MANAGEMENT REPORT

JBS2015

Message From the PRESIDENT

Our global production platform, unique in the market, combined with our relentless pursuit of operational excellence, permitted us to register good results during 2015. It was a notable year for JBS as we evolved significantly in our strategy. We strengthened our operations in key food producing regions globally and diversified our portfolio, adding significantly more value to our products, under our reputable and well-known brands.

Our consolidated sales reached R$163 billion in 2015, an expansion of 35% compared to 2014. In this period, 30% of our global sales were through exports, which added up to US$15.4 billion, with Asia and Middle East as key markets. EBITDA was R$13.3 billion, an increase of 20% over 2014, with an EBITDA margin of 8.2%. Net income for the year improved substantially and totaled R$4.6 billion, 128% higher than 2014, equivalent to R$1.60 EPS. On the financial side, our discipline contributed to elevate JBS credit ratings at all three main rating agencies during the year. We continue dedicated to improve our financial metrics, providing solidity and consistency to our business.

Another highlight during the year was the operating cash generation, totaling R$21.2 billion. This allowed us to grow and conclude strategic acquisitions. Besides our expansion in our platform in Brazil, we acquired Primo Group in Australia in the first semester, a leading company in the prepared food segment, owner of well-regarded brands and great acceptance by the market. We expanded our operations in Mexico and concluded the acquisition of Moy Park, a company that is totally aligned with our global strategy. Moy Park is recognized by the high quality of its products and its innovative food production base. At the end of October, we increased our pork operations in the US with the acquisition of strategic and well-located assets with the added advantage of having capacity to produce value added products.

We announced throughout 2015 and early 2016 the strengthening of our global leadership team, appointing leaders with profound knowledge in our sector to contribute to the sustainable growth of JBS. We also communicated a new regional management structure, which consists of four platforms: South America, North America, Europe and Asia-Pacific.

In 2015, we reinforced and diversified our global food production platform, with access to raw material in several regions and different proteins. This footprint protects us from sanitary and commercial barriers, while permitting us to reach 100% of the consumer markets worldwide. This diversification in proteins and geographically enables us to mitigate the volatility associated with the commodity cycles and to deliver more solid and consistent results.

We are investing in research and innovation to aggregate value to our products in order to provide more convenient products for our clients and consumers. We are committed to understanding the behavior of consumers so we can innovate and customize more products with health and wellness in mind. Additionally, we continue investing in our key brands, such as Seara, Friboi, Swift, Primo, Hans, Beehive, Moy Park, Pilgrim's, Pierce, Del Dia among others.

Analyzing the economic scenario, we recognize global population growth as a key factor that will increase substantially the demand for food and our products. Moreover, the change in consumption habits, combined with better income distribution in several countries has generated a pursuit for healthier diets, with higher consumption of more nutritious food and protein-based products.

We are confident in our global food production platform and in our highly qualified team to lead JBS in our strategy. We will remain focused on operational excellence and food safety, while we base our business in the highest quality standards and service level to meet and exceed our customers and consumers requirements.

I take this opportunity to thank all of our partners, customers, suppliers, investors and stakeholders for their support and trust in JBS. I would like to express my gratitude to each one of our more than 230 thousand team members, ambassadors of our culture and our values, who make a daily contribution towards the development and sustainable growth of JBS.

Wesley Batista, JBS Global CEO

JBS

Corporate Profile

JBS S.A. is a food company with more than 60 years of tradition and a global leader in the processing of animal protein. Present in more than 20 countries, the Company has more than 300,000 customers in more than 150 countries through a diverse portfolio of products and brands. Headquartered in Brazil, JBS employs more than 230,000 people throughout its production platforms and sales offices. The operational structure includes beef, pork, lamb, poultry and hides/leather processing facilities, in addition to feedlots.

Besides the Food Sector, JBS is present in the segments of Hygiene & Personal Care Products, Collagen, Can Making, Sausage Casings, Biodiesel, Carrier, Waste Management and Recycling.

The businesses are divided in four regional platforms and six units, as follows:

Regional Platforms

SOUTH AMERICA

JBS Mercosul: beef and hides/leather processing, and related businesses: biodiesel, collagen, hygiene and personal care products, and others in Brazil.

Countries where it is present: Brazil, Argentina, Paraguay and Uruguay. Hides/Leather operations of JBS Mercosul have presence in Vietnam, China, Mexico and Germany.

Main brands: Friboi, Swift, Swift Black, Cabaña Las Lilas, Armour, Plate, among others.

JBS Foods: poultry and pork processing and production of prepared products.

Countries where it is present: Brazil.

Main brands: Seara, Rezende, Confiança, Doriana, Macedo, Delicata, LeBon, Excelsior, Wilson, Tekitos and Pena Branca.

EUROPE

JBS Europe: poultry processing and production of prepared products, including cured meats.

Countries where it is present: UK, Ireland, Italy, France and Netherlands.

Main brands: Moy Park, O'Kane and Rigamonti.

NORTH AMERICA

JBS USA Beef: beef, lamb and hides/leather processing, carrier and trading.

Countries where it is present: Canada and the US.

Main brands: Aspen Ridge, 1855, 5star, Cedar River Farms, Swift, Swift Premium.

JBS USA Poultry (Pilgrim's Pride): poultry processing.

Countries where it is present: the United States, Mexico and Puerto Rico.

Main brands: Pilgrim's Pride, Pierce Chicken, Wing Dings, Gold Kist Farms and Country Pride.

JBS USA Pork: pork processing.

Countries where it is present: the United States.

Main brands: Swift Premium, Swift 1855 and La Herencia.

ASIA-PACIFIC

JBS Australia: beef, lamb, hides/leather processing and meat based prepared products.

Countries where it is present: Australia and New Zealand.

Main brands: Primo, Beehive, Great Southern, Swift Australia and King Island.

Investments and Corporate Events

In 2015, JBS made important investments that add value to its portfolio of products and operational structure.

On March 30th, 2015, JBS Australia concluded the acquisition of Primo Smallgoods (“Primo”). The total amount paid was AU$1,450 million, equivalent to approximately US$1,125 million. Including this acquisition, JBS operates various processing facilities and feedlots strategically positioned throughout the east coast of Australia.

On June 01st, 2015, the Federal Commission of Economic Competition of Mexico (“Commission”) approved the acquisition, without restriction, of Tyson poultry operations in Mexico by Pilgrim’s Pride Corporation (“PPC”), whose majority shareholder is JBS USA, a wholly owned subsidiary of JBS. Tyson Mexico has an estimated annual revenue of US$650,0 million and the value of the acquisition was US$400,0 million. This acquisition contributed to Pilgrim's geographical diversification in Mexico by the addition of new facilities in the northern region of the country, an increase in the product portfolio of PPC through value added and branded products, including the brand Del Dia, in addition to increased sales in Mexico.

On June 19th, 2015, the Company entered into a "Purchase and Sale Agreement of Equity Interests and Other Covenants" with the Marfrig Global Foods SA ("Marfrig"), through which they established the terms and conditions for the sale by Marfrig of 100% of the shares held indirectly by Marfrig in Moy Park Holdings Europe Ltd., which owns the companies that develop the entire business unit "Moy Park" to JBS ("Moy Park"). The purchase price for the Moy Park was set at approximately US$1.5 billion, adjusted for changes in working capital and in the net debt of Moy Park at closing, which includes £300 million in secured debt due in May 2021. The balance of the price was paid in cash, in US dollars at closing. This transaction represented an important step in the growth strategy of JBS in prepared and convenience products with added value.

Furthermore, this transaction was an important step in the geographic diversification of the Company, with the expansion of operations in Europe in a relevant manner. The European Commission approved the transaction on September 21st, 2015.

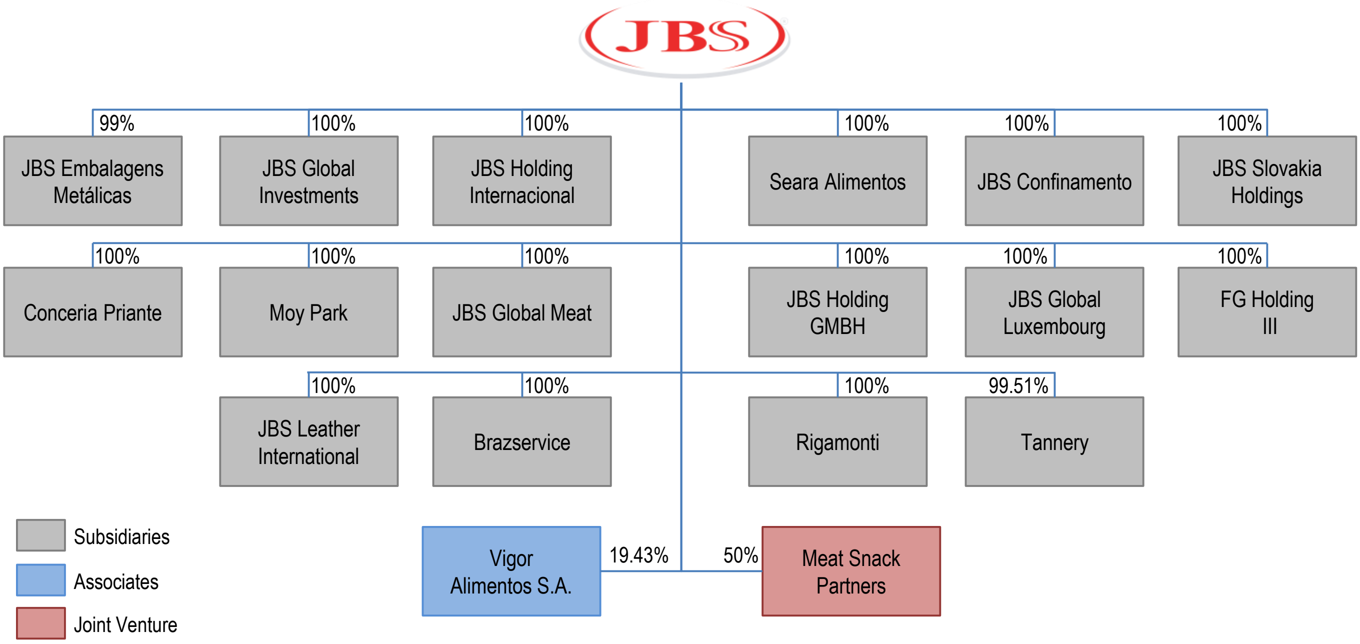
On July 1st, 2015, JBS, through its indirect controlling company, Swift Pork Company, entered into an Assets Purchase Agreement with Cargill Meat Solutions Corporation (“Cargill Meat”), through which they established the terms and conditions for the acquisition of certain assets, proprieties, rights and obligations owned by Cargill Meat in Cargill Pork, LLC related to the breeding, purchase and processing of hogs and related to the processing and selling of pork. The purchase price was set at approximately US$1.45 billion, net of debt. Included in this operation were: (i) two pork processing facilities in Ottumwa, Iowa and Beardstown, Illinois; (ii) five feed mills in Missouri, Arkansas, Iowa and Texas; and (iii) four hog farms in Arkansas, Oklahoma and Texas. This operation was concluded in October 30th, 2015.

Considering the acquisitions previously mentioned and adding investments in expansion and maintenance of processing facilities, JBS recorded a total CAPEX of R$21,603.9 million in 2015.

Finally, at the end of 2015, the Company concluded a corporate restructuring process evolving its subsidiaries, especially at JBS USA and JBS Australia, which resulted in the creation of regional platforms divided into South America, North America, Europe and Asia-Pacific. In addition, due to this restructuring, JBS USA Holdings, Inc., owner of the US and Australia operations, is now headquartered in Luxembourg, being named as JBS USA Holding Lux S.à.r.l. This restructuring process aimed to consolidate the leadership of JBS as a Global Food Company, as well as to strengthen its corporate structure, improving its access to financial resources abroad while maximizing the opportunities to grow globally.

Investments and Corporate Event (cont.)

Direct Investments in Associate, Subsidiaries and Joint Ventures



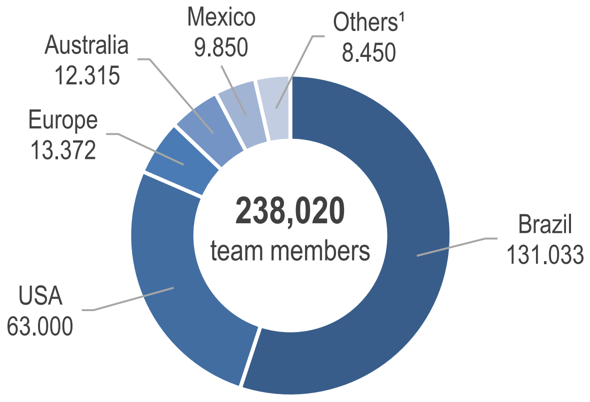
Principal Shareholders in 12/31/2015

Shareholders	Number of Shares	%
Controlling Shareholder (FB Participações SA and Others)	1,210,305,341	42.36%
Treasury	63,938,227	2.24%
Free Float		
- BNDES Participações S.A. - BNDESPAR	581,661,101	20.36%
- Caixa Econômica Federal	197,653,900	6.92%
- Minority Stockholders	803,298,936	28.12%
Total Free Float	1,582,613,937	55.40%
TOTAL	**2,856,857,505**	**100.00%**

Human Capital

JBS believes that its team members are the main responsibility for the Company's performance and growth, and gives these members the opportunity to grow and develop in the different areas.

JBS ended 2015 with more than 238,000 team members distributed throughout its production facilities and sales offices, as follows:



Note 1. Argentina, Canada, Chile, China, Paraguay, Uruguay and Vietnam.

JBS' team members are those who carry and disseminate the Company's corporate culture, one of the fundamental items that led JBS to be the world leader in its sector. Knowing the high value of this assets, the Company invests in the developments and in the continuous improvement of each team member through development programs. Focusing in retaining and enhancing its talents, JBS offers its team members several programs to forward their professional development and to engage them in its culture.

✓ Management of Leadership

The area of Management of Leadership is the strategic partner, which develops solutions for the management of processes of attraction, retention, development and identification of JBS leaders, offering proposals that contribute to the growth of people and the business.

✓ Assessment of Individual Performance

JBS utilizes the assessment of individual performance to manage its team members, driving the development initiatives and monitoring the team members in their careers in the Company. To assess the individual performance, JBS team members have a 360º tool which analyzes their professional behavior, interpersonal relationship and the adherence to the Company's culture.

Personal Development

JBS has as its one main competitive advantage the profound knowledge of its business and, for this reason, it seeks to develop its team members in all hierarchical levels, such as:

- **Internal Talent Program:** focusing on industrial facilities in Brazil and in the US, aiming to capacitate, develop and train the potential team members to assume the position of production supervisors. JBS formed 153 leaders in four years of this Program and in 2016, the Company will extend the program to the Commercial and Logistics areas of JBS Foods.

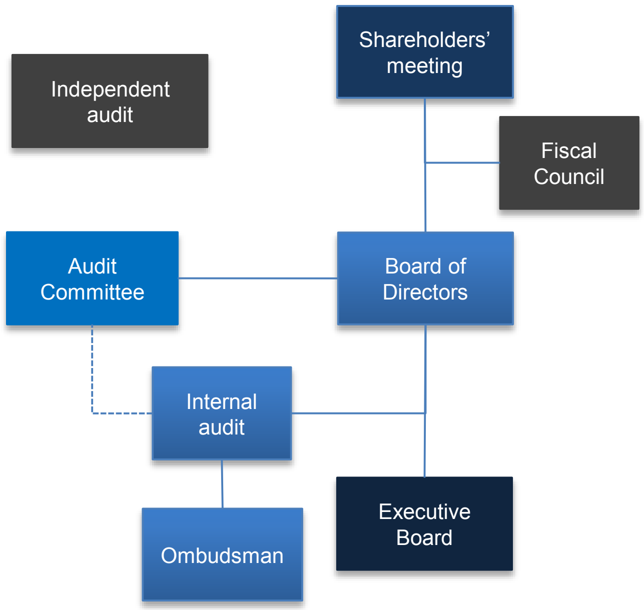
- **Trainees program:** JBS has a trainee program which offers opportunities to young professionals and incentivizes the formation of leaders, improving their technical and people managing knowledge. JBS has 78 professionals formed thought this program and 48 new trainees participating into 2015 and 2016 programs.

- **Tanning Course:** through the Program of Incentive to Qualification, JBS Couros offers its team members that excels in their positions the opportunity to attend the course of Tanning in SENAI Technical School. The course lasts two and a half years and, while attending classes, team members maintain their employment contracts. Until this year 33 team members were divided into four classes - seven students were benefited by the Program in 2015, having the opportunity to develop technical and professional knowledge.

Corporate Governance

JBS has a structure of corporate governance, created to improve its decision-making process and ensure respect to all stakeholders. The company's shares are listed on the Novo Mercado, the Special Corporate Governance Listing Segment, BM&FBOVESPA most rigorous level, and pursues to always be in compliance with the principles established by the Brazilian Institute of Corporate Governance (IBGC) thereby ensuring value creation and sustainable business development.

JBS Corporate Governance Structure



JBS's governance structure defines investment strategies and monitors the company's relationship with shareholders and stakeholders, thereby ensuring value creation and sustainable business development. This positioning is based on the principles of transparency, fairness, accountability and corporate responsibility established by the Brazilian Institute of Corporate Governance (IBGC).

Including the practices recommended by IBGC, JBS adopted: capital stock divided into common shares, granting voting rights to all shareholders; Independent audit firm to analyze balance sheets and financial statements; Permanent Fiscal Council; Summoning of shareholders' meetings to resolve on the election, removal from office and term of office of the members of the Board of Directors and Statutory Officers defined in the Bylaws; Transparency in the disclosure of the annual management report; and Free access to information and the company's facilities to the members of the Board of Directors.

Fiscal Council

The Fiscal Council is independent from the company's management and external auditors, serving as a permanent body with powers and duties conferred by law. Composed by a minimum of three and a maximum of five members and their respective deputy members, its main responsibilities include: to oversee the acts and documents issued by JBS management and the Company itself, and, if necessary, to report errors, fraud or crimes to administration bodies and shareholders' meetings. The members of JBS' Fiscal Council may be or not shareholders, and are elected and dismissed through the shareholders' meetings.

In December 31st, 2015, JBS Fiscal Council was composed by the following members:

FISCAL COUNCIL	
Florisvaldo Caetano de Oliveira	Chairman of the Fiscal Council
José Paulo da Silva Filho	Member
Demetrius Nichele Macei	Member
Francisco V. Santana Silva Telles	Member
Sandro Domingues Raffai	Substitute
Antônio da Silva Barreto Júnior	Substitute
Marcos Godoy Brogiato	Substitute
Joaquim Dias de Castro	Substitute

Corporate Governance (cont.)

Board of Directors

The Board of Directors is the highest organ of JBS' corporate governance and reunites on a quarterly basis (or in special sessions whenever necessary). The Board of Directors is composed of a minimum of five and a maximum of eleven members and its members are elected by the ASM, which can also remove them from office.

JBS' Board of Directors includes highly qualified executives who are recognized in Brazil and abroad, making their specific market expertise available to the company and its professionals. In return, the members of the Board of Directors receive compensation and discuss issues of sustainability, such as JBS's entry into the Industry Agreement for a Corporate Commitment to Recycling (CEMPRE), as a form of adhering to the National Solid Waste Policy and the Implementation of Reverse Logistics for solid waste in Brazil.

BOARD OF DIRECTORS in 12.31.2015	
Joesley Mendonça Batista	Chairman
Wesley Mendonça Batista	Vice-Chairman
José Batista Sobrinho	Member
Humberto Junqueira de Farias	Member
João Carlos Ferraz	Member
Tarek M. Noshy Nasr Mohamed Farahat	Member
Carlos Alberto Caser	Independent Member
Márcio Percival Alves Pinto	Independent Member

Board of Directors' Committees

With the function to support the Board of Directors and to make the Company's processes more robust, JBS has five committees that act together with its management.

- **Innovation and Marketing Committee:** created in July 2013 with the mission of creating value for the company's brands by building its corporate image, portfolio and positioning of JBS' different operating segments. It also monitors the company's overall results and creates shareholder value by maximizing sales and profitable brands within JBS' portfolio.
- **Sustainability Committee:** the Sustainability Committee meets quarterly and is responsible for the management of critical issues and business opportunities for the company that can generate a high positive or negative impact on JBS' operations over the short, medium and long terms. In addition, the committee's work includes the implementation of policies, strategies and specific actions, and the evaluation of sustainability investment proposals.
- **Audit Committee:** the Audit Committee's mission is to assist the Board of Directors in relation to the processes of releasing Financial Statements, and to evaluate the performance of the internal control systems and the internal and external audits. The committee meets on a monthly basis.
- **Financial and Risk Management Committee:** through quarterly meetings, the Finance and Risk Management Committee assists the Board of Directors and the Executive Board in the analysis of the global economic scenario and its impacts on JBS' operations.
- **Personnel Management Committee:** the Personnel Management Committee was created to discuss key issues for JBS' team members, such as the criteria for evaluating performance, compensation and the practice of meritocracy at all of JBS' hierarchical levels. In addition, this committee, which meets whenever necessary, must analyze the candidates who will join the Board of Directors.

Corporate Governance (cont.)

Statutory Executive Board

Responsible for the policies and guidelines established by the Board of Directors, the Statutory Executive Board is authorized to practice all acts needed for the regular operation of the company.

The members of Statutory Executive Board are elected by the Board of Directors for a three-year term of office, who are eligible for reelection.

STATUTORY EXECUTIVE BOARD in 12.31.2015	
Wesley Mendonça Batista	CEO
Francisco de Assis e Silva	Institutional Relations Officer
Jeremiah Alphonsus O'Callaghan	Investor Relations Officer
Eliseo Santiago Perez Fernandez	Administration and Control Officer

Sustainability

Sustainability for JBS is an important part of its strategy, considered both in the processing of decision taking and to the risk management of the business. The concept, for the Company, comprehends all its value chain and the goal is to assure the continuity of JBS, offering to stakeholders products and services with high quality standards, always concerning the social, environmental and economic equilibrium.

In practice, this commitment manifests itself through the establishment of goals and the daily monitoring of environmental indicators, in addition to an annual investment plan to environmental improvements where are defined the priority and more sensitive projects.

Regarding the supply chain, JBS' suppliers must be in total compliance with the policies and criteria established by the Company. To ensure a raw material purchase 100% responsible, JBS use contractual mechanisms and performs the social environment monitoring of farms that supplies cattle to JBS, through modern geospatial technologies, based on satellite images and maps of the properties and information from official bodies.

JBS has been achieving important advances in sustainable management of its supply chain, incentivizing the environmental regularization with Legal Supplier Program and testing new models of production, in order to be more sustainable.

A highlight of this process is the Program New Field, that promotes sustainable production practices in cattle farms in the Amazon.

The goal of this program is to increase its productivity and enhance the local economy, to reduce the deforestation, in addition to preserve and recover the natural resources. This new productive model is implemented in 40 farms in the region of Alta Floresta (MT) and aims to reach around 200-300 farms until 2017. The program was idealized and is leaded by the NGO Instituto Centro de Vida with the financial support of Fundação Moore, Fundo Vale, FSP through Working Group on Sustainable Beef and the support of several partners, as the Rural Union of Alta Floresta, EMBPRA and JBS.

JBS Beef Brazil has an annual investment plan to improve the environment, focusing on the treatment of effluents, on the management of solid waste, on the atmospheric emissions and greenhouse gases and on the management of water use. This plan was based on a wide environmental diagnose performed by the Company in 2010, to identify opportunities to improve the environmental indicators of beef processing facilities in Brazil. This investment plan is annually updated since 2011 and has more than 360 projects concluded. In addition, in 2015, JBS Beef Brazil invested more than R$16 million in environmental management and in projects of improvements. For 2016, is budgeted around R$17 million to invest in projects in order to reduce water and energy consumption, energy efficiency, effluents treatment, energy reuse of waste, and others.

In addition, since 2009, JBS measures and disclose direct and indirect emissions of Greenhouse Gases related to its operations in Brazil. From 2012, the Company started to measure and disclose its emissions in a global scale, comprising all of its operations in the world.

Sustainability (cont.)

The Company also participates in others voluntary initiatives regarding the report of information related to Greenhouse Gases emissions and related to the management and strategy regarding climate changes, as the Driving Sustainable Economies – a non governmental international entity which supports the development of sustainable economies and disclose information from corporate data about climate changes, water and forests for 240 global investors that represent US$15 trillion in assets.

In 2014, JBS took adherence to the CDP Supply Chain Working Group denominated Forest Program, which is composed by companies that are committed with the reduction of deforestation in their value chain. JBS participation in CDP is wider than the Investor module, since the Company is also present in the modules Forests, Water and Supply Chain, presenting information regarding its exposure to risks related to deforesting, sustainable corporate management of water and action strategies related to climate change. In 2015, JBS continued to be a part of CDP publishing its sustainability initiatives and also responding to the Supply Chain module.

Also in 2014, JBS was recognized as the company from the food sector that achieved more advances in actions against deforestation in its supply chain. This information is present in the report "Deforestation-free supply chains: from commitments to action", prepared by CDP - Driving Economies Sustainable, module CPD Forest. In 2015, the Company achieved a significant improvement in the Disclosure category, in which JBS scored 96 points in a range from 0 to 100, growing 13% when compared with 2014. In the Performance category, the Company improved its level from C to B.

JBS also participates in Technical Working Group from the Brazilian Program GHG Protocol, which aims to deepen the discussions and the development of auxiliary tools to the measurement of GHG emissions in the value chain. In 2014, JBS contributed to the development of Agricultural GHG Protocol, which aims to make available a specific tool adapted to the measurement of GEG emissions in agricultural activities in Brazil. In 2015, JBS supported the work of partners in the training and field tests of this tool.

In addition to the initiatives in Brazil, JBS develops several projects related to the Sustainability area in the United States, as follows:

- **Waste Water Treatment:** All JBS facilities in the US utilize best practice wastewater treatment systems. One objective of JBS is to include state-of-the-art technology to provide a robust, compliant and efficient system that consistently goes above and beyond regulatory requirements. For example, JBS invested US$6.0 million in the upgrade of the wastewater treatment system in its facility in Grand Island (Nebraska).
- **Air Pollution Control Systems:** many of JBS' facilities produce typical air pollutants associated with fuel combustion and, due to the nature of its business, odors. The Company strives to install air pollutant control technology that addresses not only these regulated emissions but also minimizes offsite odors.
- **Phosphorous Reduction in Minnesota:** JBS has identified and implemented best practices to reduce phosphorous loading in its wastewater discharge of its pork plant in Worthington. Despite an increase in the use of phosphorous-containing ingredients, by focusing on operational improvements, the facility has reduced phosphorous concentration in its wastewater discharge to its lowest level in more than three years. The facility continues diligently to pursue alternative technologies to further reduce phosphorous and nitrogen loading.
- **Land Nutrient Management:** JBS has been doing land nutrient management planning well before it was required by law. Most of the manure produced at JBS Five Rivers Cattle Feeding is applied to the land of neighboring farms or composted by third party composters for the commercial compost market. JBS applies all storm water to land that we own or control. Since the nutrients in storm water are less transportable, it requires that we very intensively manage the nutrients applied to the land, so that the land will be available for many years into the future. JBS employs three Certified Crop Consultants that ensure that the nutrients are utilized in a sustainable manner.

Social Commitment

In JBS activities are present in sector that have an intensive labor use. Due to this characteristic, the Company has an important role in the relationship with the communities that it is present through job generation, contributing to the economic development of those communities. In addition to this social and economic role intrinsic to its activities, JBS supports initiatives focused on the education of children and young people and training and social inclusion of people with special needs.

Additionally, JBS' units in Brazil maintains social partnerships with the communities around them, providing support for events and educational projects, promoting campaigns about quality of life, environmental education, and others. The Company also maintains available to the public in general a Phone Service to receive complaints and requests.

As a way to valorize the culture and the development of the communities where it is present, JBS favors the hiring of team members from the cities where its operations are located. In the case of a shut-down in one of its facilities, JBS has a "shut-down committee", which defines actions to minimize the social impacts in the local communities.

Among JBS initiatives to engage the communities, the highlight is the partnership between JBS and Special Chefs Institute, which offers courses of gastronomy for people with Down syndrome as an aid in the development of these youngsters. JBS supports more than 300 students that the project have, with focus on the development of skills and the pursuit of better job opportunities. In 2015, the Institute was elected by the Brazilian Academy of Honor (*Academia Brasileira de Honrarias ao Mérito)* as the "Best Project of Social Responsibility of the Year in the Gastronomy" and Friboi, as a supporter of the project, received the award of "Social Responsibility for Supporting the Best Job of the Year".

In addition, JBS USA promotes several projects within local communities, among them:

- **American Cancer Society's:** through JBS USA, every year, JBS participates in the American Cancer Society's Relay for Life, a national event. Teams, in each community, pledge to "walk" for 24 hours, raising money for cancer research. At the JBS Corporate Office, a fundraising team puts together a variety of fun events to raise money for the cause.
- **JBS USA United Way:** JBS USA and its team members has been a proud sponsor of the United Way of Weld County for many years. Every year, the fundraising committee puts together several fundraisers to raise money for less fortunate families and children in the US. Fundraisers include: golf tournaments, silent auctions, cookbook sales, bake sales and others.
- **Greeley Habitat for Humanity:** the JBS Greeley Beef Plant sponsored the 100th home for the Greeley Habitat for Humanity with $70,000 used to cover the costs of building materials, construction and labor.
- **Can-Do Project***:* JBS Marshalltown had the opportunity to participate in the Can-Do Project. Together, they collected over 1,500 units of canned food, spaghetti noodles, and bagged rice. The entire project collected over 14,000 units. Once the sculpture competition was over, the food was donated to the local food bank to help in the fight against hunger.

Financial Performance

Economic Environment

According to UN World Economic Situation and Prospects 2016 report, the global economy grew 2.4% in 2015. Since the global financial crisis, developing countries were responsible for most of the growth in the economy. China, which accounted for almost a third of the growth in the global economy in the period between 2011 and 2012, sustained the global growth in the post crisis period with its high demand for commodities and leveraging the exports in the rest of the world. Now, with an expectation of a slowdown in China growth, coupled with a reduction in the performance of important economies in the developing countries such as Brazil and Russia, the developed countries should contribute in a more relevant way to the global growth.

Information from the Bureau of Economic Analysis show that the US recorded a growth of 2.4% in GDP in 2015, the same as 2014, as a reflection of positive contribution from personal consumption expenditures, nonresidential fixed investment, exports, state and local government spending, private inventory investment, and residential fixed investment that were partly offset by a negative contribution from federal government spending. Imports, which are a subtraction in the calculation of GDP, increased when compared to 2014.

In relation to proteins in the US, there was a gradual recovery in the cattle herd of the country, which contributed to the reduction of cattle prices. According to the USDA's Cattle report published on January 29th, 2016, there was an increase of 3% in the US cattle herd in relation to January 2015, reaching 92 million heads, while the price cwt was US$133, a reduction of 18% when compared to same period of the previous year. In the poultry segment, 2015 was a challenging year due to avian flu cases and the consequent embargoes that the US exports suffered from important destinations, for example Europe, China and other Asian countries. Due to the embargoes, a part of the production that is usually sent to the external market remained in the domestic market, pushing down prices of certain cuts, mainly breasts and chicken leg quarters, contributing to a reduction in the industry's margins when compared to 2014. For the pork segment, 2015 began with an excess of hog supply and consequent increase in pork supply, pushing down pork prices. The number of hogs processed remained a little above historical average during the year, although, in the second half of 2015, exports increased boosted by China demand which positively contributed to the industry results.

In Brazil, the Brazilian Institute of Geography and Statistic (IBGE) disclosed on March 3rd 2016, that the Brazilian economy suffered a retraction of 3.8% when compared to 2014, the strongest slump since 1996. Brazilian inflation, according to a report published by Brazilian Central Bank on December 23th, 2015, should reach 10.8%, with food and beverage segment reaching an inflation of 12.9%.

In the protein industry in Brazil, cattle price ended the year quoted at R$147.5 per arroba, an increase of 3% over 2014. According to the Center for Advanced Studies in Applied Economics from the School of Queiroz Luiz (CEPEA), the drought seen in the Center-South region of Brazil between 2013 and 2014 should cease in 2016, contributing to the recovery of the supply of animals. Despite the Brazilian macroeconomic scenario not be favorable, beef consumption in 2016 should remain stable compared to 2015. Beef exports had a weaker performance in 2015, dropping 12.1% compared to 2014, reaching 1,079.1 million tons. In revenue, exports grew 13.9% in Reais, reaching R$15,538.8 million, mainly due to the devaluation of the real against the US dollar. For 2016, the scenario of exports is positive, thanks to the reopening of markets during 2015 as China and Saudi Arabia and the expectation of the US market opening for mid 2016.

According to the Brazilian Animal Protein Association (ABPA), the production of chicken meat in Brazil reached 13.1 million tons in 2015, consolidating Brazil's position as the second worlds largest producer. Also according to the ABPA, per capita consumption of chicken meat in Brazil in 2015 was 43.25 kilograms, an increase of 1.1% when compared to 2014. Exports also performed well during the year, recording an increase in both volume and in revenue in Reais, of 6.6% and 28.0%, respectively, reaching levels of 3.9 million tons and R$20,757.8 million in revenue. For 2016, the ABPA projects an expansion of 3% to 5% in chicken exports compared to 2015, driven mainly by China and Mexico.

Finally, frozen and prepared products are gaining more space among the types of food consumed by Brazilians. According to an article of *Agência O Globo*, the Brazilian consumer is more aware of two variables, time and money. Thus, the consumers are exchanging more expensive products for cheaper products, in addition to consume more food at home, and, for this reason, have been seeking for more convenience in the preparation of their food. Also according to the matter, inflation of food away from home reached 10.5% in the last 12 months ending in January, which has contributed to a scenario in which people exchange the restaurant for food in their own home. Therefore, until October 2015, the food basket had recorded an expansion of 1.8%, and processed meat products grew by 6.7% and frozen meat rose 4.8%.

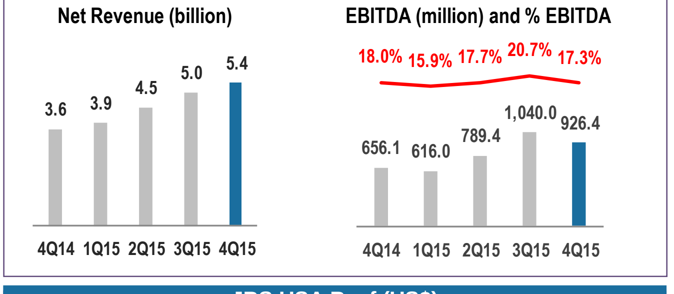
Source: JBS, BACEN, BEA, IBGE, ABIEC, ABPA, SECEX.

2015 and 4Q15 Consolidated Results

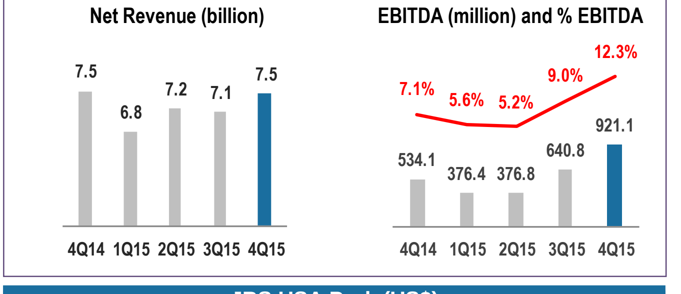
Analysis of the main financial indicators of JBS by Business Unit (in local currency)

Million		4Q15	3Q15	?%	4Q14	?%	2015	2014	?%
Net Revenue									
JBS Foods	R$	5,368.8	5,012.2	7.1%	3,649.0	47.1%	18,715.1	12,890.3	45.2%
JBS Mercosul	R$	7,487.6	7,146.9	4.8%	7,545.7	-0.8%	28,622.2	26,191.7	9.3%
JBS USA Beef	US$	5,250.7	5,750.9	-8.7%	5,923.7	-11.4%	22,134.0	21,625.2	2.4%
JBS USA Pork	US$	1,087.7	785.4	38.5%	964.0	12.8%	3,430.4	3,827.0	-10.4%
JBS USA Chicken	US$	1,960.8	2,112.5	-7.2%	2,110.4	-7.1%	8,180.1	8,583.4	-4.7%
JBS Europe	£	378.1	-	-	372.3	1.6%	378.1	372.3	1.6%
EBITDA									
JBS Foods	R$	926.4	1,040.0	-10.9%	656.1	41.2%	3,371.8	2,052.3	64.3%
JBS Mercosul	R$	921.1	640.8	43.8%	534.1	72.5%	2,315.1	2,319.0	-0.2%
JBS USA Beef	US$	-25.2	196.8	-	325.1	-	586.7	916.1	-36.0%
JBS USA Pork	US$	141.3	48.4	191.9%	95.7	47.6%	347.5	405.6	-14.3%
JBS USA Chicken	US$	150.0	274.3	-45.3%	367.8	-59.2%	1,213.5	1,352.2	-10.3%
JBS Europe	£	30.0	-	-	30.9	-3.0%	30.0	30.9	-3.0%
EBITDA Margin									
JBS Foods	%	17.3%	20.7%	-3.49 p.p.	18.0%	-0.73 p.p.	18.0%	15.9%	2.10 p.p.
JBS Mercosul	%	12.3%	9.0%	3.34 p.p.	7.1%	5.22 p.p.	8.1%	8.9%	-0.77 p.p.
JBS USA Beef	%	-0.5%	3.4%	-3.90 p.p.	5.5%	-5.97 p.p.	2.7%	4.2%	-1.59 p.p.
JBS USA Pork	%	13.0%	6.2%	6.83 p.p.	9.9%	3.06 p.p.	10.1%	10.6%	-0.47 p.p.
JBS USA Chicken	%	7.6%	13.0%	-5.33 p.p.	17.4%	-9.78 p.p.	14.8%	15.8%	-0.92 p.p.
JBS Europe	%	7.9%	-	-	8.3%	-0.37 p.p.	7.9%	8.3%	-0.37 p.p.

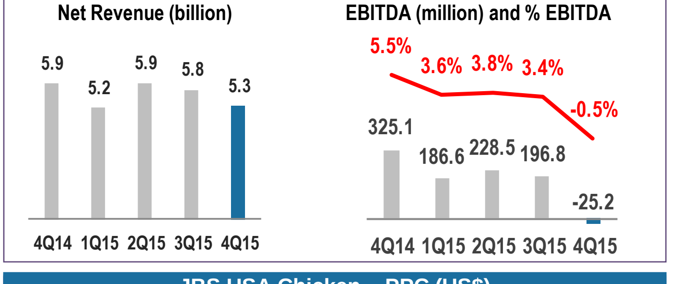
JBS Foods (R$)



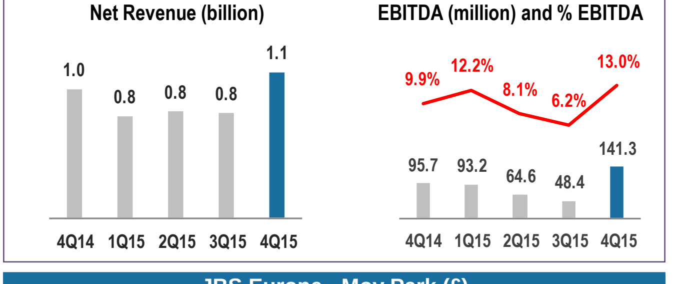
JBS Mercosul (R$)



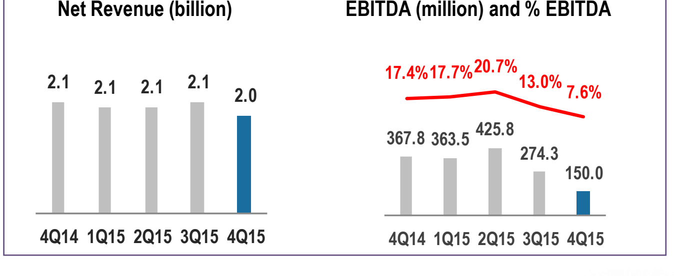
JBS USA Beef (US$)



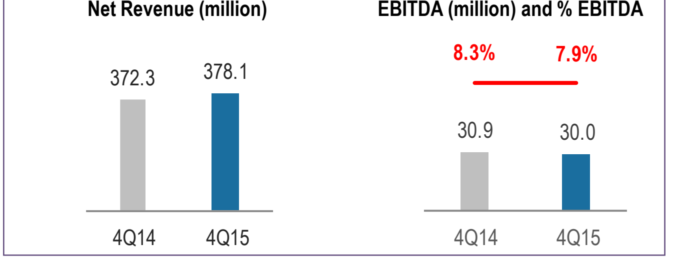
JBS USA Pork (US$)



JBS USA Chicken – PPC (US$)



JBS Europe - Moy Park (£)



2015 and 4Q15 Consolidated Results

Consolidated analysis of the main operational indicators of JBS

	4Q15		3Q15		Δ%	4Q14		Δ%	2015		2014		Δ%
R$ million	R$ MM	% NR	R$ MM	% NR	4Q15 vs 3Q15	R$ MM	% NR	4Q15 vs 4Q14	R$ MM	% NR	R$ MM	% NR	2015 vs 2014
Net Revenue	**47,161.2**	***100.0%***	**43,028.9**	***100.0%***	**9.6%**	**34,303.2**	***100.0%***	**37.5%**	**162,914.5**	***100.0%***	**120,469.7**	***100.0%***	**35.2%**
Cost of Goods Sold	**(41,467.0)**	*-87.9%*	(36,783.5)	*-85.5%*	12.7%	(28,867.1)	*-84.2%*	43.6%	(140,324.2)	*-86.1%*	(101,796.3)	*-84.5%*	37.8%
Gross Income	**5,694.3**	***12.1%***	**6,245.4**	***14.5%***	**-8.8%**	**5,436.2**	***15.8%***	**4.7%**	**22,590.3**	***13.9%***	**18,673.4**	***15.5%***	**21.0%**
Selling Expenses	(2,816.6)	*-6.0%*	(2,400.4)	*-5.6%*	17.3%	(2,083.8)	*-6.1%*	35.2%	(9,377.9)	*-5.8%*	(7,154.3)	*-5.9%*	31.1%
General and Adm. Expenses	(1,216.2)	*-2.6%*	(1,023.3)	*-2.4%*	18.9%	(1,146.2)	*-3.3%*	6.1%	(4,025.3)	*-2.5%*	(3,330.0)	*-2.8%*	20.9%
Net Financial Income (expense)	(1,736.6)	*-3.7%*	2,652.6	*6.2%*	-	(702.0)	*-2.0%*	147.4%	(1,300.6)	*-0.8%*	(3,637.6)	*-3.0%*	-64.2%
Equity in earnings of subsidiaries	10.7	*0.0%*	16.5	*0.0%*	-35.3%	6.3	*0.0%*	69.5%	58.9	*0.0%*	26.1	*0.0%*	125.8%
Other Income (expense)	(112.3)	*-0.2%*	47.6	*0.1%*	-	(142.1)	*-0.4%*	-21.0%	(66.7)	*0.0%*	(385.7)	*-0.3%*	-82.7%
Operating Income	**(176.7)**	***-0.4%***	**5,538.5**	***12.9%***	**-**	**1,368.3**	***4.0%***	**-**	**7,878.7**	***4.8%***	**4,191.8**	***3.5%***	**88.0%**
Income and social contribution taxes	(33.0)	*-0.1%*	(1,980.4)	*-4.6%*	-98.3%	(661.4)	*-1.9%*	-95.0%	(2,750.0)	*-1.7%*	(1,785.4)	*-1.5%*	54.0%
Participation of non-controlling shareholders	(65.4)	*-0.1%*	(116.6)	*-0.3%*	-43.9%	(88.1)	*-0.3%*	-25.8%	(488.5)	*-0.3%*	(370.5)	*-0.3%*	31.9%
Net Income (Loss)	**(275.1)**	***-0.6%***	**3,441.4**	***8.0%***	**-**	**618.8**	***1.8%***	**-**	**4,640.1**	***2.8%***	**2,035.9**	***1.7%***	**127.9%**
Adjusted EBITDA	**3,131.6**	***6.6%***	**3,833.9**	***8.9%***	**-18.3%**	**3,289.7**	***9.6%***	**-4.8%**	**13,300.4**	***8.2%***	**11,090.0**	***9.2%***	**19.9%**
Net Income per share (R$)	**n.a.**		**1.19**		**-**	**0.21**		**-**	**1.60**		**0.71**		**126.5%**

Net Revenue

JBS consolidated net revenue in 4Q15 totaled R$47,161.2 million, an increase of R$12,858.0 million or 37.5% above 4Q14. The business units that reported sales growth in 4Q15 were JBS Foods, which registered 47.1%, JBS USA Pork, that grew 12.8%, and JBS Europe, a recently created business unit.

In 4Q15, approximately 69% of JBS global sales were came from the markets where the company operates and 31% through exports.

In 2015, JBS Consolidated net sales reached R$162,914.5 million, an expansion of R$42,444.8 million or 35.2% higher than 2014.

2015 and 4Q15 Consolidated Results

EBITDA

EBITDA for the quarter was R$3,131.6 million, a decrease of 4.8% compared with 4Q14, with an EBITDA margin of 6.6%. This result was driven by a drop on JBS USA Beef and PPC EBITDA, partially compensated by JBS Foods, JBS Mercosul and JBS USA Pork EBITDA, which recorded growth compared to 4Q14.

In 2015, EBITDA totaled R$13,300.4 million, 19.9% higher than 2014.

R$ million	4Q15	3Q15	?%	4Q14	?%	2015	2014	?%
Net income for the period	**-209.7**	**3,558.0**	-	**706.9**	-	**5,128.6**	**2,406.4**	113.1%
Financial income (expense), net	1,736.6	-2,652.6	-	702.0	147.4%	1,300.6	3,637.6	-64.2%
Current and diferred income taxes	33.0	1,980.4	-98.3%	661.4	-95.0%	2,750.0	1,785.4	54.0%
Depreciation and amortization	1,121.8	955.4	17.4%	715.3	56.8%	3,692.8	2,546.8	45.0%
Equity in subsidiaries	(10.7)	(16.5)	-35.3%	(6.3)	69.5%	-58.9	-26.1	125.8%
Restructuring, reorganization, donations and indemnity	460.6	9.1	4960.0%	510.4	-9.8%	487.2	745.5	-34.6%
Premium due to early liquidation paid by JBS USA	0.0	0.0	-	0.0	-	0.0	-5.6	-
(=) EBITDA	**3,131.6**	**3,833.9**	-18.3%	**3,289.7**	-4.8%	**13,300.4**	**11,090.0**	19.9%

Net Financial Results

In 4Q15, JBS registered net financial expense of R$1,736.6 million. Income from FX variation was R$245.4 million, while derivative results which include expenses related to the Company's instruments to protect its balance sheet from FX variation, amounted to a negative R$718.2 million. Interest expense was R$781.3 million, while interest revenue was R$209.1 million. Taxes, contributions, tariffs and others resulted in an expense of R$76.2 million.

Net financial results totaled R$1,300.6 million in 2015, a reduction of R$2,337.0 million compared to 2014.

Income Tax and Social Contribution

In 4Q15, income tax and social contribution (IT/SC) were R$33.0 million, a decrease of R$628.5 million in relation to 4Q14.

In 2015, income tax and social contribution totaled R$2,750.0 million, equivalent to an effective tax rate of 34.9%.

Net Income / Loss

In 4Q15, JBS recorded a loss of R$275.1 million, impacted by non-recurring expenses of R$460.6 million.

In 2015, the Company posted net income of R$4.640.1 million, equivalent to R$1.60 per share (EPS).

CAPEX

In 4Q15, total Capital Expenditure (CAPEX) was R$7,554.1 million, of which R$5,564.6 million is related to the acquisition of Cargill Pork, including the equity effect from acquired companies. The remaining balance was related to other acquisitions, maintenance, expansion and facility modernization.

In 2015, total Capital Expenditure (CAPEX) was R$21,603.9 million. This amount includes the acquisition of Primo Group in Australia, Moy Park in Europe and Cargill Pork in the USA, among others, which totaled R$17,352.5 million. Investments in maintenance, expansion and facility modernization reached R$4,251.3 million.

2015 and 4Q15 Consolidated Results

Cash Generation

JBS generated R$3,578.3 million in net cash from operations in the quarter and R$21,206.4 million in 2015.

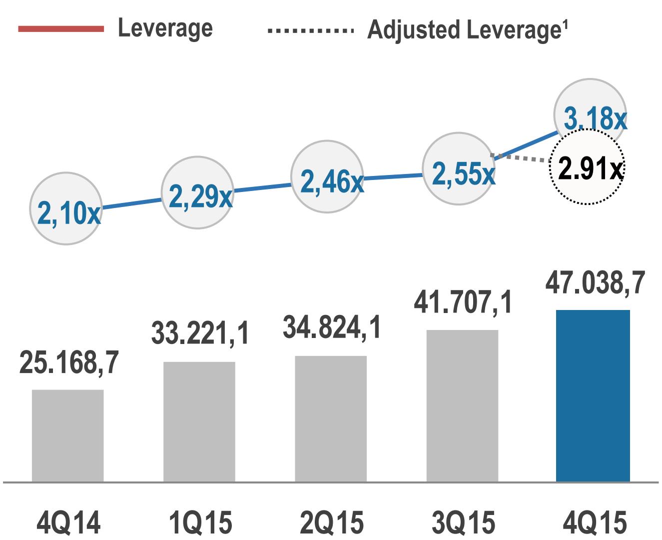
Free Cash Flow after CAPEX and prior Cargill Pork acquisition was R$2.6 billion in 4Q15 and in 2015, Free Cash Flow after CAPEX and prior Tyson de Mexico, Primo Group, Moy Park and Cargill Pork acquisitions was R$17.0 billion, 169.3% higher than 2014.

Indebtedness

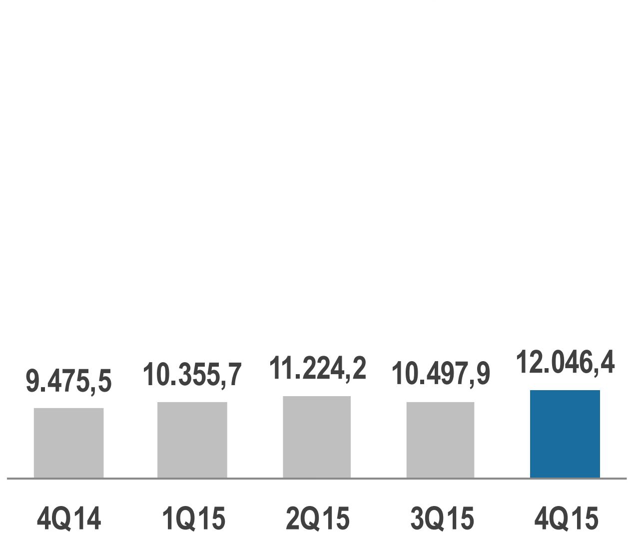
JBS ended 4Q15 with net debt of R$47,038.7 million and leverage of 3.18x. Including the proforma results of recent acquisitions, leverage was 2.91x.

R$ million	12/31/15	09/30/15	Var.%
Gross debt	**65,882.7**	**65,715.4**	**0.3%**
(+) Short Term Debt	20,906.6	18,950.2	10.3%
(+) Long Term Debt	44,976.1	46,765.2	-3.8%
(-) Cash and Equivalents	18,844.0	24,008.3	-21.5%
Net debt	**47,038.7**	**41,707.1**	**12.8%**
Leverage	**3.18x**	**2.55x**	
Adjusted Leverage[1]	**2.91x**		

Net Debt (R$ Million) and Leverage



Net Debt (US$ million)



Note 1: Adjusted leverage included proforma results from Tyson Mexico, Big Frango, Anhambi, Primo, Moy Park and Cargill Pork.

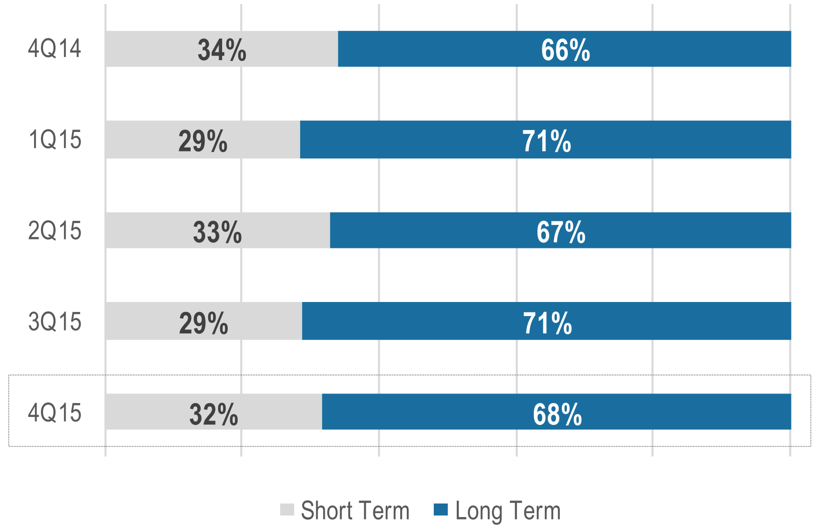
2015 and 4Q15 Consolidated Results

Indebtedness (cont.)

The Company ended the quarter with R$18,844.0 million in cash. Additionally, JBS USA has a US$1.64 billion fully available unencumbered line under its revolving credit facilities which, if added to the current cash position, represents 120% of short term debt.

The percentage of short-term debt (ST) in relation to total debt was 32% at the end of 4Q15.

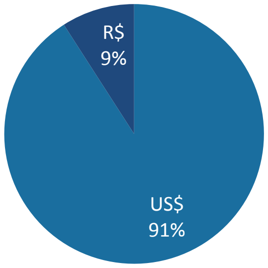
Debt profile ST / LT



At the end of the period, 91% of JBS consolidated debt was denominated in U.S. dollars, with an average cost of 5.24% per annum. The proportion of debt denominated in BRL, 9% of the consolidated, carried an average cost of 13.99% per annum.

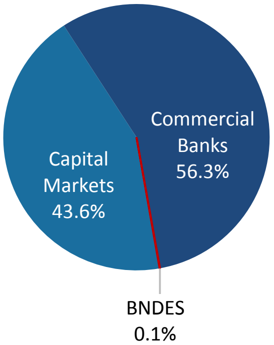
Breakdown by Currency & Average Cost

✓ 13.99% a.a

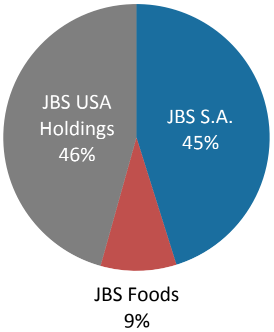


✓ 5.24% a.a.

Breakdown by Source



Breakdown by Company



2015 and 4Q15 Results by Business Unit

JBS Foods

JBS Foods registered net sales of R$18.7 billion in 2015, an increase of R$5.8 billion (+45.2%) in comparison with 2014, due to the strong organic growth and the incorporation of acquired companies. The main growth was from fresh chicken, which increased 89.6% in volume in the domestic market and 29.8% on exports. Processed and prepared products also presented a substantial increase, with higher volume and sales prices in the domestic market of 12.9% and 8.4%, respectively, combined with 38.8% higher prices in the international market, partially compensated by a drop of 17.0% in volume.

Throughout 2015, the company remained focused on operational excellence and improved its customer service level as measured by key performance indicators such as OTIF (on-time in-full orders), point-of-purchase out-of-stock items and order cuts due to out-of-stock items or other reasons. Innovation was another highlight of the year, especially in processed and prepared products, with more than 100 new items, many of them exclusive, aimed at increasing consumer preference.

EBITDA totaled R$3.4 billion in 2015, an expansion of 64.3% in relation to 2014. EBITDA margin improved form 15.9% in 2014 to 18.0% in 2015, mainly as a consequence of a higher gross margin, in addition to a reduction in sales and administrative expenses as a percentage of net sales. These results reflect JBS Foods' strategy to align growth and profitability, while aiming to identify opportunities to increase operational excellence and capture synergies from acquired companies.

In 4Q15, net sales was R$5.4 billion, an increase of 47.1% over 4Q14, specially due to robust exports in the period, which grew in the three main categories: poultry, pork and prepared products. In the domestic market, poultry and prepared products posted higher volume and sales prices during the quarter, which included an important growth in sales of festive products in comparison to the same quarter of last year, and the launching of several new items. EBITDA was R$926.4 million, an expansion of 41.2% comparing to 4Q14, with an EBITDA margin of 17.3%.

JBS Foods' management continues to focus in its strategy to winning over consumer preference and to expand its households penetration, through higher quality and innovation, launching new products and excellence in customer service and execution at the point of sale.

Main Highlights

R$ Million	4Q15		3Q15		?%	4Q14		?%	2015		2014		?%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY	R$	% NR	R$	% NR	YoY
Net Revenue	**5,368.8**	***100.0%***	**5,012.2**	***100.0%***	**7.1%**	**3,649.0**	***100.0%***	**47.1%**	**18,715.1**	***100.0%***	**12,890.3**	***100.0%***	**45.2%**
COGS	(3,885.5)	*-72.4%*	(3,464.3)	*-69.1%*	12.2%	(2,574.0)	*-70.5%*	51.0%	(13,472.3)	*-72.0%*	(9,358.7)	*-72.6%*	44.0%
Gross Profit	1,483.3	*27.6%*	1,548.0	*30.9%*	-4.2%	1,075.0	*29.5%*	38.0%	5,242.8	*28.0%*	3,531.6	*27.4%*	48.5%
EBITDA	**926.4**	**17.3%**	**1,040.0**	**20.7%**	-10.9%	**656.1**	**18.0%**	**41.2%**	**3,371.8**	**18.0%**	**2,052.3**	**15.9%**	64.3%

JBS Foods	4Q15	3Q15	?%	4Q14	?%	2015	2014	?%
Birds Processed (thousand)	383,203.1	343,645.6	11.5%	255,166.3	50.2%	1,307,292.5	953,648.7	37.1%
Hogs processed (thousand)	1,271.2	1,327.7	-4.3%	1,185.8	7.2%	4,920.6	4,435.0	10.9%

2015 and 4Q15 Results by Business Unit

JBS Foods

Breakdown of Net Revenue[1]

Domestic Market	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Net Revenue (million R$)								
Fresh Poultry	955.5	755.3	26.5%	608.1	57.1%	3,122.2	1,711.4	82.4%
Fresh Pork	107.3	86.2	24.4%	131.1	-18.2%	413.4	444.1	-6.9%
Processed / Prepared Products	1,247.7	1,162.0	7.4%	1,064.6	17.2%	4,527.2	3,699.8	22.4%
Others	70.6	49.3	43.2%	119.4	-40.9%	314.7	399.9	-21.3%
TOTAL	**2,381.1**	**2,052.9**	**16.0%**	**1,923.3**	**23.8%**	**8,377.5**	**6,255.2**	**33.9%**
Volume (thousand tons)								
Fresh Poultry	158.9	141.6	12.2%	113.3	40.2%	593.2	313.0	89.6%
Fresh Pork	15.1	13.9	9.2%	23.1	-34.4%	60.5	72.3	-16.3%
Processed / Prepared Products	190.5	177.9	7.1%	172.4	10.5%	701.1	621.2	12.9%
Others	-	-	-	-	-	23.9	16.1	48.7%
TOTAL	**364.6**	**333.4**	**9.3%**	**308.8**	**18.1%**	**1,378.8**	**1,022.5**	**34.8%**
Average Price (R$/Kg)								
Fresh Poultry	6.01	5.33	12.7%	5.37	12.0%	5.26	5.47	-3.8%
Fresh Pork	7.08	6.22	13.9%	5.68	24.7%	6.83	6.14	11.2%
Processed / Prepared Products	6.55	6.53	0.3%	6.18	6.0%	6.46	5.96	8.4%
Others	-	-	-	-	-	13.17	24.90	-47.1%

Exports	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Net Revenue (million R$)								
Fresh Poultry	2,538.3	2,532.7	0.2%	1,423.9	78.3%	8,884.9	5,406.1	64.4%
Fresh Pork	310.5	328.0	-5.3%	209.3	48.3%	998.5	848.0	17.8%
Processed / Prepared Products	139.0	98.7	40.9%	92.5	50.3%	426.0	369.8	15.2%
Others	-	-	-	-	-	28.3	11.3	151.3%
TOTAL	**2,987.7**	**2,959.4**	**1.0%**	**1,725.7**	**73.1%**	**10,337.6**	**6,635.1**	**55.8%**
Volume (thousand tons)								
Fresh Poultry	378.3	402.4	-6.0%	278.0	36.1%	1,451.4	1,118.3	29.8%
Fresh Pork	35.8	35.9	-0.4%	23.5	52.2%	117.3	105.5	11.2%
Processed / Prepared Products	13.1	10.8	20.7%	13.2	-1.3%	45.0	54.2	-17.0%
Others	-	-	-	-	-	-	2.9	-100.0%
TOTAL	**427.2**	**449.2**	**-4.9%**	**314.7**	**35.7%**	**1,613.7**	**1,280.9**	**26.0%**
Average Price (R$/Kg)								
Fresh Poultry	6.71	6.29	6.6%	5.12	31.0%	6.12	4.83	26.6%
Fresh Pork	8.68	9.13	-4.9%	8.91	-2.6%	8.51	8.04	5.9%
Processed / Prepared Products	10.64	9.11	16.7%	6.99	52.2%	9.46	6.82	38.8%
Others	-	-	-	-	-	-	3.93	-

Note 1: certain categories were reclassified due to a change in the criteria of classification in the first half of 2015 (1Q15 and 2Q15).

2015 and 4Q15 Results by Business Unit

JBS Mercosul

JBS Mercosul net sales was R$28.6 billion in 2015, an increase of 9.3% in relation to 2014, driven by higher sales prices in both domestic and international markets, which more than compensated a reduction of 11.7% of processed cattle in the period. EBITDA was R$2.3 billion, stable in comparison with 2014, with an EBITDA margin of 8.1%.

In 4Q15, net sales totaled R$7.5 billion, flat compared to 4Q14. JBS Mercosul EBITDA was R$921.1 million, an expansion of 72.5% over 4Q14, due to a relevant improvement in sales prices and operational efficiencies implemented during the period, partially compensated by higher cattle prices. EBITDA margin was 12.3%.

In 2015, JBS Mercosul reduced the number of animals processed by 1.1 million, due to higher cattle prices and lower availability. The reduced volume supply domestically was compensated by higher sales prices. On exports, there was an increase on sales prices, while volumes remained stable. China was a highlight in the period.

Highlights

R$ Million	4Q15		3Q15		?%	4Q14		?%	2015		2014		?%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY	R$	% NR	R$	% NR	YoY
Net Revenue	**7,487.6**	***100.0%***	**7,146.9**	***100.0%***	**4.8%**	**7,545.7**	***100.0%***	**-0.8%**	**28,622.2**	***100.0%***	**26,191.7**	***100.0%***	**9.3%**
COGS	(5,631.3)	*-75.2%*	(5,462.0)	*-76.4%*	3.1%	(5,956.2)	*-78.9%*	-5.5%	(22,350.1)	*-78.1%*	(20,190.0)	*-77.1%*	10.7%
Gross Profit	1,856.3	*24.8%*	1,685.0	*23.6%*	10.2%	1,589.5	*21.1%*	16.8%	6,272.1	*21.9%*	6,001.8	*22.9%*	4.5%
EBITDA	**921.1**	**12.3%**	**640.8**	**9.0%**	**43.8%**	**534.1**	**7.1%**	**72.5%**	**2,315.1**	**8.1%**	**2,319.0**	**8.9%**	-0.2%

JBS Mercosul	4Q15	3Q15	?%	4Q14	?%	2015	2014	?%
Bovines processed (thousand)	1,845.3	1,986.2	-7.1%	2,471.4	-25.3%	8,285.0	9,381.5	-11.7%

2015 and 4Q15 Results by Business Unit

JBS Mercosul

Breakdown of Net Revenue

Domestic Market	4Q15	3Q15	?%	4Q14	?%	2015	2014	?%
Net Revenue (million R$)								
Fresh and Chilled Products	2,968.1	2,584.3	14.9%	3,436.3	-13.6%	12,131.6	11,309.0	7.3%
Processed Products	367.1	389.9	-5.9%	330.7	11.0%	1,560.1	1,298.7	20.1%
Others	312.4	436.0	-28.3%	474.9	-34.2%	1,783.3	1,784.3	-0.1%
TOTAL	**3,647.7**	**3,410.2**	**7.0%**	**4,242.0**	**-14.0%**	**15,475.0**	**14,392.0**	**7.5%**
Volume (thousand tons)								
Fresh and Chilled Products	232.5	264.9	-12.2%	369.4	-37.1%	1,159.2	1,310.4	-11.5%
Processed Products	40.5	44.0	-7.8%	40.3	0.6%	174.0	172.8	0.7%
Others	156.8	151.3	3.6%	181.3	-13.5%	607.8	667.2	-8.9%
TOTAL	**429.8**	**460.2**	**-6.6%**	**590.9**	**-27.3%**	**1,941.0**	**2,150.4**	**-9.7%**
Average Price (R$/Kg)								
Fresh and Chilled Product	12.77	9.76	30.8%	9.30	37.3%	10.47	8.63	21.3%
Processed Items	9.05	8.87	2.0%	8.21	10.2%	8.97	7.52	19.3%
Others	1.99	2.88	-30.9%	2.62	-24.0%	2.93	2.67	9.7%

Exports	4Q15	3Q15	?%	4Q14	?%	2015	2014	?%
Net Revenue (million R$)								
Fresh and Chilled Products	2,409.6	2,172.7	10.9%	2,174.6	10.8%	8,123.6	7,603.0	6.8%
Processed Products	236.3	232.6	1.6%	237.9	-0.7%	894.5	854.4	4.7%
Others	1,194.0	1,331.5	-10.3%	891.2	34.0%	4,129.1	3,342.2	23.5%
TOTAL	**3,839.9**	**3,736.8**	**2.8%**	**3,303.7**	**16.2%**	**13,147.2**	**11,799.7**	**11.4%**
Volume (thousand tons)								
Fresh and Chilled Products	165.8	167.0	-0.7%	191.2	-13.3%	688.5	734.7	-6.3%
Processed Products	13.4	18.4	-27.4%	18.3	-26.9%	61.7	63.8	-3.2%
Others	80.7	100.8	-20.0%	68.8	17.2%	316.8	278.0	13.9%
TOTAL	**259.9**	**286.3**	**-9.2%**	**278.3**	**-6.6%**	**1,066.9**	**1,076.5**	**-0.9%**
Average Price (R$/Kg)								
Fresh and Chilled Beef	14.53	13.01	11.7%	11.37	27.8%	11.80	10.35	14.0%
Processed Beef	17.68	12.63	40.0%	13.02	35.8%	14.50	13.40	8.2%
Others	14.80	13.20	12.1%	12.95	14.3%	13.04	12.02	8.4%

2015 and 4Q15 Results by Business Unit

JBS USA Beef (including Australia and Canada)

In 2015, net sales totaled US$22.1 billion, an expansion of 2.4% over 2014. EBITDA was US$586,7 million, a reduction of 36.0% in comparison with 2014, with an EBITDA margin of 2.7%. The performance of the business unit during the year was impacted by the lower availability of cattle and heifer retention, strengthening of the dollar and higher beef imports.

In 4Q15, net sales were US$5.25 billion, 11.4% inferior than the same period of 2014. EBITDA was negative US$25.2 million, with an EBITDA margin of -0.5%, compressed by the drop in beef prices in both markets and due to the high volatility in the cattle price, an unusual factor for the period.

In Australia, there was a gradual reduction in the number of animals processed during the year, which reduced the volume sold. Sales prices also declined due to FX variation. In the US, USDA data confirms the growth in the cattle herd in comparison with 2014, which combined with lower beef imports, should contribute to improve the profitability of the industry in 2016.

Highlights (US GAAP)

US$ Million	4Q15		3Q15		Δ%	4Q14		Δ%	2015		2014		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY	US$	% NR	US$	% NR	YoY
Net Revenue	**5,250.7**	***100.0%***	**5,750.9**	***100.0%***	**-8.7%**	**5,923.7**	***100.0%***	**-11.4%**	**22,134.0**	***100.0%***	**21,625.2**	***100.0%***	**2.4%**
COGS	(5,288.0)	*-100.7%*	(5,553.3)	*-96.6%*	-4.8%	(5,594.8)	*-94.4%*	-5.5%	(21,541.7)	*-97.3%*	(20,723.8)	*-95.8%*	3.9%
Gross Profit	(37.3)	*-0.7%*	197.6	*3.4%*	-	328.9	*5.6%*	-	592.3	*2.7%*	901.4	*4.2%*	-34.3%
EBITDA	**-25.2**	**-0.5%**	**196.8**	**3.4%**	**-**	**325.1**	**5.5%**	**-**	**586.7**	**2.7%**	**916.1**	**4.2%**	**-36.0%**

JBS USA Beef (including AUS and CAN)	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Bovines processed (thousand)	2,374.2	2,426.7	-2.2%	2,338.6	1.5%	9,429.5	9,425.6	0.0%

Breakdown of Net Revenue

Domestic Market	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Net Revenue (US$ million)	3,899.9	4,271.1	-8.7%	4,163.4	-6.3%	16,327.8	15,462.8	5.6%
Volume (tons)	1,020.9	985.4	3.6%	876.2	16.5%	3,808.0	3,524.4	8.0%
Average Price (US$/Kg)	3.82	4.33	-11.9%	4.75	-19.6%	4.29	4.39	-2.3%

Exports	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Net Revenue (US$ million)	1,350.8	1,479.8	-8.7%	1,760.3	-23.3%	5,806.3	6,162.4	-5.8%
Volume (tons)	332.4	333.6	-0.4%	317.6	4.7%	1,310.1	1,267.7	3.3%
Average Price (US$/Kg)	4.06	4.44	-8.4%	5.54	-26.7%	4.43	4.86	-8.8%

2015 and 4Q15 Results by Business Unit

JBS USA Pork

JBS USA Pork business posted net sales of US$3.4 billion in 2015, 10.4% lower in relation to 2014, due to a drop in pork prices in the period. EBITDA was US$347.5 million, a reduction of 14.3% over 2014, with an EBITDA margin of 10.1%.

In 4Q15, sales were US$1,087.7 million, an increase of 12.8% compared to 4Q14, boosted by the incremental sales from the assets incorporated as of November 1st, 2015. EBITDA reached US$141.3 million, up 47.6% relative to 4Q14, with an EBITDA margin of 13.0%.

During 2015 there was an increase in the availability of hogs, which increased the volume sold of pork products, in the domestic and international markets. Consequently, pork prices declined in both markets. In 4Q15, pork exports improved and volumes expanded 40.9% with stable prices compared to 3Q15. The incremental volume were destined mainly to South Korea and Mexico.

Management of JBS USA Pork business is positive with the perspective to capture synergies related to the integration of the recently acquired pork operations. Synergies should surpass the initial estimated amount of US$75 million.

Highlights (US GAAP)

US$ Million	4Q15		3Q15		Δ%	4Q14		Δ%	2015		2014		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY	US$	% NR	US$	% NR	YoY
Net Revenue	**1,087.7**	***100.0%***	**785.4**	***100.0%***	**38.5%**	**964.0**	***100.0%***	**12.8%**	**3,430.4**	***100.0%***	**3,827.0**	***100.0%***	**-10.4%**
COGS	(942.2)	*-86.6%*	(734.6)	*-93.5%*	28.3%	(863.2)	*-89.5%*	9.2%	(3,074.1)	*-89.6%*	(3,413.1)	*-89.2%*	-9.9%
Gross Profit	145.5	*13.4%*	50.8	*6.5%*	186.4%	100.8	*10.5%*	44.3%	356.3	*10.4%*	414.0	*10.8%*	-13.9%
EBITDA	**141.3**	**13.0%**	**48.4**	**6.2%**	**191.9%**	**95.7**	**9.9%**	**47.6%**	**347.5**	**10.1%**	**405.6**	**10.6%**	**-14.3%**

JBS US Pork	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Hogs Processed (thousand)	5,353.3	3,414.4	56.8%	3,328.8	60.8%	15,645.3	12,392.0	26.3%

Breakdown of Net Revenue

Domestic Market	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Net Revenue (US$ million)	941.6	681.8	38.1%	799.8	17.7%	2,880.5	3,244.0	-11.2%
Volume (thousand tons)	498.4	302.8	64.6%	294.9	69.0%	1,402.1	1,121.1	25.1%
Average Price (US$/Kg)	1.89	2.25	-16.1%	2.71	-30.3%	2.05	2.89	-29.0%

Exports	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Net Revenue (US$ million)	146.1	103.6	41.0%	164.2	-11.1%	550.0	583.1	-5.7%
Volume (thousand tons)	76.0	53.9	40.9%	62.7	21.1%	263.8	216.5	21.9%
Average Price (US$/Kg)	1.92	1.92	0.1%	2.62	-26.6%	2.09	2.69	-22.6%

2015 and 4Q15 Results by Business Unit

JBS USA Chicken (Pilgrim's Pride Corporation - "PPC")

Pilgrim's Pride registered net sales of US$8.18 billion in 2015, a reduction of 4.7% over 2014, and EBITDA of US$1,21 billion, with margin of 14.8%. Net income in the year reached US$645.9 million, 9.2% lower than 2014, while free cash generation was US$442.1 million. Leverage (net debt / EBITDA LTM) was 0.49x at the end of the period.

In 4Q15, PPC posted net sales of US$1.96 billion, 7.1% lower than 4Q14. EBITDA totaled US$150.0 million, a decrease of 59.2% over the same period of 2014, impacted by lower chicken prices and volume sold internationally. Net income of PPC was US$63.1 million in the quarter, 62.2% inferior than 4Q14, while free cash generation was US$88.0 million.

Despite the headwinds, PPC team managed to deliver margins that are above periods when prices were at similar levels. The case ready and small bird operations continued to deliver strong results in spite of challenges in the export markets, while the weakest chicken cutout in the past five years continued to impact the big birds segment of the business, as well as Pilgrim's Mexico operations.

The implementation and execution of PPC business model over the past five years are critical in supporting the Company's ability to deliver stronger profitability while giving more consistent financial results. Management has identified US$185.0 million in operational improvements for 2016, which will increase operational efficiencies, enhance relationship with key customers and expand its prepared products portfolio.

Highlights (US GAAP)

US$ Million	4Q15		3Q15		Δ%	4Q14		Δ%	2015		2014		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY	US$	% NR	US$	% NR	YoY
Net Revenue	**1,960.8**	***100.0%***	**2,112.5**	***100.0%***	**-7.2%**	**2,110.4**	***100.0%***	**-7.1%**	**8,180.1**	***100.0%***	**8,583.4**	***100.0%***	**-4.7%**
COGS	(1,800.1)	*-91.8%*	(1,828.0)	*-86.5%*	-1.5%	(1,731.3)	*-82.0%*	4.0%	(6,925.7)	*-84.7%*	(7,189.4)	*-83.8%*	-3.7%
Gross Profit	160.7	*8.2%*	284.5	*13.5%*	-43.5%	379.1	*18.0%*	-57.6%	1,254.4	*15.3%*	1,394.0	*16.2%*	-10.0%
EBITDA	**150.0**	**7.6%**	**274.3**	**13.0%**	**-45.3%**	**367.8**	**17.4%**	**-59.2%**	**1,213.5**	**14.8%**	**1,352.2**	**15.8%**	**-10.3%**

2015 and 4Q15 Results by Business Unit

JBS Europe (Moy Park)

JBS Europe had net sales of £378.1 million in 4Q15, 1.6% higher than 4Q14, mainly from an increase of volume sold of 9.7% in the domestic market, partially compensated by lower export prices and the strength of Sterling relative to the Euro during the period.

EBITDA totaled £30.0 million in the quarter, a reduction of 3.0% compared with the same period of 2014, with an EBITDA margin of 7.9%.

JBS Europe's strategy, based on the highest quality standards and focus to meet and exceed customer requirements, has contributed to deliver sales growth and consistent results. With an experienced management, a strong product portfolio and a well invested asset base, management remains confident in the continued success and development of the business.

Highlights

£ Million	4Q15		4Q14		Δ%
	£	% NR	£	% NR	YoY
Net Revenue	**378.1**	***100.0%***	**372.3**	***100.0%***	**1.6%**
COGS	(340.6)	*-90.1%*	(328.2)	*-88.2%*	3.8%
Gross Profit	37.5	*9.9%*	44.1	*11.8%*	-14.9%
EBITDA	**30.0**	**7.9%**	**30.9**	**8.3%**	**-3.0%**

JBS Europe (Moy Park)	4Q15	4Q14	Δ%
Birds Processed (thousand)	66,999.3	56,552.8	18.5%

2015 and 4Q15 Results by Business Unit

JBS Europe (Moy Park)

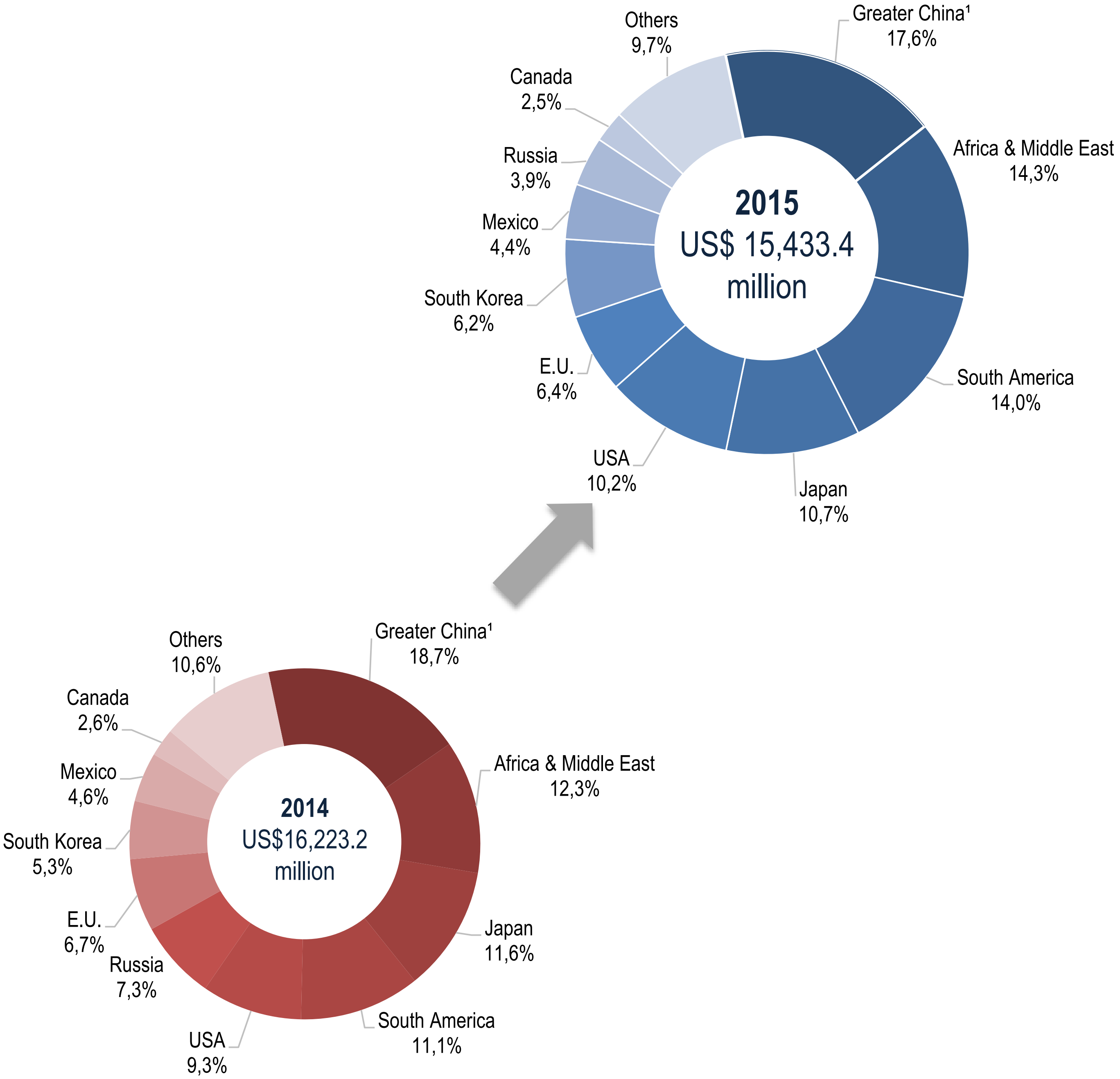
Breakdown of Net Revenue

Domestic Market	4Q15	4Q14	Δ%
Net Revenue (million £)			
Fresh Poultry	159.2	138.6	14.9%
Processed / Prepared Products	158.7	166.3	-4.5%
Others	22.0	26.1	-15.7%
TOTAL	**340.0**	**331.0**	**2.7%**
Volume (thousand tons)			
Fresh Poultry	50.4	38.9	29.5%
Processed / Prepared Products	42.8	45.6	-6.2%
Others	52.5	48.2	8.9%
TOTAL	**145.7**	**132.8**	**9.7%**
Average Price (£/Kg)			
Fresh Poultry	3.16	3.56	-11.3%
Processed / Prepared Products	3.71	3.64	1.9%
Others	0.42	0.54	-22.3%

Exports	4Q15	4Q14	Δ%
Net Revenue (million £)			
Fresh Poultry	7.9	9.3	-14.7%
Processed / Prepared Products	18.9	21.0	-9.9%
Others	11.3	11.0	2.5%
TOTAL	**38.1**	**41.3**	**-7.7%**
Volume (thousand tons)			
Fresh Poultry	2.4	3.0	-21.1%
Processed / Prepared Products	7.1	8.5	-16.2%
Others	22.9	22.7	1.0%
TOTAL	**32.5**	**34.2**	**-5.2%**
Average Price (£/Kg)			
Fresh Poultry	3.30	3.05	8.1%
Processed / Prepared Products	2.66	2.47	7.5%
Others	0.49	0.49	1.5%

Tables and Charts

Graph I – JBS Consolidated Exports Breakdown in 2014 and 2015



Note 1. Considers China and Hong Kong

Table I - 4Q15 Break down of Production Costs by Business Unit(%)

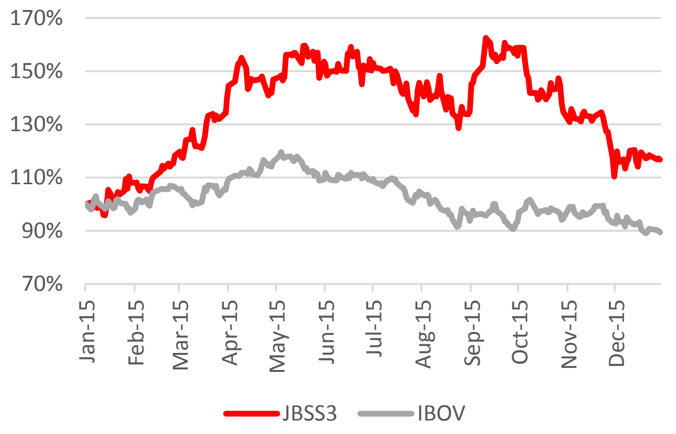
4Q15 (%)	Consolidated	JBS Mercosul	JBS Foods	USA Beef	USA Pork	USA Chicken	JBS Europe
Raw material (livestock)	71,0%	87,3%	66,5%	87,2%	78,8%	54,9%	51,5%
Processing (including ingredients and packaging)	17,4%	7,1%	21,8%	5,3%	9,6%	27,3%	33,1%
Labor Cost	11,6%	5,7%	11,7%	7,5%	11,6%	17,8%	15,4%

Capital Markets

JBS share price ended 2015 quoted at R$12.34 in the São Paulo Stock Exchange (BM&FBovespa), an appreciation of 10.3% compared with 2014.

The Company's market value totaled R$35,282.1 million in 2014.

Ibovespa Index decreased 13.3% last year.



Dividend Policy and Payment Evolution

The minimum mandatory dividend of JBS is 25% of net income as provided for in the Corporations Act and by the Company's bylaws, based upon the non consolidated financial statements. The declaration of annual dividends, including dividends in excess of the minimum mandatory dividend, requires approval at the Annual General Shareholders Meeting by a majority vote of the shareholders of JBS and will depend on various factors. These factors include operational results, financial condition, cash requirements and future prospects of the Company among other factors that the board of directors and shareholders of JBS deem relevant.

Regarding the historic of dividends distributed by JBS, there were no dividend payments for 2010 and 2011, since the Company recorded losses in this period, in 2012 JBS distributed R$170.7 million, in 2013 distributed R$220,1 million and in 2014 distributed R$483.1 million in dividends.

The company has declared dividends in December 31, 2015 of R$1,102.0 million to be submitted at the General Meeting of Shareholders, calculated as follows:

	In thousand R$ December 31, 2015
Net income of the year	**4,640,114**
Legal reserve - (5%)	(232,006)
Adjusted base for dividends calculation	**4,408,108**
Mandatory dividends (25%)	1,102,027
Declared dividends	**1,102,027**

Adherence to the Arbitration Chamber

The Company, its shareholders, directors and members of the Fiscal Council undertake to resolve through arbitration any dispute or controversy that may arise between them related to or resulting from in particular the application, validity, effectiveness, interpretation, violation and effects of the provisions contained in the Contract of the Novo Mercado, the Listing Rules of the Novo Mercado, the Bylaws, the shareholders' agreements filed at the Company's headquarters under Corporate Law, the regulations issued by the National Monetary Council, by the Central Bank of Brazil, by the CVM, by BOVESPA and any other rules applicable to the operation of the capital market in general to the market Arbitration Chamber in accordance with Commitment Clauses and Arbitration Rules, conducted in accordance with the Chamber Regulation.

Relationship with External Audit

BDO RCS Auditores Independentes SS was hired by JBS SA for the provision of external audit services related to audits of financial statements of JBS SA, individual and consolidated.

JBS policy to hire eventual services not related to external audit from the independent auditor is based on principles that preserve the independency of the auditor, such as: (a) the auditor should not audit its own work, (b) the auditor should not exercise managerial functions in its client and (c) the auditor should not promote the interests of its client.

The auditor's payment refers to professional services related to the audit process of consolidated financial statements, quarterly revisions of the Company's financial statements, corporate audits and some temporary revisions of certain subsidiaries, as per request by the appropriate legislation. Payments related to the audit process refers to services of due diligence traditionally performed by an external auditor in acquisitions and advisory regarding accountancy standards and transactions.

Payments not related to audit process corresponds to, mainly, services provided of compliance with the tax requirements to the Company's subsidiaries out of Brazil.

Aiming to be in compliance with CVM Instruction 381/200, JBS S.A. informs that BDO RCS Auditores Independentes did not provide any other services unrelated to the audit that represented more than 5% of its total payment regarding audit process during 2015.

JBS S.A.

Financial statements and Independent auditors' report

As of December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the individual and consolidated financial statements of **JBS S.A.** (the "Company"), identified as Company and Consolidated, respectively, which include the balance sheet as of December 31, 2015, and the related statements of income, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, as well as a summary of the main accounting practices and related notes.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the fair presentation and preparation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as for the internal controls considered necessary to allow the preparation of financial statements free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Individual and Consolidated Financial Statements

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of **JBS S.A.** as of December 31, 2015, as well as the individual and consolidated results of its operations and individual and consolidated cash flows for the year the ended, in conformity with the Brazilian accounting practices and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also examined the individual and consolidated statements of value added ("DVA") for the year ended December 31, 2015, prepared under the responsibility of the Company's management, whose reporting is required by Brazilian legislation for public companies but is considered supplementary information by the International Financial Reporting Standards (IFRS), which do not require the presentation of the statement of value added. These statements were subjected to the same auditing procedures previously described and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, March 16, 2016.

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

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

JBS S.A.

Balance sheets
(In thousands of Reais)

	Note	Company		Consolidated	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**11,257,943**	9,503,923	**18,843,988**	14,910,427
Trade accounts receivable, net	5	**3,435,691**	3,502,612	**12,119,662**	9,577,548
Inventories	6	**2,128,993**	2,417,608	**11,109,744**	8,273,110
Biological assets	7	-	-	**2,873,447**	1,567,866
Recoverable taxes	8	**1,409,696**	1,310,521	**2,874,987**	2,300,624
Prepaid expenses		**22,304**	17,449	**327,817**	181,881
Other current assets		**360,951**	416,599	**1,660,393**	730,776
TOTAL CURRENT ASSETS		**18,615,578**	**17,168,712**	**49,810,038**	**37,542,232**
NONCURRENT ASSETS					
Long-term assets					
Biological assets	7	-	-	**1,100,353**	633,689
Recoverable taxes	8	**789,505**	779,147	**1,558,612**	1,546,038
Credits with related parties	9	**4,897,835**	3,160,451	**1,968,043**	370,072
Other noncurrent assets		**478,827**	506,785	**1,026,702**	2,121,092
Total long-term assets		**6,166,167**	**4,446,383**	**5,653,710**	**4,670,891**
Investments in associate, subsidiaries and joint ventures	10	**18,784,837**	10,161,077	**354,134**	295,350
Property, plant and equipment, net	11	**11,693,038**	10,590,430	**35,381,110**	24,098,697
Intangible assets, net	12	**9,553,510**	9,550,264	**30,553,962**	15,436,512
TOTAL NONCURRENT ASSETS		**46,197,552**	**34,748,154**	**71,942,916**	**44,501,450**
TOTAL ASSETS		**64,813,130**	**51,916,866**	**121,752,954**	**82,043,682**

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

JBS S.A.

Balance sheets
(In thousands of Reais)

		Company		Consolidated	
	Note	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	13	**2,448,362**	1,567,402	**12,314,213**	6,942,933
Suppliers with forfait agreement	13	-	-	**106,805**	-
Loans and financings	14	**14,791,919**	9,567,475	**20,906,613**	13,686,975
Income taxes	16	-	-	**477,601**	505,799
Payroll, social charges and tax obligation	16	**490,091**	369,756	**3,258,271**	2,105,278
Declared dividends	17	**1,103,308**	484,013	**1,103,308**	484,013
Payables related to facilities acquisitions	18	**15,164**	47,894	**471,916**	344,881
Other current liabilities		**1,026,780**	740,635	**1,068,740**	798,122
TOTAL CURRENT LIABILITIES		**19,875,624**	**12,777,175**	**39,707,467**	**24,868,001**
NONCURRENT LIABILITIES					
Loans and financings	14	**14,951,523**	13,689,084	**44,976,113**	26,392,165
Payroll, social charges and tax obligation	16	**117,913**	151,199	**894,837**	639,114
Payables related to facilities acquisitions	18	**37,950**	44,904	**233,855**	490,461
Deferred income taxes	19	**1,893,861**	1,172,511	**4,310,495**	2,839,966
Provision for lawsuits risk	20	**197,100**	178,426	**1,533,100**	705,844
Other noncurrent liabilities		**29,929**	29,744	**795,722**	465,606
TOTAL NONCURRENT LIABILITIES		**17,228,276**	**15,265,868**	**52,744,122**	**31,533,156**
EQUITY	21				
Capital stock		**23,576,206**	21,506,247	**23,576,206**	21,506,247
Capital reserve		**(791,230)**	(148,569)	**(791,230)**	(148,569)
Revaluation reserve		**81,066**	87,877	**81,066**	87,877
Profit reserves		**4,756,937**	4,261,815	**4,756,937**	4,261,815
Other comprehensive income		**86,251**	(1,833,547)	**86,251**	(1,833,547)
Attributable to controlling interest		**27,709,230**	**23,873,823**	**27,709,230**	**23,873,823**
Attributable to noncontrolling interest		-	-	**1,592,135**	**1,768,702**
TOTAL EQUITY		**27,709,230**	**23,873,823**	**29,301,365**	**25,642,525**
TOTAL LIABILITIES AND EQUITY		**64,813,130**	**51,916,866**	**121,752,954**	**82,043,682**

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

JBS S.A.

Statements of income for the years ended on December 31, 2015 and 2014
(In thousands of Reais)

		Company		Consolidated	
	Note	2015	2014	2015	2014
NET REVENUE	22	**28,890,356**	**26,110,898**	**162,914,526**	**120,469,719**
Cost of goods sold		**(22,903,929)**	(20,401,293)	**(140,324,213)**	(101,796,347)
GROSS INCOME		**5,986,427**	**5,709,605**	**22,590,313**	**18,673,372**
OPERATING INCOME (EXPENSE)					
General and administrative expenses		**(1,539,863)**	(1,610,677)	**(4,025,330)**	(3,330,042)
Selling expenses		**(3,093,130)**	(2,739,927)	**(9,377,895)**	(7,154,335)
Financial expense, net	23	**508,970**	(2,851,395)	**(1,300,616)**	(3,637,620)
Equity in earnings of subsidiaries	10	**3,498,037**	3,903,909	**58,935**	26,103
Other expenses	24	**(23,679)**	(403,721)	**(66,726)**	(385,655)
		(649,665)	**(3,701,811)**	**(14,711,632)**	**(14,481,549)**
NET INCOME BEFORE TAXES		**5,336,762**	**2,007,794**	**7,878,681**	**4,191,823**
Current income taxes	19	**(55,992)**	46,851	**(2,979,735)**	(1,656,879)
Deferred income taxes	19	**(640,656)**	(18,735)	**229,701**	(128,517)
		(696,648)	**28,116**	**(2,750,034)**	**(1,785,396)**
NET INCOME		**4,640,114**	**2,035,910**	**5,128,647**	**2,406,427**
ATTRIBUTABLE TO:					
Controlling interest				**4,640,114**	2,035,910
Noncontrolling interest				**488,533**	370,517
				5,128,647	**2,406,427**
Net income per shares (basic) - in reais	25	**1.60**	0.71	**1.60**	0.71
Net income per shares (diluted) - in reais	25	**1.60**	0.71	**1.60**	0.71

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

JBS S.A.

Statement of comprehensive income for the years ended on December 31, 2015 and 2014
(In thousands of Reais)

		Company		Consolidated	
	Reference	2015	2014	2015	2014
Net income	SCSE	**4,640,114**	2,035,910	**5,128,647**	2,406,427
Other comprehensive income					
Valuation adjustments to equity in subsidiaries	SCSE	**103,918**	(31,129)	**103,918**	(31,129)
Accumulated adjustment of conversion in subsidiaries	SCSE	**(373,908)**	(120,022)	**(373,908)**	(120,022)
Exchange variation in subsidiaries	SCSE	**2,189,788**	371,848	**2,189,788**	371,848
Total of comprehensive income		**6,559,912**	**2,256,607**	**7,048,445**	**2,627,124**
Total of comprehensive income attributable to:					
Controlling interest		**6,559,912**	2,256,607	**6,559,912**	2,256,607
Noncontrolling interest		-	-	**488,533**	370,517
		6,559,912	**2,256,607**	**7,048,445**	**2,627,124**

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

JBS S.A.
Statements of changes in equity for the years ended on December 31, 2015 and 2014
(In thousands of Reais)

		Capital reserves					Profit reserves		Other comprehensive income					
	Capital stock	Premium on issue of shares	Capital transactions	Stock options	Treasury shares	Revaluation reserve	Legal	Investments statutory	VAE [1]	ATA [2]	Retained earnings	Total	Non controlling interest	Total equity
DECEMBER 31, 2013	**21,506,247**	**211,879**	**86,444**	**-**	**(595,849)**	**92,227**	**90,060**	**2,615,024**	**132,787**	**(2,187,031)**	**-**	**21,951,788**	**1,181,466**	**23,133,254**
Net income	-	-	-	-	-	-	-	-	-	-	2,035,910	**2,035,910**	370,517	**2,406,427**
Other comprehensive income	-	-	-	-	-	-	-	-	(31,129)	251,826	-	**220,697**	-	**220,697**
Total of comprehensive income	-	-	-	-	-	-	-	-	**(31,129)**	**251,826**	**2,035,910**	**2,256,607**	**370,517**	**2,627,124**
Capital transaction	-	-	3,894	-	-	-	-	-	-	-	-	**3,894**	-	**3,894**
Acquisition of treasury shares	-	-	-	-	(64,235)	-	-	-	-	-	-	**(64,235)**	-	**(64,235)**
Change of treasury shares	-	-	-	-	208,384	-	-	-	-	-	-	**208,384**	-	**208,384**
Stock option premium	-	-	-	914	-	-	-	-	-	-	-	**914**	-	**914**
Realization revaluation reserve	-	-	-	-	-	(4,350)	-	-	-	-	4,350	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	-	-	(483,529)	**(483,529)**	-	**(483,529)**
Legal reserve	-	-	-	-	-	-	101,795	-	-	-	(101,795)	-	-	-
Investments statutory	-	-	-	-	-	-	-	1,454,936	-	-	(1,454,936)	-	-	-
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	216,719	**216,719**
DECEMBER 31, 2014	**21,506,247**	**211,879**	**90,338**	**914**	**(451,700)**	**87,877**	**191,855**	**4,069,960**	**101,658**	**(1,935,205)**	**-**	**23,873,823**	**1,768,702**	**25,642,525**
Net income	-	-	-	-	-	-	-	-	-	-	4,640,114	**4,640,114**	488,533	**5,128,647**
Other comprehensive income	-	-	-	-	-	-	-	-	103,918	1,815,880	-	**1,919,798**	-	**1,919,798**
Total of comprehensive income	-	-	-	-	-	-	-	-	**103,918**	**1,815,880**	**4,640,114**	**6,559,912**	**488,533**	**7,048,445**
Capital transaction	-	-	(232,089)	-	-	-	-	-	-	-	-	**(232,089)**	-	**(232,089)**
Acquisition of treasury shares	-	-	-	-	(1,432,670)	-	-	-	-	-	-	**(1,432,670)**	-	**(1,432,670)**
Change of treasury shares	-	-	-	-	982	-	-	-	-	-	-	**982**	-	**982**
Cancellation treasury shares	-	-	-	-	979,817	-	-	(979,817)	-	-	-	-	-	-
Stock option premium	-	-	-	9,348	-	-	-	-	-	-	-	**9,348**	-	**9,348**
Stock option plan	-	-	-	31,951	-	-	-	-	-	-	-	**31,951**	-	**31,951**
Realization revaluation reserve	-	-	-	-	-	(6,811)	-	-	-	-	6,811	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	-	-	(1,102,027)	**(1,102,027)**	-	**(1,102,027)**
Legal reserve	-	-	-	-	-	-	232,006	-	-	-	(232,006)	-	-	-
Investments statutory	-	-	-	-	-	-	-	3,312,892	-	-	(3,312,892)	-		-
Capitalization reserve	2,069,959	-	-	-	-	-	-	(2,069,959)	-	-	-	-	-	-
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	(665,100)	**(665,100)**
DECEMBER 31, 2015	**23,576,206**	**211,879**	**(141,751)**	**42,213**	**(903,571)**	**81,066**	**423,861**	**4,333,076**	**205,576**	**(119,325)**	**-**	**27,709,230**	**1,592,135**	**29,301,365**

[1] Valuation adjustments to equity;
[2] Accumulated translation adjustments and exchange variation in subsidiaries.

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

JBS S.A.

Statements of cash flows for the years ended on December 31, 2015 and 2014
(In thousands of Reais)

	Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Cash flow from operating activities				
Net income attributable to controlling interest	**4,640,114**	**2,035,910**	**4,640,114**	**2,035,910**
Adjustments to reconcile net income to cash provided on operating activities:				
Depreciation and amortization	**663,728**	570,514	**3,692,830**	2,546,777
Allowance for doubtful accounts	**26,377**	495	**20,851**	(9,218)
Equity in earnings of subsidiaries	**(3,498,037)**	(3,903,909)	**(58,935)**	(26,103)
Profit (loss) on assets sales	**23,592**	6,623	**(25,823)**	1,905
Deferred income taxes	**640,656**	18,735	**(229,701)**	128,517
Current and noncurrent financial charges	**9,899,982**	3,249,521	**11,568,234**	3,871,245
Provision for lawsuits risk	**18,674**	14,375	**(23,752)**	(104,597)
	12,415,086	**1,992,264**	**19,583,818**	**8,444,436**
Decrease (increase) in operating assets				
Trade accounts receivable	**310,823**	977,377	**1,147,367**	241,816
Inventories	**288,615**	(3,460)	**515,378**	(890,300)
Recoverable taxes	**(99,492)**	(137,020)	**(307,594)**	(22,302)
Other current and noncurrent assets	**(28,689)**	(309,299)	**889,624**	(717,206)
Related party receivable	**(3,085,327)**	1,227,184	**(1,380,683)**	484,621
Biological assets	-	-	**(1,236,325)**	(720,305)
Increase (decrease) operating liabilities				
Trade accounts payable	**772,778**	148,951	**1,469,821**	1,113,016
Other current and noncurrent liabilities	**376,705**	219,384	**293,116**	745,835
Noncontrolling interest	-	-	**488,533**	370,517
Valuation adjustments to equity in subsidiaries	-	-	**(256,689)**	(63,093)
Changes in operating assets and liabilities	**(1,464,587)**	**2,123,117**	**1,622,548**	**542,599**
Net cash provided by operating activities	**10,950,499**	**4,115,381**	**21,206,366**	**8,987,035**
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	**(5,257,221)**	(1,790,441)	**(15,859,628)**	(3,569,434)
Decrease (increase) in investments in subsidiaries	**1,398,665**	1,927,565	**13,686**	-
Equity effect of acquired company	-	-	**(5,757,925)**	(707,411)
Net cash provided by (used in) investing activities	**(3,858,556)**	**137,124**	**(21,603,867)**	**(4,276,845)**
Cash flow from financing activities				
Proceeds from loans and financings	**14,250,931**	10,512,737	**46,945,857**	24,655,475
Payments of loans and financings	**(17,683,782)**	(10,204,309)	**(40,781,836)**	(23,501,506)
Payments of dividends	**(482,732)**	(219,885)	**(2,317,910)**	(219,885)
Stock option premium received	**9,348**	3,132	**9,348**	3,132
Capital transactions	-	-	**(232,089)**	3,894
Shares acquisition of own emission	**(1,431,688)**	(64,235)	**(1,431,688)**	(64,235)
Net cash provided by (used in) financing activities	**(5,337,923)**	**27,440**	**2,191,682**	**876,875**
Effect of exchange variation on cash and cash equivalents	-	-	**2,139,380**	**310,215**
Variance in cash and cash equivalents	**1,754,020**	4,279,945	**3,933,561**	5,897,280
Cash and cash equivalents at the beginning of the year	**9,503,923**	5,223,978	**14,910,427**	9,013,147
Cash and cash equivalents at the end of the year	**11,257,943**	**9,503,923**	**18,843,988**	**14,910,427**

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

JBS S.A.

Economic value added for the years ended on December 31, 2015 and 2014
(In thousands of Reais)

	Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Revenue				
Sales of goods and services	**30,517,762**	27,284,701	**165,724,096**	122,582,175
Other net income (expenses)	**(10,838)**	3,382	**(56,422)**	(7,249)
Allowance for doubtful accounts	**(26,377)**	(495)	**(20,851)**	9,218
	30,480,547	**27,287,588**	**165,646,823**	**122,584,144**
Goods				
Cost of services and goods sold	**(19,297,109)**	(17,008,255)	**(107,020,334)**	(79,448,209)
Materials, energy, services from third parties and others	**(3,880,939)**	(3,769,725)	**(24,248,994)**	(16,901,535)
Others	-	-	**(469)**	-
	(23,178,048)	**(20,777,980)**	**(131,269,797)**	**(96,349,744)**
Gross added value	**7,302,499**	**6,509,608**	**34,377,026**	**26,234,400**
Depreciation and Amortization	**(663,728)**	(570,514)	**(3,692,830)**	(2,546,777)
Net added value generated	**6,638,771**	**5,939,094**	**30,684,196**	**23,687,623**
Net added value by transfer				
Equity in earnings of subsidiaries	**3,498,037**	3,903,909	**58,935**	26,103
Financial income	**13,791,228**	4,578,894	**19,900,062**	5,965,140
Others	**(28,813)**	4,106	**(172,451)**	335,322
NET ADDED VALUE TOTAL TO DISTRIBUTION	**23,899,223**	**14,426,003**	**50,470,742**	**30,014,188**
DISTRIBUTION OF ADDED VALUE				
Labor				
Salaries	**2,556,092**	2,414,735	**13,997,920**	10,113,201
Benefits	**168,199**	117,200	**2,487,582**	1,615,262
FGTS (Brazilian Labor Social Charge)	**96,778**	91,546	**234,230**	118,249
	2,821,069	**2,623,481**	**16,719,732**	**11,846,712**
Taxes and contribution				
Federal	**1,170,216**	495,456	**3,712,101**	2,667,638
State	**1,894,510**	1,750,215	**2,601,278**	2,322,523
Municipal	**14,434**	17,564	**25,117**	21,041
	3,079,160	**2,263,235**	**6,338,496**	**5,011,202**
Capital Remuneration from third parties				
Interests and exchange variation	**13,188,827**	7,373,316	**21,001,386**	9,880,970
Rents	**105,482**	93,434	**587,156**	396,095
Others	**64,571**	36,627	**695,325**	472,782
	13,358,880	**7,503,377**	**22,283,867**	**10,749,847**
Owned capital remuneration				
Net income attributable to controlling interest	**4,640,114**	2,035,910	**4,640,114**	2,035,910
Noncontrolling interest	-	-	**488,533**	370,517
	4,640,114	**2,035,910**	**5,128,647**	**2,406,427**
ADDED VALUE TOTAL DISTRIBUTED	**23,899,223**	**14,426,003**	**50,470,742**	**30,014,188**

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

(Expressed in thousands of reais)

1 Operating activities

JBS S.A ("JBS" or the "Company"), based in Brazil, is a company listed in the "Novo Mercado" segment of BM&FBovespa S.A - Stock Exchange, Commodity and Forward as ticker symbol "JBSS3" and American Depository Receipts traded over the counter as "JBSAY".

The Company and its subsidiaries ("Company" or "Consolidated") are the world's largest company in processing animal protein.

The financial statements presented as follows, include beyond the Company's individual operations in Brazil, its subsidiaries activities. A summary of the main operational activities is presented as follows:

Company

Description	Activities	Units	State
JBS	- Beef processing: slaughter, cold storage, industrialization and production of canned and beef by-products derivatives of beef. - Leather industrialization, processing and marketing. - Production and commercialization of steel cans, plastic resin, soap base mass for production, soap bar, biodiesel, glycerin, olein, fatty acid, collagen and wrapper derived from cattle tripe; management of industrial residue; soybeans purchase and sale, tallow, palm oil, caustic soda, stearin, operations own of transports, dog biscuit industrialization service, direct sales to customers of beef and related items by stores named "Mercado da Carne"; production, cogeneration and commercialization of electric power. - Distribution centers and harbors.	84	AC, AM, BA, CE, DF, ES, GO, MA, MG, MS, MT, PA, PE, PR, RJ, RO, RS, SC, SP, TO

Consolidated: Main activities in Brazil

Description	Activities	Units	State	Participation	Dec 31, 2015
JBS Confinamento Ltda. (JBS Confinamento)	- Providing services of fattening cattle.	7	SP, GO, MS, MT	Direct	100%
Meat Snacks Partners do Brasil Ltda (Meat Snacks)	- Beef Jerky production.	2	SP	Indirect	50%
Brazservice Wet Leather S.A (Brazservice)	- Industrialization, processing and commercialization of wet blue leather.	1	MT	Direct	100%
Tannery do Brasil S.A (Tannery)	- Industrialization, processing and commercialization of wet blue leather.	1	MT	Direct	99.51%
JBS Foods (JBS Foods)	- Chicken and pork processing: raising, slaughtering and processing of broiler chickens and hogs; industrialization and commercialization of beef and food products; and production of pet food and concentrates. - Distribution centers and harbors.	48	BA, CE, DF, MG, MT, MS, PE, PR, RJ, RN, RS, SC e SP	Direct	100%

Consolidated: Main activities out of Brazil

Description	Activities	Units	Country	Participation	Dec 31, 2015
JBS USA Holding Lux, S.à.r.l. (JBS USA)	- Beef processing, hogs and pork: slaughter, refrigeration, industrialization and by-products derived; - Processes chicken: raising, slaughter, industrialization and commercialization of products derived from processing operations; - Fattening cattle services; - Transportation services.	225	Luxembourg, United States of America, Australia, Mexico and Canada	Indirect	100%
JBS Argentina S.A. (JBS Argentina)	- Beef processing; and industrialization of canned goods, fat, pet foods and beef products.	3	Argentina	Indirect	100%
Nawelur S.A (Nawelur)	- Wet blue, semi finished and finished leather trading for local markets.	1	Uruguay	Indirect	100%
JBS Global UK, Friboi (JBS Global UK)	- Meat "in natura" trading and processing to sale throughout the European Union.	1	United Kingdom	Indirect	100%
JBS Toledo NV (Toledo)	- Trading operations for the european market; cooked frozen meat commercialization; logistic operations; warehousing; customization and new products development.	1	Belgium	Indirect	100%
JBS Paraguay S.A (JBS Paraguay)	- Beef processing.	2	Paraguay	Indirect	100%
Frigorífico Canelones S.A (Canelones)	- Beef processing.	1	Uruguay	Indirect	100%
Rigamonti Salumificio SpA (Rigamonti)	- Bresaola production and sale.	3	Italy	Direct	100%
Trump Asia Enterprises Limited (Trump Asia)	- Semi finished and finished leather industrialization and commercialization.	3	Hong Kong	Indirect	100%
Conceria Priante (Priante)	- Semi finished and finished leather industrialization and commercialization.	4	Italy	Direct	100%

Consolidated: Main activities out of Brazil

Description	Activities	Units	Country	Participation	Dec 31, 2015
Capital Joy Holding Limited (Capital Joy)	- Semi finished and finished leather commercialization.	1	British Virgin Islands	Indirect	73%
JBS Leather International (Zenda)	- Wet blue, semi finished and finished leather industrialization and commercialization.	7	Germany, Argentina, Netherlands, Uruguay and Paraguay	Direct	100%
Seara Holding Europe B.V. (Seara Holding)	- Animal protein products trading.	4	Netherlands	Indirect	100%
Moy Park Holdings (Europe) Limited (Moy Park)	- Production of fresh, high quality locally farmed poultry and convenience food products.	14	United Kingdom, France, The Netherlands, Republic of Ireland.	Direct	100%

2 Preparation and presentation of financial statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil, in compliance with the law of joint stock companies (Lei das sociedades por ações - Leis das SA's), pronouncements, interpretations and orientations issued by the Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis) - CPC and requirements of the Brazilian Securities Commission - CVM and with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB). The accounting practices adopted in Brazil require the disclosure of the Economic Value Added (Demonstração do Valor Adicionado - DVA), individual and consolidated, while the IFRS rules do not require its disclosure. As consequence, by the IFRS rules, the DVA is disclosured as supplementary information, without any loss to these financial statements. The Company individual financial statements are identified as "Company" and the consolidated financial statements are identified as "Consolidated".

The preparation of financial statements requires the use of certain accounting estimates in the process of applying accounting policies. The financial statements, therefore, include estimates that are referred mainly to the estimate of fair value related to business combination, biological assets value, impairment of recoverable taxes, useful life of property, provision for tax, civil and labor liabilities, retirement benefits, measurement at fair value of financial instruments and impairment of financial and non-financial assets. Actual transactions results and information may differ from the estimates. The Company reviews its estimates and underlying assumptions at least on a quarterly basis. Accounting estimates revisions are recognized in the financial statements in the period which the estimation is reviewed. All relevant information from the financial statements, and only them, are being highlighted and correspond to those used by the Management in managing the Company's activities.

Changes in the financial statements format:

In the current reporting period of December 31, 2015, the Company has reviewed spontaneously the format which its financial statements are presented in order to eliminate information in duplicity; optimize the financial statements size and content; gather same nature subjects and turn a financial statement more didactic without relevant information loss. Emphasizing that there were no changes on the accounting practices and policies which make all periods presented consistent to what have been presented on prior periods.

The accounting practices are described in the notes which they are related to, and the general practices are described below:

a. Foreign currency translation

Functional and reporting currency

The functional currency of a company is the primary economic environment in which it operates.These individual and consolidated financial statements are presented in Brazilian Reais (R$), which is the Company's functional currency. All financial information is presented in thousands of reais, except when otherwise indicated.

Transactions in foreign currencies are translated to the respective functional currencies of each entity using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the closing rate of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, under the caption "Exchange rate variation".

Financial statement translation of subsidiaries located abroad

The financial statements of the subsidiaries located abroad are prepared using its respective functional currency. For equity calculation purposes and consolidation of the information that have a functional currency different from the presentation currency (R$), are translated into the presentation currency as follows:

i. the amounts for assets and liabilities are translated at the current rate at the date of each closing period;
ii. income and expenses are translated at the average rate;
iii. all resulting exchange differences are recognized in Other Comprehensive Income, and are presented in the statement of comprehensive income and in the equity.

b. Individual financial statements

The individual financial statements presents the evaluation of investments in associates, subsidiaries and joint ventures by the equity method. In order to reach the same income statement and equity attributable to controlling interest in the individual and consolidated financial statements, the same adjustments of accounting practice upon the adoption of IFRS and CPCs, were done on both financial statements. The carrying value of these investments includes the breakdown of acquisition costs and goodwill.

c. Consolidated financial statements

The Company fully consolidates all subsidiaries. The Company controls an entity when it is exposed or has the right to variable return with its involvement with the entity and it has the capacity of interfering in these returns due to power exercised over the entity. Subsidiaries are fully consolidated from the date on which the control is transfered to the Group. The consolidation is discontinued from the date that control ceases.

Investments in associates and joint venture ("joint ventures") are recorded by the equity method. Associate is an entity over which the Company has significant influence, but does not exercise control. Joint ventures are all entities over which the Company shares control with one or more parties.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group. Intercompany transactions, balances, income and expenses transactions between group companies are eliminated.

The noncontrolling interest is presented in the financial statements as part of the shareholder's equity, as well as the net income (loss) attributable to them in the income statement.

When the Company acquires more shares or other equity instruments of an entity that it already controls, gain and losses are arising from acquisition of shares, or other equity instruments, of an controlled entity, are kept at shareholder's equity in the caption of "Capital transactions".

d. Present value adjustment in assets and liabilities

When relevant assets and liabilities are adjusted to present value, considering the following assumptions for the calculation: i) the amount to be discounted; ii) the dates of realization and settlement; and iii) the discount rate.

e. Other current and noncurrent assets

Other current and noncurrent assets are stated at cost or realizable value including, if applicable, income earned through the reporting date.

f. Other current and noncurrent liabilities

Current and noncurrent liabilities are stated at known or estimated amounts, including, if applicable, charges and monetary or exchange rate variations.

g. Statement of income and revenue recognition

Revenue and expenses are recorded on the accrual basis. Revenue is recognized when the risks and inherent benefits are transferred to the clients as well the extent which is probable that the economic benefits will be generated to the Company and it can be measured reliably. Revenue is measured at the fair value of the payment received or receivable for sale of products and services in the Company normal course of business.

In the income statement revenue is net of taxes, returns, rebates and discounts, as well as of intercompany sales.

The expenses are recorded on the accrual basis.

h. New standards, amendments and interpretations

There are no other rules, amendments and interpretations that are not in force in which the Company expects to have a relevant impact arising from its application on its financial statements.

3 Business Combination

The Company applies the acquisition method to account for business combinations with entities not under common control . The consideration transferred in a business combination is measured at fair value, which is calculated by adding the fair values ??of assets transferred, liabilities incurred on the acquisition date to the previous owners of the acquired shares issued in exchange for control of the acquired. Acquisitions costs are expensed as incurred.

The excess in between i) the consideration transferred; ii) the amount of any noncontrolling interest in the acquiree (when applicable); and iii) the fair value at the acquisition date, of any previous equity interest in the acquire, over the fair value of net assets acquired is recognized as goodwill. When the sum of the three items above is less than the fair value of the net assets amount acquired. the gain is recognized directly in the income statement of the period as 'Bargain gain'.

Estimated values are recognized when the initial business combination measurement is not completed at the closing period in which the business combination has occurred. The estimated values are adjusted during the measurement period (which shall not exceed one year, from the date of acquisition), or additional assets and liabilities are recognized to reflect new information relating to facts and circumstances existing at the acquisition date which, if known, would have affected the amounts recognized on that date.

Below, it is presented: i) acquisitions that have been implemented during the quarter of the balance that is being published on December 31, 2015; ii) acquisitions that have changed the amount paid or the fair value of the assets since the date of acquisition until the maturity of the business combination and; iii) after one year concluded acquisition. Thus, the other acquisitions that does not qualify under these conditions, are presented in the previous disclosures.

(Expressed in thousands of reais)

Business combination details:

FAIR VALUE	Seara Norte	Big Frango	FRS S/A	Societe Alimentos	Primo [1]	Tyson México [1]	Cargill Inc. [1]	Moy Park [2]	Macedo	Novagro
	Acquisitions in 2015								Acquisitions in 2014	
ASSETS	**45,664**	**478,814**	**243,845**	**64**	**2,908,869**	**1,115,430**	**3,214,061**	**4,961,451**	**576,093**	**29,046**
Cash and cash equivalents	1,342	18,746	636	-	18,462	21,613	-	732,196	14,729	140
Trade accounts receivable	5,759	76,402	-	-	434,132	94,391	314,418	373,530	117,993	6,482
Inventories	10,615	32,077	1,078	-	445,448	130,819	274,828	490,479	86,357	469
Biological assets	5,019	42,483	-	-	-	135,215	645,694	311,434	46,880	8,516
Recoverable taxes	9,864	99,915	38,044	2	-	-	-	58,234	124,948	1,344
Deferred taxes (assets)	-	-	-	-	34,311	-	-	-	-	-
Other current and noncurrent assets	1,649	43,991	15,107	62	28,587	14,272	6,650	317,608	16,253	637
Property, plant and equipment	11,299	164,815	188,977	-	1,276,401	615,990	1,049,220	1,477,256	167,733	11,458
Intangible	117	385	3	-	671,528	103,130	923,251	1,200,714	1,200	-
LIABILITIES AND EQUITY	**30,640**	**999,119**	**902,234**	**25,342**	**610,617**	**246,604**	**342,276**	**3,754,961**	**233,799**	**14,072**
Trade accounts payable	6,189	148,286	36,936	-	443,171	84,148	259,369	1,128,709	52,199	2,938
Loans and financings	12,509	553,345	-	-	-	-	-	1,877,720	116,126	10,374
Payroll, social charges and tax obligation	5,361	72,143	51,994	-	161,901	37,709	82,907	218,146	11,485	742
Current and deferred taxes	-	-	26,939	-	5,545	124,747	-	323,439	-	-
Provision for lawsuits risks	3,682	225,345	648,951	-	-	-	-	-	18,039	-
Other current and noncurrent liabilities	2,899	-	137,414	25,342	-	-	-	211,427	35,950	18
Noncontrolling interest	-	-	-	-	-	-	-	(4,480)	-	-
Net assets and liabilities	**15,024**	**(520,305)**	**(658,389)**	**(25,278)**	**2,298,252**	**868,826**	**2,871,785**	**1,206,490**	**342,294**	**14,974**
Acquisition cost [3]	71,987	30,000	437,016	-	4,667,505	1,480,181	5,564,559	5,172,378	403,282	39,154
Goodwill/excess of the transaction	**56,963**	**550,305**	**1,095,405**	**25,278**	**2,369,253**	**611,355**	**2,692,774**	**3,965,888**	**60,988**	**24,180**
Goodwill/excess allocation in the transaction										
Added value in client portfolio	-	91,355	-	-	-	-	-	337,425	8,578	-
Added value in trademark	-	64,578	221,330	-	-	-	-	740,982	16,034	-
Added (loss) value in fixed asset	45,996	62,987	306,178	-	-	-	-	(28,051)	45,931	-
Deferred income tax and social contribution	(15,639)	(74,433)	(179,352)	-	-	-	-	(357,121)	(23,985)	-
Goodwill amount to expectation of future earnings	26,606	405,818	747,249	25,278	2,369,253	611,355	2,692,774	3,272,653	14,430	24,180
Goodwill/excess of the transaction	**56,963**	**550,305**	**1,095,405**	**25,278**	**2,369,253**	**611,355**	**2,692,774**	**3,965,888**	**60,988**	**24,180**

[1] - Converted by the american dollar rate of R$3.9048 in December 31, 2015.
[2] - Converted by the british pound rate of R$6.0054 in September 30, 2015.
[3] - According to the contractual terms of Moy Park's acquisition, the parties made their estimated price closing verification reports. and agreed a final adjustment in the purchase price. The referred final adjustment of the purchase price was US$46,570, in which the amount of US$21,570 has been received during the period, keeping outstanding on December 31, 2015 the residual amount of US$25,000 (equivalent to R$97,620).

For the recent acquisitions in which the Company preliminarily did not identify fair value adjustments, the excess generated in the transaction is preliminarily kept as goodwill to expectation of future earnings.

4 Cash and cash equivalents

It includes cash balances, banks and financial investments with original maturities of three months or less. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an immaterial risk of changes in value.

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Cash and banks	**6,244,789**	4,189,249	**10,776,155**	8,368,528
CDB (bank certificates of deposit)	**1,584,422**	4,509,936	**4,285,299**	4,775,249
Investment funds	-	-	**353,802**	961,912
National treasury bill - Tesouro Selic	**3,428,732**	804,738	**3,428,732**	804,738
	11,257,943	**9,503,923**	**18,843,988**	**14,910,427**

The bank certificates of deposit - CDB - are held by first class financial institutions, with floating-rate and yield an average of 100% of the variation of the interbank deposit certificate (Certificado de Depósito Interbancário). In the consolidated, are included similar financial applications to CDB's with fixed interest rates.

Investments funds (Consolidated) - It is composed entirely of investments of the indirect subsidiary JBS Project Management GMBH (subsidiary of JBS Holding GMBH) in mutual investment funds nonexclusive, whose investments are performed by JP Morgan as part of a cash management service.

National treasury bill - Tesouro Selic – Correspond to purchased bonds with financial institutions, whose conditions and characteristics are similar to the CDB's.

(Expressed in thousands of reais)

5 Trade accounts receivable, net

Trade accounts receivable correspond to amounts owed by customers in the ordinary course of business of the Company. If the due date is equivalent to one year or less, the account receivable is classified as a current asset. Otherwise, the corresponding amount is classified as a noncurrent asset. Accounts receivable are presented at amortized cost, less any impairment. The foreign accounts receivable are updated with the current exchange rate at the financial statement date. The balances of the present value adjustment are demonstrated below for presentation purposes.

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Current receivables	**3,107,119**	3,280,228	**9,950,459**	8,335,743
Overdue receivables:				
From 1 to 30 days	**248,610**	229,464	**1,475,312**	1,085,777
From 31 to 60 days	**105,701**	14,696	**456,220**	127,764
From 61 to 90 days	**50,348**	20,906	**192,307**	59,952
Above 90 days	**54,230**	60,198	**355,789**	191,148
Allowance for doubtful accounts	**(114,962)**	(88,585)	**(266,733)**	(192,367)
Present value adjustment	**(15,355)**	(14,295)	**(43,692)**	(30,469)
	328,572	**222,384**	**2,169,203**	**1,241,805**
	3,435,691	**3,502,612**	**12,119,662**	**9,577,548**

Allowance for doubtful accounts are calculated based on the analysis of the aging list, provisioning the items of long standing, and considering the probable estimated losses, which the amount is considered sufficient by the Management to cover probable losses on accounts receivable based on historical losses. The estimated losses with allowance for doubtful accounts, as well its reversal are recognized in the income statement under the caption "Selling Expenses". When there is no expectation in recovering the accounts receivable, the accrued balances are reversed directly with the respective asset. Below are demonstrated the changes in the allowance for doubtful accounts:

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Initial balance	**(88,585)**	**(88,585)**	**(192,367)**	**(210,443)**
Additions	**(26,377)**	-	**(60,989)**	(2,674)
Exchange variation	-	-	**(16,888)**	(1,289)
Write-offs	-	-	**3,511**	22,039
Final balance	**(114,962)**	**(88,585)**	**(266,733)**	**(192,367)**

6 Inventories

Inventories are stated at the lower of the average cost of acquisition or production, and the net realizable value. The cost of inventories is recognized in the income statement when inventories are sold or perishing.

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Finished products	**1,365,859**	1,582,328	**6,786,778**	5,426,529
Work in process	**416,961**	311,547	**1,079,250**	754,389
Raw materials	**197,684**	390,944	**1,449,727**	1,047,788
Warehouse spare parts	**148,489**	132,789	**1,793,989**	1,044,404
	2,128,993	**2,417,608**	**11,109,744**	**8,273,110**

7 Biological assets

Chicken and eggs:

Current (consumable) - Refers to broiler chickens to slaughter in the maturing period, which remain in development for a period of 30 to 48 days for production of fresh meat and / or industrialized products and, hatching eggs.

Noncurrent (bearer assets) - Refers to layer and breeder chicken that are intended for breeding which have a estimate useful life of 68 weeks. The animals in this category are segregated in mature and immatures, since that mature are animals that already are in breeding stage and immature are under development.

The fair value of these biological assets is substantially represented by its acquisition cost plus costs accumulated absorption, due to the short life cycle and by the fact that the profit margin is substantially representative only in the process of industrialization. Thereby, the current assets are maintained at cost and the noncurrent assets besides being maintained at cost, are amortized according to their capacity of producing new assets (eggs).

Cattle:

Current (consumable) - Refers to cattle in feedlots (intensive), cattle in pastures (extensive) and remains under development for 90 to 120 days.

The operations related to cattle in Brazil, are reliably recognized at market value due to the existence of active markets. The gain or loss on change in fair value of biological assets is recognized in the income statement in the period in which it occurs, in specific line as a reduction of gross revenue. The operations of the United States has no active market and the assets are carried at cost.

(Expressed in thousands of reais)

Hogs and lambs:

Current (consumable) - Refers to hogs and lambs to slaughter in the maturing period, which remain in development for a period of 170 to 175 days for production of fresh meat and / or industrialized products.
Noncurrent (bearer assets) - Refers to layer, hogs and lambs that are intended for breeding which have a estimate useful life of 28 months.

Hogs activities are similar to chicken operations, are similar to the activities of chicken, therefore, the fair value of biological assets is substantially represented by its acquisition cost plus accumulated absorption costs. Thereby, the current assets are maintained at cost and the noncurrent assets besides being maintained at cost, are amortized according to their capacity of producing new assets (hogs).

	Consolidated			
Current biological assets (consumable):	**December 31, 2015**		**December 31, 2014**	
	Amount	**Quantity (thousands)**	**Amount**	**Quantity (thousands)**
Evaluated by cost:				
Chicken and eggs	**1,639,042**	**548,226**	1,059,805	453,046
Cattle	**28,587**	**6**	18,965	6
Hogs and lambs	**1,166,827**	**4,373**	454,072	2,528
	2,834,456	**552,605**	**1,532,842**	**455,580**
Evaluated by market value:				
Cattle	**38,991**	**16**	35,024	19
	38,991	**16**	**35,024**	**19**
Total current:				
Chicken and eggs	**1,639,042**	**548,226**	1,059,805	453,046
Cattle	**67,578**	**22**	53,989	25
Hogs and lambs	**1,166,827**	**4,373**	454,072	2,528
	2,873,447	**552,621**	**1,567,866**	**455,599**

	Consolidated			
Noncurrent biological assets (bearer assets):	**December 31, 2015**		**December 31, 2014**	
	Amount	**Quantity (thousands)**	**Amount**	**Quantity (thousands)**
Evaluated by cost:				
Mature chicken (in reproduction) and eggs	**401,555**	**19,057**	294,541	18,142
Immature chicken (in development) and eggs	**510,077**	**16,499**	271,935	13,978
Hogs	**188,721**	**369**	67,213	189
	1,100,353	**35,925**	**633,689**	**32,309**
Total noncurrent:	**1,100,353**	**35,925**	**633,689**	**32,309**
Total of biological assets:	**3,973,800**	**588,546**	**2,201,555**	**487,908**

Changes in biological assets:	**Current**	**Noncurrent**
Current amount on December 31, 2014	**1,567,866**	**633,689**
Increase by reproduction (born) and costs absorptions	20,521,966	1,387,641
Increase by purchase	1,465,658	495,259
Fair value (mark to market)	21,308	-
Changes from current to noncurrent	606,639	(606,639)
Decrease by death	(40,071)	(8,342)
Reduction for slaughter, sale or consumption	(22,456,918)	(150,175)
Exchange rate variation	321,483	42,170
Amortization	-	(967,579)
Effect from acquired companies	865,516	274,329
Current amount on December 31, 2015	**2,873,447**	**1,100,353**

(Expressed in thousands of reais)

8 Recoverable taxes

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Value-added tax on sales and services (ICMS / IVA / VAT / GST)	**935,612**	944,751	**2,212,951**	1,791,298
Excise tax - IPI	**35,401**	44,037	**111,932**	110,688
Social contribution on billings - PIS and COFINS	**891,230**	817,737	**1,517,128**	1,552,775
Withholding income tax - IRRF/IRPJ	**303,182**	225,360	**456,788**	265,826
Reintegra	**20,045**	40,814	**49,002**	49,648
Other	**13,731**	16,969	**85,798**	76,427
	2,199,201	**2,089,668**	**4,433,599**	**3,846,662**
Current and Long-term:				
Current	**1,409,696**	1,310,521	**2,874,987**	2,300,624
Noncurrent	**789,505**	779,147	**1,558,612**	1,546,038
	2,199,201	**2,089,668**	**4,433,599**	**3,846,662**

Value-added tax on sales and services (ICMS / IVA / VAT/GST): Recoverable ICMS refers to excess of credits derived from purchases of raw materials, packaging and other materials over tax charges due on domestic sales, since exports are tax-exempted. The Company expects to recover the total amount of the tax credit, including the ICMS credits from other states (difference between the statutory rate for tax bookkeeping and the effective rate for ICMS collection in the state of origin).

Social contribution on billings - PIS and COFINS: Refers to non-cumulative PIS and COFINS credits arising from purchases of raw materials, packaging and other materials used in the products sold in the foreign market.

Withholding income tax - IRRF/IRPJ: Refers mainly to withholding income tax levied on short-term investments, deductions and remaining foreign tax credits and prepayments of income tax and social contribution paid by estimate, which can be offset against income tax payable on profits.

Reintegration of the Special Tax Values - Reintegra: Aims to restore tax amounts related to exporting activities. Tax credit amounts are calculated by applying the percentage from gross revenue from the export of certain industrial products.

9 Related parties transactions

The main balances of assets and liabilities, as well as the transactions that influenced the income (loss) for the period related to transactions between related parties arise from transactions in between JBS and its subsidiaries at market and prices conditions established between the parties. Transference of costs includes borrowing costs, interests and management fee exchange rate, when applicable. Below is presented the current balance of such transactions:

				Balance sheet accounts		Effect on net income	
COMPANY	**Currency**	**Maturity**	**Costs transfer (administrative and funding)**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Direct subsidiaries							
JBS Confinamento	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**68,491**	61,153	**10,478**	15,405
JBS Embalagens Metálicas	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**116,895**	91,459	**21,533**	15,522
JBS USA [1]	US$	03/25/2016	Corresponds to Libor + 2.5% to 3% p.y.	-	(14,145)	**(4,776)**	(7,868)
Brazservice	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**19,443**	17,942	**4,103**	1,598
Seara Alimentos [2]	R$	03/31/2015	-	-	1,837,576	-	-
Tannery	R$	09/01/2016	Corresponds to CDI + 1% p.m.	**41,824**	28,442	**7,538**	1,032
JBS Global Investments	US$	03/13/2017	-	**677,439**	-	-	-
Seara Alimentos	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**1,380,125**	(126,550)	**158,047**	55,056
JBS Holding GMBH [3]	EUR	-	-	**435,291**	-	-	-
JBS Global Meat [4]	R$	-	-	**52,328**	-	-	-
Indirect subsidiaries							
JBS Aves	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**2,181,770**	1,264,574	**394,011**	53,623
Beef Snacks Brasil	R$	-	-	-	-	-	10,460
Beef Snacks International	US$	-	-	-	-	-	575
Zenda [4]	US$	-	-	**25,897**	-	**117**	704
Itaholb [5]	EUR	-	-	**(101,668)**	-	-	
				4,897,835	**3,160,451**	**591,051**	**146,107**

[1] - Disposal through dividends distribution (according to note 10 - Investments in associate, subsidiaries and joint ventures).
[2] - Disposal through capitalization of the full agreement balance.
[3] - Refers to participation rights of the Company in its subsidiary JBS Holding GMBH.
[4] - Advances with the purposes of future capitalization.
[5] - Refers to the balance arising of its wholly owned subsidiary Rigamonti (according to note 10 - Investments in associate, subsidiaries and joint ventures).

Additional information among the transactions between related parties are pointed such as the purchase of cattle for slaughter between JBS and it subsidiary JBS Confinamento and the sale of finished products to "trading companies" JBS Global (UK), Toledo, and Sampco and of leather in different stages to the subsidiaries Trump Asia and Priante. Such transactions are made at regular price and market conditions in their region because it takes the market prices applied with third parties clients. The number of cattle supplied by JBS Confinamento is irrelevant comparing to the volume demanded by JBS, same as the volume of exported through our tradings products over the volume of its exports.

(Expressed in thousands of reais)

Following, are demonstrated all commercial transactions between related parties recognized in the individual financial statement:

	Accounts receivable		Accounts payable		Purchases		Sale of products	
COMPANY	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Direct subsidiaries								
JBS Confinamento	**380**	197	**26,753**	44,892	**240,843**	380,724	**7,043**	7,120
Priante	**10,508**	15,034	**-**	-	**-**	-	**140,374**	72,730
Brazservice	**426**	2,713	**2,603**	33	**104,721**	66,791	**64,586**	55,573
Tannery	**130**	363	**7**	8,084	**58,095**	31,511	**44,697**	34,371
Seara Alimentos	**13,651**	10,490	**273,125**	14,889	**373,104**	213,568	**184,938**	141,775
JBS Leather Paraguay	**-**	-	**-**	-	**1,882**	3,554	**153**	-
Indirect subsidiaries								
JBS Global UK	**63,036**	59,907	**41**	73	**-**	90	**272,884**	188,705
JBS Argentina	**-**	-	**-**	1,809	**13,548**	10,917	**-**	-
Global Beef Trading	**-**	-	**-**	-	**-**	1,731	**-**	44,314
Australia Meat	**-**	-	**297**	108	**35,678**	33,588	**-**	-
Toledo	**75,832**	31,893	**-**	-	**-**	-	**323,310**	164,725
JBS Aves	**1,727**	22,494	**359,017**	40,624	**672,888**	626,622	**61,495**	57,097
Weddel	**8,378**	1,472	**-**	-	**-**	-	**19,420**	31,674
Sampco	**54,435**	58,269	**-**	-	**-**	-	**410,848**	205,850
JBS Leather Europe	**-**	-	**2**	2	**-**	-	**-**	-
Meat Snacks Partners	**2,443**	9,280	**251**	23	**4,292**	1,486	**211,278**	175,275
Frigorífico Canelones	**-**	-	**-**	278	**9,508**	8,833	**-**	-
Rigamonti	**-**	513	**11**	8	**-**	-	**1,633**	529
Trump Asia	**74,602**	31,229	**-**	-	**84**	-	**327,753**	187,399
JBS Paraguay	**291**	2,622	**2,384**	1,355	**92,345**	68,775	**533**	7,473
Zenda	**6,013**	-	**1,145**	-	**2,002**	241	**37,956**	28,040
Braslo Produtos de Carnes	**10,761**	9,581	**-**	-	**972**	39	**181,878**	123,936
Excelsior	**13**	2	**-**	-	**-**	-	**59**	49
JBS Chile	**148**	-	**-**	860	**-**	-	**624**	-
Nawelur	**-**	-	**-**	-	**-**	-	**-**	11,286
MBL Alimentos	**-**	-	**-**	-	**-**	-	**-**	460
JBS USA	**-**	-	**-**	-	**-**	-	**788**	-
Priante	**24,381**	-	**76**	-	**-**	-	**29,657**	-
Agrícola Jandelle	**264**	-	**-**	-	**2,963**	-	**4,947**	-
Avebom	**23**	-	**87,441**	-	**99,285**	-	**124**	-
Enersea	**-**	-	**-**	-	**45,922**	-	**28,492**	-
Macedo	**1,053**	-	**6,499**	-	**16,016**	-	**7,213**	-
Sul Valle	**4**	-	**24,908**	-	**27,855**	-	**20**	-
Other related parties								
Vigor	**7,499**	3,743	**293,857**	345	**856,441**	90,693	**69,267**	53,603
J&F Floresta Agropecuária	**6**	1	**5,354**	-	**35,200**	20,480	**356**	325
Flora Produtos	**6,565**	4,791	**7**	94	**1,199**	301	**46,727**	66,149
Flora Distribuidora	**18,562**	24,159	**51**	9	**539**	404	**159,652**	156,091
Itambé	**287**	909	**-**	32,344	**131,675**	274,013	**7,456**	3,004
	381,418	**289,662**	**1,083,829**	**145,830**	**2,827,057**	**1,834,361**	**2,646,161**	**1,817,553**

The Company and its subsidiaries entered with Banco Original (Related party), an agreement in which Banco Original acquires credits held against certain clients in the domestic market. The assignments are done at marked value and without return, by permanent transference of the risks and benefits of all receivables to the Banco Original. On December 31, 2015, the Company and its subsidiaries had transferred receivables which the outstanding amount totalized R$797,106. During the year ended on December 31, 2015, the Company and its subsidiaries incurred in financial costs related to this operation in the amount of R$39,537, recognized in the financial statements as financial expenses.

No allowance for doubtful accounts or bad debts expenses relating to related-party transactions were recorded for the years ended on December 31, 2015 and December 31, 2014. The guarantees granted and / or granted between related parties are described in note for loans and financings.

Consolidated - Credits with related parties

The consolidated amount of credits with related parties, of R$1,968,043 on December 31, 2015 (R$370,072 on December 31, 2014) arises from the use of the credit of up to US$675 million between the indirect subsidiary JBS Five Rivers (subsidiary of JBS USA) and J&F Oklahoma (subsidiary of J&F Investimentos S.A., which is not consolidated in the Company). This transaction has interest and J&F Oklahoma uses this credit to purchase cattle for fattening, which are allocated in the JBS Five Rivers feedyards for fattening until ready for slaughter.

J&F Oklahoma is still part in 2 commercial agreements with subsidiaries of the Company: i. cattle supply and feeding agreement with JBS Five Rivers, where it takes the responsibility for the cattle from J&F Oklahoma and collects the medicinal and adding value costs, besides a daily fee of rent in line with market terms; ii. sales and purchase cattle agreement with JBS USA of at least 800,000 animals/year, starting from 2009 up to 2019.

On June 2011, J&F Australia entered into a purchase and sale of cattle to JBS Australia, according to this agreement, J&F Australia should sell for JBS Australia and this one should buy at least 200,000 head of cattle from J&F Australia per year.

(Expressed in thousands of reais)

On January 2013, J&F Canada entered into a purchase and sale of cattle to JBS Canada, according to this agreement, J&F Canada should sell for JBS Canada and this one should buy at least 50,000 head of cattle from J&F Canada per year.

Remuneration of key management

Company's management includes the Executive Board and the Board of Directors. The aggregate amount of compensation received by the members of Company's management for the services provided in their respective areas of business in the years ended on December 31, 2015 and 2014 is the following:

	December 31, 2015		December 31, 2014	
Executive Board and Board of Directors	**Members**	**Value**	**Members**	**Value**
Fixed remuneration	**12**	**8,968**	13	8,917
	12	**8,968**	**13**	**8,917**

Additionally, the compensation amount paid to the Executive Board considers the variable compensation as presented below:

	December 31, 2015	December 31, 2014
Participation of results	**2,500**	1,300
Stock based compensation	**2,500**	1,900
	5,000	**3,200**

The alternate members of the Board of Directors are paid for each meeting of Council in attendance.

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

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

10 Investments in associate, subsidiaries and joint ventures

	Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Investments in subsidiaries, associates and joint ventures	**14,051,026**	9,462,958	**354,134**	295,350
Added value of assets in subsidiaries	**664,702**	-	-	-
Goodwill to expectation of future earnings (Note 12)	**4,069,109**	698,119	-	-
	18,784,837	**10,161,077**	**354,134**	**295,350**

Relevant information about investments in the year ended on December 31, 2015:

	Participation	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
In subsidiaries:						
JBS Embalagens Metálicas	99.00%	90,850	2	(31,574)	-	(22,577)
JBS Global Investments	100.00%	711,549	310,432	34,109	-	(42)
JBS Holding Internacional	100.00%	702,762	1,654,981	577,354	-	(1,041)
JBS Confinamento	100.00%	614,262	599,401	505,891	77,738	(10,388)
JBS Slovakia Holdings	100.00%	47,962	9,674	47,535	-	(1,816)
Conceria Priante	100.00%	553,719	16,322	30,490	265,421	(11,423)
JBS Holding GMBH	100.00%	3,113,297	149	1,392,026	2,070,390	267,108
JBS Global Luxembourg	100.00%	46,476,766	4,320,413	4,156,836	112,435,480	1,765,664
FG Holding III	100.00%	65	53	65	-	(1)
JBS Global Meat	100.00%	291,450	245,959	239,122	-	(6,837)
JBS Leather International	100.00%	1,463,816	82,990	8,022	804,379	(234,646)
Brazservice	100.00%	46,122	23,063	(4,054)	85,978	(1,192)
Seara Alimentos	100.00%	20,504,889	4,259,089	5,677,535	18,715,125	1,627,557
Tannery	99.51%	27,233	29,843	(18,177)	47,936	(27,320)
Moy Park	100.00%	5,715,033	16,057	1,909,001	1,925,773	68,377
Rigamonti	100.00%	230,737	9,692	14,520	80,004	(1,353)
In associates:						
Vigor Alimentos	19.43%	4,557,962	1,347,636	1,606,606	5,219,559	218,572
In joint ventures:						
Meat Snack Partners	50.00%	83,946	52,793	83,944	-	33,466

(Expressed in thousands of reais)

- **In the Company:**

	December 31, 2014	Addition (disposal)	Exchange rate variation	Equity in subsidiaries: Equity in subsidiaries	Equity in subsidiaries: Income statement	December 31, 2015
JBS Embalagens Metálicas	**(8,907)**	-	-	-	(22,351)	**(31,258)**
JBS Global Investments	**23,236**	-	10,915	-	(42)	**34,109**
JBS Holding Internacional	**467,095**	149,138	-	(37,838)	(1,041)	**577,354**
JBS USA Holding Lux [1] [a]	**4,240,732**	(8,268,785)	2,645,487	(887,086)	2,269,652	-
JBS Confinamento	**516,279**	-	-	-	(10,388)	**505,891**
JBS Slovakia Holdings	**36,649**	-	11,687	1,015	(1,816)	**47,535**
Conceria Priante	**33,129**	-	8,784	-	(11,423)	**30,490**
JBS S/A (DMCC Branch)	**313**	(313)	-	-	-	-
JBS Leather Paraguay	**(292)**	(738)	57	-	973	-
JBS Holding GMBH	**1,443,790**	(654,703)	299,155	36,677	267,108	**1,392,027**
JBS Global Luxembourg [a]	**196,790**	5,049,606	(805,126)	(40,773)	(474,574)	**3,925,923**
FG Holding III	**66**	-	-	-	(1)	**65**
JBS Global Meat	**244,848**	1,111	-	-	(6,837)	**239,122**
Vigor Alimentos	**268,026**	(5,686)	-	7,620	42,202	**312,162**
JBS Leather International	**187,349**	10,058	63,011	(17,750)	(234,646)	**8,022**
Brazservice	**(2,862)**	-	-	-	(1,192)	**(4,054)**
JBS Foods [2] [3]	**1,768,296**	(2,499,770)	-	150,495	580,979	-
Seara Alimentos [3]	-	4,337,659	-	295,099	1,044,777	**5,677,535**
Tannery	**9,036**	135	-	(158)	(27,100)	**(18,087)**
Meat Snack Partners	**27,324**	(8,000)	15,604	(9,689)	16,733	**41,972**
Moy Park [4]	-	1,206,492	(33,911)	309	71,409	**1,244,299**
Rigamonti [5]	-	16,250	(377)	-	(1,353)	**14,520**
Subtotal	**9,450,897**	**(667,546)**	**2,215,286**	**(502,079)**	**3,501,069**	**13,997,627**
Accrual for loss on investments (*)	**12,061**					**53,399**
Total	**9,462,958**					**14,051,026**

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

Changes in the added value of assets in subsidiaries:

	December 31, 2014	Addition	Exchange rate variation	Equity in subsidiaries: Equity in subsidiaries	Equity in subsidiaries: Income statement	December 31, 2015
Added value of assets in subsidiaries	-	693,232	(25,498)	-	(3,032)	**664,702**

- **In the Consolidated:**

	December 31, 2014	Addition (Disposal)	Equity in subsidiaries: Equity in subsidiaries	Equity in subsidiaries: Income statement	December 31, 2015
Vigor Alimentos	**268,026**	(5,686)	7,620	42,202	**312,162**
Meat Snack Partners	**27,324**	(8,000)	5,915	16,733	**41,972**
Total	**295,350**	**(13,686)**	**13,535**	**58,935**	**354,134**

Below is presented the breakdown of main additions and disposals of investments during the year:

[1] - JBS USA - In the year ended on December 31, 2015, JBS USA distributed dividends to liquidate the opening balance with the Company in September 30, 2015.

[2] - JBS Foods S.A. - On March, 2015, the Company made a capital increase through a loan capitalization.

[3] - JBS Foods S.A. and Seara Alimentos - On April, 2015, JBS Foods S.A. was incorporated by its wholly owned subsidiary (reverse merger), Seara Alimentos Ltda., in a simplifying process of its corporate structure.

[4] - Moy Park - On September 2015, the Company concluded the acquisition and took control of Moy Park.

[5] - Rigamonti - For purposes of simplifying the corporate structure it was done the transference of Rigamonti, before wholly owned indirectly by the Company's indirect subsidiary, Itaholb. Rigamonti will now be a direct investment, and the Company will liquidate the balance with Itaholb through a capital reduction followed by Itaholb's liquidator as part as a structure simplification process.

Other relevant information regarding investments:

[a] - At year ended on 2015, the Company concluded a legal restructure of its subsidiary JBS USA, aiming to ensure our sustainable growth in the coming years and to support our strategy of being a leading global food company, with platforms divided in South America, North America, Europe and Asia Pacific. As a result of this restructure, it is now named JBS USA Holding Lux, a company replaced in Luxembourg and, a indirect investment through the wholly owned subsidiary JBS Global Luxembourg.

(Expressed in thousands of reais)

11 Property, plant and equipment, net

The items of property, plant and equipment are valued at historical cost of acquisition or construction, net of accumulated depreciation and impairment. Until December 2007, revaluations were performed on property, plant and equipment items of several Company's plants, and offsetting entries were made to the revaluation reserve account and the provision for deferred income and social contribution taxes. The method and assumption applied to estimate the fair value of the assets were determined based on current market prices.

An item is disposed when sold or there are no future economic benefits resulting from its continued use. Any gains or losses on sale or disposal of fixed assets are determined by the difference between the amounts received against the carrying amount and are recognized in the income statement.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, so that the value of cost less its residual value after the useful life is fully depreciated (except for land and construction in progress). The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date and the effect of any changes in estimates are accounted for prospectively.

The balance of construction in progress refers to investments for expansion, modernization and adaptation of plants for the maintenance, increasing productivity and obtaining new certifications required by the market. When these assets are concluded and start operating, they will be transferred to a proper property, plant and equipment account and then will be subject to depreciation.

	Average annual depreciation rate at					Net amount	
Company	**December 31, 2015**	**December 31, 2014**	**Cost**	**Revaluation**	**Accumulated depreciation**	**December 31, 2015**	**December 31, 2014**
Buildings	**3.24%**	3.03%	3,447,084	115,928	(678,697)	**2,884,315**	2,745,594
Land	–	–	1,213,874	9,305	–	**1,223,179**	1,148,691
Machinery and equipment	**6.31%**	6.23%	5,680,391	44,017	(1,868,761)	**3,855,647**	3,529,824
Facilities	**5.16%**	4.64%	1,644,129	21,699	(399,273)	**1,266,555**	1,088,839
Computer equipment	**10.86%**	11.41%	213,780	679	(139,965)	**74,494**	84,340
Vehicles	**11.33%**	9.38%	589,367	51	(186,172)	**403,246**	452,938
Construction in progress	–	–	1,414,490	–	–	**1,414,490**	1,347,217
Others	**2.82%**	2.41%	614,218	1,134	(44,240)	**571,112**	192,987
			14,817,333	**192,813**	**(3,317,108)**	**11,693,038**	**10,590,430**

	Average annual depreciation rate at					Net amount	
Consolidated	**December 31, 2015**	**December 31, 2014**	**Cost**	**Revaluation**	**Accumulated depreciation**	**December 31, 2015**	**December 31, 2014**
Buildings	**3.44%**	3.54%	15,265,066	115,928	(3,750,771)	**11,630,223**	7,801,751
Land	–	–	3,721,618	9,305	–	**3,730,923**	2,925,379
Machinery and equipment	**7.81%**	8.12%	22,163,083	44,017	(10,597,497)	**11,609,603**	8,019,236
Facilities	**5.34%**	4.98%	2,492,125	21,699	(771,523)	**1,742,301**	1,462,634
Computer equipment	**14.93%**	17.54%	728,255	679	(447,820)	**281,114**	198,971
Vehicles	**9.97%**	9.00%	1,046,775	51	(492,360)	**554,466**	526,644
Construction in progress	–	–	4,331,621	–	–	**4,331,621**	2,457,998
Others	**5.19%**	7.21%	2,245,438	1,134	(745,713)	**1,500,859**	706,084
			51,993,981	**192,813**	**(16,805,684)**	**35,381,110**	**24,098,697**

Changes in property, plant and equipment:

Company	**December 31, 2014**	**Additions net of transferences**	**Disposals**	**Depreciation**	**December 31, 2015**
Buildings	2,745,594	262,838	(8,635)	(115,482)	**2,884,315**
Land	1,148,691	74,488	–	–	**1,223,179**
Machinery and equipment	3,529,824	691,510	(4,425)	(361,262)	**3,855,647**
Facilities	1,088,839	264,053	(356)	(85,981)	**1,266,555**
Computer equipment	84,340	13,543	(101)	(23,288)	**74,494**
Vehicles	452,938	70,538	(53,426)	(66,804)	**403,246**
Construction in progress (1)	1,347,217	67,273	–	–	**1,414,490**
Other	192,987	385,753	(1,155)	(6,473)	**571,112**
	10,590,430	**1,829,996**	**(68,098)**	**(659,290)**	**11,693,038**

(1) - Changes of construction in progress are presented for financial statements purposes, net of transfers, being composed on December 31, 2015 as follow:
(+) Additions in the period: R$621,147;
(-) Transfer to a proper property plant item: (R$553,874);
(=) Net balance: R$67,273.

(Expressed in thousands of reais)

Consolidated	December 31, 2014	Acquisitions (2)	Additions net of transferences (3)	Disposals	Business combinations adjustments	Depreciation	Exchange rate variation	December 31, 2015
Buildings	7,801,751	1,995,970	843,162	(176,405)	280,661	(482,397)	1,367,481	**11,630,223**
Land	2,925,379	385,658	141,039	(41,512)	36,585	-	283,774	**3,730,923**
Machinery and equipment	8,019,236	2,002,706	1,996,114	(39,658)	157,700	(1,579,501)	1,053,006	**11,609,603**
Facilities	1,462,634	58,027	350,201	(2,961)	1,576	(128,034)	858	**1,742,301**
Computer equipment	198,971	60,490	106,862	(311)	92	(94,192)	9,202	**281,114**
Vehicles	526,644	70,737	127,238	(77,489)	(1,665)	(100,485)	9,486	**554,466**
Construction in progress	2,457,998	178,511	1,388,820	-	11	-	306,281	**4,331,621**
Other	706,084	71,783	684,458	(145,800)	2,381	(110,831)	292,784	**1,500,859**
	24,098,697	**4,823,882**	**5,637,894**	**(484,136)**	**477,341**	**(2,495,440)**	**3,322,872**	**35,381,110**

(2) - The acquisitions of R$4,823,882 refers to Moy Park (in the Company), the business Big Frango, Seara Norte, FRS S/A (in Seara Alimentos consolidated), Primo and Tyson (in JBS USA consolidated) and Priante.

(3) - The additions of R$5,637,894 are composed by several acquisitions and pulverized constructions in progress, however, they contemplate the amount of R$1,829,996 in the Company referring to beef processing facilities recently acquired awaiting physical inventory by a specialized company; R$1,542,240 in the subsidiary JBS USA and R$506,136 in the subsidiary Seara Alimentos.

Interest capitalization - Borrowing costs

The financial charges of obtained loans, that are directly or indirectly attributable to the acquisition or construction of assets, are capitalized as part of the cost of these assets. Borrowing costs that are not directly related to the assets are capitalized based on the average funding rate on the balance of construction in progress. These costs are amortized over the estimated useful lives of the related assets and are presented as follows:

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Construction in progress	**1,313,037**	1,283,834	**4,138,776**	2,323,934
(+) capitalized borrowing costs	**101,453**	63,383	**192,845**	134,064
	1,414,490	**1,347,217**	**4,331,621**	**2,457,998**

In the year ended on December 31, 2015, the amount of capitalized interest on construction in progress including the amount of the additions is R$52,446 in the Company.

Impairment test of assets

If the carrying amount of an asset is higher than its recoverable amount, an impairment provision it is recognised in order to adjust it to its estimated recoverable amount. The Company has evaluated at the year ended on December 31, 2015 to recover the carrying value of its tangible and intangible assets using the concept of "value in use", through discounted cash flow models (according to note 12 - Intangible).

12 Intangible assets, net

They are valued by acquisition cost, net of accumulated amortization and impairment, if applicable. The intangible assets are recognized when there are evidences of expected future economic benefits, considering its economical and technological viability, being mainly comprised by trademarks, exploration rights, softwares and others.

The intangible assets that have finite useful live are amortized over its effective use or a method that reflects its economic benefits. The residual value of an intangible asset is written off immediately at recoverable value when its residual value exceeds the recoverable value.

Intangible assets acquired in a business combination are recognized at fair value, deducted from accumulated amortization and impairment losses, when applicable.

Goodwill based on expectation of future earnings

Goodwill is represented by the positive difference between the amount paid and/or to pay by a business acquisition and the net fair value of assets and liabilities of the acquired entity. The goodwill is recognized as an asset and included in the accounts 'Investments in subsidiaries valued by equity' in the Company because, for the investor, it is part of its investment in the subsidiary acquisition; and, "Goodwill", in the Consolidated for referring to expectation of future earnings of the acquired subsidiary, which assets and liabilities are consolidated with the Company. Therefore, in the Company there is only goodwill from acquisitions, being the remaining allocated as investments. In the Consolidated, all goodwill are recognized as intangibles.

The Company has adapted to the criteria of no longer amortize the goodwill by expectation of future earnings from the period started in January 1st, 2009. Therefore, being subjected to impairment tests annually or whenever there are evidences of value loss. Any impairment loss is recognized immediately as loss in the income statement and can not be reversed later.

At the sale of the corresponding cash-generating unit, the goodwill is included in the calculation of profit or loss on disposal.

(Expressed in thousands of reais)

	Company				Consolidated			
	Average annual depreciation rates		Net amount		Average annual depreciation rates		Net amount	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Expectation of future earnings	-	-	**9,085,970**	9,085,970	-	-	**23,661,428**	12,985,834
Trademarks	-	-	**452,578**	452,578	**9%**	9%	**4,008,333**	1,179,287
Softwares	**20%**	20%	**14,962**	11,716	**23%**	23%	**87,733**	52,780
Water rights	-	-	-	-	**9%**	9%	**131,581**	90,346
Client portfolio	-	-	-	-	**13%**	13%	**2,657,261**	1,122,591
Other	-	-	-	-	**23%**	23%	**7,626**	5,674
			9,553,510	**9,550,264**			**30,553,962**	**15,436,512**

Changes in intangible assets

Company	December 31, 2014	Additions	Disposal	Amortization	December 31, 2015
Expectation of future earnings	9,085,970	-	-	-	**9,085,970**
Trademarks	452,578	-	-	-	**452,578**
Software	11,716	7,828	(144)	(4,438)	**14,962**
	9,550,264	**7,828**	**(144)**	**(4,438)**	**9,553,510**

Consolidated	December 31, 2014	Acquisitions [1]	Additions [2]	Disposal	Business combination adjustments	Amortization	Exchange rate variation	December 31, 2015
Expectation of future earnings	12,985,834	134,374	10,167,495	-	(613,038)	-	986,763	**23,661,428**
Trademarks	1,179,287	1,688,642	745,977	-	317,460	(9,592)	86,559	**4,008,333**
Software	52,780	495	59,838	(3,152)	-	(23,706)	1,478	**87,733**
Water rights	90,346	-	-	-	-	(150)	41,385	**131,581**
Client portfolio	1,122,591	397,608	965,598	-	105,994	(194,623)	260,093	**2,657,261**
Other	5,674	-	6,007	(2,395)	-	(1,740)	80	**7,626**
	15,436,512	**2,221,119**	**11,944,915**	**(5,547)**	**(189,584)**	**(229,811)**	**1,376,358**	**30,553,962**

(1) - The acquisitions in the amount of R$2,221,119 refers to the balances consolidated in the year ended on December 31, 2015, referring to Moy Park and in the subsidiary Seara Alimentos, the business Big Frango and Seara Norte.

(2) - The additions in the goodwill from the year refers to the arising balance in the subsidiary Seara Alimentos by the acquisitions of FRS in the amount of R$747,249, from Societe Alimentos in the amount of R$25,278, from the business Big Frango in the amount of R$405,818 and from Seara Norte in the amount of R$26,606; in the subsidiary JBS USA by the acquisitions of Cargill in the amount of R$2,692,774, from Tyson in the amount of R$611,355, from Primo in the amount of R$2,369,253; in the subsidiary JBS Leather Itália by the acquisition of Priante in the amount of R$16,509 and, in the Company by the acquisition of Moy Park in the amount of R$3,272,653.

(Expressed in thousands of reais)

Goodwill expectation on future earnings breakdown:

Acquirer	Acquired company	Year	Currency	Registered as	December 31, 2015 Local currency	December 31, 2015 R$ thousand	December 31, 2014 Local currency	December 31, 2014 R$ thousand
JBS	Bertin	2009	R$	Goodwill	9,069,926	**9,069,926**	9,069,926	9,069,926
JBS	Novaprom	2009	R$	Goodwill	16,044	**16,044**	16,044	16,044
JBS	Swift Foods Company	2007	R$	Investment	657,827	**657,827**	657,827	657,827
JBS	Columbus	2013	R$	Investment	40,292	**40,292**	40,292	40,292
JBS	Moy Park	2015	R$	Investment	3,272,653	**3,272,653**	-	-
JBS	Rigamonti	2015	R$	Investment	98,337	**98,337**	-	-
JBS USA	Bertin USA	2008	USD	Goodwill	5,332	**20,820**	5,332	14,163
JBS USA	JBS USA Holding Lux	2008	USD	Goodwill	52,905	**206,583**	54,050	143,568
JBS USA	Five Rivers	2008	USD	Goodwill	162,422	**634,225**	162,422	431,425
JBS USA	Andrews Meat	2014	USD	Goodwill	17,832	**69,630**	18,446	48,996
JBS USA	Primo	2015	USD	Goodwill	567,604	**2,216,380**	-	-
JBS USA	Knox Skins	2015	USD	Goodwill	4,758	**18,579**	-	-
JBS USA	Tyson	2015	USD	Goodwill	156,565	**611,355**	-	-
JBS USA	Cargill	2015	USD	Goodwill	689,606	**2,692,774**	-	-
JBS Holding Internacional	Consignaciones Rurales	2007	ARG	Goodwill	-	-	1,448	460
JBS Holding Internacional	Argenvases	2007	ARG	Goodwill	-	-	3,135	994
JBS Holding Internacional	Colcar S.A.	2008	ARG	Goodwill	-	-	9,527	3,022
JBS Global Luxembourg	Toledo	2010	USD	Goodwill	5,647	**22,050**	5,188	16,742
JBS Leather Itália	Conceria Priante	2015	EUR	Goodwill	3,884	**16,509**	-	-
Cargill Alimentos	Seara Alimentos	2004	R$	Goodwill	11,111	**11,111**	11,111	11,111
Seara Alimentos	MBL	2008	R$	Goodwill	8,591	**8,591**	8,591	8,591
Seara Alimentos	Pena Branca	2008	R$	Goodwill	4,889	**4,889**	4,889	4,889
Seara Alimentos	Mas do Brasil	2008	R$	Goodwill	89,675	**89,675**	89,675	89,675
Seara Alimentos	Braslo	2008	R$	Goodwill	13,147	**13,147**	13,147	13,147
Seara Alimentos	Brusand	2008	R$	Goodwill	6,822	**6,822**	6,822	6,822
Seara Alimentos	Penasul	2008	R$	Goodwill	9,974	**9,974**	9,974	9,974
Seara Alimentos	Agrofrango	2008	R$	Goodwill	28,343	**28,343**	28,351	28,351
Seara Alimentos	JBS Foods Participações	2013	R$	Goodwill	1,309,382	**1,309,382**	1,309,382	1,309,382
Seara Alimentos	Sul Valle Alimentos	2014	R$	Goodwill	2,035	**2,035**	2,890	2,890
Seara Alimentos	Massa Leve	2014	R$	Goodwill	196,920	**196,920**	196,922	196,922
Seara Alimentos	Excelsior	2014	R$	Goodwill	12,835	**12,835**	12,835	12,835
Seara Alimentos	Agrovêneto	2013	R$	Goodwill	33,618	**33,618**	33,618	33,618
Seara Alimentos	Agil	2013	R$	Goodwill	47	**47**	47	47
Seara Alimentos	Frinal	2014	R$	Goodwill	39,411	**39,411**	52,795	52,795
Seara Alimentos	Avebom	2014	R$	Goodwill	47,658	**47,658**	71,669	71,669
Seara Alimentos	Granja Eleven	2014	R$	Goodwill	2,874	**2,874**	2,874	2,874
Seara Alimentos	Novagro	2014	R$	Goodwill	24,180	**24,180**	23,026	23,026
Seara Alimentos	Macedo	2014	R$	Goodwill	14,430	**14,430**	-	-
Seara Alimentos	Big Frango	2015	R$	Goodwill	405,818	**405,818**	-	-
Seara Alimentos	Seara Alimentos Norte	2015	R$	Goodwill	26,606	**26,606**	-	-
Seara Alimentos	Societe Alimentos	2015	R$	Goodwill	747,249	**747,249**	-	-
Seara Alimentos	FRS	2015	R$	Goodwill	25,278	**25,278**	-	-
Parc Castell	Valores Catalanes	2008	USD	Goodwill	203,181	**793,380**	203,181	539,657
Brusand	Penasul UK	2008	USD	Goodwill	2,438	**9,520**	2,438	6,476
JBS Handels	JBS Holding Inc	2006	EUR	Goodwill	-	-	8,358	26,981
Itaholb International	Rigamonti	2011	EUR	Goodwill	-	-	23,136	74,660
JBS Leather International	Capital Joy	2013	EUR	Goodwill	2,369	**10,069**	2,369	7,018
Trump Asia	Wonder Best	2010	USD	Goodwill	984	**3,842**	984	2,614
JBS Paraguay	IPFSA	2005	USD	Goodwill	2,391	**9,332**	2,391	6,351
Moy Park	Rose Energy	2010	GBP	Goodwill	1,125	**6,512**	-	-
Moy Park	Kitchen Range Foods Ltd	2008	GBP	Goodwill	17,950	**103,896**	-	-
					Total	**23,661,428**	**Total**	**12,985,834**

Impairment test of goodwill

The Company tested in December 31, 2015 the recovery of the goodwill using the concept of "value in use" through models of discounted cash flow. The process of determining the Value in Use involves using assumptions about cash flows, such as rates of revenue growth, costs and expenses, estimates of investment, future working capital and discount rates. The assumptions are based on Management's estimates, as well as comparable information from market, economic conditions that will exist during the economic life of the group of assets that provides the generation of the cash flows. The future cash flows were discounted based on the weighted average rate of the cost of capital (WACC).

The value in use assessment's is effected for a period of 10 years, and after, considering the perpetuity of the premises in the perspective of the indefinite business continuity capability. The growth rates used to extrapolate the projections after the period of 10 years ranged from 3% to 4% at year in nominal values. The estimated future cash flows were discounted using discount rates ranging from 9.1% to 10.5% at year, also in nominal values. The main assumptions used in estimating the value in use are as follows:

- Sales Revenue - Revenues are projected from 2016 to 2025 considering the growth in volume and the price of different products of Cash Generating Units.

(Expressed in thousands of reais)

- Operating costs and expenses - The costs and expenses were projected accordance with historical performance of the Company and, with the historical growth in revenues. In addition, we considered efficiency gains derived from process improvements.

- Capital investment - Investment in capital goods were estimated considering the maintenance of existing infrastructure and expectations required to enable the supply of products.

For the year ended on December 31, 2015, there were no indications of possible losses or losses, as the estimated value in use is higher than the carrying amount at the valuation date.

13 Trade accounts payable

Correspond to the amounts owed to suppliers in the ordinary course of business. If the payment period is equivalent to one year or less, suppliers are classified as current liabilities, otherwise the corresponding amount is classified as noncurrent liabilities. When applicable are added interest, monetary or exchange rate. The balances of the present value adjustment are demonstrated below for presentation purposes.

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Commodities	**865,266**	980,731	**4,437,468**	2,916,633
Materials and services	**406,334**	515,980	**7,401,990**	3,772,664
Finished products	**1,200,174**	86,247	**523,789**	284,501
Suppliers with forfait agreement (1)	-	-	**106,805**	-
Present value adjustment	**(23,412)**	(15,556)	**(49,034)**	(30,865)
	2,448,362	**1,567,402**	**12,421,018**	**6,942,933**

(1) - The balances for suppliers with forfait agreement are related to the subsidiary Seara Alimentos which operates the agreements with first class financial institutions with suppliers in the domestic market. On December 31, 2015, the average discount rates in the forfait agreement operations with the financial institutions were 1.30% per month. Additionally, this operation did not bring any commitment to the subsidiary and, all financial costs if this operation are under the suppliers responsibilities.

14 Loans and financing

Loans and financings are recognized at fair value upon receipt of the proceeds, net of transaction costs, when applicable, plus charges, interests and monetary and exchange rate variation contractually defined, incurred until the end of each period. The Company discloses below the operations in foreign and local currency, considering the functional currency of each subsidiary. Local currency indicates loans denominated in the functional currency of the borrower. The loans and financings are represented as follows:

(Expressed in thousands of reais)

	Company					Consolidated				
	Annual average rate	Current		Noncurrent		Annual average rate	Current		Noncurrent	
Type		Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014		Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Foreign currency										
ACC - Adv. on exchange contracts	2.66%	**9,117,554**	5,843,516	-	-	2.61%	**10,022,326**	6,456,114	-	-
Prepayment	3.43%	**2,319,206**	577,838	**2,883,897**	358,971	4.04%	**4,628,813**	2,032,200	**4,161,312**	2,180,904
144-A	7.46%	**1,304,101**	243,038	**9,826,060**	10,075,940	7.46%	**1,304,101**	243,038	**9,826,060**	10,075,940
Credit note - import	-	-	-	-	-	3.28%	**196,007**	17,029	-	-
Credit note - export	8.58%	**81,413**	166,640	-	54,777	8.58%	**81,413**	166,640	-	54,777
Canadian credit facility - revolving credit facility	-	-	-	-	-	4.50%	**472**	141	**230,426**	174,207
Canadian credit facilty term loan	-	-	-	-	-	3.65%	**2,745**	2,149	**38,810**	33,558
Canadian bank facility	-	-	-	-	-	3.50%	**13,058**	2,869	-	-
Credit note LCAL	-	-	-	-	-	-	-	32	-	9,456
Andrews Meat secured facility	-	-	-	-	-	3.30%	**34,073**	12,941	-	-
FINIMP	2.84%	**13**	-	**1,275**	-	3.67%	**151**	-	**14,278**	-
Mexican credit facility	-	-	-	-	-	4.30%	**112,447**	-	-	-
		12,822,287	**6,831,032**	**12,711,232**	**10,489,688**		**16,395,606**	**8,933,153**	**14,270,886**	**12,528,842**
Local currency										
FINAME	5.82%	**78,109**	94,973	**209,943**	265,731	5.94%	**90,056**	109,856	**217,962**	288,529
JBS Mortgage	-	-	-	-	-	5.80%	**660**	29,101	**8,665**	6,338
US revolver	-	-	-	-	-	3.40%	**2,038**	507	-	335,024
Term loan JBS Lux 2018	-	-	-	-	-	3.80%	**10,152**	10,189	**1,573,908**	1,075,086
Term loan Five Rivers 2019	-	-	-	-	-	2.70%	**20,313**	13,831	**349,749**	250,697
Notes 8,25% JBS Lux 2020	-	-	-	-	-	8.25%	**92,079**	63,064	**2,694,562**	1,826,493
Notes 7,25% JBS Lux 2021	-	-	-	-	-	7.25%	**24,417**	17,225	**4,424,697**	3,001,673
Notes 5,875% JBS Lux 2024	-	-	-	-	-	5.87%	**77,905**	59,820	**2,906,151**	1,975,066
Notes 5,75% JBS Lux 2025	-	-	-	-	-	5.75%	**7,298**	-	**3,482,758**	-
Notes 5,75% PPC 2025	-	-	-	-	-	5.75%	**32,121**	-	**1,934,614**	-
PPC Term Loan	-	-	-	-	-	1.63%	**1,050**	-	**1,912,138**	-
PPC US bonds	-	-	-	-	-	-	-	449	-	9,342
Plainwell Bond	-	-	-	-	-	4.39%	**8,391**	5,533	**24,042**	21,834
Marshaltown	-	-	-	-	-	2.34%	**66**	-	**37,709**	25,675
Working capital - Brazilian Reais	16.61%	**841,708**	960,027	**327,882**	1,080,440	16.57%	**848,404**	1,050,457	**330,900**	1,083,081
Working capital - US Dollars	-	-	-	-	-	3.70%	**417,684**	286,365	**131,787**	29,883
Working capital - Euros	2.68%	**1,162**	2,771	**98,604**	35,421	2.55%	**235,049**	162,874	**107,035**	35,421
Working capital - Argentine pesos	-	-	-	-	-	17.87%	**2,837**	3,096	-	2,689
Credit note - export	15.67%	**1,038,976**	1,418,330	**1,533,382**	1,730,805	15.24%	**1,597,890**	1,742,824	**2,299,818**	2,464,580
Credit note - import	-	-	-	-	-	2.78%	**351,746**	244,127	-	-
FCO - Middle West Fund	-	-	-	-	-	10.00%	**1,879**	1,636	**3,548**	4,645
FNO - North Fund	-	-	4,053	-	8,678	-	-	4,053	-	8,678
CDC - Direct credit to consumers	1.21%	**2,114**	9,270	**2,195**	2,628	1.21%	**2,114**	9,270	**2,195**	2,628
FINEP	7.67%	**7,563**	1,733	**68,285**	75,693	7.02%	**11,542**	5,719	**80,796**	92,154
Rural - Credit note	-	-	-	-	-	-	-	203,829	-	4,008
ACC - Adv. on exchange contracts	-	-	-	-	-	3.56%	**1,308**	4,407	-	-
Rural - Credit note	-	-	-	-	-	6.70%	**509,288**	442,225	-	-
Term loan JBS Lux 2020	-	-	-	-	-	3.80%	**34,073**	14,787	**1,874,995**	1,285,994
CCB - BNDES	-	-	-	-	-	6.77%	**22,679**	23,275	**18,912**	33,805
Moy Park Notes 2021	-	-	-	-	-	6.25%	**10,436**	-	**1,701,973**	-
Debentures	-	-	245,286	-	-	-	-	245,286	-	-
JBS Lux Term Loan 2022	-	-	-	-	-	4.00%	**40,872**	-	**4,579,561**	-
Others	-	-	-	-	-	1.34%	**56,660**	17	**6,752**	-
		1,969,632	**2,736,443**	**2,240,291**	**3,199,396**		**4,511,007**	**4,753,822**	**30,705,227**	**13,863,323**
		14,791,919	**9,567,475**	**14,951,523**	**13,689,084**		**20,906,613**	**13,686,975**	**44,976,113**	**26,392,165**

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

(Expressed in thousands of reais)

The long-term portion of the payment schedule of loans and financing is as follows:

	Company		Consolidated	
Maturity	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
2016	-	3,276,569	-	4,625,423
2017	**3,023,937**	981,247	**4,308,593**	1,770,675
2018	**1,431,417**	2,605,336	**4,275,200**	4,773,027
2019	**349,249**	53,299	**856,773**	337,812
2020	**4,065,598**	2,667,061	**10,578,552**	5,747,090
2021	**16,942**	14,513	**6,191,477**	3,038,449
Maturities thereafter 2021	**6,064,380**	4,091,059	**18,765,518**	6,099,689
	14,951,523	**13,689,084**	**44,976,113**	**26,392,165**

14.1 Guarantees and contractual restrictions ("covenants")

<table>
<tr><th>Type</th><th>Guarantors</th><th>Covenants / Guarantees</th><th>Customary events</th></tr>
<tr><td>JBS S.A.: Notes 2016</td><td>- JBS Ansembourg Holding;
- JBS Luxembourg;
- JBS USA Food Company Holdings;
- JBS USA Food Company;
- Any significant subsidiary (as defined in the indenture).</td><td rowspan="5">Customary negative covenants that may limit the Company's ability and the ability of certain subsidiaries to, among other things:
- incur additional indebtedness unless the net debt/EBITDA ratio is lower than 4.75/1.0.
- create liens;
- sell or dispose of assets;
- enter into certain transactions with affiliates;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into sale/leaseback transactions;
- undergo changes of control without making an offer to purchase the Notes; and
- declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if i) it is not in default in relation to the Notes; ii) the Company can incur at least US$1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the Notes; and iii) the total value to be paid does not exceed US $30 millions or a. 50% of the amount of the net income accrued on a cumulative basis during a certain period, taken as one accounting period, (as defined in the indenture), or if the aggregate net income is a loss, minus 100% of the amount of the loss, plus b. 100% of the net cash proceeds received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes, plus c. 100% of the fair market value of property other than cash received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes.</td><td rowspan="5">The indentures of Notes contain customary events of default [1]. In case any event of default occurs, the trustee or the holders of at least 25% of the notes principal amount at the time may state to pay immediately the principal and accrued interest on the notes.</td></tr>
<tr><td>Bertin: Notes 2016</td><td>- JBS Ansembourg Holding;
- JBS Luxembourg;
- JBS USA Food Company Holdings;
- JBS USA Food Company;
- Any significant subsidiary (as defined in the indenture).</td></tr>
<tr><td>JBS S.A.: Notes 2020</td><td rowspan="3">- JBS S.A.</td></tr>
<tr><td>JBS S.A.: Notes 2023</td></tr>
<tr><td>JBS S.A.: Notes 2024</td></tr>
<tr><td>JBS Lux: Senior Secured Credit Facility (“Amended and Restated Revolving Facility”)</td><td>- JBS S.A.;
- JBS USA Holding Lux;
- All US subsidiaries of JBS Lux except JBS Five Rivers and certain other immaterial subsidiaries;
- All material subsidiaries of JBS Australia guarantee JBS Australia borrowings.</td><td>- The borrowings are collateralized by a first priority perfected lien and interest in accounts receivable, finished goods and supply inventories.
- The facility contains customary representations, warranties and a springing financial covenant that requires a minimum fixed charge coverage ratio of not less than 1.00 to 1.00. This ratio is applicable if borrowing availability causes a covenant trigger period, which only occurs when borrowing availability falls below the greater of 10% of the maximum borrowing amount and US$70 millions.

The facility also contains negative covenants that may limit JBS Lux ability and certain of our subsidiaries ability to, among other things:
- incur certain additional indebtedness;
- create certain liens on property, revenue or assets;
- make certain loans or investments;
- sell or dispose of certain assets;
- pay certain dividends and other restricted payments;
- prepay or cancel certain indebtedness;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into joint ventures other than certain permitted joint ventures or create certain other subsidiaries;
- enter into new lines of business;
- enter into certain transactions with affiliates;
- agree to restrictions on the ability of the subsidiaries to make dividends;
- agree to enter into negative pledges in favor of any other creditor; and
- enter into certain sale/leaseback transactions.</td><td>The facility also contains customary events of default [1] and it includes failure of any collateral document to create or maintain a priority lien matters. If an event of default happens, the borrowers may, within other options, cease the agreement, state the entire balance to be paid, with accrued interest.</td></tr>
<tr><td>JBS Lux: Term Loan 2018</td><td rowspan="3">- JBS S.A.;
- JBS USA Holding Lux;
- JBS Global Lux;
- Burcher PTY Limited;
- Certain subsidiaries that guarantee the Amended and Restated Revolving Facility (with certain exceptions).</td><td rowspan="3">- Secured by a perfected first priority security interest in all of JBS Lux and certain of its subsidiaries’ fixed assets.

The facility also contains negative covenants that may limit JBS Lux ability and certain of our subsidiaries ability to, among other things:
- incur certain additional indebtedness;
- create certain liens on property, revenue or assets;
- make certain loans or investments;
- sell or dispose of certain assets;
- pay certain dividends and other restricted payments;
- prepay or cancel certain indebtedness;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into joint ventures other than certain permitted joint ventures or create certain other subsidiaries;
- enter into new lines of business;
- enter into certain transactions with affiliates;
- agree to restrictions on the ability of the subsidiaries to make dividends;
- agree to enter into negative pledges in favor of any other creditor; and
- enter into certain sale/leaseback transactions.</td><td rowspan="3">The facility also contains customary events of default [1], listed under the Amended and Restated Revolving Facility.</td></tr>
<tr><td>JBS Lux: Term Loan due 2020</td></tr>
<tr><td>JBS Lux: Term Loan due 2022</td></tr>
</table>

(Expressed in thousands of reais)

JBS USA: Notes 2020 **JBS USA: Notes 2021** **JBS USA: Notes 2024** **JBS USA: Notes 2025**	- JBS S.A.; - JBS USA Holding Lux; - JBS Global Lux; - Burcher Pty. Ltd; - Each of the subsidiaries that guarantee the Amended and Restated Revolving Facility (subject to certain exceptions).	The Notes contain negative covenants that may limit JBS Lux ability and certain of our subsidiaries ability to, among other things: - incur certain additional indebtedness; - create certain liens; - sell or dispose of certain assets; - pay certain dividends and other restricted payments; - permit restrictions on dividends and other restricted payments to restricted subsidiaries - prepay or cancel certain indebtedness; - enter into certain transactions with affiliates; - enter into certain sale/leaseback transactions; and - undergo changes of control without making an offer to purchase the Notes. The indenture governing the Notes also restricts JBS S.A. from incurring any debt (subject to certain permitted exceptions), unless on the date of such incurrence and the application of the proceeds therefrom, its net debt to EBITDA ratio is less than 4.75 to 1.00. In addition, the indenture restricts JBS S.A.'s ability to make restricted payments and other distributions.	The indenture also contains customary events of default [1]. In case any event of default occurs, the trustee or the holders of at least 25% of the notes principal amount at the time may state to pay immediately the principal and accrued interest on the notes.
PPC: Notes 2025	- One of PPC's subsidiaries.	The Notes contain negative covenants that may limit PPC ability and certain of our subsidiaries ability to, among other things: - incur certain additional indebtedness; - create certain liens; - pay certain dividends and other restricted payments; - sell or dispose of certain assets; - enter into certain transactions with affiliates; - consolidate, merge or dissolve substantial all the assets of PPC.	The facility also contains customary events of default [1]. In case any event of default occurs, the trustee or the holders of at least 25% of the notes principal amount at the time may state to pay immediately the principal and accrued interest on the notes.
PPC: Term Loan	- Certain of PPC's subsidiaries.	- Secured by a first priority lien on i) the accounts receivable and inventories of PPC and its non-Mexico subsidiaries, ii) 100% of the equity interests in PPC's domestic subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution Ltd., and 65% of the equity interests in PPC's direct foreign subsidiaries, iii) substantially all of the personal property and intangibles of the borrowers and guarantors under the U.S. Credit Facility and iv) substantially all of the real estate and fixed assets of PPC and the guarantors. The facility also contains negative covenants that may limit PPC ability and certain of its subsidiaries ability to, among other things: - incur certain additional indebtedness; - create certain liens; - pay certain dividends and other restricted payments; - sell or dispose of certain assets; - enter into certain transactions with affiliates; and - consolidate, merge or dissolve substantial all the assets of PPC. Covenants in the facility also require PPC to use the proceeds it receives from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the facility. The U.S. Credit Facility also provides that we may not incur capital expenditures in excess of US$500 million in any fiscal year.	The facility also contains customary events of default [1].
Five Rivers: Term Loan 2019	- J&F Oklahoma.	- Secured by certain fixed assets, accounts receivable and inventories of JBS Five Rivers and accounts receivables and inventories of J&F Oklahoma; - The facility contains customary negative covenants that may limit JBS Five Rivers and its restricted subsidiaries' ability to, among other things, incur certain additional indebtedness, enter into certain acquisitions or sell or dispose of certain assets.	The facility also contains customary events of default [1] and it includes failure of any collateral document to create or maintain a priority lien, certain events related to the Employee Retirement Income Security Act of 1974 and failure to comply with the terms of the Executive Succession Plan of J&F Oklahoma Holdings.
Canadian Credit Facility	- JBS USA Holdings; - JBS S.A..	- Collateralized by a first priority lien on JBS Canada's accounts receivable, finished goods, feed, live inventory and supply inventories, machinery equipment and real estate. - The facility contains a springing financial covenant that requires a minimum fixed charge coverage ratio of not less than 1.00 to 1.00. This ratio is applicable if borrowing availability causes a covenant trigger period, which only occurs when borrowing availability falls below the greater of 10% of the maximum borrowing amount and CAD$10.0 million. The Canadian Credit Facility also contains negative covenants that may limit the ability of JBS Canada to, among other things: - incur certain additional indebtedness; - create certain liens on property, revenue or assets; - make certain loans or investments - sell or dispose of certain assets; - pay certain dividends and other restricted payments; - prepay or cancel certain indebtedness; - dissolve, consolidate, merge or acquire the business or assets of other entities; - enter into joint ventures other than certain permitted joint ventures or create certain other subsidiaries; - enter into new lines of business; - enter into certain transactions with affiliates; - agree to restrictions on the ability of the subsidiaries to make dividends; - agree to enter into negative pledges in favor of any other creditor; and - enter into certain sale/leaseback transactions.	The facility also contains customary events of default [1]. If an event of default happens, the borrowers may, within other options, cease the agreement, state the entire balance to be paid, with accrued interest.

(Expressed in thousands of reais)

Guarantee of J&F Oklahoma's revolving credit facility	- J&F; - J&F Oklahoma; - JBS Five Rivers.	- The credit agreement is secured by accounts receivable and inventories of J & F Oklahoma and also by certain fixed assets, receivables and inventories of JBS Five Rivers. - Among other requirements, the credit facility requires that J&F Oklahoma maintain certain financial ratios, minimum levels of net worth and set limits on certain types of payments, including dividends, investments and capital expenditures. In most cases, the bank considers the position and the results of J&F Oklahoma along with the JBS Five Rivers.	The indenture of the credit line contain customary events of default [1]. The parent company of J&F Oklahoma signed a keepwell agreement in which will make contributions to J&F Oklahoma if it does not comply with the covenants contained in this line of credit. If J&F Oklahoma defaults on its obligations under the credit line and such default is unsatisfied by the Company under the keepwell agreement, JBS Five Rivers is responsible for up to US$250 million of secured loans added to certain other obligations and costs under this line of credit.
Moy Park: Notes 2021	- Moy Park (Newco) Limited; - Moy Park Limited; - O'Kane Poultry Limited; - Any significant subsidiary (as defined in the indenture).	Customary negative covenants that may limit the Moy Park's ability and the ability of certain subsidiaries to, among other things: - incur additional indebtedness unless the net debt/EBITDA ratio is lower than 3.5/1.0 and the net senior debt/EBITDA is lower than 3.0/1.0. - create liens; - sell or dispose of assets; - enter into certain transactions with affiliates; - dissolve, consolidate, merge or acquire the business or assets of other entities; - enter into sale/leaseback transactions; - make certain investments; - undergo changes of control without making an offer to purchase the Notes; and - declare or pay any dividends or make any distributions related to securities issued by Moy Park, if (i) it is not in default in relation to the Notes; (ii) Moy Park can incur at least GBP1.00 of debt under the terms of the net debt/EBITDA ratio test and the net senior debt/EBITDA ratio test established in the indenture of the Notes; and (iii) the total value to be paid does not exceed a. 50% of the amount of the net income accrued on a cumulative basis during the period from the issue date, taken as one accounting period, or if the aggregate net income is a loss, minus 100% of the amount of the loss, plus b. 100% of the net cash proceeds received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes, plus 100% of the fair market value of property other than cash received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes, plus c. the amount of certain guarantee unconditionally released in full if such guarantee was previously treated as restricted payment, plus the amount of an investment made in a person that becomes a restricted subsidiary, plus d. the amount by which indebtedness is reduced upon the conversion or exchange of any such indebtedness for capital stock, plus e. the amount equal to the net reduction of investments made by the Moy Park or any restricted subsidiary in any person.	The indentures of Notes contain customary events of default [1]. In case any event of default occurs, the trustee or the holders of at least 25% of the notes principal amount at the time may state to pay immediately the principal and accrued interest on the notes.

[1] - Customary events of default includes failure to perform or observe terms, covenants or other agreements in the facility, defaults on other indebtedness if the effect is to permit acceleration, failure to make a payment on other indebtedness waived or extended within the applicable grace period, entry of unsatisfied judgments or orders against the issuer or its subsidiaries and certain events related to bankruptcy and insolvency matters.

15 Operating and Finance leases

Leases which the Company assumes substantially all the risks and benefits of ownership are classified as financial leases, which are registered as financed purchase, recognizing, at its beginning, a fixed asset and a financial liability. If there is no significant transfer of the risks and inherent benefits of the property, the leases are classified as operational leases, and are recognized as expenses over the leasing period.

a. Operating Leases (recognized as expenses):

In the Company

The Company has operational leases agreements of industrial complexes, tanneries and distribution centers based in the states of Bahia, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Pará, Rio de Janeiro e São Paulo.

In the Consolidated

JBS USA has operational lease agreements for warehouses, commercial offices and vehicles maintenance facilities in the United States of America, as well marketing offices in Asia, distribution centers and warehouses in Australia. Additionally, JBS USA leases equipments, over the road transportation vehicles and other assets.

Seara Alimentos through its subsidiary JBS Aves is a tenant of productive units in the states of Rio de Janeiro, Rio Grande do Sul, Mato Grosso do Sul, Santa Catarina, Paraná and São Paulo.

The future minimum payments of noncancellable operational leases of with terms exceeding one year are as follows:

	Company	Consolidated
For the years ending in:		
2016	**29,182**	**372,387**
2017	**18,729**	**335,243**
2018	**14,048**	**277,878**
2019	**14,016**	**375,237**
Thereafter 2020	**55,591**	**294,405**
Total	**131,566**	**1,655,150**

(Expressed in thousands of reais)

b. Finance Leases (Recognized as an asset):

In the consolidated

JBS USA has financial lease agreements referring to wastewater treatment facility in Kentucky and Texas and, Moy Park has lease agreements referring to commercial vehicles and machinery and equipments, which the book value recognized on property, plant and equipment is detailed below:

	Annual Depreciation Rates	Cost	Accumulated Depreciation	December 31, 2015	December 31, 2014
Wastewater treatment facility (Others)	13%	147,109	(51,020)	**96,089**	69,568
Lease agreements (Vehicles/Machinery and equipment)	10%	251,701	(121,533)	**130,168**	-
Total		**398,810**	**(172,553)**	**226,257**	**69,568**

The future minimum payments of noncancellable finance leases with terms exceeding one year are as follows:

	Consolidated		
	Present Value	**Adjustment to present value**	**Future payments**
For the years ending in:			
2016	**54,158**	**793**	**54,951**
2017	**37,313**	**(908)**	**36,405**
2018	**29,448**	**(1,554)**	**27,894**
2019	**16,511**	**(1,174)**	**15,337**
Thereafter 2020	**57,102**	**(476)**	**56,626**
Total	**194,532**	**(3,319)**	**191,213**

16 Income taxes, payroll, social charges and tax obligation

	Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Payroll and related social charges	**210,880**	120,057	**1,130,720**	637,780
Labor liabilities	**165,738**	159,038	**2,198,232**	1,499,047
Income taxes	-	-	**477,601**	505,799
Withholding income taxes	**707**	1,848	**20,847**	7,128
ICMS / VAT / GST tax payable	**13,559**	12,913	**49,928**	80,297
PIS / COFINS tax payable	**22,258**	208	**27,063**	828
Taxes in installments	**159,213**	190,984	**267,093**	221,699
Others	**35,649**	35,907	**459,225**	297,613
	608,004	**520,955**	**4,630,709**	**3,250,191**
Breakdown:				
Current liabilities	**490,091**	369,756	**3,735,872**	2,611,077
Noncurrent liabilities	**117,913**	151,199	**894,837**	639,114
	608,004	**520,955**	**4,630,709**	**3,250,191**

Decree 8,426/2015 - PIS/COFINS over financial income: In July 2015, the Company and its subsidiaries filed an injunction to suspend the enforceability of PIS and COFINS debts over financial income. The Decree 8,426/2015 reestablished the levy of PIS and COFINS on financial revenues obtained by companies subject to the PIS and COFINS non-cumulative regime, at the rates of 4.65%. The Company has recorded under Income taxes, payroll, social charges and tax obligation the amount of R$21,443 in the Company and R$24,262 on the consolidated regarding to PIS/COFINS over financial income.

(Expressed in thousands of reais)

17 Declared dividends

When applicable, dividend distribution proposed by Management is equivalent to the mandatory minimum dividend of 25% and it is recorded under the caption "Declared Dividends" in liabilities since it is considered a legal obligation established by the Company's laws.

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Declared dividends	**1,103,308**	484,013	**1,103,308**	484,013
	1,103,308	**484,013**	**1,103,308**	**484,013**

	December 31, 2015	December 31, 2014
Proposed dividends on 2012 - Residual	**230**	230
Proposed dividends on 2013 - Residual	**251**	254
Proposed dividends on 2014 - Residual	**800**	483,529
Proposed dividends on 2015	**1,102,027**	-
	1,103,308	**484,013**

The Company has declared dividends in December 31, 2015 of R$1,102,027 to be submitted to the General Meeting of Shareholders for approval according to the calculation presented below:

	December 31, 2015	December 31, 2014
Net income of the year	**4,640,114**	**2,035,910**
Legal reserve - (5%)	(232,006)	(101,795)
Adjusted base for dividends calculation	**4,408,108**	**1,934,115**
Mandatory dividends (25%)	1,102,027	483,529
Declared dividends	**1,102,027**	**483,529**

The residual amount of dividends corresponds to the unpaid dividends due to lack of updated bank information. These pending items by some minority shareholders avoid the realization of fully payment. The Company sent notification to such shareholders to update their information so the amount would be paid. The liability will be maintained during the statutory period in the short term, since once the register is updated, the payment is automatic.

18 Payables related to facilities acquisitions

Liabilities related to industrial units acquisition and/or liabilities from companies acquisition are recognized in this caption. If the payment term is equivalent to one year or less, suppliers are classified as current liabilities; otherwise, the corresponding amount is classified as noncurrent liabilities. When applicable, interest are added.

		Short term		Long term	
Company	Description of the acquisitions	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
JBS	- Properties and other industrial complexes.	**15,164**	47,894	**37,950**	44,904
JBS Global Meat	- Company Midtown.	-	21,415	-	-
JBS Foods	- Property and other industrial complexes Ana Rech.	**49,041**	49,350	**52,000**	100,000
	- Assets from Seara.	**37,185**	36,013	**74,164**	114,539
	- Slaughtering pigs and processed products plant in Carambeí-PR.	**87,384**	79,049	-	79,049
	- Company Agrovêneto.	-	-	**29,342**	102,178
	- Company Frinal.	-	10,808	**12,178**	12,000
	- Company Avebom.	-	8,000	**11,453**	-
	- Company Sul Valle.	**4,000**	9,768	-	-
	- Company Novagro.	**7,807**	7,115	**10,036**	21,530
	- Properties from the company Céu Azul.	**85**	75,469	-	16,261
	- Company Seara Alimentos Norte Ltda.	**27,250**	-	**6,732**	-
	- Properties from the company Agrodanieli.	**59,500**	-	-	-
	- Properties from the company Rigor.	**180,000**	-	-	-
	- Properties from the company Gallus.	**4,500**	-	-	-
	Total	**471,916**	**344,881**	**233,855**	**490,461**

(Expressed in thousands of reais)

19 Income taxes

Current taxes

Current taxes are computed based on taxable income at tax rates in effect, according to prevailing legislation.

Deferred taxes

Deferred income tax (deferred tax) is calculated on the temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates enacted and expected to be applied when the deferred tax assets are realized or when the income tax liability is settled.

Deferred tax assets are recognized only in proportion to the expectation or likelihood that future taxable income will be available against which the temporary differences, tax losses and tax credits can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against liabilities, and when they are related to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

a. Reconciliation of income tax and social contribution expense:

	Company		Consolidated	
	2015	2014	2015	2014
Profit before income taxes (PBT)	**5,336,762**	**2,007,794**	**7,878,681**	**4,191,823**
Nominal rate	**(34)%**	**(34)%**	**(34)%**	**(34)%**
Expected tax expense	**(1,814,499)**	(682,650)	**(2,678,752)**	(1,425,220)
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	**1,189,333**	1,327,329	**20,038**	8,875
Prior year losses carryforwards	-	-	**400,326**	-
Domestic production activities deduction - USA	-	-	**77,213**	23,108
Difference on tax rates for foreign subsidiaries	-	-	**8,350**	192,688
Dividends paid abroad	-	-	**(281,407)**	-
WIthholding income tax - JBS USA reestructure	-	-	**(83,288)**	-
Others permanent differences	**(71,482)**	(616,563)	**(212,514)**	(584,847)
Current and deferred income tax (expense) benefit	**(696,648)**	**28,116**	**(2,750,034)**	**(1,785,396)**
Current income tax	**(55,992)**	46,851	**(2,979,735)**	(1,656,879)
Deferred income tax	**(640,656)**	(18,735)	**229,701**	(128,517)
	(696,648)	**28,116**	**(2,750,034)**	**(1,785,396)**
% IT/PBT	**(13.05)%**	**1.40 %**	**(34.90)%**	**(42.59)%**

	Company		Consolidated	
	2015	2014	2015	2014
Adjustments to reconcile taxable income [1]:				
Goodwill amortization - deferred	**643,321**	-	**732,552**	-
Prior years loss carryfowards - deferred	-	-	**(400,326)**	-
Dividends paid abroad - current	-	-	**281,407**	-
WIthholding income tax - JBS USA reestructure	-	-	**(83,288)**	
Income tax on realization of revaluation reserve	**(3,035)**	-	-	-
Current and deferred income tax (expense) benefit - ADJUSTED	**(56,362)**	**28,116**	**(2,219,689)**	**(1,785,396)**
Effective rate	**(1.06)%**	**1.40%**	**(28.17)%**	**(42.59)%**

[1] - The Company believes that due to the origin and non-recurrence of specific events certain items should be excluded from the effective tax rate disclosure such as: i) Deferred tax expense arising from goodwill amortization; ii) Current tax over dividends paid abroad (once such expense is unrelated to our business); iii) Deferred tax assets on arising from prior years losses carryforwards (recognized only now that entities reach necessary criteria not observed in the past since on prior periods where such losses were generated, there were no expectation of profitable future profits); iv) Withholding income tax, arising from the legal restructure occurred in the subsidiary JBS USA; and v) Income tax on realization of the revaluation reserve (since it is not relate to the net operating income).

(Expressed in thousands of reais)

b. Composition of deferred income tax and social contribution

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
ASSETS	**375,305**	**382,251**	**2,029,759**	**962,294**
. On tax losses and negative basis of social contribution	**251,623**	**283,615**	**952,655**	**624,631**
. On temporary differences:				
Provision for contingencies	**67,014**	60,665	**274,569**	248,979
Allowance for doubtful accounts	**34,357**	30,287	**42,874**	36,472
Tax credit carryforwards	-	-	**78,647**	42,615
Other temporary differences	**22,311**	7,684	**681,014**	9,597
LIABILITIES	**2,269,166**	**1,554,762**	**6,340,254**	**3,802,260**
. On goodwill amortization	**1,916,521**	**1,273,199**	**2,009,562**	**1,277,009**
. On temporary differences:				
Business combinations	-	-	**2,918,094**	1,542,089
Market inventory valuation for absorption	-	-	**197,099**	74,346
Realization of revalution reserve / deemed cost	**278,528**	281,563	**943,615**	788,789
Other temporary differences	**74,117**	-	**271,884**	120,027
Total, net	**1,893,861**	**1,172,511**	**4,310,495**	**2,839,966**

20 Provision for lawsuits risk

Contingent liabilities are accrued when losses are probable and the amounts can be estimated reliably. Contingent liabilities classified as possible are only disclosed in the notes and contingent liabilities classified as remote are neither accrued nor disclosed. JBS and its subsidiaries are part of several lawsuits arising from its normal business course, for which provisions were recognized based on the estimative of its legal advisors. The main information related to these procedures on December 31, 2015 are as follows:

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Labor	**74,000**	63,845	**408,963**	241,104
Civil	**9,916**	11,103	**280,383**	78,261
Tax and Social Security	**113,184**	103,478	**843,754**	386,479
Total	**197,100**	**178,426**	**1,533,100**	**705,844**

Changes in provisions

	Company			
	December 31, 2014	Additions	Reversals	December 31, 2015
Labor	63,845	10,155	-	**74,000**
Civil	11,103	-	(1,187)	**9,916**
Tax and Social Security	103,478	9,706	-	**113,184**
Total	**178,426**	**19,861**	**(1,187)**	**197,100**

	Consolidated					
	December 31, 2014	Acquisitions (1)	Additions	Reversals	Exchange rate variation	December 31, 2015
Labor	241,104	133,124	38,719	(5,434)	1,450	**408,963**
Civil	78,261	259,615	5,581	(65,373)	2,299	**280,383**
Tax and Social Security	386,479	485,239	10,076	(38,878)	838	**843,754**
Total	**705,844**	**877,978**	**54,376**	**(109,685)**	**4,587**	**1,533,100**

(1) - The acquisitions in the amount of R$877,978, primarily, refers to the business Big Frango in the consolidated of Seara Alimentos.

<u>**In the Company:**</u>

Tax Proceedings

a. ICMS - Value Added Tax (Imposto sobre Operações Relativas à Circulação de Mercadorias e sobre a Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação): The Tax Authority of the State of São Paulo (Secretaria da Fazenda do Estado de São Paulo) filed 214 administrative proceedings against JBS, under which the Tax Authority challenges the amount of the Company's ICMS tax credits arising from the purchase of cattle and meat transfer by the Company in other Brazilian states. The Tax Authority of the State of São Paulo claims that the tax incentives should be approved by Confaz , and are known as a "Tax War". The Tax Authority of the State of São Paulo does not recognize the Company's ICMS tax credits up to the amount of the ICMS tax guaranteed in such other states. JBS estimates that the claims under these administrative proceedings amount to R$1,850,371 in the aggregate on December 31, 2015. In addition to presenting its defense in such administrative proceedings, the Company has filed legal proceedings seeking the payment of damages from such other states if the Tax Authority of the State of São Paulo prevails in these administrative proceedings. Management believes, based on the advice of its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision has been made, considering as a remote loss.

b. Social contributions — Rural Workers' Assistance Fund (FUNRURAL): Social Contributions – On January 2001, JBS filed an injunction to suspend the collectability retention and transfer the Rural Workers' Assistance Fund - NOVO FUNRURAL). This sentence was reformulated by the Federal Regional Court of 3rd region. The Company filed an extraordinary appeal, which was halted on the basis of Article 543-??§,1 of the Code of Civil Procedure, until the final decision of the Supreme Court on the matter. To avoid the institution to lose the right to require the contribution to the New Funrural, INSS released tax notifications, in a total of 22 infringement notices, in the amount of R$961,520. JBS has presented its defense in those administrative proceedings, informing that it does not collect the amount due to a favorable court ruling, considering that there is no final decision of the writ of mandamus mentioned. This matter was the subject of decisions favorable to the taxpayer, issued by the Supreme Court - STF for companies whose activities are similar to JBS's activity in the trials of Extraordinary Appeals number 363.852/MG and 596.177/RS. Currently, JBS does not make any rebate or payment. If a discount is made ??for commercial reasons, JBS will deposit it in court and, fulfill a court order. Based on the opinion of legal advisers and based on case law in favor of the Supreme Court in a similar case, management believes that its fundamentals will prevail and no provision was recorded for that contingency. The probability of loss is considered remote.

c. Other tax and social security procedures: JBS is part in additional 1,064 tax and social security proceedings, in which the individual contingencies are not relevant for its context. We highlight that the ones with probable loss risk have contingencies for R$113,184 which are 100% accrued on December 31, 2015.

Labor Proceedings

As of December 31, 2015 JBS was part to 14,749 labor proceedings, involving total value of R$2,005,282. Based on the opinion of the Company's external legal counsel, JBS recorded a provision in the amount of R$74,000 for losses arising from such proceedings, already including payable social charges by the employee and JBS. Most of these lawsuits were filed by former employees of JBS seeking overtime payments and payments relating to their exposure to health hazards, working hours, supposed working accidents and bonus for health risk activities.

Civil Proceedings

a. Slaughter facility at Araputanga: In 2001, JBS (formerly known as Friboi Ltda.), entered into a purchase agreement with Frigorífico Araputanga S.A. (Frigorífico Araputanga) for the acquisition of one property and slaughter facilities located in Araputanga, State of Mato Grosso. Frigorífico Araputanga was a beneficiary of certain tax benefits and the property was floating charge, for this reason it was required the consent of SUDAM (Superintendência de Desenvolvimento da Amazônia) for the registration of the public deed with the applicable real estate notary. On September, 2004, Frigorífico Araputanga filed a lawsuit against JBS, alleging that the JBS had not paid the price and had not obtained the consent of that authority, requiring the ineffectiveness of the contract. The case was referred to the Federal Court of Cáceres, due to the Union's interest in the dispute. JBS obtained the consent of UGFIN, successor SUDAM, according to the 5ª Chamber of the Federal Court of the 1ª Region decision, thereby obtaining effective registration of the deed of purchase and sale. Recently a new and extremely rigorous forensic accounting evidence that examined only payments proved by documents was produced, and it concluded that Agropecuária Friboi paid almost the total price stipulated the Commitment to Buy and Sell Properties in Araputanga, State of Mato Grosso. The Parties expressed an interest in producing testimonial evidence and the Federal Court of Cáceres/MT pronouncement on this matter is pending. As the probabilities of loss are remote, no provision was recorded.

b. Trademark Infringement: Also due to the barrier in Araputanga / MT, the seller distributed in the City of Araputanga / MT, filed a lawsuit for improper use of trademark, under the premise that Friboi Ltda. was using the mark Frigoara without its authorization. The amounts of the claim were based upon a report presented by Frigorífico Araputanga S.A. to the trial court, which appraised the value of the trademark "Frigoara" at R$315,000, seeking damages in the amount of R$100,000 and punitive damages in the amount of R$26,938. In its preliminary defense, JBS argued there is other lawsuit that is already under discussion claiming defense subject (the subject of this mentioned lawsuit contains the subject of the lawsuit here in described) in view that the claims are related to the main suit. On the merits, it was demonstrated that the mark was used only in a given period, upon contractual authorization and in response to a request from Frigoara which had been required to prove to SUDAM that the investments were being duly used and to obtain the Consent or the Certificate of Implemented Undertaking. In the defense, the amount of any damages under the lawsuit should be limited to a percentage of products sold by the Company under the trademark "Frigoara," pursuant to article 208 of the Industrial Property Law. Almost all of the products manufactured by the Company were marketed under the trademark "Friboi." The only product marketed by JBS under the trademark "Frigoara" was minced meat, in limited amounts. The Company believes that the economic risk is low, therefore the amount of R$600 has been provisioned on December 31, 2015.

c. Other civil proceedings: On December 31, 2015, JBS was part of 775 civil proceedings. In the opinion of the Management and its legal advisers, the expected loss of R$9,316, has been provisioned.

Other proceedings

On December 31, 2015, JBS had other ongoing tax proceedings, on the approximately amounting of R$204,183, whose materialization, according to the evaluation of legal advisors, it is possible to loss, but not probable, for which the Company's management does not consider necessary to set a provision for possible loss.

In subsidiary Seara Alimentos:

Labor Proceedings

As of December 31, 2015 the subsidiaries of Seara Alimentos were part of 16,583 labor proceedings, involving the total amount of R$1,452,271. Based on the opinion of the company's external legal council, a provision in the amount of R$322,629 for losses arising from such proceedings, already including payable social charges by the employee and Seara Alimentos. Most of these lawsuits are related to actions that deal with seeking damages for occupational disease, physical and esthetical damage, seeking overtime payments, payments relating to their exposure to health hazards, commuting time, interval for thermal recovery, seeking damages by accidents and exchanging uniform.

Civil proceedings

As of December 31, 2015 the subsidiaries of Seara Alimentos were part of 2,102 civil and administrative proceedings, involving the total amount of R$377,629. Based on the opinion of the company's external legal council, the company's management recorded a provision in the amount of R$258,742 for losses arising from such proceedings. Most of the lawsuits are related to indemnity for collective seeking damages, seeking damages for improper protest, repairing damages for termination of partner poultry or pigs integration, cancellation of industry or trade mark complaints and consumer contracts - product quality.

Tax Proceedings

a. Risk in the glosses of claims - PIS/COFINS: In between the years of 2003 to 2013 the subsidiary Seara Alimentos has sent requests for electronics reimbursement of PIS/COFINS to the Federal Revenue of Brazil. The tax authorities have assessed the applications for compensation for periods relating to the 4th quarter of 2009 and perpetuated an initial gloss of about 47% of the value, causing fiscal proceedings with probable losses in the approximately amount of R$161,492.

b. Others tax proceedings: On December 31, 2015 the companies of Seara Alimentos were part of others 444 tax proceedings, in which the contingencies individually do not present relevant in their contexts. We emphasize that the proceedings considered as probable of losses are properly provisioned, in the amount of R$562,696.

(Expressed in thousands of reais)

21 Equity

a. Capital Stock

The Capital Stock on December 31, 2015 is R$23,576,206 and it is represented by 2,856,857,505 ordinary shares, without nominal value. The Capital Stock is presented with a net effect in the balance sheet in the amount of expenses of R$54,865, being expenses of the period of 2010 in the amount of R$37,477 related to the costs of the transaction for securing resources to Initial Public Offering, and expenses in the amount of R$17,388 regarding the debentures issuance for the period of 2011. The Company is authorized to increase its capital by an additional 1,375,853,183 ordinary nominative shares. According with the social statute the Board of Directors shall determine the number, price, payment term and other conditions of the issuance of shares. The Company may grant options to purchase shares to directors, employees or persons who will provide services, or the directors, employees or person providing services companies under its control, excluding the preemptive rights of shareholders in issuing and exercise of stock options.

b. Capital reserves: Composed by i) goodwill in shares issuance, derived from the IPO in 2007, ii) capital transaction (see preparation an presentation of financial statements), iii) stock options and iv) treasury shares.

Stock options

- **Negotiation Premiums with trading options of "JBSS3":**

The Company trade selling put option of "JBSS3", according to the Board of Director's approval, in accordance among other guidelines that i. the maturity of the Put option must not exceed six months from the trade date, and ii. the premium received by selling Put options on JBSS3 should be allocated as collateral on BM&F Bovespa. The Company is also authorized the execution of other operations with shares and options referenced on JBSS3, exclusively for protecting the position of open options or to unwind them. The Company recognizes the premium received (when the sale of the stock option) as a liability, recognized in other current assets, on the options maturity date may occur one of the following circumstances:

i. when the put option is exercised ("JBSS3" stock price is below the strike price of the option) the Company has the obligation to purchase shares at the strike price minus the premium received at the trade date. The shares are them held in treasury;

ii. when the put option is not exercised ("JBSS3" stock price is above the strike price of the option), the put option value is zero and the premium is recognized on a capital reserve account.

Below is the summary of the operations with maturity for the year ended on December 31, 2015:

Date	Number of option	Class and type of shares	Maturity of options	Premiums received	Mark-to-Market
Oct 14, 2014	2,000,000	JBSSM92	Jan 19, 2015	550	550
Nov 27, 2014	1,000,000	JBSSN40	Feb 9, 2015	185	185
Dec 1, 2014	2,000,000	JBSSN40	Feb 9, 2015	518	518
Dec 3, 2014	1,000,000	JBSSN40	Feb 9, 2015	285	285
Dec 22, 2014	1,000,000	JBSSN40	Feb 9, 2015	330	330
Dec 22, 2014	2,000,000	JBSSO10	Mar 16, 2015	350	350
Jan 6, 2015	1,000,000	JBSSO10	Mar 16, 2015	450	450
Feb 11, 2015	1,000,000	JBSSP10	Apr 20, 2015	230	230
Feb 11, 2015	1,000,000	JBSSP10	Apr 20, 2015	240	240
Mar 12, 2015	1,200,000	JBSSQ41	May 18, 2015	300	300
Mar 12, 2015	800,000	JBSSQ41	May 18, 2015	208	208
June 9, 2015	1,600,000	JBSSS64	July 20, 2015	384	384
June 9, 2015	400,000	JBSSS64	July 20, 2015	100	100
June 15, 2015	1,000,000	JBSSS64	July 20, 2015	160	160
June 15, 2015	1,000,000	JBSSS64	July 20, 2015	170	170
July 22, 2015	800,000	JBSST73	August 17, 2015	96	96
July 22, 2015	200,000	JBSST73	August 17, 2015	26	26
August 14, 2015	1,700,000	JBSSU14	September 21, 2015	544	544
August 14, 2015	300,000	JBSSU14	September 21, 2015	99	99
August 18, 2015	1,000,000	JBSSV63	October 19, 2015	330	330
August 18, 2015	1,000,000	JBSSV63	October 19, 2015	340	340
October 13, 2015	2,000,000	JBSSX65	December 21, 2015	1,100	1,100
October 14, 2015	1,000,000	JBSSX65	December 21, 2015	730	730
November 13, 2015	720,000	JBSSX65	December 21, 2015	583	583
November 13, 2015	280,000	JBSSX65	December 21, 2015	230	230
November 16, 2015	1,000,000	JBSSX65	December 21, 2015	810	810
				Total kept in capital reserve:	**9,348**

- **Stock option grant plan:**

The Company operates a stock option grant plan, settled with shares, which the entity receives services from the employees as received consideration for equity instruments (options) from the Company, in order to awake the sense of ownership and personal involvement in the development and financial sucess of JBS. Executive officers, directors and general managers are eligible to the plan. The Company's Chairman establishes the criteria of granting the options, selecting the participating employees.

The fair value of employees services, received in exchange from the granting of options, is recognized as expense offsetting from capital reserve. The total amount of the expense is recognized during the period in which the right the right is acquired being determined by reference to the fair value of the options granted, excluding the impact of any vesting conditions based in the service and performance that are not from the market. The quantity of option that each beneficiary is entitled was calculated on the average of the Company ´s stock price in the three months before the issuance date.

(Expressed in thousands of reais)

The stock option plan may only be exercised upon service condition, after the vesting period, from issuance date established in the agreements, and have the maximum term of ten years varying in accordance with each individual agreement. All options must be liquidated by physical delivery of the stocks.

At the balance sheet date, the Company reviews its estimates of the number of options which rights should be acquired and being required recognizes the impact from the review of the initial estimative from the income statement, with a corresponding adjustment in the equity. The average fair value of each options granted was estimated at the issuance date based on the pricing model of Black&Scholes-Merton. The main premises considered in the model were:

	Grants				Fair value assumptions			
Program	Quantity of options	Fair value of the option	Exercise price in R$	Expected exercise term	Risk free interest rate	Volatility	Price of the share in the grant date	Dividend Yield
May-14	2,235,786	R$ 7,58 to R$ 7,74	0.00001	3 years	10,98% to 12,16%	42.16%	7.80	1.05%
Sep-14	200,000	R$ 9,59 to R$ 9,99	0.00001	5 years	11,05% to 11,25%	42.16%	10.10	1.05%
May-15	1,916,859	R$ 15,36 to R$ 15,58	0.00001	3 years	13,25% to 13,68%	55.69%	15.66	0.72%
	4,352,645							

Minimum deadline for exercise: Represents the minimum period in which the options may be exercised (vesting). The beneficiaries of May 2014 and May 2015 programs, according to the Plan´s terms established with each beneficiary, may exercise the first installment, equals to 1/3 of the total of the options in the 1° year, from February of the following year, and the remaining installments of 1/3 each, in the 2° and 3° year from the same period. The beneficiaries of September 2014 program, may exercise the first installment, equal to 1/5 of the total of the options after 1 year and the remaining installments of 1/5 each, after each following year until the 5° year.

Risk free interest rate: The Company uses as risk free interest rate the projection obtained from interpolation of BMF´s index Pré x DI in the date of the calculation with equivalent maturity to option term.

Volatility: The estimated volatility of the company shares was obtained in a market data terminal (Bloomberg).

Dividends yield: The dividend yield used was obtained in a market data terminal (Bloomberg) based on the payment expectation of dividends per share for the next 12 months.

The available position of grant option is:

							Option fair value
Program	Grant	Acquisition date	Granted options	Options exercised	Options forfeiture	Options available	Unit price
May-14	May 1, 2014	1/3 per year with final maturity in May 1,2017	2,235,786	(808,768)	(85,099)	1,341,919	R$ 7,58 to R$ 7,74
Sep-14	September 1,2014	1/5 per year with final maturity in Sep 1,2019	200,000	(40,000)	-	160,000	R$ 9,59 to R$ 9,99
May-15	May 1, 2015	1/3 per year with final maturity in May 1,2018	1,916,859	(20,511)	(61,530)	1,834,818	R$ 15,36 to R$ 15,58
			4,352,645	**(869,279)**	**(146,629)**	**3,336,737**	

In 2015, the expense with options plan totally R$31,951 recorded in the result under the caption "General and administrative expenses", with the respective offsetting in "Capital Reserve".

Treasury shares:

Below is presented the changes on treasury shares:

	Quantity	R$ thousand
Balance as of December 31, 2014	**54,829,482**	**451,700**
Purchase of treasury shares	96,764,527	1,432,670
Change of treasury shares	(87,727)	(982)
Cancellation of treasury shares	(87,568,055)	(979,817)
Balance as of December 31, 2015	**63,938,227**	**903,571**

c. Revaluation reserve: Refers to revaluations on fixed assets prior to CPC/IFRS adoption. Revaluation reserve is transferred to retained earnings in proportion with the realization of revalued assets through depreciation, disposal and retirement.

d. Profit reserves:

Legal: Computed based on 5% of the net income of the year.

Investments statutory: Consists of the remaining balance of the net income after the computation of legal reserve and dividend distribution. The purpose of this reserve is to provide funds to investment in assets.

e. Other comprehensive income: Composed by valuation adjustments to equity reflex from the subsidiaries and accumulated translation adjustments referred to exchange rate variation in the translation of the subsidiaries' financial statements.

(Expressed in thousands of reais)

22 Net revenue

	Company		Consolidated	
	2015	2014	2015	2014
GROSS SALE REVENUE				
Products sales revenues				
Domestic sales	**18,488,605**	17,166,154	**117,978,215**	86,957,361
Foreign sales	**13,341,434**	11,190,836	**51,416,968**	38,185,927
	31,830,039	**28,356,990**	**169,395,183**	**125,143,288**
SALES DEDUCTION				
Returns and discounts	**(1,312,277)**	(1,072,289)	**(3,671,087)**	(2,561,113)
Sales taxes	**(1,627,406)**	(1,173,803)	**(2,809,570)**	(2,112,456)
	(2,939,683)	**(2,246,092)**	**(6,480,657)**	**(4,673,569)**
NET REVENUE	**28,890,356**	**26,110,898**	**162,914,526**	**120,469,719**

23 Financial income (expense), net

Results from daily settlements of future contracts used to protect assets and liabilities, as well as the marked to market value of instruments traded over the counter with the same purpose of protection are recognized under Results on Derivatives.

	Company		Consolidated	
	2015	2014	2015	2014
Exchange rate variation	**(8,238,740)**	(1,752,952)	**(9,224,831)**	(1,891,811)
Results on derivatives	**9,654,446**	330,391	**10,603,289**	982,011
Interest expense	**(2,050,414)**	(1,874,857)	**(3,430,708)**	(3,167,087)
Interest income	**1,237,109**	506,324	**970,690**	556,265
Taxes, contribution, tariff and others	**(93,431)**	(60,301)	**(219,056)**	(116,998)
	508,970	**(2,851,395)**	**(1,300,616)**	**(3,637,620)**

The amount of interest expense of R$(2,050,414) for the year ended December 31, 2015 includes the premium payment of US$37,125 (R$144,966) in June, 2015 referring the redemption of the notes due to 2018.

24 Other income (expenses)

Other expenses for the year ended on December 31, 2015, in the consolidated, in the amount of R$(66,726) relates mainly to: in the Company, the result of the sale of fixed assets and, others with less representativeness; and, in the consolidated to other revenues referring to JBS Argentina, JBS USA and Seara Alimentos.

25 Net income per share

Basic: Calculated by dividing net income allocated to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

	2015	2014
Net income attributable to shareholders	**4,640,114**	**2,035,910**
Average of the shares in the period	**2,944,348**	2,943,644
Average of the shares in the treasury	**(49,752)**	(61,907)
Average of shares circulating	**2,894,596**	**2,881,737**
Net income per shares - Basic - R$	**1.60**	**0.71**

Diluted: Calculated by dividing net income of the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for the effects of all dilutive potential common shares, adjusted for own shares held. From January 2015, the Company has only one category of potential common shares that would cause dilution: the option of purchasing stocks. Therefore, the calculation of the comparative for the same period in 2014 is not presented.

	2015	2014
Net profit attributable to shareholders	**4,640,114**	**2,035,910**
Weighted average number of ordinary shares (basic) - R$	**2,894,596**	2,877,998
Effect of conversion of stock option plan	**3,735**	-
Weighted average number of ordinary shares (diluted)	**2,898,331**	**2,877,998**
Net profit per shares - Diluted - R$	**1.60**	**0.71**

26 Defined Benefit and Contribution Plans

Defined Contribution Plans

A defined contribution plan is a plan for post-employment benefits under which an entity pays fixed contributions into a separate entity (Provident Fund) and has no legal or constructive obligation to pay additional amounts. Obligations for contributions to pension plans to defined contribution plans are recognized as expenses for employee benefits in income in the periods during which employees render services. Prepaid contributions are recognized as an asset upon condition of cash reimbursement or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders service are discounted to their present values.

Defined Benefit Plans

The amount of the defined benefit plans that will be received by the beneficiaries are previously defined, calculated individually for each of the plan by using actuarial assumptions. The contributions can be adjusted in order to guarantee the payment of these benefits.

The recognized obligation for these contributions is the present value of the obligation defined in the closing, less the fair value of the assets of the plan, adjusted by actuarial gains or losses and past service costs.

The discount rate is yield at the reporting date on funds that have maturity dates approximating the terms of the appropriate indirect subsidiary PPC's obligation and that are denominated in the same currency in which benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit for the indirect subsidiary, the asset to be recognized is limited to the total cost of any unrecognized past service and present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in indirect subsidiary. An economic benefit is available to the indirect subsidiary if it is achievable during the life of the plan or the liquidation of the plan liabilities.

When the benefits of a plan are increased, the portion of the increased benefit relating to past service by employees is recognized in the straight-line method over the average period until the benefits become vested. To the extent the benefits become vested immediately, the expense is recognized immediately in income.

All actuarial gains and losses arising from defined benefit plans are accounted for in other comprehensive income.

JBS USA Plans

JBS USA sponsors a tax-qualified employee savings and retirement plan (the "401(k) Savings Plan") covering its US based employees, both union and non-union, excluding PPC employees. Pursuant to the 401(k) Savings Plan, eligible employees may elect to reduce their current compensation, by up to the lesser of 75% of their annual compensation or the statutorily prescribed annual limit and have the amount of such reduction contributed to the 401(k) Savings Plan. The 401 (k) Savings Plan provides for additional contributions by JBS USA, based on specific terms contained in the 401(k) Savings Plan. The trustee of the 401(k) Savings Plan, under the direction of each participant, invests the assets of the 401(k) Savings Plan in participant designated investment options. The 401(k) Savings Plan is intended to qualify under Section 401 of the Internal Revenue Code ("IRC").

One of the JBS USA's facilities participates in a multi-employer pension plan. Pursuant to a settlement agreement, JBS USA also participates in a multi-employer pension plan related to former employees at the idle Nampa, Idaho plant. One of the JBS USA's facilities also participates in a supplemental executive retirement plan.

JBS Australia employees do not participate in JBS USA's 401(k) Savings Plan. Under Australian law, JBS Australia contributes a percentage of employee compensation to a Superannuation fund, as required under the Australian "Superannuation Act of 1997". Effective on July 1, 2014, the superannuation rate was increased to 9.5% of employee cash compensation. As the funds are administered by a third party, once this contribution is made to the Superannuation fund, JBS Australia has no obligation for payments to participants or oversight of the fund.

Pilgrim's Pride Plans - PPC

PPC sponsors programs that provide retirement benefits to most of their employees. These programs include qualified and nonqualified pension plans, a defined benefit postretirement life insurance plan and defined contribution retirement savings plans. According to all of PPC's retirement plans, the expenses were U$10.5 million (R$40,647) and U$5.9 million (R$15,572) for the years ended December 31, 2015 and December 31, 2014, respectively. PPC used a year-end measurement date of December 31, 2015 for its pension and postretirement benefits plans. Below are presented the main information:

Qualified Defined Benefit Pension Plan

PPC sponsors two qualified defined benefit pension plans named the Pilgrim's Pride Retirement Plan for Union Employees (the "Union Plan") and the Pilgrim's Pride Pension Plan for Legacy Gold Kist Employees (the "GK Pension Plan"). The Union Plan covers certain locations or work groups within PPC. The GK Pension Plan covers certain eligible US employees who were employed at locations that JBS USA purchased through its acquisition of Gold Kist in 2007. Participation in the GK Pension Plan was frozen as of February 8, 2007 for all participants with the exception of terminated vested participants who are or may become permanently and totally disabled. The plan was frozen for that group as of March 31, 2007.

Nonqualified Defined Benefit Retirement Plans

PPC sponsors two nonqualified defined benefit retirement plans named the Former Gold Kist Inc. Supplemental Executive Retirement Plan (the "SERP Plan") and the Former Gold Kist Inc. Directors' Emeriti Retirement Plan (the "Directors' Emeriti Plan"). PPC assumed sponsorship of the SERP Plan and Directors' Emeriti Plan through the acquisition of Gold Kist in 2007. The SERP Plan provides benefits on compensation in excess of certain IRC limitations to certain former executives with whom Gold Kist, negotiated individual agreements. Benefits under the SERP Plan were frozen as of February 8, 2007. The Directors' Emeriti Plan provides benefits to former Gold Kist directors.

Defined Benefit Postretirement Life Insurance Plan

PPC sponsors one defined benefit postretirement life insurance plan named the Gold Kist Inc. Retiree Life Insurance Plan (the "Retiree Life Plan"). PPC also assumed defined benefit postretirement medical and life insurance obligations, including the Retiree Life Plan, through its acquisition of Gold Kist in 2007. In January 2001, Gold Kist began to substantially curtail its programs for active employees. On July 1, 2003, Gold Kist terminated medical coverage for retirees age 65 and older, and only retired employees in the closed group between ages 55 and 65 could continue their coverage at rates above the average cost of the medical insurance plan for active employees. These retired employees reached the age of 65 by 2012 and liabilities of the postretirement medical plan ended.

Defined Benefit Plans Obligations and Assets

The change in benefit obligation, change in fair value of plan assets, funded status and amounts recognized in the Consolidated Balance Sheets for these plans were as follows:

(Expressed in thousands of reais)

	December 31, 2015		December 31, 2014	
Change in projected benefit obligation	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Projected benefit obligation, beginning of the year	**743,478**	**6,470**	**451,634**	**4,529**
Interest cost	**30,278**	**262**	21,523	215
Actuarial (gains) losses	**(42,734)**	**172**	65,528	(27)
Benefits paid	**(23,718)**	-	(32,283)	-
Settlements	**(59,294)**	**(375)**	(659)	(316)
Projected benefit obligation, end of the year	**648,010**	**6,529**	**505,743**	**4,401**

	December 31, 2015		December 31, 2014	
Change in plan assets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Fair value of plan assets, beginning of the year	**443,398**	-	**288,187**	-
Actual return on plan assets	**(11,808)**	-	10,476	-
Employees contributions	**29,981**	**375**	35,896	316
Benefits paid	**(23,718)**	-	(32,283)	-
Settlements	**(59,294)**	**(375)**	(659)	(316)
Fair value of plan assets, end of the year	**378,559**	-	**301,617**	-

	December 31, 2015		December 31, 2014	
Funded status	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Unfunded benefit obligation	**(269,451)**	**(6,529)**	(204,126)	(4,401)

	December 31, 2015		December 31, 2014	
Amounts recognized in the Consolidated Balance Sheets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Current payroll, taxes and social charges	**(42,090)**	**(539)**	(24,896)	(342)
Noncurrent payroll, taxes and social charges	**(227,361)**	**(5,990)**	(179,230)	(4,059)
Net amount recognized	**(269,451)**	**(6,529)**	**(204,126)**	**(4,401)**

	December 31, 2015		December 31, 2014	
Amounts recognized in the Consolidated Income Statement	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Net actuarial (losses) gains	**113,337**	**(113)**	**91,787**	**(203)**

The accumulated benefit obligation for the defined benefit pension plans was US$166 million (R$648,197) and US$190 million (R$504,678) at December 31, 2015 and December 31, 2014, respectively. Each of PPC's defined benefit pension plans had accumulated benefit obligations that exceeded the fair value of plan assets at December 31, 2015 and December 31, 2014.

The following table provides the components of net periodic benefit cost (income) for the plans:

	December 31, 2015		December 31, 2014	
Net Periodic Benefit Cost	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Interest cost	**30,017**	**259**	21,387	214
Estimated return on plan assets	**(25,875)**	-	(16,821)	-
Settlement loss (gain)	**14,877**	**(15)**	245	(24)
Amortization of net loss (gain)	**2,605**	-	29	-
Net cost	**21,624**	**244**	**4,840**	**190**

The following table presents the weighted average assumptions used in determining the pension and other postretirement plan obligations:

	December 31, 2015		December 31, 2014	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Benefit obligation at end of the year:				
Discount rate	**4.47%**	**4.47%**	4.22%	4.22%

	December 31, 2015		December 31, 2014	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Net pension and other postretirement costs:				
Discount rate	**4.22%**	**4.22%**	4.95%	4.95%
Expected return on plan assets	**5.50%**	**NA**	6.00%	NA

(Expressed in thousands of reais)

The expected rate of return on plan assets was determined based on the current interest rate environment and historical market premiums relative to the fixed income rates of equities and other asset classes. PPC also takes in consideration anticipated asset allocations, investment strategies and the views of various investment professionals when developing this rate.

The following table reflects the pension plans' actual asset allocations:

	December 31, 2015	December 31, 2014
Equity securities	**64%**	66%
Fixed income securities	**36%**	34%
Total assets	**100%**	**100%**

Absent regulatory or statutory limitations, the target asset allocation for the investment of pension assets in the pooled separate accounts is 50% in each of fixed income securities and equity securities and the target asset allocation for the investment of pension assets in the common collective trust funds is 30% in fixed income securities and 70% in equity securities. The plans only invest in fixed income and equity instruments for which there is a ready public market. PPC develops their expected long-term rate of return assumptions based on the historical rates of returns for equity and fixed income securities of the type in which PPC's plans invest.

The fair value measurements of plan assets fell into the following levels of the fair value hierarchy on December 31, 2015 and December 31, 2014:

	December 31, 2015			December 31, 2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and money market funds	**574**	-	**574**	88	-	**88**
Equity securities	-	**241,832**	**241,832**	-	199,303	**199,303**
Debt securities	-	**136,153**	**136,153**	-	102,227	**102,227**
Total assets	**574**	**377,985**	**378,559**	**88**	**301,529**	**301,617**

Benefit Payments

The following table reflects the benefits as of December 31, 2015 expected to be paid in each of the next five years and in the aggregate for the five years thereafter from PPC's pension and other postretirement plans. Because PPC's pension plans are primarily funded plans, the anticipated benefits with respect to these plans will come primarily from the trusts established for these plans. Because PPC's other postretirement plans are unfunded, the anticipated benefits with respect to these plans will come from their own assets.

	Pension Benefits	Other Benefits
2016	**55,468**	**539**
2017	**45,530**	**543**
2018	**44,538**	**547**
2019	**43,199**	**543**
2020	**43,246**	**539**
Thereafter	**194,440**	**2,511**
Total	**426,421**	**5,222**

PPC anticipates contributing US$10.8 million (R$42,172) and U$100 thousand (R$390), as required by funding regulations or laws, to their pension and other postretirement plans, respectively, during 2016.

Unrecognized benefit amounts in other comprehensive income

The amounts in other comprehensive income adjustments that were not recognized as components of net periodic benefits cost and the changes in those amounts are as follows:

	December 31, 2015		December 31, 2014	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial loss (gain), beginning of the year	**135,793**	**(301)**	20,537	(201)
Amortization	**(2,628)**	-	(29)	-
Settlement adjustments	**(15,006)**	**16**	(245)	24
Liability gain (loss)	**(42,733)**	**172**	65,113	(26)
Asset gain (loss)	**37,911**	-	6,411	-
Net actuarial loss (gain), end of the year	**113,337**	**(113)**	**91,787**	**(203)**

PPC expects to recognize in net pension cost throughout 2016 an actuarial loss of US$700 thousand (R$2,710) that was recorded in other comprehensive income adjustments at December 31, 2015.

Defined Contribution Plans

PPC sponsors two defined contribution retirement savings plans named the Pilgrim’s Pride Retirement Savings Plan (the “RS Plan”) and the To-Ricos Employee Savings and Retirement Plan (the “To-Ricos Plan”). The RS Plan is an IRC Section 401(k) salary deferral plan maintained for certain eligible US employees. Under the RS Plan, eligible US employees may voluntarily contribute a percentage of their compensation. PPC matches up to 30% of the first 2.14% to 6% of salary based on the salary deferral and compensation levels up to US$245 thousand (R$957). The To-Ricos Plan is an IRC Section 1165 (e) salary deferral plan maintained for certain eligible Puerto Rico employees. Under the To-Ricos Plan, eligible employees may voluntarily contribute a percentage of their compensation and there are various company matching provisions. PPC also maintains three postretirement plans for eligible Mexico employees, as required by Mexico law, which primarily cover termination benefits.

(Expressed in thousands of reais)

PPC's expenses related to its defined contribution plans totaled U$4.8 million (R$18,581) and U$3.9 million (R$10,294) during the years ended December 31, 2015 and December 31, 2014, respectively.

Certain retirement plans that PPC sponsors invest in a variety of financial instruments. Certain postretirement funds in which PPC participates hold significant amounts of mortgage-backed securities. However, none of the mortgages collateralizing these securities are considered subprime.

PPC Incentive Compensation

PPC sponsors a short-term incentive plan that provides the grant of either cash or share-based bonus awards payable upon achievement of specified performance goals (the “STIP”). Full-time, salaried exempt employees of PPC and its affiliates who are selected by the administering committee are eligible to participate in the STIP. PPC has accrued US$30.1 million (R$116,521) in costs related to the STIP at December 31, 2015 related to cash bonus awards that could potentially be awarded during the remainder of 2015 and 2016.

PPC also sponsors a performance-based, omnibus long-term incentive plan that provides for the grant of a broad range of long-term equity-based and cash-based awards to PPC’s officers and other employees, members of the Board and any consultants (the “LTIP”). The equity-based awards that may be granted under the LTIP include “incentive stock options,” within the meaning of the IRC, nonqualified stock options, stock appreciation rights, restricted stock awards ("RSAs") and restricted stock units ("RSUs"). At December 31, 2015, PPC had reserved approximately 5.2 million shares of common stock for future issuance under the LTIP.

The following awards existed at December 31, 2015:

Award Type	Benefit Plan	Award Quantity	Grant Date	Grant Date Fair Value per Award [1]	Vesting condition	Vesting date	Vesting Date Fair Value per Award [2]	Estimate Forfeiture Rate	Awards Forfeited to Date	Settlement Method
RSU	LTIP	608,561	02/04/2013	8.89	Service	12/31/2014	32.79	9.66%	144,382	Stock
RSA	LTIP	15,000	02/25/2013	8.72	Service	02/24/2015	27.55	–	–	Stock
RSA	LTIP	15,000	02/25/2013	8.72	Service	02/24/2016	–	–	15,000	Stock
RSU	LTIP	206,933	02/26/2013	8.62	Service	12/31/2014	32.79	–	–	Stock
RSU	LTIP	462,518	02/19/2014	16.70	Service	12/31/2016	–	13.49%	67,715	Stock
RSU	LTIP	269,662	03/03/2014	17.18	Performance / Service	12/31/2017	–	12.34%	29,373	Stock
RSU	LTIP	158,226	02/26/2015	27.51	Performance / Service	12/31/2018	–	[2]	19,737	Stock

[1] The fair value of each RSA and RSU granted represents the closing price of PPC’s common stock on the respective grant date and vesting date.
[2] The estimated forfeiture rate for these awards will be set if or when performance conditions associated with the awards are satisfied.

The following table presents compensation costs and the income tax benefit recognized for PPC's share-based compensation arrangements:

	December 31, 2015	December 31, 2014
Share-based compensation costs:		
Costs of goods sold	**2,307**	1,043
Selling, general and administrative expenses	**9,209**	11,964
Total	**11,516**	**13,007**
Income tax benefit	**3,360**	**3,500**

PPC’s restricted share and restricted stock unit activity is included below:

	December 31, 2015		December 31, 2014	
	Number	Weighted Average Grant Date Fair Value	Number	Weighted Average Grant Date Fair Value
RSAs:				
Outstanding at beginning of the year	**30**	**33.76**	203	17.39
Vested	–	–	(173)	16.42
Forfeited	**(30)**	**33.76**	–	–
Outstanding at end of the year	–	–	**30**	**23.02**
RSUs:				
Outstanding at beginning of the year	**1,120**	**46.34**	729	23.25
Granted	**428**	**81.29**	463	44.08
Vested	**(671)**	**34.10**		
Forfeited	**(103)**	**73.16**	(72)	27.29
Outstanding at end of the year	**774**	**18.78**	**1,120**	**31.59**

The total fair value of acquired stocks during the years ended on December 31, 2015 and December 31, 2014 was US$22.4 million (R$87,468) and US$3.2 million (R$7,843), respectively.

At December 31, 2015, the total unrecognized compensation cost related to all nonvested awards was US$8.8 million (R$34,066). That cost is expected to be recognized over a weighted average period of 3 years.

Historically, PPC has issued new shares to satisfy award conversions.

Bertin USA Plans

Bertin USA has a defined benefit and a supplemental benefit pension plan covering retirees meeting certain age and service requirements. The plan benefits are based primarily on years of service and employee's compensation. The funding policy is to meet ERISA funding requirements and to accumulate plan assets, which will, over time, approximate the present value of projected benefits payable. Plan assets are invested solely in a group annuity contract. The defined benefit and supplemental benefit plans were frozen on December 31, 1995.

Bertin USA also provides certain health care and life insurance benefits for certain retired and terminated employees based on contractual obligations incurred by the previous owners of JBS USA Trading, Inc., formerly known as SB Holdings, Inc., doing business as The Tupman Thurlow Co., Inc. Bertin USA has elected immediate recognition of the unfunded accumulated postretirement benefit obligation in conjunction with the purchase of the common stock of JBS USA Trading. The postretirement payments are funded in monthly installments.

JBS Canada Plans

JBS Canada participates in the Canada Pension Plan (the "CPP"), a government provided pension plan required for all employees aged 18 to 70 who are not recipients of any retirement or disability pension under the CPP, who do not participate in the Quebec Pension Plan and whose earnings exceed the year's basic exemption of CAD$3.500 (R$9,860). The contribution rate is equal to 9.9% of the employment earnings in excess of the basic exemption up to the maximum pensionable earnings. The employee and the employer must each pay half of the contribution.

JBS Canada also provides a group of Registered Retirement Savings Plans ("RRSP") to union and non-union employees. A RRSP is an arrangement between an individual and an issuer (e.g. an insurance company or a trust company) under which contributions are made by individuals and a retirement income is payable at maturity. Contributions are tax deductible and investment earnings are tax-free. Payments out of a RRSP are taxable upon receipt. JBS Canada offers a group of RRSPs issued by Sun Life Assurance Company of Canada.

Seara Alimentos Plans

a. Pension plan

Seara Alimentos offered to its employees supplementary retirement plans, given that the plans were settled in June, 2015. Before its settlement, the calculated amounts in the technical report were receivable values, in other words, there it was no need of accounting recognition. In the settlement, the scenario presented in the technical report was achieved and there was no disbursement by Seara Alimentos and its subsidiaries, because the amount in the pension plan fund was sufficient to cover such disbursement.

b. Medical assistance plan

Seara Alimentos and its subsidiary Braslo offer to their employees supplementary plans of medical assistance. The technical report used to calculate the necessity of new provisions is held annually, given that the last one was held on December 31, 2015, therefore no change is needed in the period. On December 31, 2015, this liability is registered in the amount of R$11,728.

27 Deferred revenue

On October 22, 2008, JBS USA received a deposit in cash from a customer of U$175 million for the customer to secure an exclusive right to collect a certain by-product of the beef fabrication process in all of our US beef plants. This agreement was formalized in writing as the Raw Material Supply Agreement ("Supply Agreement") on February 27, 2008 and matures on December 30, 2016. The customer's advance payment was recorded as deferred revenue. As the by-product is delivered to the customer over the term of the agreement, the deferred revenue is recognized within gross sales in the Consolidated Statements of Income.

To provide the customer with security, in the unlikely event JBS USA was to default on its commitment, the payment is evidenced by the Supply Agreement which bears interest at the three-month LIBOR plus 2%. The interest rate at December 31, 2015 was 2.6%. In the event of default, the Supply Agreement provides for a conversion into shares of common stock of JBS USA based on a formula stipulated in the Supply Agreement. Assuming default had occurred on December 31, 2015, the conversion right under the Supply Agreement would have equaled 2.96% of the outstanding common stock, or 2.96 shares.

The Supply Agreement contains affirmative and negative covenants which require JBS USA to, among other things: maintain defined market share; maintain certain tangible net worth levels; and comply in all material respects with the Supply Agreement. JBS USA was in compliance with all covenants as of December 31, 2015. During the second quarter of 2012, the customer ceased taking product from JBS USA and, since the Supply Agreement makes no provision for an alternate form of calculating the repayment of the unamortized balance, JBS USA continues to accrue interest on the unamortized balance. JBS USA is in discussions with the customer; however, no agreement has been reached. The unamortized balance at both December 31, 2015 and December 31, 2014 was approximately US$100.8 million, being R$393,604 and R$267,745, respectively. At December 31, 2015 and December 31, 2014, JBS USA had accrued interest of US$9 million (R$35,143) and US$6.5 million (R$17,265) respectively. At December 31, 2015 and December 31, 2014, other deferred revenue was US$9.9 million (R$38,658) and US$9.4 million (R$24,968), respectively.

28 Operating segments

Management has defined the operational segments that are reported, based on the reports use to make strategic decisions, analyzed by the Executive Board of Officers, which are segmented as per the commercialized product point of view, and per geographical location.

The modalities of commercialized products include Beef, Chicken and Pork. Geographically, Management considers the operational performance of its unities in the USA (including Australia, Canada and Mexico) and South America (Brazil, Argentina, Paraguay and Uruguay).

The Beef segment performs slaughter facility, cold storage and meat processing operations for the production of beef preservatives, fat, feed and derivate products located in Brazil, United States of America, Canada, Australia, Argentina, Uruguay, Paraguay, the latter three with consolidated analyzes, as well as in United States of America, Australia, Canada and Mexico.

The Chicken segment is represented by "in natura" products, refrigerated as a whole or in pieces, whose productive units are located in United States of America, Mexico and Brazil, attending restaurant chains, food processors, distributors, supermarkets, wholesale and other retail distributors, in addition to exporting to the Eastern Europe (including Russia), the Eastern Hemisphere (including China), Mexico and other international markets.

The Pork segment is presented by the segment of slaughters, processing, cold storage of pork meat, delivers "in natura" meat and manufacture of products and subproducts of the same origin. It operates in Brazil and Unites States of America, attending the internal and the foreign market. The products also include specific industrial standards cuts, refrigerated.

Due to the significant percentage of the above-mentioned operational segments, the remaining segments and activities in which the Company acts are not relevant and are presented as "Others". In addition, all operations between segments will be eliminated in the group.

The accounting policies of the operational segments are the same described in the financial statements. The Company evaluates its performance per segment, which according to the accounting policies, are disclosured with the breakdown of net revenue, depreciation and net operating income (being the last one calculated by the net income before taxes and social contribution, excluding the financial expense and equity in earnings of subsidiaries).

(Expressed in thousands of reais)

There are no revenues arising out of transactions with one only foreign client that represent 10% or more of the total revenues.

The information per businesses operational segment, analyzed by the Executive Board of Officers, and related to the years ended on December 31, 2015 and 2014, are as following:

Segments presented by product modality:

	Net revenue		Net operating income		Depreciation	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Segments						
Beef	**99,715,255**	74,296,387	**2,711,147**	3,081,020	**1,128,458**	827,963
Chicken	**40,223,393**	27,873,606	**5,518,101**	3,973,736	**1,949,046**	1,201,624
Pork	**12,829,206**	10,446,372	**1,013,874**	988,410	**220,818**	165,194
Others	**10,146,672**	7,853,354	**364,468**	500,060	**394,508**	351,996
Total	**162,914,526**	**120,469,719**	**9,607,590**	**8,543,226**	**3,692,830**	**2,546,777**

Total of assets by product modality:

	December 31, 2015	December 31, 2014
Total of assets		
Beef	**65,041,832**	38,750,314
Chicken	**30,732,147**	18,420,843
Pork	**13,647,227**	5,261,728
Others	**12,331,748**	19,610,797
Total	**121,752,954**	**82,043,682**

Segments presented by geographic area:

	Net revenue		Net operating income		Depreciation	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Segments						
United States of America	**111,225,119**	79,206,777	**5,498,811**	5,323,240	**2,115,940**	1,411,684
South America	**47,337,328**	39,082,053	**4,217,353**	3,234,774	**1,469,548**	1,125,484
Others	**4,352,079**	2,180,889	**(108,574)**	(14,788)	**107,342**	9,609
Total	**162,914,526**	**120,469,719**	**9,607,590**	**8,543,226**	**3,692,830**	**2,546,777**

Total of assets by geographic area:

	December 31, 2015	December 31, 2014
Total of assets		
United States of America	**45,812,569**	23,823,509
South America	**67,484,971**	57,708,970
Others	**8,455,414**	511,203
Total	**121,752,954**	**82,043,682**

29 Expenses by nature

Following, the Income Statement's breakdown by nature and its respective classification by function:

	Company		Consolidated	
Classification by nature	**2015**	**2014**	**2015**	**2014**
Depreciation and amortization	**(663,728)**	(570,514)	**(3,692,830)**	(2,546,777)
Personnel expense	**(2,821,069)**	(2,623,481)	**(16,719,732)**	(11,846,712)
Raw material use and consumption materials	**(23,204,425)**	(20,777,980)	**(131,295,705)**	(96,349,744)
Taxes, fees and contributions	**(3,079,160)**	(2,263,235)	**(6,338,496)**	(5,011,202)
Third party capital remuneration	**(13,358,880)**	(7,503,377)	**(22,283,867)**	(10,749,847)
Other income (expense), net	**16,075,631**	5,731,574	**25,235,850**	10,200,283
	(27,051,631)	**(28,007,013)**	**(155,094,780)**	**(116,303,999)**

	Company		Consolidated	
Classification by function	**2015**	**2014**	**2015**	**2014**
Cost of goods sold	**(22,903,929)**	(20,401,293)	**(140,324,213)**	(101,796,347)
Selling expenses	**(3,093,130)**	(2,739,927)	**(9,377,895)**	(7,154,335)
General and administrative expenses	**(1,539,863)**	(1,610,677)	**(4,025,330)**	(3,330,042)
Financial expense, net	**508,970**	(2,851,395)	**(1,300,616)**	(3,637,620)
Other operational income (expense), net	**(23,679)**	(403,721)	**(66,726)**	(385,655)
	(27,051,631)	**(28,007,013)**	**(155,094,780)**	**(116,303,999)**

(Expressed in thousands of reais)

30 Insurance coverage

As of December 31, 2015, in the Company, the maximum individual limit for coverage was R$150,000. This coverage includes all types of casualties.

Regarding the subsidiary JBS Argentina, located in the Republic of Argentina, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for December 31, 2015 was of US$35 million (equivalent to R$136,668).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for December 31, 2015 was of US$250 million (equivalent to R$976,200).

Regarding the subsidiary Seara Alimentos, located in Brazil, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for December 31, 2015 was of R$150,000.

Regarding the subsidiary Moy Park, located in the United Kingdom, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for December 31, 2015 was of GBP275 million (equivalent to R$1,591,728).

31 Risk management and financial instruments

The Company uses the measurement presented below in each date of the balance sheet in accordance with the rules established for each classification type of financial assets and liabilities:

Financial assets at fair value through profit or loss: Financial asset are classified by its fair value on the financial report if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair values in accordance with a documented risk management and investment strategy of the Company. The assets and liabilities are represented in the financial statements at cost and their appropriations of revenues and expenses are accounted for in accordance with its expected realization or settlement. The future derivatives fair values are calculated based on daily settlements as a result of changes in market prices of futures and commodities. The swap is obtained by calculating independently the assets and liabilities legs, bringing them to present value. The future prices used to calculate the curve of the contracts were drawn from the Blomberg database. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in fair value of these assets are recognized in statement of income of the period. The financial instruments classified in this category are "financial investments" and "derivatives".

Loans granted and receivables: Loans granted and receivables are financial assets with fixed or estimated payment amounts that are not quoted in an active market. Such assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, decreased by any loss on the impairment. The main assets of the Company classified in this category are "cash and cash equivalents", "trade accounts receivables" and "credits with related parties".

Held to maturity: In the case when the Company intends and is able to hold bonds to maturity, then such financial assets are classified as held to maturity. Investments held to maturity are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, investments held to maturity are measured at amortized cost using the effective interest method, decreased by any loss on the impairment. The Company has no financial instruments in this category.

Liabilities at amortized costs: The Company recognizes debt securities and subordinated debt on the date on which they originated. All other financial liabilities (including liabilities designated at fair value recorded in income) are initially recognized on the trade date on which the Company becomes a party to the contractual provisions of the instrument. The Company writes-off a financial liability when its contractual obligations are canceled or expired. The Company has the following non-derivative financial liabilities: loans, financing, trade accounts payable, debts with related parties, declared dividends, payables related to facilities acquisitions and other payables.

Derivative financial instruments and hedge activities: Based on a risk management policy of the JBS Group, the Company and/its subsidiaries, contract financial derivatives instruments in order to minimize the risk of losses due to the exposure to fluctuation in exchange rates, interest rates, commodities prices, and others, which can affect the valuation of current and noncurrent assets and liabilities, future cash flow and profit.These financial instruments are recognized after the Company and its subsidiaries become a party to the contractual provisions at the instruments. The fair value of derivative instruments is calculated by the treasury department, based on information of each contracted transaction and market information on the reporting dates such as interest rates and exchange rates.

Financial instruments:

All operations with financial instruments are recognized in the financial statements of the Company, according to the charts below:

		Company		Consolidated	
	Notes	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Assets					
Fair value through profit or loss					
Financial investments	4	**5,013,154**	5,314,674	**8,067,833**	6,541,899
Receivables derivatives, net		**557,801**	-	**1,210,913**	-
Loans and receivables					
Cash and banks	4	**6,244,789**	4,189,249	**10,776,155**	8,368,528
Trade accounts receivable	5	**3,435,691**	3,502,612	**12,119,662**	9,577,548
Credits with related parties	9	**4,999,503**	3,301,146	**1,968,043**	370,072
Total		**20,250,938**	**16,307,681**	**34,142,606**	**24,858,047**
Liabilities					
Liabilities at amortized cost					
Loans and financings	14	**(29,743,442)**	(23,256,559)	**(65,882,726)**	(40,079,140)
Trade accounts payable	13	**(2,448,362)**	(1,567,402)	**(12,421,018)**	(6,942,933)
Debits with related parties	9	**(101,668)**	(140,695)	-	-
Fair value through profit or loss					
Payables derivatives, net		-	(279,890)	-	(241,899)
Total		**(32,293,472)**	**(25,244,546)**	**(78,303,744)**	**(47,263,972)**

During this period there has been no reclassification between categories, fair value through profit or loss, loans and receivables and liabilities at amortized cost, shown in the table above.

(Expressed in thousands of reais)

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

The Company and its subsidiaries classify fair value measurements in accordance with the hierarchical levels that reflect the significance of the indexes used in this measurement, according to the following levels:

Level 1 - Quoted prices in active markets (unadjusted) for identical assets or liabilities;
Level 2 - Inputs other than Level 1, in which prices are quoted for similar assets and liabilities, either directly by obtaining prices in active markets or indirectly as valuation techniques that use data from active markets;
Level 3 - Indexes used for calculation are not derived from an active market. The Company and its subsidiaries do not have this level of measurement instruments.

	Company							
	Current assets						Current liabilities	
	Other investments		CDB-DI		Receivables derivatives, net		Payables derivatives, net	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Level 1	**3,428,732**	804,738	-	-	-	-	-	-
Level 2	-	-	**1,584,422**	4,509,936	**557,801**	-	-	(279,890)
Level 3	-	-	-	-	-	-	-	-

	Consolidated							
	Current assets						Current liabilities	
	Other investments		CDB-DI		Receivables derivatives, net		Payables derivatives, net	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Level 1	**3,782,534**	1,766,650	-	-	-	-	-	-
Level 2	-	-	**4,285,299**	4,775,249	**1,210,913**	-	-	(241,899)
Level 3	-	-	-	-	-	-	-	-

b. Fair value of loans and financings:

The fair value of loans and financings is made only for the issued Notes under the rules 144-A and Reg. S, due to the fact of these notes are the only securities loans and financings that have liquidity and are negotiated in the secondary market. For this calculation, the Company uses the closing sale price of these securities informed by a financial newswire in December 31, 2015 and December 31, 2014. Except the referred item all financial instruments present its book value equal to the fair value.
Following, are the details of the estimated fair value of loans and financings:

	Company						Consolidated					
	December 31, 2015			December 31, 2014			December 31, 2015			December 31, 2014		
Description	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal
JBS S.A. Notes 2016	**513,583**	**103.00**	**528,990**	487,713	110.99	541,313	**513,583**	**103.00**	**528,990**	487,713	110.99	541,313
Bertin Notes 2016	**572,951**	**104.00**	**595,869**	537,307	108.50	582,978	**572,951**	**104.00**	**595,869**	537,307	108.50	582,978
JBS S.A Notes 2020	**3,904,800**	**97.00**	**3,787,656**	2,656,200	103.55	2,750,495	**3,904,800**	**97.00**	**3,787,656**	2,656,200	103.55	2,750,495
JBS S.A Notes 2023	**3,026,220**	**88.00**	**2,663,074**	2,058,555	94.63	1,947,908	**3,026,220**	**88.00**	**2,663,074**	2,058,555	94.63	1,947,908
JBS S.A. Notes 2024	**2,928,600**	**91.63**	**2,683,476**	1,992,150	99.38	1,979,699	**2,928,600**	**91.63**	**2,683,476**	1,992,150	99.38	1,979,699
JBS Lux Notes 2020	-	-	-	-	-	-	**2,733,360**	**100.00**	**2,733,360**	1,859,340	105.25	1,956,955
JBS Lux Notes 2021	-	-	-	-	-	-	**4,490,520**	**98.35**	**4,416,426**	3,054,630	105.00	3,207,362
JBS Lux Notes 2024	-	-	-	-	-	-	**2,928,600**	**89.50**	**2,621,097**	1,992,150	102.00	2,031,993
JBS Lux Notes 2025	-	-	-	-	-	-	**3,514,320**	**86.50**	**3,039,887**	-	-	-
PPC Notes 2025	-	-	-	-	-	-	**1,952,400**	**97.75**	**1,908,471**	-	-	-
Moy Park	-	-	-	-	-	-	**1,736,430**	**102.40**	**1,778,104**	-	-	-
	10,946,154		**10,259,065**	**7,731,925**		**7,802,393**	**28,301,784**		**26,756,410**	**14,638,045**		**14,998,703**

Gains (losses) by category of financial instrument:	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Fair value through profit or loss	**10,309,986**	1,174,324	**10,641,669**	1,974,768
Loans and receivables	**586,132**	314,355	**1,318,996**	314,464
Liabilities at amortized cost	**(10,293,717)**	(4,279,773)	**(13,042,225)**	(5,809,854)
Total	**602,401**	**(2,791,094)**	**(1,081,560)**	**(3,520,622)**

Risk management:

JBS and its subsidiaries incur, during the regular course of their operations, exposures to market, credit and liquidity risks. Those exposures are managed in an integrated way by the Risk Management Department, following directives from the Financial and Commodities Risk Management Policy defined by the Risk Management Committee and approved by the Board of Directors.

(Expressed in thousands of reais)

The Risk Management Department is responsible for mapping all the risk factors that may bring adverse financial results for the Company and propose strategies to mitigate those risks. Their proposals are submitted to the Risk Management Committee for further submission to the Board of Directors, which supervises the implementation of new solutions, noting limitations of scope and guidelines of the Financial and Commodities Risk Management Policy.

Following, are presented the risks and operations in which the Company is exposed in the current period. Additionally, is also presented the sensitivity analysis for each type of risk, consisting in the presentation of the effects in the financial income (expense), net, when needed possible changes, of 25% to 50%, in the relevant variables from each risk. To each probable scenario, the Company considers appropriate the use of the Value at Risk analysis Methodology (VaR), for the confidence interval (I.C.) of 99% and a horizon of one day. These scenarios include immediate hypothetical shocks, without taking in consideration the effects related to the interest rate.

a. Market Risk:

In particular, the exposure to market risk is continuously monitored, especially the risk factors related to foreign exchange, interest rates and commodity prices, which directly affect the value of financial assets and liabilities, future cash flow and net investments in operations abroad. In these cases, JBS and its subsidiaries may use financial hedge instruments, including derivatives, given the approval by the Board of Directors.

It is the function of the Risk Management Department to ensure that other areas of operations from JBS are within the exposure limits set by Management, are financially protected against price fluctuations, centralizing the exposures and applying the Financial and Commodities Risk Management.

The Risk Management Department uses proprietary and third party information systems specially developed to control and manage market risk, applying stress scenario and Value at Risk analysis (VaR) to measure the net exposure as well as the cash flow risk with the stock exchange.

a.1. Interest rate risk

Interest rate risk is related to potentially adverse results that JBS and its subsidiaries may arise from oscillations in interest rates, which may be caused by economic crisis, sovereign monetary policy alterations, or market movements. The Company has assets and mostly liabilities exposed to interest rates like the CDI (Certificado de Depósito Interbancário - Interbank Deposit Certificate), TJLP (Taxa de Juros de Longo Prazo - Long Term Interest Rate), UMBNDES (Unidade Monetária do BNDES - BNDES Monetary Unit), LIBOR (London Interbank Offer Rate) and EURIBOR (Euro Interbank Offer Rate), among others. The Financial and Commodities Risk Management Policy does not define the proportion between float and fixed exposures, but the Risk Management Department monitors market conditions and may propose to the Risk Management Committee strategies to rebalance the exposure.

The Board understands that quantitative figures regarding the exposure to interest rate risks of the Company on December 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

	Company		Consolidated	
Net liabilities and assets exposure to the CDI rate:	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
NCE / Compror / Others	**(3,741,948)**	(5,656,305)	**(5,067,298)**	(6,807,645)
Related parties	**3,808,548**	1,337,020	**-**	-
CDB-DI	**1,584,422**	4,509,936	**1,976,791**	4,775,249
National treasury bill	**3,428,732**	804,738	**3,428,732**	1,766,650
Total	**5,079,754**	**995,389**	**338,225**	**(265,746)**
Liabilities exposure to the EURIBOR rate:				
Working Capital - Euro	**(99,766)**	(38,192)	**(99,766)**	(198,295)
Total	**(99,766)**	**(38,192)**	**(99,766)**	**(198,295)**
Liabilities exposure to the LIBOR rate:				
Working Capital - USD	**-**	-	**(208,817)**	(916,307)
Pre-payment	**(5,203,103)**	(936,809)	**(9,633,688)**	(4,213,104)
Others	**-**	-	**(4,683)**	(418,475)
Total	**(5,203,103)**	**(936,809)**	**(9,847,188)**	**(5,547,886)**
Liabilities exposure to TJLP rate:				
FINAME	**(288,052)**	(360,704)	**(306,529)**	(398,385)
CDC	**-**	(11,898)	**-**	(11,898)
Total	**(288,052)**	**(372,602)**	**(306,529)**	**(410,283)**
Liabilities exposure to UMBNDES:				
CCB - BNDES	**-**	-	**(41,591)**	(57,080)
Total	**-**	**-**	**(41,591)**	**(57,080)**

Management considers that the exposure to interest rate fluctuations does not have a relevant effect, in that way, preferably, does not use derivatives financial instruments to manage this kind of risk, except the specific situations that may arise.

(Expressed in thousands of reais)

Sensitivity analysis:

Contracts exposure	Risk	Current scenario	Scenario (I) VaR 99% I.C. 1 day			Scenario (II) Interest rate variation - 25%			Scenario (III) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
			Rate	Company	Consolidated	Rate	Company	Consolidated	Rate	Company	Consolidated
CDI	Decrease	14.1400%	14.0416%	(4,998)	(333)	10.6050%	(179,569)	(11,956)	7.0700%	(359,139)	(23,913)
Euribor	Increase	0.0600%	0.0600%	-	-	0.0750%	(15)	(15)	0.0900%	(30)	(30)
Libor	Increase	1.1780%	1.1783%	(16)	(30)	1.4725%	(15,323)	(29,000)	1.7670%	(30,646)	(58,000)
TJLP	Increase	7.0000%	7.0023%	(7)	(7)	8.7500%	(5,041)	(5,364)	10.5000%	(10,082)	(10,729)
UMBNDES	Increase	0.0762	0.0784	-	(1,212)	0.0952	-	(10,398)	0.1143	-	(20,796)
				(5,021)	(1,582)		(199,948)	(56,733)		(399,897)	(113,468)

a.2. Exchange rate risk:

Exchange rate risk is related to potentially adverse results that the Company may arise from oscillations in this risk factor, which may be caused by economic crisis, sovereign monetary policy alterations, or market movements. The Company has assets and liabilities exposed to foreign exchange rate, however the Financial and Commodities Risk Management Policy does not believe in natural hedging from those opposite exposures, since other important issues like expiry matching and market volatility are very relevant and must be observed.

The Risk Management Department applies approved hedge instruments by the Board of Directors to protect financial assets and liabilities, potential future cash flow from commercial activities and net investments in foreign operations as future contracts, NDFs (non deliverable forwards), options and swaps may be used to hedge loans, investments, flows from interest payments, export estimate, acquisition of raw material, and other flows, whenever they are quoted in currencies different than the Company's functional currency. The main exposures to exchange rate risk are in US Dollars (US$), Canadian Dollars (C$), Euro (€) and the British Pound (£). In the consolidated, the Company disclosures as a combined way its exposure in relation on each indexer based on the functional currency of the country, highlighting the operations of JBS USA's subsidiaries indexed to the US Dollars (US$), in Australia, which the functional currency is Australian Dollar (AUD), Mexico, which the functional currency is the Mexican Pesos (MXN) and exposures in Japanese Yen (JPY) and New Zealand Dollars (NZD), of less representativeness.

The Board understands that quantitative figures regarding the foreign currency exposure risk of the Company on December 31, 2015 and December 31, 2014 are presented below, in accordance with the Financial and Commodities Risk Management Policy. However, it should be mentioned that during the period there were representative movement due to hedging operations at the exchange as a result of financial and commercial operations.

a.2.1 EXPOSURE in US$ (American dollar):

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	**2,918,919**	2,178,112	**3,589,259**	3,448,839
Trade accounts receivable	**1,746,646**	2,406,882	**3,107,239**	3,384,133
Sales orders	**882,509**	705,399	**2,650,165**	1,271,129
Trade accounts payable	**(132,874)**	(63,515)	**(223,876)**	(140,452)
Purchase orders	-	-	**(469,607)**	(256,393)
Subtotal	**5,415,200**	**5,226,878**	**8,653,180**	**7,707,256**
FINANCIAL				
Related parties transaction (net)	**703,336**	(14,145)	**666,725**	-
Net debt in subsidiaries	**(23,325,674)**	-	**(23,325,674)**	-
Loans and financings	**(25,533,519)**	(17,320,720)	**(29,668,891)**	(22,299,809)
Subtotal	**(48,155,857)**	**(17,334,865)**	**(52,327,840)**	**(22,299,809)**
Total exposure	**(42,740,657)**	**(12,107,987)**	**(43,674,660)**	**(14,592,553)**
DERIVATIVES				
Future contracts	**22,441,081**	6,820,724	**23,557,854**	7,786,253
Non Deliverable Forwards (NDF´s)	**21,777,070**	12,165,396	**23,668,231**	13,662,776
Swap (Assets)	-	22,464	**1,601,944**	139,460
Swap (Liabilities)	-	(22,758)	**(1,180,226)**	(22,758)
Total of derivatives	**44,218,151**	**18,985,826**	**47,647,803**	**21,565,731**
NET EXPOSURE	**1,477,494**	**6,877,839**	**3,973,143**	**6,973,178**

(Expressed in thousands of reais)

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	3.9048	3.7970	(116,555)	(205,946)	2.9286	(1,055,481)	(1,864,976)	1.9524	(2,110,962)	(3,729,952)
Financial	Depreciation	3.9048	3.7970	685,488	800,664	2.9286	6,207,545	7,250,541	1.9524	12,415,092	14,501,083
Hedge derivatives	Appreciation	3.9048	3.7970	(1,231,092)	(1,325,775)	2.9286	(11,148,351)	(12,005,764)	1.9524	(22,296,701)	(24,011,527)
				(662,159)	**(731,057)**		**(5,996,287)**	**(6,620,199)**		**(11,992,571)**	**(13,240,396)**

Derivatives financial instruments breakdown:

			Company					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	American dollar	Long	**35,015**	**6,836,329**	**49,031**	14,760	1,960,276	(33,215)
	DDI	Long	**79,926**	**15,604,752**	**356,259**	36,597	4,860,448	(117,438)

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	American dollar	Long	**40,735**	**7,953,102**	**86,571**	22,030	2,925,805	(49,679)
	DDI	Long	**79,926**	**15,604,752**	**356,259**	36,597	4,860,448	(117,438)

			Company					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R$)	Fair value	Notional (USD)	Notional (R$)	Fair value
Non Deliverable Forwards	American dollar	Long	**5,577,000**	**21,777,070**	**160,051**	4,580,000	12,165,396	(147,741)

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R$)	Fair value	Notional (USD)	Notional (R$)	Fair value
Non Deliverable Forwards	American dollar	Long	**6,061,317**	**23,668,231**	**132,066**	5,143,730	13,662,776	(153,390)

			Company									
			December 31, 2015					December 31, 2014				
Instrument	Initial date	Expiry date	Notional (USD)	Notional (R$)	Fair value (assets) R$	Fair value (liabilities) R$	Fair value	Notional (USD)	Notional (R$)	Fair value (assets) R$	Fair value (liabilities) R$	Fair value
Swap (*)	02.03.09	02.04.15	-	-	-	-	-	26,317	69,903	22,464	(22,758)	(294)

(*) On December 31, 2015 the Company does not have an open balance.

			Consolidated									
			December 31, 2015					December 31, 2014				
Instrument	Initial date	Expiry date	Notional (USD)	Notional (R$)	Fair value (assets) R$	Fair value (liabilities) R$	Fair value	Notional (USD)	Notional (R$)	Fair value (assets) R$	Fair value (liabilities) R$	Fair value
Swap	05.20.14	10.29.18	**50,000**	**195,240**	**204,885**	**(124,727)**	**80,158**	50,000	132,810	143,410	(124,972)	18,438
	11.27.13	10.23.18	**100,000**	**390,480**	**306,317**	**(190,483)**	**115,834**	100,000	265,620	281,012	(252,056)	28,956
	04.10.14	10.15.18	**149,800**	**584,939**	**560,064**	**(333,910)**	**226,154**	149,800	397,899	419,821	(364,952)	54,869
	09.08.15	09.08.16	**135,000**	**527,148**	**530,678**	**(531,106)**	**(428)**	135,000	358,587	358,070	(359,901)	(1,831)
	11.29.13	11.19.15	-	-	-	-	-	60,000	159,372	161,608	(145,044)	16,564
	02.03.09	02.04.15	-	-	-	-	-	26,317	69,903	22,464	(22,758)	(294)

(Expressed in thousands of reais)

a.2.2 EXPOSURE in C$ (Canadian Dollar):

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	**571**	3,274	**14,515**	3,277
Trade accounts receivable	**3,424**	1,165	**32,124**	10,217
Trade accounts payable	-	(10)	**(566)**	(10)
Subtotal	**3,995**	**4,429**	**46,073**	**13,484**
Total exposure	**3,995**	**4,429**	**46,073**	**13,484**
DERIVATIVES				
Future contracts	**(5,071)**	(4,126)	**(5,071)**	(4,126)
Non Deliverable Forwards (NDF´s)	-	-	**(54,058)**	(32,360)
Total of derivatives	**(5,071)**	**(4,126)**	**(59,129)**	**(36,486)**
NET EXPOSURE	**(1,076)**	**303**	**(13,056)**	**(23,002)**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	2.8171	2.8951	111	1,276	3.5214	999	11,519	4.2257	1,998	23,037
Hedge derivatives	Depreciation	2.8171	2.8951	(140)	(1,637)	3.5214	(1,268)	(14,783)	4.2257	(2,536)	(29,566)
				(29)	**(361)**		**(269)**	**(3,264)**		**(538)**	**(6,529)**

Derivatives financial instruments breakdown:

			Company					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Canadian dollar	Short	**30**	**(5,071)**	**26**	30	(4,126)	71

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Canadian dollar	Short	**30**	**(5,071)**	**26**	30	(4,126)	71

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Notional (CAD)	Notional (R$)	Fair value	Notional (CAD)	Notional (R$)	Fair value
Non Deliverable Forwards	Canadian dollar	Short	**(19,189)**	**(54,057)**	**1,281**	(14,119)	(32,361)	(96)

(Expressed in thousands of reais)

a.2.3 EXPOSURE in € (EURO):

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	**48,686**	43,904	**56,509**	44,061
Trade accounts receivable	**129,828**	43,671	**412,257**	73,603
Sales orders	-	1,505	**345,473**	3,153
Trade accounts payable	**(128,288)**	(18,965)	**(138,741)**	(30,384)
Purchase orders	-	-	**(20,419)**	(9,898)
Subtotal	**50,226**	**70,115**	**655,079**	**80,535**
FINANCIAL				
Related parties transaction (net)	**333,623**	-	**333,623**	706,148
Subtotal	**333,623**	-	**333,623**	**706,148**
Total exposure	**383,849**	**70,115**	**988,702**	**786,683**
DERIVATIVES				
Future contracts	**(61,631)**	32,270	**(660,937)**	48,405
Non Deliverable Forwards (NDF´s)	-	-	**50,274**	(1,474)
Total of derivatives	**(61,631)**	**32,270**	**(610,663)**	**46,931**
NET EXPOSURE	**322,218**	**102,385**	**378,039**	**833,614**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	**Risk**	**Current exchange**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**
Operating	Appreciation	4.2504	4.1194	(1,548)	(20,190)	3.1878	(12,557)	(163,770)	2.1252	(25,113)	(327,540)
Financial	Appreciation	4.2504	4.1194	(10,282)	(10,282)	3.1878	(83,406)	(83,406)	2.1252	(166,812)	(166,812)
Hedge derivatives	Depreciation	4.2504	4.1194	1,900	18,821	3.1878	15,408	152,666	2.1252	30,816	305,332
				(9,930)	**(11,651)**		**(80,555)**	**(94,510)**		**(161,109)**	**(189,020)**

Derivatives financial instruments breakdown:

			Company					
			December 31, 2015			December 31, 2014		
Instrument	**Risk factor**	**Nature**	**Quantity**	**Notional**	**Fair value**	**Quantity**	**Notional**	**Fair value**
Future Contracts BM&F	Euro	Short	**290**	**(61,631)**	**(676)**	-	-	-
		Long	-	-	-	200	32,270	(601)

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	**Risk factor**	**Nature**	**Quantity**	**Notional**	**Fair value**	**Quantity**	**Notional**	**Fair value**
Future Contracts BM&F	Euro	Short	**3,110**	**(660,937)**	**(11,228)**	-	-	-
		Long	-	-	-	300	48,405	(961)

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	**Risk factor**	**Nature**	**Notional (EUR)**	**Notional (R$)**	**Fair value**	**Notional (EUR)**	**Notional (R$)**	**Fair value**
Non Deliverable Forwards	Euro	Long	**11,828**	**50,274**	**55**	(457)	(1,474)	(60)

(Expressed in thousands of reais)

a.2.4 EXPOSURE in £ (British Pound):

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	-	-	-	4,126
Trade accounts receivable	**51,546**	49,969	**75,998**	104,154
Sales orders	-	1,149	**4,821**	97,186
Trade accounts payable	**(41)**	(195)	**(41)**	(195)
Subtotal	**51,505**	**50,923**	**80,778**	**205,271**
Total exposure	**51,505**	**50,923**	**80,778**	**205,271**
DERIVATIVES				
Future contracts	**(38,491)**	(21,738)	**(38,491)**	(31,158)
Non Deliverable Forwards (NDF´s)	-	(103,513)	**(50,001)**	(186,025)
Total of derivatives	**(38,491)**	**(125,251)**	**(88,492)**	**(217,183)**
NET EXPOSURE	**13,014**	**(74,328)**	**(7,714)**	**(11,912)**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	5.7881	5.9515	1,454	2,280	7.2351	12,876	20,194	8.6822	25,753	40,390
Hedge derivatives	Depreciation	5.7881	5.9515	(1,087)	(2,498)	7.2351	(9,623)	(22,123)	8.6822	(19,246)	(44,247)
				367	**(218)**		**3,253**	**(1,929)**		**6,507**	**(3,857)**

Derivatives financial instruments breakdown:

			Company					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	British pound	Short	**190**	**(38,491)**	**(807)**	150	(21,738)	404

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	British pound	Short	**190**	**(38,491)**	**(807)**	215	(31,158)	579

			Company					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Notional (GBP)	Notional (R$)	Fair value	Notional (GBP)	Notional (R$)	Fair value
Non Deliverable Forwards	British pound	Short	-	-	-	(25,000)	(103,513)	(2,903)

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Notional (GBP)	Notional (R$)	Fair value	Notional (GBP)	Notional (R$)	Fair value
Non Deliverable Forwards	British pound	Short	**(8,639)**	**(50,003)**	**(238)**	(44,928)	(186,025)	(2,885)

(Expressed in thousands of reais)

a.2.5 EXPOSURE in ¥ (Japanese Yen):

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	-	-	**5,650**	-
Trade accounts receivable	-	-	**23,472**	-
Sales orders	-	-	**1,354**	-
Subtotal	-	-	**30,476**	-
Total exposure	-	-	**30,476**	-
DERIVATIVES				
Non Deliverable Forwards (NDF´s)	-	-	**(85,226)**	-
Total derivatives	-	-	**(85,226)**	-
NET EXPOSURE	-	-	**(54,750)**	-

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	0.0324	0.0335	-	1,035	0.0405	-	7,619	0.0486	-	15,238
Hedge derivatives	Depreciation	0.0324	0.0335	-	(2,893)	0.0405	-	(21,307)	0.0486	-	(42,613)
				-	**(1,858)**		-	**(13,688)**		-	**(27,375)**

Derivatives financial instruments breakdown:

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Notional (JPY)	Notional (R$)	Fair value	Notional (JPY)	Notional (R$)	Fair value
Non Deliverable Forwards	Japanese Yen	Short	**(2,628,004)**	**(85,226)**	**(230)**	-	-	(137)

a.2.6 EXPOSURE in NZD (New Zealand Dollar):

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	-	-	**6,423**	-
Trade accounts receivable	-	-	**4,983**	-
Trade accounts payable	-	-	**(394)**	-
Subtotal	-	-	**11,012**	-
Total exposure	-	-	**11,012**	-
DERIVATIVES				
Non Deliverable Forwards (NDF´s)	-	-	**(7,540)**	-
Total derivatives	-	-	**(7,540)**	-
NET EXPOSURE	-	-	**3,472**	-

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	2.6721	2.5920	-	(330)	2.0041	-	(2,753)	1.3361	-	(5,506)
Hedge derivatives	Depreciation	2.6721	2.5920	-	226	2.0041	-	1,885	1.3361	-	3,770
				-	**(104)**		-	**(868)**		-	**(1,736)**

(Expressed in thousands of reais)

Derivatives financial instruments breakdown:

			Consolidated					
			December 31, 2015			December 31, 2014		
Instrument	**Risk factor**	**Nature**	**Notional (NZD)**	**Notional (R$)**	**Fair value**	**Notional (NZD)**	**Notional (R$)**	**Fair value**
Non Deliverable Forwards	New Zealand dollar	Short	**(2,822)**	**(7,541)**	**(1,109)**	-	-	(49)

b. Commodity price risk

The Company operates globally in different areas related to the Agribusiness (the entire livestock protein chain, biodiesel, among others) and the regular course of its operations brings exposures to price oscillations in feeder cattle, live cattle, lean hogs, corn, soybean complex, and energy, especially in the American, Australian and Brazilian markets. Commodity markets are characterized by volatility arising from external factors like climate, supply levels, transportation costs, agricultural policies, storage costs, among others. The Risk Management Committee is responsible for mapping the exposures to commodity prices of the Company and its subsidiaries and propose strategies to the Risk Management Committee, in order to mitigate such exposures.

A very important part of the raw materials needs of the Company and its subsidiaries are biological assets sensitive to stockpiling. In order to maintain future supply of these materials the Company contracts anticipated purchases from suppliers. To complement this purchase, ensuring minimum price and volume to the materials purchased for a planning horizon pre-defined by the Risk Management Committee and approved by the Board of Directors, as well as aiming at mitigating price oscillations risks on inventories and sales contracts, the Company and its subsidiaries use hedging instruments specific for each exposure, most notably futures contracts. The Company deems appropriate to take the average amount spent with materials as a parameter indicative of operational value to be protected by firm contracts.

b.1. Position balance in commodities (cattle) contracts of the Company

The field of activity of the Company is exposed to volatility in cattle prices, which changes arise from factors beyond the Company's control, such as climate, the supply volume, transportation costs, agricultural policies and others. The Company, in accordance with its policy of stock management, maintains its strategy of risk management, based on physical control, which includes anticipated purchases, combined with future market operations, and reducing the daily position of anticipated purchases contracts for future delivery through future contracts of cattle on BM&F, aimed at bringing the position to zero and ensuring the market price.

The parameters for reducing the cattle purchase risk are based on the physical position of term contracts of cattle purchase considering negotiated values ??and terms. The internal controls used for coverage and risk management are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day, with a confidence interval of 99%.

The Company understands that quantitative figures regarding the exposure risk on the cattle's arroba price changes of the Company on December 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

EXPOSURE	**December 31, 2015**	**December 31, 2014**
Firm Contracts of cattle purchase	**48,068**	36,953
TOTAL	**48,068**	**36,953**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) @ Variation - 25%		Scenario (ii) @ Variation - 50%	
				Effect on income		Effect on income		Effect on income
Exposure	**Risk**	**Current price**	**Price**	**Company**	**Price**	**Company**	**Price**	**Company**
Operational	Cattle arroba depreciation	152.63	150.62	(632)	114.47	(12,017)	76.32	(24,034)
Hedging derivatives of cattle	Cattle arroba appreciation	152.63	150.62	157	114.47	2,978	76.32	5,956
				(475)		**(9,039)**		**(18,078)**

The exposure operating risk in firm contracts of cattle purchase is the rise of cattle arroba price, thereby, it is calculated the risk of market price appreciation of the cattle market price.

Derivatives financial instruments breakdown:

			December 31, 2015			December 31, 2014		
Instrument	**Risk factor**	**Nature**	**Quantity**	**Notional**	**Fair value**	**Quantity**	**Notional**	**Fair value**
Future Contracts BM&F	Cattle	Short	**241**	**(11,912)**	**(9)**	555	(25,871)	9

b.2. Position balance in commodities (corn) derivatives financial instruments of JBS Foods:

The business segment of JBS Foods is exposed to price volatility of corn, which changes arise from factors beyond the Administration's control, such as climate, the supply volume, transportation costs, agricultural policies and others.

JBS Foods, in accordance with its policy of inventory management, started the strategy of risk management of corn's price based on physical control, including expectations of future consumption, anticipated purchases, combined with future market operations, by hedging with corn futures on BM&F, CME and Over the Counter (OTC), through Non Deliverable Forwards (NDF's), in order to guarantee the market price.

The internal controls used for coverage and risk management are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day, with a confidence interval of 99%.

Management understands that quantitative figures regarding the exposure risk on the corn's sacks price changes of JBS Foods on December 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

(Expressed in thousands of reais)

EXPOSURE in Commodities (Corn)	JBS Foods December 31, 2015
OPERATING	
Purchase orders	**469,607**
Subtotal	**469,607**
DERIVATIVES	
Non Deliverable Forwards (NDF´s)	-
Subtotal	-
TOTAL EXPOSURE	**469,607**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
Exposure	Risk	Current price	Price	Effect on income JBS Foods	Price	Effect on income JBS Foods	Price	Effect on income JBS Foods
Operational	Depreciation of corn price	358.75	346.08	(16,585)	269.06	(117,405)	179.38	(234,797)
Hedging derivatives	Appreciation of corn price	358.75	346.08	-	269.06	-	179.38	-
				(16,585)		**(117,405)**		**(234,797)**

b.3. Position balance in commodities derivatives financial instruments of JBS USA:

Management understands that quantitative figures regarding the exposure risk of the commodities price changes of the subsidiary JBS USA on December 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of exposure incurred during the period.

	JBS USA	
EXPOSURE in Commodities	**December 31, 2015**	**December 31, 2014**
OPERATIONAL		
Forwards - commodities	**5,294,296**	5,662,129
Subtotal	**5,294,296**	**5,662,129**
DERIVATIVES		
Future and option commodity contracts	**9,692,155**	(3,936,680)
Subtotal	**9,692,155**	**(3,936,680)**
TOTAL EXPOSURE	**14,986,451**	**1,725,449**

Sensitivity analysis:

		Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
Exposure	Risk	Price	Effect on income JBS USA	Price	Effect on income JBS USA	Price	Effect on income JBS USA
Operating	Commodities price depreciation	(1.06)%	(56,120)	(25.00)%	(1,323,574)	(50.00)%	(2,647,148)
Hedging derivatives	Commodities price depreciation	(1.06)%	(102,737)	(25.00)%	(2,423,039)	(50.00)%	(4,846,078)
			(158,857)		**(3,746,613)**		**(7,493,226)**

Derivatives financial instruments breakdown:

			December 31, 2015			December 31, 2014		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R$)	Fair value	Notional (USD)	Notional (R$)	Fair value
Non Deliverable Forwards	Commodities	Long	**2,482,113**	**9,692,155**	**232,632**	(1,482,072)	(3,936,680)	26,049

c. Credit risk

The Company and its subsidiaries are potentially subject to credit risk related to accounts receivable, investments and hedging contracts. In the case of trade accounts receivable, the Financial and Commodities Risk Management Policy understands that the diversity of the portfolio contributes significantly to reduce the credit risk, but parameters are set to operations where credit is provided, observing financial ratios and operational health, as well as consults to credit monitoring entities.

In case of the counter party of a financial operation is a financial institution (investments and hedging contracts), the Company employs exposure limits set by the Risk Management Committee, based on risk ratings (ratings) of specialized international agencies.

(Expressed in thousands of reais)

Amounts invested in private bonds (notably bank certificates of deposit) and accumulated fair values receivables in hedging transactions contracted with banks, must comply with the following table limits, in order that, the total volume does not exceed a specified percentage of the equity of the financial institution (% Equity). In conjunction, the maturity of the application should be no longer than the maximum horizon.

Category	% Equity	Maximum horizon
Triple A	2%	5 years
Double A	1%	3 years
Single A	0.5%	2 years
Triple B	0.25%	1 year

Observations:

• In case of different ratings for the same financial institution, must adopt the most conservative;
• The associates banks should be consolidated at its headquarters;
• Financial institutions without rating are not eligible;
• In the absence of rating in the national scale, use the global rating scale;
• If the Company holds debt and applications with particular counterparty, the net value of the transactions should be considered;
• Exceptions can occur if previously approved by the Risk Management Committee .

Besides private bonds, the Company can also invest funds in federal national treasury bill: LFT, LTN, NTN-F and NTN-B. For these cases there is no pre-established limits. It is also permitted to invest in fixed income funds of low risk that have policy of investment applications in assets directly related to the basic interest rate (SELIC).

The book value of financial assets that represent the maximum exposure to credit risk at the financial statement date was:

		Company		Consolidated	
	Note	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Assets					
Cash and cash equivalents	4	**11,257,943**	9,503,923	**18,843,988**	14,910,427
Trade accounts receivable	5	**3,435,691**	3,502,612	**12,119,662**	9,577,548
Credits with related parties	9	**4,999,503**	3,301,146	**1,968,043**	370,072
		19,693,137	**16,307,681**	**32,931,693**	**24,858,047**

d. Liquidity risk

Liquidity risk arises from the management of working capital of the Company and amortization of financing costs and principal of the debt instruments. It is the risk that the Company will find difficulty in meeting their financial obligations falling due.

The Company manages its capital based on parameters optimization of capital structure with a focus on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

The Management of the Company's liquidity is done taking into account mainly the acid test ratio, represented by the level of cash plus financial investments divided by short-term debt. It is also maintained a focus on managing the overall leverage of the Company to monitor the ratio of net debt to "EBITDA" at levels we considered to be manageable for continuity of operations.

Based on the analysis of these indicators, the management of working capital has been defined to maintain the natural leverage of the Company at levels equal to or less than the leverage ratio that the Company would like to achieve.

The index of liquidity and leverage consolidated are shown below:

	Consolidated	
	December 31, 2015	December 31, 2014
Cash and cash equivalents	**18,843,988**	14,910,427
Loans and financings - Current	**(20,906,613)**	(13,686,975)
Acid test ratio	**0.9**	1.09
Leverage indicator (*)	**3,1x**	**2,1x**

(*) To calculate the leverage indicator the Company used the dollar and the euro correction rates of the last day of the year (closing rate). This criteria is intended to equalize the net debt and EBITDA at the same exchange rate.

The table below shows the fair value of financial liabilities of the Company and its subsidiaries according to their maturities:

	Company									
	December 31, 2015					December 31, 2014				
	Trade accounts payable	Debits w/ related parties	Loans and financings	Derivatives financing (liabilities) assets	Fair value	Trade accounts payable	Debits w/ related parties	Loans and financings	Derivatives financing (liabilities) assets	Fair value
Less than1 year	**(2,448,362)**	_	**(14,791,919)**	**557,801**	**(16,682,480)**	(1,567,402)	_	(9,567,475)	(279,890)	**(11,414,767)**
Between 1 and 2 years	_	_	**(4,455,354)**	_	**(4,455,354)**	_	_	(3,276,569)	_	**(3,276,569)**
Between 3 and 5 years	_	_	**(4,431,789)**	_	**(4,431,789)**	_	_	(3,639,882)	_	**(3,639,882)**
More than 5 years	_	**(101,668)**	**(6,064,380)**	_	**(6,166,048)**	_	(140,695)	(6,772,633)	_	**(6,913,328)**
Fair value	**(2,448,362)**	**(101,668)**	**(29,743,442)**	**557,801**	**(31,735,671)**	**(1,567,402)**	**(140,695)**	**(23,256,559)**	**(279,890)**	**(25,244,546)**

(Expressed in thousands of reais)

	Consolidated							
	December 31, 2015				December 31, 2014			
	Trade accounts payable	Loans and financings	Derivatives financing (liabilities) assets	Fair value	Trade accounts payable	Loans and financings	Derivatives financing (liabilities) assets	Fair value
Less than1 year	**(12,421,018)**	**(20,906,613)**	**788,767**	**(32,538,864)**	(6,942,933)	(13,686,975)	(241,899)	**(20,871,807)**
Between 1 and 2 years	-	**(8,583,793)**	-	**(8,583,793)**	-	(4,625,423)	-	**(4,625,423)**
Between 3 and 5 years	-	**(17,626,802)**	**422,146**	**(17,204,656)**	-	(6,881,514)	-	**(6,881,514)**
More than 5 years	-	**(18,765,518)**	-	**(18,765,518)**	-	(14,885,228)	-	**(14,885,228)**
Fair value	**(12,421,018)**	**(65,882,726)**	**1,210,913**	**(77,092,831)**	**(6,942,933)**	**(40,079,140)**	**(241,899)**	**(47,263,972)**

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at December 31, 2015 is R$3,444,021 (R$1,122,266 at December 31, 2014). This guarantee is superior to the need presented for these operations.

The indirect subsidiary JBS USA and its subsidiaries, has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at December 31, 2015 is R$265,917 (R$316,088 at December 31, 2014). This guarantee is superior to the need presented for these operations.

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

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

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(Expressed in thousands of reais)

32 Approval of the financial statements

The approval of these financial statements was given at the Board of Directors' meeting held on March 16, 2016.

BOARD OF DIRECTORS

Chairman:	Joesley Mendonça Batista
Vice-Chairman:	Wesley Mendonça Batista
Board Member:	José Batista Sobrinho
Board Member:	Humberto Junqueira de Farias
Board Member:	João Carlos Ferraz
Board Member:	Tarek Mohamed Noshy Nasr Mohamed Farah
Independent Board Member:	Carlos Alberto Caser
Independent Board Member:	Marcio Percival Alves Pinto

FISCAL COUNCIL REPORT

The Fiscal Council, in compliance with the legal and statutory requirements, reviewed the Annual Management Report and the financial statements of the Company for the year ended on December 31, 2015 and approved by the Board of Directors of the Company in March 16, 2016.

Based on our review, information and clarification received during the year and Independent Auditors Review issued without unqualified opinion by BDO RCS Auditores Independentes SS, dated on March 16, 2016, the Fiscal Council expresses the opinion that the documents are in conditions to be appreciate by the Ordinary and Extraordinary Shareholders Meeting.

FISCAL COUNCIL

Chairman:	Florisvaldo Caetano de Oliveira
Council Member:	José Paulo da Silva Filho
Council Member:	Demetrius Nichele Macei
Council Member:	Francisco Vicente Santana Silva Telles

AUDIT COMMITTEE

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

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

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

(i) They reviewed, discussed and agreed with the views expressed in the review report of the independent auditors on the financial statements for the year ended on December 31, 2015, and

(ii) They reviewed, discussed and agreed with the financial statements for the year ended on December 31, 2015.

EXECUTIVE BOARD

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

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

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