, Paraná issued a summons to the 59 reported individuals to present their preliminary defenses. Only after an analysis of all of the presented defenses will the judge decide whether to proceed with a criminal trial for some or all of the 59 individuals who have been charged. Significant impacts are not expected in the Company's operations, therefore no provision has been recorded in accordance to CPC 25.

#### Subsequent event

On May 11, 2017, the 4th phase of operation "Lama Asfáltica", which is related to tax incentives granted by the state of Mato Grosso do Sul, Brazil, started. The Company states that had no access to the injunctions and as soon as it does, will take the necessary measures.

On May 12, 17, the Brazil federal police launched "Operation Bullish", an investigation into loans made by the National Economic and Social Development Bank (BNDES) through its subsidiary BNDESPAR. The Company states that together with its executives it has been voluntarily providing information on this subject of the investigation and have been available to the authorities for necessary clarifications. Nevertheless, as a precautionary measure, it was determined that "the Company shareholders do not engage any change in its existing corporate structure". The Company states that had no access to the injunctions and as soon as it does, will take the necessary measures.

### 2 Basis of preparation

The interim condensed financial statements (consolidated and individual) have been prepared in accordance with IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The information does not meet all disclosure requirements for the presentation of full annual financial statements and thus should be read in conjunction with the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended December 31, 2016. To avoid duplication of disclosures which are included in the annual financial statements, the following notes were not subject to full filling:

- Operating activities (Note 1)
- Business combination (Note 3)
- Property, plant and equipment (Note 11)
- Intangible assets (Note 12)
- Goodwill (Note 13)
- Trade accounts payable (Note 14)
- Loans and financing (Note 15)
- Operating and finance leases (Note 16)
- Accrued income and other taxes (Note 17)
- Accrued payroll and social charges (Note 18)
- Dividends payable (Note 19)
- Other financial liabilities (Note 20)
- Expense by nature (Note 28)
- Risk management and financial instruments (Note 30)

The Company's financial statements are presented in accordance with the technical guidance OCPC 07, which addresses the basic requirements for elaboration and disclosure that should be observed when disclosing the financial accounting reports, especially those contained in the accompanying notes. In summary, it suggests a disclosure in light of the relevance of the information, considering qualitative, quantitative characteristics and risks for the entity.



**JBS S.A.**

Notes to the quarterly interim condensed financial statements for the three months period ended March 31, 2017 and 2016  
(Expressed in thousands of Brazilian reais)

The presentation of our financial condition and results of operation requires that certain judgments and estimates be made regarding the effects of matters that are inherently uncertain and that impact the carrying value of assets and liabilities. Significant assets and liabilities that are subject to these estimates include the useful life of the property, plant and equipment, estimated fair value and value in-use of long-lived assets, allowance for doubtful accounts, inventories, deferred income taxes, provisions for tax, civil, and labor liabilities, determining the fair value of financial instruments (assets and liabilities) and other similar estimates. The settlement of a transaction involving these estimates may result in values that are different from those estimated. Certain of our accounting policies require higher degrees of judgment than others in their application. Actual results may differ from those estimated depending upon the variables, assumptions or conditions used by management.

There were no significant changes in the accounting policies, judgments and estimates of the interim condensed consolidated financial statements for the three months period ended March 31, 2017, as well as in the calculation methods used in relation to those presented in the financial statements for the year ended December 31, 2016.

**Functional and representation currency**

These interim condensed consolidated and individual financial statements are presented in Brazilian Reais (R\$), which is the Company's presentation and functional currency. All financial information is presented in thousands of Reais, except when otherwise indicated.

**Restatement of previously issued financial statements:**

The Board of Directors has concluded to restate the three months period ended March 31, 2016 for correction of its presentation related to financial transactions with related parties in the statements of cash flow, in accordance with CPC 23/IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The Company emphasizes that these restatements have no effect on its previously reported net income or earnings per share.

**Company**

CASH FLOW	Previously Published	Adjustments	Restated
	March 31, 2016		March 31, 2016
Related party transactions	386,560	(386,560)	-
<b>Operating activities</b>	<b>914,908</b>	<b>(386,560)</b>	<b>528,348</b>
Related party transactions	-	386,560	386,560
<b>Investing activities</b>	<b>(72,499)</b>	<b>386,560</b>	<b>314,061</b>

**Consolidated**

CASH FLOW	Previously Published	Adjustments	Restated
	March 31, 2016		March 31, 2016
Related party transactions	10,008	(10,008)	-
<b>Operating activities</b>	<b>(1,091,939)</b>	<b>(10,008)</b>	<b>(1,101,948)</b>
Related party transactions	-	10,008	10,008
<b>Investing activities</b>	<b>(886,963)</b>	<b>10,008</b>	<b>(876,955)</b>

**3 Business Combination**

In January, 2017, the Company's indirect subsidiary PPC, acquired 100.0% of the membership interest of JFC, LLC and its subsidiaries (together, "GNP") for a cash purchase of R\$1.1 billion (US\$357 million), subject to customary working capital adjustments. GNP is a vertically integrated poultry business based in the state of Minnesota, United States of America. The acquired business has a production capacity of 2.1 million birds per five-day work week in its three plants and further strengthens the Company's strategic position in the U.S chicken market. The goodwill generated in this business acquisition is eligible to be deducted for tax purposes in the United States of America.

The assets acquired and liabilities assumed in the significant business combinations noted above were measured at their fair values as set forth below:

**FAIR VALUE**

	<b>GNP</b>
Cash and cash equivalents	31
Trade accounts receivable	57,703
Inventories	96,906
Biological assets	79,641
Other assets	12,957
Property, plant and equipment	422,955
Intangible assets	268,014
<b>ASSETS</b>	<b>938,207</b>
Trade accounts payable	82,831
Other liabilities	42,102
<b>LIABILITIES</b>	<b>124,933</b>
<b>Net assets and liabilities</b>	<b>813,274</b>
Acquisition price <sup>(1)</sup>	1,117,127
<b>Goodwill</b>	<b>303,853</b>

<sup>(1)</sup> The GNP acquisition price includes a R\$7.9 million (US\$2.5 million) receivable from the seller for additional working capital adjustments.

The individual net revenue and net income from the acquisition date through each period end for all business combinations are presented below:

**JBS S.A.**

Notes to the quarterly interim condensed financial statements for the three months period ended March 31, 2017 and 2016  
(Expressed in thousands of Brazilian reais)

Company	2017	
	Net revenue	Net income
GNP	306,547	14,467

**Plumrose:**

In March, 2017, the Company's indirect subsidiary, JBS USA Lux S.A entered into an agreement to acquire Plumrose USA ("Plumrose") from Danish Crown A/S for a cash purchase price of R\$727,191 million (US\$230 million) subject to customary working capital adjustments. Plumrose is a US-based bacon, ham and deli meat business that provides branded, cooked and prepared foods. Plumrose operates five prepared foods facilities and two distribution centers offering branded, prepared foods directly to consumers. The acquisition expands the Company's presence in the prepared foods and branded product categories and it was closed in May 1, 2017.

**4 Cash and cash equivalents**

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Cash on hand and at banks	2,321,204	2,024,404	4,867,761	5,608,922
CDB (bank certificates of deposit)	3,315,166	2,688,392	5,876,547	3,746,700
	<b>5,636,370</b>	<b>4,712,796</b>	<b>10,744,308</b>	<b>9,355,622</b>

**5 Trade accounts receivable**

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Current receivables	1,736,679	2,438,141	6,968,669	8,415,098
Overdue receivables:				
From 1 to 30 days	140,323	167,629	923,456	791,597
From 31 to 60 days	36,732	179,443	112,642	270,548
From 61 to 90 days	17,613	31,686	80,869	97,132
Above 90 days	80,683	75,693	250,879	267,754
Allowance for doubtful accounts	(119,859)	(119,859)	(244,644)	(238,084)
Present value adjustment	(4,318)	(5,078)	(5,931)	(14,860)
	<b>151,174</b>	<b>329,514</b>	<b>1,117,271</b>	<b>1,174,087</b>
	<b>1,887,853</b>	<b>2,767,655</b>	<b>8,085,940</b>	<b>9,589,185</b>

**6 Inventories**

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Finished products	1,198,452	953,077	6,397,192	5,741,792
Work in process	376,781	379,173	867,586	810,131
Raw materials	146,731	166,132	1,367,388	1,376,927
Warehouse spare parts	179,049	175,119	1,754,410	1,679,624
	<b>1,901,013</b>	<b>1,673,501</b>	<b>10,386,576</b>	<b>9,608,474</b>

**7 Biological assets**

Changes in biological assets:	Consolidated	
	Current	Non-current
<b>Balance at December 31, 2016</b>	<b>2,673,113</b>	<b>977,040</b>
Increase by reproduction (born) and cost to reach maturity	5,352,078	405,779
Reduction for slaughter, sale or consumption	(6,188,536)	(39,218)
Increase by purchase	599,255	114,699
Decrease by death	(2,291)	(4,586)
Fair value adjustments, net	20,324	-
Changes from non-current to current	202,742	(202,742)
Exchange rate variation	(30,343)	(16,488)
Amortization	-	(283,750)
Effect from acquired companies	46,320	33,321
<b>Balance at March 31, 2017</b>	<b>2,672,662</b>	<b>984,055</b>

**JBS S.A.**

Notes to the quarterly interim condensed financial statements for the three months period ended March 31, 2017 and 2016  
(Expressed in thousands of Brazilian reais)

**8 Recoverable taxes**

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Value-added tax on sales and services - ICMS/IVA/VAT/GST	1,028,952	1,020,792	2,464,428	2,462,189
Excise tax - IPI	39,128	36,883	116,245	113,981
Social contribution on billings - PIS and COFINS	1,213,566	1,193,325	1,992,534	1,972,962
Withholding income tax - IRRF/IRPJ	1,334,619	1,363,354	1,698,424	1,722,394
Reintegra	23,752	15,557	59,025	50,535
Other	17,184	17,601	80,235	74,265
	<b>3,657,201</b>	<b>3,647,512</b>	<b>6,410,891</b>	<b>6,396,326</b>
Current	698,885	698,885	1,732,118	1,677,791
Non-current	2,958,316	2,948,627	4,678,773	4,718,535
	<b>3,657,201</b>	<b>3,647,512</b>	<b>6,410,891</b>	<b>6,396,326</b>

**9 Related parties transactions**

The following table includes balances and net effect on income of intercompany financing transactions between the Company and its subsidiaries:

COMPANY	Currency	Maturity	Costs transfer (administrative and funding)	Statement of financial position accounts		Effect on net income	
				March 31, 2017	December 31, 2016	2017	2016
<b>Direct subsidiaries</b>							
Seara Alimentos <sup>(1)</sup>	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	774,650	3,120,338	109,930	69,697
JBS Embalagens Metálicas	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	152,683	145,109	7,574	6,280
Brazservice	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	85,696	79,883	4,368	1,201
JBS Confinamento	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	19,368	128,899	4,570	2,801
Midtown Participações <sup>(2)</sup>	R\$	-	-	4,473	-	-	-
Tannery	R\$	09/01/2016	Corresponds to CDI + 1% p.m.	-	-	-	2,269
Enersea	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	-	-	(293)	133
JBS HU	US\$	02/28/2018	2,25% p.y.	(2,780)	(2,827)	(31)	-
JBS Global Investments <sup>(2)</sup>	US\$	03/13/2019	-	(6,423)	(28,443)	-	-
<b>Indirect subsidiaries</b>							
JBS Aves	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	1,736,603	1,882,114	94,300	103,438
Zenda	US\$	09/11/2017	2,5% p.y.	21,131	21,601	129	115
Frigorífico Canelones	US\$	05/08/2017	3,5% p.y.	(32,238)	(32,876)	(274)	-
JBS Handels GmbH <sup>(2)</sup>	EUR	-	-	(81,078)	(82,245)	-	-
				<b>2,672,085</b>	<b>5,231,553</b>	<b>220,273</b>	<b>185,934</b>

<sup>(1)</sup> Seara Alimentos - Decrease is due to settlement in cash. Seara entered into a credit facility agreement with JBS USA Lux. This transaction is eliminated in the consolidation.

<sup>(2)</sup> Midtown Participações, JBS Global Investments and JBS Handels GmbH - Refers to working capital funding. Settlement in the future shall be through a capital reduction and/or dividends distribution.

The disclosure of significant related parties transactions is in accordance with the criteria established by the Management of presenting individually transactions amounts equal or higher than 2% of the total of these transactions (Sale of products, purchases, accounts receivable and accounts payable). This analysis is performed for each related party. If any related party has not meet this criteria in the past and in the current period they do, the comparative balance will be disclosed.

**JBS S.A.**

Notes to the quarterly interim condensed financial statements for the three months period ended March 31, 2017 and 2016  
(Expressed in thousands of Brazilian reais)

COMPANY	Accounts receivable		Accounts payable		Purchases/Services rendered		Sale of products/Services rendered	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	2017	2016	2017	2016
<b>Direct subsidiaries</b>								
JBS Confinamento	101	340	1,453	139,727	20,848	35,956	120	901
Priante	11,229	14,061	-	162	-	-	6,091	17,448
Brazservice	3,103	1,906	3,290	-	16,254	9,860	22,293	9,765
Tannery	-	-	-	128,800	-	86	-	-
Seara Alimentos	11,832	13,972	37,057	508	35,180	34,660	78,810	56,836
Enersea	113	-	-	89	32,991	22,323	19,817	17,159
<b>Indirect subsidiaries</b>								
JBS Global UK	27,514	33,716	-	12,518	-	-	35,010	79,629
Toledo	16,561	23,089	-	-	-	-	51,497	86,445
JBS Aves	1,871	1,573	86,746	2	22,563	63,875	5,119	17,943
Weddel	9,631	3,151	-	36	-	-	12,051	13,288
Sampco	48,799	57,701	-	-	-	20	65,133	89,854
Meat Snacks Partners	15,363	2,933	1	-	88	1,604	45,683	64,348
Capital Joy	-	-	-	2,447	-	-	-	-
Trump Asia	29,971	33,182	189	-	211	27	98,536	93,764
JBS Paraguay	540	514	4,627	3,355	23,129	16,784	646	576
Zenda	10,333	12,071	56	-	56	4,825	9,986	11,945
Braslo Produtos de Carnes	13,399	13,590	-	-	-	-	54,217	46,477
JBS USA	16,740	3,391	-	1,651	5	-	19,156	79
Agrícola Jandelle	1,095	1,455	45,531	42,674	24,533	21,092	1,301	3,295
Sul Valle	-	-	-	356	-	-	-	4
Moy Park	5,959	-	-	745	-	1,283	5,959	-
Swift Beef Company	-	556	-	336	-	-	-	2,447
<b>Other related parties</b>								
Vigor	314	203	25,383	-	25,786	52,855	17	20,757
JBj Agropecuária	361	282	19,820	113	54,861	21,061	775	654
Flora Produtos	6,304	6,096	5	-	7	22	28,613	48,887
Dan Vigor Indústria e Com.	8,192	9,744	4,525	380	4,525	-	26,965	-
J&F Incorporação de empr. Imob.	-	-	-	48,015	-	-	-	-
	<b>239,325</b>	<b>233,526</b>	<b>228,683</b>	<b>381,914</b>	<b>261,037</b>	<b>286,333</b>	<b>587,795</b>	<b>682,501</b>

**Financial transactions recognized in the Company**

The Company and a few of its subsidiaries entered into an agreement in which Banco Original (Related party) acquires trade accounts receivables held against certain of the Company's customers in the Brazilian market. The assignments are done at market value through a permanent transfer to Banco Original of the risks and benefits of all trade accounts receivable. At March 31, 2017 and December 31, 2016, the unpaid balance of transferred receivables was R\$793,804 and R\$765,585 in the Company, and R\$1,276,949 and R\$1,446,934 in the Consolidated, respectively. During the three month periods ended March 31, 2017 and 2016, JBS incurred financial costs related to this operation in the amount of R\$23,312 and R\$19,381 in the Company, and R\$41,302 and R\$33,258 in the Consolidated, respectively, recognized in the consolidated financial statements as financial expenses.

Additionally at March 31, 2017 and December 31, 2016, the Company holds investments with Banco Original, in the amount of R\$76,941 and R\$62,062 in the Company and R\$144,845 and R\$134,290 in the Consolidated, recognized under the caption "Cash and cash equivalents", respectively. These cash investments, bank certificates of deposit - CDB and equivalents, have similar earnings to CDI (Depósito Interbancário). For the three month period ended March 31, 2017 and 2016, the Company earned interest from these investments in the amount of R\$1,907 and R\$2,419 in the Company, and R\$3,235 and R\$3,296 in the Consolidated, recognized in the consolidated financial statements under the caption "Finance income", respectively.

Included in loans and financings are R\$35,607 and R\$16,873 at March 31, 2017 and December 31, 2016, respectively, of bank notes issued by BNDES (Brazilian Development Bank) to two of the Company's subsidiaries, Seara Alimentos and Macedo. Outstanding borrowings under these notes bear interest at an average rate of 3.67% at March 31, 2017, which is payable on a monthly basis. The notes are due in 2017 and 2019 and may be pre-paid at any time without penalty.

**Receivables from related parties consist of the following**

	March 31, 2017	December 31, 2016
J&F Oklahoma	1,135,006	1,315,526

This amount represents the result of the use of a credit facility between the indirect subsidiary JBS Five Rivers (subsidiary of JBS USA) and J&F Oklahoma (subsidiary of J&F Investimentos S.A., which is not consolidated in the Company). The credit facility provides J&F Oklahoma with the ability to borrow up to R\$2 billion (US\$675 million) from JBS Five Rivers for the purchase of cattle to be kept in the JBS Five Rivers feed yards until ready for slaughter. Outstanding borrowings under this credit facility bear interest at 3.4%, which is payable on a quarterly basis, or at the time of any repayment of principal and the credit facility matures December 31, 2019.

Further, JBS Five Rivers is the guarantor of a J&F Oklahoma revolving credit facility with financial institutions. The J&F Oklahoma credit line has total availability of R\$4 billion (US\$1.4 billion) and is guaranteed by the accounts receivable and inventories of J&F Oklahoma and also, by certain fixed assets, accounts receivable and inventories of JBS Five Rivers up to a value of US\$250 million. Additionally, in the case of a J&F Oklahoma default under the revolving credit facility, and where the event of default is not covered by J&F Oklahoma's collateral or a guarantee by J&F Oklahoma's parent, JBS Five Rivers will be responsible for up to R\$792 million (US\$250 million) of the secured loans. No consideration was received for this guarantee and the fair value is insignificant.



## JBS S.A.

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### Commercial transactions

JBS Five Rivers, JBS Australia and JBS Canada are party to commercial agreements with J&F Oklahoma, J&F Australia and J&F Canada, respectively, as follows:

- a. cattle supply and feeding agreement: where JBS provides cattle fattening services to J&F and J&F pays JBS for the medicinal and feeding costs, including a daily yardage charge in line with market terms. Under the agreements, J&F has agreed to maintain sufficient cattle on JBS-owned feedlots so they remain 75% full in the U.S., 80% full in Australia and 75% full in Canada. Risk of loss of the cattle remains with J&F;
- b. sale and purchase cattle agreement, whereby JBS is required to purchase from J&F a certain volume of animals per year. The minimum purchase commitments under those agreements are: i) JBS USA commitment of at least 800,000 animals/year, with a term lasting from 2009 through 2019, ii) JBS Australia commitment of at least 200,000 animals/year, with a term lasting from 2011 through 2019, and iii) JBS Canada commitment of at least 50,000 animals/year, with a term lasting from 2013 through 2019. The cattle sale and purchase agreements also contain provisions to share in gains and losses incurred by J&F on its sale of cattle to JBS; and;
- c. incentive agreement whereby J&F Oklahoma pays JBS Five Rivers an annual amount based upon J&F Oklahoma's financial performance arising from the sale of cattle fed and raised by JBS Five Rivers.

During the three month periods ended March 31, 2017 and 2016, the amounts received under the cattle supply and feeding agreements were R\$603 million (US\$191.8 million) and R\$879 million (US\$224.9 million) respectively, and amounts paid under the cattle sale and purchase agreements were R\$2 billion (US\$722.9 million) and R\$3 billion (US\$842.5 million), respectively.

No expense for doubtful accounts or bad debts relating to related-party transactions were recorded during the three month periods ended March 31, 2017 and 2016.

### Remuneration of key management

The Company's key management is comprised of its Executive Officers. The aggregate amount of compensation received by the Company's key management during the three month periods ended March 31, 2017 and 2016 is the following:

	2017	2016
Salaries and wages	2,400	2,299
Variable cash compensation	2,125	3,000
Share-based compensation (*)	2,500	2,000
	<u>7,025</u>	<u>7,299</u>

(\*) Refers to shares granted during the year of 2016;

The Institutional Relations Executive Officer, Administrative and Control Director and Investor Relations Director are parties to the Brazilian employment contract regime referred to as CLT (which is the Consolidation of Labor Laws), which follows all the legal prerogatives of payments and benefits.

Except for those described above, the other members of the Executive or Management Board are not party to any employment contract or any other contracts for additional business benefits such as post-employment benefits or other long-term benefits, termination of work that does not conform to those requested by the CLT.

**JBS S.A.**

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**10 Investments in associates, subsidiaries and joint ventures**
**In the Company:**

	December 31, 2016	Addition (disposal)	Exchange rate variation	Changes in the Equity of investees	Proportionate share of income (loss)	March 31, 2017
JBS Embalagens Metálicas	(58,211)	-	-	-	(7,218)	(65,429)
JBS Global Investments <sup>(1)</sup>	28,443	(21,228)	(792)	-	-	6,423
JBS Confinamento <sup>(2)</sup>	469,362	111,986	-	-	(9,381)	571,967
JBS Slovakia Holdings <sup>(1)</sup>	21,173	(20,829)	(300)	(2)	(25)	17
Conceria Priante	9,453	-	(163)	-	(2,326)	6,964
JBS Holding GMBH	593,381	-	(8,295)	(6,383)	10,200	588,903
JBS Global Luxembourg <sup>(1)</sup>	5,564,272	(36,234)	(150,245)	289,198	632,387	6,299,378
Vigor Alimentos	307,065	-	-	-	244	307,309
JBS Leather International	(86,426)	-	2,322	821	(12,847)	(96,130)
Brazservice	(32,171)	-	-	-	(6,008)	(38,179)
Seara Alimentos	4,620,972	-	-	1,219	(286,536)	4,335,655
Meat Snack Partners	55,562	-	(1,534)	1,533	1,571	57,132
Granite Holdings <sup>(3)</sup>	3,912,517	-	(61,147)	(107)	19,986	3,871,249
Rigamonti	95,731	-	(1,325)	-	2,756	97,162
Enersea	215	-	-	-	151	366
JBS Argentina	309,083	-	502	-	(3,732)	305,853
JBS Mendoza	253	-	-	-	(13)	240
JBS HU Liquidity Management	17,460	-	(485)	-	(35)	16,940
Midtown Participações	285,063	-	-	-	(12,949)	272,114
Beef Snacks Brasil	44,226	-	-	-	153	44,379
JBS Foods International	(49,450)	-	1,240	-	(16,785)	(64,995)
<b>Subtotal</b>	<b>16,107,973</b>	<b>33,695</b>	<b>(220,222)</b>	<b>286,279</b>	<b>309,593</b>	<b>16,517,318</b>
Accrual for loss on investments (*)	226,258	-	-	-	-	264,733
<b>Total</b>	<b>16,334,231</b>					<b>16,782,051</b>

<sup>(1)</sup> Transfer of the negative investments for other current liabilities.

<sup>(1)</sup> Dividends paid out to the Company.

<sup>(2)</sup> Capital contribution through assumption of debt.

<sup>(3)</sup> The subsidiary Moy Park Lux S.à.r.l. changed its company name to Granite Holdings S.à.r.l.

**In the Consolidated:**

	December 31, 2016	Changes in the Equity of investees	Proportionate share of income	March 31, 2017
Vigor Alimentos	307,065	-	244	307,309
Meat Snack Partners	55,562	(1)	1,571	57,132
<b>Total</b>	<b>362,627</b>	<b>(1)</b>	<b>1,815</b>	<b>364,441</b>

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**11 Property, plant and equipment**
**Changes in property, plant and equipment:**

Company	December 31, 2016 *	Additions net of transferences <sup>(2)</sup>	Disposals	Depreciation	March 31, 2017
Buildings	3,088,757	103,535	-	(29,116)	3,163,176
Land	1,384,826	30,413	-	-	1,415,239
Machinery and equipment	3,814,323	87,383	-	(96,023)	3,805,683
Facilities	1,353,973	83,262	-	(24,410)	1,412,825
Computer equipment	66,333	18,191	(18)	(6,882)	77,624
Vehicles	404,214	1,940	(10,110)	(15,845)	380,199
Construction in progress	1,305,863	(174,309)	(83)	-	1,131,471
Other	57,339	7,078	(39)	(5,074)	59,304
	<b>11,475,628</b>	<b>157,493</b>	<b>(10,250)</b>	<b>(177,350)</b>	<b>11,445,521</b>

Consolidated	December 31, 2016 *	Acquired in business combination <sup>(1)</sup>	Additions net of transferences <sup>(2)</sup>	Disposals	Depreciation	Exchange rate variation	March 31, 2017
Buildings	11,104,201	183,642	352,973	-	(146,164)	(92,747)	11,401,905
Land	3,943,307	16,536	47,044	(3,222)	-	(19,831)	3,983,834
Machinery and equipment	10,915,981	190,744	519,310	(7,446)	(431,896)	(82,874)	11,103,819
Facilities	1,925,053	-	101,781	(47)	(43,018)	(886)	1,982,883
Computer equipment	253,499	-	31,867	-	(24,338)	(2,878)	258,150
Vehicles	490,393	2,717	9,335	(10,802)	(23,389)	(1,178)	467,076
Construction in progress	3,754,943	10,898	(84,454)	(1,083)	-	(29,740)	3,650,564
Other	723,514	18,418	35,334	(5,767)	(28,147)	(13,769)	729,583
	<b>33,110,891</b>	<b>422,955</b>	<b>1,013,190</b>	<b>(28,367)</b>	<b>(696,952)</b>	<b>(243,903)</b>	<b>33,577,814</b>

\* The Company reassessed its allocation between property, plant and equipment lines, and due to the low significance of the balances, decided to adjust the initial balance of December 31, 2016.

<sup>(1)</sup> - Refers to balances arising from GNP's acquisition.

<sup>(2)</sup> - Additions for each category includes transfer from construction in progress during the period.

For the three month periods ended March 31, 2017 the amount of capitalized interest added to construction in progress and included in additions was R\$12,957 in the Company and in the Consolidated was R\$27,957.

**12 Intangible assets**
**Changes in intangible assets:**

Company	December 31, 2016	Additions	Amortization	March 31, 2017
<b>Amortizing:</b>				
Software	23,494	1,634	(1,946)	23,182
<b>Non-amortizing:</b>				
Trademarks	23,000	1,803	-	24,803
	<b>46,494</b>	<b>3,437</b>	<b>(1,946)</b>	<b>47,985</b>

Consolidated	December 31, 2016	Acquired in business combination <sup>(1)</sup>	Additions	Business combination adjustment <sup>(2)</sup>	Disposal	Amortization	Exchange rate variation	March 31, 2017
<b>Amortizing:</b>								
Trademark	55,937	-	-	25,322	-	(2,480)	(2,382)	76,397
Software	83,915	302	3,609	-	(1)	(6,259)	(178)	81,388
Customer relationships	1,947,753	51,158	-	-	-	(66,505)	(35,039)	1,897,367
Others	6,782	1,604	-	-	(13)	(273)	(187)	7,913
<b>Non-amortizing:</b>								
Trademarks	2,809,178	214,950	1,803	9,331	-	-	(10,263)	3,024,999
Water rights	108,530	-	-	-	-	-	(2,577)	105,953
	<b>5,012,095</b>	<b>268,014</b>	<b>5,412</b>	<b>34,653</b>	<b>(14)</b>	<b>(75,517)</b>	<b>(50,626)</b>	<b>5,194,017</b>

<sup>(1)</sup> - Refers to balances arising from GNP's acquisition.

<sup>(2)</sup> - Refers to adjustments in the Scott Technology's acquisitions based upon final fair value assessments. These adjustments are comprised of changes in fair value of property, plant and equipment, goodwill and deferred tax liability. Due to materiality, these adjustments have not been retrospectively applied.

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**13 Goodwill**
**Changes in goodwill:**

<b>Balance as of December 31, 2016</b>	<b>21,916,694</b>
Acquired in business combination <sup>(1)</sup>	303,854
Business combination adjustments <sup>(2)</sup>	(23,786)
Exchange rate variation and others	(101,958)
<b>Balance as of March 31, 2017</b>	<b>22,094,804</b>

<sup>(1)</sup> - Refers to balances arising from GNP's acquisition.

<sup>(2)</sup> - Refers to adjustments in the Scott Technology's acquisitions based upon final fair value assessments. These adjustments are comprised of changes in fair value of trademarks, goodwill and deferred tax liability. Due to materiality, these adjustments have not been retrospectively applied.

<b>CGU Groups</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Brazil Beef	<b>9,069,926</b>	9,069,926
Australia Smallgoods	<b>1,172,942</b>	1,136,008
Moy Park	<b>2,525,292</b>	2,565,653
USA Pork	<b>2,200,558</b>	2,217,831
Seara	<b>3,541,557</b>	3,541,676
Other CGUs without significant goodwill	<b>3,584,529</b>	3,385,600
<b>Total</b>	<b>22,094,804</b>	<b>21,916,694</b>

CGU groups containing goodwill are tested for impairment annually. For the three months period ended March 31, 2017 there were no events or circumstances that indicate that the recoverable amount may be less than the carrying amount.

**14 Loans and financing**

Type	Average annual interest rate	Currency	Index on variable rate loans	Maturities-non-current debt	Company			
					Current		Non-current	
					Mar 31, 2017	Dec 31, 2016	Mar 31, 2017	Dec 31, 2016
<b>Foreign currency</b>								
ACC - Advances on exchange contracts	4.63%	USD	.	*	5,371,812	6,826,491	-	-
Prepayment	4.51%	USD	Libor	2018 - 23	4,105,919	3,967,161	4,367,094	4,484,527
144-A	7.14%	USD	.	2020 - 24	126,065	150,699	7,974,256	8,201,753
Working capital - Euros	2.43%	EUR	Euribor	2023	15,260	859	55,501	78,898
FINIMP	2.56%	EUR	Euribor	2018	510	526	254	516
					<b>9,619,566</b>	<b>10,945,736</b>	<b>12,397,105</b>	<b>12,765,694</b>
<b>Local currency</b>								
Credit note - export	14.50%	BRL	CDI	2018 - 20	704,462	798,823	1,000,866	1,006,938
Working capital - Brazilian Reais	14.15%	BRL	CDI e TJLP	2018 - 20	244,034	432,869	15,635	14,637
FINAME	7.58%	BRL	TJLP	2018 - 25	70,276	77,374	126,442	146,981
FINEP	5.50%	BRL	.	2018 - 25	22,042	21,855	97,829	75,146
CDC - Direct credit to consumers	19.53%	BRL	.	2018 - 22	5,287	4,371	13,339	11,988
					<b>1,046,101</b>	<b>1,335,292</b>	<b>1,254,111</b>	<b>1,255,690</b>
					<b>10,665,667</b>	<b>12,281,028</b>	<b>13,651,216</b>	<b>14,021,384</b>

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Type	Average annual interest rate	Currency	Indexer	Payment terms / non-current debt	Consolidated			
					Current		Non-current	
					Mar 31, 2017	Dec 31, 2016	Mar 31, 2017	Dec 31, 2016
<b>Foreign currency</b>								
ACC - Advances on exchange contracts	4.35%	USD	.	*	7,304,181	7,753,838	-	-
Prepayment	5.12%	USD	Libor	2018 - 23	5,940,586	5,803,330	5,152,348	4,992,782
144-A	7.14%	USD	.	2020 - 24	126,065	150,699	7,974,256	8,201,753
Credit note – import	4.08%	USD	Libor	*	94,655	98,314	-	-
FINIMP	4.50%	USD and EUR	Libor and Euribor	2018 - 19	14,409	10,684	11,420	19,031
Working capital - Euros	2.43%	EUR	Euribor	2023	15,260	859	55,501	78,898
					<b>13,495,156</b>	<b>13,817,724</b>	<b>13,193,525</b>	<b>13,292,464</b>
<b>Local currency</b>								
FINAME	7.13%	BRL	TJLP	2018 - 25	72,857	80,103	161,655	153,610
FINEP	5.37%	BRL	.	2018 - 25	25,976	25,828	105,401	83,706
JBS Mortgage	5.80%	USD	.	2020	573	583	6,318	6,649
Senior Secured Credit Facility JBS Lux	4.00%	USD	Libor	2019	377	375	-	-
Term loan JBS Lux 2018	-	-	-	-	-	3,891	-	1,321,490
Term loan JBS Lux 2020	-	-	-	-	-	18,437	-	1,551,996
Term loan JBS Lux 2022	3.30%	USD	ABR and Libor	2022	108,977	55,929	8,731,344	3,790,428
Term loan Five Rivers 2019	3.30%	USD	Libor	2019	16,507	16,954	264,428	275,984
Notes 6,25% Moy Park 2021	6.25%	GBP	.	2021	25,784	7,278	1,173,682	1,191,331
Notes 8,25% JBS Lux 2020	8.25%	USD	.	2020	28,462	75,807	2,195,999	2,256,901
Notes 7,25% JBS Lux 2021	7.25%	USD	.	2021	85,119	18,870	3,602,420	3,703,058
Notes 5,875% JBS Lux 2024	5.88%	USD	.	2024	27,923	64,224	2,360,778	2,427,814
Notes 5,75% JBS Lux 2025	5.75%	USD	.	2025	46,458	5,153	2,829,305	2,909,617
Notes 5,75% PPC 2025	5.75%	USD	.	2025	3,035	26,288	1,571,710	1,616,308
PPC Term loan	2.00%	USD	Libor	2020	694	636	1,584,200	1,604,572
PPC revolving credit facility	-	USD	Libor	2020	2,456	-	975,002	-
Marshalltown	2.34%	USD	.	2018	54	52	30,787	31,633
Working capital - Brazilian Reais	13.71%	BRL	CDI, TJLP and TR	2018 - 21	246,548	435,540	29,980	16,384
Working capital - US Dollars	4.60%	USD	Libor	2020 - 24	391,382	362,725	126,736	132,808
Working capital - Euros	1.94%	EUR	Euribor	2019 - 23	183,665	176,187	14,231	14,563
Working capital - Argentine pesos	3.77%	ARS	.	*	91,730	74,521	-	-
Credit note – export	15.31%	BRL	CDI	2018 - 20	1,388,747	1,368,804	1,277,901	1,317,098
Credit note – import	3.85%	USD and EUR	Libor and Euribor	*	349,126	315,495	-	-
FCO - Middle West Fund	10.14%	BRL	.	2018	1,863	1,865	1,248	1,708
CDC - Direct credit to consumers	19.53%	BRL	.	2018 - 22	5,287	4,371	13,339	11,988
CCB - BNDES	3.67%	BRL	UM BNDES	2018 - 19	6,939	10,781	28,668	6,092
ACC - Advances on exchange contracts	3.54%	USD	Libor	*	1,600	922	-	-
Rural - Credit note	10.62%	BRL	.	*	1,152,668	1,137,628	-	-
Canadian credit facility & revolving credit facility	5.00%	CAD and USD	CDOR, RBC and Libor	2018	127	-	230,881	244,902
Canadian credit facility - term loan	3.65%	CAD	.	2018	2,398	2,415	29,583	30,678
Canadian bank facility	3.50%	CAD	.	.	14,819	8,076	-	-
Andrews Meat secured facility	2.80%	AUD	BBSY	*	31,450	-	-	-
Mexico credit facility	7.10%	MEX\$	TIEE	2019	653	46	136,080	75,950
Other	1.75%	GBP, EUR and AUD	Euribor and Libor	2018 - 19	63,531	31,310	2,149	41,864
					<b>4,377,785</b>	<b>4,331,094</b>	<b>27,483,825</b>	<b>24,819,132</b>
					<b>17,872,941</b>	<b>18,148,818</b>	<b>40,677,350</b>	<b>38,111,596</b>

\* Balances classified as current which have their maturities between April 1, 2017 and March 31, 2018.

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The non-current portion of the principal payment schedule of loans and financing is as follows:

Maturity	March 31, 2017	
	Company	Consolidated
2018	1,505,216	2,649,803
2019	627,358	1,419,372
2020	4,255,100	9,239,253
2021	831,822	5,703,464
2022	807,583	9,240,127
Maturities thereafter	5,624,137	12,425,331
	<b>13,651,216</b>	<b>40,677,350</b>

**14.1 Guarantees and contractual restrictions ("covenants")**

The Company was in compliance with all of its debt covenant restrictions at March 31, 2017.

**15 Income taxes**

Reconciliation of income tax and social contribution expense:

	Company		Consolidated	
	2017	2016	2017	2016
<b>Profit (loss) before income taxes (PBT)</b>	<b>514,475</b>	<b>(3,847,436)</b>	<b>675,293</b>	<b>(3,802,592)</b>
<b>Nominal rate</b>	<b>(34)%</b>	<b>(34)%</b>	<b>(34)%</b>	<b>(34)%</b>
Expected tax benefit (expense)	(174,922)	1,308,128	(229,600)	1,292,881
<b>Adjustments to reconcile taxable income:</b>				
Earnings and losses due to equity method	105,261	(170,589)	(1,095)	100
Domestic production activities deduction	-	-	32,210	17,657
Foreign rate differential	-	-	26,281	(43,137)
Adjustments on financial statements - Foreign subsidiaries	-	-	(31,380)	(296,655)
Unrecognized tax benefit	-	-	(40,700)	(58,134)
Stock option plan	(8,503)	(14,225)	(16,996)	(14,225)
Non-taxable interest - Foreign subsidiaries	-	-	81,752	194,055
Other permanent differences	(14,020)	(17,040)	(9,589)	65,406
<b>Current and deferred income tax (expense) benefit</b>	<b>(92,184)</b>	<b>1,106,274</b>	<b>(189,117)</b>	<b>1,157,948</b>
Current income tax	731	466	(132,147)	(72,858)
Deferred income tax	(92,915)	1,105,808	(56,970)	1,230,806
	<b>(92,184)</b>	<b>1,106,274</b>	<b>(189,117)</b>	<b>1,157,948</b>
<b>Effective income tax rate</b>	<b>(17.92)%</b>	<b>28.75 %</b>	<b>(28.01)%</b>	<b>30.45 %</b>
	Company		Consolidated	
	2017	2016	2017	2016
<b>Adjustments to reconcile taxable income <sup>(1)</sup></b>				
Goodwill amortization - deferred	102,000	-	104,430	31,855
Prior years loss carryforwards - deferred tax asset	(3,005)	(1,107,144)	67,037	(1,169,390)
Unrecognized deferred tax benefit	-	-	40,700	58,134
Income tax on realization of other reserves	(731)	(466)	(7,901)	(466)
<b>Current and deferred income tax (expense) benefit - ADJUSTED</b>	<b>6,080</b>	<b>(1,336)</b>	<b>15,149</b>	<b>78,081</b>
<b>Effective income tax rate</b>	<b>1.18%</b>	<b>(0.03)%</b>	<b>2.24%</b>	<b>2.05%</b>

<sup>(1)</sup> - The Company believes that due to the origin and non-recurrence of specific events certain items should be excluded from the effective tax rate disclosure such as: i) Deferred tax expense arising from goodwill amortization; ii) Income tax on realization of the other reserves (since it is not relate to the net operating income); iii) Deferred tax assets on arising from prior years losses carryforwards (recognized only now that entities reach necessary criteria not observed in the past since on prior periods where such losses were generated, there were no expectation of profitable future profits).

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**16 Provisions**

The Company and its subsidiaries are party to several lawsuits arising in the ordinary course of business for which provisions are recognized based on estimated costs determined by management as follows:

	Company				Consolidated			
	March 31, 2017		December 31, 2016		March 31, 2017		December 31, 2016	
	Quantity	R\$	Quantity	R\$	Quantity	R\$	Quantity	R\$
Labor	14,852	107,134	16,345	92,484	33,800	374,445	33,966	346,545
Civil	912	8,615	820	9,946	3,849	280,412	3,340	275,946
Tax and Social Security	1,231	120,974	1,285	119,977	1,851	632,149	1,854	622,748
<b>Total</b>	<b>16,995</b>	<b>236,723</b>	<b>18,450</b>	<b>222,407</b>	<b>39,500</b>	<b>1,287,006</b>	<b>39,160</b>	<b>1,245,239</b>

**Changes in provisions**

	Company			
	December 31, 2016	Additions/ Disposals	Payments or changes in estimates	March 31, 2017
Labor	92,484	65,106	(50,456)	107,134
Civil	9,946	(1,235)	(96)	8,615
Tax and Social Security	119,977	2,652	(1,655)	120,974
<b>Total</b>	<b>222,407</b>	<b>66,523</b>	<b>(52,207)</b>	<b>236,723</b>

	Consolidated				
	December 31, 2016	Additions/ Disposals	Payments or changes in estimates	Exchange rate variation	March 31, 2017
Labor	346,545	101,482	(73,552)	(30)	374,445
Civil	275,946	8,823	(4,357)	-	280,412
Tax and Social Security	622,748	15,757	(6,201)	(155)	632,149
<b>Total</b>	<b>1,245,239</b>	<b>126,062</b>	<b>(84,110)</b>	<b>(185)</b>	<b>1,287,006</b>

**17 Equity**

a. **Share capital:** There were no changes on the balances at March 31, 2017.

b. **Share-based compensation:**

The Company has a stock option plan settled in shares. The Company grants stock options to employees as an incentive intended to create a sense of ownership and personal involvement with the development and financial success of JBS. Executive officers, directors and general managers are eligible to receive stock options under the plan. The Company's Chairman determines the criteria of granting the options and selecting the employees. The number of grantable shares authorized under the plan is limited to 2% of the Company's share capital, and also limited to 0.4% of the increase in the Company's share capital per year.

The fair value of employees' services received in exchange for the stock option grants is recognized as an expense in the statement of income with a corresponding entry in capital reserves. The total amount of expense is recognized during the period in which the right to exercise the stock option is acquired, which generally occurs when the option vests, and is equal to the grant date fair value of the underlying options granted. The number of stock options that each employee is entitled was calculated based on the average of the Company's stock price for the three months prior to the grant date. The stock option may only be exercised upon satisfaction of the service condition, and have the maximum term of ten years varying in accordance with each individual agreement. All options must be exercised by physical delivery of the shares of common stock.

At the reporting date, the Company reviews its estimates of the number of options, which will be exercised (not forfeited), and recognizes any impact from the change in estimate in the statement of income, with a corresponding adjustment to capital reserves within stockholders' equity. The fair value of each stock option granted was estimated at the grant date based on the Black-Scholes-Merton pricing model. The primary assumptions considered in the model were:

Program	Grants				Fair value assumptions			
	Quantity of options	Fair value of the option	Exercise price in R\$	Expected exercise term	Risk free interest rate	Volatility	Share price on the grant date	Dividend Yield
May-14	2,196,051	R\$ 7.58 to R\$ 7.74	0.00001	1 to 3 years	10.98% to 12.16%	42.16%	7.80	1.05%
Sep-14	200,000	R\$ 9.59 to R\$ 9.99	0.00001	1 to 5 years	11.05% to 11.25%	42.16%	10.10	1.05%
May-15	1,916,859	R\$ 15.36 to R\$ 15.58	0.00001	1 to 3 years	13.25% to 13.68%	55.69%	15.66	0.72%
Mar-16	3,350,000	R\$ 11.55	0.00001	Immediate vesting	-	-	12.12	-
April-16	695,088	R\$ 5.46 to R\$ 5.63	7.50000	6 to 9 years	13.81% to 13.90%	60.81%	10.79	4.45%
April-16	2,477,651	R\$ 9.85 to R\$ 10.75	0.00003	1 to 3 years	13.54% to 13.78%	69.19%	11.12	4.45%
Jun-16	3,259,890	R\$ 9.20 to R\$ 10.05	0.000005	1 to 3 years	12.66% to 13.60%	65.98%	11.12	4.45%
Nov-16	3,350,000	R\$ 11.27	0.0000003	Immediate vesting	-	-	11.27	-
Nov-16	195,000	R\$ 9.81 to R\$ 10.49	0.000015	2 to 5 years	11.42% to 11.60%	50.30%	11.27	3.35%
Jan-17	3,700,979	R\$ 11.90	0.010000	Immediate vesting	-	-	11.90	-
<b>Total</b>	<b>21,341,518</b>							

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**March 31, 2017**

Program	Grant	Vesting terms	Options outstanding	Remaining contractual life (years)
Sep-14	01.09.14	1/5 per year with final maturity in Sep 1, 2019	120,000	2.50
May-15	01.05.15	1/3 per year with final maturity in May 1, 2018	486,820	0.83
April-16	01.04.16	1/3 per year with first maturity in April 1, 2022 and final maturity in April 1, 2024	695,088	6.83
April-16	01.04.16	1/3 per year with final maturity in April 1, 2019	1,310,760	1.83
Jun-16	01.06.16	1/3 per year with final maturity in June 1, 2019	2,098,320	1.83
Nov-16	01.11.16	1/3 per year with first maturity in January 1, 2019 and final maturity in January 1, 2021	195,000	3.83
			<b>4,905,988</b>	

**Risk free interest rate:** The Company uses as a risk free interest rate the projection obtained from the Interpolation of the fixed x floating interest rate swap (BM&FBOVESPA's index Pre x DI).

**Volatility:** The Company estimated the volatility of its own shares by calculating historical volatility over the expected term.

**Dividends yield:** The dividend yield was estimated based on the payment expectation of dividends per share for the next 12 months divided by the share price.

The outstanding options changes and average exercise price per share are demonstrated, as follows:

	March 31, 2017	
	Quantity of options	Average exercise price per share
<b>Opening balance</b>	<b>8,355,957</b>	<b>R\$ 11.80</b>
Granted	3,700,979	R\$ 11.90
Exercised	(7,150,958)	R\$ 11.93
Cancelled	-	R\$ 11.74
<b>Closing balance</b>	<b>4,905,978</b>	<b>R\$ 10.32</b>

During the three month periods ended March 31, 2017 and 2016 the expense with options plan totaled R\$54,600 and R\$39,551, respectively, recorded in the results under the caption "General and administrative expenses", with the respective offset in "Capital Reserves".

**c. Treasury shares:**

	March 31, 2017	
	Quantity	R\$ thousand
<b>Opening balance</b>	<b>135,261,051</b>	<b>1,625,510</b>
Treasury shares used in stock option plan	(7,150,958)	(85,937)
Cancellation of treasury shares	(128,110,093)	(1,539,573)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

**18 Net revenue**

	Company		Consolidated	
	2017	2016	2017	2016
<b>GROSS REVENUE</b>				
<b>Sales of products</b>				
Domestic sales	4,300,644	4,406,761	28,750,858	32,876,595
Foreign sales	2,087,504	3,059,277	10,220,788	12,742,102
	<b>6,388,148</b>	<b>7,466,038</b>	<b>38,971,646</b>	<b>45,618,697</b>
<b>SALES DEDUCTION</b>				
Returns and discounts	(219,992)	(296,754)	(872,822)	(1,037,535)
Sales taxes	(137,772)	(329,526)	(482,472)	(669,223)
	<b>(357,764)</b>	<b>(626,280)</b>	<b>(1,355,294)</b>	<b>(1,706,758)</b>
<b>NET REVENUE</b>	<b>6,030,384</b>	<b>6,839,758</b>	<b>37,616,352</b>	<b>43,911,939</b>



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**19 Finance income (expense)**

	Company		Consolidated	
	2017	2016	2017	2016
Exchange rate variation	505,368	1,651,000	452,337	1,853,975
Fair value adjustments on derivatives	(6,090)	(5,453,217)	(11,216)	(5,823,061)
Interest expense	(400,018)	(441,378)	(909,270)	(1,000,460)
Interest income	254,667	366,774	73,168	246,040
Taxes, contribution, tariff and others	(7,945)	(21,129)	(15,783)	(41,769)
	<u>345,982</u>	<u>(3,897,950)</u>	<u>(410,764)</u>	<u>(4,765,275)</u>
Finance income	760,035	2,017,774	525,505	2,100,015
Finance expense	(414,053)	(5,915,724)	(936,269)	(6,865,290)
	<u>345,982</u>	<u>(3,897,950)</u>	<u>(410,764)</u>	<u>(4,765,275)</u>

**20 Earnings per share**

**Basic:** Earnings (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding common shares purchased and held as treasury shares (shares in thousands).

	2017	2016
<b>Net income (loss) attributable to shareholders</b>	<u>422,291</u>	<u>(2,741,162)</u>
Weighted average common shares outstanding	2,856,858	2,944,426
Weighted average - treasury shares	(12,477)	(120,301)
<b>Weighted average - common shares outstanding (basic)</b>	<u>2,844,381</u>	<u>2,824,125</u>
<b>Basic earnings (loss) per share - (R\$)</b>	0.15	(0.97)

**Diluted:** Diluted earnings (loss) per share is calculated by dividing net income (loss) of the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, adjusted for the effects of all potential common shares that are dilutive and adjusted for treasury shares held. From May 2015, the Company has only one category of potential common shares that would cause dilution: outstanding options to purchase shares (shares in thousands).

	2017	2016
<b>Net income (loss) attributable to shareholders</b>	<u>422,291</u>	<u>(2,741,162)</u>
Weighted average common shares outstanding (basic)	2,844,381	2,824,125
Dilutive effect of conversion of outstanding stock options	14,814	-
<b>Weighted average - common shares outstanding (diluted)</b>	<u>2,859,195</u>	<u>2,824,125</u>
<b>Diluted earnings (loss) per shares - (R\$)</b>	0.15	(0.97)

For the three month periods ended March 31, 2017, 4,905,978 shares related to outstanding stock options have been excluded from the calculation of diluted weighted average common shares outstanding as the effect would be anti-dilutive.

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**21 Operating segments and geographic reporting**
**Segments presented by product:**

Segments	Net revenue		Operating income <sup>(1)</sup>		Depreciation	
	2017	2016	2017	2016	2017	2016
Beef	21,108,699	24,537,226	90,985	(664,468)	291,274	308,500
Chicken	9,394,574	11,444,533	485,169	947,425	554,284	630,762
Pork	4,762,917	5,158,014	460,864	285,233	85,050	102,152
Others	2,350,162	2,772,166	47,271	403,148	125,611	124,441
<b>Total</b>	<b>37,616,352</b>	<b>43,911,939</b>	<b>1,084,289</b>	<b>971,338</b>	<b>1,056,219</b>	<b>1,165,855</b>

**Total assets by product:**

	March 31, 2017	December 31, 2016
<b>Total assets</b>		
Beef	48,577,975	48,364,038
Chicken	29,744,721	29,625,745
Pork	10,163,178	10,584,684
Others	15,705,027	14,241,296
<b>Total</b>	<b>104,190,901</b>	<b>102,815,763</b>

Below is net revenue, operating income and depreciation and amortization based on geography, presented for supplemental information.

**Geographic reporting**

	Net revenue		Operating income <sup>(1)</sup>		Depreciation	
	2017	2016	2017	2016	2017	2016
United States of America	25,458,056	30,089,824	1,218,800	(56,288)	542,470	677,760
South America	10,296,616	11,269,981	(169,298)	952,981	444,475	387,947
Others	1,861,680	2,552,134	34,787	74,645	69,274	100,148
<b>Total</b>	<b>37,616,352</b>	<b>43,911,939</b>	<b>1,084,289</b>	<b>971,338</b>	<b>1,056,219</b>	<b>1,165,855</b>

**Total assets by geographic area:**

	March 31, 2017	December 31, 2016
<b>Total assets</b>		
United States of America	41,251,103	38,581,759
South America	56,926,409	58,102,290
Others	6,013,389	6,131,714
<b>Total</b>	<b>104,190,901</b>	<b>102,815,763</b>

<sup>(1)</sup> - The operating income is reconciled with the consolidated net income, as follows below:

	Operating income	
	2017	2016
Net income (loss)	486,176	(2,644,644)
Income tax and social contribution - current and deferred	189,117	(1,157,948)
Finance (income) expense, net	410,764	4,765,275
Share of profit of equity-accounted investees, net of tax	(1,815)	(295)
Restructuring, reorganization and other expenses	47	8,950
	<b>1,084,289</b>	<b>971,338</b>

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Notes to the quarterly interim condensed financial statements for the three months period ended March 31, 2017 and 2016  
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**22 Risk management and financial instruments**
**Financial instruments:**

Financial instruments are recognized in the condensed consolidated financial statements as follows:

	Notes	Company		Consolidated	
		March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>Assets</b>					
<b>Fair value through profit or loss</b>					
Financial investments and national treasury bill	4	3,315,166	2,688,392	5,876,547	3,746,700
Derivative assets	22	590	-	43,163	38,250
<b>Loans and receivables at amortized cost</b>					
Cash at banks	4	2,321,204	2,024,404	4,867,761	5,608,922
Trade accounts receivable	5	1,887,853	2,767,655	8,085,940	9,589,185
Related parties receivables	9	2,794,604	5,377,944	1,135,006	1,315,526
<b>Total</b>		<b>10,319,417</b>	<b>12,858,395</b>	<b>20,008,417</b>	<b>20,298,583</b>
<b>Liabilities</b>					
<b>Liabilities at amortized cost</b>					
Loans and financing	14	(24,316,883)	(26,302,412)	(58,550,291)	(56,260,414)
Trade accounts payable		(1,529,075)	(2,050,265)	(9,651,414)	(10,716,987)
Debits with related parties	9	(122,519)	(146,391)	-	-
Other financial liabilities		(37,436)	(39,086)	(231,478)	(263,259)
<b>Fair value through profit or loss</b>					
Derivative liabilities	22	-	-	(177,093)	(133,125)
<b>Total</b>		<b>(26,005,913)</b>	<b>(28,538,154)</b>	<b>(68,610,276)</b>	<b>(67,373,785)</b>

During this period there has been no reclassification between categories shown in the table above.

**a. Fair value of assets and liabilities through profit or loss:**

	Company					
	Current assets					
	National treasury bill		Financial investments		Derivative assets	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Level 1	-	34,027	-	-	-	-
Level 2	-	-	3,315,166	2,654,365	590	-

	Consolidated							
	Current assets				Current liabilities			
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Level 1	-	34,027	-	-	-	-	-	-
Level 2	-	-	5,876,547	3,712,673	43,163	38,250	(177,093)	(133,125)

**b. Fair value of assets and liabilities carried at amortized cost:**

Description	Company						Consolidated					
	March 31, 2017			December 31, 2016			March 31, 2017			December 31, 2016		
	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal
JBS S.A Notes 2020	3,168,400	104.61	3,314,463	3,259,100	106.51	3,471,267	3,168,400	104.61	3,314,463	3,259,100	106.51	3,471,267
JBS S.A Notes 2023	2,455,510	100.70	2,472,699	2,525,803	100.97	2,550,303	2,455,510	100.70	2,472,699	2,525,803	100.97	2,550,303
JBS S.A Notes 2024	2,376,300	104.29	2,478,243	2,444,325	105.40	2,576,319	2,376,300	104.29	2,478,243	2,444,325	105.40	2,576,319
JBS Lux Notes 2020	-	-	-	-	-	-	2,217,880	104.75	2,323,229	2,281,370	106.38	2,426,921
JBS Lux Notes 2021	-	-	-	-	-	-	3,643,660	102.30	3,727,464	3,747,965	104.25	3,907,254
JBS Lux Notes 2024	-	-	-	-	-	-	2,376,300	101.13	2,403,152	2,444,325	102.25	2,499,322
JBS Lux Notes 2025	-	-	-	-	-	-	2,851,560	98.98	2,822,474	2,933,190	101.89	2,988,627
PPC Notes 2025	-	-	-	-	-	-	1,584,200	102.05	1,616,676	1,629,550	100.68	1,640,631
Moy Park	-	-	-	-	-	-	1,191,870	103.44	1,232,870	1,210,920	105.40	1,276,310
	<b>8,000,210</b>		<b>8,265,405</b>	<b>8,229,228</b>		<b>8,597,889</b>	<b>21,865,680</b>		<b>22,391,270</b>	<b>22,476,548</b>		<b>23,336,954</b>

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**Risk management:**

The Company during the regular course of its operations is exposed to a variety of financial risks that include the effects of changes in market prices, (including foreign exchange, interest rate risk and commodity price risk), credit risk and liquidity risk. Such risks are fully disclosed in the financials statements at December 31, 2016. There were no changes in the nature of these risks in the current period.

Below is presented the risks related to fluctuation of US Dollars (US\$) and Euro (€), given the relevance of these currencies in the Company's operations, and the analysis of stress scenarios and Value at Risk (VaR) to measure the total exposure as well as the cash flow risk with the BM&FBovespa and the Chicago Mercantile Exchange.

**EXPOSURE to the US Dollar (amounts in thousands of R\$):**

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>OPERATING</b>				
Cash and cash equivalents	884,488	395,439	1,722,728	1,808,879
Trade accounts receivable	1,319,636	2,470,015	2,750,080	3,767,808
Sales orders	1,037,020	1,061,918	2,321,622	1,941,230
Trade accounts payable	(159,317)	(142,403)	(261,507)	(214,131)
Purchase orders	-	-	(47,923)	(32,733)
<b>Subtotal</b>	<b>3,081,827</b>	<b>3,784,969</b>	<b>6,485,000</b>	<b>7,271,053</b>
<b>FINANCIAL</b>				
Related parties transaction (net)	(20,311)	(42,545)	(1,951,828)	(2,050,335)
Net debt in foreign subsidiaries	(21,632,650)	(20,493,716)	(21,632,650)	(20,493,716)
Loans and financing	(21,945,910)	(23,631,673)	(26,551,039)	(26,927,290)
<b>Subtotal</b>	<b>(43,598,871)</b>	<b>(44,167,934)</b>	<b>(50,135,517)</b>	<b>(49,471,341)</b>
<b>Total exposure</b>	<b>(40,517,044)</b>	<b>(40,382,965)</b>	<b>(43,650,517)</b>	<b>(42,200,288)</b>
<b>DERIVATIVES</b>				
Non Deliverable Forwards (NDF's)	-	-	3,282	-
Deliverable Forwards (DF's)	-	-	93,287	162,248
<b>Total derivatives</b>	-	-	<b>96,569</b>	<b>162,248</b>
<b>NET EXPOSURE IN R\$</b>	<b>(40,517,044)</b>	<b>(40,382,965)</b>	<b>(43,553,948)</b>	<b>(42,038,040)</b>

**Sensitivity analysis at March 31, 2017 (exchange rates are Brazilian Reais to US Dollar):**

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income		
				Company	Consolidated		Company	Consolidated		Company	Consolidated	
Operating	Appreciation	3.1684	3.2351	64,877	136,520	3.9605	770,457	1,621,250	4.7526	1,540,914	3,242,500	
Financial	Depreciation	3.1684	3.2351	(462,425)	(600,032)	3.9605	(5,491,555)	(7,125,716)	4.7526	(10,983,111)	(14,251,434)	
Derivatives	Appreciation	3.1684	3.2351	-	2,033	3.9605	-	24,142	4.7526	-	48,285	
				<b>(397,548)</b>	<b>(461,479)</b>		<b>(4,721,098)</b>	<b>(5,480,324)</b>		<b>(9,442,197)</b>	<b>(10,960,649)</b>	

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
			Exchange rate	Effect on equity		Exchange rate	Effect on equity		Exchange rate	Effect on equity		
				Company	Consolidated		Company	Consolidated		Company	Consolidated	
Net debt in foreign subsidiaries	Depreciation	3.1684	3.2351	(455,403)	(455,403)	3.9605	(5,408,163)	(5,408,163)	4.7526	(10,816,325)	(10,816,325)	
				<b>(455,403)</b>	<b>(455,403)</b>		<b>(5,408,163)</b>	<b>(5,408,163)</b>		<b>(10,816,325)</b>	<b>(10,816,325)</b>	

The Company includes the net debt of foreign subsidiaries in the disclosure of economic hedging exposure. Although these debts do not generate foreign exchange gains or losses because the debt is denominated in the functional currency of each country, these debt instruments are translated to Brazilian Reais in consolidation and are therefore affected by exchange rate variation, which impacts the Company's consolidated leverage ratios.

**Derivatives financial instruments breakdown:**

Instrument	Risk factor	Nature	Company			Consolidated		
			March 31, 2017			December 31, 2016		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	American dollar	-	-	-	590	-	-	

Instrument	Risk factor	Nature	Consolidated					
			March 31, 2017			December 31, 2016		
			Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Deliverable Forwards	American dollar	Long	29,443	93,287	(472)	49,783	162,248	2,933

**JBS S.A.**

Notes to the quarterly interim condensed financial statements for the three months period ended March 31, 2017 and 2016  
(Expressed in thousands of Brazilian reais)

**EXPOSURE in EURO (amounts in thousands of R\$):**

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
<b>OPERATING</b>				
Cash and cash equivalents	55,962	24,716	85,403	38,726
Trade accounts receivable	101,456	235,103	197,123	336,522
Sales orders	165,569	188,615	340,861	363,405
Trade accounts payable	(47,589)	(36,694)	(63,683)	(55,700)
Purchase orders	-	-	(13,137)	(21,221)
<b>Subtotal</b>	<b>275,398</b>	<b>411,740</b>	<b>546,567</b>	<b>661,732</b>
<b>FINANCIAL</b>				
Related parties transaction (net)	(81,078)	(82,245)	(81,014)	(85,664)
Loans and financings	-	-	(6,536)	(6,675)
<b>Subtotal</b>	<b>(81,078)</b>	<b>(82,245)</b>	<b>(87,550)</b>	<b>(92,339)</b>
<b>Total exposure</b>	<b>194,320</b>	<b>329,495</b>	<b>459,017</b>	<b>569,393</b>
<b>DERIVATIVES</b>				
Deliverable Forwards (DF's)	-	-	49,925	53,032
Non Deliverable Forwards (NDF's)	-	-	(19,531)	9,360
<b>Total derivatives</b>	<b>-</b>	<b>-</b>	<b>30,394</b>	<b>62,392</b>
<b>NET EXPOSURE IN R\$</b>	<b>194,320</b>	<b>329,495</b>	<b>489,411</b>	<b>631,785</b>

**Sensitivity analysis at March 31, 2017 ( exchange rates are Brazilian Reais to Euro):**

Exposure of R\$	Risk	Current exchange	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Interest rate variation - 25%		Scenario (iii) Interest rate variation - 50%				
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	3.3896	3.3117	(6,329)	(12,561)	2.5422	(68,850)	(136,642)	1.6948	(137,699)	(273,284)
Financial	Depreciation	3.3896	3.3117	1,863	2,012	2.5422	20,270	21,888	1.6948	40,539	43,775
Derivatives	Appreciation	3.3896	3.3117	-	(699)	2.5422	-	(7,599)	1.6948	-	(15,197)
				<b>(4,466)</b>	<b>(11,248)</b>		<b>(48,580)</b>	<b>(122,353)</b>		<b>(97,160)</b>	<b>(244,706)</b>

**Derivatives financial instruments breakdown:**

Instrument	Risk factor	Nature	Consolidated					
			March 31, 2017			December 31, 2016		
			Notional (EUR)	Notional (R\$)	Fair value	Notional (EUR)	Notional (R\$)	Fair value
Deliverable Forwards	Euro	Long	14,729	49,925	(2,085)	15,423	53,032	(2,027)

Instrument	Risk factor	Nature	Consolidated					
			March 31, 2017			December 31, 2016		
			Notional (EUR)	Notional (R\$)	Fair value	Notional (EUR)	Notional (R\$)	Fair value
Non Deliverable Forwards	Euro	Short	(5,762)	(19,531)	145	2,698	9,360	1,187

**a. Commodity price risk**

The Risk Management Department is responsible for mapping the exposures to commodity prices of the Company and proposing strategies to the Risk Management Committee in order to mitigate such exposures. There were no significant changes to the Company's exposure in Commodity price risk in the current period in relation to December 31, 2016.

**b. Liquidity risk**

The table below shows the contractual obligation amounts from financial liabilities of the Company and its subsidiaries according to their maturities:

	Company									
	March 31, 2017					December 31, 2016				
	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total
Trade accounts payable	1,529,075	-	-	-	1,529,075	2,050,265	-	-	-	2,050,265
Debits w/ related parties	-	-	-	122,519	122,519	-	-	-	146,391	146,391
Loans and financings	10,665,667	2,132,574	5,086,922	6,431,720	24,316,883	12,281,028	2,255,450	5,090,070	6,675,864	26,302,412
Estimated interest on loans and financing <sup>(1)</sup>	1,141,071	1,598,780	960,020	517,748	4,217,619	1,324,128	1,690,250	1,033,864	755,681	4,803,923
Other financial liabilities	7,659	13,200	13,200	3,377	37,436	7,659	13,200	13,200	5,027	39,086

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(Expressed in thousands of Brazilian reais)

	Consolidated									
	March 31, 2017					December 31, 2016				
	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total
Trade accounts payable	9,651,414	-	-	-	9,651,414	10,716,987	-	-	-	10,716,987
Loans and financings	17,872,941	4,069,175	14,942,717	21,665,458	58,550,291	18,148,818	5,303,832	15,496,959	17,310,805	56,260,414
Estimated interest on loans and financing <sup>(1)</sup>	2,765,974	4,215,073	2,815,888	1,824,769	11,621,704	2,871,135	4,169,362	2,806,562	2,166,602	12,013,661
Derivatives financing liabilities (assets)	177,093	-	-	-	177,093	133,125	-	-	-	133,125
Other financial liabilities	152,701	62,200	13,200	3,377	231,478	161,114	83,918	13,200	5,027	263,259

<sup>(1)</sup> Includes interest on all loans and financing outstanding. Payments are estimated for variable rate debt based on effective interest rates at March 31, 2017 and December 31, 2016. Payments in foreign currencies are estimated using the March 31, 2017 and December 31, 2016 exchange rates.

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2017 is R\$48,700 (R\$33,630 at December 31, 2016). This guarantee is superior to the need presented for these operations.

The indirect subsidiary JBS USA and its subsidiaries, has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2017 is R\$280,403 (R\$254,862 at December 31, 2016). This guarantee is larger than its collateral.

Other guarantees considered relevant are described in detail in the note for Loans and financings.

The Company and its subsidiaries have no guarantees received from third parties deemed relevant.

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Notes to the quarterly interim condensed financial statements for the three months period ended March 31, 2017 and 2016  
(Expressed in thousands of Brazilian reais)

**23 Approval of the financial statements****BOARD OF DIRECTORS**

<b>Chairman:</b>	Joesley Mendonça Batista
<b>Vice-Chairman:</b>	Wesley Mendonça Batista
<b>Board Member:</b>	José Batista Sobrinho
<b>Board Member:</b>	Humberto Junqueira de Farias
<b>Board Member:</b>	Claudia Silva Araujo de Azeredo Santos
<b>Board Member:</b>	Tarek Mohamed Noshy Nasr Mohamed Farah
<b>Board Member:</b>	Maurício Luís Lucheti
<b>Independent Board Member:</b>	Sérgio Roberto Waldrich
<b>Independent Board Member:</b>	Norberto Fatio

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**FISCAL COUNCIL REPORT**

The Fiscal Council reviewed the quarterly interim condensed financial statements of the Company for the three month period ended March 31, 2017.

Our review included: a. analysis of the quarterly condensed financial statements prepared by the Company; b. monitoring of the review done by the external independent auditors through questions and discussions; and c. questions about relevant actions and transactions made by the Management of the Company.

Based on our review, according to the information and explanations received, and considering the Independent Auditors Review, the Fiscal Council is not aware of any fact that would lead to believe that the quarterly condensed financial statements above mentioned do not reflect at all relevant aspects of the information contained therein and are in condition to be disclosed by the Company, wherein do not have any qualified opinion or comments.

**FISCAL COUNCIL**

<b>Chairman:</b>	Adrian Lima Da Hora
<b>Council Member:</b>	José Paulo da Silva Filho
<b>Council Member:</b>	Demetrius Nichele Macei
<b>Council Member:</b>	Eraldo Soares Peçanha

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**AUDIT COMMITTEE**

<b>Chairman:</b>	Humberto Junqueira de Farias
<b>Committee Member:</b>	Silvio Roberto Reis de Menezes Júnior
<b>Committee Member:</b>	Paulo Sérgio Dortas

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**STATEMENT OF OFFICERS ON THE FINANCIAL STATEMENTS AND ON THE INDEPENDENT AUDITORS REVIEW REPORT**

The Company's Officers declare for the purposes of Article 25, paragraph 1, item V and VI of CVM Instruction No. 480 of December 7, 2009, that:

(i) They reviewed, discussed and agreed with the views expressed in the review report of the independent auditors on the consolidated financial statements for the three month period ended March 31, 2017, and

(ii) They reviewed, discussed and agreed with the consolidated financial statements for the three month period ended March 31, 2017.

**EXECUTIVE BOARD**

<b>Chief Executive Officer:</b>	Wesley Mendonça Batista
<b>Administrative and Control Officer:</b>	Eliseo Santiago Perez Fernandez
<b>Investor Relations Officer:</b>	Jeremiah Alphonsus O'Callaghan
<b>Institutional Relations Executive Officer:</b>	Francisco de Assis e Silva

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**Accountant:** Agnaldo dos Santos Moreira Jr. (CRC SP: 244207/O-4)

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