



JBS S.A.

Condensed financial statements and Independent auditors' report

As of September 30, 2019 and 2018



Index	Page
Independent auditor's review report on the financial information	3
Statement of financial position - Assets	6
Statement of financial position - Liabilities and equity	7
Statements of income for the nine month period ended September 30, 2019 and 2018	8
Statements of income for the three month period ended September 30, 2019 and 2018	9
Statement of comprehensive income for the nine month period ended September 30, 2019 and 2018	10
Statement of comprehensive income for three month period ended September 30, 2019 and 2018	11
Statements of changes in equity for the nine month period ended September 30, 2019 and 2018	12
Statements of cash flows for the nine month period ended September 30, 2019 and 2018	13
Economic value added for the nine month period ended September 30, 2019 and 2018	14
Note 1 - Operating activities	15
Note 2 - Plea bargain agreement, leniency agreement and the impacts in the financial statements	15
Note 3 - Elaboration and presentation of financial statements	16
Note 4 - Cash and cash equivalents	17
Note 5 - Trade accounts receivable, net	17
Note 6 - Inventories	17
Note 7 - Biological assets	17
Note 8 - Recoverable taxes	18
Note 9 - Related parties transactions	18
Note 10 - Income taxes - Nominal and effective tax rate reconciliation	20
Note 11 - Investments in subsidiaries and joint ventures	22
Note 12 - Property, plant and equipment	23
Note 13 - Leases	23
Note 14 - Intangible assets	25
Note 15 - Goodwill	25
Note 16 - Loans and financing	26
Note 17 - Accrued income and other taxes	28
Note 18 - Accrued payroll and social charges	28
Note 19 - Provisions	28
Note 20 - Equity	29
Note 21 - Net revenue	30
Note 22 - Financial income (expense), net	30
Note 23 - Earnings per share	31
Note 24 - Operating segments and geographic reporting	31
Note 25 - Expenses by nature	33
Note 26 - Risk management and financial instruments	34
Signatures	40

(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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Independentes**

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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 Company and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2019, which comprises the balance sheet as at September 30, 2019 and the related statement of profit and loss and the statement of comprehensive income (loss) for the three and nine-month periods then ended; and the statement of changes in equity and statement of cash flows for the nine-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 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 Interim 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 September 30, 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

The Interim Financial Information referred to above includes the individual and consolidated statements of value added (“DVA”) for the nine-month period ended September 30, 2019, prepared under the responsibility of the Company’s Management and presented as additional information for IAS 34 purposes. These statements were subject to review procedures performed together with the review of the Interim Financial Information in order to conclude whether they are reconciled to the Interim Financial Information and accounting records, as applicable, and whether their form and substance are in accordance with the criteria defined in technical pronouncement CPC 09 – Statement of value added. Based on our review, nothing has come to our attention that causes us to believe that such statements of value added were not prepared, in all material respects, according to the criteria defined in that Standard and consistently in relation to the individual and consolidated Interim Financial Information taken as a whole.

São Paulo, November 13, 2019



Alcides Afonso Louro Neto
Assurance Partner

Grant Thornton Auditores Independentes

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

	Note	Company		Consolidated	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	764,423	1,764,193	7,813,532	8,935,779
Trade accounts receivable	5	1,591,388	2,729,066	9,174,815	9,657,010
Inventories	6	2,767,476	2,005,010	13,722,324	11,311,734
Biological assets	7	-	-	3,628,638	3,190,953
Recoverable taxes	8	237,535	1,146,685	1,276,810	2,210,038
Derivative assets	26	88	6,303	201,535	52,797
Related party receivables	9	-	-	281,343	701,281
Other current assets		206,288	163,505	950,696	839,957
TOTAL CURRENT ASSETS		5,567,198	7,814,762	37,049,693	36,899,549
NON-CURRENT ASSETS					
Biological assets	7	-	-	1,300,210	1,168,454
Recoverable taxes	8	7,102,472	6,737,234	9,344,671	9,073,340
Related party receivables	9	534,166	828,802	-	-
Deferred income taxes	10	-	-	1,894,223	1,159,445
Investments in subsidiaries and joint ventures	11	31,152,830	24,989,925	93,811	84,967
Property, plant and equipment	12	11,133,045	11,186,287	36,611,265	35,109,179
Right of use asset	13	205,903	-	4,680,439	-
Intangible assets	14	80,934	89,806	5,837,212	5,819,296
Goodwill	15	9,085,970	9,085,970	24,630,847	23,775,575
Other non-current assets		489,642	550,639	962,402	1,056,026
TOTAL NON-CURRENT ASSETS		59,784,962	53,468,663	85,355,080	77,246,282
TOTAL ASSETS		65,352,160	61,283,425	122,404,773	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	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable		2,445,257	2,282,370	12,804,359	12,165,387
Supply chain finance		468,871	50,885	2,136,643	910,228
Loans and financing	16	720,069	1,868,061	2,152,337	2,922,635
Income taxes	17	-	-	392,668	202,665
Accrued income taxes and other taxes	17	265,033	299,480	534,016	525,521
Accrued payroll and social charges	18	841,919	771,936	3,929,811	3,508,585
Lease provision	13	28,099	-	1,009,411	-
Dividends payable		582	6,566	610	6,566
Other financial liabilities		22,193	24,017	47,755	45,537
Derivative liabilities	26	2,060	23,602	100,461	210,015
Other current liabilities		793,433	897,419	1,408,696	1,104,577
TOTAL CURRENT LIABILITIES		5,587,516	6,224,336	24,516,767	21,601,716
NON-CURRENT LIABILITIES					
Loans and financing	16	2,066,945	13,674,207	50,760,889	53,230,893
Accrued income taxes and other taxes	17	678,787	704,382	821,714	842,268
Accrued payroll and social charges	18	3,076,821	3,167,443	3,689,689	3,740,541
Lease provision	13	185,019	-	3,781,033	-
Other financial liabilities		13,200	18,227	111,783	23,676
Deferred income taxes	10	1,089,575	1,853,179	2,394,384	3,483,539
Provisions	19	1,510,158	1,946,122	2,364,011	2,696,645
Related party payables	9	20,432,784	8,033,436	-	-
Other non-current liabilities		7,660	15,097	517,067	580,344
TOTAL NON-CURRENT LIABILITIES		29,060,949	29,412,093	64,440,570	64,597,906
EQUITY					
Share capital - common shares	20	23,576,206	23,576,206	23,576,206	23,576,206
Capital reserve		(245,124)	(255,699)	(245,124)	(255,699)
Other reserves		55,649	62,480	55,649	62,480
Profit reserves		1,887,776	1,869,306	1,887,776	1,869,306
Accumulated other comprehensive income		1,789,415	394,703	1,789,415	394,703
Retained earnings		3,639,773	-	3,639,773	-
Attributable to company shareholders		30,703,695	25,646,996	30,703,695	25,646,996
Attributable to non-controlling interest		-	-	2,743,741	2,299,213
TOTAL EQUITY		30,703,695	25,646,996	33,447,436	27,946,209
TOTAL LIABILITIES AND EQUITY		65,352,160	61,283,425	122,404,773	114,145,831

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

JBS S.A.
Statements of income (loss) for the nine month period ended September 30, 2019 and 2018
In thousands of Brazilian Reais - R\$

	Note	Company		Consolidated	
		2019	2018	2019	2018
NET REVENUE	21	22,234,749	19,986,436	147,397,093	134,361,519
Cost of sales	25	(18,088,612)	(16,328,859)	(124,671,672)	(114,595,392)
GROSS PROFIT		4,146,137	3,657,577	22,725,421	19,766,127
General and administrative expenses	25	(1,799,069)	(4,127,762)	(4,963,866)	(6,801,522)
Selling expenses	25	(1,668,372)	(1,545,855)	(8,369,483)	(7,646,157)
Other expense		(22,173)	(11,663)	(128,148)	(206,075)
Other income		8,231	54,959	155,427	151,279
OPERATING EXPENSE		(3,481,383)	(5,630,321)	(13,306,070)	(14,502,475)
OPERATING PROFIT (LOSS)		664,754	(1,972,744)	9,419,351	5,263,652
Finance income	22	702,260	706,014	1,007,582	586,883
Finance expense	22	(3,706,256)	(4,939,830)	(6,732,348)	(8,304,373)
		(3,003,996)	(4,233,816)	(5,724,766)	(7,717,490)
Share of profit of equity-accounted investees, net of tax	11	5,208,580	3,474,232	26,844	21,868
PROFIT (LOSS) BEFORE TAXES	10	2,869,338	(2,732,328)	3,721,429	(2,431,970)
Current income taxes	10	-	2,116	(1,649,411)	(1,064,379)
Deferred income taxes	10	763,604	2,192,167	1,879,379	3,155,909
		763,604	2,194,283	229,968	2,091,530
NET INCOME (LOSS)		3,632,942	(538,045)	3,951,397	(340,440)
ATTRIBUTABLE TO:					
Company shareholders				3,632,942	(538,045)
Non-controlling interest				318,455	197,605
				3,951,397	(340,440)
Basic earnings per share - common shares (R\$)	23	1.36	(0.20)	1.36	(0.20)
Diluted earnings per share - common shares (R\$)	23	1.36	(0.20)	1.36	(0.20)

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

JBS S.A.
Statements of income for the three month period ended September 30, 2019 and 2018
In thousands of Brazilian Reais - R\$

	Note	Company		Consolidated	
		2019	2018	2019	2018
NET REVENUE	21	8,403,082	7,531,483	52,184,406	49,402,813
Cost of sales	25	(6,637,942)	(5,897,560)	(43,232,642)	(41,776,290)
GROSS PROFIT		1,765,140	1,633,923	8,951,764	7,626,523
General and administrative expenses	25	(610,063)	(2,977,163)	(1,765,457)	(4,072,355)
Selling expenses	25	(618,582)	(511,352)	(2,966,804)	(2,799,452)
Other expense		(5,660)	(7,564)	(56,416)	(63,823)
Other income		1,316	54,621	66,732	80,446
OPERATING EXPENSE		(1,232,989)	(3,441,458)	(4,721,945)	(6,855,184)
OPERATING PROFIT (LOSS)		532,151	(1,807,535)	4,229,819	771,339
Finance income	22	283,570	264,370	356,454	315,125
Finance expense	22	(2,314,408)	(1,245,917)	(4,056,931)	(2,206,366)
		(2,030,838)	(981,547)	(3,700,477)	(1,891,241)
Share of profit of equity-accounted investees, net of tax		1,387,421	1,626,337	12,443	5,674
PROFIT (LOSS) BEFORE TAXES	10	(111,266)	(1,162,745)	541,785	(1,114,228)
Current income taxes	10	-	702	(691,565)	(163,609)
Deferred income taxes	10	467,981	1,028,553	603,795	1,176,102
		467,981	1,029,255	(87,770)	1,012,493
NET INCOME (LOSS)		356,715	(133,490)	454,015	(101,735)
ATTRIBUTABLE TO:					
Company shareholders				356,715	(133,490)
Non-controlling interest				97,300	31,755
				454,015	(101,735)
Basic income per share - (R\$)	23	0.13	(0.05)	0.13	(0.05)
Diluted income per share - (R\$)	23	0.13	(0.05)	0.13	(0.05)

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

JBS S.A.

Statements of comprehensive income for the nine month period ended September 30, 2019 and 2018
In thousands of Brazilian Reais - R\$

	Reference	Company		Consolidated	
		2019	2018	2019	2018
Net income (loss)	IS	3,632,942	(538,045)	3,951,397	(340,440)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	SCSE	1,394,712	2,776,411	1,518,297	3,130,528
Other comprehensive income		1,394,712	2,776,411	1,518,297	3,130,528
Total of other comprehensive income		5,027,654	2,238,366	5,469,694	2,790,088
Total comprehensive income attributable to:					
Company shareholders	SCSE	5,027,654	2,238,366	5,027,654	2,238,366
Non-controlling interest	SCSE	-	-	442,040	551,722
		5,027,654	2,238,366	5,469,694	2,790,088

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

JBS S.A.

Statement of comprehensive income for the three month period ended September 30, 2019 and 2018
In thousands of Brazilian Reais - R\$

	Reference	Company		Consolidated	
		2019	2018	2019	2018
Net income (loss)	IS	356,715	(133,490)	454,015	(101,735)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	SCSE	1,708,157	528,316	1,864,296	592,534
Other comprehensive income		1,708,157	528,316	1,864,296	592,534
Total of other comprehensive income		2,064,872	394,826	2,318,311	490,799
Total of comprehensive income (loss) attributable to:					
Company shareholders	SCSE	2,064,872	394,826	2,064,872	394,826
Non-controlling interest	SCSE	-	-	253,439	95,973
		2,064,872	394,826	2,318,311	490,799

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

JBS S.A.
Statements of changes in equity for the nine month period ended September 30, 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	-	-	-	-	-	-	-	-	-	-	(538,045)	(538,045)	197,605	(340,440)
Comprehensive income	-	-	-	-	-	-	-	-	27,578	2,748,833	-	2,776,411	354,117	3,130,528
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	27,578	2,748,833	(538,045)	2,238,366	551,722	2,790,088
Share-based compensation	-	-	30,387	22,364	-	-	-	-	-	-	-	52,751	6,736	59,487
Treasury shares used in stock option plan	20 b3	-	-	(32,993)	-	35,084	-	(2,091)	-	-	-	-	-	-
Realization of other reserves	-	-	-	-	(4,108)	-	-	-	-	-	4,108	-	-	-
Scott dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(3,104)	(3,104)
Scott Technology issuance of additional shares	-	-	-	-	-	-	-	-	-	-	-	-	2,546	2,546
Others	-	-	(9,565)	-	-	-	-	-	-	-	-	(9,565)	8,123	(1,442)
SEPTEMBER 30, 2018	23,576,206	211,879	(536,141)	45,160	63,798	(157,798)	469,371	1,998,625	35,601	1,396,400	(533,937)	26,569,164	2,419,079	28,988,243
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	-	-	-	-	-	-	-	-	-	-	3,632,942	3,632,942	318,455	3,951,397
Comprehensive loss	-	-	-	-	-	-	-	-	(35,123)	1,429,835	-	1,394,712	123,585	1,518,297
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	(35,123)	1,429,835	3,632,942	5,027,654	442,040	5,469,694
Share-based compensation	20 b2	-	22,987	5,754	-	-	-	-	-	-	-	28,741	6,331	35,072
Treasury shares used in stock option plan	20 b3	-	-	(18,470)	-	18,417	-	53	-	-	-	-	-	-
Realization of other reserves	-	-	-	-	(6,831)	-	-	-	-	-	6,831	-	-	-
PPC share repurchase	-	-	-	-	-	-	-	-	-	-	-	-	(11,357)	(11,357)
Scott dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(3,884)	(3,884)
White Stripe acquisition	-	-	-	-	-	-	-	-	-	-	-	-	13,034	13,034
White Stripe dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(540)	(540)
Others	-	-	304	-	-	-	-	-	-	-	-	304	(1,096)	(792)
SEPTEMBER 30, 2019	23,576,206	211,879	(499,400)	42,397	55,649	(605,722)	470,631	2,022,867	(8,713)	1,798,128	3,639,773	30,703,695	2,743,741	33,447,436

⁽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 nine month period ended September 30, 2019 and 2018
In thousands of Brazilian Reais - R\$

	Notes	Company		Consolidated	
		2019	2018	2019	2018
Cash flows from operating activities					
Net income (loss)		3,632,942	(538,045)	3,951,397	(340,440)
Adjustments for:					
Depreciation and amortization	7, 12, 13 and 14	592,891	582,977	4,739,645	3,565,968
Allowance for doubtful accounts	5	19,903	134,993	42,542	153,011
Share of profit of equity-accounted investees	11	(5,208,580)	(3,474,232)	(26,844)	(21,868)
(Gain) loss on assets sales		13,943	5,264	(10,658)	16,101
Tax expense	10	(763,604)	(2,194,283)	(229,968)	(2,091,530)
Finance expense (income), net	22	3,003,996	4,233,816	5,724,766	7,717,490
Share-based compensation	20	5,754	22,364	35,072	59,487
Provisions		201,570	82,940	367,897	(10,881)
Impairment		-	-	4,231	54,362
(Gain) loss with the divestment program	11	-	6,684	-	11,622
(Gain) loss on subsidiaries sale		-	-	8,759	-
Obsolete inventory accrual		11,631	-	(29,797)	18,194
Tax payable in installments		-	2,363,581	-	2,417,241
Fair value (market to market) of biological assets	7	-	-	(162,801)	159,778
Impacts from the leniency agreement		11,787	30,850	11,787	30,850
		<u>1,522,233</u>	<u>1,256,909</u>	<u>14,426,028</u>	<u>11,739,385</u>
Changes in assets and liabilities:					
Trade accounts receivable		1,364,993	(124,452)	1,234,152	1,067,362
Inventories		(774,096)	(297,692)	(1,849,692)	(1,006,153)
Recoverable taxes		6,401	(390,153)	66,549	(644,386)
Other current and non-current assets		24,181	(50,835)	35,743	(510,159)
Biological assets		-	-	(1,253,594)	(1,295,847)
Trade accounts payable and supply chain finance		505,151	163,809	1,089,455	846,594
Tax payable in installments		(350,922)	(228,637)	(351,761)	(230,022)
Other current and non-current liabilities		(17,300)	(20,068)	14,694	216,236
Income taxes paid		-	-	(1,381,932)	(2,126,986)
Changes in operating assets and liabilities		<u>758,408</u>	<u>(948,028)</u>	<u>(2,396,386)</u>	<u>(3,683,361)</u>
Cash provided by operating activities		<u>2,280,641</u>	<u>308,881</u>	<u>12,029,642</u>	<u>8,056,024</u>
Interest paid		(1,123,177)	(1,083,653)	(2,920,849)	(3,379,343)
Interest received		101,980	362,759	183,442	366,923
Cash net of interest provided by (used in) operating activities		<u>1,259,444</u>	<u>(412,013)</u>	<u>9,292,235</u>	<u>5,043,604</u>
Cash flow from investing activities					
Purchases of property, plant and equipment	12	(553,894)	(298,222)	(2,958,497)	(1,808,721)
Purchases of intangible assets	14	(11,217)	(16,296)	(13,584)	(22,631)
Proceeds from sale of property, plant and equipment	12	43,006	207,256	149,943	295,218
Additional investments in joint-ventures and subsidiaries	11	(197,714)	279	-	-
Acquisitions, net of cash acquired		-	-	(222,216)	(45,066)
Incorporation of subsidiaries, net of incorporation cash	11	-	2,838	-	-
Assets held for sale, net of cash		-	-	-	622,235
Dividends and liquidation funds received	11	26,439	6,548	18,000	3,000
Proceeds from the divestment program		-	6,616	-	6,616
Related party transactions	9	11,365,728	2,506,339	450,460	11,856
Other		(2,941)	632	(2,881)	9,259
Cash provided by (used in) investing activities		<u>10,669,407</u>	<u>2,415,990</u>	<u>(2,578,775)</u>	<u>(928,234)</u>
Cash flow from financing activities					
Proceeds from loans and financings	16	2,983,452	991	31,968,298	7,828,069
Payments of loans and financings	16	(15,963,241)	(3,394,691)	(38,426,336)	(13,876,871)
Derivatives instruments received/settled	26	(14,174)	458,435	(15,114)	448,187
Dividends paid		(5,983)	(126,883)	(5,983)	(126,883)
Dividends paid to non-controlling interest		-	-	(4,424)	(4,518)
PPC share repurchase		-	-	(11,357)	-
Payments of lease	13	(33,622)	-	(1,019,985)	-
Others		-	-	(22,381)	12,185
Cash used in financing activities		<u>(13,033,568)</u>	<u>(3,062,148)</u>	<u>(7,537,282)</u>	<u>(5,719,831)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>104,947</u>	<u>171,713</u>	<u>(298,425)</u>	<u>1,956,983</u>
Net change in cash and cash equivalents		(999,770)	(886,458)	(1,122,247)	352,522
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		<u>764,423</u>	<u>1,252,344</u>	<u>7,813,532</u>	<u>12,093,830</u>

Non-cash transactions:

	Notes	Company		Consolidated	
		2019	2018	2019	2018
Increase in share capital in subsidiaries' through assumption of credit	9	223,981	-	-	-
Negative investment transference	11	(174,692)	186,888	-	-
Capital contribution in subsidiaries' through property assignment		-	78,281	-	-
Payments of loans through settlement of related parties		-	(375,751)	-	-
Treasury shares used in stock option plan	20	18,470	-	18,470	-
Tax debts compensation with deferred taxes		-	369,759	-	364,063
Reversal recoverable taxes' compensation with accrued payroll and social charges		-	169,258	-	169,258
PP&E reclassification to right of use asset	13	-	-	81,306	-
Intangible disposal due to subsidiaries liquidation	14	-	-	2,170	-
PP&E disposal due to subsidiaries liquidation	12	-	-	6,589	-
Incorporation of subsidiaries		-	246,564	-	-
Liquidation of subsidiaries		-	(15)	-	-
Payment of provisions with recoverable taxes	19 a	(543,573)	-	(543,573)	-
Decrease in subsidiaries' investments through assumption of credit	9	(687,183)	-	-	-
Donation of PP&E as payment for Seber's acquisition	1 a3	-	-	80,000	-
Payment for PPE acquisition		-	-	-	74,218

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

JBS S.A.
Economic value added the nine month period ended September 30, 2019 and 2018
In thousands of Brazilian Reais - R\$

	Company		Consolidated	
	2019	2018	2019	2018
Revenue				
Sales of goods and services	22,705,091	20,481,220	148,848,479	135,585,592
Other income (expense)	(12,167)	(4,959)	68,972	2,853
Allowance for doubtful accounts	(19,903)	(134,993)	(42,542)	(153,011)
	22,673,021	20,341,268	148,874,909	135,435,434
Goods				
Cost of services and goods sold	(15,925,538)	(14,421,170)	(89,722,276)	(83,795,147)
Materials, energy, services from third parties and others	(3,156,811)	(2,749,490)	(24,298,725)	(22,099,028)
	(19,082,349)	(17,170,660)	(114,021,001)	(105,894,175)
Gross added value	3,590,672	3,170,608	34,853,908	29,541,259
Depreciation and Amortization	(592,891)	(582,977)	(4,739,645)	(3,565,968)
Net added value generated	2,997,781	2,587,631	30,114,263	25,975,291
Net added value by transfer				
Share of profit of equity-accounted investees, net of tax	5,208,580	3,474,232	26,844	21,868
Financial income	702,260	706,014	1,007,582	586,883
Others	(891)	58,955	12,479	(12,442)
	5,909,949	4,239,201	1,046,905	596,309
NET ADDED VALUE TOTAL TO DISTRIBUTION	8,907,730	6,826,832	31,161,168	26,571,600
DISTRIBUTION OF ADDED VALUE				
Labor				
Salaries	1,508,116	1,384,678	15,168,788	13,337,848
Benefits	203,041	182,944	2,927,713	2,435,252
FGTS (Brazilian Labor Social Charge)	106,247	97,448	227,958	207,513
	1,817,404	1,665,070	18,324,459	15,980,613
Taxes and contribution				
Federal	(764,935)	178,832	245,723	823,950
State	473,125	501,050	1,190,937	974,436
Municipal	13,169	12,677	14,126	13,548
	(278,641)	692,559	1,450,786	1,811,934
Capital Remuneration from third parties				
Interests and exchange variation	3,465,522	4,891,541	6,327,414	8,208,708
Rents	43,106	71,485	270,739	591,004
Others	227,397	44,222	836,373	319,781
	3,736,025	5,007,248	7,434,526	9,119,493
Owned capital remuneration				
Net income (loss) attributable to company shareholders	3,632,942	(538,045)	3,632,942	(538,045)
Non-controlling interest	-	-	318,455	197,605
	3,632,942	(538,045)	3,951,397	(340,440)
ADDED VALUE TOTAL DISTRIBUTED	8,907,730	6,826,832	31,161,168	26,571,600

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

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 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 November 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. Normalization Agreement settlement: In September 2019, the Company, Seara and certain its subsidiaries, and certain Company's subsidiaries in its global leather division concluded the payment of the totality of the outstanding amount of all of the debt that the Company and such subsidiaries owed to five financial institutions and/or their respective affiliates under various credit lines covered by the Normalization Agreements.

a2. In July 30, 2019, the Company announced an investment of R\$180,000 through its direct subsidiary Seara Alimentos, to build and operate a biodiesel factory in Mafra, Santa Catarina, that will start its operations in 2021. This plant will double the productive capacity and is set to produce over 600 million liters of biodiesel a year.

a3. In August 1, 2019, the Company announced the conclusion, through its direct subsidiary Seara Alimentos, the acquisition of a hog processing plant including its integration system, located in the city of Seberi (RS), in the amount of R\$235,000 of which R\$80,000 was through Frederico frigorific's donation (evaluated in R\$96,426) located in Frederico Westphalen (RS) and the remainder was paid in cash and cash equivalents. This operation's acquisition is aligned with the Company's strategy to increase its hog processing capacity. The estimated goodwill generated in this business combination of R\$143,541 is only eligible for tax deductibility through a merger or disposal of assets and liabilities assumed in the acquisition.

a4. In August 28, 2019, the Company announced that, through its indirect subsidiary Pilgrim's Pride Corporation ("PPC"), acquired 100% of the equity of Tulip Limited, and its subsidiaries ("Tulip") for R\$1.473 billion (US\$354,000), subject to customary working capital adjustments. The acquisition was paid through cash on hand. Tulip, a leading, integrated prepared pork supplier, is headquartered in Warwick, UK, operates twelve fresh and value-added facilities in that country and employees approximately 6,100 people. The acquisition solidifies PPC as a leading European food company, creating one of the largest integrated prepared food businesses in the UK. In October 15, 2019, the Company announced that, through its indirect subsidiary PPC, concluded Tulip's acquisition. The transaction was unanimously approved by PPC's Board of Directors.

Subsequent events:

a5. In October 22, 2019, through its indirect subsidiary Rigamonti Salumificio SpA ("Rigamonti"), the Company acquired 100% of Brianza Salumi SRL ("Brianza") for approximately R\$59,022 (EUR13,000), of which R\$47,218 (EUR10,400) was paid in cash and R\$11,805 (EUR2,600) will be paid by October 2020. Brianza diversifies Rigamonti's product portfolio, reinforcing the concept of wellness products that bresaola is already inserted into. The estimated goodwill generated in this business combination of R\$39,958 (EUR8,801) is only eligible for tax deductibility through a merger or disposal of assets and liabilities assumed in the acquisition.

a6. In October 30, 2019, the Company announced that the rating agency Standard & Poor's ("S&P") upgraded JBS credit ratings to BB from BB-, with a stable outlook.

a7. During October 2019, the Company settled beforehand R\$536,863 (US\$155,000) related to the Company's Prepayment line, reducing the short term debt.

a8. In November 6, 2019, the Company announced that, through its direct subsidiary Seara Alimentos, entered into an agreement for the acquisition of Frigorífico Marba Ltda. ("Marba"), subject to the approval of the responsible authorities. This acquisition is in line with the Company's strategy to increase the share of higher value-added and branded products in its portfolio.

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 are 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. 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

2.2.1 Criminal procedures:

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.

The 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 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

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

The Company maintains its Compliance program ongoing and continues to apply the same guidelines previously disclosed.

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 September 30, 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 filing:

- 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 and information disclosed in other currencies, also presented in thousands, except when otherwise indicated.

b. Standards, amendments and interpretations that are effective**b1. IFRS 16/CPC 6 - Leases ("IFRS 16")**

As of January 1, 2019, the Company and its subsidiaries adopted IFRS 16 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 13 - 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.

b2. IFRIC 23/ICPC 22 - Uncertainty over income tax treatments ("IFRIC 23")

As of January 1, 2019, IFRIC 23 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.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

4 Cash and cash equivalents

	Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Cash on hand and at banks	436,030	1,356,338	3,963,517	3,998,922
CDB (bank certificates of deposit) and National Treasury Bill (Tesouro Selic)	328,393	407,855	3,850,015	4,936,857
	764,423	1,764,193	7,813,532	8,935,779

5 Trade accounts receivable, net

	Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Current receivables	1,359,162	2,381,712	7,685,751	8,016,837
Overdue receivables:				
From 1 to 30 days	148,026	211,356	1,078,124	1,136,777
From 31 to 60 days	12,182	85,805	156,600	235,038
From 61 to 90 days	4,302	29,740	42,978	93,626
Above 90 days	278,842	228,280	551,606	495,945
Allowance for doubtful accounts	(205,914)	(204,719)	(331,444)	(316,987)
Present value adjustment	(5,212)	(3,108)	(8,800)	(4,226)
	1,591,388	2,729,066	9,174,815	9,657,010

Below are the changes in the allowance for doubtful accounts:

	Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Initial balance	(204,719)	(191,163)	(316,987)	(324,570)
Additions	(19,903)	(211,680)	(42,542)	(239,778)
Write-offs	18,708	198,124	31,409	255,414
Exchange variation	-	-	(3,324)	(8,053)
Final balance	(205,914)	(204,719)	(331,444)	(316,987)

6 Inventories

	Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Finished products	2,150,289	1,284,178	9,323,756	7,251,776
Work in process	262,013	344,205	1,026,030	1,078,630
Raw materials	189,346	214,284	1,440,038	1,206,510
Warehouse spare parts	165,828	162,343	1,932,500	1,774,818
	2,767,476	2,005,010	13,722,324	11,311,734

7 Biological assets

	Consolidated	
	Current	Non-current
Changes in biological assets:		
Balance at December 31, 2018	3,190,953	1,168,454
Increase by reproduction (born) and cost to reach maturity	21,353,584	1,394,125
Reduction for slaughter, sale or consumption	(22,288,141)	(119,717)
Increase by purchase	476,431	477,251
Decrease by death	(21,073)	(18,863)
Fair value adjustments, net	162,801	-
Changes from non-current to current	581,841	(581,841)
Exchange rate variation	172,242	65,694
Amortization	-	(1,087,254)
Effect from acquired companies ⁽¹⁾	-	2,361
Balance at September 30, 2019	3,628,638	1,300,210

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

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

8 Recoverable taxes

	Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Value-added tax on sales and services - ICMS	980,162	937,058	2,700,704	2,591,890
Excise tax - IPI	77,389	78,369	218,348	152,120
Social contribution on billings - PIS and COFINS	2,638,232	3,133,522	3,379,096	4,087,794
Withholding income tax - IRRF/IRPJ	3,564,052	3,659,620	4,196,110	4,326,317
Reintegra	61,351	57,138	91,710	91,306
Other	18,821	18,212	35,513	33,951
	7,340,007	7,883,919	10,621,481	11,283,378
Current	237,535	1,146,685	1,276,810	2,210,038
Non-current	7,102,472	6,737,234	9,344,671	9,073,340
	7,340,007	7,883,919	10,621,481	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	
			September 30, 2019	December 31, 2018	2019	2018
Direct subsidiaries						
JBS Embalagens Metálicas Ltda.	R\$	CDI + 1% p.m.	181,764	163,052	18,702	16,335
Conceria Priante S.p.a	EUR	5.11 to 8.375% p.y.	131,157	138,681	5,318	5,767
Brazservice Ltda.	R\$	CDI + 1% p.m.	138,330	130,449	14,360	12,001
JBS Confinamento Ltda. ⁽¹⁾	R\$	CDI + 1% p.m.	47,102	32,916	5,235	2,948
JBS Leather International B.V. ⁽²⁾	US\$	5.50% p.y.	28,564	-	489	-
Enersea Ltda.	R\$	CDI + 1% p.m.	226	734	(122)	(792)
JBS Holding GmbH ⁽⁴⁾	EUR/USD	-	-	(694,158)	-	-
JBS Mendoza S.A.	US\$	-	(35)	(802)	-	-
Seara Alimentos Ltda. ⁽¹⁾	R\$	CDI + 1% p.m.	(921,925)	(2,815,874)	(175,041)	319,694
JBS Investments II GmbH ⁽³⁾	US\$	5.75 to 7.3% p.y.	(12,137,159)	(1,926,333)	(218,372)	-
Indirect subsidiaries						
JBS Leather Paraguay S.R.L. ⁽¹⁾	US\$	7.00% a.a	7,023	-	116	-
Zendaleather México S.A. de C.V. ⁽²⁾	US\$	2.5% to 5.11% p.y.	-	106,086	3,122	2,229
JBS Leather Uruguay S.A. ⁽²⁾	US\$	8.375% p.y.	-	-	356	1,657
Gideny S.A. ⁽²⁾	US\$	5.50% p.y.	-	-	119	-
JBS Leather Asia Limited ⁽²⁾	US\$	5.11 to 8.375% p.y.	-	256,883	8,648	9,602
JBS Aves Ltda.	R\$	CDI + 1% p.m.	-	-	-	28,288
JBS Handels GmbH	EUR	-	-	-	-	(13,429)
JBS USA Holding Lux S.à.r.l. ⁽¹⁾	US\$	5.11% p.y.	(7,373,665)	(2,596,268)	(154,352)	(87,150)
Other related party						
Flora Produtos de Hig. Limp. S.A.	R\$	Selic	-	-	-	531
Total, net			(19,898,618)	(7,204,634)	(491,422)	297,681

	Company	
	September 30, 2019	December 31, 2018
Related party receivables	534,166	828,802
Related party payables	(20,432,784)	(8,033,436)
	(19,898,618)	(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 June 2019, the Company's indirect subsidiary JBS Leather Asia settled the amount outstanding with the Company, part in cash and part in a assignment agreement where JBS Leather Asia transferred its receivables with JBS Leather International, JBS Leather Paraguay, Gideny and Zendaleather Mexico to the Company. Also, in September 2019, the Company capitalized the amount outstanding with the subsidiaries Gideny, JBS Leather Uruguay, Zendaleather Mexico and JBS Leather International, as described in footnote 11 - item 1. JBS Leather International remained with R\$28,564 outstanding with the Company.

⁽³⁾ In July 2019, the Company's direct subsidiary, JBS Investments II, raised approximately R\$3.123 billions (US\$750,000) related to the pricing of senior notes maturing in 2024, with the Company as guarantor. In addition, JBS Investments II received funds from JBS USA Holding Lux of approximately R\$4.809 billion (US\$1.155 billion). Both transactions are part of the Company's liability management strategy and the funds raised were used to pay the Normalization Agreement.

⁽⁴⁾ 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.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

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.

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	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	2019	2018	2019	2018
Direct subsidiaries								
JBS Confinamento	587	241	22,399	4,361	184,154	19,503	5,551	3,381
Brazservice	7,340	10,544	2,797	854	18,793	45,884	87,165	103,415
Seara Alimentos	33,995	32,300	36,035	37,748	58,073	41,408	507,053	479,141
Concercia Priante	22,122	34,555	-	-	-	-	87,549	132,509
Enersea	-	-	54	-	99,662	107,374	71,680	84,693
Indirect subsidiaries								
JBS Global UK	52,824	85,017	-	-	-	-	169,776	207,098
Toledo	58,220	22,715	-	-	41	-	189,949	205,992
JBS Aves	1,688	1,844	20,624	20,983	2,934	7,750	12,503	7,862
Weddel	6,402	12,792	-	-	-	-	21,306	49,532
Sampco	138,242	80,156	-	-	-	-	400,916	373,039
Meat Snacks Partners	18,144	5,745	15	-	111	642	203,473	155,760
JBS Leather Asia Limited	22,858	15,745	256	-	-	-	56,622	26,097
Seara Comércio de Alimentos Ltda.	861	574	2,513	1,324	32,154	10,138	6,225	4,885
Agrícola Jandelle	-	-	-	-	-	11,860	-	7,794
Swift & Company Trade Group	1,246	5,465	-	648	514	-	63,827	17,192
Other related parties								
JBj Agropecuária	977	615	-	-	354,658	273,748	8,791	4,848
Flora Produtos de Hig. Limp. S.A.	12,752	14,572	4	9	44	51	91,914	105,696
Eldorado Celulose	928	1,185	2	-	50	-	14,570	21,863
Banco Original	19	12	-	-	-	-	190	142
	379,205	324,077	84,699	65,927	751,188	518,358	1,999,060	1,990,939

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 September 30, 2019 and December 31, 2018, the unpaid balance of transferred receivables was R\$1,431,264 and R\$678,647 in the Company, and R\$2,129,198 and R\$1,500,560 in the Consolidated, respectively. During the nine month periods ended September 30, 2019 and 2018, JBS incurred financial costs related to this operation in the amount of R\$68,398 and R\$51,670 in the Company, and R\$117,653 and R\$91,102 in the Consolidated, respectively, recognized in the consolidated financial statements as financial expenses.

Additionally at September 30, 2019 and December 31, 2018, the Company holds investments with Banco Original, in the amount of R\$82,694 and R\$71,431 in the Company and R\$198,869 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 nine month periods ended September 30, 2019 and 2018, the Company earned interest from these investments in the amount of R\$2,512 and R\$2,471 in the Company, and R\$5,776 and R\$5,704 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\$17,253 and R\$19,317 at September 30, 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 September 30, 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 nine month periods ended September 30, 2019 and 2018, the Company made donations in the amounts of R\$11,054 and R\$12,106, respectively, recognized in the financial statements as administrative expenses.

Credit with related parties - Consolidated

	September 30, 2019	December 31, 2018
J&F Oklahoma ⁽⁵⁾	281,343	701,281
	281,343	701,281

⁽⁵⁾ 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\$2.811 billions (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 nine month periods ended September 30, 2019 and 2018.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

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 nine month periods ended September 30, 2019 and 2018 is the following:

	2019	2018
Salaries and wages	16,633	13,326
Variable cash compensation	27,500	8,500
Share-based compensation	-	1,500
	<u>44,133</u>	<u>23,326</u>

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

	Company		Consolidated	
	For the nine month periods ended September 30,		For the nine month periods ended September 30,	
	2019	2018	2019	2018
Profit (loss) before income taxes (PBT)	2,869,338	(2,732,328)	3,721,429	(2,431,970)
Nominal rate	(34)%	(34)%	(34)%	(34)%
Expected tax expense	(975,575)	928,992	(1,265,286)	826,870
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	1,770,917	1,181,239	9,127	7,435
Prior years loss carryforwards	-	-	92,015	1,439
Domestic production activities deduction	-	-	456,530	51,739
Difference on tax rates of foreign subsidiaries	-	-	794,980	648,419
Unrecognized deferred tax	-	79,611	(406,145)	212,159
Adjustments on financial statements - Foreign subsidiaries	-	-	36,587	16,644
Withholding income tax - Foreign subsidiaries	-	-	(15,363)	(44,507)
Non-taxable interest - Foreign subsidiaries	-	-	129,038	67,537
Deferred tax prior year booking ⁽²⁾	-	-	-	4,265
Dual jurisdiction taxation - Foreign subsidiaries	-	-	296,379	273,108
Realization of other comprehensive income	-	(160)	-	(160)
Penalties for infringements and/or tax payable in installments	(57,330)	(5,075)	(57,333)	(7,183)
Realization of deferred tax from surplus value	-	-	124,413	-
Payment of taxes from infringements	(75,181)	-	(75,181)	-
Realization of the non-deductible infringement accrual	156,321	-	156,321	-
Gain with negative goodwill on credit acquisition	-	18,567	-	18,567
Other permanent differences	(55,548)	(8,891)	(46,114)	15,198
Current and deferred income tax (expense) benefit	<u>763,604</u>	<u>2,194,283</u>	<u>229,968</u>	<u>2,091,530</u>
Current income tax	-	2,116	(1,649,411)	(1,064,379)
Deferred income tax	763,604	2,192,167	1,879,379	3,155,909
	<u>763,604</u>	<u>2,194,283</u>	<u>229,968</u>	<u>2,091,530</u>
% IT/PBT	26.61 %	80.31 %	6.18 %	86.00 %

	Company		Consolidated	
	For the nine month periods ended September 30,		For the nine month periods ended September 30,	
	2019	2018	2019	2018
Adjustments to reconcile taxable income ⁽¹⁾				
Goodwill amortization - deferred	-	-	-	4,412
Prior years loss carryforwards - deferred tax	(738,988)	(2,145,206)	(1,284,130)	(3,045,224)
Unrecognized deferred tax	-	(79,611)	406,145	(212,159)
Withholding income tax - Luxembourg restructure	-	-	15,363	44,507
Deferred tax prior year booking ⁽²⁾	-	-	-	(4,265)
Realization of deferred tax from surplus value	-	-	(124,413)	-
Income tax on realization of other reserves	(3,295)	(2,116)	(41,431)	(23,383)
Current and deferred income tax (expense) benefit - ADJUSTED	<u>21,321</u>	<u>(32,650)</u>	<u>(798,498)</u>	<u>(1,144,582)</u>
Effective income tax rate	0.74%	(1.19)%	(21.46)%	(47.06)%

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

	Company		Consolidated	
	For the three month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018
Profit (loss) before income taxes (PBT)	(111,266)	(1,162,745)	541,785	(1,114,228)
Nominal rate	(34)%	(34)%	(34)%	(34)%
Expected tax expense	37,830	395,333	(184,207)	378,838
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	471,723	552,955	4,231	1,930
Prior years loss carryforwards	-	-	12,943	-
Domestic production activities deduction	-	-	67,668	38,972
Difference on tax rates of foreign subsidiaries	-	-	384,718	251,126
Unrecognized deferred tax	-	83,830	(412,285)	138,896
Adjustments on financial statements - Foreign subsidiaries	-	-	14,972	15,738
Non-taxable interest - Foreign subsidiaries	-	-	43,872	23,043
Deferred tax prior year booking ⁽²⁾	-	-	-	4,265
Dual jurisdiction taxation - Foreign subsidiaries	-	-	101,028	104,968
Realization of other comprehensive income	-	(160)	-	(160)
Penalties for infringements and/or tax payable in installments	(2,364)	(3,219)	(2,352)	(4,007)
Gain with negative goodwill on credit acquisition	-	18,567	-	18,567
Other permanent differences	(39,208)	(18,051)	(118,874)	40,317
Current and deferred income tax (expense) benefit	467,981	1,029,255	(87,770)	1,012,493
Current income tax	-	702	(691,565)	(163,609)
Deferred income tax	467,981	1,028,553	603,795	1,176,102
	467,981	1,029,255	(87,770)	1,012,493
% IT/PBT	420.60 %	88.52 %	(16.20)%	90.87 %

	Company		Consolidated	
	For the three month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018
Adjustments to reconcile taxable income ⁽¹⁾				
Goodwill amortization - deferred	-	-	-	(1,471)
Prior years loss carryforwards - deferred tax	(464,108)	(1,016,693)	(523,497)	(1,213,410)
Unrecognized deferred tax	-	(83,830)	412,285	(138,896)
Deferred tax prior year booking ⁽²⁾	-	-	-	(4,265)
Realization of deferred tax from surplus value	-	-	(516)	-
Income tax on realization of other reserves	(635)	(702)	(25,719)	(7,038)
Current and deferred income tax (expense) benefit - ADJUSTED	3,238	(71,970)	(225,217)	(352,587)
Effective income tax rate	2.91%	(6.19)%	(41.57)%	(31.64)%

⁽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 deferred taxes; 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);and vi) deferred tax effects on goodwill amortization.

⁽²⁾ According to Note 23 disclosed in the December 31, 2018 financial statements, due to adhesion to the PRR, with the possibility of using tax credits, its subsidiaries recognized positive deferred tax of tax loss and negative basis not constituted in previous years in the amount of R\$4,265 in September 2018.

b. Composition of deferred income tax and social contribution

	Company		
	December 31, 2018	Income statement	September 30, 2019
Tax losses and negative basis of social contribution	-	738,988	738,988
Allowance for doubtful accounts	72,889	319	73,208
Provisions for contingencies	204,520	8,094	212,614
Present value adjustment - Trade accounts receivable	1,057	715	1,772
Share-based compensation	9,604	(3,763)	5,841
Suspended enforceability taxes	-	22,797	22,797
Other temporary differences assets	50,328	(20,587)	29,741
Goodwill amortization	(1,909,608)	-	(1,909,608)
Present value adjustment - Trade accounts payable	(3,550)	4,898	1,348
Realization of other reserves / deemed cost	(270,186)	3,295	(266,891)
Other temporary differences liabilities	(8,233)	8,848	615
Deferred taxes, net	(1,853,179)	763,604	(1,089,575)

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

	Consolidated				
	December 31, 2018	Income statement	Exchange variation	Other adjustments	September 30, 2019
Tax losses and negative basis of social contribution	1,561,728	1,284,130	24,181	-	2,870,039
Allowance for doubtful accounts	83,259	8,197	48	-	91,504
Provision for contingencies	393,125	109,568	-	-	502,693
Present value adjustment - Trade accounts receivable	4,183	6,934	(1)	-	11,116
Tax credits - Foreign subsidiaries	48,816	(647)	3,610	-	51,779
Labor accidents accruals - Foreign subsidiaries	128,712	11,913	10,355	-	150,980
Employee benefit plan - Foreign subsidiaries	100,878	509	7,412	-	108,799
Accounts payable accrual - Foreign subsidiaries	384,631	(12,204)	27,950	-	400,377
Share-based compensation	9,604	(3,763)	-	-	5,841
Non-deductible taxes - US tax reform	317,037	175,039	37,295	-	529,371
Suspended enforceability taxes	8,509	26,038	-	-	34,547
Other temporary differences assets	370,020	10,322	12,071	-	392,413
Goodwill amortization	(2,026,405)	-	-	-	(2,026,405)
Present value adjustment - Trade accounts payable	(12,560)	860	-	-	(11,700)
Business combination	(2,529,413)	182,034	(156,613)	-	(2,503,992)
Insurance claims accruals - Foreign subsidiaries	(116,104)	(1,771)	(9,127)	-	(127,002)
Inventory valuation - Foreign subsidiaries	(209,390)	41,981	(11,785)	-	(179,194)
Realization of other reserves / deemed cost	(651,297)	41,431	-	-	(609,866)
Other temporary differences liabilities	(189,427)	(1,192)	6,329	(7,171)	(191,461)
Deferred taxes, net	(2,324,094)	1,879,379	(48,275)	(7,171)	(500,161)

	Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Deferred income taxes assets	-	-	1,894,223	1,159,445
Deferred income taxes liabilities	(1,089,575)	(1,853,179)	(2,394,384)	(3,483,539)
	(1,089,575)	(1,853,179)	(500,161)	(2,324,094)

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

	Equity					
	December 31, 2018	Addition (disposal)	Exchange rate variation	Changes in the Equity of investees	Proportionate share of income (loss)	September 30, 2019
JBS Embalagens Metálicas	(82,197)	-	-	-	(21,589)	(103,786)
JBS Confinamento ⁽¹⁾	512,233	40,000	-	-	(25,040)	527,193
Conceria Priante	10,026	-	239	-	532	10,797
JBS Holding GmbH ⁽²⁾	695,580	(695,611)	(29,144)	-	29,175	-
JBS Global Luxembourg	19,716,731	-	1,831,855	(446,674)	5,535,071	26,636,983
JBS Leather International ⁽¹⁾	(354,264)	359,208	(17,191)	(15,291)	(98,029)	(125,567)
Brazservice	(72,070)	-	-	-	(10,577)	(82,647)
Seara Alimentos	3,728,133	-	-	87,663	(216,372)	3,599,424
Meat Snack Partners ⁽³⁾	84,967	(18,000)	-	-	26,844	93,811
Rigamonti ⁽¹⁾	139,236	22,342	3,987	-	9,461	175,026
Enersea	(481)	-	-	-	306	(175)
JBS Mendoza	758	-	(253)	-	109	614
Midup Participações	17,966	-	-	-	(501)	17,465
JBS Milestone ⁽²⁾	11	(11)	-	-	-	-
JBS Asset Management	84,170	-	6,366	-	836	91,372
JBS Investments II GmbH	114	-	(613)	-	(21,646)	(22,145)
JBS Investments Luxembourg ⁽⁴⁾	-	145	-	-	-	145
Subtotal	24,480,913	(291,927)	1,795,246	(374,302)	5,208,580	30,818,510
Accrual for loss on investments ^(*)	509,012	-	-	-	-	334,320
Total	24,989,925	-	-	-	-	31,152,830

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

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

(¹) The Company increased capital in the direct subsidiaries JBS Confinamento, JBS Leather International and Rigamonti through intercompany loan agreements settlement and/or trade accounts receivable balance capitalization.

(²) In January and March 2019, the direct subsidiaries JBS Holding GmbH and JBS Milestone were liquidated, for corporate structure simplification purposes. The amount of R\$695,611 includes the cash return of R\$8,439.

(³) The indirect subsidiary Meat Snack Partners distributed dividends to the Company.

(⁴) The Company paid in capital the direct subsidiary JBS Investments Luxembourg.

ii. In the Consolidated:

	December 31, 2018	Distribution of dividends	Equity		September 30, 2019
			Changes in the Equity of investees	Proportionate share of income	
Meat Snack Partners (³)	84,967	(18,000)	-	26,844	93,811
Total	84,967	(18,000)	-	26,844	93,811

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

Company	December 31, 2018	Additions net of transferences (¹)	Disposals	Depreciation	September 30, 2019
Buildings	3,466,381	60,757	(10,300)	(94,159)	3,422,679
Land	1,642,442	11,226	(5,382)	-	1,648,286
Machinery and equipment	3,601,414	110,689	(18,969)	(282,201)	3,410,933
Facilities	1,495,526	57,490	(6,135)	(81,089)	1,465,792
Computer equipment	62,008	15,095	(1,876)	(25,265)	49,962
Vehicles	295,595	128,974	(13,911)	(57,802)	352,856
Construction in progress	558,871	160,067	-	-	718,938
Other	64,050	9,596	(376)	(9,671)	63,599
	11,186,287	553,894	(56,949)	(550,187)	11,133,045

Consolidated	December 31, 2018	Additions net of transferences (¹)	Acquired in business combinations (²)	Disposals	Depreciation	Exchange rate variation	September 30, 2019
Buildings	12,685,771	568,338	94,871	(102,996)	(548,719)	433,727	13,130,992
Land	4,339,056	30,118	7,065	(34,686)	-	102,487	4,444,040
Machinery and equipment	11,986,962	1,338,090	29,899	(68,013)	(1,479,359)	427,079	12,234,658
Facilities	2,065,051	98,840	11,237	(15,929)	(142,398)	1,364	2,018,165
Computer equipment	343,659	112,070	742	(2,249)	(113,754)	17,183	357,651
Vehicles	479,931	168,936	24	(18,190)	(91,713)	13,832	552,820
Construction in progress	2,520,674	614,681	-	-	-	128,552	3,263,907
Other	688,075	27,424	1,283	(65,117)	(75,728)	33,095	609,032
	35,109,179	2,958,497	145,121	(307,180)	(2,451,671)	1,157,319	36,611,265

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

(²) Refers to balances arising from the non-material acquisitions of White Stripe, Imperial Beef and SAFRIO in the first quarter; Normaclass in the second quarter and Seberi in the third quarter.

For the nine month periods ended September 30, 2019 and 2018, the amount of capitalized interest added to construction in progress and included in additions was R\$21,159 and R\$22,092 in the Company, respectively, and in the Consolidated was R\$80,506 and R\$58,127, 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 nine month periods ended September 30, 2019, there were no indicators of impairment.

13 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.

13.1 Right of use asset

The right of use asset balances are as follows:

Company	Average lease term	Initial adoption 01.01.19	Additions	Terminated contracts	Depreciation	September 30, 2019
Buildings	3 to 20 years	194,757	15,306	(1,707)	(17,568)	190,788
Operating plants	1 to 4 years	16,217	28	(5)	(3,353)	12,887
Machinery and equipment	1 to 4 years	3,073	155	(291)	(1,444)	1,493
Others	1 to 4 years	1,006	86	(107)	(250)	735
		215,053	15,575	(2,110)	(22,615)	205,903

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

Consolidated	Average lease term	Initial adoption 01.01.19	Additions	Acquired in business combinations ⁽¹⁾	Terminated contracts	Depreciation	Exchange rate variation	September 30, 2019
Growing facilities	1 to 13 years	2,132,981	90,366	-	-	(360,043)	147,969	2,011,273
Buildings	3 to 20 years	1,136,612	134,756	437	(1,665)	(155,236)	47,810	1,162,714
Vehicles and aircraft	1 to 5 years	709,333	165,696	-	(5,542)	(226,040)	55,243	698,690
Machinery and equipment	1 to 5 years	663,010	55,282	-	(293)	(153,203)	54,270	619,066
Land	1 to 4 years	68,482	1,564	-	-	(4,635)	6,646	72,057
Operating plants	1 to 11 years	72,837	45,731	-	(4)	(8,505)	1,236	111,295
Computer equipment	1 to 4 years	12,030	26	-	(667)	(6,121)	2	5,270
Furniture and appliances	1 to 3 years	1,342	-	-	(853)	(415)	-	74
Others	1 to 4 years	158	17	-	(157)	(19)	1	-
		4,796,785	493,438	437	(9,181)	(914,217)	313,177	4,680,439

⁽¹⁾ Refers to balance arising from the non-material White Stripe's acquisition in the first quarter.

13.2 Lease provision

	Company September 30, 2019	Consolidated September 30, 2019
Lease provision	348,492	5,791,572
Present value adjustment	(135,374)	(1,001,128)
	213,118	4,790,444
Breakdown:		
Current liabilities	28,099	1,009,411
Non-current liabilities	185,019	3,781,033
	213,118	4,790,444

Changes in the lease provision:

Company	Initial adoption 01.01.19	Additions	Interest accrual	Payments	Terminated contracts	September 30, 2019
Lease provision	215,053	16,748	17,052	(33,622)	(2,113)	213,118
	215,053	16,748	17,052	(33,622)	(2,113)	213,118

Consolidated	Initial adoption 01.01.19	Additions	Acquired in business combinations ⁽¹⁾	Interest accrual	Payments	Terminated contracts	Exchange rate variation	September 30, 2019
Lease provision	4,791,559	505,931	437	209,500	(1,019,985)	(8,611)	311,613	4,790,444
	4,791,559	505,931	437	209,500	(1,019,985)	(8,611)	311,613	4,790,444

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

	Company September 30, 2019	Consolidated September 30, 2019
2020	6,098	265,240
2021	45,352	1,016,129
2022	41,816	855,308
2023	27,762	661,824
2024	26,496	484,384
Maturities thereafter 2024	154,602	1,249,540
Present value adjustment	(117,107)	(751,392)
	185,019	3,781,033

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

14 Intangible assets
Changes in intangible assets:

Company	December 31, 2018	Additions	Amortization	September 30, 2019
Amortizing:				
Trademarks	31,921	-	(7,980)	23,941
Software	33,085	11,217	(12,109)	32,193
Non-amortizing:				
Trademarks	24,800	-	-	24,800
	89,806	11,217	(20,089)	80,934

Consolidated	December 31, 2018	Additions	Acquired in business combinations ⁽¹⁾	Disposal	Amortization	Exchange rate variation and others	September 30, 2019
Amortizing:							
Trademark	254,742	-	18,550	-	(21,997)	12,659	263,954
Software	75,115	13,584	-	(60)	(23,353)	871	66,157
Customer relationships	2,050,258	-	15,778	-	(227,757)	116,543	1,954,822
Supplier contract	82,007	-	-	-	(6,671)	5,653	80,989
Others	14,556	-	947	(2,170)	(6,725)	451	7,059
Non-amortizing:							
Trademarks	3,302,654	1,252	-	-	-	117,736	3,421,642
Water rights	39,964	-	-	-	-	2,625	42,589
	5,819,296	14,836	35,275	(2,230)	(286,503)	256,538	5,837,212

⁽¹⁾ Refers to balance arising from the non-material acquisitions of Imperial Beef in the first quarter and Normaclass in the second quarter.

15 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
Acquired in business combinations ⁽¹⁾	235,881
Exchange rate variation and others	619,391
Balance at September 30, 2019	24,630,847

⁽¹⁾ Refers to balances arising from the non-material acquisitions of White Stripe and SAFRIO in the first quarter; and Normaclass in the second quarter.

CGU Groups	September 30, 2019	December 31, 2018
Brazil Beef	9,069,926	9,069,926
Seara	3,751,175	3,533,294
Moy Park	3,153,380	3,030,896
USA Pork	2,892,318	2,691,181
Australia Meat	1,161,951	1,125,428
Australia Smallgoods	1,097,261	1,062,769
Others CGUs without significant goodwill	3,504,836	3,262,081
Total	24,630,847	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 nine month period ended September 30, 2019 there were no events or circumstances that indicate that the recoverable amount may be less than the carrying amount.

JBS S.A.

 Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
 (Expressed in thousands of Brazilian reais)

16 Loans and financing

Type	Company							
	Average annual interest rate	Currency	Index on variable rate loans	Payment terms / non-current debt	Current		Non-current	
					Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018
Foreign currency								
Prepayment	3.85%	USD	Libor	*	536,863	1,011,421	-	4,322,038
ACC - Advances on exchange contracts	-	-	-	-	-	623,400	-	2,087,092
Notes 6.25% JBS S.A 2023	6.25%	USD	-	2023	21,244	75,602	1,769,870	2,993,874
Notes 7.25% JBS S.A 2024	-	-	-	-	-	53,376	-	2,901,727
Working capital - Euro	2.67%	EUR	Euribor	2023	18,988	19,039	31,617	49,458
FINIMP	4.73%	USD	Libor	*	22,747	-	-	-
					599,842	1,782,838	1,801,487	12,354,189
Local currency								
Credit note - export	-	-	-	-	-	7,547	-	963,332
Working capital - Brazilian Reais	7.62%	BRL	TJLP	2021	-	37	15,635	129,095
FINAME	5.98%	BRL	TJLP	2020 - 25	11,094	26,720	23,450	40,867
FINEP	6.58%	BRL	-	2020 - 25	25,017	22,960	41,021	59,532
CDC - Direct credit to consumers	11.38%	BRL	-	2020 - 24	84,116	27,959	185,352	127,192
					120,227	85,223	265,458	1,320,018
					720,069	1,868,061	2,066,945	13,674,207
Consolidated								
Type	Average annual interest rate	Currency	Indexer	Payment terms / non-current debt	Current		Non-current	
					Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018
Foreign currency								
ACC - Advances on exchange contracts	-	-	-	-	-	634,900	-	3,094,983
Prepayment	4.39%	USD	Libor	2020	827,083	1,275,206	1,467,291	5,694,441
Notes 6.25% JBS S.A 2023	6.25%	USD	-	2023	21,244	75,602	1,769,870	2,993,874
Notes 7.25% JBS S.A 2024	-	-	-	-	-	53,376	-	2,901,727
Notes 7.00% JBS S.A 2026	7.00%	USD	-	2026	291,508	29,761	3,888,106	1,896,572
Notes 5.75% JBS S.A 2028	5.75%	USD	-	2028	11,903	-	3,154,229	-
Credit note - import	-	-	-	-	-	2,868	-	114,832
FINIMP	4.73%	USD	Libor	*	22,747	5,440	-	-
Scott credit facilities	4.97%	USD	-	2023	1,428	1,298	6,896	7,250
Working capital - Euro	2.67%	EUR	Euribor	2023	18,988	22,537	31,617	49,458
					1,194,901	2,100,988	10,318,009	16,753,137
Local currency								
ACC - Advances on exchange contracts	-	-	-	-	-	-	-	1,087
FINAME	5.14%	BRL	TJLP	2020 - 25	21,467	35,013	28,335	55,823
FINEP	6.52%	BRL	-	2020 - 25	26,666	26,919	41,021	60,190
JBS Mortgage	5.80%	USD	-	*	7,084	775	-	6,393
Notes 7.25% JBS Lux 2021	-	-	-	-	-	14,980	-	2,548,073
Notes 5.875% JBS Lux 2024	5.87%	USD	-	2024	45,875	78,728	3,739,444	2,891,764
Notes 5.75% JBS Lux 2025	5.75%	USD	-	2025	73,331	8,912	4,357,858	3,465,889
Notes 5.75% PPC 2025	5.75%	USD	-	2025	9,978	65,604	4,146,756	3,856,151
Notes 5.875% PPC 2027	5.88%	USD	-	2027	103,981	48,912	3,483,967	3,236,853
Notes 6.75% JBS Lux 2028	6.75%	USD	-	2028	31,624	88,927	3,716,932	3,455,849
Notes 6.50% JBS Lux 2029	6.50%	USD	-	2029	173,689	-	5,844,053	-
Notes 5.50% JBS Lux 2030	5.50%	USD	-	2030	42,947	-	5,159,255	-
Term loan JBS Lux 2026	4.61%	USD	Libor	2026	110,469	172,525	7,710,121	12,418,631
PPC term loan	3.34%	USD	Libor	2023	109,149	110,610	1,861,316	1,799,364
Working capital - Brazilian Reais	7.62%	BRL	TJLP	2021	-	4,603	15,635	135,665
Working capital - US Dollars	-	-	-	-	-	-	-	174,095
Working capital - Euros	1.02%	EUR	Euribor	2023	64,157	56,153	5,135	4,985
Credit note - export	-	-	-	-	-	28,735	-	1,811,421
CDC - Direct credit to consumers	11.38%	BRL	-	2020 - 24	84,116	27,959	185,353	127,192
CCB	13.45%	BRL	TJLP	2020 - 24	3,014	3,012	14,239	16,305
Rural - Credit note	-	-	-	-	-	10,198	-	315,526
Scott credit facilities	4.75%	USD, EUR and AUD	-	*	43,139	16,945	-	3,832
JBS Australia Feedlot Agreement	7.00%	AUD	-	2023	-	-	109,857	73,664
Other	1.80%	AUD, EUR, GBP, NZD and USD	Libor, Euribor and BBSY	2021 - 25	6,750	22,137	23,603	19,004
					957,436	821,647	40,442,880	36,477,756
					2,152,337	2,922,635	50,760,889	53,230,893

* Balances classified as current which have their maturities between October 1, 2019 and September 30, 2020.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

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 September 30, 2019 and December 31, 2018, the availability under JBS USA revolving credit facilities was R\$7.9 billions (US\$1.9 billion) and R\$7.3 billions (US\$1.9 billion), respectively.

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

Maturity	September 30, 2019	
	Company	Consolidated
2020	31,479	88,915
2021	151,002	707,282
2022	78,451	657,267
2023	1,796,115	3,860,639
2024	7,135	4,207,422
Maturities thereafter	2,763	41,239,364
	2,066,945	50,760,889

16.1 Guarantees and contractual restrictions ("covenants")

The Company was in compliance with all of its debt covenant restrictions at September 30, 2019 and until the date that these financial statements were approved.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

17 Accrued income taxes and other taxes

	Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Accrued income taxes	-	-	392,668	202,665
Withholding income taxes	16,486	25,809	17,211	26,496
ICMS / VAT / GST tax payable	26,509	26,434	65,346	64,844
PIS / COFINS tax payable	73,799	72,417	107,078	92,440
Taxes payable in installments	824,180	876,588	877,462	932,523
Others	2,846	2,614	288,633	251,486
	943,820	1,003,862	1,748,398	1,570,454
Breakdown:				
Current liabilities	265,033	299,480	926,684	728,186
Non-current liabilities	678,787	704,382	821,714	842,268
	943,820	1,003,862	1,748,398	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 September 30, 2019 and December 31, 2018, the Company has recorded under Income taxes, payroll, social charges and tax obligation the amount of R\$67,050 and R\$67,215 in the Company, respectively, and in the Consolidated R\$96,337 and R\$85,062, respectively, regarding to PIS/COFINS over financial income.

18 Accrued payroll and social charges

	Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Salaries and related social charges	179,314	280,635	1,253,801	1,263,693
Bonus and vacation along with related social charges	368,070	214,801	2,765,109	2,276,391
Taxes payable in installments	3,362,537	3,439,543	3,426,230	3,502,778
Others	8,819	4,400	174,360	206,264
	3,918,740	3,939,379	7,619,500	7,249,126
Breakdown:				
Current liabilities	841,919	771,936	3,929,811	3,508,585
Non-current liabilities	3,076,821	3,167,443	3,689,689	3,740,541
	3,918,740	3,939,379	7,619,500	7,249,126

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	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Labor	297,981	221,826	593,394	453,227
Civil	21,952	16,535	222,745	197,840
Tax and Social Security	1,190,225	1,707,761	1,547,872	2,045,578
Total	1,510,158	1,946,122	2,364,011	2,696,645

Changes in provisions

	Company				September 30, 2019
	December 31, 2018	Additions, disposals and changes in estimates	Payments	Monetary correction	
Labor	221,826	191,741	(118,799)	3,213	297,981
Civil	16,535	9,269	(6,981)	3,129	21,952
Tax and Social Security	1,707,761	12,347	(544,144)	14,261	1,190,225
Total	1,946,122	213,357	(669,924)	20,603	1,510,158

	Consolidated					September 30, 2019
	December 31, 2018	Additions, disposals and changes in estimates	Payments	Monetary correction	Exchange rate variation	
Labor	453,227	338,092	(224,221)	26,331	(35)	593,394
Civil	197,840	17,647	(15,476)	22,734	-	222,745
Tax and Social Security	2,045,578	23,945	(548,272)	26,729	(108)	1,547,872
Total	2,696,645	379,684	(787,969)	75,794	(143)	2,364,011

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 September 30, 2019, the Company did not identified the need of making any adjustments besides monetary correction which impact totaled R\$R\$17,757, which was recognized

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

under the caption "General and administrative expenses. The total amount of the accrual in September 30, 2019 was 1,051,665.

20 Equity

a. **Share capital:** Share capital on September 30, 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
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 to R\$ 9.73	0.00008	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		13,098,582							

September 30, 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 January 2, 2020	218,287	0.67
2018A	Apr-18	04.01.17	1/3 per year with final maturity in January 2, 2020	105,709	1.50
2018B	May-18	05.01.18	1/3 per year with final maturity in January 2, 2020	88,067	1.58
2018C	May-18	05.01.18	1/3 per year with final maturity in January 2, 2020	475,132	1.58
2018D	May-18	05.01.18	1/3 per year with final maturity in January 2, 2020	500,000	1.58
2018E	Jun-18	06.01.18	1/3 per year with final maturity in January 4, 2021	102,564	1.67
2018F	Jul-18	07.01.18	1/3 per year with final maturity in January 4, 2021	23,931	1.75
			1,513,690		

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:

	September 30, 2019	
	Quantity of options	Average exercise price per share
Opening balance	3,975,719	R\$ 9.51
Exercised ⁽¹⁾	(1,932,682)	R\$ 9.75
Cancelled	(529,347)	R\$ 11.20
Closing balance	1,513,690	R\$ 9.51

⁽¹⁾ The exercised shares during the nine month period ended September 30, 2019 totaled in the amount of R\$18,470.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

During the nine month period ended September 30, 2019, the expense with options plan totaled R\$5,754 in the Company and in the Consolidated of R\$35,072. 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 nine month period ended September 30, 2019 were as follows:

	September 30, 2019	
	Quantity	R\$ thousand
Opening balance	65,639,365	624,139
Treasury shares used in stock option plan ⁽¹⁾	(1,932,682)	(18,417)
Closing balance	63,706,683	605,722

⁽¹⁾ Refers to treasury shares exercised effectively.

21 Net revenue

	Company		Consolidated	
	For the nine month periods ended September 30,		For the nine month periods ended September 30,	
	2019	2018	2019	2018
GROSS REVENUE				
Sales of products				
Domestic sales	13,996,884	13,037,421	113,699,623	103,647,263
Export sales	9,437,901	8,140,383	38,218,347	34,773,460
	<u>23,434,785</u>	<u>21,177,804</u>	<u>151,917,970</u>	<u>138,420,723</u>
SALES DEDUCTION				
Returns and discounts	(729,694)	(696,585)	(3,069,493)	(2,835,132)
Sales taxes	(470,342)	(494,783)	(1,451,384)	(1,224,072)
	<u>(1,200,036)</u>	<u>(1,191,368)</u>	<u>(4,520,877)</u>	<u>(4,059,204)</u>
NET REVENUE	<u>22,234,749</u>	<u>19,986,436</u>	<u>147,397,093</u>	<u>134,361,519</u>

	Company		Consolidated	
	For the three month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018
GROSS REVENUE				
Sales of products				
Domestic sales	4,978,317	4,485,953	39,532,582	37,128,764
Export sales	3,842,385	3,450,469	14,221,801	13,731,341
	<u>8,820,702</u>	<u>7,936,422</u>	<u>53,754,383</u>	<u>50,860,105</u>
SALES DEDUCTION				
Returns and discounts	(253,652)	(223,371)	(1,043,782)	(1,034,243)
Sales taxes	(163,968)	(181,568)	(526,195)	(423,049)
	<u>(417,620)</u>	<u>(404,939)</u>	<u>(1,569,977)</u>	<u>(1,457,292)</u>
NET REVENUE	<u>8,403,082</u>	<u>7,531,483</u>	<u>52,184,406</u>	<u>49,402,813</u>

22 Finance income (expense)

	Company		Consolidated	
	For the nine month periods ended September 30,		For the nine month periods ended September 30,	
	2019	2018	2019	2018
Exchange rate variation	(1,453,402)	(3,669,745)	(2,353,731)	(5,090,992)
Fair value adjustments on derivatives	1,153	340,579	(17,730)	333,355
Interest expense ⁽¹⁾	(1,519,840)	(1,221,796)	(3,368,681)	(3,088,170)
Interest income ⁽²⁾	208,826	365,435	351,267	224,215
Taxes, contribution, fees and others ⁽³⁾	(240,733)	(48,289)	(335,891)	(95,898)
	<u>(3,003,996)</u>	<u>(4,233,816)</u>	<u>(5,724,766)</u>	<u>(7,717,490)</u>
Finance income	702,260	706,014	1,007,582	586,883
Finance expense	(3,706,256)	(4,939,830)	(6,732,348)	(8,304,373)
	<u>(3,003,996)</u>	<u>(4,233,816)</u>	<u>(5,724,766)</u>	<u>(7,717,490)</u>

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

	Company		Consolidated	
	For the three month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018
Exchange rate variation	(1,642,099)	(741,498)	(2,636,338)	(1,042,361)
Fair value adjustments on derivatives	211,808	169,670	201,794	211,633
Interest expense ⁽¹⁾	(478,579)	(483,447)	(1,192,209)	(1,130,369)
Interest income ⁽²⁾	71,761	94,700	154,659	103,492
Taxes, contribution, fees and others	(193,729)	(20,972)	(228,383)	(33,636)
	<u>(2,030,838)</u>	<u>(981,547)</u>	<u>(3,700,477)</u>	<u>(1,891,241)</u>
Finance income	283,570	264,370	356,454	315,125
Finance expense	(2,314,408)	(1,245,917)	(4,056,931)	(2,206,366)
	<u>(2,030,838)</u>	<u>(981,547)</u>	<u>(3,700,477)</u>	<u>(1,891,241)</u>

⁽¹⁾ For the nine month periods ended September 30, 2019 and 2018, the amounts of R\$588,401 and R\$997,494 in the Company and R\$2,553,512 and R\$2,782,904 in the Consolidated and for the three month period ended September 30, 2019 and 2018, the amounts of R\$120,463 and R\$351,199 in the Company and R\$798,354 and R\$980,564 refers to interest expenses from loans and financings recognized under the caption "Interest expense".

⁽²⁾ For the nine month periods ended September 30, 2019 and 2018, the amounts of R\$34,252 and R\$30,439 in the Company and R\$103,353 and R\$131,012 in the Consolidated and for the three month period ended September 30, 2019 and 2018 the amounts of R\$10,869 and R\$9,646 in the Company and R\$28,646 and R\$47,008 in the Consolidated refers to interest income from short investments recognized under the caption "interest income".

⁽³⁾ As of September 30, 2019, the amount of taxes, contribution, fees and others includes the payment of premiums from the anticipation amortization of part of the debt and the notes maturing in 2021 and Term Loan 2022 totaling of R\$149,505 in the Company and R\$176,686 in the Consolidated.

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).

	For the nine month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018
Net income attributable to shareholders	3,632,942	(538,045)	356,715	(133,490)
Weighted average common shares outstanding	2,728,747	2,728,747	2,728,747	2,728,747
Weighted average - treasury shares	(63,847)	(16,154)	(63,847)	(15,603)
Weighted average - common shares outstanding (basic)	<u>2,664,900</u>	<u>2,712,594</u>	<u>2,664,900</u>	<u>2,713,144</u>
Basic earnings per share - (R\$)	1.36	(0.20)	0.13	(0.05)

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).

	For the nine month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018
Net income attributable to shareholders	3,632,942	(538,045)	356,715	(133,490)
Weighted average common shares outstanding (basic) - R\$	2,664,900	2,712,594	2,664,900	2,713,144
Dilutive effect of outstanding stock options	1,165	3,256	1,165	3,942
Weighted average - common shares outstanding (diluted)	<u>2,666,065</u>	<u>2,715,850</u>	<u>2,666,065</u>	<u>2,717,086</u>
Diluted earnings per shares - (R\$)	1.36	(0.20)	0.13	(0.05)

For the nine month period ended September 30, 2019, 1,513,690 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.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

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:

Segments	Net revenue		Operating income ⁽¹⁾		Depreciation	
	For the nine month periods ended September 30,		For the nine month periods ended September 30,		For the nine month periods ended September 30,	
	2019	2018	2019	2018	2019	2018
Brazil	22,382,109	20,119,875	653,675	366,846	596,091	588,805
Seara	14,640,854	13,054,690	611,601	225,907	935,153	730,177
Beef USA	63,333,219	58,047,747	4,662,280	4,198,059	738,948	511,894
Pork USA	17,153,067	15,428,730	1,232,425	1,354,636	475,673	238,246
Chicken USA	32,407,485	29,772,755	2,339,657	1,635,547	1,941,394	1,462,604
Others	1,797,051	1,818,721	(26,164)	(2,007)	58,001	34,242
Intercompany elimination	(4,316,692)	(3,880,999)	(1,924)	-	(5,615)	-
Total	147,397,093	134,361,519	9,471,550	7,778,988	4,739,645	3,565,968

Segments	Net revenue		Operating income ⁽¹⁾		Depreciation	
	For the three month periods ended September 30,		For the three month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018	2019	2018
Brazil	8,445,693	7,582,929	519,229	514,222	199,772	192,326
Seara	5,362,222	4,991,509	335,373	267,536	369,922	244,550
Beef USA	22,353,285	21,451,620	2,132,993	1,424,146	258,074	181,257
Pork USA	6,006,322	5,518,440	536,623	632,490	166,296	89,210
Chicken USA	11,021,575	10,662,950	739,675	330,593	668,317	542,588
Others	549,387	637,496	(21,616)	(607)	19,335	13,448
Intercompany elimination	(1,554,078)	(1,442,131)	(453)	-	(2,286)	-
Total	52,184,406	49,402,813	4,241,824	3,168,380	1,679,430	1,263,379

Total assets	September 30, 2019	December 31, 2018
	Brazil	34,847,063
Seara	24,329,251	23,044,148
Beef USA	23,969,480	18,513,199
Pork USA	11,070,763	8,904,564
Chicken USA	28,571,683	24,076,655
Others	46,800,181	29,007,228
Intercompany elimination	(47,183,648)	(26,235,406)
Total	122,404,773	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	
	For the nine month periods ended September 30,		For the nine month periods ended September 30,		For the nine month periods ended September 30,	
	2019	2018	2019	2018	2019	2018
United States of America	110,753,895	101,351,214	8,214,766	7,167,771	3,188,484	2,227,390
South America	36,500,528	32,948,204	1,227,880	606,876	1,542,375	1,327,482
Others	1,529,666	1,467,357	30,828	4,341	14,401	11,096
Intercompany elimination	(1,386,996)	(1,405,256)	(1,924)	-	(5,615)	-
Total	147,397,093	134,361,519	9,471,550	7,778,988	4,739,645	3,565,968

Geographic reporting

	Net revenue		Operating income ⁽¹⁾		Depreciation	
	For the three month periods ended September 30,		For the three month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018	2019	2018
United States of America	38,685,885	36,947,086	3,401,259	2,380,978	1,103,927	819,467
South America	13,562,780	12,489,683	838,170	784,474	572,935	439,817
Others	494,821	528,537	2,848	2,928	4,854	4,095
Intercompany elimination	(559,080)	(562,493)	(453)	-	(2,286)	-
Total	52,184,406	49,402,813	4,241,824	3,168,380	1,679,430	1,263,379

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

Total assets by geographic area:

	September 30, 2019	December 31, 2018
Total assets		
United States of America	91,673,707	73,042,765
South America	58,546,430	57,347,022
Others	16,631,354	6,843,825
Intercompany elimination	<u>(44,446,718)</u>	<u>(23,087,781)</u>
Total	<u>122,404,773</u>	<u>114,145,831</u>

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

	Operating income			
	For the nine month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018
Net income (loss)	3,951,397	(340,440)	454,015	(101,735)
Income tax and social contribution - current and deferred	(229,968)	(2,091,530)	87,770	(1,012,493)
Finance (income) expense, net	5,724,766	7,717,490	3,700,477	1,891,241
Share of profit of equity-accounted investees, net of tax	(26,844)	(21,868)	(12,443)	(5,674)
Operating profit	<u>9,419,351</u>	<u>5,263,652</u>	<u>4,229,819</u>	<u>771,339</u>
Tax payable in installments	-	2,417,241	-	2,395,551
Investigation impacts due to the leniency agreement	11,787	30,850	-	10,726
Negative goodwill on acquisition of tax credits	-	(54,609)	-	(54,609)
Profit on divestment program	-	6,684	-	6,684
Other operating expense/income	40,412	115,170	12,005	38,689
Net operating profit	<u>9,471,550</u>	<u>7,778,988</u>	<u>4,241,824</u>	<u>3,168,380</u>

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			
	For the nine month periods ended September 30,		For the three month periods ended September 30,		For the nine month periods ended September 30,		For the three month periods ended September 30,	
	2019	2018	2019	2018	2019	2018	2019	2018
Cost of sales								
Cost of inventories, raw materials and production inputs	(16,674,682)	(15,008,957)	(6,159,768)	(5,468,873)	(105,310,426)	(98,049,838)	(36,425,219)	(35,733,201)
Salaries and benefits	(1,084,859)	(972,030)	(370,561)	(321,349)	(15,356,069)	(13,547,517)	(5,383,219)	(4,983,431)
Depreciation and amortization	(329,071)	(347,872)	(107,613)	(107,338)	(4,005,177)	(2,998,037)	(1,424,204)	(1,059,658)
	<u>(18,088,612)</u>	<u>(16,328,859)</u>	<u>(6,637,942)</u>	<u>(5,897,560)</u>	<u>(124,671,672)</u>	<u>(114,595,392)</u>	<u>(43,232,642)</u>	<u>(41,776,290)</u>
General and administrative expenses								
Tax payable in installments (PRR)	-	(2,363,581)	-	(2,341,891)	-	(2,417,241)	-	(2,395,551)
Salaries and benefits	(960,480)	(832,205)	(327,090)	(297,176)	(2,862,783)	(2,548,886)	(1,048,699)	(963,048)
Fees, services and general expenses	(660,531)	(754,009)	(224,051)	(271,454)	(1,554,469)	(1,338,602)	(529,401)	(548,834)
Depreciation and amortization	(178,058)	(177,967)	(58,922)	(66,642)	(542,383)	(442,431)	(187,357)	(163,691)
Impairment	-	-	-	-	(4,231)	(54,362)	-	(1,231)
	<u>(1,799,069)</u>	<u>(4,127,762)</u>	<u>(610,063)</u>	<u>(2,977,163)</u>	<u>(4,963,866)</u>	<u>(6,801,522)</u>	<u>(1,765,457)</u>	<u>(4,072,355)</u>
Selling expenses								
Freights and selling expenses	(1,329,543)	(1,110,290)	(492,514)	(401,520)	(7,124,937)	(6,521,804)	(2,481,410)	(2,453,030)
Allowance for doubtful accounts	(19,903)	(134,993)	(13,233)	(8,067)	(42,542)	(153,011)	(11,443)	(7,804)
Salaries and benefits	(135,353)	(134,609)	(46,353)	(46,582)	(433,058)	(418,943)	(159,863)	(143,443)
Depreciation and amortization	(85,763)	(57,138)	(32,145)	(17,311)	(192,085)	(125,499)	(67,870)	(40,028)
Advertising and marketing	(56,940)	(55,490)	(19,184)	(16,703)	(446,098)	(276,978)	(201,586)	(99,058)
Commissions	(40,870)	(53,335)	(15,153)	(21,169)	(130,763)	(149,922)	(44,632)	(56,089)
	<u>(1,668,372)</u>	<u>(1,545,855)</u>	<u>(618,582)</u>	<u>(511,352)</u>	<u>(8,369,483)</u>	<u>(7,646,157)</u>	<u>(2,966,804)</u>	<u>(2,799,452)</u>

As of September 30, 2019, other income (expenses) includes gain (losses) of sale of assets, operating plants and write-off of other comprehensive income of liquidated subsidiaries (see footnote 11), in the Company, and Consolidated, gain (losses) of sale of assets, third party advisory expenses related to restructuring projects, among others.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

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	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Assets					
Fair value through profit or loss					
Financial investments	4	164,572	358,097	3,686,194	4,887,099
National treasury bills	4	163,821	49,758	163,821	49,758
Derivative assets		88	6,303	201,535	52,797
Loans and receivables at amortized cost					
Cash at banks	4	436,030	1,356,338	3,963,517	3,998,922
Trade accounts receivable	5	1,591,388	2,729,066	9,174,815	9,657,010
Related parties receivables	9	534,166	828,802	281,343	701,281
Total		2,890,065	5,328,364	17,471,225	19,346,867
Liabilities					
Liabilities at amortized cost					
Trade accounts payable and supply chain finance		(2,914,128)	(2,333,255)	(14,941,002)	(13,075,615)
Loans and financing	16	(2,787,014)	(15,542,268)	(52,913,226)	(56,153,528)
Related party payables	9	(20,432,784)	(8,033,436)	-	-
Other financial liabilities		(35,393)	(42,244)	(159,538)	(69,213)
Fair value through profit or loss					
Derivative liabilities		(2,060)	(23,602)	(100,461)	(210,015)
Total		(26,171,379)	(25,974,805)	(68,114,227)	(69,508,371)

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) 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.

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	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Level 1	163,821	49,758	-	-	-	-	-	-
Level 2	-	-	164,572	358,097	88	6,303	(2,060)	(23,602)
Consolidated								
	Current assets						Current liabilities	
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	Level 1	163,821	49,758	-	-	-	-	-
Level 2	-	-	3,686,194	4,887,099	201,535	52,797	(100,461)	(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.

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

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

Description	Company						Consolidated					
	September 30, 2019			December 31, 2018			September 30, 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
Notes 6.25% JBS S.A 2023	1,770	102.20	1,809	3,002,970	99.59	2,990,658	1,770	102.20	1,809	3,002,970	99.59	2,990,658
Notes 7.25% JBS S.A 2024	-	-	-	2,906,100	101.49	2,949,401	-	-	-	2,906,100	101.49	2,949,401
Notes 7.00% JBS S.A 2026	-	-	-	-	-	-	4,542,500	107.93	4,902,629	1,937,412	98.69	1,912,110
Notes 5.75% JBS S.A 2028	-	-	-	-	-	-	4,542,500	104.27	4,736,465	-	-	-
Notes 7.25% JBS Lux 2021	-	-	-	-	-	-	-	-	-	2,564,994	101.00	2,590,644
Notes 5.875% JBS Lux 2024	-	-	-	-	-	-	3,747,960	103.50	3,879,139	2,906,100	99.99	2,905,810
Notes 5.75% JBS Lux 2025	-	-	-	-	-	-	4,372,621	104.48	4,568,558	3,487,320	96.75	3,373,983
Notes 6.75% JBS Lux 2028	-	-	-	-	-	-	3,747,960	110.75	4,150,866	3,487,320	97.00	3,382,701
Notes 6.50% JBS Lux 2029	-	-	-	-	-	-	5,830,161	111.13	6,478,766	-	-	-
Notes 5.50% JBS Lux 2030	-	-	-	-	-	-	5,205,501	106.55	5,546,201	-	-	-
Notes 5.75% PPC 2025	-	-	-	-	-	-	4,164,401	102.00	4,247,689	3,874,801	93.73	3,631,851
Notes 5.875% PPC 2027	-	-	-	-	-	-	3,539,740	106.50	3,769,824	3,293,580	90.38	2,976,573
	<u>1,770</u>		<u>1,809</u>	<u>5,909,070</u>		<u>5,940,059</u>	<u>39,695,114</u>		<u>42,281,946</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 financial 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.

	Company			
	USD		EUR	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
OPERATING				
Cash and cash equivalents	325,669	1,271,960	100,418	33,566
Trade accounts receivable	2,513,547	1,392,982	239,206	707,458
Sales orders	3,471,670	2,083,760	259,141	510,098
Trade accounts payable	(91,856)	(34,866)	(30,922)	(22,867)
Subtotal	<u>6,219,030</u>	<u>4,713,836</u>	<u>567,843</u>	<u>1,228,255</u>
FINANCIAL				
Related parties transaction (net)	(19,475,272)	(4,726,140)	131,156	10,229
Net debt in foreign subsidiaries	(36,551,139)	(28,351,602)	-	-
Loans and financing	(2,350,724)	(14,068,530)	(50,605)	(68,497)
Subtotal	<u>(58,377,135)</u>	<u>(47,146,272)</u>	<u>80,551</u>	<u>(58,268)</u>
Total exposure	<u>(52,158,105)</u>	<u>(42,432,436)</u>	<u>648,394</u>	<u>1,169,987</u>
DERIVATIVES				
Future contracts	-	233,844	-	-
Non Deliverable Forwards (NDF's)	-	5,405,346	-	-
Total derivatives	<u>-</u>	<u>5,639,190</u>	<u>-</u>	<u>-</u>
NET EXPOSURE IN R\$	<u>(52,158,105)</u>	<u>(36,793,246)</u>	<u>648,394</u>	<u>1,169,987</u>

JBS S.A.

 Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
 (Expressed in thousands of Brazilian reais)

	Consolidated					
	USD		EUR		MXN	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
OPERATING						
Cash and cash equivalents	831,410	2,075,129	153,276	68,825	686,543	350,557
Trade accounts receivable	4,267,996	2,505,561	410,626	902,741	397,450	353,386
Sales orders	3,657,521	3,184,075	398,874	518,778	-	-
Trade accounts payable	(230,611)	(112,520)	(127,863)	(81,770)	(475,208)	(552,039)
Purchase orders	(140,664)	(77,648)	(35,207)	(34,891)	-	-
Subtotal	8,385,652	7,574,597	799,706	1,373,683	608,785	151,904
FINANCIAL						
Related parties transaction (net)	(23,182,541)	(13,998,511)	131,157	10,229	-	-
Loans and financing	(48,013,443)	(46,691,785)	(50,605)	(70,650)	-	-
Subtotal	(71,195,984)	(60,690,296)	80,552	(60,421)		
Total exposure	(62,810,332)	(53,115,699)	880,258	1,313,262	608,785	151,904
DERIVATIVES						
Future contracts	-	427,584	-	-	-	-
Deliverable Forwards (DF's)	(320,713)	382,784	85,208	111,009	(727,404)	(677,765)
Non Deliverable Forwards (NDF's)	(4,368)	5,783,480	77,429	(39,608)	-	-
Total derivatives	(325,081)	6,593,848	162,637	71,401	(727,404)	(677,765)
NET EXPOSURE IN R\$	(63,135,413)	(46,521,851)	1,042,895	1,384,663	(118,619)	(525,861)

a1.1 Sensitivity analysis and derivative financial instruments breakdown:
a1.1.1 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	4.1644	4.2375	109,211	147,258	5.2055	1,554,758	2,096,413	6.2466	3,109,515	4,192,826
Financial	Depreciation	4.1644	4.2375	(383,281)	(1,250,255)	5.2055	(5,456,499)	(17,798,996)	6.2466	(10,912,998)	(35,597,992)
Derivatives	Appreciation	4.1644	4.2375	-	(5,709)	5.2055	-	(81,270)	6.2466	-	(162,541)
				(274,070)	(1,108,706)		(3,901,741)	(15,783,853)		(7,803,483)	(31,567,707)

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	Company		Company	Company			
Net debt in foreign subsidiaries	Depreciation	4.1644	4.2375	(641,866)	(641,866)	5.2055	(9,137,785)	(9,137,785)	6.2466	(18,275,569)	(18,275,569)

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.

			Company					
			September 30, 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	-	-	-	-	1,395,000	5,405,346	(16,886)
			Consolidated					
			September 30, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Deliverable Forwards	American dollar	Short	(77,013)	(320,713)	8,658	98,788	382,784	9,772
Non Deliverable Forwards	American dollar	Short	(1,049)	(4,368)	(8)	1,492,588	5,783,480	(16,397)
			Company			Consolidated		
			December 31, 2018			December 31, 2018		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts B3	American dollar	-	1,207	233,844	(303)	2,207	427,584	(1,092)

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

a1.1.2 € - EURO (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	4.5425	4.4586	(10,494)	(14,779)	3.4069	(141,960)	(199,926)	2.2713	(283,922)	(399,853)
Financial	Appreciation	4.5425	4.4586	(1,489)	(1,489)	3.4069	(20,138)	(20,138)	2.2713	(40,275)	(40,275)
Derivatives	Appreciation	4.5425	4.4586	-	(3,006)	3.4069	-	(40,659)	2.2713	-	(81,318)
				<u>(11,983)</u>	<u>(19,274)</u>		<u>(162,098)</u>	<u>(260,723)</u>		<u>(324,197)</u>	<u>(521,446)</u>

Consolidated									
Instrument	Risk factor	Nature	September 30, 2019			December 31, 2018			
			Notional (EUR)	Notional (R\$)	Fair value	Notional (EUR)	Notional (R\$)	Fair value	
Deliverable Forwards	Euro	Long	18,758	85,208	(1,757)	25,008	111,009	2,829	
Non Deliverable Forwards	Euro	Long	17,045	77,429	(979)	(8,923)	(39,608)	1,418	

a1.1.3 MXN - Mexican Peso (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	0.2110	0.2145	-	10,214	0.2638	-	152,196	0.3165	-	304,393
Derivatives	Depreciation	0.2110	0.2145	-	(12,204)	0.2638	-	(181,851)	0.3165	-	(363,702)
				<u>-</u>	<u>(1,990)</u>		<u>-</u>	<u>(29,655)</u>		<u>-</u>	<u>(59,309)</u>

Consolidated									
Instrument	Risk factor	Nature	September 30, 2019			December 31, 2018			
			Notional (MXN)	Notional (R\$)	Fair value	Notional (MXN)	Notional (R\$)	Fair value	
Deliverable Forwards	Mexican peso	Short	(3,447,413)	(727,404)	2,136	(3,436,940)	(677,765)	(24,314)	

b. 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 of the Company

EXPOSURE in Commodities (Cattle)	September 30, 2019	December 31, 2018
Firm Contracts of cattle purchase	549,282	134,684
Subtotal	549,282	134,684
DERIVATIVES		
Future contracts	(608,297)	(5,305)
Non Deliverable Forwards (NDF's)	(165,419)	-
Subtotal	(773,716)	(5,305)
NET EXPOSURE	(224,434)	129,379

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	Price	Effect on income
				Company		Company		Company
Operational	Cattle arroba depreciation	162.20	166.34	14,012	202.75	137,321	243.30	274,641
Derivatives of cattle	Cattle arroba appreciation	162.20	166.34	(19,738)	202.75	(193,429)	243.30	(386,858)
				<u>(5,726)</u>		<u>(56,108)</u>		<u>(112,217)</u>

Derivatives financial instruments breakdown:

Company									
Instrument	Risk factor	Nature	September 30, 2019			December 31, 2018			
			Quantity	Notional	Fair value	Quantity	Notional	Fair value	
Future Contracts B3	Commodities	Short	11,297	(608,297)	(2,158)	119	(5,305)	(110)	

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

Instrument	Risk factor	Nature	Company			
			September 30, 2019		December 31, 2018	
			Notional (R\$)	Fair value	Notional (R\$)	Fair value
Non Deliverable Forwards	Commodities	Short	(165,419)	186		

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

EXPOSURE in Commodities (Grain)	Seara Alimentos	
	September 30, 2019	December 31, 2018
OPERATING		
Purchase orders	59,202	24,378
Subtotal	59,202	24,378
DERIVATIVES		
Future contracts	(178,774)	(243,135)
Subtotal	(178,774)	(243,135)
NET EXPOSURE	(119,572)	(218,757)

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	Price	Effect on income
			Seara Alimentos		Seara Alimentos		Seara Alimentos
Operational	Depreciation	2.23%	1,323	25.00%	14,801	50.00%	29,601
Derivatives	Depreciation	2.23%	(3,994)	25.00%	(44,694)	50.00%	(89,387)
			(2,671)		(29,893)		(59,786)

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Consolidated					
			September 30, 2019			December 31, 2018		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts B3	Commodities	Short	5,902	(178,774)	(2,584)	2,585	(243,135)	(281)

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

EXPOSURE in Commodities	JBS USA	
	September 30, 2019	December 31, 2018
OPERATIONAL		
Forwards - commodities	9,149,546	9,392,509
Subtotal	9,149,546	9,392,509
DERIVATIVES		
Deliverable Forwards	(787,601)	(3,577,258)
Subtotal	(787,601)	(3,577,258)
NET EXPOSURE	8,361,945	5,815,251

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	Price	Effect on income
			JBS USA		JBS USA		JBS USA
Operational	Depreciation	(1.04)%	(94,698)	(25.00)%	(2,287,387)	(50.00)%	(4,574,773)
Derivatives	Appreciation	(1.04)%	8,152	(25.00)%	196,900	(50.00)%	393,800
			(86,546)		(2,090,487)		(4,180,973)

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Consolidated					
			September 30, 2019			December 31, 2018		
			Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Deliverable Forwards	Commodities	Short	(189,127)	(787,601)	95,710	(923,211)	(3,577,258)	(128,984)

JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

c. Liquidity risk

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

	Company									
	September 30, 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	2,914,128	-	-	-	2,914,128	2,333,255	-	-	-	2,333,255
Loans and financings	720,069	250,153	1,812,609	4,183	2,787,014	1,868,061	6,716,044	4,052,068	2,906,095	15,542,268
Related party payables	-	-	-	20,432,784	20,432,784	-	-	-	8,033,436	8,033,436
Derivatives financing liabilities	2,060	-	-	-	2,060	23,602	-	-	-	23,602
Other financial liabilities	22,193	13,200	-	-	35,393	24,017	13,200	4,950	77	42,244
Estimated interest on loans and financing ⁽¹⁾	161,143	257,862	45,322	265	464,592	957,813	1,601,484	645,098	62,037	3,266,432

	Consolidated									
	September 30, 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	14,941,002	-	-	-	14,941,002	13,075,615	-	-	-	13,075,615
Loans and financings	2,152,337	1,389,879	7,171,457	42,199,553	52,913,226	2,922,635	13,603,665	17,830,110	21,797,118	56,153,528
Derivatives financing liabilities (assets)	100,461	-	-	-	100,461	210,015	-	-	-	210,015
Other financial liabilities	47,755	61,739	44,496	5,548	159,538	45,537	18,649	4,950	77	69,213
Estimated interest on loans and financing ⁽¹⁾	2,805,194	4,893,355	5,574,252	6,444,942	19,717,743	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 September 30, 2019 and December 31, 2018. Payments in foreign currencies are estimated using the September 30, 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 September 30, 2019 is R\$163,947 (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 September 30, 2019 is R\$236,538 (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 September 30, 2019 is R\$76,242 (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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JBS S.A.

Notes to the condensed financial statements for the nine month period ended September 30, 2019 and 2018
(Expressed in thousands of Brazilian reais)

27 Approval of the financial statements

The issuance of these condensed financial statements was approved by the Board of Directors on November 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 nine month period ended September 30, 2019.

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

Based on our review, in the information and clarifications received and considering the Independent Auditors' Review Report of Grant Thornton Auditores Independentes issued on November 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 nine month period ended September 30, 2019. Based on the procedures performed, considering also the review report of Grant Thorton 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 Chairman:	Gilberto Meirelles Xandó Baptista
Committee Member:	Paulo Sérgio Cruz Dortas Matos
Committee Member:	Orlando Octávio de Freitas Júnior

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 condensed financial statements for the nine month period ended September 30, 2019, and
- (ii) They reviewed, discussed and agreed with the condensed financial statements for the nine month period ended September 30, 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: Aginaldo dos Santos Moreira Jr. (CRC SP: 244207/O-4)

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