Grant Thornton

Minerva S.A.

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

Interim financial information accompanied with the Independent auditor's report on the individual and consolidated interim financial information

June 30, 2017

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Contents

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails. See Note 33 of the financial information.)

Auditor's review report on the individual and consolidated interim financial information

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To the:
Management, Board of Directors and Shareholders of
Minerva S.A.
Barretos - SP

Introduction

We have reviewed the individual and consolidated interim financial information of Minerva S.A. (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2017, which comprise the statement of financial position as at June 30, 2017 and the respective statement of income and statement of comprehensive income for the three- and six-month periods then ended, the statement of changes in equity and statement of cash flows for the six-month period then ended, the summary of the main accounting policies and the notes to the interim financial information.

The Company’s Management is responsible for the preparation of the individualand consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim financial information and with International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for the presentation of this interim financial 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 an opinion on this parent company and consolidated interim financial information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and international standards on review of interim 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 Brazilian and international 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 opinion. Accordingly, we do not express an audit opinion.

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Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial information included in the quarterly information 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 (ITR) and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Emphasis – Operation Lucas

As mentioned in Note 1.1 to the interim financial information, on May 16, 2017, the Brazilian Federal Police launched an investigation called "Operation Lucas" with the purpose of investigating alleged payments made to certain employees of the Ministry of Agriculture, Livestock and Food Supply in the State of Tocantins, including an ex-superintendent of the same agency. To date, there is no way to determine whether the Company will be affected by the results of such investigations and by any of its future consequences. The Company's interim financial information does not include any effects that may arise from this matter. Our conclusion has no qualification regarding this matter.

Other matters

Statements of Value Added (SVA)

We have also reviewed the parent company and consolidated Statements of Value Added (DVA) for the six-month period ended June 30, 2017, prepared under the responsibility of the Company's Management, the presentation of which is required by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR) and is considered as supplemental information for IFRS that does not require the presentation of the DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not fairly presented, in all material respects, in relation to the parent company and consolidated interim financial information taken as a whole.

São Paulo, August 14, 2017.

Daniel G. Maranhão Jr.
CT CRC 1SP-215.856/O-5

Grant Thornton Auditores Independentes
CRC 2SP-025.583/O-1

Minerva S.A.

Balance Sheets as of
June 30, 2017 and December 31, 2016

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

(In thousands of Brazilian reais, unless otherwise stated)

ASSETS

		Parent Company		Consolidated	
	Note	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Current assets					
Cash and cash equivalents	5	2,766,708	2,245,101	4,376,795	3,397,870
Accounts receivable	6	226,034	199,226	653,028	673,983
Inventories	7	344,751	235,586	530,337	454,459
Biological assets	8	146,687	120,140	165,816	141,706
Taxes recoverable	9	627,705	613,674	761,627	791,361
Other receivables	-	127,975	140,938	238,633	199,901
Total current assets		4,239,860	3,554,665	6,726,236	5,659,280
Noncurrent assets					
Other receivables	-	10,407	35,391	12,861	38,362
Related parties	11	355,886	409,909	-	-
Taxes recoverable	9	179,390	195,699	180,032	196,462
Deferred tax assets	10	237,259	246,757	237,259	246,757
Deposits and guarantees	-	17,909	14,415	20,989	22,212
Investments	12	1,888,361	2,371,855	-	-
Property, plant and equipment	13	1,700,109	1,427,479	2,257,081	2,179,946
Intangible assets	14	281,412	106,676	616,870	616,129
Total noncurrent assets		4,670,733	4,808,181	3,325,092	3,299,868
Total assets		8,910,593	8,362,846	10,051,328	8,959,148

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Balance Sheets as of
June 30, 2017 and December 31, 2016

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

(In thousands of Brazilian reais, unless otherwise stated)

LIABILITIES

		Parent Company		Consolidated	
	Note	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Current liabilities					
Loans and financing	15	2,070,163	1,187,894	2,307,011	1,397,051
Accounts payables	16	320,768	281,955	567,171	625,503
Labor and tax liabilities	17	68,862	42,003	134,304	97,060
Other payables	18	368,828	614,301	432,865	691,414
Total current liabilities		2,828,621	2,126,153	3,441,351	2,811,028
Noncurrent liabilities					
Loans and financing	15	3,945,897	3,990,949	6,054,840	5,430,652
Labor and tax liabilities	17	15,478	16,976	15,478	17,095
Provision for tax, labor, civil and environmental risks	21	32,957	29,733	36,926	36,933
Provision for investment losses	12	1,094,473	959,726	-	-
Related parties	11	553,743	645,724	-	-
Other payables	18	-	-	41,642	42,701
Deferred tax liabilities	19	77,912	72,962	97,795	98,672
Total noncurrent liabilities		5,720,460	5,716,070	6,246,681	5,626,053
Equity	22				
Capital stock	-	128,854	128,854	128,854	128,854
Capital reserve	-	187,504	294,851	187,504	294,851
Revaluation reserve	-	54,484	55,556	54,484	55,556
Profit reserve	-	144,496	155,929	144,496	155,929
Accumulated losses	-	(52,419)	-	(52,419)	-
Treasury shares	-	(38,911)	(43,112)	(38,911)	(43,112)
Other comprehensive income	-	(62,496)	(71,455)	(62,496)	(71,455)
Equity attributable to owners of the Company		361,512	520,623	361,512	520,623
Non-controlling interests		-	-	1,784	1,444
Total equity		361,512	520,623	363,296	522,067
Total liabilities and equity		8,910,593	8,362,846	10,051,328	8,959,148

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Income Statement for the three and six-month periods ended June 30, 2017 and 2016

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(In thousands of reais, except earnings per share)

		Parent Company				Consolidated			
	Note	2Q17	2017	2Q16	2016	2Q17	2017	2Q17	2016
Net operating revenue	25	**1,461,999**	**2,668,171**	**1,520,846**	**3,113,910**	**2,579,288**	**4,721,227**	**2,220,962**	**4,558,568**
Cost of goods sold	-	**(1,056,854)**	**(1,958,712)**	**(1,138,296)**	**(2,361,633)**	**(2,074,785)**	**(3,805,621)**	**(1,769,409)**	**(3,621,880)**
Gross profit		**405,145**	**709,459**	**382,550**	**752,277**	**504,503**	**915,606**	**451,553**	**936,688**
Operating income (expenses):									
Selling expenses	-	(76,519)	(162,068)	(96,294)	(201,408)	(143,402)	(292,344)	(150,857)	(311,413)
General and administrative expenses	-	(80,188)	(143,491)	(65,813)	(123,111)	(117,052)	(209,183)	(92,576)	(177,489)
Other operating income	-	7,104	5,116	10,910	8,858	5,489	7,866	9,260	981
Profit (loss) before finance income (expenses), equity in the earnings (loss) of subsidiaries and taxes		**255,542**	**409,016**	**231,353**	**436,616**	**249,538**	**421,945**	**217,380**	**448,767**
Financial expenses	26	(175,951)	(438,939)	(392,329)	(785,003)	(236,267)	(535,071)	(412,678)	(869,219)
Finance income	26	22,746	46,501	33,074	63,231	38,691	66,540	38,823	71,578
Exchange rate changes, net	26	(133,268)	8,387	309,590	615,319	(124,329)	13,986	299,613	597,846
Finance income (expenses), net		**(286,473)**	**(384,051)**	**(49,665)**	**(106,453)**	**(321,905)**	**(454,545)**	**(74,242)**	**(199,795)**
Equity in the earnings (loss) of subsidiaries	12	(49,431)	(70,432)	(38,774)	(88,548)	-	-	-	-
Profit (loss) before taxes		**(80,362)**	**(45,467)**	**142,914**	**241,615**	**(72,367)**	**(32,600)**	**143,138**	**248,972**
Income tax and social contribution - current	19	21,765	-	(49,664)	(98,069)	14,348	(12,190)	(49,865)	(107,201)
Income tax and social contribution - deferred	19	2,743	(8,024)	(4,285)	(8,278)	2,406	(8,361)	(4,285)	(6,471)
Profit (loss) before non-controlling interests		**(55,854)**	**(53,491)**	**88,965**	**135,268**	**(55,613)**	**(53,151)**	**88,988**	**135,300**
Profit (loss) attributable to:									
Owners of the Company		(55,854)	(53,491)	88,965	135,268	(55,854)	(53,491)	88,965	135,268
Non-controlling interests		-	-	-	-	241	340	23	32
Profit (loss) for the period		**(55,854)**	**(53,491)**	**88,965**	**135,268**	**(55,613)**	**(53,151)**	**88,988**	**135,300**

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of comprehensive income
for the three- and six-month periods ended June 30, 2017 and 2016

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(In thousands of Brazilian reais, unless otherwise stated)

	Parent Company				Consolidated			
	2Q17	2017	2Q16	2016	2Q17	2017	2Q16	2016
Profit (loss) for the period	(55,854)	(53,491)	88,965	135,268	(55,613)	(53,151)	88,988	135,300
Other comprehensive income to be reclassified to profit or loss in subsequent periods:								
Equity valuation adjustments	2,758	8,959	59,004	118,593	2,758	8,959	59,004	118,593
Other comprehensive income, net of income tax and social contribution	2,758	8,959	59,004	118,593	2,758	8,959	59,004	118,593
Total comprehensive income	(53,096)	(44,532)	147,969	253,861	(52,855)	(44,192)	147,992	253,893
Comprehensive income attributable to:								
Owners of the Company	(53,096)	(44,532)	147,969	253,861	(53,096)	(44,532)	147,969	253,861
Non-controlling interests	-	-	-	-	241	340	23	32
Total comprehensive income	(53,096)	(44,532)	147,969	253,861	(52,855)	(44,192)	147,992	253,893

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of changes in equity - Parent Company and Consolidated
for the period ended June 30, 2017

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(In thousands of Brazilian reais, unless otherwise stated)

				Profit reserve									
	Capital stock	Capital reserve	Revaluation reserve	Legal reserve	Statutory reserve	Earnings retention reserve - Art.196	Additional dividends	Retained earnings / (accumulated losses)	Treasury shares	Other comprehensive income	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at December 31, 2016	128,854	294,851	55,556	9,744	107,802	26,950	11,433	-	(43,112)	(71,455)	520,623	1,444	522,067
Profit for the period	-	-	-	-	-	-	-	(53,491)	-	-	(53,491)	-	(53,491)
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	8,959	8,959	-	8,959
Total comprehensive income, net of taxes	-	-	-	-	-	-	-	(53,491)	-	8,959	(44,532)	-	(44,532)
Cancellation of treasury shares	-	(107,347)	-	-	-	-	-	-	107,347	-	-	-	-
(-) Treasury shares	-	-	-	-	-	-	-	-	(103,146)	-	(103,146)	-	(103,146)
Realization of revaluation reserve	-	-	(1,072)	-	-	-	-	1,072	-	-	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional dividends proposed	-	-	-	-	-	-	(11,433)	-	-	-	(11,433)	-	(11,433)
											-		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	340	340
Balance at June 30, 2017	128,854	187,504	54,484	9,744	107,802	26,950	-	(52,419)	(38,911)	(62,496)	361,512	1,784	363,296

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of changes in equity - Parent Company and Consolidated
for the period ended June 30, 2016

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(In thousands of Brazilian reais, unless otherwise stated)

	Capital stock	Capital reserve	Revaluation reserve	Accumulated losses	Other comprehensive income	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at December 31, 2015	950,598	294,851	62,015	(1,562,321)	(129,212)	(384,069)	1,322	(382,747)
Profit for the period	-	-	-	135,268	-	135,268	-	135,268
Cumulative translation adjustments	-	-	-	-	118,593	118,593	-	118,593
Total comprehensive income, net of taxes	-	-	-	135,268	118,593	253,861	-	253,861
Capital increase	746,475	(746,475)	-	-	-	-	-	-
Advance for future capital increase	-	746,475	-	-	-	746,475	-	746,475
(-) Expenses on future capital increase	(5,898)	-	-	-	-	(5,898)	-	(5,898)
Absorption of accumulated losses through capital stock	(1,562,321)	-	-	1,562,321				-
Realization of revaluation reserve	-	-	(3,230)	4,894	-	1,664	-	1,664
Non-controlling interests	-	-	-	-	-	-	32	32
Balance at June 30, 2016	128,854	294,851	58,785	140,162	(10,619)	612,033	1,354	613,387

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Value-Added Statement
for the periods ended June 30, 2017 and 2016

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(In thousands of Brazilian reais, unless otherwise stated)

	Parent Company		Consolidated	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Revenues	2,836,101	3,194,414	4,869,052	4,743,487
Goods sold and services rendered	2,812,506	3,169,754	4,837,398	4,715,152
Other revenues	23,595	24,660	31,654	28,335
Inputs acquired from third parties	(2,344,424)	(2,644,116)	(4,169,471)	(4,114,903)
(Includes tax amounts – ICMS - State VAT, IPI - Federal VAT, PIS and COFINS - tax on revenue)				
Cost of goods sold and services rendered	(2,051,080)	(2,303,075)	(3,634,155)	(3,597,288)
Materials, energy, third-party services and others	(293,344)	(341,041)	(535,316)	(517,615)
Others	-	-	-	-
Gross value added	491,677	550,298	699,581	628,584
Depreciation, amortization and depletion	(34,631)	(21,421)	(52,906)	(41,319)
Wealth created by the Company	457,046	528,877	646,675	587,265
Wealth received in transfer	(23,931)	(25,317)	66,540	71,578
Equity in the earnings (loss) of subsidiaries	(70,432)	(88,548)	-	-
Finance income	46,501	63,231	66,540	71,578
Others	-	-	-	-
Total wealth for distribution (5+6)	433,115	503,560	713,215	658,843
Wealth distributed	433,115	503,560	713,215	658,843
Personnel	87,766	79,304	145,167	124,632
Taxes, fees and contributions	56,035	112,081	78,653	119,406
Lenders and lessors	342,805	176,907	542,546	279,505
Interest	336,918	169,447	532,981	271,373
Rentals	5,887	7,460	9,565	8,132
	(53,491)	135,268	(53,151)	135,300
Shareholders				
Retained earnings/accumulated losses for the period	(53,491)	135,268	(53,491)	135,268
Non-controlling interests in retained earnings (only consolidation)			340	32

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Cash Flow Statements for the periods ended June 30, 2017 and 2016

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(In thousands of Brazilian reais, unless otherwise stated)

	Parent Company		Consolidated	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Cash flows from operating activities				
Profit (loss) for the period	(53,491)	135,268	(53,151)	135,300
Adjustments to reconcile profit (loss) for the period to cash generated by operating activities:				
Depreciation and amortization	34,631	21,421	52,906	41,319
Profit (loss) attributable to non-controlling interests	-	-	(340)	(32)
Fair value of biological assets	(9,016)	(24,410)	(9,016)	(10,567)
Realization of deferred taxes – temporary differences	8,024	8,278	8,361	6,471
Equity in the earnings (loss) of subsidiaries	70,432	88,548	-	-
Financial charges	283,439	270,685	411,576	400,604
Unrealized exchange gains (losses)	17,929	(790,906)	18,675	(602,456)
Provision for risks	(850)	3,723	(7)	9,836
Trade receivables and other receivables	69,833	107,914	7,724	235,506
Inventories	(109,165)	(77,606)	(75,878)	(72,908)
Biological assets	(17,531)	8,123	(15,094)	(13,215)
Taxes recoverable	30,994	(9,453)	46,164	(27,529)
Escrow deposits	(3,494)	711	1,223	1,186
Trade payables	27,889	(45,717)	(58,332)	(27,633)
Labor and tax liabilities	25,291	44,913	35,627	40,395
Other payables	(253,585)	178,175	(259,348)	121,155
	121,330	(80,333)	111,090	237,432
Equity valuation adjustments and cumulative translation adjustments	-	-	8,959	118,593
Cash flows from operating activities	121,330	(80,333)	120,049	356,025
Cash flows from investing activities				
Acquisition of investments	(102,623)	(6,150)	-	-
Acquisition of intangible assets	(463)	(660)	(1,120)	(954)
Acquisition of property, plant and equipment	(91,046)	(84,035)	(129,662)	(43,689)
Cash flows from investing activities	(194,132)	(90,845)	(130,782)	(44,643)
Cash flows from financing activities				
Borrowings and financing	1,714,148	422,963	2,305,765	440,587
Borrowings and financing settled	(1,178,299)	(831,665)	(1,201,868)	(1,465,623)
Related parties	173,139	(53,127)	-	-
Changes in non-controlling interests	-	-	340	32
Capital payment in cash	-	740,577	-	740,577
Additional dividends proposed paid	(11,433)	-	(11,433)	-
Treasury shares	(103,146)	-	(103,146)	-
Cash flows from financing activities	594,409	278,748	989,658	(284,427)
Increase/decrease in cash and cash equivalents	521,607	107,570	978,925	26,955
Cash and cash equivalents				
At the beginning of the period	2,245,101	2,367,450	3,397,870	2,749,928
At the end of the period	2,766,708	2,475,020	4,376,795	2,776,883
Increase/decrease in cash and cash equivalents	521,607	107,570	978,925	26,955

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The accompanying notes are an integral part of this interim financial information.

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

Notes to the individual and consolidated interim financial information ended June 30, 2017 (in thousands of Brazilian reais, unless otherwise stated)

1. General information

Minerva S.A. (the Company) is a publicly-held company listed at the “Novo Mercado” corporate governance segment and its shares are traded on the BM&FBOVESPA S.A. - São Paulo Stock Exchange. The Company’s main activities include the slaughtering of livestock and processing of meat, sale of fresh chilled, frozen and processed meat and the exporting of live cattle.

The Company’s shares are traded on the BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange, under ticker symbol “BEEF3” and its level 1 American Depositary Receipts (ADRs) are traded on the OTC market OTCQX International Premier, a segment of the electronic trading platform operated by the OTC Markets Group Inc. in the United States.

Parent Company

The Company is headquartered in Barretos (SP), and it has production units located in José Bonifácio (SP), Palmeiras de Goiás (GO), Batayporã (MS), Araguaína (TO), Goianésia (GO), Barretos (SP), Campina Verde (MG), Janaúba (MG), Várzea Grande (MT) and Mirassol D’Oeste (MT). The distribution centers for the domestic market are located in the cities of Aparecida de Goiânia (GO), Brasília (DF), Cariacica (ES), São Paulo (SP), Araraquara (SP), Taboão da Serra (SP), Belo Horizonte (MG) Fortaleza (CE), Uberlândia (MG) and Cabo de Santo Agostinho (PE).

On June 30, 2017, the Company’s consolidated industrial complex had a daily slaughtering capacity of 17,330 head and a deboning capacity of 3,154 tons, from the five subsidiaries located abroad: Pul S.A. and Frigorífico Carrasco S.A. (both in Uruguay - UY); Red Cárnica S.A.S. and Red Industrial Colombiana S.A.S. (both in Colombia - CO) and Frigomerc S.A. (in Paraguay - PY); and one subsidiary in Brazil - BR: Minerva Alimentos. All units are in compliance with sanitary requirements in order to export to several countries in the five continents. The Barretos unit (SP) has a beef processing line (cubed beef and roast beef) which is mainly for exports.

Subsidiaries

Subsidiaries located in Brazil:

- **Minerva Indústria e Comércio de Alimentos S.A.:** Located in Rolim de Moura, in the state of Rondônia (Brazil), engaged in the slaughtering of cattle and processing of beef, serving the domestic and foreign markets;
- **Minerva Dawn Farms S.A. (Minerva Fine Foods):** Located in Barretos (SP), this unit started operations in 2009. It produces on various scales and sells beef, pork and poultry products meeting domestic and foreign demand in the "Food Service" segment. Currently, approximately 68% of its sales are carried out in the domestic market;
- **Cia Sul Americana de Pecuária S.A.:** Located in Barretos (SP), this unit started operations in 2014. It is mainly engaged in livestock and farming, by breeding and selling live cattle, lambs, pigs and other live animals;
- **Intermeat – Assessoria e Comércio Ltda.:** Acquired during the first quarter of 2016, its main activity is the rendering of consulting and advisory services in the foreign trade area, for all lines of business of the food industry;
- **Minerva Comercializadora de Energia Ltda.:** Located in São Paulo (SP), this unit started operations in 2016 and is mainly engaged in selling electric power.

Subsidiaries located abroad:

- **PUL S.A.:** Meatpacking company acquired in January 2011, located in the Province of Cerro Largo, near the capital Melo, in Uruguay (UY), engaged in slaughtering and deboning activities, with 86% of its sales intended for the foreign market, primarily the North American and the European markets;
- **Frigorífico Carrasco S.A.:** Meatpacking company acquired in April 2014, located in Montevideo, Uruguay (UY), engaged in slaughtering, deboning and processing beef and sheep meat, with approximately 77% of its sales to the foreign market;
- **Lytmer S.A.:** Located in Montevideo, Uruguay (UY), engaged in selling live cattle to the foreign market and trading food products;
- **Friasa S.A.:** Meatpacking company located in Asunción, Paraguay (PY), engaged in slaughtering, deboning and processing activities, operating in the domestic and foreign markets;
- **Frigomerc S.A.:** Meatpacking company acquired in October 2012, located in Asunción, Paraguay (PY), engaged in slaughtering, deboning and processing activities, operating in the domestic and foreign markets;
- **Red Cárnica S.A.S.:** Meatpacking company acquired in July 2015, located in Ciénaga de Oro, near Montería, in the region of Córdoba, Colombia (CO), engaged in slaughtering, deboning and processing activities, operating in the domestic and foreign markets;

- **Red Industrial Colombiana S.A.S.:** Plant acquired in July 2015, located in Ciénaga de Oro, near Montería, in the region of Córdoba, Colombia (CO), whose main purpose is the preparation of products for animals, specifically, meat/bone meal, blood and tallow;
- **Minerva Middle East**: Office located in Lebanon to market and sell the Company's products;
- **Minerva Colômbia S.A.S.:** Located in Barranquilla, Colombia, primarily engaged in selling live cattle to the foreign market;
- **Minerva Live Cattle Export S.P.A.:** Located in Santiago, Chile, primarily engaged in selling live cattle to the foreign market;
- **Minerva Foods Chile S.P.A.:** Located in Santiago, Chile, primarily engaged in marketing and selling the Company's products;
- **Minerva Meats USA.**: Located in Chicago (USA), this unit started operations in 2015 and is mainly engaged in trading food products;
- **Minerva Australia Holdings PTY Ltd.**: Located in Brisbane (Australia), this unit started operations in 2016 and is mainly engaged in trading food products;
- **Minerva Europe Ltd.**: Located in London (England), this unit started operations in 2017 and is mainly engaged in trading food products.

Cargo transportation

- **Transminerva Ltda.:** Located in Barretos (SP), it is engaged in cargo transportation to support the Company, reducing its freight expenses in the country.

Special Purpose Entities (SPE) for fundraising:

- **Minerva Overseas I:** Located in the Cayman Islands, it was incorporated in 2006 to issue Bonds and receive the respective financial resources, totaling US$200 million, in January 2007;
- **Minerva Overseas II:** Located in the Cayman Islands, it was incorporated in 2010 to issue Bonds and receive the respective financial resources, totaling US$250 million, on that date;
- **Minerva Luxembourg S.A.:** Located in Luxembourg, it was incorporated in 2011 for the specific purpose of issuing Bonds and receiving the respective financial resources, totaling US$350 million, and the subsequent re-tap of US$100 million, occurred in February and March 2012, respectively. Also in the 1st quarter of 2013, the company conducted the "offer to buyback debt notes" using the proceeds from the issue of 2023 Notes in the amount of US$850 million bearing interest of 7.75% per year. In the third quarter of 2014, the company carried out the re-tap of the 2023 Notes in the amount of US$200 million. During the third quarter of 2016, the company carried out an offering of US$1 billion bearing interest of 6.50% per annum, buying back the 2023 Notes in the amount of US$617,874. In the second quarter of 2017, the company carried out a re-tap operation for its 2026 Notes, in the amount of US$350 million.

Other subsidiaries in pre-operational stage

- **Loin Investments Ltda.** (fundraising), **Minerva Log S.A.** (logistics) and **Pulsa Argentina S.A.**

The subsidiaries mentioned above are included in the Company's parent company and consolidated interim financial information. The equity interest in each subsidiary is as follows:

	6/30/2017	12/31/2016
Minerva Industria e Comércio de Alimentos S.A.	98.00%	98.00%
Minerva Dawn Farms S.A.	100.00%	100.00%
Mato Grosso Bovinos S.A.	-	100.00%
Friasa S.A.	99.99%	99.99%
Minerva Overseas I	100.00%	100.00%
Minerva Overseas II	100.00%	100.00%
Minerva Middle East	100.00%	100.00%
Transminerva Ltda.	100.00%	100.00%
Minerva Log	100.00%	100.00%
Pulsa S.A.	100.00%	100.00%
Frigorifico Carrasco S.A.	100.00%	100.00%
Minerva Colômbia S.A.S.	100.00%	100.00%
Lytmer S.A.	100.00%	100.00%
Minerva Luxembourg S.A.	100.00%	100.00%
Frigomerc S.A.	100.00%	100.00%
Minerva Live Cattle Export S.p.A.	100.00%	100.00%
Minerva Foods Chile S.p.A.	100.00%	100.00%
Cia Sul Americana de Pecuária S.A.	100.00%	100.00%
Red Cárnica S.A.S.	100.00%	100.00%
Red Industrial Colombiana S.A.S.	100.00%	100.00%
Minerva USA LLC	100.00%	100.00%
Intermeat - Assessoria e Comércio Ltda.	100.00%	100.00%
Minerva Comercializadora de Energia Ltda.	100.00%	100.00%
Minerva Austrália Holdings PTY Ltd.	100.00%	100.00%
Pulsa Argentina S.A.	100.00%	100.00%
Minerva Europe Ltd.	100.00%	-

1.1. Diligence and Investigation of the Brazilian Federal Police

On May 16, 2017, the Brazilian Federal Police began an investigation named "Operation Lucas" to investigate alleged payments made to certain employees of the Brazilian Ministry of Agriculture, Livestock and Supply in the State of Tocantins in northern Brazil, including the former alternate supervisor of said federal government agency in the State of Tocantins. The investigation mentions several beef and dairy processing plants in Tocantins, including the Company's plant in Araguaína.

Since the beginning of the investigation, the Company's Management has been cooperating fully with the investigating authorities, including by providing all requested information.

In accordance with good corporate governance practices and in response to negative publicity regarding this matter, as well as to respond to its stakeholders, the Company's executive officers and Board of Directors initiated an internal investigation on this matter.

The Company, through the Internal Audit and Compliance Department, has reviewed internal controls and payments in connection with our operations in the State of Tocantins.

In addition, in order to independently evaluate the Company's policies and procedures related to its internal and financial processes, the Company hired an experienced Brazilian law firm to conduct an internal review on all payments related to the financial process and related operations. The reviews started on May 26, 2017 and are still in progress. Management has committed to improve and implement additional procedures in order to align the Company's internal compliance procedures with the main corporate governance practices and transparency, which we have adopted since 2015, with a number of measures to improve the Company's compliance (Integrity Program).

Approval of the Interim Financial Information (Restatement)

The issuance of this interim information for the quarter ended June 30, 2017 was authorized by the Board of Executive Officers and Board of Directors on August 14, 2017.

2. Acquisitions of equity interests (Business combinations)

Red Cárnica S.A.S. and Red Industrial Colombiana S.A.S.

On February 20, 2015, the Company signed a "Memorandum of Understanding" to acquire 100% of the capital stock of Red Cárnica S.A.S. and Red Industrial Colombiana S.A.S. On July 31, 2015, after the conclusion of the Due Diligence, the Company entered into a Sales Agreement ("Compra y Venta de Acciones"), thereby assuming the control of the mentioned companies as of that date.

The acquisition totaled COP$28,540 billion (equivalent to R$33,848 on July 30, 2015), according to the following payment schedule:

- **1st Installment** - Cash – COP$17 billion settled upon the company's acquisition on August 24, 2015;
- **2nd Installment –** COP$6,540 billion paid on February 24, 2016;
- **3rd Installment –** COP$5 billion (R$5,430 - converted at the exchange rate of June 30, 2017) which will be retained and released on three dates, as shown below:

    - COP$1 billion (R$1,100 - converted at the exchange rate of August 24, 2016);
    - COP$1 billion (R$1,086 - converted at the exchange rate of June 30, 2017) maturing in August 2017;
    - COP$3 billion (R$3,258 - converted at the exchange rate of June 30, 2017) maturing on August 24, 2018.

“Red Cárnica” has a daily slaughtering capacity of 850 head of cattle and deboning capacity of 75 tons.

	Balance sheet at fair value
	7/31/2015
Assets	
Current	
Cash and cash equivalents	872
Trade receivables	4,712
Inventories	1,478
Other receivables	1,984
Noncurrent	
Deferred taxes	11,708
Property, plant and equipment	67,715
Total assets	88,469

	Balance sheet at fair value
	7/31/2015
Liabilities and equity	
Current	
Trade payables	3,983
Labor and tax liabilities	413
Other payables	2,291
Noncurrent	
Provision for civil, labor, tax, social security and environmental risks	34,852
Total liabilities	41,539
Equity	46,930
Total liabilities and equity	88,469

Below is the (summarized) combined statement of financial position of Red Cárnica S.A.S. and Red Industrial Colombiana S.A.S. on July 31, 2015, prepared in accordance with CPC 15 (R1) - Business combination, based on the fair value of the identifiable assets acquired and liabilities assumed:

We present below the asset and liability accounts of the combined statement of financial position of Red Cárnica and Red Industrial Colombiana S.A.S. that were affected by the fair value measurement on July 31, 2015:

IDENTIFIABLE ASSETS
In thousands of Brazilian reais - R$

	7/31/2015
Property, plant and equipment - Carrying amount	37,224
Adjustment - Fair value	30,491
Property, plant and equipment - Fair value	**67,715**
Deferred taxes	44
Adjustment - Fair value	11,664
Deferred taxes - Fair value	**11,708**

LIABILITIES ASSUMED
In thousands of Brazilian reais - R$

Provision for contingencies - Carrying amount	548
Adjustment - Fair value	34,304
Provision for contingencies - Fair value	**34,852**

Determination of gain from negative goodwill

The R$13,082 gain from negative goodwill, which corresponds to the difference between the amount paid for the acquisition of control of the acquired company in relation to the net assets measured at fair value of the identifiable assets acquired and liabilities assumed on July 31, 2015, is as follows:

In thousands of Brazilian reais - R$

Equity (fair value) - 07/31/2015	46,930
Gain from negative goodwill	(13,082)
Consideration transferred	**33,848**

The R$13,082 gain from the negative goodwill shown above was recognized in the statement of income (parent company and consolidated), on the date of acquisition, in accordance with CPC 15 (R1).

3. Basis of preparation

Statement of compliance (with regard to IFRS and CPC standards)

The interim financial information has been prepared and is being presented in accordance with accounting practices adopted in Brazil, including the provisions established in the Brazilian Corporate Law and accounting standards and procedures issued by the Brazilian Securities and Exchange Commission (CVM) and the Accounting Pronouncements Committee (CPC), which are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Company's interim financial information is being presented in accordance with technical guidance OCPC 07, which addresses the basic presentation and disclosure requirements to be observed when disclosing the accounting and financial reports, especially those contained in the notes to the interim financial information. Management confirms that all relevant information specific to the interim financial information is being evidenced and that said information corresponds to that used in its management.

The presentation of the parent company and consolidated Statement of Value Added (DVA) is required by the Brazilian Corporate Law and the accounting practices adopted in Brazil applicable to publicly-held companies. IFRS do not require the presentation of this statement. As a consequence, under IFRS, this statement is presented as supplementary information, without prejudice to all interim financial information.

The parent company and consolidated interim financial information is presented in Brazilian reais (R$), which is also the Company's functional currency.

The main accounting policies adopted in the preparation of this interim financial information are described below. These policies have been consistently applied in all periods presented, unless otherwise stated.

4. Summary of the main accounting policies

a) Basis of measurement

The interim financial information has been prepared on the historical cost, except for certain financial instruments that are measured at fair value.

b) Functional and reporting currency

The interim financial information of each subsidiary included in the Company's consolidation, as well as that used as basis to account for investments under the equity method, is prepared using each entity's functional currency. The functional currency of an entity is the currency of the primary economic environment in which it operates. When defining the functional currency of each of its subsidiaries, Management considered the currency that has a significant effect on the sale price of its products and services and the currency in which most part of the cost of its production inputs is paid or incurred.

The interim financial information is presented in Brazilian reais (R$), which is the parent company's functional and reporting currency.

c) Operations abroad

The subsidiaries abroad adopted the following functional currencies for the interim financial information of June 30, 2017:

- **Guarani (Paraguay-PY) -** Friasa S.A. and Frigomerc S.A.;
- **US Dollar (US$)** - Pulsa S.A., Frigorífico Carrasco S.A., Lytmer S.A., Minerva Overseas I, Minerva Overseas II, Minerva Meat USA, Minerva USA LLC and Minerva Luxembourg;
- **Pound Sterling (GBP) –** Minerva Europe Ltd.
- **Chilean Peso -** Minerva Foods Chile S.P.A. and Minerva Live Cattle Exports S.P.A.;
- **Colombian Peso** - Minerva Colômbia S.A.S., Red Cárnica S.A.S. and Red Industrial Colombiana S.A.S.
- **Australian Dollar -** Minerva Australia Holdings PTY Ltd.
- **Argentine Peso** - Pulsa Argentina S.A.

Such information, when applicable, is adapted to the accounting practices adopted in Brazil and translated into Brazilian reais (R$) by applying the following procedures:

- Monetary assets and liabilities are translated using the closing rate of the respective currency for the Brazilian real (R$) at the end of the reporting period;
- In the last audited statement of financial position corresponding to the equity translated at the historical exchange rate prevailing at that time and the changes in equity for the current period/year are translated at the historical exchange rates on the dates of the transactions, and the profit earned or loss incurred is translated and accumulated at an average historical monthly exchange rate, as indicated in the following topic;
- Revenues, costs and expenses for the current period/year are translated and accumulated at an average historical monthly exchange rate;
- The changes in foreign exchange balances arising from the items above are recognized in a specific equity account, under “Other comprehensive income”, in accordance with the equity equation; namely: Assets less Total Liabilities equals Equity.
- The balances of investments, assets and liabilities, revenues and expenses from transactions between “Minerva Group” companies included in the consolidated interim financial information are eliminated.

d) Transactions and balances in foreign currency

Transactions and balances in foreign currency, i.e. all those that are not carried out in the functional currency, are translated at the historical exchange rate on each transaction date, in accordance with CPC 02 (R2) - Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements.

Assets and liabilities subject to exchange rate changes are adjusted using the rates of the respective currencies in effect on the last business day of each reporting year or period. Gains and losses arising from changes in foreign investments are recognized directly in equity, under “Other comprehensive income”, and recognized in the statement of profit or loss when these investments are fully or partially sold.

Non-monetary items that are measured in terms of historical costs in foreign currency are translated at the exchange rate prevailing on the transaction date.

e) Use of estimates and judgments

The preparation of the parent company and consolidated interim financial information in conformity with IFRS and CPC requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

The estimates and assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

f) Basis of consolidation

Business combinations

Acquisitions made on or after January 1, 2009

For acquisitions made on or after January 1, 2009, the Company measured goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interests in the acquired company, less the fair value of the identifiable assets and liabilities assumed, all measured on the acquisition date.

For each business combination, the Company chooses whether to measure non-controlling interest at its fair value or the proportionate equity interest in the identifiable net assets corresponding to the non-controlling interest, calculated on the acquisition date.

Transaction costs, except for those associated with the issuance of debt securities or equity securities, incurred on a business combination, are recognized as expenses as they are incurred.

i) Subsidiaries and joint ventures

The subsidiaries' interim financial information is included in the consolidated interim financial information from the time control is obtained until the date control ceases.

ii) Transactions eliminated in consolidation

Intercompany balances and transactions, as well as revenues or expenses arising from said transactions, are eliminated in the preparation of the consolidated interim financial information. Unrealized gains on transactions with investees accounted for under the equity method are eliminated against the investment in proportion to the Company's interest in the investees. Unrealized losses are not eliminated in the same manner as unrealized gains, but only to the extent there is no evidence of impairment.

g) Revenue and expense recognition

Revenues and expenses are recognized on the accrual basis. Revenue from the sale of goods is recognized when it is reliably measured and all the risks and benefits of ownership were transferred to the buyer.

h) Cash and cash equivalents and securities

Comprise cash, bank deposits and short-term investments. See Note 5 for further details about the Company's and its subsidiaries' cash and cash equivalents.

i) Financial instruments

In accordance with CVM Circular Letter 03/2009, the financial instruments of the Company and its subsidiaries were classified into the following categories:

Non-derivative financial assets

- **Measured at fair value through profit or loss:** financial assets held for trading, that is, acquired or originated mainly with the purpose of sale or repurchase in the short term; and derivatives. Changes in the fair value are recognized in profit or loss and the balances are stated at fair value;
- **Held to maturity:** non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity. They are stated at cost, plus income earned, in profit or loss;
- **Available for sale:** non-derivative financial assets which are designated as available for sale or which were not classified in other categories. Initially, income earned from these assets is fully recognized in profit or loss. However, gains and losses from the adjustment to fair value are recognized in equity under "Other comprehensive income", and are recognized in profit or loss when incurred;
- **Loans and receivables:** loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market, except for: **(i)** those that the Company intends to sell immediately or in the short term, and those that the Company classifies as measured at fair value through profit or loss; **(ii)** those classified as available for sale; or **(iii)** those whose holders may not substantially recover their initial investment for any reason other than credit deterioration. They are stated at cost, plus income earned, in profit or loss;

Non-derivative financial liabilities

The Company initially recognizes debt securities and subordinated liabilities issued on the date they were originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are initially recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or settled.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when the Company is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability.

The Company and its subsidiaries have the following non-derivative financial liabilities: loans, financing, debentures, accounts payables, labor and tax liabilities and other payables.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Derivative financial instruments

The fair value of derivative financial instruments is calculated by the Company's treasury department according to the information of each agreed transaction and its respective market information as at the end of each reporting period of the interim financial information, such as interest rate and foreign exchange coupon. When applicable, such information is compared with the positions informed by the trading desks of each financial institution involved.

Transactions involving derivative financial instruments that were contracted by the Company and its subsidiaries can be summarized as cattle futures contracts, options on cattle contracts and Non Deliverable Forward (NDF), all aiming exclusively to minimize the impact of price fluctuations per "arroba" (a unit of weight equivalent to 15 kg) of cattle in the statement of profit or loss, and to hedge against exchange risks related to statement of financial position accounts plus cash flows projected in foreign currency.

Financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and, subsequently, they are remeasured at their fair value and these changes are recognized in profit or loss.

Although the Company uses derivatives for hedging purposes, it did not choose the hedge accounting method. This accounting method is optional and, therefore, not mandatory.

j) Accounts receivables

Accounts receivables are stated at their present and realizable values, whereas accounts receivables from customers abroad are adjusted according to the exchange rates in effect on the date of the interim financial information. An allowance for doubtful accounts is recognized in an amount considered sufficient by Management for receivables whose recovery is considered uncertain.

k) Inventories

Inventories are stated at the lower of cost and net realizable value, adjusted to market value and for any losses, when applicable. It includes expenses incurred on the acquisition of inventories, production and transformation costs, and other costs incurred to bring inventories to their current location and condition.

l) Biological assets

Biological assets are measured at fair value. Changes in fair value are recognized in profit or loss. Agricultural activities, such as cattle herd growth, arising from confinement of cattle or grazing cattle, and growth of different crops, are subject to fair value measurement based on the mark to market (MtM) concept.

m) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at the historical cost of acquisition or construction, less accumulated depreciation and accumulated impairment losses, when necessary. The cost of certain property, plant and equipment items was determined by reference to the revaluation carried out prior to the enactment of Law 11,638/2007, effective as of January 1, 2008, thus not requiring the appraisal of the deemed cost.

Cost includes expenditures directly attributable to the acquisition of an asset. The cost of assets constructed by the Company and its subsidiaries includes the cost of materials and direct labor, as well as any costs incurred to bring the asset to the location and condition necessary for them to be able to operate in the manner intended by Management. Borrowing costs on qualifying assets have been capitalized since January 1, 2009.

Rights related to tangible assets intended for the maintenance of the Company's and its subsidiaries' activities, arising from finance lease transactions, are recognized as if they were a financed purchase. At the start of each transaction, a property, plant and equipment item and a financing liability are recognized, with assets being subject to depreciation calculated in accordance with the estimated useful lives of the respective assets.

Gains and losses on the disposal of a property, plant and equipment item are calculated by comparing the disposal proceeds with the carrying amount of the item, and are recognized in other operating income (expenses), in profit or loss.

Depreciation

Depreciation is recognized in profit or loss under the straight-line method based on the estimated useful lives of each part of a property, plant and equipment item, given that this is the method that more closely reflects the consumption pattern of future economic benefits included in assets.

The average useful lives estimated by the Company's Management, based on technical studies for the current and comparative periods, are as follows:

	Parent Company Per Year	Consolidated Per Year
Buildings	2.76%	2.28%
Machinery and equipment	8.80%	8.32%
Furniture and fixtures	9.98%	8.46%
Vehicles	10.09%	10.48%
Hardware	18.65%	18.30%

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and any adjustments are recognized as changes in accounting estimates.

The balance of the revaluation reserve, as permitted by Law 11,638/07 and described in Note 22, will be held until its full amortization, full depreciation or disposal of assets.

n) Lease of property, plant and equipment items

Finance lease agreements are recognized in property, plant and equipment and in liabilities as loans and financing at the present value of the minimum mandatory lease payments of the contract or the fair value of the assets, plus, when applicable, the initial direct costs incurred on the transaction. They are depreciated over the estimated economic useful lives of the assets.

Operating lease agreements are recognized as expenses on a systematic basis representing the year in which the benefit on the leased asset is obtained, even if such payments are not made on that basis.

o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at the acquisition cost less accumulated amortization and impairment, when applicable.

Intangible assets with definite useful life are amortized over their estimated economic useful lives and, when any indications of impairment are identified, are tested for impairment. Intangible assets with indefinite useful lives are not amortized; however, they are annually tested for impairment.

Goodwill on acquisitions of subsidiaries

Goodwill on acquisitions of subsidiaries is included in intangible assets in the consolidated interim financial information.

p) Impairment of assets

Financial assets

Management annually analyzes if there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an 'impairment event'), and this event has an impact on the estimated future cash flow of the financial asset or group of financial assets that can be reasonably estimated.

Nonfinancial assets

Management periodically reviews the carrying amount of its assets when events or changes in economic, operating or technological circumstances may indicate deterioration or loss of their recoverable value. When such evidence is identified and the carrying amount of any asset is higher than the recoverable amount, a provision for impairment is immediately recognized to adjust the carrying amount to its recoverable amount.

The recoverable amount of an asset or Cash-Generating Unit is the higher of the value in use and net sales price.

To estimate the asset's value in use, the estimated future cash flows are discounted to present value at a discount rate before tax that reflects the weighted average cost of capital for the industry in which the Cash-Generating Unit operates. Whenever possible, the net sales price is determined based on a binding sale agreement conducted on an arm's length basis between the parties, adjusted by expenses attributable to the asset sale. If there is no such binding agreement, it should be based on the market price defined in an active market, or in the most recent transaction price with similar assets.

The following criterion is also applied for determining impairment losses on specific assets:

Goodwill paid for expected future profitability

An impairment test for goodwill is carried out at least annually, or when circumstances indicate a loss due to impairment of the carrying amount.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment at least annually, individually or at the level of the Cash-Generating Unit, as the case may be or when circumstances indicate a loss due to impairment of the carrying amount.

q) Other current and noncurrent assets and liabilities

An asset is recognized in the statement of financial position when it is probable that future economic benefits will be generated in favor of the Company and its subsidiaries, and its cost or value can be reliably estimated.

A liability is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of funds will be required to settle the obligation. The related charges, inflation adjustment or exchange rate changes and discounts to present value are added when applicable. Provisions are recorded based on the best estimates of the risks involved.

Assets and liabilities are classified as current when their realization or settlement is expected to occur in the following twelve months. Otherwise, they are stated as noncurrent.

r) Adjustment to present value of assets and liabilities

Noncurrent monetary assets and liabilities are adjusted, when material, to their present value, and current assets and liabilities are adjusted when the effect is considered material in relation to the interim financial information.

To calculate the discount to present value, the Company and its subsidiaries consider the amount to be discounted, the realization and settlement dates, according to discount rates that reflect the Company's and its subsidiaries' value of money in time, which was approximately 9.87% per annum, calculated according to the Company's and its subsidiaries' weighted average cost of capital, as well as the specific risks related to the expected cash flows for the respective financial flows.

The receipt and payment terms of accounts receivables and payables arising from the Company's and its subsidiaries' operating activities are short, thus resulting in a discount amount considered immaterial for recording and disclosure, since the cost of generating information exceeds its benefit. Noncurrent assets and liabilities are calculated and recorded, when applicable and material.

Calculations and analyses are reviewed on a quarterly basis.

s) Income tax and social contribution

Current and deferred income tax and social contribution for the current year or period are calculated at the rates of 15%, plus a 10% surtax on taxable profit exceeding R$240 for income tax and 9% on taxable profit for social contribution, considering the offset of tax loss carryforwards limited to 30% of the annual taxable profit.

The income tax and social contribution expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they are related to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial purposes and the corresponding tax bases are used for tax calculation purposes. Deferred tax is not recognized for the following temporary differences: initial recognition of assets and liabilities for a transaction other than a business combination that does not affect the accounting or taxable profit or loss nor the differences related to investment in subsidiaries and controlled entities when it is expected that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legal right to offset the current tax assets and liabilities and they relate to the same taxing authority.

Deferred income and social contribution tax assets are recognized on tax losses, tax credits, differences in accounting practices (IFRS) and deductible temporary differences not utilized, when future taxable profits will be available and against which they can be utilized.

Deferred income and social contribution tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that they will be realized.

t) Contingent assets and liabilities and legal obligations

The accounting practices for recording and disclosing contingent assets and liabilities and legal obligations are as follows: **(i)** contingent assets are recognized only when there are secured guarantees or favorable legal decisions that are already final and unappealable. Contingent assets with probable chance of success are only disclosed in a note to the interim financial information; **(ii)** and a provision is recognized for contingent liabilities when the likelihood of loss is assessed as probable and the amounts involved can be reliably measured. Contingent liabilities assessed as possible losses are only disclosed in a note to the interim financial information and contingent liabilities assessed as remote losses are neither provided for nor disclosed; and **(iii)** legal obligations are recorded as liabilities, regardless of the evaluation of the probabilities of success, for proceedings whereby the Company has challenged the constitutionality of taxes.

u) Employee benefits

The Company does not have post-employment benefits, such as defined benefit and/or contribution plans. Note that all short-term benefits and paid leaves, as well as profit sharing, are in accordance with the pronouncement's requirements.

v) Revenue recognition

Revenue from sales is presented net of taxes and discounts. Taxes on sales are recognized when sales are invoiced, and discounts are recognized when known. Revenues from sales of goods are recognized when the sales amounts can be reliably measured and the Company and its subsidiaries retain neither effective control over the goods sold or any other responsibility to the degree usually associated with ownership, the costs incurred or to be incurred in respect of the transaction can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the risks and rewards of ownership have been transferred to the buyer.

w) Earnings per share

Basic earnings per share are calculated based on the profit attributable to the owners of the Company and to non-controlling interests, and the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding by instruments potentially convertible into shares with dilutive effect, during the reporting periods.

x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Executive Officers, which is responsible for allocating resources and evaluating the performance by operating segment and strategic decision-making.

y) New standards and interpretations not effective yet

A number of new standards or amendments to standards and interpretations are effective for annual periods beginning on or after **January 1, 2018**.

IFRS 9 - Financial Instruments
IFRS 9, issued in July 2014, replaces the guidance existing in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a revised guidance on the classification and measurement of financial instruments, a new model for expected credit losses for the calculation of impairment of financial assets and new requirements on hedge accounting. The standard maintains the existing guidance on the recognition and derecognition of financial instruments, as per IAS 39. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the effects of IFRS 9 on the financial statements and their disclosures.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 requires an entity to recognize revenue reflecting the consideration receivable in exchange for the control over the goods or services. The new standard will replace most of the detailed guidance on revenue recognition currently existing in the IFRS and generally accepted accounting principles in the United States (US GAAP) when adopted. The new standard is effective for periods beginning on or after January 1, 2018. The standard can be adopted retrospectively, using a cumulative effect approach. The Company is evaluating the effects of IFRS 15 on the financial statements and their disclosures.

Agriculture: Production Plants (amendments to CPC 27/IAS 16 and CPC 29/IAS 41)

IFRS 16 - Leases

In mid-January 2016, IASB approved this standard, which is effective for annual periods beginning on or after January 1, 2019, which establishes that all lease agreements, either operating or finance, must be accounted for by recognizing the underlying assets and liabilities. The Company is evaluating the effects of IFRS 16 on the financial statements and their disclosures.

Additionally, the following new standards or amendments are not expected to have a significant impact on the Company's financial statements:

- IFRS 14 - Regulatory Deferral Accounts (Regulatory Assets and Liabilities);
- Accounting for Acquisitions of Interests in Joint Operations (amendments to CPC 19 / IFRS 11);
- Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (amendments to CPC 36 / IFRS 10 and CPC 18 / IAS 28);
- Annual improvements to IFRS 2012-2014 Cycle - several standards;
- Investment Entities: Consolidation Exception (amendments to CPC 36/ IFRS 10, CPC 45 / IFRS 12 and CPC 18 / IAS 28);
- Disclosure Initiative (amendment to CPC 26 / IAS 1).

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

z) Statements of value added

The Company has prepared the parent company and consolidated statements of value added (DVA) in accordance with Technical Pronouncement CPC 09 - Statement of Added Value, which are prepared as an integral part of the financial statements prepared in accordance with BR GAAP applicable to publicly-held companies, while for IFRS they represent additional financial information, required as part of the financial statements taken as a whole.

The statement of value added is intended to show the wealth generated by the Company and its subsidiaries, its distribution between the elements that have contributed to generate said wealth, such as employees, lenders, shareholders, government and others, as well as the portion of wealth not distributed.

5. Cash and cash equivalents and securities

The financial assets of the Company and its subsidiaries are as follows:

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Cash	566	545	970	1,435
Banks	4,407	632	1,408,850	961,799
Cash in foreign currency	2,052,361	1,841,824	2,131,860	1,920,720
	2,057,334	**1,843,001**	**3,541,680**	**2,883,954**
Short-term investments				
In local currency:				
Bank deposit certificates (CDBs)	389,413	325,923	420,396	352,453
Debentures	318,461	74,677	318,461	81,194
Capitalization securities	1,500	1,500	1,500	1,500
Investment funds	-	-	584	565
Other financial assets	-	-	94,174	78,204
	709,374	**402,100**	**835,115**	**513,916**
	2,766,708	**2,245,101**	**4,376,795**	**3,397,870**

The short-term investments of the Company and its subsidiaries were classified according to their characteristics and purposes, namely: (i) fair value through profit or loss, or (ii) held to maturity, and are summarized as follows:

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Measured at fair value through profit or loss	707,874	400,600	833,615	512,416
Held to maturity	1,500	1,500	1,500	1,500
	709,374	**402,100**	**835,115**	**513,916**

6. Accounts receivable

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Accounts receivable - domestic market	98,914	114,981	258,588	386,787
Accounts receivable - foreign market	144,043	102,270	414,906	307,104
Accounts receivable - related parties	3,492	1,075	-	-
	246,449	**218,326**	**673,494**	**693,891**
(-) Estimated losses on allowance for doubtful accounts	(20,415)	(19,100)	(20,466)	(19,908)
	226,034	**199,226**	**653,028**	**673,983**

Aging list of receivables:

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Falling due:	181,601	165,343	564,529	544,624
Past due:				
Up to 30 days	35,531	19,941	71,488	81,278
From 31 to 60 days	5,020	7,533	7,123	14,377
From 61 to 90 days	846	653	1,575	2,859
From 91 to 180 days	23,451	24,856	28,779	50,753
	246,449	**218,326**	**673,494**	**693,891**

Changes in the allowance for doubtful accounts were as follows:

	Parent Company	Consolidated
Balances on December 31, 2016	**(19,100)**	**(19,908)**
Receivables accrued	(2,846)	(2,846)
Receivables recovered	980	980
Receivables written off	781	1,538
FX variation	(230)	(230)
Balances on June 30, 2017	**(20,415)**	**(20,466)**

The Company has a Receivables Investment Fund (FIDC) for sale of part of its receivables from the domestic market in the amount of R$140,116 (R$134,906 on December 31, 2016), without co-obligation or right of indemnity, of which R$4,248 (R$29,366 on December 31, 2016) was formed by subordinated shares.

The percentage of equity interest and the number of FIDC shares refer to the guarantee and risk limit under the Company's responsibility, which correspond to the entirety of the subordinated shares paid in and held by the Company with FIDC.

In accordance with CVM Circular Letter 01/2017, for the purpose of presentation of definitive sale of receivables, the transferor cannot have control, involvement or future settlement regarding the overdue FIDC notes and, consequently, exposure to the risks arising from it. Accordingly, the Company is exposed to default risk limited to its subordinated shares.

The Company follows a very strict credit policy, which results in low levels of default evidenced by the low amounts recorded, when compared to the Company's and its subsidiaries' sales revenue.

The Company has no guarantee for past-due receivables.

7. Inventories

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Finished goods	334,482	221,180	480,876	401,976
Storeroom supplies and secondary materials	10,269	14,406	49,461	52,483
	344,751	**235,586**	**530,337**	**454,459**

8. Biological assets

The Company and its subsidiaries that have cattle activities, such as cattle herd growth arising from the confinement of cattle or grazing cattle operations, are subject to revaluation of its assets, in order to determine their fair value based on the mark to market (MtM) concept, at least on a quarterly basis, recognizing the effects of such revaluations directly in profit or loss for the periods and years.

Operations related to the Company's biological assets are represented by grazing cattle (extensive) and short-term confinement cattle (intensive). The operation is conducted through the acquisition of biological assets for resale, whose mark to market is reliably measured due to the existence of active markets, and are represented as follows:

	Herd	
	Parent Company	Consolidated
Balance on December 31, 2016	**120,140**	**141,706**
Increase due to acquisitions	106,436	142,496
Decrease due to sales	(88,657)	(127,293)
Net (decrease) increase due to births (deaths)	(247)	(334)
Change in the fair value less estimated selling expenses	9,015	9,241
Balance on June 30, 2017	**146,687**	**165,816**

On June 30, 2017, farm cattle held for sale was composed of 61,782 head (42,828 on December 31, 2016), while confined cattle totaled 9,478 head (9,784 on December 31, 2016).

On June 30, 2017 and December 31, 2016, the Company did not have any type of biological assets with restricted ownership or offered as guarantee of obligations, and there were no other risks (financial, commitments, and weather related) affecting the Company's biological assets.

9. Taxes recoverable

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
PIS (tax on revenue)	89,603	82,198	96,133	96,272
COFINS (tax on revenue)	291,657	316,420	304,987	352,150
Reintegra (tax rebate as exports incentive)	1,650	1,650	2,042	2,042
ICMS (State VAT)	166,161	175,747	177,235	185,951
IRPJ and CSLL (income tax and social contribution)	238,599	197,654	251,453	206,383
IPI deemed credit	3	16,317	3	16,317
Others	19,422	19,387	109,806	128,708
	807,095	**809,373**	**941,659**	**987,823**
Current	627,705	613,674	761,627	791,361
Noncurrrent	179,390	195,699	180,032	196,462

PIS and COFINS

PIS and COFINS credits arise from the change in tax legislation in accordance with laws 10,637/02 and 10,833/03, which established non-cumulativeness for these taxes, thus generating credits for export companies.

Currently, the Brazilian Federal Revenue Service (RFB) ended its inspection of the Company and its subsidiaries, with most of the requests for reimbursement of credits being authorized by the RFB, which has resulted in a significant amount arising from the refund of those credits during 2017, 2018 and 2019.

Based on studies carried out by the Company's Management regarding the expectation of repayment of these tax credits, a portion of these credits was segregated from current assets to noncurrent assets, which totaled R$104,904 in the parent company and in the consolidated on June 30, 2017. The estimates of realization of the Company's and its subsidiaries' tax credits are reviewed on a quarterly basis.

ICMS - State VAT

ICMS credits result from the fact that the Company's exports are greater than its domestic sales, thus generating credits which, after ratified by state tax authorities, are used to purchase inputs for production, which may also be sold to third parties, as provided for in current legislation.

The aforementioned credit balance is being inspected and ratified by the São Paulo State Finance Department. The Company's Management expects to recover a significant portion of said credits throughout 2017 and 2018. Based on studies conducted by the Company's Management, an amount deemed sufficient to cover slower lawsuits was transferred from current assets to noncurrent assets, totaling R$55,096 in the parent company and in the consolidated. The estimates of realization of the Company's and its subsidiaries' tax credits are reviewed on a quarterly basis.

IPI deemed credit

IPI deemed credits result from the reimbursement of the contributions to PIS/PASEP and COFINS, provided for in Laws 9,363/96 and 10,276/01, arising from the acquisition of bovine raw materials from individuals and/or cooperatives.

The Company is currently requesting to the RFB the offsetting/reimbursement of said credits.

Based on technical studies and supported by the opinion of its tax advisors, the Company's Management understands that the tax credits from PIS, COFINS, ICMS, and IPI deemed credit, recorded in noncurrent assets, are expected to be realized by the end of 2018.

10. Deferred tax assets

Below are the changes in deferred tax assets in the period, taking into account deferred tax assets on income and social contribution tax losses:

	Parent Company and Consolidated			
	Balance on December 31, 2016	Recognized in profit or loss	Realization of deferred taxes	Balance on June 30, 2017
Deferred taxes on tax losses	246,757	-	(9,498)	237,259
Total deferred tax assets	**246,757**	**-**	**(9,498)**	**237,259**

Deferred tax assets arising from income and social contribution tax losses were recognized in the parent company on June 30, 2012, December 31, 2011, September 30, 2011, December 31, 2010, December 31, 2014 and December 31, 2016. On June 30, 2017, deferred tax assets totaled R$237,259. The balances were recognized based on Management's understanding that probable future taxable profits will be earned so that the Company can benefit from them in the future.

The Company's and its subsidiaries' Management decision to recognize deferred tax assets on tax loss carryforwards was based on the business plan, internal budget and financial projections, prepared by independent advisors which are subject to review at least annually.

The projected realization of these deferred tax assets (IRPJ and CSLL) is as follows:

	6/30/2017 Parent Company	6/30/2017 Consolidated
2017	6,613	6,613
2018	20,965	20,965
2019	22,246	22,246
2020	31,368	31,368
2021 onwards	156,067	156,067
	237,259	**237,259**

(*) The Company expects to realize income tax and social contribution temporary differences in no more than 10 years.

Please note that such technical studies that based the decision to recognize deferred tax assets on income and social contribution tax losses were duly reviewed and approved in Board of Directors' Meetings.

11. Related parties

The transactions with related parties, conducted under the following conditions, are summarized in the tables below and comprise:

Loans receivable	Parent Company	
	6/30/2017	12/31/2016
Minerva Indústria e Comércio de Alimentos S.A. (a)	77,479	49,479
Minerva Dawn Farms S.A. (Minerva Fine Foods) (b)	8,996	3,405
Transminerva Ltda. (c)	25,958	25,068
Minerva Overseas Ltd. (d)	243,453	276,299
Minerva Luxembourg S.A. (e)	-	42,365
Others (f)	-	13,293
	355,886	**409,909**

(a) Loan granted to Minerva Indústria e Comércio de Alimentos S.A. for working capital;
(b) Loan granted to Minerva Dawn Farms S.A. (currently Minerva Fine Foods) for working capital;
(c) Expenses of the subsidiary Transminerva and working capital, to be reimbursed;
(d) Loan granted to Minerva Overseas Ltda., to be reimbursed;
(e) Loan granted to Minerva Luxembourg S.A., to be reimbursed; and
(f) Other loans and payments to the parent company's subsidiaries.

Loans payable	Parent Company	
	6/30/2017	12/31/2016
Minerva Luxembourg (a)	44,167	-
Minerva Overseas II Ltd. (b)	509,576	434,220
Mato Grosso Bovinos (c)	-	211,402
Minerva Comercializadora de Energia Ltda (d)	-	102
	553,743	**645,724**

(a) Loan from Minerva Luxembourg to the parent company;
(b) Loan from Minerva Overseas II to the parent company;
(c) Loan from Mato Grosso Bovinos S.A. to the parent company; and
(d) Loan from Minerva Comercializadora de Energia Ltda. to the parent company.

The Company, understanding the full integration of its operations with its subsidiaries, transfers cash as part of Minerva Group's business plan, always seeking to minimize the cost of its loans.

The other balances and transactions with related parties are as follows:

Accounts payables	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Minerva Dawn Farms S.A.	3,797	3,501	-	-
Minerva Indústria e Comércio de Alimentos S.A.	13,236	17,478	-	-
Transminerva	48	11	-	-
Frigomerc	1,908	295		
Mato Grosso Bovinos S.A.	-	20,038	-	-
Cia. Sul Americana de Pecuária	3,975	14,944	-	-
Minerva Comercializadora de Energia Ltda.	-	1	-	-
Payables to other related parties	6,367	2,031	11,836	3,616
	29,331	**58,299**	**11,836**	**3,616**

Accounts receivables	Parent Company 6/30/2017	Parent Company 12/31/2016	Consolidated 6/30/2017	Consolidated 12/31/2016
Minerva Dawn Farms S.A.	3,336	452	-	-
Minerva Ind. e Com. de Alimentos S.A.	107	168		
Pul	39	38		
Transminerva	-	4	-	-
Mato Grosso Bovinos S.A.	-	413	-	-
Receivables from other related parties	10	15	-	85
	3,492	**1,090**	**-**	**85**

	Parent Company 6/30/2017	Parent Company 6/30/2016	Consolidated 6/30/2017	Consolidated 6/30/2016
Sales revenue:				
Minerva Dawn Farms S.A.	16,528	8,087	-	-
Mato Grosso Bovinos S.A.	6,414	-	-	
Pul	5,366	3,748	-	-
Frigorífico Carrasco S.A.	3,804	1,538	-	-
Minerva Comercializadora de Energia Ltda.	96	-	-	-
Minerva Foods Chile S.P.A.	-	707	-	-
	32,208	**14,080**	**-**	**-**
Purchases:				
Minerva Dawn Farms S.A.	26,639	-	-	-
Minerva Indústria e Comércio de Alimentos S.A.	84,446	96,198	-	-
Cia. Sul Americana de Pecuaria	22,671	32,398	-	-
Pul	3,803	3,761	-	-
Frigomerc	42,072	47,119	-	-
Frigorífico Carrasco S.A.	7,252	11,561	-	-
Minerva Comercializadora de Energia Ltda.	406	-	-	-
Mato Grosso Bovinos S.A.	96,357	164,784	-	-
	283,646	**355,821**	**-**	**-**
Purchase of cattle:				
Acquisition of other related parties	**30,808**	**16,641**	**57,685**	**29,206**

Intercompany transactions, mainly purchases and sales, are carried out at usual market prices and conditions for the respective types of transactions.

For the periods ended June 30, 2017 and 2016, the Company did not record any allowance for doubtful accounts nor expenses on uncollectible debt with respect to related parties.

12. Investments

Changes in investments in subsidiaries are as follows:

	Equity interest percentage	Balance on 12/31/2016	Transfers	Impairment of assets	Goodwill	Dividends	Translation adjustment	Acquisition/write-off of equity interest	Capital contribution	Equity in the earnings (losses) of subsidiaries	Balance on 6/30/2017
Goodwill from expected future profitability		516,377	-	-	-	-	-	(192,330)	-	-	324,047
Minerva Indústria e Comércio de Alimentos Ltda.	98.00%	70,743	-	-	-	-	-	-	-	16,642	87,385
Minerva Overseas Ltd.	100.00%	170,554	-	-	-	-	(9,241)	-	-	598	161,911
Minerva Overseas Ltd. II	100.00%	389,419	-	-	-	-	8,176	-	-	66,119	463,714
Minerva Middle East	100.00%	37	-	-	-	-	-	-	-	-	37
Minerva Log S.A.	100.00%	55	-	-	-	-	-	-	-	(1)	54
Minerva Dawn Farms S.A.	100.00%	96,210	-	-	-	-	-	-	-	(4,997)	91,213
Pulsa S.A.	100.00%	150,684	-	-	-	-	2,312	-	-	(1,200)	151,796
Loin Investments	99.00%	-	-	-	-	-	-	-	-	-	-
Frigomerc S.A.	100.00%	228,198	-	-	-	-	12,898	-	-	11,148	252,244
Minerva Colombia S.A.S.	100.00%	-	(1,736)	-	-	-	(3,495)	-	12,641	(1,604)	5,806
Frigorífico Carrasco S.A.	100.00%	108,645	-	-	-	-	928	-	-	(16,710)	92,863
Lytmer S.A.	100.00%	24,122	-	-	-	-	(13)	-	13,434	(3,899)	33,644
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	23,627	-	-	-	-	-	-	-	(6,828)	16,799
Mato Grosso Bovinos S.A.	100.00%	465,903	-	-	-	-	-	(474,545)	-	8,642	-
Minerva Live Cattle Export S.A.	100.00%	1,358	-	-	-	-	32	-	6,629	25	8,044
Minerva Meats USA LLC	100.00%	523	-	-	-	-	-	-	-	-	523
Minerva Chile S.p.A.	100.00%	5,922	-	-	-	-	(239)	-	-	1,706	7,389
Red Cárnica S.A.S.	100.00%	76,262	-	-	-	-	1,895	-	75,277	(4,432)	149,002
Red Industrial Colombiana S.A.S.	100.00%	8,468	-	-	-	-	168	-	-	880	9,516
Intermeat - Assessoria e Comércio Ltda.	100.00%	341	-	-	-	-	-	-	1,500	(1,442)	399
Minerva Comercializadora de Energia Ltda.	100.00%	31,039	-	-	-	-	-	-	-	(2,936)	28,103
Minerva Australia Holdings PTY Ltd.	100.00%	3,327	-	-	-	-	260	-	-	(382)	3,205
PUL Argentina S.A.	100.00%	41	-	-	-	-	-	-	328	-	369
Minerva Europe Ltd.	100.00%	-	-	-	-	-	-	-	298	-	298
Investments		2,371,855	(1,736)	-	-	-	13,681	(666,875)	110,107	61,329	1,888,361
Transminerva	100.00%	(24,221)	-	-	-	-	-	-	-	(1,008)	(25,229)
Minerva Luxembourg	100.00%	(933,000)	-	-	-	-	(4,681)	-	-	(130,599)	(1,068,280)
Lytmer	100.00%	-	-	-	-	-	-	-	-	-	-
Friasa S.A.	99.99%	(769)	-	-	-	-	(41)	-	-	(154)	(964)
Minerva Colombia S.A.S.	100.00%	(1,736)	1,736	-	-	-	-	-	-	-	-
Allowance for investment losses		(959,726)	1,736	-	-	-	(4,722)	-	-	(131,761)	(1,094,473)
Total investments, net		1,412,129	-	-	-	-	8,959	(666,875)	110,107	(70,432)	793,888

On July 31, 2015, the Company entered into a Sales Agreement ("Compra y Venta de Acciones") to acquire 100% of the capital stock of Red Cárnica S.A.S. and Red Industrial Colombiana S.A.S., thereby assuming the control of these subsidiaries as of that date.

The transaction totaled COP$28,540 billion (equivalent to R$30,994 at the rate of June 30, 2017).

On February 5, 2016, the Company acquired its subsidiary Intermeat – Assessoria e Comércio Ltda., and now holds 100% of the equity interest in that company. The acquisition totaled US$50 thousand (equivalent to R$165 thousand at the rate of June 30, 2017).

On July 22, 2016, its subsidiary Minerva Australia Holdings Pty Ltd. acquired 100% of the capital stock of IMPT PTY Ltd. The acquisition totaled AUD4.0 million (R$10,158 at the rate of June 30, 2017).

On February 21, 2017, the Board of Directors submitted the merger of the subsidiary Mato Grosso Bovinos S.A. by the parent company Minerva S.A. for analysis of the Extraordinary Shareholders' Meeting. The merger was approved by the Board of Directors and the operation was submitted on June 30, 2017.

Summary of the subsidiaries' financial statements as of June 30, 2017:

	Equity interest percentage	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity
Minerva Indústria de Alimentos Ltda.	98.00%	140,011	114,931	60,442	105,332	89,168
Frigorífico Carrasco S.A.	100.00%	106,793	110,430	111,191	13,169	92,863
Minerva Overseas Ltd.	100.00%	14,695	390,669	-	243,453	161,911
Minerva Overseas II Ltd.	100.00%	121	1,758,840	-	1,295,247	463,714
Minerva Middle East Ltd.	100.00%	37	-	-	-	37
Red Cárnica S.A.S.	100.00%	116,902	72,334	24,683	15,551	149,002
Minerva Dawn Farms S.A.	100.00%	30,301	87,361	16,961	9,488	91,213
Red Industrial Colombiana S.A.S.	100.00%	1,868	8,644	669	327	9,516
Minerva Luxembourg S.A.	100.00%	1,373,798	3,686,241	129,537	5,998,782	(1,068,280)
Friasa S.A.	99.99%	2,946	556	4,467	-	(965)
Transminerva Ltda.	100.00%	759	107	54	26,042	(25,230)
Loin Investments Administradora de Carteira Ltda.	100.00%	-	-	-	-	-
Minerva Log S.A.	100.00%	53	-	-	-	54
Lytmer S.A.	100.00%	51,678	10,931	26,550	2,415	33,644
Pulsa S.A.	100.00%	123,472	110,860	45,055	37,482	151,796
Frigomerc S.A.	100.00%	321,855	69,701	139,311	-	252,244
Minerva Foods Chile S.p.A.	100.00%	31,693	6,716	19,850	10,688	7,389
Minerva Colombia S.A.S.	100.00%	13,717	778	4,667	4,023	5,806
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	46,292	1,604	31,098	-	16,798
Mato Grosso Bovinos S.A.	100.00%	-	-	-	-	-
Minerva Live Cattle Export S.p.A.	100.00%	16,335	10,688	12,305	6,674	8,044
Minerva Meats USA LLC	100.00%	524	-	-	-	523
Intermeat - Assessoria e Comércio Ltda.	100.00%	268	-	360	-	399
Minerva Comercializadora de Energia Ltda.	100.00%	96,625	-	68,522	-	28,103
Minerva Australia Holdings PTY Ltd.	100.00%	21,414	10,170	15,357	13,022	3,205
PUL Argentina S.A.	100.00%	376	-	7	-	369
Minerva Europe Ltd.	100.00%	299	-	-	-	298
Total		**2,512,832**	**6,451,561**	**711,086**	**7,781,695**	**471,621**

Changes in subsidiaries in the periods ended June 30, 2017 and 2016 are as follows:

	6/30/2017		6/30/2016	
	Net revenue	Profit (loss) for the year	Net revenue	Profit (loss) for the year
Minerva Indústria de Alimentos Ltda.	262,719	16,641	250,630	1,575
Frigorífico Matadero Carrasco S.A.	238,238	(16,710)	156,070	(12,404)
Minerva Overseas Ltd.	-	599	-	1,030
Minerva Overseas II Ltd.	-	66,119	-	66,259
Minerva Middle East	-	-	-	-
Red Cárnica S.A.S.	200,984	(4,432)	83,792	(7,303)
Minerva Dawn Farms S.A.	41,453	(4,997)	34,585	(27,711)
Red Industrial Colombiana S.A.S.	3,962	882	1,466	492
Minerva Luxembourg S.A.	-	(130,601)	-	(110,773)
Friasa S.A.	-	(154)	-	(348)
Transminerva Ltda.	161	(1,008)	276	(926)
Loin Investments Administradora de Carteira Ltda.	-	-	-	69
Minerva Log S.A.	-	(1)	-	(52)
Lytmer S.A.	77,712	(3,899)	9,695	(290)
Pulsa S.A.	233,158	(1,201)	252,794	(8,493)
Frigomerc S.A.	552,691	11,149	558,660	184
Minerva Foods Chile S.p.A.	37,935	1,706	6,643	(1,697)
Minerva Colombia S.A.S.	11,082	(1,602)	-	(395)
CSAP - Companhia Sul Americana de Pecuária S.A.	26,478	(6,829)	58,384	(642)
Mato Grosso Bovinos S.A.	346,477	8,644	427,403	13,524
Minerva Live Cattle S.p.A.	-	24	-	(368)
Minerva Meats USA LLC	-	-	-	-
Intermeat - Assessoria e Comércio Ltda.	15	(1,443)	690	(185)
Minerva Comercializadora de Energia Ltda.	327,071	(2,935)	-	(110)
Minerva Australia Holdings PTY Ltd.	57,643	(382)	-	-
PUL Argentina S.A.	-	-	-	-
Minerva Europe Ltd.	-	-	-	-

(*) All amounts are stated as 100% of the subsidiaries' results

13. Property, plant and equipment

a) Breakdown of property, plant and equipment

Parent Company

Description	Depreciation rate %	Historical cost	Accumulated depreciation	6/30/2017 Net	12/31/2016 Net
Buildings	2.76%	865,338	(133,033)	732,305	551,394
Machinery and equipment	8.80%	761,607	(174,101)	587,506	456,555
Furniture and fixtures	9.98%	7,566	(3,265)	4,301	3,148
Vehicles	10.09%	13,391	(6,260)	7,131	7,955
Hardware	18.65%	9,172	(4,664)	4,508	4,379
Land		67,758	-	67,758	53,876
Reforestation		2,986		2,986	-
Construction in progress		315,132	-	315,132	371,690
Provision for impairment		(21,518)	-	(21,518)	(21,518)
		2,021,432	**(321,323)**	**1,700,109**	**1,427,479**

Consolidated

Description	Depreciation rate %	Historical cost	Accumulated depreciation	6/30/2017 Net	12/31/2016 Net
Buildings	2.28%	1,180,553	(180,310)	1,000,243	931,701
Machinery and equipment	8.32%	1,071,189	(290,965)	780,224	732,304
Furniture and fixtures	8.46%	13,445	(6,683)	6,762	6,759
Vehicles	10.48%	19,579	(9,876)	9,703	10,558
Hardware	18.30%	15,223	(8,662)	6,561	7,108
Land		113,370	-	113,370	105,404
Reforestation		2,986	-	2,986	2,986
Construction in progress		358,750	-	358,750	404,644
Provision for impairment		(21,518)	-	(21,518)	(21,518)
		2,753,577	**(496,496)**	**2,257,081**	**2,179,946**

b) Changes in property, plant and equipment

Parent Company	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Hardware	Land	Reforestation	Construction in progress	Provision for impairment	Total
Balance on December 31, 2016	**551,394**	**456,555**	**3,148**	**7,955**	**4,379**	**53,876**		**371,690**	**(21,518)**	**1,427,479**
Additions	-	-	-	37	1	-	-	92,285	-	92,323
Merger	112,766	77,624	832	124	519	6,581	2,986	14,677		216,109
Transfers	77,109	78,360	535	154	61	7,301	-	(163,520)	-	-
Disposals	-	(829)	-	(448)	-	-	-	-	-	(1,277)
Depreciation	(8,964)	(24,204)	(214)	(691)	(452)	-	-	-	-	(34,525)
Balance on June 30, 2017	**732,305**	**587,506**	**4,301**	**7,131**	**4,508**	**67,758**	**2,986**	**315,132**	**(21,518)**	**1,700,109**

Consolidated	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Hardware	Land	Reforestation	Construction in progress	Provision for impairment	Total
Balance on December 31, 2016	**931,701**	**732,304**	**6,759**	**10,558**	**7,108**	**105,404**	**2,986**	**404,644**	**(21,518)**	**2,179,946**
Additions	1,690	4,048	92	451	217	79	-	118,283	-	124,860
Transfers	77,112	79,278	729	327	69	7,301	-	(164,816)	-	-
Disposals	-	(968)	-	(559)	(1)	-	-	(2)	-	(1,530)
Depreciation	(13,397)	(36,307)	(843)	(1,108)	(872)	-	-	-	-	(52,527)
Translation adjustment	3,137	1,869	25	34	40	586	-	641	-	6,332
Balance on June 30, 2017	**1,000,243**	**780,224**	**6,762**	**9,703**	**6,561**	**113,370**	**2,986**	**358,750**	**(21,518)**	**2,257,081**

c) Construction in progress

On June 30, 2017, the main projects included: expansion of the Janaúba plant (MG); expansion of the slaughtering area in Araguaína (TO); expansion of the Red Cárnica plant (COL); and structuring and expansion of the distribution centers.

d) Provision for impairment of assets

As required by the accounting practices adopted in Brazil and international standards (IFRS), the Company annually evaluates whether there is evidence of impairment of its assets. In this sense, the industrial plant of Goianésia (GO) has been underutilized for strategic reasons since 2013. Therefore, the analysis of the value of the plant based on cash generation was impaired; thus, the Company decided to evaluate the net sale value of the selling expenses. An evaluation carried out by an independent company identified that said plant's value is higher than its realization value, of R$34,175, of which R$21,518 corresponds to property, plant and equipment and R$12,657 to expected future profitability, which generated the recognition of a provision for impairment.

e) Guarantees

Property, plant and equipment items pledged as guarantee for loans and financing totaled R$190,399 on June 30, 2017 (R$187,521 on December 31, 2016).

14. Intangible assets

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Goodwill on acquisitions	272,372	98,094	606,479	605,752
Right of use - Aircraft	1,793	1,793	1,793	1,793
Assignment of right of way	250	250	250	250
Software	6,997	6,539	8,348	8,334
	281,412	**106,676**	**616,870**	**616,129**

Changes in intangible assets during the period ended June 30, 2017 were as follows:

	Parent Company				
	Goodwill paid on acquisitions	Right of use - Aircraft	Assignment of right of way	Software purchased	Total
Balance on December 31, 2016	**98,094**	**1,793**	**250**	**6,539**	**106,676**
Acquisition	-	-	-	1,632	1,632
Merger	174,278	-	-	101	174,379
Amortization	-	-	-	(106)	(106)
Transfers to PP&E	-	-	-	(1,169)	(1,169)
Balance on June 30, 2017	**272,372**	**1,793**	**250**	**6,997**	**281,412**

	Consolidated				
	Goodwill paid on acquisitions	Right of use - Aircraft	Assignment of right of way	Software purchased	Total
Balance on December 31, 2016	**605,752**	**1,793**	**250**	**8,334**	**616,129**
Acquisition	-	-	-	1,686	1,686
Amortization (impairment)	-	-	-	(379)	(379)
Transfers to PP&E	-	-	-	(1,169)	(1,169)
Translation adjustment	727	-	-	(124)	603
Balance on June 30, 2017	**606,479**	**1,793**	**250**	**8,348**	**616,870**

The Company records the amortization of its software, the only intangible asset that can be amortized, according to the contractual license period, when purchased from third parties, or for the period estimated by the Company for software internally developed. On June 30, 2017 and December 31, 2016, the average amortization rates were 18.9% and 19.7%, respectively.

Goodwill paid for expected future profitability

	Consolidated	
	6/30/2017	12/31/2016
Minerva Dawn Farms (MDF) - (i)	166,487	166,487
Brascasing Industria e Comércio Ltda - (ii)	74,596	74,596
Pulsa S.A. - (iii)	61,643	61,643
Frigomerc (iv)	62,126	62,126
Frigorífico Carrasco S.A. (v)	47,773	47,773
Mato Grosso Bovinos S.A. (vi)	174,278	174,278
Others (vii)	19,576	18,849
	606,479	**605,752**

(i) As per CVM Resolution 580/09 – CPC 15 (R1), the Company reviewed the calculations of identifiable assets acquired and liabilities assumed upon recognition to the fair value of the acquisition of a further 30% of the shares representing the capital stock of Minerva Dawn Farms (MDF), which was classified as a "business combination in stages". Thus, it was necessary to segregate the goodwill calculated in the initial (provisional) recognition to the fair value of the Company's interest in that operation, totaling R$188,391 (R$188,391 on December 31, 2012), segregating goodwill for expected future profitability (R$98,714), customers list (R$87,733) and goodwill of assets (R$1,944), as per CPC pronouncements, instructions and guidance. As previously described, in the fourth quarter of 2012, the Company acquired the residual interest of 20% in MDF, which was held by Dawn Farms, and now holds 100% of MDF's control. On December 31, 2015, the Company recorded a provision for impairment totaling R$21,904;

(ii) In December 2011, the Company acquired 5% of the capital stock of the jointly-owned subsidiary Brascasing Comercial Ltda., and now holds 55% of that company, and consequently, its control. As this transaction is considered as a "business combination in stages", the Company recorded its equity interest and non-controlling interest at their fair value, and recorded goodwill for expected future profitability of R$93,185. After the full acquisition of the Company, goodwill totaled R$98,094. On December 31, 2015, the Company recorded a provision for impairment totaling R$23,498, arising from overproduction/oversupply, due to the reduction of worldwide consumption, mainly from the slowdown in China and the decrease in oil prices, directly impacting markets like Russia, one of the main markets for the Company's business;

(iii) On March 22, 2011, the Company acquired 100% of the voting shares of Frigorífico Pulsa S.A., recording goodwill for expected future profitability of R$61,643;

(iv) During the fourth quarter of 2012, the Company acquired 100% of the shares of Frigomerc S.A., recording goodwill for expected future profitability of R$58,380. On March 16, 2013, the sale agreement of Frigomerc S.A. was amended, which established a supplemental working capital of R$3,746 (USD1,830 thousand), totaling R$62,126 on December 31, 2012;

(v) On April 30, 2014, the Company acquired 100% of the voting shares of Frigorífico Matadero Carrasco S.A. (Frigorífico Carrasco S.A.), recording goodwill for expected future profitability of R$34,700. As per the clauses of the acquisition agreement, there was a goodwill increase for expected future profitability of R$13,073, totaling R$47,773;

(vi) On October 1, 2014, the Company incorporated 100% of the voting shares of Mato Grosso Bovinos S.A. through the exchange of 29 million common shares issued by the Company (BEEF3) through the Extraordinary Shareholders' Meeting (ESM) of both companies, which resulted in the recording of goodwill for expected future profitability of R$174,278; and

(vii) During the second quarter of 2013, the Company acquired the remaining 8% of the shares of Friasa S.A., which resulted in the recording of goodwill for expected future profitability of R$7,233, totaling R$9,298 on June 30, 2013. On February 5, 2016, the Company acquired 100% of the capital stock of its subsidiary Intermeat Assessoria e Comércio Ltda., resulting in goodwill for expected future profitability of R$217 thousand. On July 22, 2016, the Company acquired 100% of the capital stock of its indirect subsidiary IMTP PTY Ltd. through its subsidiary Minerva Australia Holdings PTY Ltd., resulting in goodwill for expected future profitability of R$10,061.

As required by the accounting practices adopted in Brazil and international standards (IFRS), the Company annually evaluates whether there is evidence of impairment of its assets. Accordingly, the industrial plant of Goianésia (GO), previously named as "Lord Meat", is underutilized for strategic reasons, as mentioned in Note 13. On December 31, 2016, the Company carried out an impairment test of all its CGUs, based on their value in use. For all CGUs, the Company considered a 5-year projection, with no growth in perpetuity, in addition to observing the financial budgets prepared by Management for the beginning of the cash flow projections (2017). As a result of this test, the Company recognized a provision for impairment for the CGU MFF, totaling R$21,904. The recoverable value of this CGU totaled R$271,449 and was measured based on the calculation of its value in use, according to its 5-year cash flow projections based on financial budgets approved by the Company's Management. The discount rate applied was 10.4% (10.8% in 2015), not considering growth in perpetuity.

The calculation of the CGUs' value in use, MFF included, is more sensitive to the projected exchange rate (R$/USD) assumption, due to the exposure of the Company's revenues to the foreign market. For sensitivity purposes, in accordance with Management's assessment, a 5% drop in the exchange rate curve used in the projection of the value in use could result in an impairment of the CGU Casing, in addition to an increase in the impairment of MFF, if Management could not transfer this reduction to the product prices of these CGUs.

On December 31, 2015, the CGU Casing (formerly Brascasing Ind. e Com. Ltda.) recorded a provision for impairment of R$23,498, arising from overproduction/oversupply, due to the reduction of global consumption as a result of worldwide lower growth, mainly from the slowdown in China and the decrease in oil prices, directly impacting markets like Russia, one of the main destinations of the Company's production. As of 2016, this CGU is less exposed to the Russian market, due to the opening of new markets and changes in the Board of Executive Officers' internal structure, the main reasons why this CGU did not need to increase the provision for impairment in 2016.

Pursuant to CPC 1 (R1) (IAS 36), the Company tests for impairment its intangible assets that do not have estimated useful lives at least annually.

15. Loans and financing

Type of contract	Contractual rates	Parent Company 6/30/2017	Parent Company 12/31/2016	Consolidated 6/30/2017	Consolidated 12/31/2016
4th issue debentures (1)	CDI + 1.75% p.a.	150,042	300,950	150,042	300,950
Debentures (1)	Fixed rate	-	-	-	-
BNDES (1/2/3)	TJLP + spread	23,067	31,053	23,067	31,053
FINEP (7)	TJLP + spread	-	-	7,758	11,770
Lease (3)	TJLP + 3.5% p.a.	1,134	1,586	1,187	1,659
Bank Credit Note (1/2/3/5)	8.5% p.a.	-	544	20,462	544
Bank Credit Note (1/2/3/5)	TJLP + 1.15% p.a.	-	-	31,739	33,754
NCE (1/5)	CDI + spread	1,392,745	554,427	1,392,745	554,427
Progeren (1)	3.9% p.a. + TJLP	-	-	-	-
IFC (2/4/6)	CDI + spread	106,187	115,779	106,187	115,779
FIDC	CDI + spread	-	29,366	-	29,366
Derivatives (hedge)	CDI + spread	(1,893)	2,319	(1,893)	2,319
		1,671,282	**1,036,024**	**1,731,294**	**1,081,621**
In foreign currency (USD)					
ACCs (5)	3.5% to 3.67% p.a.+ FX variation	446,789	297,101	446,789	297,101
NCE (5)	4.42% p.a.+ FX variation	236,324	268,711	236,324	268,711
Senior Unsecured Notes - (5)	FX variation + interest	2,729,628	2,648,567	4,780,810	4,004,241
Perpetual bonds (5)	FX variation + 8.75% p.a.	916,748	903,359	1,007,124	990,872
PPE (1)	2.4% p.a.+ Libor	96,910	29,734	96,910	29,734
Operation 4131 (5/8)	FX variation + interest	149,418	188,971	149,418	188,971
Others (5/8)	FX variation + interest	-	-	144,221	160,076
				-	-
Derivatives (hedge)		(231,039)	(193,624)	(231,039)	(193,624)
		4,344,778	**4,142,819**	**6,630,557**	**5,746,082**
Total Loans and financing		**6,016,060**	**5,178,843**	**8,361,851**	**6,827,703**
Current		2,070,163	1,187,894	2,307,011	1,397,051
Noncurrrent		3,945,897	3,990,949	6,054,840	5,430,652

The Company offered the following guarantees for its loans:

1. Accommodation/suretyship of the parent company VDQ Holdings S.A. and/or accommodation of its shareholders;
2. Mortgage;
3. Equipment disposals;
4. Promissory notes signed by the subsidiaries Minerva Alimentos, PUL and Frigomerc;
5. Suretyship or accommodation of the Company;
6. Suretyship of the subsidiaries Minerva Alimentos, PUL and Frigomerc;
7. Bank guarantee;
8. STLC (Standby Letter of Credit).

On June 30, 2017, the Company's (parent company) long-term loans and financing schedule is as follows:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Leases	213	18	-	-	-	-	-	-	-	231
BNDES	4,452	8,903	742	-	-	-	-	-	-	14,097
IFC	8,607	17,215	17,215	17,215	17,215	8,607	-	-	-	86,074
NCE	88,365	291,976	41,724	-	-	-	-	-	-	422,065
Pre shipment	33,082	2,168,505	-	-	499,538	-	-	-	939,529	3,640,654
Operation 4131	-	-	-	-	-	-	-	-	-	-
Derivatives (hedge)	546	(37,315)	-	-	-	-	(89,200)	(91,255)	-	(217,224)
	135,265	**2,449,302**	**59,681**	**17,215**	**516,753**	**8,607**	**(89,200)**	**(91,255)**	**939,529**	**3,945,897**

On June 30, 2017, the Company's (consolidated) long-term loans and financing schedule is as follows:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	'erpetual	Total
Leases	223	18	-	-	-	-	-	-	-	-	241
BNDES	4,452	8,903	742	-	-	-	-	-	-	-	14,097
Bank Credit Note	2,657	5,313	5,313	5,313	6,430	-	-	-	-	-	25,026
IFC	8,607	17,215	17,215	17,215	17,215	8,607	-	-	-	-	86,074
NCE	88,365	291,976	41,724	-	-	-	-	-	-	-	422,065
Pre shipment	33,082	33,082	-	-	-	-	-	-	-	-	66,164
Senior Unsecured Notes	-	-	-	-	-	731,481	-	-	3,940,778	-	4,672,259
Perpetual bonds	-	-	-	-	-	-	-	-	-	986,138	986,138
Derivatives (hedge)	546	(37,315)	-	-	-	-	(89,200)	(91,255)	-	-	(217,224)
	137,932	**319,192**	**64,994**	**22,528**	**23,645**	**740,088**	**(89,200)**	**(91,255)**	**3,940,778**	**986,138**	**6,054,840**

Below are the Company's and its subsidiaries' main loans and financing on June 30, 2017. On that date, the Company complied with all covenants evidenced below in each type of borrowing and financing:

IFC – International Finance Corporation

In September 2013, IFC and the Company entered into a 10-year financing agreement, in the amount of R$137,718, which was paid on October 24, 2013. The debt balance came to R$106,187 on June 30, 2017, and interest is calculated based on CDI + spread, which are paid semi-annually. The debt matures on April 15, 2023.

Debt notes / bonds abroad

Through its subsidiaries Minerva Overseas Ltd. and Minerva Overseas Ltd. II, the Company issued debt notes abroad in the amount of US$200,000 thousand and US$250,000 thousand, respectively. The Notes are collateralized by the Company and mature in 2017 and 2019, respectively. Additionally, in February 2012, the Company issued US$350,000 thousand in Notes abroad, maturing in February 2022, through its wholly-owned subsidiary Minerva Luxembourg S.A. ("Issuer"). Also with regards to this operation, in March 2012, the Company concluded the re-tap of the notes maturing in February 2022, in the amount of US$100,000 thousand. The maturity of the notes remains the same. In August 2014, the Company concluded the re-tap of the notes maturing in January 2023, in the amount of US$200,000 thousand. The maturity of the notes remains the same.

The Notes issued by Minerva Overseas I and II (Bonds 2017 and 2019, respectively) pay semi-annual coupons at 9.5% and 10.875% p.a., respectively, and the Notes issued by Minerva Luxembourg (Bonds 2022 and re-tap) pay semi-annual coupons at 12.25% p.a. and (Bonds 2023 and re-tap) pay semi-annual coupons at 7.75% p.a. The Company shall guarantee all the obligations of the Issuer in regard to the issue referred to above.

The Notes (Bond 2022 and re-tap) and (Bond 2023 and re-tap) were not recorded according to the U.S. Securities Act of 1933, as amended (Securities Act), and shall not be offered or sold in the United States, except in transactions recorded under the Securities Act or those exempt from these registry requirements.

The Notes' main early maturity clauses are as follows: (i) failure to fulfill the obligations established under the confidential offering circular, even relating to the limitation of division of dividends and change in equity interest, as mentioned in item (iv) below; and (ii) failure to pay any overdue Note.

The Notes and the debentures are expected to maintain a financial covenant which measures the ability to cover debt in relation to EBITDA (earnings before interest, taxes, depreciation and amortization).

The contractual ratio of both financial instruments indicates that the debt coverage level may not exceed 3.5 times the EBITDA in the last 12 months. For these purposes, the following definitions are considered: **(I)** "net debt" means the sum of the balance of loans and financing, without considering exchange rate changes occurred in the period since the contracting of the debt, less the sum of **(i)** available cash (as defined below) and **(ii)** "inflation adjustment losses" (as defined below); **(II)** "available cash" means the sum of the balances of the Company's statement of financial position accounts "Cash and cash equivalents" and "Securities"; **(III)** "inflation adjustment losses" means a number of exceptions, including but not limited to exchange rate changes since the issue of the Note, or allowed debts, related to specific transactions. In summary, these exceptions include the refinancing of existing debts, considering certain circumstances and fundraising for various uses, some of which for specific reasons, totaling US$141,000 thousand. Additionally, all expenses related to exchange rate changes since the issue of the Notes are also considered for the purposes of inflation adjustment losses; **(IV)** "EBITDA" means the amount calculated on the accrual basis over the last twelve (12) months, and equals the sum of net revenues, less: **(i)** the cost of services rendered, **(ii)** administrative expenses, plus **(a)** depreciation and amortization expenses, **(b)** finance income (expenses), net, **(c)** equity in the earnings (losses) of subsidiaries and **(d)** direct taxes.

We also point out that the financial covenants refer to authorization or not to incur new debts, by executing all new refinancing-related debts, in addition to a pre-defined amount for credit facilities of working capital and investments. Covenants are calculated based on the consolidated interim financial information.

In the process of issuing such Notes (2022 and re-tap), the Company incurred transaction costs in the amount of R$25,735 on that date; said costs were capitalized in an account reducing the liabilities of these Notes, and are being amortized on a *pro rata temporis* basis from the issue date to their maturity in 2022.

On February 13, 2013, the Company concluded the “offer to buyback debt notes” issued abroad (Bonds) by the Company’s subsidiaries, maturing in 2017, 2019 and 2022. By means of an “early buyback offer”, the following was bought back: US$10,685 thousand (R$21,017 on that date) of the principal amount of the 2017 Notes, equivalent to approximately 32% of the outstanding 2017 Notes, US$317,976 thousand (R$625,459 on that date) of the principal amount of the 2019 Notes, equivalent to approximately 85% of the outstanding 2019 Notes, and US$320,137 thousand (R$629,709 on that date) of the principal amount of the 2022 Notes, equivalent to approximately 71% of the outstanding 2022 Notes.

Part of this offer consisted in the payment of a premium to the holders of the notes, embedded and implicit in the transaction and in the proposed exchange relations, amounting to US$147,064 thousand that is amortized in financial expenses during the effective term of the 2023 Notes.

The early buyback offer of debt notes was carried out using the proceeds from the issue of the 2023 Notes (which will bear annual interest of 7.75%) and is part of a clear strategy to manage liabilities, aiming at the constant improvement of the Company’s debt cost. The acceptance of the buyback process by over 75% of the holders of all the Notes maturing in 2017, 2019 and 2022 shows that the Company has obtained good results with the implementation of its strategy.

On December 30, 2015, the Company concluded the cancelation of the Notes that had been bought back since the second half of 2013, which are recognized under “Cash and cash equivalents” and “Loans and financing”. The canceled Notes were expected to mature in 2019, 2022 and 2023. The following were canceled: US$6,533 of the principal amount of the 2019 Notes (R$25,510 on that date), US$24,355 of the principal amount of the 2022 Notes (R$95,101 on that date) and US$181,985 of the principal amount of the 2023 Notes (R$710,615 on that date), totaling US$212,873 (R$831,226 on that date).

On September 20, 2016, the Company concluded the “offer to buyback bonds” issued abroad by its subsidiary Minerva Luxembourg S.A., maturing in 2023. By means of an “early buyback offer”, US$617,874 were bought back (R$2,010,562 on that date) of the principal amount of the 2023 Notes, equivalent to approximately 71% of the outstanding 2023 Notes.

The early buyback offer of debt notes was carried out using the proceeds from the issue of the 2026 Notes (which will bear annual interest of 6.50%) and is part of a clear strategy to manage liabilities, aiming at the constant improvement of the Company’s debt cost.

Part of this offer consisted in the payment of a premium to the holders of the notes, embedded and implicit in the transaction and in the proposed exchange relations, amounting to US$40,143 thousand, as well as transaction costs in the amount of US$28,859 totaling US$69,002 that will be amortized in the financial expenses account during the effective term of the 2026 Notes.

On February 10, 2017, the Company exercised the early option to purchase its debt securities bearing annual interest of 12.250% and maturing in 2022 (2022 Notes). The total debt was US$105,508 (R$328,710 on that date). The price paid was 106,125 of the face value, plus interest accrued until that date.

In June 2017, the Company concluded the re-tap of the notes maturing in September 2026, totaling US$350,000 thousand, which bear interest of 6.50% p.a. (2026 Notes). On June 30, 2017, the liabilities related to the Notes totaled R$4,780,810 in the consolidated interim financial information (R$4,004,241 on December 31, 2016).

Perpetual bonds

On March 27, 2014, the Company concluded the issue of perpetual bonds abroad totaling US$300,000 thousand, with semi-annual payments at an annual rate of 8.75%, by means of its wholly-owned subsidiary Minerva Luxembourg S.A. The issue of the notes aimed to extend the average maturity of the Company's debt and improve its capital structure through the use of a different fundraising instrument, diversifying even more the investors' base. The transaction was settled on April 3, 2014. The Company shall guarantee all the obligations of the Issuer in regard to the issue referred to above. On June 30, 2017, the liability related to the Notes in the consolidated interim financial information totaled R$1,007,124 (R$990,872 on December 31, 2016). These Notes have the same financial covenant of the aforementioned Notes.

Equipment financing - BASA

On December 21, 2007, a private agreement was entered into between Minerva Indústria e Comércio de Alimentos S.A. and Banco da Amazônia S.A., totaling R$53,793, whose balance on June 30, 2017 was R$31,739 (R$33,754 on December 31, 2016). This debt matures within 144 months as of the date of signature of the debentures indenture. The financing agreement establishes some restrictions on the financed company, namely: **(i)** Minerva Indústria e Comércio de Alimentos S.A. is obliged not to give preference to other credits, not to amortize shares, not to issue debentures, not to take out new debts without prior authorization from the Superintendency for the Development of Amazonia (SUDAM) and Banco da Amazônia S.A., except **(a)** for loans to meet the needs of ordinary managed businesses of the financed company, or intended for mere material replacement or substitution; and **(b)** for trading discounts the financed company holds, arising from sales or services; and **(ii)** Minerva Indústria e Comércio de Alimentos was forced to subordinate the changes in its corporate structure to prior approval by SUDAM, after hearing Banco da Amazônia S.A.

i) Level of subordination

On June 30, 2017, 2.28% of the Company's and its subsidiaries' total debt were collateralized (2.75% on December 31, 2016).

ii) Possible restrictions imposed on the issuer, particularly with respect to setting indebtedness limits and taking out new debts, the distribution of dividends, the disposal of assets, the issuance of new securities and the sale of shareholding control

The Notes also have clauses that limit the Company with respect to (i) new debts if the Net Debt/EBITDA ratio is higher than 3.75/1.00 and 3.50/1.00, respectively; (ii) the distribution of dividends. Accordingly, Minerva undertakes not to pay and not allow its subsidiaries to pay any dividends or interest on equity held by others than its subsidiaries, (except (a) dividends or distributions paid on qualified interests of Minerva, and (b) dividends or distributions payable by a subsidiary, on a *pro rata* basis, or more favorable to Minerva); (iii) the change of shareholding control; and (iv) the disposal of assets, which can only be achieved by complying with the requirements, among which, in the case of sale of assets, it is necessary that the sale value be the market value.

The CCB issued in favor of the BNDES is expected to have early maturity if the shareholders' agreement, articles of incorporation or Bylaws of the Company or its controlling companies, include a provision whereby a special quorum is required to approve issues that limit or restrict the control over any of these companies by their related controlling shareholders, or rather, a provision that leads to: (i) restrictions on the Company's ability to grow or develop technology; (ii) restrictions on the Company's access to new markets; or (iii) restrictions or losses on the Company's ability to pay financial obligations arising from the Bank Credit Note (CCB).

The CCB dated January 7, 2009, issued by the Company with Banco da Amazônia S.A., has early maturity clauses if the Company's shareholding control is transferred without prior and written consent by the creditor.

4th issue of non-convertible debentures
On June 15, 2013, the Company offered debentures not convertible into shares, totaling R$300,000 and maturing on June 15, 2018. The debentures were offered through restricted placement efforts (CVM Instruction 476). The principal amounting to R$300,000 bears interest at the accumulated variation (effective rate) of 100% of the average daily rates of the Interbank Deposits (DI), plus a surcharge of 1.75% p.a. The proceeds were used to extend the Company's debt profile and strengthen its working capital. The debentures have personal guarantee and are guaranteed by VDQ Holdings S.A. In the process of issue of said debentures, the Company incurred transaction costs totaling R$3,153, which will be fully amortized until 2018, recorded in its interim financial information as a reduction of the liability, to be amortized over the effective period of the debentures. On June 30, 2017, the amount was R$150,042 (R$300,950 on December 31, 2016).

There are no premiums obtained on renegotiation clauses during the debenture fundraising process.

16. Accounts payables

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Domestic	270,932	193,699	528,098	581,932
Foreign	26,872	29,957	39,073	39,955
Related Parties	22,964	58,299	-	3,616
	320,768	**281,955**	**567,171**	**625,503**

Aging list of accounts payables:

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Falling due:	314,076	242,303	555,787	552,588
Past due:				
Up to 30 days	5,412	28,492	8,968	42,160
From 31 to 60 days	759	557	879	3,543
From 61 to 90 days	46	576	60	851
From 91 to 180 days	475	10,027	1,477	26,361
	320,768	**281,955**	**567,171**	**625,503**

17. Labor and tax liabilities

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Labor				
Salaries and Management fees	979	614	3,976	4,154
Payroll charges - FGTS and INSS (employees and third parties)	8,024	7,615	16,521	15,109
Vacation/Christmas bonus and related charges	35,785	20,090	55,205	39,686
Other proceeds and charges	2,845	1,848	4,525	3,108
Total labor	**47,633**	**30,167**	**80,227**	**62,057**
Tax				
ICMS (State VAT)	22,287	23,817	23,794	25,482
IRPJ (corporate income tax)	-	-	6,253	5,310
CSLL (social contribution on profit)	-	-	2,120	1,464
Other taxes and fees	14,420	4,995	37,388	19,842
Total tax	**36,707**	**28,812**	**69,555**	**52,098**
Total	**84,340**	**58,979**	**149,782**	**114,155**
Current	**68,862**	**42,003**	**134,304**	**97,060**
Noncurrrent	**15,478**	**16,976**	**15,478**	**17,095**

18. Other payables

	Parent Company		Consolidated	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Advances from customers (a)	340,857	542,016	360,772	580,496
Stock swap – fair value (b)	123	3,021	123	3,021
Dividends payable (c)	-	48,728	-	48,767
Other operational provisions	27,848	20,536	113,612	101,831
Total	**368,828**	**614,301**	**474,507**	**734,115**
Current	**368,828**	**614,301**	**432,865**	**691,414**
Noncurrrent	**-**	**-**	**41,642**	**42,701**

(a) Amounts received in advance from the Company's customers based on Management's credit policy;

(b) The Company entered into contracts with Credit Suisse to swap the results of future financial flows (“Swap”) on the variation of the price of its shares. This transaction does not change the percentage of the Company’s outstanding shares and did not result in cash disbursement, since it is an adjustment to fair value of the transaction with future realization.

(c) The Company's Bylaws determine the distribution of a minimum mandatory dividend of 25% of the profit for the year after recording the legal reserve, as per Law 6,404/76.

19. Income tax and social contribution

Deferred taxes are recorded to reflect future tax effects attributable to temporary differences between the tax basis of assets and liabilities and their respective carrying amounts, as well as to reflect the tax credits resulting from the revaluation of assets, and are held as follows:

	Parent Company		Consolidated	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Temporary additions				
Sundry provisions	16,033	9,648	16,033	9,648
Fair value of biological assets	242,378	272,450	242,378	285,657
Temporary exclusions				
Sundry provisions	(2,123)	(9,584)	(2,123)	(9,584)
Fair value of biological assets	(251,953)	(296,860)	(251,953)	(304,753)
Calculation basis of deferred taxes	4,335	(24,346)	4,335	(19,032)
Deferred taxes - temporary differences	1,474	(8,278)	1,474	(6,471)
Realization of deferred taxes - temporary differences	-	-	(337)	-
Deferred taxes on tax losses	(9,498)	-	(9,498)	-
Total deferred taxes	**(8,024)**	**(8,278)**	**(8,361)**	**(6,471)**

The change of deferred tax liabilities, related to deferred taxes on the revaluation reserve, temporary differences and differences arising from the application of international accounting practices (IFRS) are as follows:

	Parent Company				
	Balance on January 1, 2017	Recognized in profit or loss	Realization of deferred taxes	Merger of subsidiaries	Balance on June 30, 2017
Taxes on the revaluation reserve	26,796	-	(552)	-	26,244
Taxes on the adjustment of biological assets	11,778	85,664	(82,409)	-	15,033
Taxes on the surplus value in subsidiary	48,532	-	-	6,424	54,956
Other deferred taxes	(14,144)	722	(4,899)	-	(18,321)
Total deferred tax liabilities	**72,962**	**86,386**	**(87,860)**	**6,424**	**77,912**

	Balance on January 1, 2017	Recognized in profit or loss	Realization of deferred taxes	Translation adjustment	Balance on June 30, 2017
Taxes on the revaluation reserve	26,796	-	(552)	-	26,244
Taxes on the adjustment of biological assets	11,778	85,664	(82,409)	-	15,033
Taxes on the surplus value in subsidiary	48,532	-	-	-	48,532
Other deferred taxes	11,566	1,059	(4,899)	260	7,986
Total deferred tax liabilities	**98,672**	**86,723**	**(87,860)**	**260**	**97,795**

Based on budget, business plan and budget projection, Management estimates that the tax credits arising from temporary differences shall be realized by 2020.

a) Current - payable

Income tax and social contribution are calculated and recorded based on the taxable result, including tax incentives that are recognized as taxes are paid and taking into consideration the rates established by the prevailing tax legislation.

b) Reconciliation of income tax and social contribution balances and expenses

The balance provisioned and the result of the taxes levied on profit are as follows:

	Parent Company		Consolidated	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Profit before taxes	(45,467)	241,615	(32,600)	248,972
Additions				
Temporary differences	4,993	9,648	5,998	13,280
Permanent differences	186,223	185,447	186,452	185,732
Realization of temporary differences	-	(1,543)	-	(1,664)
Realization of revaluation reserve	-	1,714	-	1,714
Effects of the early adoption of IFRS	691,494	1,006,794	700,544	1,114,780
Exclusions				
Temporary differences	(2,123)	(8,042)	(2,471)	(8,689)
Permanent differences	(111,458)	(94,469)	(111,458)	(94,469)
Effects of the early adoption of IFRS	(750,580)	(921,657)	(762,533)	(1,010,296)
Tax calculation basis	**(26,918)**	**419,507**	**(16,068)**	**449,360**
Tax loss carryforward	-	(125,852)	-	(129,329)
Calculation basis after tax loss carryforward	**(26,918)**	**293,655**	**(16,068)**	**320,031**
Taxes on profit				
Income tax payable	-	(71,640)	-	(79,070)
Social contribution payable	-	(26,429)	-	(28,131)
Income tax and social contribution expense - current	**-**	**(98,069)**	**-**	**(107,201)**

Income tax and social contribution were calculated in accordance with prevailing legislation (Law 12,973/2014).

Income tax and social contribution calculations and returns are subject to revision by tax authorities for varying statutory periods in relation to the payment or filing date.

Based on studies and projections for the following years and considering the limits established by prevailing legislation, Management expects that the existing tax credits will be realized over a maximum term of ten years.

The net book profit has no direct relationship with the taxable profit for income tax and social contribution due to the differences between the accounting criteria and the pertinent tax legislation. Therefore, we recommend that the evolution of the realization of the tax credits resulting from tax loss carryforwards and temporary differences should not be taken as an indication of future taxable profits.

20. Leases

The Company is a lessee in a number of agreements, classified as operating or finance leases.

a) Finance lease

Finance lease transactions are recognized in the Company's current and noncurrent liabilities by debiting property, plant and equipment.

b) Operating lease

The accounting criterion for operating leases remains as required by the Brazilian Corporate Law in effect, that is, expenses incurred on lease payments are recognized on a monthly basis. The Company currently has three operating lease agreements related to two plants located in Asunción, Paraguay, through its subsidiary Frigomerc S.A., and one plant in Bataypor ã (MS).

The lease agreements are as follows:

Leased asset	Weighted average interest rate	Weighted average maturity (years)	Amount of expenditure 6/30/2017	Amount of expenditure 6/30/2016
Industrial plant - Brazil	IPCA + 11% @ cattle / IGPM	Indefinite	1,020	750
Industrial plants - Paraguay	Fixed + exchange rate change	Aug/18	2,381	3,510
			3,401	**4,260**

21. Provision for tax, labor, civil and environmental risks

Summary of the contingent liabilities recognized

The Company and its subsidiaries are parties to a number of lawsuits that are part of the normal course of their business, for which provisions were created based on the estimates of their legal advisors and Management. The main information on these lawsuits is presented below:

	Parent Company		Consolidated	
Lawsuits	**6/30/2017**	**12/31/2016**	**6/30/2017**	**12/31/2016**
Provision for tax risks	1,890	1,890	1,890	1,890
Provision for labor risks	29,571	26,347	33,540	33,547
Provision for civil risks	1,496	1,496	1,496	1,496
	32,957	**29,733**	**36,926**	**36,933**

	Parent Company		
	Labor lawsuits	**Civil and tax lawsuits**	**Total**
Balance on December 31, 2016	26,347	3,386	29,733
Provisions reversed during the year	3,703	-	3,703
Provisions reversed during the year	(479)	-	(479)
Balance on June 30, 2017	**29,571**	**3,386**	**32,957**

	Consolidated		
	Labor lawsuits	**Civil and tax lawsuits**	**Total**
Balance on December 31, 2016	33,547	3,386	36,933
Provisions created during the year	5,089	-	5,089
Provisions reversed during the year	(5,096)	-	(5,096)
Balance on June 30, 2017	**33,540**	**3,386**	**36,926**

Description of the contingent assets and liabilities by labor, civil and tax nature

Labor contingencies

Most of these labor claims involve overtime, commuting time, health hazard premium and mandatory thermal comfort breaks. Based on the opinion of the lawyers that handle these lawsuits and Management’s experience in similar cases, on June 30, 2017, provisions were created for labor lawsuits assessed as probable loss, in the amount of R$29,571 in the parent company and R$33,540 in the consolidated (R$26,347 in the parent company and R$33,547 in the consolidated statements on December 31, 2016).

Other lawsuits (assessed as possible loss)

Other tax, civil and environmental lawsuits

On June 30, 2017, the Company and its subsidiaries had other ongoing tax, civil and environmental lawsuits totaling approximately R$127,943, R$2,028 and R$537 respectively, whose likelihood of loss is considered possible, but not probable, in accordance with the Company's legal counsel, and for which Management does not consider necessary to record a provision for possible loss.

Labor and social security lawsuits

On June 30, 2017, the Company and its subsidiaries had other ongoing labor (public-interest civil actions and class actions) and social security lawsuits totaling approximately R$3,350 and R$2,201 respectively, whose likelihood of loss is considered possible, but not probable, and for which Management does not consider necessary to record a provision for possible loss.

Rural worker assistance fund (Funrural)

The Company filed for a writ of mandamus to suspend the withholding and payment of Funrural and SENAR. To avoid losing the right to require the contribution of Funrural and SENAR, the INSS (Social Security Authority) issued various tax assessment notices against the Company until the current date. The amount involved in these notices, whose likelihood of loss is deemed possible, is approximately R$443,033.

Formal fine

The Company was notified by the State Finance Department of Tocantins for possible deficiencies in the register books related to operations carried out from January 2010 to December 2014. The amount involved in this dispute, whose likelihood of loss is deemed possible, is approximately R$50,408.

CETESB

On August 31, 2016, an incident with a vaporizing equipment resulted in an ammonia leak in one of the Company's fridge chambers. The Environmental Agency of the State of São Paulo (CETESB) issued a deficiency notice for the alleged environmental damage, which was challenged by the Company at the administrative level. The loss is deemed possible by our external legal counsel. The amount involved in this dispute is approximately R$12,800.

Shipwreck – Barcarena (PA)

On October 6, 2015, the ship that would export live cattle from Vila do Conde port, in Barcarena (PA), careened.

Although the full responsibility for the cargo was on the contracted shipping company, the Company received a number of notices of violation for environmental damage, and became defendant in a public-interest civil action. On June 30, 2017, the amount involved in these lawsuits, whose likelihood of loss is deemed possible, is approximately R$34,145.

22. Equity

a. Capital stock

The Company's subscribed and paid-in capital on June 30, 2017 is R$134,752 (R$134,752 on December 31, 2016), represented by 239,844,659 book-entry common shares with no par value, all of which are free and clear of any burden or encumbrance (239,844,659 on December 31, 2016). In 2016, the expenses on the issuance of new shares totaled R$5,898. Thus, the balance in the "Capital Stock" line in the interim financial information was R$128,854.

The Board of Directors' Meeting of May 25, 2015 partially approved the capital increase with the issue of one million and seven hundred thousand (1,700,000) common shares, totaling R$22,950. The partial approval of the capital increase refers to the payment of the third installment of the price owed by the Company due to the acquisition of 100% of the shares of Frigorífico Matadero Carrasco S.A., pursuant to the sale agreement entered into on March 18, 2014.

On June 15, 2015, the Board of Directors registered the Company's capital increase in the amount of R$93,492 resulting from the conversion of 93,492 debentures, corresponding to all the outstanding debentures on that date, at the conversion price of R$7.60636 per share, through the issue of 12,291,293 Company common shares.

On June 18, 2015, the Board of Directors closed the legal terms for exercising the preemptive right, the right to subscribe unsubscribed shares, and the right to withdrawal.

Considering the partial approval of one million and seven hundred thousand (1,700,000) common shares in the amount of R$22,950, on May 25, 2015, a capital increase in the amount of R$5 was approved, through the issue of 392 Company common shares, from R$950,593, representing 191,993,355 common shares, to R$950,598, representing 191,993,702 common shares.

The Extraordinary Board of Directors' Meeting of April 11, 2016 approved the Company's capital increase in the amount of R$746,474, through the issue of 47,850,957 common shares. With the approval, capital increased from R$950,598, representing 191,993,702 common shares, to R$1,697,073, representing 239,844,659 common shares.

The Annual and Extraordinary Board of Directors' Meeting of April 29, 2016 approved the capital decrease in the amount of R$1,562,321, without changing the number of shares issued by the Company, to absorb the accumulated losses, as disclosed in the Company's interim financial information for the period ended June 30, 2017. With the capital decrease, the Company's capital stock came to R$134,752, representing 239,844,659 common shares.

b. Capital reserve

Capital reserves comprise amounts received by the Company not recorded in profit or loss as revenue, since they refer to amounts intended to strengthen its capital, without having as consideration any effort of the Company to deliver goods or services. On June 30, 2017, the Company's capital reserve totaled R$187,504 (R$294,851 on December 31, 2016).

c. Revaluation reserve

In 2003 and 2006, the Company revalued its property, plant and equipment. The remaining balance totaled R$54,484 on June 30, 2017 (R$55,556 on December 31, 2016), net of tax effects.

As mentioned above and in compliance with Law 11,638 of 2007, the Company decided to maintain the revaluation reserve until December 31, 2007, until its full realization, which should occur through depreciation or disposal of revalued assets.

d. Legal reserve

Calculated at 5% of the profit for each fiscal year, pursuant to article 193 of Law 6,404/76, up to the limit of 20% of the capital stock. In the year when the balance of the legal reserve, plus the amounts of capital reserves addressed by paragraph 1 of article 182 of Law 6,404/76, exceeds 30% of the capital stock, the allocation of a portion of the profit for the year to the legal reserve will not be mandatory. On June 30, 2017, the legal reserve totaled R$9,744.

e. Profit reserve

The profit reserve was recorded based on the remaining balance of the profit for the year, after the allocations to the legal reserve and the distribution of minimum mandatory dividends, and will be used to finance the Company's operations. On June 30, 2017, the profit reserve totaled R$144,496, which corresponds to the sum of the balances of the "Statutory reserve" (R$107,802), "Legal reserve" (R$9,744) and "Earnings retention reserve - Art. 196" (R$26,950) accounts.

f. Earnings retention reserve - Art. 196

The reserve refers to the retention of the remaining balance of retained earnings, in the amount of R$26,950, in order to meet the business growth project established in its investment plan, according to the capital budget approved and proposed by the Company's Management. The balance of this reserve will be used "ad referendum" of the Annual Shareholders' Meeting, pursuant to article 196 of the Brazilian Corporate Law.

g. Treasury shares

On March 20, 2017, pursuant to paragraph 1 of article 30 of Law 6,404/76 and Instruction 567 of the Brazilian Securities and Exchange Commission (CVM), the Board of Directors approved the acquisition of up to nine million, two hundred and forty-seven thousand, one hundred and forty-nine (9,247,149) registered, book-entry common shares with no par value, representing 10% of the ninety-two million, four hundred and seventy-one thousand, four hundred and eighty-five (92,471,485) Company outstanding shares on that date. The Company's Board of Directors also approved the cancelation of shares issued by the Company and acquired within the scope of the 2016 buyback plan, totaling 9,984,400 registered, book-entry common shares with no par value, amounting to R$107,346 treasury shares on that date.

The table below shows the changes in treasury shares

	Number of shares	Amount (R$)	Average cost (R$)	Average market value
Balance on December 31, 2016	**4,313,300**	**43,112**	**9.99**	**12.15**
Shares bought back	9,601,800	103,145	9.86	-
Shares cancelled	(9,984,400)	(107,346)	10.75	-
Balance on June 30, 2017	**3,930,700**	**38,911**	**9.90**	**12.31**

h. Dividends and interest on equity

The Company's Bylaws establish the distribution of minimum mandatory dividends of 25% of the profit for the year, adjusted pursuant to the law.

i. Equity valuation adjustments

Pursuant to CPC 02 R2/IAS 21 - Effects of Changes in Foreign Exchange Rates and Translation of Interim Financial Information, the variation of instruments (direct and reflex) is recorded in foreign currency and accounted for under the equity method.

Pursuant to CPC 37 R1/IFRS 1 – First-Time Adoption of International Financial Reporting Standards, as a result of the application of CPC 02 R2 prior to the date of first-time adoption, IFRS first-time adopters must zero the balances of exchange gains (losses) on investments recorded in equity (on the cumulative translation adjustments item) by transferring them to retained earnings/accumulated losses (on the profit reserve item), and disclose the profit distribution policy applicable to such balances. It is worth noting that the Company does not calculate these adjustments for distribution of profit.

23. Management's compensation

On June 30, 2017, the Company recorded expenses with key management personnel compensation (members of the Company's Board of Directors and Fiscal Council, and Statutory Executive Officers) in the amount of R$6,593 (R$6,971 on June 30, 2016). All compensation is short term, as shown below:

	Members - 2017	6/30/2017	6/30/2016
Board of Executive Officers, Board of Directors and Fiscal Council	19	6,593	6,971
	19	**6,593**	**6,971**

The alternate members of the Board of Directors and Fiscal Council are compensated for each day they attend a Board of Directors' meeting.

The Company does not offer post-employment benefits in case of termination of employment contract.

24. Segment reporting

	Business segments					
	Live Cattle		Meat		Consolidated	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Net revenue	122,609	138,701	4,598,618	4,419,867	4,721,227	4,558,568
COGS	(99,795)	(110,606)	(3,705,826)	(3,511,274)	(3,805,621)	(3,621,880)
Operating expenses	(14,363)	(15,707)	(479,298)	(472,214)	(493,661)	(487,921)
Finance income (expenses)	380	(39,538)	(454,925)	(160,257)	(454,545)	(199,795)
Profit before taxes	**8,831**	**(27,150)**	**(41,431)**	**276,122**	**(32,600)**	**248,972**

In the geographic-based presentation, the segment revenue is based on the customer's location. Segment assets are based on the geographical location of the assets.

Revenues from transactions conducted with a single foreign customer do not exceed 10% of total revenues.

The main business segments of the Company and its subsidiaries are the production and sale of fresh beef, live cattle and its by-products.

25. Net operating revenue

	Parent Company		Consolidated	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Revenue from domestic sales	1,215,018	1,230,034	1,999,360	1,559,838
Revenue from exports	1,711,031	2,121,305	3,070,889	3,279,112
Revenue deductions – taxes and other	(257,878)	(237,429)	(349,022)	(280,382)
Net operating revenue	**2,668,171**	**3,113,910**	**4,721,227**	**4,558,568**

26. Finance income (expenses)

	Parent Company		Consolidated	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Finance income:				
Income from short-term investments	46,501	63,231	66,540	71,578
	46,501	**63,231**	**66,540**	**71,578**
Financial expenses:				
Interest on loans	(281,767)	(426,318)	(415,276)	(403,378)
Other finance income (expenses)	(157,172)	(358,685)	(119,795)	(465,841)
	(438,939)	**(785,003)**	**(535,071)**	**(869,219)**
Exchange rate changes, net	8,387	615,319	13,986	597,846
Finance income (expenses)	**(384,051)**	**(106,453)**	**(454,545)**	**(199,795)**

27. Earnings (loss) per share

a) Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to the Company's shareholders by the weighted average number of common shares issued during the period, excluding the common shares purchased by the Company and held in treasury:

Basic	**6/30/2017**	**6/30/2016**
Profit (loss) attributable to the Company's shareholders	**(53,491)**	**135,268**
Weighted average number of common shares issued (thousand)	229,860	239,845
Weighted average number of treasury shares	(3,931)	-
Weighted average number of outstanding common shares (thousand)	**225,929**	**239,845**
Basic earnings (loss) per share - R$	**(0.23676)**	**0.56398**

b) Diluted earnings (loss) per share

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of outstanding common shares, assuming the conversion of all potentially dilutive common shares. The Company has only one class of potentially dilutive common shares: debentures mandatorily convertible into shares.

Diluted	**6/30/2017**	**6/30/2016**
Profit (loss) for the year attributable to the Company's shareholders	**(53,491)**	**135,268**
Weighted average number of outstanding common shares (thousand)	225,929	239,845
Weighted average number of common shares for diluted earnings (loss) per share (thousand)	**225,929**	**239,845**
Diluted earnings (loss) per share - R$	**(0.23676)**	**0.56398**

28. Financial risk management and financial instruments

The Company's transactions are exposed to market risks, particularly with respect to exchange rate changes and interest rate changes, credit and cattle price risks. The Company's investment management policy establishes the use of derivative financial instruments for hedging against these risk factors. Additionally, the Company may also contract derivative financial instruments to implement operating and financial strategies defined by the Board of Executive Officers and duly approved by the Board of Directors.

Market risk management is carried out through the use of two models: calculation of VaR (Value at Risk) and calculation of impacts by applying stress scenarios. In the case of VaR, Management uses two distinct models: Parametric VaR and Monte Carlo Simulation VaR. Risks are constantly monitored and calculated at least twice a day.

It is worth noting that the Company does not use exotic derivatives and does not have any such instrument in its portfolio.

a. Policy on the treasury's hedging transactions

The Treasury Department is responsible for the implementation of the Company's hedging management policy and follows the decisions of the Risk Committee, which is composed of the Company's Board of Executive Officers and employees.

The Risk Management Board is responsible for overseeing and monitoring compliance with the guidelines designed by the hedging policy, and reports itself to the CEO and the Risk Committee.

The Company's hedging policy, approved by its Board of Directors, takes into consideration its two main risk factors: exchange rate and finished cattle.

I. Currency hedging policy

The currency hedging policy aims to hedge the Company against currency fluctuations and is divided into two segments:

i) Cash flow

Cash flow hedging strategies are daily discussed with the Market Committee.

The purpose of the cash flow hedging policy is to guarantee the Company's operating profit and hedge its flow of currencies, other than the Brazilian real, within a year.

Hedge operations may use financial instruments available in the market, such as: US dollar futures transactions on the BM&F, NDFs, funds raised in foreign currency, options and inflow of funds in US dollars.

ii) Balance sheet

The balance sheet hedge is monthly discussed at Board of Directors' meetings.

The purpose of the balance sheet hedging policy is to hedge the Company against its long-term debt in foreign currency.

Balance sheet exposure is the flow of US dollar-denominated debt with maturity higher than one year.

Hedge operations may use financial instruments available in the market, such as: US dollar cash withholding, bond buyback, NDFs, futures contracts on the BM&F, swaps and options.

II. Cattle hedging policy

The purpose of the cattle hedging policy is to minimize the impacts of price fluctuations per arroba of cattle on the Company's results. The policy is divided into two topics:

i) Cattle forward contracts

In order to guarantee raw material, especially in the cattle offseason, the Company purchases cattle for future delivery and uses the BM&F to sell futures contracts, minimizing the risk of price fluctuations per arroba of cattle.

Hedge operations may use finished cattle instruments available in the market, such as: finished cattle futures contracts on the BM&F and options on finished cattle futures contracts on the BM&F.

ii) Hedging of meat sold

In order to guarantee the cost of the raw material used in its meat production, the Company uses the BM&F to purchase futures contracts, minimizing the risk of price fluctuations per arroba of cattle and hedging its operating margins obtained when meat is sold.

Hedge operations may use finished cattle instruments available in the market, such as: finished cattle futures contracts on the BM&F and options on finished cattle futures contracts on the BM&F.

Statement of derivative positions

The statement of derivative positions was prepared to present the derivative financial instruments contracted by the Company in the periods ended June 30, 2017 and December 31, 2016, according to their purpose (asset hedging and other purposes):

Description	/ thousand		Fair value (R$ thousand)		Accumulated effect (R$ thousand)	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016	Amout receivable / (received)	Amount payable / (paid)
Futures Contracts:	-	-	-	-	-	-
Promise to buy	-	-	-	-	-	-
DOL (US$)	-	-	-	-	4,817	13,443
Other	-	-	-	-	-	-
BGI (arroba)	236	-	31,003	49	1,402	-
Corn (bags)	-	-	-	-	2	68
1-DAY DI rate (R$)	-					286
Soybean (bags)	-	-	-	-	-	-
Promise to sell	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	48,250	-	152,937	-	-	421
BGI (arroba)	243	425	31,997	63,063	3,151	-
Corn (bags)	117	32	3,044	1,128	28	-
Soybean (bags)	-	-	-	284	-	-
Options Contracts						
Holder of a call	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arroba)	165	165	980	413	-	240
Holder of a put	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	50,000	-	4,243	-	-	1,425
Other	-	-	-	-	-	-
BGI (arroba)	512	-	43	-	-	4,638
1-DAY DI rate (R$)	15	-	611	-	-	1,375
Seller of a call	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arroba)	-	165	-	168	-	-
1-DAY DI rate (R$)					515	
Seller of a put	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arroba)	512	-	43	-	4,810	-
1-DAY DI rate (R$)	15	-	412	-	745	-
		-		-		
Term Contracts						
Long Position	-	-	-	-	-	-
NDF (US dollar)	222,333	-	221,980	-	-	2,561
Short Position						
NDF (cattle)	-	-	-	-	-	-
NDF (Euro)	159,178	198,885	166,100	182,510	-	12,373
NDF (US dollar)	1,530,830	989,829	1,592,237	1,033,239	1,314	576

The reference values represent the base value, i.e. the opening amount at which the derivative agreement is entered into in order to calculate the positions and market value. The fair values were calculated as follows:

- **USD Futures Contracts:** US dollar futures contracts traded on the BM&F total fifty thousand US dollars (US$50,000) per notional contract and are adjusted on a daily basis. The fair value is calculated by multiplying the notional amount in US dollars by the reference US dollar for the contract disclosed by the BM&F;

- **Finished Cattle Futures Contracts (BGI):** Finished cattle futures contracts (BGI) traded on the BM&F are valued at 330 arrobas. The fair value is calculated by multiplying the notional amount in Brazilian reais by the reference value for the contract disclosed by the BM&F;
- **Short Position Forward Contracts - NDF (Euro):** The contracts are traded on OTC markets and, therefore, are not standardized neither adjusted on a daily basis. Their fair value is calculated by multiplying the negotiated notional amount and market rate of that date, and if carried until maturity, use the PTAX Euro selling rate disclosed by the Brazilian Central Bank;
- **Short Position Forward Contracts - NDF (US Dollar):** The contracts are traded on OTC markets and, therefore, are not standardized neither adjusted on a daily basis. Their fair value is calculated by multiplying the negotiated notional amount and market rate of that date, and if carried until maturity, use the PTAX 800 selling rate disclosed by the Brazilian Central Bank.

The fair values were estimated at the end of the reporting period, based on “relevant market information”. Changes in the assumptions and in financial market transactions may materially affect the estimates presented in the interim financial information.

Outstanding OTC NDF, swap and options transactions traded on the São BM&FBovespa are marked to market. On June 30, 2017 and December 31, 2016, they were recorded under “NDF receivable/payable”, “Swaps” and “Options receivable”, respectively.

Derivative financial instruments	6/30/2017 Mark to market	12/31/2016 Mark to market
Options	3,141	244
Swap	25,320	(3,953)
NDF (EUR+USD+BGI)	207,709	192,443
Total	**236,170**	**188,734**

b. Exchange rate and interest rate risks

The risk of fluctuations in exchange rate and interest rate on loans and financing, short-term investments, receivables in foreign currency arising from exports, investments in foreign currency, and other payables denominated in foreign currency may be managed by using derivative financial instruments traded on stock exchanges, or OTC transactions such as swap, NDFs and options.

The table below shows the Company's consolidated position, specifically with respect to its financial assets and liabilities, divided by currency and exchange exposure, thus presenting a picture of the net position of assets and liabilities per currency, compared with the net position of derivative financial instruments intended for hedging and management of the exchange exposure risk:

	Consolidated 6/30/2017		
	Currencies		
	Domestic	**Foreign**	**Total**
Assets			
Cash	970	-	970
Banks	114,373	3,426,337	3,540,710
Short-term investments	740,941	94,174	835,115
Accounts receivables	250,534	402,494	653,028
Total current assets	**1,106,818**	**3,923,005**	**5,029,823**
Total assets	**1,106,818**	**3,923,005**	**5,029,823**

	Consolidated 6/30/2017		
	Currencies		
	Domestic	**Foreign**	**Total**
Liabilities			
Short-term loans	1,422,009	900,710	2,322,719
Accounts payables	528,098	39,073	567,171
Total current liabilities	1,950,107	939,783	2,889,890
Long-term loans	311,178	5,960,886	6,272,064
Total noncurrent liabilities	311,178	5,960,886	6,272,064
Total liabilities	2,261,285	6,900,669	9,161,954
Net financial debt	1,154,467	2,977,664	4,132,131
Exchange rate hedging derivatives - Net position	(1,893)	(231,039)	(232,932)
Foreign exchange position, net	1,152,574	2,746,625	3,899,199

The net position of derivative financial instruments is broken down as follows:

Financial instruments (net)	**Asset (liability) position on 6/30/2017**	**Asset (liability) position on 12/31/2016**
Futures contracts - USD	(152,937)	-
Option contracts (USD, cattle, corn and IDI)	5,422	244
Swaps	25,320	(3,952)
NDF (USD + EURO + BGI)	(1,536,356)	(1,215,749)
Total, net	**(1,658,551)**	**(1,219,457)**

Financial assets and liabilities are restated in the interim financial information of June 30, 2017 and December 31, 2016, at amounts that approximate the market values. Their respective revenues and expenses are recognized and presented on these dates according to their expected realization or settlement.

Note that the amounts related to export orders (firm sale commitments) refer to orders from approved customers not invoiced yet (and therefore not accounted for), but which are already hedged against the risk of changes in foreign currency rates (US dollar or another foreign currency) through derivative financial instruments.

Below is a list of NDF agreements held by the Company on June 30, 2017:

Type	Position	Currency	Maturity	Notional
NDF	SALE	USD	07/03/2017	(304,000)
NDF	SALE	USD	09/01/2017	(11,800)
NDF	SALE	USD	08/01/2017	(98,400)
NDF	SALE	EUR	07/03/2017	(44,000)

Credit risks

The Company is potentially subject to credit risks related to accounts receivables, which are minimized with the diversification of its customer portfolio, given that the Company does not have a customer or business group that accounts for more than 10% of its revenues and restricts the granting of credit to customers with good financial and operating indices.

c. Cattle price risks

The Company's business is exposed to the volatility of cattle prices, its main raw material, whose variation results from factors outside Management's control, such as climate, volume of supply, transportation costs, agricultural policies and others. The Company, in accordance with its inventory policy, maintains its management strategy for this risk, working on physical control, which includes purchases in advance, confinement of cattle and the signing of contracts for future settlement (OTC and stock exchange), which ensure the realization of its inventories at a determined price level.

OTC	Fair value 6/30/2017
Term Contract Purchased	
Notional Value (@)	115,092
Futures Contract Price (R$/@)	123
Total R$/1000	**14,156**

BM&F market Futures Contract Sold	Fair value 6/30/2017
Notional Value (@)	163,350
Futures Contract Price (R$/@)	137
Total R$/1000	**22,378**

d. Cash sensitivity analysis

The purpose of the sensitivity analysis statements is to disclose separately the derivative financial instruments which, in the Company's opinion, are intended to hedge the exposure to risks. These financial instruments are grouped according to the risk factor that they intend to hedge (price risk, exchange rate risk, credit risk etc.).

The scenarios were calculated based on the following assumptions:

- An upward movement represents an increase in prices or risk factors on June 30, 2017;
- A downward movement represents a decrease in prices or risk factors on June 30, 2017;
- Probable scenario: 6% impact; 25% fluctuation; and 50% fluctuation.

The cash sensitivity statements were prepared in compliance with CVM Resolution 475/08 and take into consideration the positions in derivative financial instruments and their impacts on cash only.

Transaction	Movement	Risk	Probable scenario 6% fluctuation	Possible scenario 25% fluctuation	Remote scenario 50% fluctuation
Hedge derivatives	High	Cattle	(731)	(920)	(1,168)
Cattle	High	Cattle	851	3,546	7,092
Net			**120**	**2,626**	**5,924**
Hedge derivatives	High	US dollar	67,183	(222,223)	(603,022)
Invoices + cash (in USD)	High	US dollar	80,989	337,453	674,906
Net			**148,172**	**115,230**	**71,884**
Hedge derivatives	High	Euro	(9,966)	(41,525)	(83,050)
Invoices (in EUR)	High	Euro	5,622	23,427	46,854
Net			**(4,344)**	**(18,098)**	**(36,196)**
Hedge derivatives	High	US dollar	18,056	75,234	150,468
Fundraising in USD	High	US dollar	(317,936)	(1,324,735)	(2,649,470)
Net			**(299,880)**	**(1,249,501)**	**(2,499,002)**
Stock swap	Low	Shares	(2,371)	(9,880)	(19,761)
Net			**(2,371)**	**(9,880)**	**(19,761)**

Exchange rate USD3.3082 – PTAX sale (Source: Brazilian Central Bank)

Exchange rate EUR3.7750 – PTAX sale (Source: Brazilian Central Bank)

Result of the asset hedging statement

- **Hedging derivatives x Cattle:** In the probable scenario with a 6% market fluctuation, the Company could gain R$120; whereas in a 25% fluctuation scenario, said gain would come to R$2,626, and R$5,923 upon a fluctuation of 50%;
- **Hedging derivatives x Invoices + Cash in US$:** In the probable scenario with a 6% market fluctuation, the Company could gain R$148,172; whereas in a 25% fluctuation scenario, said gain would come to R$115,230, and R$71,884 upon a fluctuation of 50%;
- **Hedging derivatives x Invoices + Cash in EUR:** In the probable scenario with a 6% market fluctuation, the Company could lose R$4,344; whereas in a 25% fluctuation scenario, said loss would come to R$18,098, and R$36,196 upon a fluctuation of 50%;

- **Hedging derivatives:** In the probable scenario with a 6% market fluctuation, the Company could lose R$299,880; whereas in a 25% fluctuation scenario, said loss would come to R$1,249,501, and R$2,499,003 upon a fluctuation of 50%;
- **Stock swap:** In the probable scenario with a 6% market fluctuation, the Company could lose R$2,371; whereas in a 25% fluctuation scenario, said loss would come to R$9,880, and R$19,761 upon a fluctuation of 50%.

e. Margin requirements

A margin requirement call is applied to exchange transactions, whereby in order to cover margin calls, the Company uses public and private fixed income bonds, such as CDBs (bank deposit certificates) held in its portfolio, thus mitigating impacts on its cash flow.

On June 30, 2017, the amounts deposited for margin totaled R$75,700.

f. Stock swap contract

The Board of Directors' Meeting of March 14, 2014 approved swap agreements with "Credit Suisse Próprio Fundo de Investimento Multimercado" (Credit Suisse). This operation totaled R$39,522 on June 30, 2017.

29. Statements of comprehensive income

In compliance with CPC 26 (R1) (IAS 1) – Presentation of Financial Statements, the Company presents below the changes in comprehensive income (loss) for the periods ended June 30, 2017 and 2016:

	Parent Company		Consolidated	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Net income (loss)	(53,491)	135,268	(53,151)	135,300
Equity valuation adjustments	8,959	118,593	8,959	118,593
Total comprehensive income	**(44,532)**	**253,861**	**(44,192)**	**253,893**
Comprehensive income attributable to:				
Owners of the Company	(44,532)	253,861	(44,532)	253,861
Non-controlling interests	-	-	340	32
Total comprehensive income	**(44,532)**	**253,861**	**(44,192)**	**253,893**

30. Non-cash transactions – Statements of cash flows

The Company recorded the following non-cash transactions in the quarter, referring to the merger of the subsidiary Mato Grosso Bovinos, which were excluded from the cash flows for the period ended June 30, 2017:

	R$
Cash and cash equivalents	7,484
Accounts receivables	53,265
Other receivables	5,429
Taxes recoverable	28,716
Related parties	211,097
Property, plant and equipment	216,109
Intangible assets	101
Accounts payables	(10,924)
Labor and tax liabilities	(70)
Deferred taxes	(6,424)
Other payables	(8,112)
Provision for contingencies	(4,074)
Total sale price	492,597
Available cash from the subsidiaries	(7,484)
Cash flow from acquisition	
Less available cash from the subsidiaries	485,113

31. Insurance coverage

The Company and its subsidiaries have an insurance policy that mainly takes into consideration the concentration of risks, the significance and the replacement value of the assets. The main information on insurance coverage effective on June 30, 2017 is as follows:

	Type of coverage	**Insured amount**
Buildings	Fire and sundry risks	835,207
Facilities, equipment and products in inventories	Fire and sundry risks	924,894
Vehicles and aircraft	Fire and sundry risks	153,838
International transportation	Fire and sundry risks	66,164
Civil liability	Operation risks	20,000
		2,000,103

The Company and its subsidiaries have coverage for all products transported in Brazil and abroad. The risk assumptions adopted, given their nature, are not part of the scope of an audit and, accordingly, were not reviewed by the Company's independent auditor.

The Company contracted insurance policies for all plants and distribution centers.

32. Events after the reporting period

Acquisition of JBS Mercosul

On July 31, 2017, the Company announced the conclusion of the acquisition of JBS Mercosul, as previously disclosed in the Material Facts of June 6, 2017 and June 21, 2017, as shown below:

a) FRIGOMERC S.A., acquired directly or indirectly one hundred percent (100%) of the shares representing the capital stock of JBS Paraguay and ninety-nine percent (99%) of the shares representing the capital stock of IPF “INDUSTRIA PARAGUAYA FRIGORIFICA S.A.”;
b) FRIGOMERC S.A., acquired one percent (1%) of the shares representing the capital stock of IPF “INDUSTRIA PARAGUAYA FRIGORIFICA S.A.”;
c) PULSA S.A., acquired one hundred percent (100%) of the shares representing the capital stock of Frigorifico Canelones; and
d) PUL ARGENTINA S.A. acquired one hundred percent (100%) of the shares representing the capital stock of JBS Argentina.

33. Explanation added to the translation for the English version

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

* * *

2Q17 Earnings Release

Minerva Foods

Barretos, August 14, 2017 – Minerva S.A. (BM&FBOVESPA: BEEF3 | OTCQX: MRVSY), one of the leaders in South America in the production and sale of fresh beef, live cattle and cattle byproducts, with 26 cattle slaughtering plants located in Brazil, Paraguay, Argentina, Uruguay and Colombia, announces today its results for the second quarter of 2017 (2Q17). The financial and operating information herein is presented in BRGAAP and Brazilian reais (R$), in accordance with International Financial Reporting Standards (IFRS).

2Q17 Highlights

Minerva (BEEF3)

Price on 8/14/2017:
R$12.97

Market cap:
R$2,981.3 million

229,860,259 shares

Free Float – 52.0%

Conference calls
August 15, 2017

Portuguese
10:00 a.m. (Brasília)
9:00 a.m. (US EST)
Phone: +55 (11) 2188-0155
Code: Minerva

English
12:00 p.m. (Brasília)
11:00 a.m. (US EST)
Phone: +1 (646) 8436054
Code: Minerva

IR Contact:

Eduardo Puzziello
Kelly Barna
Matheus Oliveira

Phone: (11) 3074-2444

ri@minervafoods.com

- Minerva's gross revenue presented significative growth of 17.1% compared to the same period of 2016, a historical record for a quarter and totaled R$2,767.4 million in 2Q17 and R$10,494.3 million in the last twelve months ended June 2017, 2.5% up year-on-year. Exports accounted for 60.6% of consolidated revenue between April and June 2017, benefited by the volatility of our industry's scenario, which created commercial opportunities. The development of the commercial efficiency programs to boost capillarity in the local market, encouraging channel and raw material sourcing diversification, led to the 19.0% increase in the Beef Division's domestic sales over the previous quarter; export sales from the Beef Division climbed 17.3% over 1Q17.
- Second-quarter EBITDA totaled R$277.3 million, also a historical record, and achieve an EBITDA margin of 10.8%. EBITDA was impacted by the 8.5% depreciation of the average U.S. dollar in 2Q17 over 2Q16, affecting export profitability, which was more than offset by the 14.3% reduction in the average arroba price over 2Q16. This performance reflects the initial reversal of the cycle and uncertainties related to the sector's competitive scenario.
- In the second quarter, Minerva's operating cash flow totaled R$57.4 million. ROIC came to 21.5% in 2Q17, in line with the Company's historical level. Cash position at the close of 1H17 amounted to R$4.4 billion, 2.4x higher than short-term maturities. The financial leverage at the end of 1H17, measured by the net debt/LTM EBITDA ratio, stood at 4.1x.
- On July 31, 2017, the Company announced the acquisition of JBS Mercosur, as previously communicated to the market. Due to this acquisition, on August 1, 2017, the Company now has a total of 11 plants in Brazil, 6 in Paraguay, 5 in Argentina, 3 in Uruguay and 1 in Colombia. And a daily slaughtering capacity increased to 26,380 head, 50% up the previous capacity.
- On June 12, 2017, the Company concluded the Re-tap operation of its 2026 Bonds, totaling US$350 million at the cost of 6.5% p.a. The proceeds from this issue were allocated to finance the acquisition of JBS Mercosur, as already announced to the market, and paid on July 31, 2017.
- On June 6, 2017, the Company disclosed its net revenue guidance for the 12-month period between July 2017 and June 2018 of between R$13.0 billion and R$14.4 billion. Based on its second-quarter results, the Company reaffirms that this guidance will be maintained.
- On August 7, Minerva was awarded as the best Agribusiness Company by Exame magazine and elected as "beef sector number one" for the second consecutive year as well.

Key Indicators

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Slaughtering ('000 head)	576.0	544.2	5.8%	522.3	10.3%	2,168.0	2,142.1	1.2%
Sales volume ('000 tonnes)	148.7	134.9	10.2%	128.6	15.6%	557.9	557.5	0.1%
Gross revenue	2,767.4	2,363.8	17.1%	2,302.9	20.2%	10,494.3	10,237.0	2.5%
Domestic market	1,089.5	787.6	38.3%	909.9	19.7%	4,246.3	3,084.0	37.7%
Export market	1,677.9	1,576.2	6.5%	1,393.0	20.5%	6,248.0	7,152.9	-12.7%
Net revenue	2,579.3	2,221.0	16.1%	2,141.9	20.4%	9,811.3	9,700.4	1.1%
EBITDA	277.3	238.5	16.2%	197.6	40.3%	974.0	1,105.3	-11.9%
EBITDA margin	10.8%	10.7%	0.1 p.p.	9.2%	1.6 p.p.	9.9%	11.4%	-1.5 p.p.
Net debt/LTM EBITDA (x)	4.1	2.7	1.4	3.8	0.3	4.1	2.7	1.4
Net (loss) income	-55.6	89.0	n.a.	2.5	n.a.	6.6	-244.3	n.a.

Message from Management

In 2017, Minerva completes 25 years of existence and 10 years as a company listed on the São Paulo Stock Exchange. We closed the period achieving major goals and with new challenges ahead of us. Throughout this entire phase of transformation and growth, the Company's strategic pillars were based on focus, discipline and consistency of execution.

As a result of the acquisition of JBS Mercosur, Minerva currently operates twenty-six slaughter and deboning units, strategically located in seven Brazilian states, as well as in Paraguay, Argentina, Uruguay and Colombia. We are now an international company, with more than half of our production capacity outside Brazil. In addition, we have one of the most modern and well-diversified industrial complexes in South America, with the best operational indicators in the sector.

Parallel to the development of our units, we act in commercial and financial fronts in order to better cope with adverse scenarios. In the commercial front, we focus on further developing our export channels, while in the domestic market priority was given to strengthening our strategy in order to meet demand from small and medium retailers and the food service segment which are more resilient in times of crisis. In the financial front, we maintained our liability extension and high liquidity policy, which helped protect the Company in volatile scenarios, allowing us to take advantage of strategic and operational opportunities in order to improve the return on capital invested in our operations.

In fact, it was thanks to our business plan created more five years ago, that guides our growth pillars and the financial health of our balance sheet that we quickly implemented a strategic transformation in the Company: the recent acquisition of JBS Mercosur by our international subsidiaries, concluded in late July. Challenging our usual strategy, we identified a unique opportunity to acquire, on a single movement, five plants in Argentina, three in Paraguay and one in Uruguay, thus anticipating a process that would take several years. This step, however, is aligned with our strategy to grow in a balanced manner in South America, a region that we believe has the world's greatest competitive advantages for the production of beef. After this movement, Brazilian operations will account for 45% of the Minerva's total capacity, while 21% will be located in Paraguay, 19% in Argentina, 12% in Uruguay, and 3% in Colombia. The greater geographic diversification of this region is essential to increase efficiency, profitability and, above all, improve the risk management of our operations.

Our biggest challenge now is integration, which we expect will materialize in the next 12 months. This step will move forward through the implementation of efficiency and commercial programs and processes standardization which Minerva's management has been practicing along the last years in its business units. From now on, these best practices will be shared with the new units also. The success of this step will bring significant synergy gains and increase our competitive advantages, especially in a period when global beef supply is still restricted, but coupled with growing demand.

The last 25 years witnessed considerable and meaningful changes in the competitive environment not only globally, but particularly in South America. Our team was able to successfully navigate across volatile and tortuous waters, which were rarely calm and friendly, excelling in a sector which is highly competitive and important for our region. Really a lot has changed in recent years, but this team's ability just proved more remarkable and committed to the purpose of building an increasingly sustainable and cost-effective company. This team showed that the combination of a well-defined growth strategy, permeated by an unrestricted focus on the business, great discipline of processes and the constant search for consistency in execution is what made it possible to build Minerva's success story and will ensure the sustainability and continuity of the Company. We thank our entire team and reaffirm our commitment to creating value in partnership with our various stakeholders.

Fernando Galletti de Queiroz, CEO

Industry Overview

Brazil

Cattle Supply

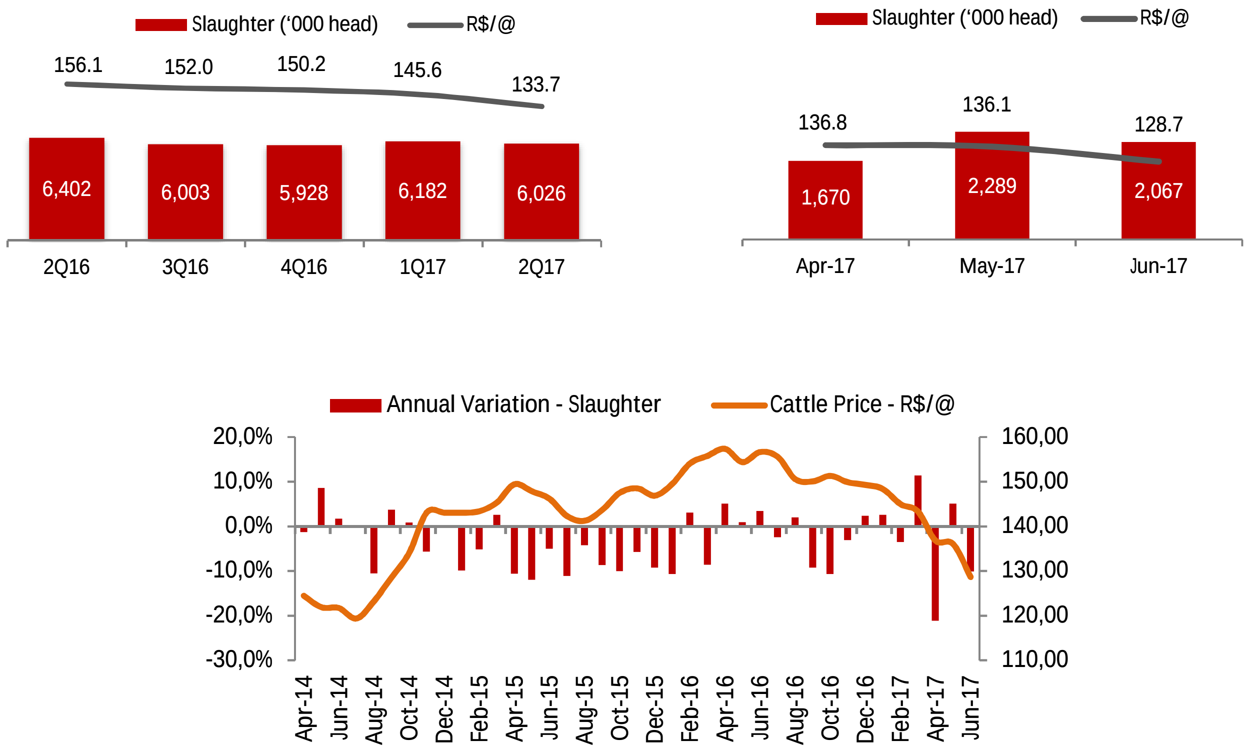
Slaughter volume totaled 6.0 million head in the second quarter of 2017, down by 5.9% and 2.5% on 2Q16 and 1Q17, respectively.

In the first six months of 2017, slaughter volume amounted to 12.0 million head, remaining in line with the 1H16 figure. Although the scenario of higher cattle availability has gained strength in the first quarter, particularly influenced by initial reversal of the cattle cycle, the industry was strongly impacted by the unstable political environment involving one the sector's large players as of mid-May. In addition, the embargoes resulting from the onset of the Carne Fraca operation impacted operations in early 2Q17 (first weeks of April). The combination of these two factors gave rise to uncertainties and led the industry to reduce slaughter in the second quarter of 2017.

As a result, in 2Q17 the average arroba price (reference: Finished cattle – state of São Paulo) reduced by 8.2% and 14.3% over 1Q17 and 2Q16, respectively, to R$133.7/@. In the first six months of 2017, the average arroba price came to approximately R$154.6, 9.7% down on 1H16.

Despite the great number of uncertainties, the outlook for the second half of the year remains positive, chiefly due to the higher animal availability because of the reversal of the cattle cycle.

Figures 1, 2 and 3 – Cattle Slaughter and Average Cattle Price



Source: Ministry of Agriculture, Livestock and Supply, CEPEA/ESALQ | 2Q17 Preliminary slaughter figures

Export market

In the second quarter, Brazilian fresh beef exports fell 1.5% and 8.4% over 1Q17 and 2Q16, respectively, to 261,000 tonnes. Revenue totaled US$1,098 million in 2Q17, 2.0% down on 2Q16, but 1.5% higher than in 1Q17. The quarter-on-quarter revenue upturn reflects the recovery of certain of the main Brazilian beef importing countries, such as Chile, Russia and Hong Kong, while the year-on-year reduction in exports was mainly fueled by the temporary suspensions of imports by certain countries, in response to the Carne Fraca operation, launched by the federal police in late March. It is also worth mentioning the calendar effect in April and May, as there were three holidays in less than 20 days, reducing the industry's production volume and jeopardizing shipments.

Figures 4 and 5 – Fresh Beef Exports

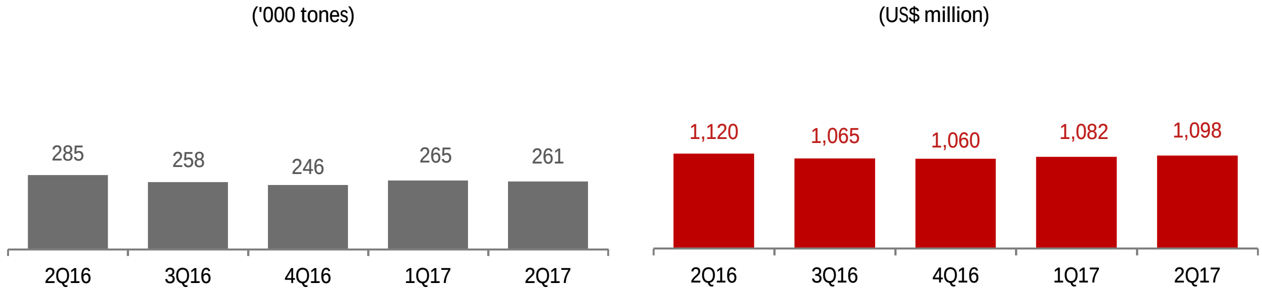


Figure 6 - Average price of fresh beef

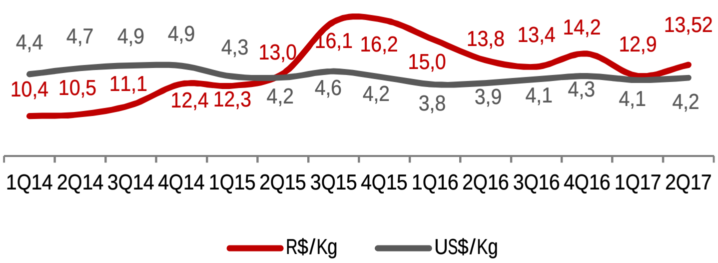
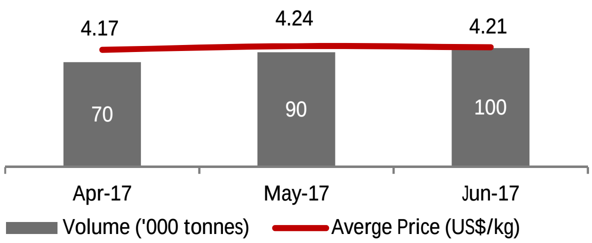


Figure 7 - Brazilian fresh beef exports

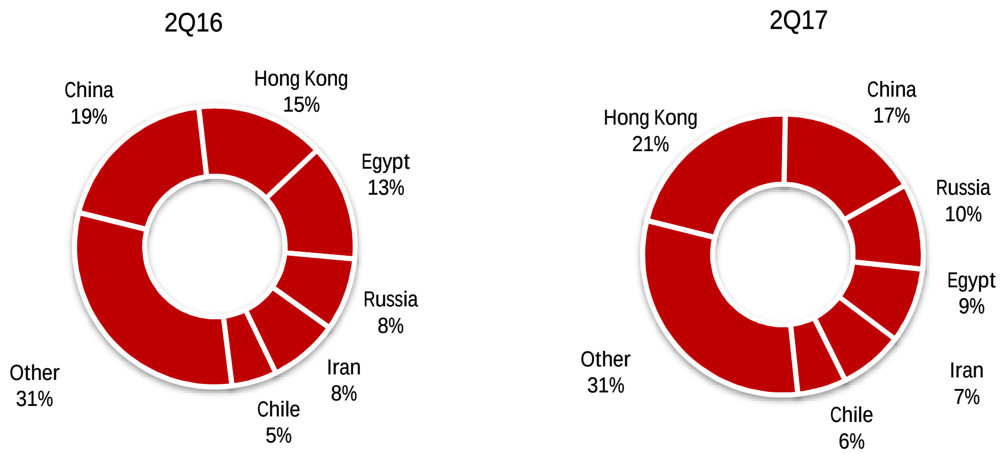


Source: Ministry of Trade, Industry and Development

The average dollar price of beef increased by 7.1% over 2Q16 and 3.0% over 1Q17, totaling US$4.2/kg. As previously mentioned, this increase can be explained by the recovery of demand in relevant importing markets.

The chart below shows Brazil's main export destinations in 2Q17. China and Hong Kong are still Brazil's main export destinations, with their combined import volume accounting for 38% of the country's total, 4 p.p. higher than in 2Q16.Russia was Brazil's third main export destination, corresponding to 10% of second-quarter exports (versus 8% in 2Q16). Demand from Chile, which is an important market in terms of consumption of hindquarter cuts, also increased. In this context, it is important to mention that China, Hong-Kong and Chile suspended imports for a few weeks due to the onset of the Carne Fraca operation. These countries' imports were normalized in the second quarter.

Figures 8 and 9 – Export Destinations (% of Revenue)



Source: Ministry of Trade, Industry and Development

Domestic market

Despite the improved macroeconomic indicators in the second quarter of 2017, the recovery in local beef consumption is still modest. The combined effect from the onset of the Carne Fraca operation in early 2Q17 and the troubled industry environment as of the second week of May contributed to the volatility of the beef consumption chain. These uncertainties changed the sector's slaughter matrix, leading to a significantly reduced slaughter by the most important player and higher slaughter by the other market participants. This scenario created a mismatch in domestic beef supply for a few weeks, generating great commercial opportunities.

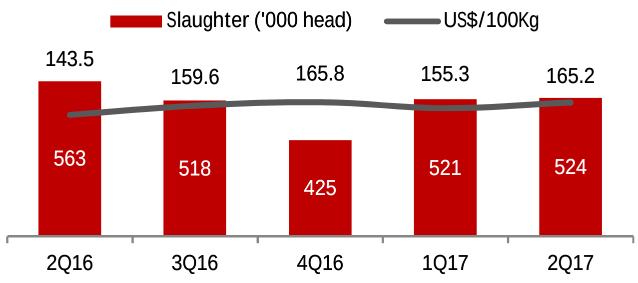
Paraguay

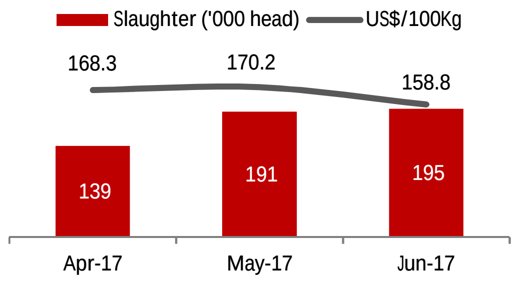
Cattle Supply

Slaughter volume totaled 524,000 head in 2Q17, remaining stable over 1Q17 and declining by 7% over 2Q16. In the first six months of 2017, slaughter volume amounted to 1,045,000 head, 3% up on the previous year.

In this scenario, in 2Q17 the average price of Paraguayan cattle grew by 6.3% over 1Q17 and by 15% over the same period last year. This result reflects the country's strong export performance, particularly fueled by demand from Chile. At the end of May, Paraguay was recognized by Chile as an area free of foot-and-mouth disease due to vaccination, reducing the average price of cattle as of June, as animals previously exported to Chile were negotiated with a premium. It's important to highlight the constant improvement of operations procedures and Paraguayan market productivity during the last years. This evolution can be measured through the export revenues steady growth, the recurring opening of new markets and the greater exposure of the Paraguayan meat in important regions as Chile and Europe

Figures 10 and 11 – Cattle Slaughter and Average Cattle Price





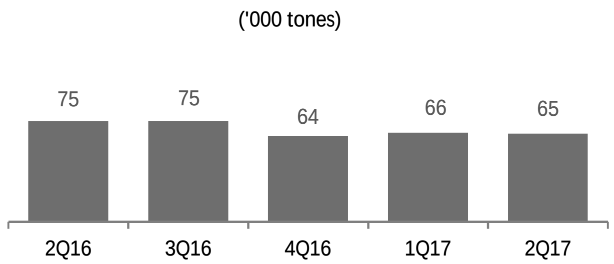
Source: SENACSA

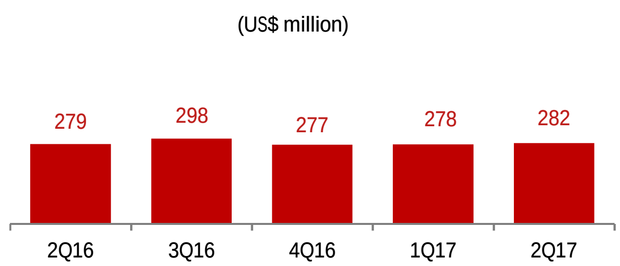
<u>Export market</u>

In 2Q17, Paraguay's exports totaled approximately 65,000 tons, in line with the 1Q17 figure, accompanied by export revenue of US$282 million, remaining stable over 2Q16. In the second quarter, Chilean market was Paraguay's main export destination, accounting for 44% of the total (15 p.p. and 9 p.p. up on 2Q16 and 1Q17, respectively).

Chile and Russia continued to be Paraguay's two main export destinations, corresponding to 60% of the country's total exports, followed by Brazil, Vietnam and Kuwait, as shown in the charts below (figures 14 and 15).

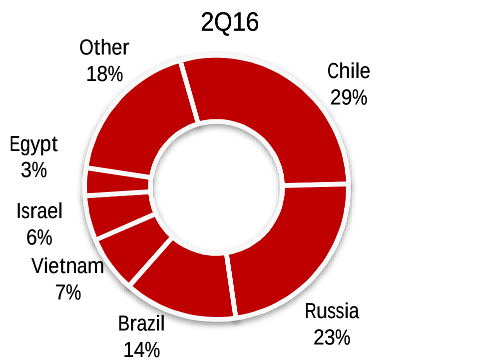
Figures 12 and 13 – Fresh Beef Exports

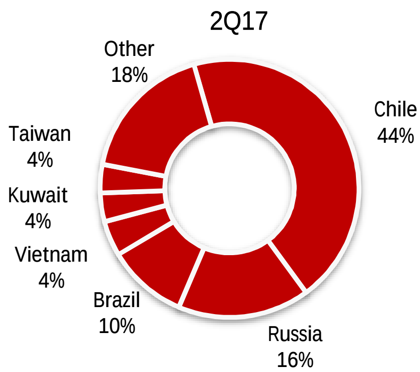




Source: SENACSA

Figures 14 and 15 – Export Destinations (% of Revenue)





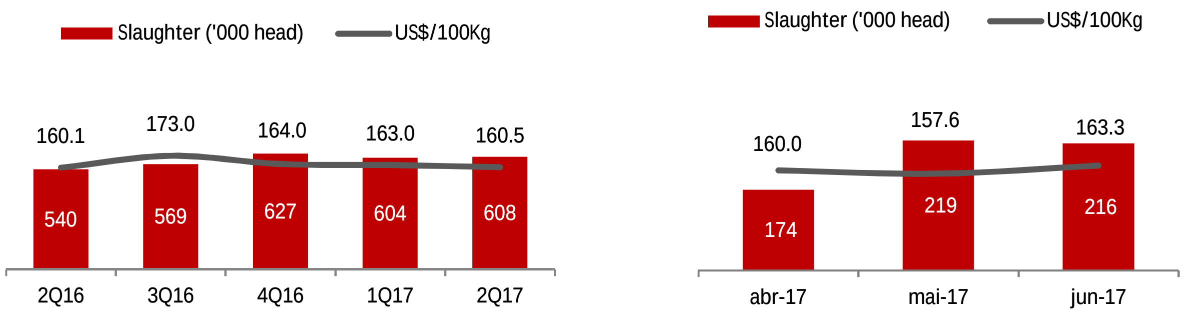
Source: SENACSA

Uruguay

Cattle Supply

Uruguay's slaughter volume came to 608,000 head in 2Q17, 12% up on 2Q16 and in line with the 1Q17 figure. The year-on-year volume upturn fueled export performance, particularly in May and June, when production was record. As a result, the average price of cattle exceeded US$163/100kg in June, but closed the period in line with 2Q16 and 2% down on the 1Q17 average.

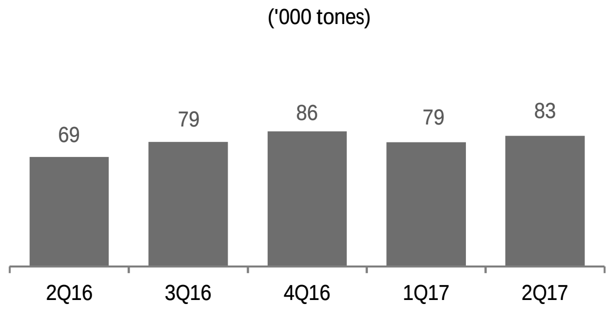
Figures 16 and 17 – Cattle Slaughter and Average Cattle Price

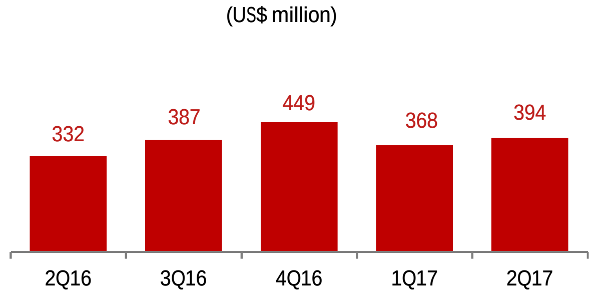


Source: INAC

Export market

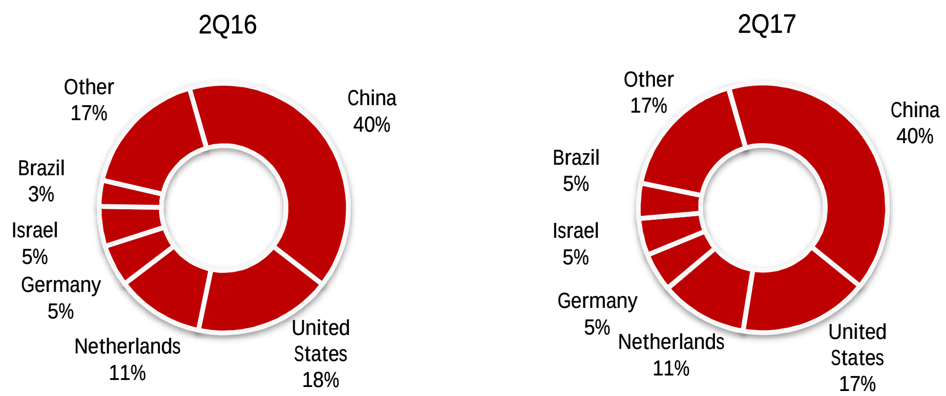
Second-quarter Uruguayan exports grew 5% over 1Q17 and 19% over 2Q16, totaling 83,000 tons, accompanied by revenue of US$394 million, 7% up quarter-on-quarter and 19% up year-on-year. This result was mainly influenced by exports to China and the United States, whose share of Uruguayan exports accounted for 40% and 17%, respectively, remaining as the country's main export destinations, followed by the Netherlands and Germany.





Source: INAC | Preliminary data

Figures 18 and 19 – Export Destinations (% of Revenue)



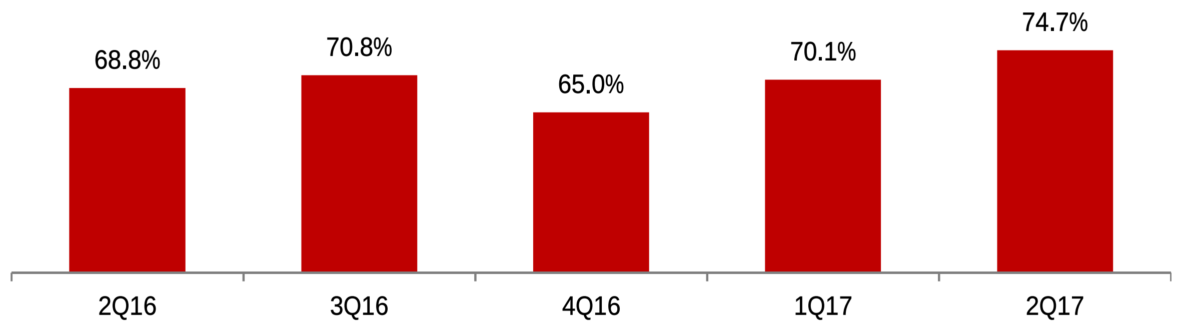
Source: INAC

Minerva – Results Analysis

Slaughter

Minerva's slaughter volume totaled approximately 576,000 head in the second quarter of 2017 (5.8% higher than in 2Q16 and 10.3% more than in 1Q17). The consolidated capacity utilization rate reached 74.7% in 2Q17, expanding by approximately 5 p.p. over 1Q17. The higher utilization rate reflects Brazil's positive animal supply scenario and the turmoil faced by the industry as of the second half of the quarter. It is worth emphasizing that, influenced by the onset of the Carne Fraca operation at the end of the first quarter, the Company anticipated to early April a 20-day maintenance stoppage at the Varzea Grande plant, located in the state of Mato Grosso and with daily slaughter capacity of 1,500 head, thus reducing the Company's capacity utilization in the quarter.

Figure 20 - Installed Capacity Utilization



Source: Minerva

Consolidated Gross Revenue

Minerva's gross revenue totaled R$2.8 billion in 2Q17, 17.1% more than in the second quarter of 2016. Revenue from the Beef Division expanded by 4.5% over 2Q16 and 17.8% over the previous quarter, accounting for 77% of the Company's total gross revenue. This result was influenced by Minerva's performance in the Domestic Market, which grew 9.3% over 2Q16 and 19.0% over 1Q17, totaling R$657.3 million. The Beef Division's export sales also contributed to the revenue increase, to R$1,475.2 million, up by 17.3% over 1Q17 and 2.5% over 2Q16.

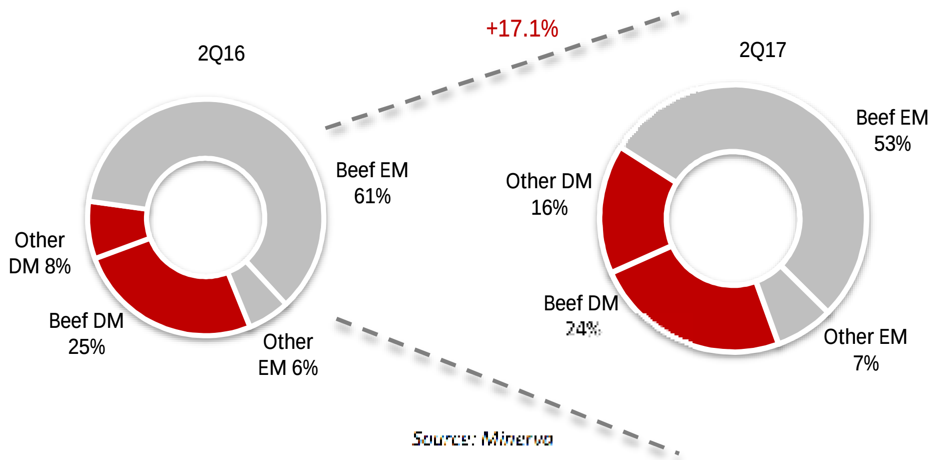
Revenue from the Others Division posted strong growth in 2Q17 over 2Q16, by 97%, climbing 29% over the previous quarter, to R$635 million. This healthy performance reflects the Company's continuous efforts to execute its Go to Market strategy, which generated excellent results in the distribution of third-party products. It is also important to mention that the Live Cattle segment showed signs of recovery in the second quarter, recording a revenue upturn, by 47% over 2Q16 and 104% over 1Q17.

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Gross revenue	2,767.4	2,363.8	17.1%	2,302.9	20.2%	10,494.3	10,237.0	2.5%
Beef Division	2,132.5	2,041.3	4.5%	1,810.4	17.8%	8,192.1	8,674.1	-5.6%
Others Division	634.9	322.5	96.9%	492.5	28.9%	2,302.1	1,562.9	47.3%

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Domestic market	1,089.5	787.6	38.3%	909.9	19.7%	4,246.3	3,084.0	37.7%
% Gross revenue	39.4%	33.3%	6.0 p.p.	39.5%	-0.1 p.p.	40.5%	30.1%	10.3 p.p.
Beef Division	657.3	601.4	9.3%	552.3	19.0%	2,687.5	2,471.5	8.7%
Others Division	432.2	186.2	132.1%	357.5	20.9%	1,558.8	612.5	154.5%

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Export market	1,677.9	1,576.2	6.5%	1,393.0	20.5%	6,248.0	7,152.9	-12.7%
% Gross revenue	60.6%	66.7%	-6.0 p.p.	60.5%	0.1 p.p.	59.5%	69.9%	-10.3 p.p.
Beef Division	1,475.2	1,439.8	2.5%	1,258.0	17.3%	5,504.6	6,202.6	-11.3%
Others Division	202.7	136.3	48.7%	134.9	50.2%	743.4	950.3	-21.8%

Figures 21 and 22 – Breakdown of Consolidated Gross Revenue



Beef Division

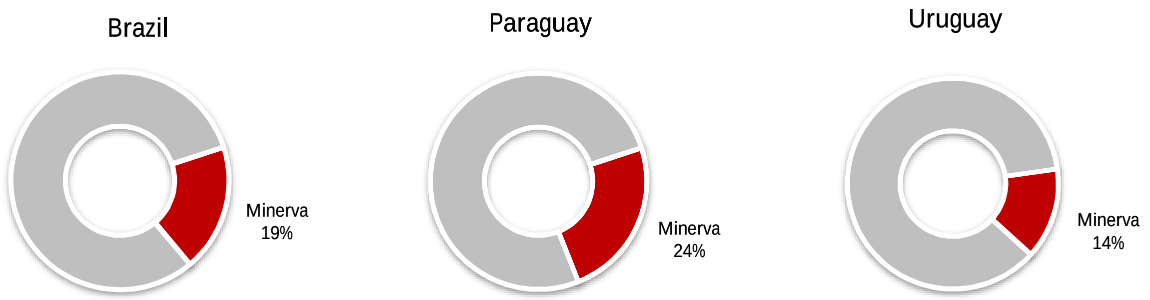
The Beef Division posted gross revenue of R$2,133 million in 2Q17, 4.5% up on 2Q16. In 2Q17, revenue from this division increased by approximately 18% over 1Q17. This second-quarter result was influenced by both the export market, with revenue of R$1,475.2 million (+2.5% y-o-y and +17.3% q-o-q), and the domestic market, with revenue of R$657.3 million (+9.3% y-o-y and +19.0% q-o-q).

The Company rerouted 61% of its sales to the Export Market, which proved attractive due to the recovery in the main importing countries, such as Russia and Chile, in addition to strong demand from the Middle East and Asia. Consequently, the average export price closed the quarter at US$5.0/kg, 7.2% up on 2Q16 and 2.8% up on 1Q17. In the domestic market, although the average price of fresh beef in Brazil fell by 5.7% over 2Q16, when compared to the previous quarter, that price rose 2.1%, to R$12.2/kg, despite the scenario of sharply declining average arroba price of finished cattle, as previously mentioned. This performance was made possible due to the execution of the Company's strategy to expand its points of sale with efficient distribution and maintain its focus on the assistance to the food service segment.

Exports

In 2Q17, Minerva's share of the export market was high in the countries where it operates, remaining among the main exporters. Minerva's share of the Brazilian export market was 19%, versus 24% in Paraguay, a record figure since it began operating in that country. In Uruguay, the Company's market share was 14%.

Figures 23, 24 and 25 – 2Q17 Market Share (% of Revenue)



Source: Minerva, Secex, INAC and SENACSA

We present below the Company's exports by region in LTM2Q17 and LTM2Q16:

Africa: the region's share of Minerva's exports contracted by 6 p.p. in LTM2Q17 over LTM2Q16, due to the lower exports to Egypt, which had been facing problems due to currency depreciation in recent quarters. Nevertheless, as of 2Q17 the country has been showing signs of recovery and regained its position as the region's main export destination.

Americas: the region's share of total exports corresponded to 17% in LTM2Q17, up by 4 p.p. on LTM2Q16, influenced by the greater rerouting to Chile, particularly in 2Q17, through our plants in Paraguay. During this period, export revenue from Paraguayan units expanded by 29% over the same period in 2016, maintaining Chile as the region's main consumer. Brazil continued to be the second most important export destination of the Americas, supplied by our plants in Paraguay and Uruguay.

Asia: although Asia's share of the Company's exports contracted by 4 p.p. in LTM2Q17 over LTM2Q16, the region was once again Minerva's main export destination, accounting for 24% of the total. China and Hong Kong were Asia's main importing regions. However, other countries are also worthy of mention, such as the Philippines, South Korea (whose export revenue double in the analyzed period) and Malaysia.

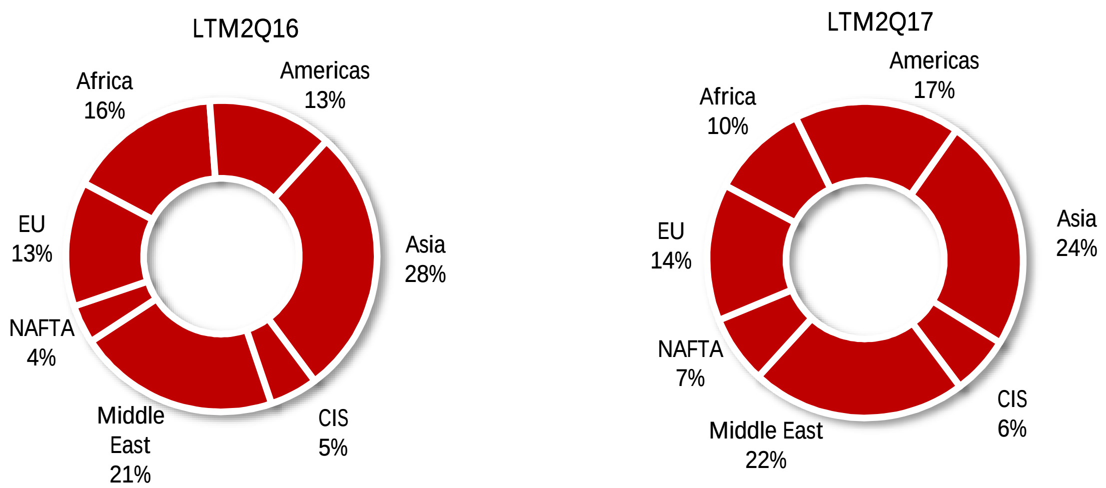
CIS (Commonwealth of Independent States): this region, represented mainly by demand from Russia, corresponded to 6% of the Company's exports in LTM2Q17, 100 bps up on LTM2Q16. The region's higher share reflects Russia's improved economic scenario, which contributed to the 4% year-on-year increase in revenue from exports to the country in the last twelve months ended June 2017.

Europe: the region's share of the Company's exports accounted for 14% of the total, up by 100 bps on LTM2Q16. This result contributes to the Company's profitability, as Europe is region with higher demand for nobler products, such as hindquarter cuts.

NAFTA: in LTM2Q17, the share of the NAFTA region (United States, Canada and Mexico) grew by 300 bps over the previous year, corresponding to 7% of Minerva's exports. This performance was influenced by the higher volume rerouted to the United States, the region's main destination, which in 2Q17 was supplied by our plants in Uruguay and the authorized Brazilian plants. In LTM2Q17 over LTM2Q16, the country's share as a percentage of the Company's exports climbed 78%.

Middle East: the Middle East was the second most representative region as a share of Minerva's exports, accounting for 22% of the total in LTM2Q17, 100 bps up on the previous year. Saudi Arabia alone grew by more than 150% as a percentage of the region's export revenue. Other countries worthy of mention are the United Arab Emirates and Qatar.

Figures 26 and 27 – Consolidated Sales Breakdown by Region



Source: Minerva

We present below a complete breakdown of the Beef Division:

Gross Revenue (R$ million)	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Fresh Beef - EM	1,350.3	1,336.1	1.1%	1,167.0	15.7%	5,084.3	5,814.1	-12.6%
Processed Beef – EM	14.0	12.5	12.6%	3.3	324.7%	45.1	23.1	95.4%
Others – EM	110.9	91.2	21.5%	87.7	26.4%	375.2	365.4	2.7%
Subtotal – EM	1,475.2	1,439.8	2.5%	1,258.0	17.3%	5,504.6	6,202.6	-11.3%
Fresh Beef – DM	536.3	478.7	12.0%	454.2	18.1%	2,217.3	1,997.6	11.0%
Processed Beef – DM	24.2	15.4	57.3%	13.5	79.0%	77.5	54.6	41.9%
Others - DM	96.9	107.3	-9.7%	84.6	14.5%	392.7	419.2	-6.3%
Subtotal – DM	657.3	601.4	9.3%	552.3	19.0%	2,687.5	2,471.5	8.7%
Total	2,132.5	2,041.3	4.5%	1,810.4	17.8%	8,192.1	8,674.1	-5.6%

Volume ('000 tonnes)	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Fresh Beef - EM	84.2	81.7	3.0%	76.4	10.2%	309.0	335.0	-7.8%
Processed Beef – EM	0.6	0.5	14.1%	0.1	794.9%	1.7	0.9	85.0%
Others – EM	9.4	8.2	14.3%	6.8	37.2%	31.5	31.1	1.2%
Subtotal – EM	94.2	90.4	4.1%	83.3	13.0%	342.2	367.0	-6.8%
Fresh Beef – DM	43.9	36.9	18.8%	37.9	15.7%	179.9	150.7	19.4%
Processed Beef – DM	1.5	1.1	37.7%	0.9	73.6%	5.3	4.1	30.0%
Others - DM	9.1	6.5	40.6%	6.5	40.7%	30.4	35.7	-14.6%
Subtotal – DM	54.5	44.5	22.5%	45.3	20.4%	215.7	190.5	13.2%
Total	148.7	134.9	10.2%	128.6	15.6%	557.9	557.5	0.1%

Average price - EM (US$/kg)	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Fresh Beef - EM	5.0	4.7	7.2%	4.9	2.8%	5.1	4.7	8.7%
Processed Beef – EM	7.6	7.1	7.8%	16.5	-53.6%	8.0	6.6	21.1%
Others – EM	3.7	3.2	16.2%	4.1	-9.8%	3.7	3.2	16.3%
Total	4.9	4.5	7.5%	4.8	1.5%	5.0	4.6	9.1%
Average dollar (Source: Bacen)	3.21	3.51	-8.5%	3.15	2.2%	3.23	3.70	-12.8%

Average price – EM (R$/Kg)	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Fresh Beef - EM	16.0	16.4	-1.9%	15.3	5.0%	16.5	17.4	-5.2%
Processed Beef – EM	24.6	24.9	-1.3%	51.8	-52.5%	25.9	24.5	5.6%
Others – EM	11.8	11.1	6.3%	12.8	-7.8%	11.9	11.7	1.5%
Total	15.7	15.9	-1.6%	15.1	3.8%	16.1	16.9	-4.8%

Average Price – DM (R$/Kg)	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Fresh Beef – DM	12.2	13.0	-5.7%	12.0	2.1%	12.3	13.3	-7.0%
Processed Beef – DM	15.8	13.9	14.2%	15.3	3.1%	14.6	13.4	9.2%
Others - DM	10.6	16.5	-35.8%	13.0	-18.6%	12.9	11.8	9.7%
Total	12.1	13.5	-10.8%	12.2	-1.1%	12.5	13.0	-4.0%

EM - Export Market, DM – Domestic Market

Others Division

Gross revenue from the Others Division totaled R$634.9 million in 2Q17, up by 96.9% and 28.9% over 2Q16 and 1Q17, respectively.

The division's highlight was the resale of third-party products (One-Stop-Shop concept), both of alternative proteins (poultry, pork and processed products) and imported products. Revenue from this segment grew by more than 90% over 2Q16 and by approximately 30% over 1Q17. The Company's focus on meeting demand from small and medium retailers and the food service segment (which are more resilient in more adverse scenarios) and the constant improvement of the distribution channels have been the major drivers of this strong performance in recent quarters.

Another highlight of the second quarter was Live Cattle exports, which began to show signs of recovery and posted revenue growth of 47% over 2Q16 and came in virtually two times higher when compared to 1Q17 (+104%). This performance reflects the growing demand from Middle Eastern countries.

On the other hand, revenue from the Leather segment fell 4% in 2Q17 over 2Q16. Although the Division's gross revenue from the export market increased by 10% over 2Q16, domestic market revenue fell by approximately 20% over 2Q16 and 27% over 1Q17, due to a market rerouting movement.

Net revenue

In the second quarter, Minerva posted net revenue of R$2,579.3 million, 20.4% higher than in the previous quarter. In LTM2Q17, net revenue amounted to R$9,811 million, 1.1% up year-on-year.

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Gross revenue	2,767.4	2,363.8	17.1%	2,302.9	20.2%	10,494.3	10,237.0	2.5%
Sales taxes and deductions	-188.1	-142.8	31.7%	-160.9	16.9%	-682.9	-536.5	27.3%
Net revenue	2,579.3	2,221.0	16.1%	2,141.9	20.4%	9,811.3	9,700.4	1.1%
% Gross revenue	93.2%	94.0%	-0.8 p.p.	93.0%	0.2 p.p.	93.5%	94.8%	-1.3 p.p.

Cost of Goods Sold (COGS) and Gross Margin

Second-quarter COGS accounted for 80.4% of net revenue, or a gross margin of 19.6%.

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Net revenue	2,579.3	2,221.0	16.1%	2,141.9	20.4%	9,811.3	9,700.4	1.1%
COGS	-2,074.8	-1,769.4	17.3%	-1,730.8	19.9%	-7,947.1	-7,644.2	4.0%
% Net revenue	80.4%	79.7%	0.8 p.p.	80.8%	-0.4 p.p.	81.0%	78.8%	2.2 p.p.
Gross profit	504.5	451.6	11.7%	411.1	22.7%	1,864.3	2,056.3	-9.3%
Gross margin	19.6%	20.3%	-0.8 p.p.	19.2%	0.4 p.p.	19.0%	21.2%	-2.2 p.p.

Selling, General and Administrative Expenses

Selling expenses accounted for 5.6% of 2Q17 net revenue, 120 bps down on 2Q16 and 140 bps down on 1Q17, influenced by higher domestic sales. General and administrative expenses increased by 40 bps over 2Q16 as a percentage of net revenue, and by 20 bps over the previous quarter, fueled by the maintenance stoppage of the Varzea Grande plant in early April.

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Selling expenses (R$ million)	-143.4	-150.9	-4.9%	-148.9	-3.7%	-589.8	-689.5	-14.5%
% Net revenue	5.6%	6.8%	-1.2 p.p.	7.0%	-1.4 p.p.	6.0%	7.1%	-1.1 p.p.
G&A expenses (R$ million)	-117.1	-92.6	26.4%	-92.1	27.0%	-385.4	-332.0	16.1%
% Net revenue	4.5%	4.2%	0.4 p.p.	4.3%	0.2 p.p.	3.9%	3.4%	0.5 p.p.

EBITDA

Second-quarter EBITDA totaled R$277.3 million, expanding by a hefty 40.3% over 1Q17 and 16.2% up on 2Q16. The EBITDA margin stood at 10.8%, 160 bps higher than in 1Q17. In the last twelve months, EBITDA amounted to R$974.0 million, with a margin of 9.9%.

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Net (loss) income	-55.6	89.0	n.a.	2.5	n.a.	6.6	-244.3	n.a.
(+/-) Deferred and current income and social contribution taxes	-16.8	54.2	n.a.	37.3	n.a.	-37.6	165.8	n.a.
(+/-) Asset impairment [1]	0.0	0.0	n.a.	0.0	n.a.	21.9	23.5	-6.8%
(+/-) Financial result	321.9	74.2	333.6%	132.6	142.7%	891.2	1.079.4	-17.4%
(+/-) Depreciation and amortization	27.7	21.1	31.2%	25.2	10.1%	92.0	80.8	13.7%
EBITDA	277.3	238.5	16.2%	197.6	40.3%	974.0	1,105.3	-11.9%
EBITDA margin	10.8%	10.7%	0.1 p.p.	9.2%	1.6 p.p.	9.9%	11.4%	-1.5 p.p.

[1] For more information, see notes 13 and 14 to the 2Q17 Financial Statements.

Financial result

The financial result was negative by R$321.9 million in 2Q17. The FX variation line recorded (non-cash) expense of R$124.3 million in 2Q17, influenced by the depreciation of the Real against the U.S. dollar by approximately 4.4% at the end of the quarter.

"Other financial income/expenses" came in as expense of R$26.7 million, due to financial discounts in commercial agreements with large chains.

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Financial expenses	-209.6	-208.6	0.5%	-205.7	1.9%	-843.9	-833.3	1.3%
Financial income	38.7	38.8	-0.3%	27.8	38.9%	137.4	123.4	11.4%
FX variation	-124.3	299.6	n.a.	138.3	n.a.	53.0	-2.3	n.a.
Other revenue / expenses	-26.7	-204.1	-86.9%	-93.1	-71.3%	-237.7	-367.2	-35.3%
Financial result	-321.9	-74.2	333.6%	-132.6	142.7%	-891.2	-1,079.4	-17.4%
Average Dollar (R$/US$) (Source: Bacen)	3.21	3.51	-8.5%	3.15	2.2%	3.23	3.70	-12.8%
Closing Dollar (R$/US$) (Source: Bacen)	3.31	3.21	3.1%	3.17	4.4%	3.31	3.21	3.1%

(*) Other Expenses (R$ million)	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
FX hedge	7.5	-179.1	n.a	-3.1	n.a.	-27.7	-263.6	-89.5%
Commodities hedge	-5.3	-8.5	-37.6%	-19.6	-73.0%	-48.6	-25.3	92.1%
Financial discounts, rates, commissions, commercial discount and other financial expenses	-28.9	-16.5	75.2%	-70.4	-58.9%	-161.4	-78.3	106.0%
Total	-26.7	-204.1	-86.9%	-93.1	-71.3%	-237.7	-367.2	-35.3%

Net Result

In 2Q17, the Company posted a net loss before income and social contribution taxes of R$72.4 million. After income and social contribution taxes, the second-quarter net loss totaled R$55.6 million. Adjusting the net result for the foreign exchange rate

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Net (loss) income before taxes	-72.4	143.1	n.a.	39.8	n.a.	-31.0	-78.5	-60.5%
Income and social contribution taxes	16.8	-54.2	n.a.	-37.3	n.a.	37.6	-165.8	n.a.
Net (loss) income	-55.6	89.0	n.a.	2.5	n.a.	6.6	-244.3	n.a.
% Net margin	-2.2%	4.0%	-6.2 p.p.	0.1%	-2.3 p.p.	0.1%	-2.5%	2.6 p.p.

R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg	LTM2Q17	LTM2Q16	% Chg
Net (loss) income	-55.6	89.0	n.a.	2.5	n.a.	6.6	-244.3	n.a.
Asset impairment	0.0	0.0	n.a.	0.0	n.a.	21.9	23.5	-6.8%
FX variation	124.3	-299.6	n.a.	-138.3	n.a.	-53.0	2.3	n.a.
FX hedge	-7.5	179.1	n.a.	3.1	n.a.	27.7	263.6	-89.5%
Income and social contribution taxes	-16.8	54.2	n.a.	37.3	n.a.	-37.6	165.8	n.a.
Adjusted (loss) income	44.5	22.6	96.9%	-95.4	n.a.	-34.3	210.8	n.a.

Cash Flow

Operating Cash Flow

In the second quarter of 2017, operating cash flow totaled R$57.5 million. The variation in working capital requirements was negative by R$281.4 million in 2Q17, influenced by: (1) "Receivables" (-R$127.3 million) related to the growth in utilization capacity and volumes sold, partially offset by the (2) "Suppliers" line, which returned R$73.7 million to the Company's cash, due to Minerva's time purchase of a larger volume of raw materials in 2Q17.

R$ Million	2Q17	2Q16	1Q17	LTM2Q17
Net (loss) income	-55.6	89.0	2.5	6.6
(+) Net income adjustments	394.5	-73.5	87.7	994.5
(+) Variation in working capital requirements (1)	-281.4	76.3	-36.5	- 603.2
Operating cash flow	57.5	91.8	53.6	397.9

(1) Excluding equity valuation adjustments and accumulated conversion amounts.

In addition, there was also a negative variation in the "Other Accounts Payable" line, reflecting the Company's credit policy, which requires prepayment based on the risk assessment of clients from certain countries. Due to the Company's rerouting of a portion of its sales to clients whose risk is lower, this line's quarter-on-quarter variation in 2Q17 over 1Q17 was R$185.1 million, as shown in the chart below.

R$ Million	2Q17	1Q17	Variation
Advances from clients	351.7	536.7	-185.1
Other	122.8	177.8	-54.9
Other accounts payable	474.5	714.5	-240.0

Free Cash Flow

Cash flow after capex, interest payments and working capital was negative by R$231.7 million in 2Q17. In the last twelve months ended June 30, 2017, free cash flow was negative by R$555.0 million, as shown below:

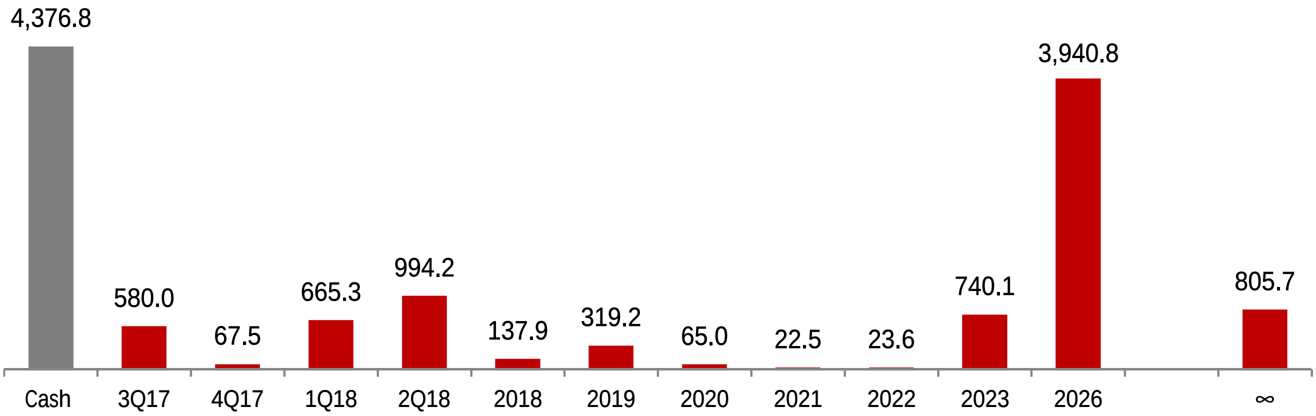
R$ Million	2Q17	1Q17	4Q16	3Q16	LTM2Q17
EBITDA	277.3	197.6	249.9	249.3	974.1
(+) Capex (on a cash basis)	-65.0	-58.5	-60.8	-54.1	-238.4
(+) Financial result (on a cash basis) (1)	-162.6	-163.0	-198.0	-163.9	-687.5
(+) Variation in working capital requirements (2)	-281.4	-36.5	194.6	-479.9	-603.2
Free cash flow	-231.7	-60.4	185.7	-448.6	-555.0

(1) Considering the cash from FX hedge
(2) Excluding equity valuation adjustments and accumulated conversion amounts.

Capital Structure

Minerva closed the second quarter with cash and cash equivalents of R$4.4 billion, which is sufficient to amortize its debt through 2026. Approximately 75% of total debt was exposed to the exchange rate variation at the end of June 2017. Leverage measured by the net debt/LTM EBITDA ratio was 4.1x on June 30, 2017, with debt duration of 5.8 years. In June 2017, the Company concluded the Re-tap operation of its 2026 Bonds, totaling US$350 million at the cost of 6.5% p.a. The proceeds from this issue will be allocated to finance the acquisition of JBS Mercosur, as already announced to the market.

Figure 28 – Debt amortization schedule on 6/30/2017
(R$ million)



R$ Million	2Q17	2Q16	% Chg	1Q17	% Chg
Short-term debt	2,307.0	1,321.1	74.6%	1,206.0	91.3%
% Short-term debt	27.6%	22.9%	4.7 p.p.	18.5%	9.1 p.p.
Local currency	1,422.0	375.8	278.4%	773.6	83.8%
Foreign currency	885.0	945.3	-6.4%	432.4	104.7%
Long-term debt	6,054.8	4,460.0	35.8%	5,310.4	14.0%
% Long-term debt	72.4%	77.1%	-4.7 p.p.	81.5%	-9.1 p.p.
Local currency	309.3	592.6	-47.8%	717.2	-56.9%
Foreign currency	5,745.6	3,867.4	48.6%	4,593.2	25.1%
Total debt	8,361.9	5,781.1	44.6%	6,516.4	28.3%
Local currency	1,731.3	968.3	78.8%	1,490.8	16.1%
Foreign currency	6,630.6	4,812.8	37.8%	5,025.6	31.9%
(Cash and cash equivalents)	-4,376.8	-2,776.9	57.6%	-2,944.8	48.6%
Net debt (1)	3,980.8	2,976.0	33.8%	3,540.8	12.4%
Net Debt/LTM EBITDA (x)	4.1	2.7	1.4	3.8	0.3

(1) Net debt includes FIDC subordinated shares totaling R$4.2 million in 2Q17, R$28.2 million in 2Q16 and R$30.7 million in 1Q17.

Local currency (R$ '000)	Jun/17	Mar/16
2Q17	0	65,356
3Q17	107,945	94,820
4Q17	63,806	60,132
1Q18	562,283	553,249
2Q18	687,972	459,800
2,018	104,304	55,097
2,019	85,210	84,309
2,020	64,994	63,773
2,021	22,528	22,528
2,022	23,644	23,108
2,023	8,607	8,607
2,026	0	0
∞	0	0
TOTAL	1,731,293	1,490,779

Foreign currency (R$ '000)	Jun/17	Mar/16
2Q17	0	130,507
3Q17	472,013	231,384
4Q17	3,656	3,755
1Q18	103,059	66,786
2Q18	306,276	145,192
2,018	33,628	33,203
2,019	233,983	254,821
2,020	0	0
2,021	0	0
2,022	0	0
2,023	731,481	696,451
2,026	3,940,778	2,674,833
∞	805,683	788,655
TOTAL	6,630,558	5,025,587

Investments

Investments in fixed assets totaled R$65.0 million in 2Q17, R$42.5 million of which went to operational maintenance, while R$22.5 million was allocated to operational improvements.

See below the breakdown of investments (cash effect) by quarter in the last twelve months:

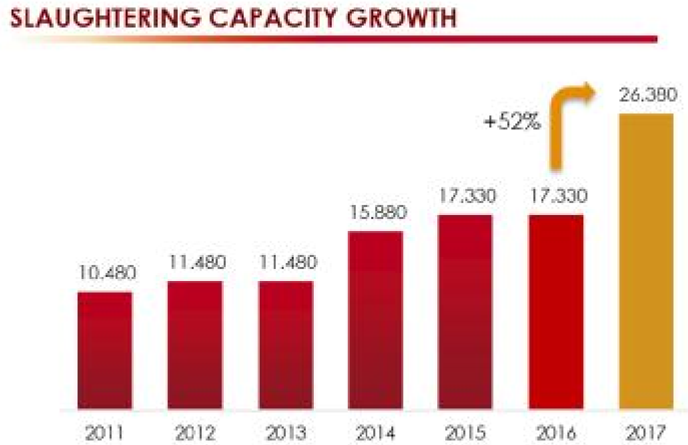
CAPEX (R$ million)	2Q17	1Q17	4Q16	3Q16	LTM2Q17
Maintenance	42.5	45.0	43.8	38.6	169.9
Expansion	22.5	13.4	17.0	15.5	68.4
Total	65.0	58.4	60.8	54.1	238.3

Subsequent events

<u>Conclusion of the Acquisition of JBS Mercosul</u>

On July 31, 2017, the Company announced the conclusion of the acquisition of JBS Mercosur, as previously disclosed in the Material Facts of June 6, 2017 and June 21, 2017.

Due to this acquisition, on August 1, 2017 the Company's daily slaughtering capacity increased to 26,380 head, with a total of 11 plants in Brazil, six in Paraguay, five in Argentina, three in Uruguay and one in Colombia. We present below the Company's new geographical diversification structure and the growth in its daily slaughtering capacity in recent years:



Capacity by country	# of Slaughtering plants	Heads/day	% of total
Brazil	11	11,880	45.0%
Paraguay	6	5,400	20.5%
Argentina	5	5,050	19.1%
Uruguay	3	3,200	12.1%
Colombia	1	850	3.3%
Total	**26**	**26,380**	**100.0%**

Award

On August 7, Minerva was awarded as the best Agribusiness Company by Exame magazine and elected in 1st place of the beef sector for the second consecutive year as well.

Minerva Day – New York and Sao Paulo

About Minerva S.A.

Minerva Foods is one of the leading producers and sellers of beef, leather, and exports of live cattle and cattle byproducts in South America, and Brazil's second largest exporter in the industry in terms of gross sales revenue, exporting to over 100 countries, with operations also in the beef, pork and poultry processing segments. Currently, the Company has a daily slaughtering capacity of 26,380 head of cattle and daily beef deboning capacity equivalent to 27,966 head of cattle. With a presence in the states of São Paulo, Rondonia, Goias, Tocantins, Mato Grosso, Mato Grosso do Sul and Minas Gerais, as well as in Paraguay, Argentina, Uruguay and Colombia, Minerva operates 26 slaughter and deboning plants, three processing units and 11 distribution centers. In the 12 months ended June 30, 2017, the Company recorded gross sales revenue of R$10.5 billion, 2.5% more than in the same period last year.

Relationship with Auditors

In accordance with CVM Instruction 381/03, we announce that our auditors did not provide services other than those related to the external audit in 2016 and the first six months of 2017.

Statement from Management

In compliance with CVM Instructions, Management declares that it has discussed, revised and agreed with the individual and consolidated accounting information related to the fiscal year ended June 30, 2017, and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

APPENDIX 1 - INCOME STATEMENT (CONSOLIDATED)

(R$ thousand)	2Q17	2Q16	1Q17
Revenue from domestic sales	1,089,499	787,599	909,861
Revenue from exports	1,677,899	1,576,153	1,392,990
Gross sales revenue	2,767,398	2,363,752	2,302,851
Deductions from Revenue – Taxes and Other	-188,110	-142,790	-160,912
Net operating revenue	2,579,288	2,220,962	2,141,939
Cost of goods sold	-2,074,785	-1,769,409	-1,730,836
Gross profit	504,503	451,553	411,103
Selling expenses	-143,402	-150,857	-148,942
General and administrative expenses	-117,052	-92,576	-92,131
Other operating revenues (expenses)	5,489	9,260	2,377
Result before Financial Expenses	249,538	217,380	172,407
Financial expenses	-209,587	-208,626	-205,689
Financial revenues	38,691	38,823	27,849
FX variation	-124,329	299,613	138,315
Other expenses	-26,680	-204,052	-93,115
Financial result	-321,905	-74,242	-132,640
Results before taxes	-72,367	143,138	39,767
Income and social contribution taxes - current	14,348	-49,865	-26,538
Income and social contribution taxes - deferred	2,406	-4,285	-10,767
Net income before non-controlling interest	-55,613	88,988	2,462
Net income attributed to controlling shareholders	-55,854	88,965	2,363
Net income attributed to non-controlling shareholders	241	23	99
Net (loss) income	-55,613	88,988	2,462

APPENDIX 2 - BALANCE SHEET (CONSOLIDATED)

(R$ thousand)	2Q17	4Q16
ASSETS		
Cash and cash equivalents	4,376,795	3,397,870
Accounts receivable from clients	653,028	673,983
Inventories	530,337	454,459
Biological assets	165,816	141,706
Taxes recoverable	761,627	791,361
Other receivables	238,634	199,901
Total current assets	6,726,237	5,659,280
Taxes recoverable	180,032	196,462
Deferred Tax Assets	237,259	246,757
Other receivables	12,861	38,362
Judicial deposits	20,989	22,212
Fixed assets	2,257,081	2,179,946
Intangible Assets	616,870	616,129
Total non-current assets	3,325,092	3,299,868
Total assets	10,051,328	8,959,148
LIABILITIES		
Loans and financing	2,307,011	1,397,051
Suppliers	567,171	625,503
Labor and Tax Liabilities	134,304	97,060
Other accounts payable	432,865	691,414
Total current liabilities	3,441,351	2,811,028
Loans and financing	6,054,840	5,430,652
Labor and Tax Liabilities	15,478	17,095
Provision for contingencies	36,926	36,933
Accounts payable	41,642	42,701
Deferred tax liabilities	97,795	98,672
Total non-current liabilities	6,246,681	5,626,053
Shareholders' Equity		
Capital stock	128,854	128,854
Capital reserves	187,504	294,851
Revaluation reserves	54,484	55,556
Profit reserve	144,496	155,929
Accumulated profit (loss)	-52,419	0
Treasury shares	-38,911	-43,112
Equity valuation adjustments	-62,496	-71,455
Total shareholders' equity attributed to controlling shareholders	361,512	520,623
Non-controlling interest	1,784	1,444
Total shareholders' equity	363,296	522,067
Total liabilities and shareholders' equity	10,051,328	8,959,148

APPENDIX 3 – CASH FLOW (CONSOLIDATED)

(R$ '000)	2Q17	2Q16	1Q17
Cash Flow from operating activities			
Net (loss) income	-55,613	88,988	2,462
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	27,727	21,141	25,179
Net income attributed to non-controlling shareholders	-241	-23	-99
Fair value of biological assets	1,373	-9,824	-10,389
Realization of deferred taxes – temporary differences	-2,406	4,285	10,767
Financial charges	208,887	207,359	202,689
FX variation – not realized	159,242	-302,177	-140,567
Provision for contingencies	-80	5,748	73
Accounts receivable from clients and other receivables	-127,345	12,546	135,069
Inventories	-4,738	-65,786	-71,140
Biological assets	-3,640	-37,849	-11,454
Taxes recoverable	7,663	31	38,501
Judicial deposits	128	621	1,095
Suppliers	73,673	40,712	-132,005
Labor and Tax Liabilities	11,554	-6,295	24,073
Other accounts payable	-238,676	132,310	-20,672
Equity valuation adjustments and accumulated conversion amounts	2,758	59,004	6,201
Cash flow from operating activities	60,266	150,791	59,783
Cash flow from investments			
Acquisition of intangible assets	-1,795	-596	675
Acquisition of fixed assets	-75,999	-6,858	-53,663
Cash flow from investments	-77,794	-7,454	-52,988
Cash flow from financing activities			
Loans and Financing	1,793,534	66,247	512,231
Loans and financing settled	-316,177	-786,754	-885,691
Variation in minority interest	241	23	99
Dividends	-11,433	0	0
Treasury shares	-16,643	0	-86,503
Cash flow from financing activities	1,449,522	-720,484	-459,864
Net Cash - Cash Equivalent Decrease/Increase	1,431,994	-577,147	-453,069
Cash and cash equivalents			
Beginning of period	2,944,801	3,354,030	3,397,870
End of period	4,376,795	2,776,883	2,944,801
Net Cash - Cash Equivalent Decrease/Increase	1,431,994	-577,147	-453,069