



JBS S.A.

**Condensed financial statements and Independent auditors'
report**

As of March 31, 2019 and 2018



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(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Independent auditor's report on review of the interim financial information

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

Introduction

We have reviewed the individual and consolidated Interim Financial Information of JBS S.A. (“Company” or “JBS”), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2019, which comprises the balance sheet as at March 31, 2019 and the related statement of profit and loss, statement of comprehensive income (loss), statement of changes in equity, and statement of cash flows for the three-month period then ended, including the explanatory notes.

The Company’s Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim 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 standards on review of interim financial information (NBC TR TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial 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 the standards on auditing and consequently does not enable us to obtain assurance that we 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 accompanying individual and consolidated interim financial information included in the Interim Financial Information Form (ITR) referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of interim financial information and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis of matter

Investigations and judicial procedures in progress

We draw attention to Note 2 to the individual and consolidated financial information, which discusses the plea bargain agreements, leniency agreement and other proceedings in progress, including those under discussion at the Brazilian Securities and Exchange Commission (“CVM”). During 2017, certain executives and former executives of J&F Investimentos S.A. Group (“J&F”) entered into Plea Bargain Agreements (“Plea Bargain”) with the Attorney General’s Office (“PGR”), which were subsequently ratified by the Superior Court of Justice (“STF”). Among other provisions, such agreements require the defendants to cooperate with the Federal Prosecution Office (“MPF”) regarding all facts reported to that authority, which were ratified by the MPF at the 5th Court. In September 2017, the Company and its subsidiaries executed an instrument of adherence to the Leniency Agreement, to protect them against the financial impacts arising from such Agreement, which will be fully assumed by J&F.

Therefore, as determined by the Agreement, in September 2017, an internal investigation led by the Independent Oversight Committee (“Committee” or “CSI”) was initiated, with the assistance of specialized external and independent professionals, of the facts related to the Company, both in Brazil and abroad, as reported under the Plea Bargain, which, in addition to the Operations mentioned in the above-mentioned Agreement, also includes Operations “Cui Bono”, “Carne Fraca”, “Sepsis”, “Greenfield”, “Bullish”, “Tendão de Aquiles”, “Lama Asfáltica”, and “Porteira Aberta”. In this context, the Company determined and included in its records and in its financial statements for the year ended December 31, 2017 certain estimates on the related accounting impacts of provisions, including on tax aspects, known through that date and, for the year ended December 31, 2018 and quarter ended March 31, 2019, the Company’s (and its subsidiaries’) Management did not identify new facts and/or new significant impacts in relation to those already known and described in the respective explanatory notes.

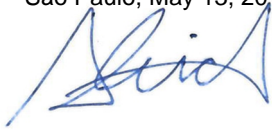
The risks and uncertainty involved in processes of this nature, besides the investigations in progress on processes already initiated, and other processes still in the evidence-gathering stage, might result in impacts on the financial information, if any, including on disclosure aspects, and may eventually change the assumptions adopted in recognizing the abovementioned provision relating to payments without actual provision of services and their respective tax effects and the deductibility of such expenses, including interest and fine. Our conclusion is not qualified regarding this matter.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2019, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) and considered supplemental information by IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

São Paulo, May 13, 2019



Alcides Afonso Louro Neto
Assurance Partner

Grant Thornton Auditores Independentes

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

	Note	Company		Consolidated	
		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	1,326,337	1,764,193	7,413,150	8,935,779
Trade accounts receivable	5	2,027,538	2,729,066	8,986,789	9,657,010
Inventories	6	2,248,747	2,005,010	12,690,038	11,311,734
Biological assets	7	-	-	3,453,985	3,190,953
Recoverable taxes	8	707,485	1,146,685	1,795,253	2,210,038
Derivative assets	26	7,718	6,303	83,937	52,797
Related party receivables	9	-	-	508,009	701,281
Other current assets		178,320	163,505	888,242	839,957
TOTAL CURRENT ASSETS		6,496,145	7,814,762	35,819,403	36,899,549
NON-CURRENT ASSETS					
Biological assets	7	-	-	1,188,708	1,168,454
Recoverable taxes	8	6,606,744	6,737,234	8,891,147	9,073,340
Related party receivables	9	900,813	828,802	-	-
Investments in associates, subsidiaries and joint ventures	10	26,126,334	24,989,925	86,367	84,967
Property, plant and equipment	11	11,107,293	11,186,287	35,202,066	35,109,179
Right of use asset	12	207,662	-	4,101,296	-
Deferred income taxes	18	-	-	1,625,865	1,159,445
Intangible assets	13	84,989	89,806	5,817,369	5,819,296
Goodwill	14	9,085,970	9,085,970	24,031,173	23,775,575
Other non-current assets		519,218	550,639	1,027,605	1,056,026
TOTAL NON-CURRENT ASSETS		54,639,023	53,468,663	81,971,596	77,246,282
TOTAL ASSETS		61,135,168	61,283,425	117,790,999	114,145,831

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

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

Note	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	2,092,328	2,282,370	11,257,550	12,165,387
Supply chain finance	174,005	50,885	1,178,365	910,228
Loans and financing	15 1,828,025	1,868,061	3,109,200	2,922,635
Income taxes	16 -	-	280,277	202,665
Accrued income taxes and other taxes	16 303,504	299,480	507,213	525,521
Accrued payroll and social charges	17 692,442	771,936	3,188,696	3,508,585
Lease provision	12 25,019	-	882,264	-
Dividends payable	6,566	6,566	7,312	6,566
Other financial liabilities	22,193	24,017	60,270	45,537
Derivative liabilities	26 2,761	23,602	189,717	210,015
Other current liabilities	945,522	897,419	1,031,028	1,104,577
TOTAL CURRENT LIABILITIES	6,092,365	6,224,336	21,691,892	21,601,716
NON-CURRENT LIABILITIES				
Loans and financing	15 13,652,797	13,674,207	53,037,575	53,230,893
Accrued income taxes and other taxes	16 706,443	704,382	844,671	842,268
Accrued payroll and social charges	17 3,168,093	3,167,443	3,698,547	3,740,541
Lease provision	12 184,534	-	3,247,690	-
Other financial liabilities	16,577	18,227	125,318	23,676
Deferred income taxes	18 1,600,720	1,853,179	2,951,845	3,483,539
Provisions	19 1,439,354	1,946,122	2,229,023	2,696,645
Related party payables	9 7,244,129	8,033,436	-	-
Other non-current liabilities	12,904	15,097	518,344	580,344
TOTAL NON-CURRENT LIABILITIES	28,025,551	29,412,093	66,653,013	64,597,906
EQUITY				
Share capital - common shares	20 23,576,206	23,576,206	23,576,206	23,576,206
Capital reserve	(267,736)	(255,699)	(267,736)	(255,699)
Other reserves	60,750	62,480	60,750	62,480
Profit reserves	1,887,776	1,869,306	1,887,776	1,869,306
Accumulated other comprehensive income	665,778	394,703	665,778	394,703
Retained earnings	1,094,478	-	1,094,478	-
Attributable to company shareholders	27,017,252	25,646,996	27,017,252	25,646,996
Attributable to non-controlling interest	-	-	2,428,842	2,299,213
TOTAL EQUITY	27,017,252	25,646,996	29,446,094	27,946,209
TOTAL LIABILITIES AND EQUITY	61,135,168	61,283,425	117,790,999	114,145,831

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

JBS S.A.
**Statements of income (loss) for the three month period ended March 31, 2019 and 2018
In thousands of Brazilian Reais - R\$**

	Note	Company		Consolidated	
		2019	2018	2019	2018
NET REVENUE	21	6,714,724	6,261,961	44,370,330	39,783,151
Cost of sales		<u>(5,648,679)</u>	<u>(5,509,685)</u>	<u>(38,533,820)</u>	<u>(34,631,012)</u>
GROSS PROFIT		1,066,045	752,276	5,836,510	5,152,139
General and administrative expenses	25	(557,668)	(533,427)	(1,560,406)	(1,213,061)
Selling expenses	25	(514,425)	(540,023)	(2,592,187)	(2,324,687)
Other expense	25	(660)	(3,939)	(20,018)	(78,820)
Other income	25	5,261	-	39,675	33,299
OPERATING EXPENSE		(1,067,492)	(1,077,389)	(4,132,936)	(3,583,269)
OPERATING PROFIT (LOSS)		(1,447)	(325,113)	1,703,574	1,568,870
Finance income	22	62,024	150,351	92,720	56,427
Finance expense	22	(741,731)	(443,280)	(1,419,406)	(1,164,558)
		<u>(679,707)</u>	<u>(292,929)</u>	<u>(1,326,686)</u>	<u>(1,108,131)</u>
Share of profit of equity-accounted investees, net of tax	10	1,521,443	922,535	7,398	7,050
PROFIT BEFORE TAXES	18	840,289	304,493	384,286	467,789
Current income taxes	18	-	705	(231,465)	(309,092)
Deferred income taxes	18	252,459	201,324	1,015,616	429,491
		<u>252,459</u>	<u>202,029</u>	<u>784,151</u>	<u>120,399</u>
NET INCOME		1,092,748	506,522	1,168,437	588,188
ATTRIBUTABLE TO:					
Company shareholders				1,092,748	506,522
Non-controlling interest				75,689	81,666
				<u>1,168,437</u>	<u>588,188</u>
Basic earnings per share - common shares (R\$)	23	0.41	0.18	0.41	0.18
Diluted earnings per share - common shares (R\$)	23	0.41	0.18	0.41	0.18

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

JBS S.A.

Statements of comprehensive income for the three month period ended March 31, 2019 and 2018
In thousands of Brazilian Reais - R\$

	Reference	Company		Consolidated	
		2019	2018	2019	2018
Net income	IS	1,092,748	506,522	1,168,437	588,188
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	SCSE	271,075	208,825	322,851	264,115
Total comprehensive income		271,075	208,825	322,851	264,115
Other comprehensive income		1,363,823	715,347	1,491,288	852,303
Total comprehensive income attributable to:					
Company shareholders	SCSE	1,363,823	715,347	1,363,823	715,347
Non-controlling interest	SCSE	-	-	127,465	136,956
		1,363,823	715,347	1,491,288	852,303

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





JBS S.A.

Statements of changes in equity for the three month period ended March 31, 2019 and 2018

In thousands of Brazilian Reais - R\$

Note	Capital reserves					Profit reserves			Other comprehensive income		Retained earnings	Total	Non-controlling interest	Total equity
	Share capital	Premium on issue of shares	Capital transaction ⁽¹⁾	Stock options	Other reserves	Treasury shares	Legal	Investments statutory	VAE ⁽²⁾	ATA ⁽³⁾				
DECEMBER 31, 2017	23,576,206	211,879	(556,963)	55,789	67,906	(192,882)	469,371	2,000,716	8,023	(1,352,433)	-	24,287,612	1,853,056	26,140,668
Net income	-	-	-	-	-	-	-	-	-	-	506,522	506,522	81,666	588,188
Comprehensive income (loss)	-	-	-	-	-	-	-	-	16,868	191,957	-	208,825	55,290	264,115
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	16,868	191,957	506,522	715,347	136,956	852,303
Share-based compensation	-	-	3,244	3,647	-	-	-	-	-	-	-	6,891	1,048	7,939
Treasury shares used in stock option plan	-	-	-	(25,003)	-	26,317	-	(1,314)	-	-	-	-	-	-
Realization of other reserves	-	-	-	-	(1,368)	-	-	-	-	-	1,368	-	-	-
Scott dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	1,414	1,414
Others	-	-	445	-	-	-	-	-	-	-	-	445	-	445
MARCH 31, 2018	23,576,206	211,879	(553,274)	34,433	66,538	(166,565)	469,371	1,999,402	24,891	(1,160,476)	507,890	25,010,295	1,992,474	27,002,769
DECEMBER 31, 2018	23,576,206	211,879	(522,691)	55,113	62,480	(624,139)	470,631	2,022,814	26,410	368,293	-	25,646,996	2,299,213	27,946,209
Net income	-	-	-	-	-	-	-	-	-	-	1,092,748	1,092,748	75,689	1,168,437
Comprehensive income	-	-	-	-	-	-	-	-	(6,242)	277,317	-	271,075	51,776	322,851
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	(6,242)	277,317	1,092,748	1,363,823	127,465	1,491,288
Share-based compensation	-	-	5,591	655	-	-	-	-	-	-	-	6,246	1,531	7,777
Treasury shares used in stock option plan	-	-	-	(18,470)	-	18,417	-	53	-	-	-	-	-	-
Realization of other reserves	-	-	-	-	(1,730)	-	-	-	-	-	1,730	-	-	-
White Stripe acquisition	-	-	-	-	-	-	-	-	-	-	-	-	1,746	1,746
Others	-	-	187	-	-	-	-	-	-	-	-	187	(1,113)	(926)
MARCH 31, 2019	23,576,206	211,879	(516,913)	37,298	60,750	(605,722)	470,631	2,022,867	20,168	645,610	1,094,478	27,017,252	2,428,842	29,446,094

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

⁽²⁾ Valuation adjustments to equity;

⁽³⁾ Accumulated translation adjustments and exchange variation in subsidiaries.

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



JBS S.A.
Statements of cash flows for the three month period ended March 31, 2019 and 2018
In thousands of Brazilian Reais - R\$

	Notes	Company		Consolidated	
		2019	2018	2019	2018
Cash flows from operating activities					
Net income		1,092,748	506,522	1,168,437	588,188
Adjustments for:					
Depreciation and amortization	7, 11, 12 and 13	197,641	197,353	1,479,605	1,126,739
Allowance for doubtful accounts	5	18,374	58,570	42,108	59,507
Share of profit of equity-accounted investees	10	(1,521,443)	(922,535)	(7,398)	(7,050)
(Gain) loss on assets sales		(4,601)	3,941	(5,586)	4,854
Tax expense	18	(252,459)	(202,029)	(784,151)	(120,399)
Finance expense (income), net	22	679,707	292,929	1,326,686	1,108,131
Share-based compensation	20	655	3,647	7,777	7,939
Provisions	19	58,953	(14,581)	107,282	(138,591)
Impairment	11	-	-	4,231	52,763
(Gain) loss with the divestment program	10	-	-	-	3,860
(Gain) loss on subsidiaries sale		-	-	8,759	-
Obsolete inventory accrual	6	1,250	-	8,107	37,857
Tax payable in installments		-	21,690	-	21,690
Fair value (market to market) of biological assets	7	-	-	(211,875)	(31,956)
Impacts from the leniency agreement	19	5,842	9,630	5,842	9,630
		276,667	(44,863)	3,149,824	2,723,162
Changes in assets and liabilities:					
Trade accounts receivable		722,124	(248,536)	756,202	273,523
Inventories		(244,987)	(27,708)	(1,307,018)	(754,522)
Recoverable taxes		29,307	(77,515)	(10,326)	(143,025)
Other current and non-current assets		16,605	(12,746)	(28,143)	(447,859)
Biological assets		-	-	(373,990)	(225,822)
Trade accounts payable and supply chain finance		(81,407)	(48,145)	(715,663)	(423,307)
Tax payable in installments		(114,289)	(64,487)	(114,564)	(66,219)
Other current and non-current liabilities		(62,356)	(27,979)	(528,009)	(252,033)
Income taxes paid		-	-	(78,693)	(520,595)
		264,997	(507,116)	(2,400,204)	(2,559,859)
Cash provided by (used in) operating activities					
		541,664	(551,979)	749,620	163,303
Interest paid		(275,096)	(215,892)	(943,360)	(1,106,114)
Interest received		30,391	139,089	61,088	134,223
		296,959	(628,782)	(132,652)	(808,588)
Cash flow from investing activities					
Purchases of property, plant and equipment	11	(112,809)	(77,902)	(754,054)	(441,494)
Purchases of intangible assets	13	(1,252)	(2,999)	(2,567)	(8,547)
Proceeds from sale of property, plant and equipment	11	11,777	178,727	23,560	209,502
Acquisitions, net of cash acquired	1	-	-	(43,811)	-
Assets held for sale, net of cash		-	-	-	622,235
Dividends and liquidation funds received	10	14,439	-	6,000	-
Proceeds from the divestment program		-	6,616	-	6,616
Related party transactions	9	(325,087)	60,275	194,693	310,660
Other		(2,941)	-	(2,941)	72
		(415,873)	164,717	(579,120)	699,044
Cash flow from financing activities					
Proceeds from loans and financings	15	32,916	-	1,522,399	4,857,260
Payments of loans and financings	15	(183,961)	(669,337)	(1,822,803)	(5,703,332)
Derivatives instruments received/settled	26	(144,529)	15,858	(171,649)	(6,302)
Dividends paid to non-controlling interest		-	-	-	(1,414)
Payments of lease	12	(10,502)	-	(288,131)	-
Others		-	-	2,532	8,849
		(306,076)	(653,479)	(757,652)	(844,939)
Effect of exchange rate changes on cash and cash equivalents					
		(12,866)	2,048	(53,205)	46,322
Net change in cash and cash equivalents		(437,856)	(1,115,496)	(1,522,629)	(908,161)
Cash and cash equivalents beginning of period		1,764,193	2,138,802	8,935,779	11,741,308
Cash and cash equivalents at the end of period		1,326,337	1,023,306	7,413,150	10,833,147
Non-cash transactions:					
	Notes	2019	2018	2019	2018
Negative investment transference	10	36,794	35,397	-	-
Payments of loans through settlement of related parties	9	-	(137,966)	-	-
Treasury shares used in stock option plan	20 b2	18,470	25,003	18,470	25,003
Compensation reversal of recoverable taxes with accrued payroll and social charges	17	-	169,258	-	169,258
Moy Park loss of ownership	10	-	-	-	-
PP&E reclassification to right of use asset	11	-	-	62,694	-
Intangible disposal due to subsidiaries sale	13	-	-	2,170	-
PP&E disposal due to subsidiaries sale	11	-	-	6,589	-
Payment of provisions with recoverable taxes	19 a	(543,573)	-	(543,573)	-
Decrease in subsidiaries' investments through assumption of credit	9	(687,183)	-	-	-

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

JBS S.A.
**Economic value added the three month period ended March 31, 2019 and 2018
In thousands of Brazilian Reais - R\$**

	Company		Consolidated	
	2019	2018	2019	2018
Revenue				
Sales of goods and services	6,862,739	6,420,125	44,814,869	40,176,898
Other income (expense)	1,370	(3,740)	8,538	(9,836)
Allowance for doubtful accounts	(18,374)	(58,570)	(42,108)	(59,507)
	6,845,735	6,357,815	44,781,299	40,107,555
Goods				
Cost of services and goods sold	(4,951,230)	(4,834,320)	(27,525,565)	(25,315,257)
Materials, energy, services from third parties and others	(948,194)	(893,350)	(7,633,442)	(6,644,980)
	(5,899,424)	(5,727,670)	(35,159,007)	(31,960,237)
Gross added value	946,311	630,145	9,622,292	8,147,318
Depreciation and Amortization	(197,641)	(197,353)	(1,479,605)	(1,126,739)
Net added value generated	748,670	432,792	8,142,687	7,020,579
Net added value by transfer				
Share of profit of equity-accounted investees, net of tax	1,521,443	922,535	7,398	7,050
Financial income	62,024	150,351	92,720	56,427
Others	(627)	(4,170)	7,891	(38,709)
NET ADDED VALUE TOTAL TO DISTRIBUTION	2,331,510	1,501,508	8,250,696	7,045,347
DISTRIBUTION OF ADDED VALUE				
Labor				
Salaries	487,438	445,604	4,756,499	3,917,059
Benefits	63,788	57,952	887,183	798,510
FGTS (Brazilian Labor Social Charge)	33,969	31,491	72,270	67,283
	585,195	535,047	5,715,952	4,782,852
Taxes and contribution				
Federal	(251,572)	(200,760)	(623,573)	2,201
State	149,801	195,272	359,073	336,167
Municipal	4,981	4,928	5,092	5,203
	(96,790)	(560)	(259,408)	343,571
Capital Remuneration from third parties				
Interests and exchange variation	728,342	427,353	1,382,085	1,122,599
Rents	12,791	23,529	99,051	174,238
Others	9,224	9,617	144,579	33,899
	750,357	460,499	1,625,715	1,330,736
Owned capital remuneration				
Net income (loss) attributable to company shareholders	1,092,748	506,522	1,092,748	506,522
Non-controlling interest	-	-	75,689	81,666
	1,092,748	506,522	1,168,437	588,188
ADDED VALUE TOTAL DISTRIBUTED	2,331,510	1,501,508	8,250,696	7,045,347

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

JBS S.A.

Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
(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 (B3 - 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 Company along with its subsidiaries ("Company" or "Consolidated") is the world's largest company in processing animal protein as measured by total revenue.

The issuance of these condensed individual and consolidated financial statements was approved by the Board of Directors on May 13, 2019.

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

a. Main operating events that occurred during the period:

a1. In February 2019, through its indirect subsidiary Andrews Meat Industries Pty. Limited ("Andrews Meat"), the Company acquired 60% of White Stripe Foods Pty. Ltd ("White Stripe") by the amount paid in cash of R\$21,010 (US\$5,625), subject to customary working capital adjustments. White Stripe expands the distribution network for international hospitality, foodservice and retail markets. The goodwill generated in this business combination is R\$21,025 (US\$4,925) is not eligible to be deducted for tax purposes in the United States of America.

a2. In March 2019, through its indirect subsidiary Swift Beef Company ("Swift Beef"), the Company acquired 100% of Imperial Beef, LLC ("Imperial Beef") by the amount paid in cash of R\$21,362 (US\$5,483), subject to customary working capital adjustments. Imperial Beef provides branded meat program through acquisition of branded breeding stock. No goodwill was generated in this business combination.

a3. In March 2019, through its direct subsidiary Seara Alimentos, the Company acquired 100% of SAFRIO Serviços de Armazenagem Frigorificadas Ltda. of which R\$5,417 was paid in cash and R\$125,708 will be paid in deferred installments recognized under the caption "Other financial liabilities". SAFRIO's main business is a distribution center and warehousing for products destined to be exported through harbors in the State of Santa Catarina. The goodwill generated in this business combination is R\$74,338. Goodwill generated from business combinations in Brazil is only eligible for tax deductibility through incorporation or sale of assets and liabilities acquired.

These transactions are not presented in a business combination footnote since their impacts in the financial statement is immaterial.

Subsequent events:

a4. In April 2, 2019, the Company announced through a material fact that, through its direct subsidiary JBS Investments GmbH II, reopened the senior notes maturing in January 2026 ("Notes 2026"). The issuance of the Notes 2026 will be guaranteed by the Company, which intends to use the net proceeds to extend its debt maturity profile by refinancing shorter maturity indebtedness, through the prepayment of debts with maturity in shorter term.

a4. In April 22, 2019, through its subsidiary JBS USA Lux, the Company notified the trustee on the senior unsecured notes due 2021 outstanding of its intention to redeem R\$1.7 billion (US\$416,600). Redemption of the notes will be completed on June 1, 2019, at a price equal to 100.0% of the principal amount of the notes to be redeemed plus accrued and unpaid interest up to but excluding the redemption date.

a6. In April 23, 2019, the Company announced through a notice to the market the reopening and pricing of the senior notes maturing in July 2024, July 2025 and April 2029, through its indirect subsidiaries JBS USA Lux, JBS USA Finance, Inc. and JBS USA Food Company. The issuance of the Notes will be guaranteed by the Company and are part of its liability management strategy. JBS intends to use the net proceeds, with the amount available in cash, to amortize the R\$3.9 billions (US\$1 billion) of JBS USA Lux's Term Loan maturing in October 2022.

a7. In April 26, 2019, the Company announced through a notice to the market the acquisition of a pork processing plant including its integration system with Adelle Indústria de Alimentos Ltda., located in the State of Rio Grande do Sul, through its direct subsidiary Seara Alimentos. The acquisition price of the assets is R\$235,000 and will be paid as follows: R\$80,000 through a transfer of the Frederico Refrigerated Pork Plant located in the city of Frederico Westphalen, state of Rio Grande do Sul and the remaining amount will be paid in cash and assumption of debts. The conclusion of the transaction is subject to the approval of the Brazilian Antitrust Authority, amongst other usual conditions.

a8. In May 2, 2019, the Company announced through a material fact that, through its indirect subsidiary JBS USA Lux S.A., it raised US\$1.9 billion through a senior secured term loan facility, with an interest rate of LIBOR + 2.50% due on May 1st, 2026. Proceeds from this loan were used to retire the Term Loan due in 2022.

a9. In May 10, 2019, JBS concluded the payment of R\$2.36 billions (US\$600,000) related to the amortization of part of the debts established by the Normalization Agreement maintained with financial institutions. The amortization carried out continues to reflect the Company's strategy to reduce its indebtedness and improve its debt profile, which, together with the amortization carried out informed in the Material Fact disclosed in May 14, 2018, totaled a reduction of R\$4.36 billions in the expected obligations in the Normalization Agreement. Also in May, the Company intends to amortize another US\$400,000 of debts established by the Normalization Agreement and other debts, totalling US\$1.0 billion of amortized payments in the second quarter of 2019 using approximately US\$500,000 from senior notes maturing in 2026 and US\$500,000 from the Company's free cash generation.

Under the terms of the Normalization Agreement, the concluded payments authorize the Company, but do not oblige it, to terminate the Normalization Agreement which may be done after bilateral negotiations between the Company and its financing partners in order to extend maturities to obtain interest rates that best represent the current financial strength and reduce the portion of guarantees.

2 Plea bargain agreement, Leniency agreement and the impacts in the financial statements

As previously disclosed, in 2017 certain executives and former executives of J&F Investimentos S.A. ("J&F") took over certain obligations in the Plea Bargain Agreement with the District Attorney General's Office ("PGR"). Also in 2017, J&F entered in a Leniency Agreement ("Agreement") with the Federal Public Prosecutor's Office ("MPF") which was approved. In the same year, the Company and its Brazilian subsidiaries adhered the Agreement. Further information is presented in the financial statements from December 31, 2018 on footnote 2 - Plea bargain agreement, Leniency agreement and the impacts in the financial statements.

The Company and its subsidiaries are in compliance with the Agreement's guidelines and the respective timeline.

2.1 Independent Internal investigations

The Company's Management has concluded, based on internal analytical procedures adopted, the impacts on its financial statements which were disclosed and recognized in its financial statements of the year ended December 31, 2017 and the accrual is reviewed and updated quarterly. The independent Internal investigations are still ongoing and until the approval of these financial statements, no new events were identified or the need of reverse or complement the accrual.

2.2 Other investigative and judicial related procedures

The investigative and judicial procedures related to J&F's plea bargain agreement involving the Company, its executives and its subsidiaries are described below:

2.2.1 Criminal procedures:



JBS S.A.

Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
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In criminal investigations and proceedings, legal entities do not suffer any criminal penalties arising from the events committed by its executives and/or representatives, who are subjected to law penalties (including deprivation of liberty), in case of any proof of effective participation in illegal facts involving the Company and/or its subsidiaries.

- **Lama Asfáltica operation (police inquiry):** is on progress and the Company has been collaborating with the investigation. Until the present moment there were six phases of the investigation conducted held by the Federal Police: Lama Asfáltica (July 2015), Fazendas da Lama (May 2016), Aviões da Lama (July 2016), Máquinas da Lama (May 2017), Papiros da Lama (November 2017) and Computadores da Lama (November 2018), and nine complaints were lodged. Investigations involving the facts related to JBS S. A in the investigation no. 525/17 have already been the subject of a final report and have already initiated two criminal proceedings (one complaint received and ongoing and one which was rejected and is awaiting judgment). The Criminal Action involving the facts of the employees of the justice system awaits the beginning of the criminal investigation scheduled for April 2019.

The other proceedings from criminal investigations are ongoing and the Company has been collaborating with the investigations. There have been no relevant proceedings since the financial statements from December 31, 2018.

2.2.2 Class actions:

The class actions n° 1001502-51.2017.4.01.3700 and 820215-58.2017.8.12.0001 had no relevant proceedings since the financial statements from December 31, 2018.

2.2.3 Corporate lawsuits:

The Administrative Sanctioning Procedures underway in the CVM had no relevant proceedings since the financial statements from December 31, 2018.

2.3 Compliance Program

The Company structured a compliance program named "Always Do It Right", created to prevent conducts of employees and third parties that might disagree with the Company's Code of Conduct and Ethics, laws, regulations and/or internal procedures. This structure reports directly to the Board of Directors and acts independently. Their are also responsible for monitoring and implementing trainings related to compliance matters, management of the complaints channel, periodical risk assessments, internal control implementation including anti-corrupting matters, reputation analysis of third parties (due diligence), among other activities related to this department.

3 Basis of preparation

The condensed financial statements (consolidated and individual) were prepared in accordance with IAS 34/CPC 21 (R1) - Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") and the Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis - "CPC"). 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 for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards ("IFRS") and the accounting practices adopted in Brazil issued by CPC and approved by the Brazilian Securities Commission ("CVM"). Therefore these condensed financial statements as of March 31, 2019 are not disclosed fully when compared to the financial statements for the year ended December 31, 2018, approved by the Board of Directors on March 28, 2019. To avoid duplication of disclosures which are included in the annual financial statements, the following notes were not subject to full filling:

- i. Operating activities
- ii. Business combination
- iii. Biological assets
- iv. Recoverable taxes
- v. Property, plant and equipment
- vi. Intangible
- vii. Goodwill
- viii. Trade accounts payable
- ix. Loans and financing
- x. Dividends payable
- xi. Other financial liabilities
- xii. Risk management and financial instruments

a. Functional and representation currency

The functional currency of a company is the local currency within the primary economic environment in which it operates. These 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.

b. Standards, amendments and interpretations that are effective

b1. IFRS 16/CPC 6 - Leases

As of January 1, 2019, the Company and its subsidiaries adopted IFRS 16/CPC 6 - Leases using the modified retrospective approach, which only apply the effects of the adoption as of January 1, 2019, without changes in 2018 for comparability purposes. The Company and its subsidiaries recognized new assets and liabilities for their contracts with the right of use identifiable assets (operating leases) as detailed in note 12 - Leases.

The contracts identified by the Company refer substantially to leases of buildings, machinery and equipment, operating plants, computer equipment, vehicles, growing facilities, among others. The Company applied its judgment to the cases in which there is an option to renew the contracts, based on its best expectation. This assessment affects the lease term that significantly impacts the value of the lease assets and liabilities.

The Group recognizes a right of use asset and a lease liability at the lease's commencement date. The right of use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment and adjusted for certain remeasurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments that were not paid at the commencement date, discounted using the interest rate implied in the lease or when that rate can not be determined immediately, generally the average rate of the loans as discount rate.

The nature of the expenses related to these leases is recognized as cost of depreciation of right of use assets. Financial expenses on lease obligations are recognized and demonstrated as interest expense.

The Company does not recognize a lease asset and liability for contracts with a term of less than 12 months and/or of low value.

In the transition, for leases classified as operating leases, lease liabilities were measured at the present value of the remaining payments. Contracts that were not identified as leases were not revalued.



JBS S.A.

Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
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b2. IFRIC 23/ICPC 22 - Uncertainty over income tax treatments

As of January 1, 2019, IFRIC 23 / ICPC 22 - Uncertainty over income tax treatments was effective and clarifies how to apply the recognition and measurement requirements when there is uncertainty about the treatment of taxes on profit, that is, there are doubts about the acceptance of the treatments adopted by the tax authority applying the requirements of CPC 32 - Income Taxes. The Company had no impacts recognized in its financial statements.

There are no other standards, changes in standards and interpretations that are not effective that the Company expects to have a material impact arising from its application in its financial statements.

4 Cash and cash equivalents

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Cash on hand and at banks	909,178	1,356,338	3,564,696	3,998,922
CDB (bank certificates of deposit) and National Treasury Bill (Tesouro Selic)	417,159	407,855	3,848,454	4,936,857
	1,326,337	1,764,193	7,413,150	8,935,779

5 Trade accounts receivable, net

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Current receivables	1,659,389	2,381,712	7,324,619	8,016,837
Overdue receivables:				
From 1 to 30 days	301,538	211,356	1,212,027	1,136,777
From 31 to 60 days	52,847	85,805	189,257	235,038
From 61 to 90 days	4,216	29,740	63,669	93,626
Above 90 days	220,036	228,280	542,216	495,945
Allowance for doubtful accounts	(205,397)	(204,719)	(338,882)	(316,987)
Present value adjustment	(5,091)	(3,108)	(6,117)	(4,226)
	368,149	347,354	1,662,170	1,640,173
	2,027,538	2,729,066	8,986,789	9,657,010

Below are the changes in the allowance for doubtful accounts:

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Initial balance	(204,719)	(191,163)	(316,987)	(324,570)
Additions	(18,374)	(211,680)	(42,108)	(239,778)
Write-offs	17,696	198,124	20,569	255,414
Exchange variation	-	-	(356)	(8,053)
Final balance	(205,397)	(204,719)	(338,882)	(316,987)

6 Inventories

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Finished products	1,596,189	1,284,178	8,582,125	7,251,776
Work in process	308,515	344,205	1,077,569	1,078,630
Raw materials	183,678	214,284	1,248,637	1,206,510
Warehouse spare parts	160,365	162,343	1,781,707	1,774,818
	2,248,747	2,005,010	12,690,038	11,311,734

7 Biological assets

Changes in biological assets:	Current	Non-current
	Balance at December 31, 2018	3,190,953
Increase by reproduction (born) and cost to reach maturity	6,064,012	454,630
Reduction for slaughter, sale or consumption	(7,211,444)	(43,954)
Increase by purchase	973,110	146,468
Decrease by death	(3,403)	(5,429)
Fair value adjustments, net	211,875	-
Changes from non-current to current	194,694	(194,694)
Exchange rate variation	34,188	9,800
Amortization	-	(349,115)
Effect from acquired companies ⁽¹⁾	-	2,548
Balance at March 31, 2019	3,453,985	1,188,708

⁽¹⁾ Refers to balances arising from Imperial Beef acquisition held during March 2019.

JBS S.A.

Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
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8 Recoverable taxes

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Value-added tax on sales and services - ICMS	928,139	937,058	2,669,688	2,591,890
Excise tax - IPI	75,840	78,369	186,555	152,120
Social contribution on billings - PIS and COFINS	2,563,070	3,133,522	3,421,163	4,087,794
Withholding income tax - IRRF/IRPJ	3,662,600	3,659,620	4,276,638	4,326,317
Reintegra	66,139	57,138	99,274	91,306
Other	18,441	18,212	33,082	33,951
	7,314,229	7,883,919	10,686,400	11,283,378
Current	707,485	1,146,685	1,795,253	2,210,038
Non-current	6,606,744	6,737,234	8,891,147	9,073,340
	7,314,229	7,883,919	10,686,400	11,283,378

9 Related parties transactions

The main balances of assets and liabilities, as well as the transactions resulting in income (loss) for any period, that relate to transactions between related parties or arose from transactions at prices and conditions established between the related parties. Transference of costs includes borrowing costs, interest and management fee, when applicable. The following table includes balances and net effect on income of intercompany financing transactions between the Company and its subsidiaries:

COMPANY	Currency	Costs transfer (administrative and funding)	Statement of financial position accounts		Effect on net income	
			March 31, 2019	December 31, 2018	2019	2018
Direct subsidiaries						
JBS Embalagens Metálicas	R\$	CDI + 1% p.m.	168,921	163,052	5,866	5,184
Conceria Priante ⁽¹⁾	EUR	5,11 to 8,375% p.y.	141,713	138,682	1,725	1,759
Brazservice	R\$	CDI + 1% p.m.	131,777	130,449	4,545	3,542
JBS Confinamento	R\$	CDI + 1% p.m.	50,905	32,916	1,862	807
JBS Leather International ⁽²⁾	US\$	-	27,517	-	-	-
Enersea ⁽¹⁾	R\$	CDI + 1% p.m.	988	734	(218)	(271)
JBS Holding GmbH ⁽²⁾	EUR/USD	-	-	(694,158)	-	-
JBS Mendoza ⁽¹⁾	US\$	-	(643)	(802)	-	-
JBS Investments II GmbH ⁽³⁾	US\$	7% p.y.	(1,941,388)	(1,926,333)	(33,175)	-
Seara Alimentos ⁽¹⁾	R\$	CDI + 1% p.m.	(2,691,158)	(2,815,875)	(90,289)	115,620
Indirect subsidiaries						
JBS Leather Asia Limited ⁽¹⁾	US\$	5,11 to 8,375% p.y.	269,864	256,883	3,339	3,078
Zendaleather México ⁽¹⁾	US\$	2,5% to 5,11% p.y.	109,128	106,086	1,121	134
JBS USA Holding Lux ⁽¹⁾	US\$	5,11% p.y.	(2,610,940)	(2,596,268)	(32,099)	(34,568)
JBS Aves	R\$	CDI + 1% p.m.	-	-	-	28,288
JBS Leather Uruguai	US\$	8,375% p.y.	-	-	-	1,338
JBS Handels GmbH	EUR	3,5% p.y.	-	-	-	(3,950)
Other related party						
Flora Produtos de Hig. Limp. S.A.	R\$	Selic	-	-	-	394
Total, net			(6,343,316)	(7,204,634)	(137,323)	121,355
			March 31, 2019	December 31, 2018		
Related party receivables			900,813	828,802		
Related party payables			(7,244,129)	(8,033,436)		
			(6,343,316)	(7,204,634)		

⁽¹⁾ Refers to working capital funding. Settlement in the future shall be through a capital contribution, reduction and/or dividends distribution.

⁽²⁾ In January 2019, the Company's direct subsidiary JBS Holding GmbH liquidated its assets due to its liquidation process and transferred the intercompany financing transaction that it had with JBS Leather International, related to the sale of the indirect subsidiary Capital Joy, to the Company.

⁽³⁾ In October 2018, the Company's direct subsidiary raised US\$500,000 (R\$1.9 billion) related to the pricing of the senior notes maturing in 2026 which has the Company as guarantor. JBS used the funds received with the amount in cash available to repurchase the Company's notes maturing in 2020 and yield of 7% in the amount of US\$1.0 billion (R\$3.8 billion).

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 condensed financial statements for the three month period ended March 31, 2019 and 2018
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Following, are demonstrated all commercial transactions between related parties recognized in the individual financial statement:

COMPANY	Accounts receivable		Accounts payable		Purchases/Services rendered		Sale of products/Services rendered	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	2019	2018	2019	2018
Direct subsidiaries								
JBS Confinamento	530	241	10,014	4,361	22,330	12,098	1,179	689
Brazservice	8,853	10,544	982	854	5,189	14,039	30,144	33,753
Seara Alimentos	37,391	32,300	34,726	37,748	16,868	14,929	162,359	153,901
Conceria Priante	46,927	34,555	-	-	-	-	38,460	41,954
Enersea	-	-	-	-	32,928	35,613	29,531	29,764
Indirect subsidiaries								
JBS Global UK	63,887	85,017	-	-	-	-	59,894	57,867
JBS Australia Pty	-	-	-	-	-	3,969	-	-
Toledo	9,718	22,715	25	-	41	-	42,048	67,671
JBS Aves	1,693	1,844	21,155	20,983	1,493	2,865	4,178	2,243
Weddel	1,243	12,792	-	-	-	-	1,216	9,699
Sampco	81,734	80,156	-	-	-	-	109,436	101,860
Meat Snacks Partners	16,563	5,745	1	-	36	421	60,677	65,572
JBS Leather Asia Limited	14,183	15,745	-	-	-	-	14,734	7,332
JBS Leather Uruguay	14,734	6,416	-	-	107	1,013	12,655	17,342
Seara Comércio de Alimentos	854	574	1,231	1,324	4,595	1,089	2,002	932
Agrícola Jandelle	-	-	-	-	-	4,449	-	2,125
Swift Beef Company	-	-	2,702	787	1,169	4,725	-	-
Swift & Company Trade Group	4,787	5,465	-	648	20	-	23,129	-
Other related parties								
JBJ Agropecuária	1,024	615	22,829	-	115,330	40,727	2,420	847
Flora Produtos de Hig. Limp. S.A.	12,425	14,572	-	9	38	6	33,025	31,962
	316,546	329,296	93,665	66,714	200,144	135,943	627,087	625,513

Financial transactions

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 domestic and foreign markets. 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, 2019 and December 31, 2018, the unpaid balance of transferred receivables was R\$702,308 and R\$678,647 in the Company, and R\$1,302,376 and R\$1,500,560 in the Consolidated, respectively. During the three month periods ended March 31, 2019 and 2018, JBS incurred financial costs related to this operation in the amount of R\$19,374 and R\$14,255 in the Company, and R\$35,083 and R\$26,136 in the Consolidated, respectively, recognized in the consolidated financial statements as financial expenses.

Additionally at March 31, 2019 and December 31, 2018, the Company holds investments with Banco Original, in the amount of R\$66,590 and R\$71,431 in the Company and R\$148,666 and R\$167,796 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 periods ended March 31, 2019 and 2018, the Company earned interest from these investments in the amount of R\$814 and R\$825 in the Company, and R\$1,872 and R\$1,900 in the Consolidated, recognized in the consolidated financial statements under the caption "Finance income", respectively.

Included in loans and financings in the amount of R\$18,664 and R\$19,317 at March 31, 2019 and December 31, 2018, referring to the Company's indirect subsidiary BR Frango are bank notes issued by BNDES (Brazilian Development Bank). Outstanding borrowings under these notes bear interest at an average rate of 14.53% at March 31, 2019, which is payable on a monthly basis. The notes are due in 2020 to 2024 and may be pre-paid at any time without penalty.

JBS is the main sponsor of Instituto Germinare, a business school youth-directed, whose goal is to educate future leaders by offering free, high-quality education. During the three month periods ended March 31, 2019 and 2018, the Company made donations in the amounts of R\$3,682 and R\$2,738, respectively, recognized in the financial statements as administrative expenses.

Credit with related parties - Consolidated

	March 31, 2019	December 31, 2018
J&F Oklahoma ⁽⁴⁾	508,009	701,281
	508,009	701,281

⁽⁴⁾ This amount represents the result of the use of a credit facility between the indirect subsidiary Moyer Distribution (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\$2.6 billion (US\$675,000). 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. J&F Oklahoma uses this credit facility to purchase cattle.

Further, Moyer Distribution, a JBS USA subsidiary, was the guarantor of a J&F Oklahoma revolving credit facility with financial institutions such revolving credit facility were terminated with financial institutions on August, 2018.

No expense for doubtful accounts or bad debts relating to related-party transactions were recorded during the years ended December 31, 2019 and 2018.

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Remuneration of key management

The Company's key management is comprised of its Executive Officers and the Board of Directors. The aggregate amount of compensation received by the Company's key management during the three month period ended March 31, 2019 and 2018 is the following:

	2019	2018
Salaries and wages	4,534	4,350
Variable cash compensation	5,000	5,000
	9,534	9,350

The Chief Executive Officer, the Administrative and Control Officer, the Investor Relations Officer and the Executive Officers 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.

10 Investments in subsidiaries and joint ventures
i. In the Company:

	December 31, 2018	Addition (disposal)	Exchange rate variation	Equity		March 31, 2019
				Changes in the Equity of investees	Proportionate share of income (loss)	
JBS Embalagens Metálicas	(82,197)	-	-	-	(5,848)	(88,045)
JBS Confinamento	512,233	-	-	-	(8,953)	503,280
Conceria Priante	10,026	-	(153)	-	(477)	9,396
JBS Holding GmbH ⁽¹⁾	695,580	(695,611)	(29,144)	-	29,175	-
JBS Global Luxembourg	19,716,731	-	150,062	186,748	1,154,886	21,208,427
JBS Leather International	(354,264)	-	(2,521)	(9,025)	(15,517)	(381,327)
Brazservice	(72,070)	-	-	-	(4,021)	(76,091)
Seara Alimentos	3,728,133	-	-	(14,646)	361,519	4,075,006
Meat Snack Partners ⁽²⁾	84,967	(6,000)	540	(538)	7,398	86,367
Rigamonti	139,236	-	(1,915)	-	2,766	140,087
Enersea	(481)	-	-	-	138	(343)
JBS Mendoza	758	-	(103)	-	98	753
Midup Participações	17,966	-	-	-	(167)	17,799
JBS Milestone ⁽¹⁾	11	(11)	-	-	-	-
JBS Asset Management	84,170	-	491	-	446	85,107
JBS Investments II GmbH	114	-	(2)	-	-	112
Subtotal	24,480,913	(701,622)	117,255	162,539	1,521,443	25,580,528
Accrual for loss on investments (*)	509,012	-	-	-	-	545,806
Total	24,989,925					26,126,334

⁽¹⁾ Transfer of the negative investments for other current liabilities.

⁽¹⁾ JBS Holding GmbH and JBS Milestone: In January and March 2019, the direct subsidiaries JBS Holding GmbH and JBS Milestone were liquidated, for corporate structure simplification purposes.

⁽²⁾ Meat Snack Partners: In March 2019, the indirect subsidiary Meat Snack Partners distributed dividends to the Company.

ii. In the Consolidated:

	December 31, 2018	Distribution of dividends	Equity		March 31, 2019
			Changes in the Equity of investees	Proportionate share of income	
Meat Snack Partners	84,967	(6,000)	2	7,398	86,367
Total	84,967	(6,000)	2	7,398	86,367

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

Company	December 31, 2018	Additions net of transfers ⁽¹⁾	Disposals	Depreciation	March 31, 2019
Buildings	3,466,381	6,237	(3)	(33,715)	3,438,900
Land	1,642,442	-	-	-	1,642,442
Machinery and equipment	3,601,414	15,979	(3,213)	(94,252)	3,519,928
Facilities	1,495,526	5,370	(44)	(26,700)	1,474,152
Computer equipment	62,008	2,956	(28)	(7,477)	57,459
Vehicles	295,595	32,384	(3,638)	(18,395)	305,946
Construction in progress	558,871	47,804	-	-	606,675
Other	64,050	2,079	(250)	(4,088)	61,791
	11,186,287	112,809	(7,176)	(184,627)	11,107,293

Consolidated	December 31, 2018	Acquisitions ⁽²⁾	Additions net of transfers ⁽¹⁾	Disposals	Depreciation	Exchange rate variation	March 31, 2019
Buildings	12,685,771	35,729	107,621	(6,047)	(172,649)	54,500	12,704,925
Land	4,339,056	5,328	13,511	(37)	-	14,010	4,371,868
Machinery and equipment	11,986,962	10,295	445,161	(11,147)	(469,945)	57,935	12,019,261
Facilities	2,065,051	-	20,576	(1,397)	(46,833)	(148)	2,037,249
Computer equipment	343,659	273	27,058	(233)	(33,604)	1,684	338,837
Vehicles	479,931	24	45,624	(4,754)	(28,504)	2,936	495,257
Construction in progress	2,520,674	-	118,779	(15)	-	15,243	2,654,681
Other	688,075	884	(24,276)	(63,627)	(24,763)	3,695	579,988
	35,109,179	52,533	754,054	(87,257)	(776,298)	149,855	35,202,066

⁽¹⁾ Additions for each category includes transfer from construction in progress during the period.

⁽²⁾ Refers to balances arising from SAFRIO, Imperial Beef and White Stripe's acquisitions from the first quarter of 2019.

For the three month period ended March 31, 2019 and 2018, the amount of capitalized interest added to construction in progress and included in additions was R\$6,587 and R\$7,662 in the Company, respectively, and in the Consolidated was R\$26,771 and R\$23,410, respectively.

The Company annually tests the recoverability of its assets that were identified as having an indicator of impairment using the concept of value in use through discounted cash flow models. For the three month period ended March 31, 2019, there were no indicators of impairment.

12 Leases

The Company and its subsidiaries adopted IFRS 16/CPC 6 - Leases standard as of January 1, 2019, as described in footnote 3 item b.

12.1 Right of use asset

The right of use asset balances are as follows:

Company	Average lease term	Initial adoption 01.01.19	Terminated contracts	PIS/COFINS constitution	Depreciation	March 31, 2019
Buildings	3 to 20 years	194,757	(26)	(415)	(4,911)	189,405
Operating plants	1 to 4 years	16,217	(5)	-	(1,311)	14,901
Machinery and equipment	1 to 4 years	3,073	-	-	(613)	2,460
Others	1 to 4 years	1,006	-	-	(110)	896
		215,053	(31)	(415)	(6,945)	207,662

Consolidated	Average lease term	Initial adoption 01.01.19	Acquisitions ⁽¹⁾	Additions	PIS/COFINS constitution	Terminated contracts	Depreciation	Exchange rate variation	March 31, 2019
Growing facilities	1 to 13 years	1,584,612	-	-	-	-	(85,513)	50,136	1,549,235
Buildings	3 to 20 years	1,052,329	437	60,167	(415)	(25)	(45,952)	27,566	1,094,107
Vehicles and aircraft	1 to 5 years	668,290	-	23,634	-	(4,439)	(71,886)	19,586	635,185
Machinery and equipment	1 to 5 years	656,494	-	8,359	-	-	(49,852)	19,230	634,231
Land	1 to 4 years	68,106	-	-	-	-	(1,399)	2,205	68,912
Operating plants	1 to 11 years	67,602	-	-	-	(4)	(2,876)	463	65,185
Computer equipment	1 to 4 years	10,831	-	-	-	-	(2,046)	-	8,785
Furniture and appliances	1 to 3 years	1,221	-	-	-	-	(298)	-	923
Others	1 to 4 years	49,458	-	-	(4,179)	(532)	(14)	-	44,733
		4,158,943	437	92,160	(4,594)	(5,000)	(259,836)	119,186	4,101,296

⁽¹⁾ Refers to balance arising from White Stripe's acquisition during March 2019.

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12.2 Lease provision

	<u>Company</u>	<u>Consolidated</u>
	<u>March 31, 2019</u>	<u>March 31, 2019</u>
Lease provision	358,087	4,984,868
Present value adjustment	(148,534)	(854,914)
	<u>209,553</u>	<u>4,129,954</u>
Breakdown:		
Current liabilities	25,019	882,264
Non-current liabilities	184,534	3,247,690
	<u>209,553</u>	<u>4,129,954</u>

Changes in the lease provision:

<u>Company</u>	<u>Initial adoption</u>	<u>Interest accrual</u>	<u>Payments</u>	<u>Terminated</u>	<u>March 31,</u>				
	<u>01.01.19</u>			<u>contracts</u>	<u>2019</u>				
Lease provision	368,589	-	(10,502)	-	358,087				
Present value adjustment	(153,538)	5,000	-	4	(148,534)				
	<u>215,051</u>	<u>5,000</u>	<u>(10,502)</u>	<u>4</u>	<u>209,553</u>				
Consolidated	Initial adoption	Aquisitions ⁽¹⁾	Additions	Interest	Payments	Terminated	Exchange	Reclassification	March 31,
	01.01.19			accrual		contracts	rate variation	ST x LT	2019
Lease provision	4,416,608	437	92,165	-	(254,825)	(5,754)	138,726	597,511	4,984,868
Present value adjustment	(262,888)	-	-	57,772	(33,306)	744	(19,725)	(597,511)	(854,914)
	<u>4,153,720</u>	<u>437</u>	<u>92,165</u>	<u>57,772</u>	<u>(288,131)</u>	<u>(5,010)</u>	<u>119,001</u>	<u>-</u>	<u>4,129,954</u>

The discount rate used for the present value's calculation of the lease provision of the identified assets and, consequently, for the monthly accrual of financial interest was 10.18% to 11.86%, and in the Consolidated 5.10% to 11.86% in accordance with the term of each lease agreement.

The non-current portion of the lease provision schedule is as follows:

	<u>Company</u>	<u>Consolidated</u>
	<u>March 31, 2019</u>	<u>March 31, 2019</u>
2020	31,078	842,717
2021	41,249	755,803
2022	40,264	626,247
2023	34,453	470,392
2024	29,963	309,604
Maturities thereafter 2024	139,384	862,392
Present value adjustment	(131,857)	(619,465)
	<u>184,534</u>	<u>3,247,690</u>

13 Intangible assets
Changes in intangible assets:

<u>Company</u>	<u>December 31,</u>	<u>Additions</u>	<u>Amortization</u>	<u>March 31, 2019</u>
	<u>2018</u>			
Amortizing:				
Trademarks	31,921	-	(2,660)	29,261
Software	33,085	1,252	(3,409)	30,928
Non-amortizing:				
Trademarks	24,800	-	-	24,800
	<u>89,806</u>	<u>1,252</u>	<u>(6,069)</u>	<u>84,989</u>

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Consolidated	December 31, 2018	Acquisitions ⁽¹⁾	Additions	Disposal	Amortization	Exchange rate variation and others	March 31, 2019
Amortizing:							
Trademark	254,742	14,260	-	-	(6,952)	2,112	264,162
Software	75,115	-	2,567	-	(7,213)	41	70,510
Customer relationships	2,050,258	-	-	-	(75,910)	14,412	1,988,760
Supplier contract	82,007	-	-	-	(2,157)	391	80,241
Others	14,556	947	-	(2,170)	(2,124)	(61)	11,148
Non-amortizing:							
Trademarks	3,302,654	-	1,252	-	-	58,385	3,362,291
Water rights	39,964	-	-	-	-	293	40,257
	5,819,296	15,207	3,819	(2,170)	(94,356)	75,573	5,817,369

⁽¹⁾ Refers to balance arising from Imperial Beef's acquisition from March 2019.

14 Goodwill

Goodwill is recognized under the caption 'Investments in subsidiaries and joint ventures' because for the investor it is part of its investment in the subsidiary's acquisition; and as goodwill, in the Consolidated because it refers to expectation of future earnings from the acquired subsidiary, which assets and liabilities are consolidated with the Company's. Therefore, in the Company there is only goodwill from incorporations in the amount of R\$9,085,970 and in the Consolidated all goodwill are recognized as intangible.

Changes in goodwill:

Balance at December 31, 2018	23,775,575
Acquisitions ⁽¹⁾	92,747
Exchange rate variation and others	162,851
Balance at March 31, 2019	24,031,173

⁽¹⁾ Refers to balances arising from White Stripe and SAFRIO's acquisitions from March 2019.

CGU Groups	March 31, 2019	December 31, 2018
Brazil Beef	9,069,926	9,069,926
Seara	3,607,633	3,533,294
Moy Park	3,129,428	3,030,896
USA Pork	2,706,391	2,691,181
Australia Meat	1,140,704	1,125,428
Australia Smallgoods	1,077,200	1,062,769
Others CGUs without significant goodwill	3,299,891	3,262,081
Total	24,031,173	23,775,575

CGU groups containing goodwill are tested for impairment annually and for the year ended December 31, 2018 there were no events or circumstances that indicate that the recoverable amount may be less than the carrying amount and no expense was recorded. For the three month period ended March 31, 2019 there were no events or circumstances that indicate that the recoverable amount may be less than the carrying amount.

15 Loans and financing

Type	Company							
	Average annual interest rate	Currency	Index on variable rate loans	Payment terms / non-current debt	Current		Non-current	
					Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Foreign currency								
Prepayment	5.72%	USD	Libor	2021-23	938,206	1,011,421	4,292,501	4,322,038
ACC - Advances on exchange contracts	5.92%	USD	-	2021	636,347	623,400	2,086,446	2,087,092
Notes 6,25% JBS S.A 2023	6.25%	USD	-	2023	29,179	75,602	3,011,565	2,993,874
Notes 7,25% JBS S.A 2024	7.25%	USD	-	2024	105,470	53,376	2,918,404	2,901,727
Working capital - Euro	2.67%	EUR	Euribor	2023	18,246	19,039	39,338	49,458
FINIMP	6.63%	USD	Libor	*	12,004	-	-	-
					1,739,452	1,782,838	12,348,254	12,354,189
Local currency								
Credit note - export	9.11%	BRL	CDI	2021	248	7,547	964,051	963,332
Working capital - Brazilian Reais	7.66%	BRL	CDI and TJLP	2021	-	37	129,155	129,095
FINAME	8.32%	BRL	TJLP	2021-25	22,844	26,720	34,611	40,867
FINEP	6.39%	BRL	-	2021-25	23,815	22,960	53,234	59,532
CDC - Direct credit to consumers	13.98%	BRL	-	2020-23	41,666	27,959	123,492	127,192
					88,573	85,223	1,304,543	1,320,018
					1,828,025	1,868,061	13,652,797	13,674,207

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Consolidated								
Type	Average annual interest rate	Currency	Indexer	Payment terms / non-current debt	Current		Non-current	
					Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Foreign currency								
ACC - Advances on exchange contracts	6.00%	USD	-	2020-21	646,538	634,900	3,069,157	3,094,983
Prepayment	6.15%	USD	Libor	2020-23	1,153,049	1,275,206	5,297,398	5,694,441
Notes 6,25% JBS S.A 2023	6.25%	USD	-	2023	29,179	75,602	3,011,565	2,993,874
Notes 7,25% JBS S.A 2024	7.25%	USD	-	2024	105,470	53,376	2,918,404	2,901,727
Notes 7,00% JBS S.A 2026	7.00%	USD	-	2026	136,384	29,761	1,805,003	1,896,572
Credit note – import	5.48%	USD	Libor	2021	-	2,868	116,788	114,832
FINIMP	6.63%	USD	Libor	*	12,004	5,440	-	-
Scott credit facilities	4.82%	USD	-	2023	1,329	1,298	7,092	7,250
Working capital - Euro/US dollars	2.85%	USD and EUR	Libor and Euribor	2023	21,781	22,537	39,338	49,458
					2,105,734	2,100,988	16,264,745	16,753,137
Local currency								
ACC - Advances on exchange contracts	3.34%	USD	Libor	*	503	-	-	1,087
Prepayment	4.69%	USD	Libor	2021	-	-	320,095	-
FINAME	7.66%	BRL	TJLP	2020-25	31,034	35,013	47,607	55,823
FINEP	6.28%	BRL	-	2021-25	27,442	26,919	53,234	60,190
JBS Mortgage	5.80%	USD	-	2020	795	775	6,227	6,393
Notes 7,25% JBS Lux 2021	7.25%	USD	-	2021	61,817	14,980	2,564,196	2,548,073
Notes 5,875% JBS Lux 2024	5.88%	USD	-	2024	36,247	78,728	2,908,774	2,891,764
Notes 5,75% JBS Lux 2025	5.75%	USD	-	2025	59,378	8,912	3,486,307	3,465,889
Notes 5,75% PPC 2025	5.75%	USD	-	2025	9,960	65,604	3,878,693	3,856,151
Notes 5,875% PPC 2027	5.88%	USD	-	2027	97,834	48,912	3,256,764	3,236,853
Notes 6,75% JBS Lux 2028	6.75%	USD	-	2028	30,250	88,927	3,476,254	3,455,849
Term loan JBS Lux 2022	4.98%	USD	Libor	2022	150,471	172,525	12,429,561	12,418,631
PPC term loan	3.74%	USD	Libor	2023	115,070	110,610	1,786,228	1,799,364
Working capital - Brazilian Reais	7.97%	BRL	CDI and TJLP	2020-24	3,623	4,603	135,390	135,665
Working capital - US Dollars	3.34%	USD	Libor	*	175,079	-	-	174,095
Working capital - Euros	1.26%	EUR	Euribor	2021-23	54,390	56,153	4,926	4,985
Credit note – export	9.02%	BRL	CDI	2020-22	29,846	28,735	1,814,943	1,811,421
CDC - Direct credit to consumers	13.98%	BRL	-	2020-23	41,666	27,959	123,492	127,192
CCB	14.53%	BRL	UM BNDES	2020-24	3,026	3,012	15,637	16,305
Rural - Credit note	7.40%	BRL	-	2020-21	8,825	10,198	315,525	315,526
Scott credit facilities	4.77%	USD, EUR and AUD	US Prime Rate	2020	45,026	16,945	612	3,832
JBS Australia Feedlot Agreement	7.00%	AUD	-	2023	-	-	74,661	73,664
Other	1.31%	AUD, BRL EUR, GBP and USD	Libor, Euribor and BBSY	2022-25	21,184	22,137	73,704	19,004
					1,003,466	821,647	36,772,830	36,477,756
					3,109,200	2,922,635	53,037,575	53,230,893

* Balances classified as current which have their maturities between April 1, 2019 and March 31, 2020.

Average annual interest rate: Refers to the weighted average nominal cost of interest at the reporting date. The loans and financings are fixed by a fixed rate or indexed to rates: CDI, TJLP, UMBNDES, LIBOR and EURIBOR, among others.

As of March 31, 2019 and December 31, 2018, the availability under JBS USA revolving credit facilities was R\$7.4 billions (US\$1.9 billions) and R\$3.3 billion (US\$1.0 billion), respectively.

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

Maturity	March 31, 2019	
	Company	Consolidated
2020	73,875	269,094
2021	6,576,876	12,981,651
2022	1,028,433	13,344,960
2023	3,050,011	4,615,835
2024	2,920,856	5,843,482
Maturities thereafter	2,746	15,982,553
	13,652,797	53,037,575

15.1 Guarantees and contractual restrictions ("covenants")

The Company was in compliance with all of its debt covenant restrictions at March 31, 2019 and until the date that these financial statements were approved.

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16 Accrued income taxes and other taxes

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Accrued income taxes	-	-	280,277	202,665
Withholding income taxes	37,361	25,809	37,940	26,496
ICMS / VAT / GST tax payable	24,074	26,434	64,728	64,844
PIS / COFINS tax payable	74,515	72,417	107,006	92,440
Taxes payable in installments	871,817	876,588	926,857	932,523
Others	2,180	2,614	215,353	251,486
	1,009,947	1,003,862	1,632,161	1,570,454
Breakdown:				
Current liabilities	303,504	299,480	787,490	728,186
Non-current liabilities	706,443	704,382	844,671	842,268
	1,009,947	1,003,862	1,632,161	1,570,454

Decree 8,426/2015 - PIS/COFINS over financial income: In July 2015, the Company and its subsidiaries filed an injunction to suspend the enforceability of PIS and COFINS debts over financial income. The Decree 8,426/2015 reestablished the levy of PIS and COFINS on financial revenues obtained by companies subject to the PIS and COFINS noncumulative regime, at the rates of 4.65%. As of March 31, 2019 and December 31, 2018, the Company has recorded under Income taxes, payroll, social charges and tax obligation the amount of R\$68,916 and R\$67,215 in the Company, respectively, and in the Consolidated R\$96,681 and R\$85,062, respectively, regarding to PIS/COFINS over financial income.

17 Accrued payroll and social charges

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Salaries and related social charges	190,529	280,635	1,141,740	1,263,693
Bonus and vacation along with related social charges	262,339	214,801	2,109,069	2,276,391
Taxes payable in installments	3,403,679	3,439,543	3,466,538	3,502,778
Others	3,988	4,400	169,896	206,264
	3,860,535	3,939,379	6,887,243	7,249,126
Breakdown:				
Current liabilities	692,442	771,936	3,188,696	3,508,585
Non-current liabilities	3,168,093	3,167,443	3,698,547	3,740,541
	3,860,535	3,939,379	6,887,243	7,249,126

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18 Income taxes
a. Reconciliation of income tax and social contribution expense:

	Company		Consolidated	
	For the three month periods ended March 31,		For the three month periods ended March 31,	
	2019	2018	2019	2018
Profit (loss) before income taxes (PBT)	840,289	304,493	384,286	467,789
Nominal rate	(34)%	(34)%	(34)%	(34)%
Expected tax expense	(285,698)	(103,528)	(130,657)	(159,048)
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	517,290	313,662	2,515	2,397
Prior years loss carryforwards	-	-	-	1,440
Domestic production activities deduction	-	-	314,197	5,502
Difference on tax rates of foreign subsidiaries	-	-	141,832	125,113
Unrecognized tax benefit	-	-	86,199	38,401
Adjustments on financial statements - Foreign subsidiaries	-	-	(18,516)	(7,820)
Withholding income tax - Foreign subsidiaries	-	-	(8,945)	-
Stock option plan	-	(1,240)	(9)	(1,650)
Non-taxable interest - Foreign subsidiaries	-	-	45,932	46,668
Dual jurisdiction taxation - Foreign subsidiaries	-	-	99,991	78,980
Penalties for infringements and/or tax payable in installments	(54,123)	(1,763)	(54,547)	(2,415)
Realization of deferred tax from surplus value	-	-	123,675	-
Payment of taxes from infringements	(75,181)	-	(75,181)	-
Realization of the non-deductible infringement accrual	122,539	-	122,539	-
Other permanent differences	27,632	(5,102)	135,126	(7,169)
Current and deferred income tax (expense) benefit	252,459	202,029	784,151	120,399
Current income tax	-	705	(231,465)	(309,092)
Deferred income tax	252,459	201,324	1,015,616	429,491
	252,459	202,029	784,151	120,399
% IT/PBT	30.04 %	66.35 %	204.05 %	25.74 %

	Company		Consolidated	
	2019		2018	
	2019	2018	2019	2018
Adjustments to reconcile taxable income ⁽¹⁾				
Prior years loss carryforwards - deferred tax	(288,520)	(181,195)	(725,512)	(315,330)
Unrecognized tax losses	-	-	(86,199)	(38,401)
Withholding income tax - Luxembourg restructure	-	-	8,945	-
Deferred tax prior year booking ⁽²⁾	-	-	-	(1,440)
Realization of deferred tax from surplus value	-	-	(123,675)	-
Income tax on realization of other reserves	(668)	(705)	(6,540)	(6,914)
Current and deferred income tax (expense) benefit - ADJUSTED	(36,729)	20,129	(148,830)	(241,686)
Effective income tax rate	(4.37)%	6.61%	(38.73)%	(51.67)%

⁽¹⁾ 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) recognition of deferred tax from the current year; ii) unrecognized tax benefits; iii) realization of deferred taxes in incorporations; iv) Withholding income tax arising from foreign subsidiaries; and v) Income tax on realization of the other reserves (since it is not relate to the net operating income).

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b. Composition of deferred income tax and social contribution

	Consolidated		
	December 31, 2018	Income statement	March 31, 2019
Tax losses and negative basis of social contribution	-	288,520	288,520
Allowance for doubtful accounts	72,889	231	73,120
Provisions for contingencies	204,520	(15,979)	188,541
Present value adjustment - Trade accounts receivable	1,057	674	1,731
Share-based payment	9,604	(5,497)	4,107
Other temporary differences assets	50,328	(20,716)	29,612
Goodwill amortization	(1,909,608)	-	(1,909,608)
Present value adjustment - Trade accounts payable	(3,550)	3,635	85
Realization of other reserves / deemed cost	(270,186)	668	(269,518)
Other temporary differences liabilities	(8,233)	923	(7,310)
Deferred taxes, net	(1,853,179)	252,459	(1,600,720)

	Consolidated				
	December 31, 2018	Income statement	Exchange variation	Other adjustments	March 31, 2019
Tax losses and negative basis of social contribution	1,561,728	725,512	1,197	-	2,288,437
Allowance for doubtful accounts	83,259	7,517	(28)	-	90,748
Provision for contingencies	393,125	56,042	-	-	449,167
Present value adjustment - Trade accounts receivable	4,183	1,283	-	-	5,466
Tax credits - Foreign subsidiaries	48,816	-	276	-	49,092
Labor accidents accruals - Foreign subsidiaries	128,712	2,408	808	-	131,928
Employee benefit plan - Foreign subsidiaries	100,878	(2,386)	490	-	98,982
Accounts payable accrual - Foreign subsidiaries	384,631	(1,907)	2,110	-	384,834
Share-based compensation	9,604	(5,497)	-	-	4,107
Other temporary differences assets	695,566	49,380	5,292	-	750,238
Goodwill amortization	(2,026,405)	-	-	-	(2,026,405)
Present value adjustment - Trade accounts payable	(12,560)	2,696	-	-	(9,864)
Business combination	(2,529,413)	160,859	(31,456)	-	(2,400,010)
Insurance claims accruals - Foreign subsidiaries	(116,104)	(5,091)	(826)	-	(122,021)
Inventory valuation - Foreign subsidiaries	(209,390)	34,138	(45)	-	(175,297)
Realization of other reserves / deemed cost	(651,297)	7,210	-	-	(644,087)
Other temporary differences liabilities	(189,427)	(16,548)	8,354	(3,674)	(201,295)
Deferred taxes, net	(2,324,094)	1,015,616	(13,828)	(3,674)	(1,325,980)

Government subventions

The Company and its subsidiaries have subventions to investments granted by the state government which are mainly presumed and/or granted ICMS (Value-added tax on sales and services) credits that are granted as an encouragement to implement or expand economic enterprises. In other jurisdictions, the Company receives subventions of energy and training. When the income tax expense reduces and reflects the deductibility of these incentives, all conditions related to the government subventions were in compliance in the three month period ended March 31, 2019.

19 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, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Labor	239,203	221,826	499,933	453,227
Civil	21,072	16,535	208,856	197,840
Tax and Social Security	1,179,079	1,707,761	1,520,234	2,045,578
Total	1,439,354	1,946,122	2,229,023	2,696,645

Changes in provisions

	Company				
	December 31, 2018	Additions, disposals and changes in estimates	Payments	Monetary correction	March 31, 2019
Labor	221,826	47,224	(33,089)	3,242	239,203
Civil	16,535	4,844	(2,411)	2,104	21,072
Tax and Social Security	1,707,761	12,727	(544,143)	2,734	1,179,079
Total	1,946,122	64,795	(579,643)	8,080	1,439,354

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Consolidated

	December 31, 2018	Additions, disposals and changes in estimates	Payments	Monetary correction	Exchange rate variation	March 31, 2019
Labor	453,227	92,536	(59,975)	14,144	1	499,933
Civil	197,840	7,771	(4,241)	7,486	-	208,856
Tax and Social Security	2,045,578	12,817	(544,552)	6,430	(39)	1,520,234
Total	2,696,645	113,124	(608,768)	28,060	(38)	2,229,023

In the Company:

a. **Plea bargain agreement impacts:** In January 2019, a payment related to a infraction fine referring to the year 2013, which its balance was already accrued.

As of March 31, 2019, the Company did not identified the need of making any adjustments besides monetary correction which impact totaled R\$5,842, which was recognized under the caption "General and administrative expenses. The total amount of the accrual in March 31, 2019 was R\$1,039,749.

20 Equity

a. **Share capital:** Share capital on March 31, 2019 was R\$23,576,206, represented by 2,728,747,412 common shares, having no nominal value.

b. **Capital reserves:**

b1. **Premium on issue of shares:** refers to the difference between the subscription price that the stockholders pay for the shares and their fair value;

b2. **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 establishes the criteria of granting the options and selecting the employees. The number of grantable shares authorized to be granted 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 program's fair value is recognized as an expense with an offset to 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 options are granted. The number of stock options that each employee is entitled to was calculated based on the average of the Company's stock price for the three months prior to the grant date. The stock option program has 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.

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:

Grants						Fair value assumptions			
Program	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	
2016C	Apr-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%
2016D	Jun-16	3,259,890	R\$ 9.20 to R\$ 10.05	0.00001	1 to 3 years	12.66% to 13.60%	65.98%	11.12	4.45%
2016E	Nov-16	3,350,000	R\$11.27	0.0000003	Immediate vesting	-	-	11.27	-
2016F	Nov-16	195,000	R\$ 9.81 to R\$ 10.49	0.000015	1 to 3 years	11.42% to 11.60%	50.30%	11.27	3.35%
2017A	Jan-17	3,700,979	R\$11.90	0.01000	Immediate vesting	-	-	11.90	-
2017B	May-17	1,004,722	R\$ 11.72 to R\$ 11.82	0.000002	1 to 3 years	9.31% to 9.64%	46.15%	11.86	0.45%
2017B1	May-17	35,876	R\$11.86	0.00003	Immediate vesting	-	-	11.86	-
2017C	May-17	2,315,842	R\$ 11.10 to R\$ 11.15	1.00000	1 to 3 years	9.31% to 9.64%	46.15%	12.07	0.45%
2017D	Oct-17	3,350,000	R\$8.39	0.0000003	Immediate vesting	-	-	8.39	-
2018A	Apr-18	317,127	R\$ 7.50 to R\$ 7.57	0.00001	1 to 3 years	6.22% to 7.07%	41.38%	7.57	0.53%
2018B	May-18	264,201	R\$ 7.50 to R\$ 7.57	0.00001	1 to 3 years	6.25% to 6.99%	38.49%	7.57	0.54%
2018C	May-18	771,071	R\$ 9.66 to R\$ 9.75	0.000004	1 to 3 years	6.25% to 6.99%	38.49%	9.75	0.54%
2018D	May-18	1,500,000	R\$ 9.66 to R\$ 9.75	0.000002	1 to 3 years	6.25% to 6.99%	38.49%	9.75	0.54%
2018E	Jun-18	153,846	R\$ 9.62 to R\$ 9.72	0.00002	1 to 3 years	6.74% to 8.81%	41.40%	9.75	0.5%
2018F	Jul-18	35,897	R\$ 9.63 a R\$ 9.73	0.0000800	1 to 3 years	6.79% to 9.25%	47.53%	9.75	0.51%
2018G	Oct-18	3,350,000	R\$9.75	0.0000003	Immediate vesting	-	-	9.75	-
Total		26,082,102							

March 31, 2019

Program	Grant	Vesting terms	Options outstanding	Remaining contractual life (years)	
2017B	May-17	05.01.17	1/3 per year with final maturity in May 1, 2020	218,287	1.17
2018A	Apr-18	04.01.18	1/3 per year with final maturity in April 1, 2020	105,709	2.00
2018B	May-18	05.01.18	1/3 per year with final maturity in May 1, 2020	88,067	2.08
2018C	May-18	05.01.18	1/3 per year with final maturity in May 1, 2020	470,965	2.08
2018D	May-18	05.01.18	1/3 per year with final maturity in May 1, 2020	500,000	2.08
2018E	Jun-18	06.01.18	1/3 per year with final maturity in June 1, 2021	102,564	2.17
2018F	Jul-18	07.01.18	1/3 per year with final maturity in July 1, 2021	23,931	2.25
			1,509,523		

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Risk free interest rate: The Company uses as a risk free interest rate the projection obtained from Interpolation of fixed x floating interest rate swap (BM&F'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, 2019	
	Quantity of options	Average exercise price per share
Opening balance	3,975,719	R\$ 9.51
Exercised ⁽¹⁾	(1,936,849)	R\$ 9.75
Cancelled	(529,347)	R\$ 11,20
Closing balance	1,509,523	R\$ 9.51

⁽¹⁾ The exercised shares during the three month period ended March 31, 2019 totaled in the amount of R\$18,470.

During the three month period ended March 31, 2019, the expense with options plan totaled R\$655 in the Company and in the Consolidated of R\$7,777. The expenses were recorded in the net income (loss) under the caption "General and administrative expenses", with the respective offset in "Capital Reserves."

b3. Treasury shares:

Treasury share activity during the three month period ended March 31, 2019 were as follows:

	March 31, 2019	
	Quantity	R\$ thousand
Opening balance	65,639,365	624,139
Treasury shares used in stock option plan ⁽¹⁾	(1,936,849)	(18,417)
Closing balance	63,702,516	605,722

⁽¹⁾ Refers to treasury shares exercised effectively.

21 Net revenue

	Company		Consolidated	
	2019	2018	2019	2018
GROSS REVENUE				
Sales of products				
Domestic sales	4,388,063	4,384,703	34,795,436	31,629,569
Export sales	2,713,186	2,263,100	10,996,806	9,417,932
	7,101,249	6,647,803	45,792,242	41,047,501
SALES DEDUCTION				
Returns and discounts	(238,510)	(227,678)	(977,372)	(870,603)
Sales taxes	(148,015)	(158,164)	(444,540)	(393,747)
	(386,525)	(385,842)	(1,421,912)	(1,264,350)
NET REVENUE	6,714,724	6,261,961	44,370,330	39,783,151

22 Finance income (expense)

	Company		Consolidated	
	2019	2018	2019	2018
Exchange rate variation	(92,927)	(71,248)	(171,912)	(139,299)
Fair value adjustments on derivatives	(122,273)	15,680	(144,558)	(29,314)
Interest expense ⁽¹⁾	(513,142)	(356,105)	(1,075,516)	(953,980)
Interest income	62,024	134,671	92,720	56,427
Taxes, contribution, fees and others	(13,389)	(15,927)	(27,420)	(41,965)
	(679,707)	(292,929)	(1,326,686)	(1,108,131)
Finance income	62,024	150,351	92,720	56,427
Finance expense	(741,731)	(443,280)	(1,419,406)	(1,164,558)
	(679,707)	(292,929)	(1,326,686)	(1,108,131)

⁽¹⁾ At March 31, 2019 and 2018, the amounts of R\$263,585 and R\$293,873 in the Company and R\$832,660 and R\$866,054 in the Consolidated refers to interest expenses from loans and financings recognized under the caption "Interest expense".

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23 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).

	2019	2018
Net income attributable to shareholders	1,092,748	506,522
Weighted average common shares outstanding	2,728,747	2,856,858
Weighted average - treasury shares	(63,848)	(16,535)
Weighted average - common shares outstanding (basic)	2,664,900	2,840,323
Basic earnings per share - (R\$)	0.41	0.18

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 had only one category of potential common shares that would cause dilution: outstanding options to purchase shares (shares in thousands).

	2019	2018
Net income attributable to shareholders	1,092,748	506,522
Weighted average common shares outstanding (basic) - R\$	2,664,900	2,840,323
Dilutive effect of outstanding stock options	1,035	11,071
Weighted average - common shares outstanding (diluted)	2,665,935	2,851,394
Diluted earnings per shares - (R\$)	0.41	0.18

For the three month period ended March 31, 2019, 1,509,523 shares related to outstanding stock options have been excluded from the calculation of diluted weighted average common shares.

24 Operating segments and geographic reporting

The Company's Management established the operating segments based on the reports that are used to make strategic decisions:

Brazil: this segment includes all the operating activities from Company and its subsidiaries, mainly represented by slaughter facilities, cold storage and meat processing, fat, feed and production of beef by-products such as leather, collagen and others products produced in Brazil.

Seara: this segment includes all the operating activities of Seara and its subsidiaries, mainly represented by chicken and pork processing, production and commercialization of food products.

Beef USA: this segment includes JBS USA's operations, including Australia and Canada as well, related to beef processing: slaughter, cold storage, production and others beef by-products, besides cattle fattening services.

Pork USA: this segment includes JBS USA's pork and lamb operations, including Plumrose and Australia as well, related to slaughter, cold storage, production and commercialization of food products.

Chicken USA: this segment includes PPC's operations, including Moy Park as well, mainly represented by chicken processing, production and commercialization of food products in the United States of America, Mexico, United Kingdom and France.

Due to the volume's substantial percentage of the operating segments above, the others segments and activities in which the Company operates do not have a major share. Those segments are included in "Others". Furthermore, the eliminations between the companies of the group are presented separately.

The accounting policies of the reportable segments are the same as described in the financial statements from the year ended December 31, 2018. The Company evaluates its performance per segment, which according to its accounting policies, are disclosed with the breakdown of net revenue, net operating income and depreciation.

There are no revenues arising out of transactions with any single customer that represents 5% or more of the total revenues. Net revenue presented below is from external customers.

The segment profitability reviewed by the Executive Officers is operating income, which does not include finance income (expense), share of profit or loss of equity accounted investees, or income taxes. The Company manages its loans and financing and income taxes at the corporate level and not by segment.

The information by consolidated operational segment are as follows:

	Net revenue		Operating income ⁽¹⁾		Depreciation	
	2019	2018	2019	2018	2019	2018
Segments						
Brazil	6,764,164	6,300,277	(3,715)	(301,359)	198,692	200,426
Seara	4,197,261	3,974,491	(3,635)	84,258	281,682	245,913
Beef USA	18,886,113	16,414,049	761,638	858,776	224,942	165,167
Pork USA	5,035,749	4,756,107	439,267	373,109	149,203	70,474
Chicken USA	10,259,112	8,896,348	513,540	646,935	608,925	434,893
Others	591,901	547,382	5,178	28	17,704	9,866
Intercompany elimination	(1,363,970)	(1,105,503)	(542)	-	(1,543)	-
Total	44,370,330	39,783,151	1,711,731	1,661,747	1,479,605	1,126,739

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	March 31, 2019	December 31, 2018
Total assets		
Brazil	35,549,811	36,835,443
Seara	23,687,561	23,044,148
Beef USA	20,231,166	18,513,199
Pork USA	10,808,401	8,904,564
Chicken USA	25,921,105	24,076,655
Others	26,991,132	29,007,228
Intercompany elimination	(25,398,177)	(26,235,406)
Total	117,790,999	114,145,831

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

Geographic reporting	Net revenue		Operating income ⁽¹⁾		Depreciation	
	2019	2018	2019	2018	2019	2018
	United States of America	33,470,547	29,539,238	1,708,622	1,871,707	992,164
South America	10,811,309	10,195,043	(7,213)	(211,352)	484,247	449,026
Others	492,450	428,585	10,864	1,392	4,737	3,323
Intercompany elimination	(403,976)	(379,715)	(542)	-	(1,543)	-
Total	44,370,330	39,783,151	1,711,731	1,661,747	1,479,605	1,126,739

Total assets by geographic area:

	March 31, 2019	December 31, 2018
Total assets		
United States of America	77,251,424	73,042,765
South America	56,785,779	57,347,022
Others	6,068,016	6,843,825
Intercompany elimination	(22,314,220)	(23,087,781)
Total	117,790,999	114,145,831

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

	Operating income	
	2019	2018
Net income (loss)	1,168,437	588,188
Income tax and social contribution - current and deferred	(784,151)	(120,399)
Finance (income) expense, net	1,326,686	1,108,131
Share of profit of equity-accounted investees, net of tax	(7,398)	(7,050)
Operating profit	1,703,574	1,568,870
Tax payable in installments	-	21,690
Investigation impacts due to the leniency agreement	5,842	9,630
Other operating expense/income	2,315	61,557
Net operating profit	1,711,731	1,661,747

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25 Expenses by nature

The Company's policy is to present expenses by function on the consolidated statement of income (loss). Expenses by nature are disclosed below:

	Company		Consolidated	
	2019	2018	2019	2018
Cost of sales				
Cost of inventories, raw materials and production inputs	(5,182,528)	(5,048,663)	(32,431,188)	(29,603,101)
Salaries and benefits	(354,384)	(333,749)	(4,858,610)	(4,074,192)
Depreciation and amortization	(111,767)	(127,273)	(1,244,022)	(953,719)
	<u>(5,648,679)</u>	<u>(5,509,685)</u>	<u>(38,533,820)</u>	<u>(34,631,012)</u>
General and administrative expenses				
Tax payable in installments (PRR)	-	(21,690)	-	(21,690)
Salaries and benefits	(302,234)	(246,624)	(949,570)	(731,960)
Fees, services held and general expenses	(131,248)	(176,775)	(321,729)	(362,196)
Depreciation and amortization	(59,391)	(46,597)	(171,752)	(126,656)
Provisions	(64,795)	(41,741)	(113,124)	82,204
Impairment	-	-	(4,231)	(52,763)
	<u>(557,668)</u>	<u>(533,427)</u>	<u>(1,560,406)</u>	<u>(1,213,061)</u>
Selling expenses				
Freights and selling expenses	(397,600)	(377,497)	(2,221,545)	(1,953,194)
Allowance for doubtful accounts	(18,374)	(58,570)	(42,108)	(59,507)
Salaries and benefits	(43,656)	(42,265)	(125,979)	(135,946)
Depreciation and amortization	(26,482)	(23,483)	(63,831)	(46,364)
Advertising and marketing	(16,141)	(21,821)	(95,336)	(82,646)
Commissions	(12,172)	(16,387)	(43,388)	(47,030)
	<u>(514,425)</u>	<u>(540,023)</u>	<u>(2,592,187)</u>	<u>(2,324,687)</u>

As of March 31, 2019, other income (expenses) includes gain (losses) of sale of assets and write-off of other comprehensive income of liquidated subsidiaries (see footnote 10), in the Company, and Consolidated, gain (losses) of sale of assets, third party advisory expenses related to restructuring projects, among others.

26 Risk management and financial instruments

The Company uses the measurement principles described in note 3 at each statement of financial position date in accordance with the guidelines established under IFRS for each classification type of financial assets and liabilities. The Company has not designated any of its derivatives as hedges.

Financial instruments:

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

Notes	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Assets				
Fair value through profit or loss				
Financial investments	4	366,645	358,097	3,797,940
National treasury bills	4	50,514	49,758	50,514
Derivative assets		7,718	6,303	83,937
Loans and receivables at amortized cost				
Cash at banks	4	909,178	1,356,338	3,564,696
Trade accounts receivable	5	2,027,538	2,729,066	8,986,789
Related parties receivables	9	900,813	828,802	508,009
Total		<u>4,262,406</u>	<u>5,328,364</u>	<u>16,991,885</u>
Liabilities				
Liabilities at amortized cost				
Trade accounts payable and supply chain finance	15	(2,266,332)	(2,333,255)	(12,435,915)
Loans and financing	15	(15,480,823)	(15,542,268)	(56,146,775)
Related party payables	9	(7,244,129)	(8,033,436)	-
Other financial liabilities	19	(38,770)	(42,244)	(185,588)
Fair value through profit or loss				
Derivative liabilities		(2,761)	(23,602)	(189,717)
Total		<u>(25,032,815)</u>	<u>(25,974,805)</u>	<u>(68,957,995)</u>

Fair value through profit or loss: (i) CDBs are updated at the effective rate, but are very short-term and negotiated with financial institutions, and their recognition is similar to fair value; (ii) national treasury bill are recognized according to market value.

Amortized cost: (i) with the adoption of IFRS 9 / CPC 48, loans and receivables are classified as amortized cost, but without any change in their nature or business model; (ii) the accounts receivable are short-term and net from expected losses.

JBS S.A.

Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
(Expressed in thousands of Brazilian reais)

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

	Company							
	Current assets						Current liabilities	
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Level 1	50,514	49,758	-	-	-	-	-	-
Level 2	-	-	366,645	358,097	7,718	6,303	(2,761)	(23,602)
	Consolidated							
	Current assets						Current liabilities	
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Level 1	50,514	49,758	-	-	-	-	-	-
Level 2	-	-	3,797,940	4,887,099	83,937	52,797	(189,717)	(210,015)

Book value of financial instruments are similar to fair value, considering the criteria defined for levels 1 and 2 in the fair value hierarchy.

b. Fair value of assets and liabilities classified as amortized cost:

Assets and liabilities classified as amortized cost fall within level 2 in the fair value hierarchy. The exception is the Senior Notes that have observable prices in active markets and are therefore considered in the hierarchy of fair value measurement as Level 1.

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

Description	Company						Consolidated					
	March 31, 2019			December 31, 2018			March 31, 2019			December 31, 2018		
	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 2023	3,019,943	101.40	3,062,222	3,002,970	99.59	2,990,658	3,019,943	101.40	3,062,222	3,002,970	99.59	2,990,658
JBS S.A Notes 2024	2,922,525	103.23	3,016,923	2,906,100	101.49	2,949,401	2,922,525	103.23	3,016,923	2,906,100	101.49	2,949,401
JBS S.A Notes 2026	-	-	-	-	-	-	1,948,350	102.89	2,004,677	1,937,412	98.69	1,912,110
JBS Lux Notes 2021	-	-	-	-	-	-	2,579,491	101.10	2,607,917	2,564,994	101.00	2,590,644
JBS Lux Notes 2024	-	-	-	-	-	-	2,922,525	101.80	2,975,130	2,906,100	99.99	2,905,810
JBS Lux Notes 2025	-	-	-	-	-	-	3,507,030	103.00	3,612,241	3,487,320	96.75	3,373,983
JBS Lux Notes 2028	-	-	-	-	-	-	3,507,030	104.53	3,665,898	3,487,320	97.00	3,382,701
PPC Notes 2025	-	-	-	-	-	-	3,896,700	101.49	3,954,878	3,874,801	93.73	3,631,851
PPC Notes 2027	-	-	-	-	-	-	3,312,195	100.75	3,336,871	3,293,580	90.38	2,976,573
	<u>5,942,468</u>		<u>6,079,145</u>	<u>5,909,070</u>		<u>5,940,059</u>	<u>27,615,789</u>		<u>28,236,757</u>	<u>27,460,597</u>		<u>26,713,731</u>

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, 2018. There were no changes in the nature of these risks in the current period.

Below are presented the risks related to fluctuation of US Dollars (US\$), Euro (€) and Mexican Pesos (MXN), 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 B3 and the Chicago Mercantile Exchange.

JBS S.A.

Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
(Expressed in thousands of Brazilian reais)

	Company			
	USD		EUR	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
OPERATING				
Cash and cash equivalents	677,433	1,271,960	101,487	33,566
Trade accounts receivable	1,638,667	1,392,982	365,858	707,458
Sales orders	2,300,316	2,083,760	385,306	510,098
Trade accounts payable	(70,999)	(34,866)	(23,322)	(22,867)
Subtotal	4,545,417	4,713,836	829,329	1,228,255
FINANCIAL				
Related parties transaction (net)	(4,147,593)	(4,726,140)	141,713	10,229
Net debt in foreign subsidiaries	(29,417,361)	(28,351,602)	-	-
Loans and financing	(14,030,122)	(14,068,530)	(57,584)	(68,497)
Subtotal	(47,595,076)	(47,146,272)	84,129	(58,268)
Total exposure	(43,049,659)	(42,432,436)	913,458	1,169,987
DERIVATIVES				
Future contracts	-	233,844	-	-
Non Deliverable Forwards (NDF's)	3,117,360	5,405,346	-	-
Total derivatives	3,117,360	5,639,190	-	-
NET EXPOSURE IN R\$	(39,932,299)	(36,793,246)	913,458	1,169,987

	Consolidated					
	USD		EUR		MXN	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
OPERATING						
Cash and cash equivalents	1,341,610	2,075,129	125,682	68,825	372,832	350,557
Trade accounts receivable	3,498,469	2,505,561	473,658	902,741	354,533	353,386
Sales orders	3,485,743	3,184,075	408,414	518,778	-	-
Trade accounts payable	(135,140)	(112,520)	(75,043)	(81,770)	(649,518)	(552,039)
Purchase orders	(41,686)	(77,648)	(8,445)	(34,891)	-	-
Subtotal	8,148,996	7,574,597	924,266	1,373,683	77,847	151,904
FINANCIAL						
Related parties transaction (net)	(13,311,274)	(13,998,511)	141,713	10,229	-	-
Loans and financing	(47,610,409)	(46,691,785)	(57,584)	(70,650)	-	-
Subtotal	(60,921,683)	(60,690,296)	84,129	(60,421)	-	-
Total exposure	(52,772,687)	(53,115,699)	1,008,395	1,313,262	77,847	151,904
DERIVATIVES						
Future contracts	-	427,584	-	-	-	-
Deliverable Forwards (DF's)	357,853	382,784	79,824	111,009	(690,148)	(677,765)
Non Deliverable Forwards (NDF's)	3,108,199	5,783,480	79,559	(39,608)	-	-
Total derivatives	3,466,052	6,593,848	159,383	71,401	(690,148)	(677,765)
NET EXPOSURE IN R\$	(49,306,635)	(46,521,851)	1,167,778	1,384,663	(612,301)	(525,861)

a2.1 Sensitivity analysis and derivative financial instruments breakdown:
a2.1.1 US Dollar (amounts in thousands of R\$):

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	3.8967	3.9825	100,131	179,513	4.8709	1,136,360	2,037,260	5.8451	2,272,709	4,074,498
Financial	Depreciation	3.8967	3.9825	(400,435)	(1,342,037)	4.8709	(4,544,452)	(15,230,499)	5.8451	(9,088,857)	(30,460,841)
Derivatives	Appreciation	3.8967	3.9825	68,672	76,353	4.8709	779,344	866,518	5.8451	1,558,680	1,733,026
				<u>(231,632)</u>	<u>(1,086,171)</u>		<u>(2,628,748)</u>	<u>(12,326,721)</u>		<u>(5,257,468)</u>	<u>(24,653,317)</u>

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	3.8967	3.9825	(648,032)	-	4.8709	(7,354,378)	-	5.8451	(14,708,681)	-
				<u>(648,032)</u>	<u>-</u>		<u>(7,354,378)</u>	<u>-</u>		<u>(14,708,681)</u>	<u>-</u>

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 since the debt is denominated in the functional currency of each country, these debt instruments are translated to Brazilian Reais upon consolidation and are therefore affected by Exchange rate variation, which impacts the Company's consolidated leverage ratios.

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Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
(Expressed in thousands of Brazilian reais)

			Company					
			March 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts B3	American dollar	Long	-	-	-	1,207	233,844	(303)
			Consolidated					
			March 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future B3	American dollar	Long	-	-	81	2,207	427,584	(1,092)

			Company					
			March 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Non Deliverable Forwards	American dollar	Long	800,000	3,117,360	5,670	1,395,000	5,405,346	(16,886)
			Consolidated					
			March 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Deliverable Forwards	American dollar	Long	91,835	357,853	4,279	98,788	382,784	9,772
Non Deliverable Forwards	American dollar	Long	797,649	3,108,199	5,721	1,492,588	5,783,480	(16,397)

a2.1.2 € - EURO (amounts in thousands of R\$):

		Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%				
				Effect on income				Effect on income		Effect on income			
Exposure of R\$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated		
Operating	Appreciation	4.3760	4.2683	(20,409)	(22,745)	3.2820	(207,332)	(231,066)	2.1880	(414,664)	(462,133)		
Financial	Depreciation	4.3760	4.2683	(2,070)	(2,070)	3.2820	(21,032)	(21,032)	2.1880	(42,064)	(42,064)		
Derivatives	Appreciation	4.3760	4.2683	-	(3,922)	3.2820	-	(39,846)	2.1880	-	(79,691)		
				(22,479)	(28,737)			(228,364)	(291,944)			(456,728)	(583,888)
			Consolidated										
			March 31, 2019			December 31, 2018							
Instrument	Risk factor	Nature	Notional (EUR)	Notional (R\$)	Fair value	Notional (EUR)	Notional (R\$)	Fair value					
Deliverable Forwards	Euro	Long	18,241	79,824	(2,572)	25,008	111,009	2,829					
Non Deliverable Forwards	Euro	Long	18,181	79,559	518	(8,923)	(39,608)	1,418					

a2.1.3 MXN - Mexican Peso (amounts in thousands of R\$):

		Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%				
				Effect on income				Effect on income		Effect on income			
Exposure of R\$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated		
Operating	Appreciation	0.2009	0.2053	-	1,701	0.25113	-	19,464	0.3014	-	38,924		
Derivatives	Depreciation	0.2009	0.2053	-	(15,081)	0.25113	-	(172,554)	0.3014	-	(345,074)		
				-	(13,380)			-	(153,090)			-	(306,150)
			Consolidated										
			March 31, 2019			December 31, 2018							
Instrument	Risk factor	Nature	Notional (MXN)	Notional (R\$)	Fair value	Notional (MXN)	Notional (R\$)	Fair value					
Deliverable Forwards	Mexican peso	Short	(3,435,283)	(690,148)	(2,728)	(3,436,940)	(677,765)	(24,314)					

a. Commodity price risk

The Company operates globally across (the entire livestock protein chain and related business) and during the regular course of its operations brings is exposed to price fluctuations in feeder cattle, live cattle, lean hogs, corn, soybeans, and energy, especially in the American, Australian and Brazilian markets. Commodity markets are characterized by volatility arising from external factors including climate, supply levels, transportation costs, agricultural policies and storage costs, among others. The Risk Management Department is responsible for mapping the exposures to commodity prices of the Company and its subsidiaries and proposing strategies to the Risk Management Committee, in order to mitigate such exposures.

b1. Position balance in commodities (cattle) contracts

EXPOSURE in Commodities (Cattle)	March 31, 2019	December 31, 2018
Firm Contracts of cattle purchase	393,576	134,684
Subtotal	393,576	134,684
DERIVATIVES		
Future contracts	(638)	(5,305)
Subtotal	(638)	(5,305)
NET EXPOSURE	392,938	129,379

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Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
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Sensitivity analysis:

Exposure	Risk	Current price	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) @ Variation - 25%		Scenario (ii) @ Variation - 50%	
			Price	Effect on income		Price	Effect on income	
				Company	Company		Company	Company
Operational	Cattle arroba depreciation	157.05	153.62	(8,584)	117.79	(98,394)	78.52	(196,788)
Derivatives of cattle	Cattle arroba appreciation	157.05	153.62	14	117.79	160	78.52	319
				<u>(8,570)</u>		<u>(98,234)</u>		<u>(196,469)</u>

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Company					
			March 31, 2019			December 31, 2018		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts B3	Commodities	Short	14	(638)	(713)	119	(5,305)	(110)

b2. Position balance in commodities (grain) derivatives financial instruments of Seara Alimentos:

EXPOSURE in Commodities (Grain)	Seara Alimentos	
	March 31, 2019	December 31, 2018
OPERATING		
Purchase orders	82,050	24,378
Subtotal	<u>82,050</u>	<u>24,378</u>
DERIVATIVES		
Future contracts	(104,177)	(243,135)
Subtotal	<u>(104,177)</u>	<u>(243,135)</u>
NET EXPOSURE	<u>(22,127)</u>	<u>(218,757)</u>

Sensitivity analysis:

Exposure	Risk	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
		Price	Effect on income		Price	Effect on income	
			Seara Alimentos	Seara Alimentos		Seara Alimentos	Seara Alimentos
Operational	Depreciation	2.38%	1,950	25.00%	20,513	50.00%	41,025
Derivatives	Appreciation	2.38%	(2,475)	25.00%	(26,044)	50.00%	(52,089)
			<u>(525)</u>		<u>(5,531)</u>		<u>(11,064)</u>

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Consolidated					
			March 31, 2019			December 31, 2018		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts B3	Commodities	Short	4,658	(104,177)	1,340	2,585	(243,135)	(281)

b3. Position balance in commodities derivatives financial instruments of JBS USA:

EXPOSURE in Commodities	JBS USA	
	March 31, 2019	December 31, 2018
OPERATIONAL		
Forwards - commodities	10,947,697	9,392,509
Subtotal	<u>10,947,697</u>	<u>9,392,509</u>
DERIVATIVES		
Deliverable Forwards	(6,329,355)	(3,577,258)
Subtotal	<u>(6,329,355)</u>	<u>(3,577,258)</u>
NET EXPOSURE	<u>4,618,342</u>	<u>5,815,251</u>

Sensitivity analysis:

Exposure	Risk	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
		Price	Effect on income		Price	Effect on income	
			JBS USA	JBS USA		JBS USA	JBS USA
Operational	Depreciation	(1.06)%	(116,265)	(25.00)%	(2,736,924)	(50.00)%	(5,473,848)
Derivatives	Appreciation	(1.06)%	67,218	(25.00)%	1,582,339	(50.00)%	3,164,678
			<u>(49,047)</u>		<u>(1,154,585)</u>		<u>(2,309,170)</u>

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	March 31, 2019			December 31, 2018		
			Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
			Deliverable Forwards	Commodities	Short	(1,624,286)	(6,329,355)	(111,831)

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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, 2019					December 31, 2018				
	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 and supply chain finance	2,266,333	-	-	-	2,266,333	2,333,255	-	-	-	2,333,255
Loans and financings	1,828,025	7,644,351	3,086,828	2,921,618	15,480,822	1,868,061	6,716,044	4,052,068	2,906,095	15,542,268
Related party payables	-	-	-	7,244,129	7,244,129	-	-	-	8,033,436	8,033,436
Derivatives financing liabilities	2,761	-	-	-	2,761	23,602	-	-	-	23,602
Other financial liabilities	22,193	13,200	3,300	77	38,770	24,017	13,200	4,950	77	42,244
Estimated interest on loans and financing ⁽¹⁾	957,220	1,501,165	596,610	9,230	3,064,225	957,813	1,601,484	645,098	62,037	3,266,432

	Consolidated									
	March 31, 2019					December 31, 2018				
	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 and supply chain finance	11,257,550	-	-	-	11,257,550	13,075,615	-	-	-	13,075,615
Loans and financings	3,109,200	17,327,521	14,621,028	21,089,025	56,146,774	2,922,635	13,603,665	17,830,110	21,797,118	56,153,528
Derivatives financing liabilities (assets)	189,717	-	-	-	189,717	210,015	-	-	-	210,015
Other financial liabilities	60,270	56,940	46,634	21,744	185,588	45,537	18,649	4,950	77	69,213
Estimated interest on loans and financing ⁽¹⁾	3,393,740	6,085,391	3,668,538	2,892,458	16,040,127	3,260,173	5,975,491	3,567,934	3,040,077	15,843,675

⁽¹⁾ Includes interest on all loans and financing outstanding. Payments are estimated for variable rate debt based on effective interest rates at March 31, 2019 and December 31, 2018. Payments in foreign currencies are estimated using the March 31, 2019 and December 31, 2018 exchange rates.

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2019 is R\$50,561 (R\$49,791 at December 31, 2018). 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, 2019 is R\$428,247 (R\$365,781 at December 31, 2018). This guarantee is larger than its collateral.

Also, the direct subsidiary Seara Alimentos has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2019 is R\$73,585 (R\$87,411 at December 31, 2018). This guarantee is larger than its collateral.

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

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Notes to the condensed financial statements for the three month period ended March 31, 2019 and 2018
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27 Approval of the financial statements

The issuance of these financial statements was approved by the Board of Directors on May 13, 2019.

BOARD OF DIRECTORS

Chairman:	Jeremiah Alphonsus O'Callaghan
Vice-Chairman:	José Batista Sobrinho
Board Member:	Aguinaldo Gomes Ramos Filho
Board Member:	Gilberto Meirelles Xandó Baptista
Board Member:	Wesley Mendonça Batista Filho
Independent Board Member:	José Guimarães Monforte
Independent Board Member:	Cledorvino Belini
Independent Board Member:	Alba Pettengill
Independent Board Member:	Márcio Guedes Pereira Júnior

FISCAL COUNCIL REPORT

The Fiscal Council reviewed the condensed financial statements of the Company for the three month period ended March 31, 2019.

Our review included: a. analysis of the annual 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 Company's Management.

Based on our review, in the information and clarifications received and considering the Independent Auditors' Review Report of Grant Thornton Independent Auditors issued on May 13, 2019, the Fiscal Council was not aware of any additional fact that would lead us to believe that the aforementioned financial statements do not reflect in all material respects the information contained therein and that are in a position to be disclosed by the Company.

FISCAL COUNCIL

Chairman:	Adrian Lima da Hora
Council Member:	José Paulo da Silva Filho
Council Member:	Demetrius Nichele Macei
Council Member:	Maurício Wanderley Estanislau da Costa

AUDIT COMMITTEE REPORT

The Audit Committee reviewed the condensed financial statements for the three month period ended March 31, 2019. Based on the procedures performed, considering also the review report of Grant Thornton Auditores Independentes, as well as the information and clarifications received during the course of the recommends that the said documents are in a position to be examined by the Board of Directors.

AUDIT COMMITTEE

Committee Member:	Gilberto Meirelles Xandó Baptista
Committee Member:	Paulo Sérgio Cruz Dortas Matos

STATEMENT OF OFFICERS ON THE FINANCIAL STATEMENTS AND ON THE INDEPENDENT AUDITORS 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 financial statements for the three month period ended March 31, 2019, and

(ii) They reviewed, discussed and agreed with the financial statements for the three month period ended March 31, 2019.

STATUTORY BOARD

Chief Executive Officer:	Gilberto Tomazoni
Administrative and Control Officer:	Eliseo Santiago Perez Fernandez
Financial and Investor Relations Officer:	Guilherme Perboyre Cavalcanti
Officer:	Jeremiah Alphonsus O'Callaghan
Officer:	Wesley Mendonça Batista Filho

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