



3Q16 Results

**JBS Ended 3Q16 With
Net Revenue of R\$41.2 billion,
EBITDA of R\$3.1 billion and Net Income of R\$887.1 million**

JBS ended the third quarter of 2016 with net revenue of R\$41.2 billion, EBITDA of R\$3.1 billion, a margin of 7.6%, and net income of R\$887.1 million, representing an EPS of R\$0.32.

“In our international operations, we had good results across all of our business units, due to our constant focus on operational efficiency, cost control and investments in innovation, combined with greater supply of cattle in the US, the growth in our North-American exports and the synergies captured from the assets acquired in 2015. In our operations in South America we faced a challenging quarter, especially in Brazil, due to the strong Real, which impacted the profitability of our exports, as well as the relevant increase in grain prices. Our global production platform and the diversification of our product portfolio allow us to mitigate challenging situations, while permitting us to pursue regional and/or segment opportunities”, stated Wesley Batista, Global CEO of JBS.

“We believe that the most challenging period for our platform in South America is over and we should see the recovery of the profitability in the next quarters. In our international operations, we are optimistic and confident with the performance of all our business units in the coming quarters, especially in our beef business in the US”, added Wesley Batista.



3Q16 Highlights



Net revenue in 3Q16 was **R\$41.2 billion**, a decrease of 4.3% compared with 3Q15.



Gross profit in 3Q16 was **R\$5.3 billion**, a decrease of 14.4% in relation to the same period last year.

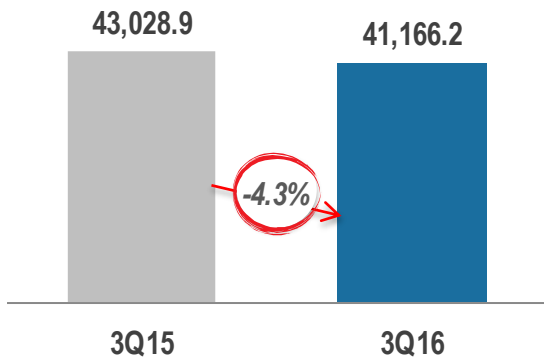


EBITDA in 3Q16 was **R\$3.1 billion**, a reduction of 18.0% over 3Q15. **EBITDA margin** was **7.6%**.



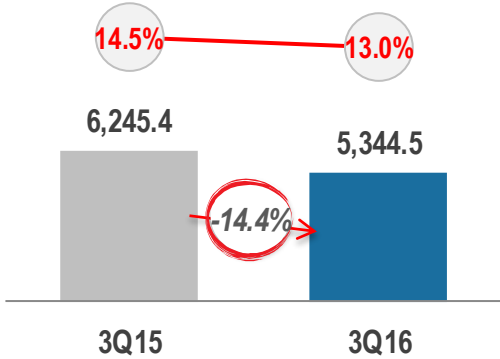
JBS posted **net income** of **R\$887.1 million** in 3Q16, which represents an **EPS** of **R\$0.32**.

Net Revenue (R\$ Million)



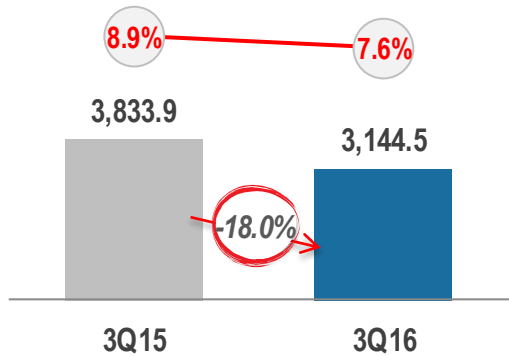
Gross Profit (R\$ Million)

— Gross margin (%)



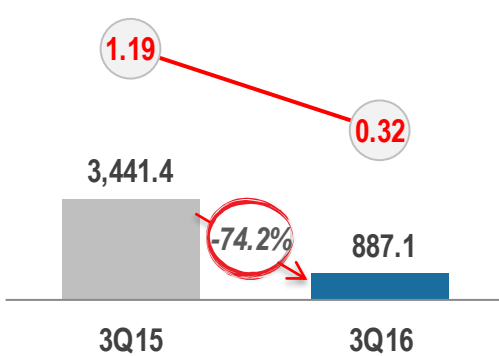
EBITDA (R\$ Million)

— EBITDA margin (%)



Net Income (R\$ Million)

— EPS (R\$)



3Q16 Highlights



In 3Q16, cash flow from operating activities was R\$1,832.2 million, while free cash flow was R\$782.1 million.

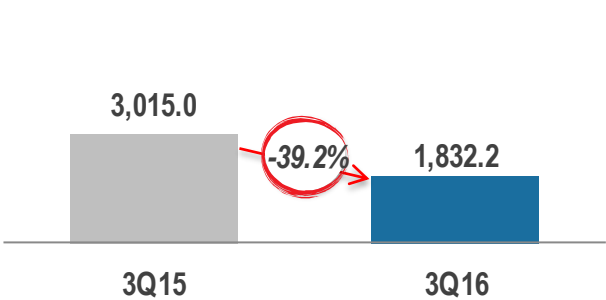


JBS ended 3Q16 with net debt of R\$48.9 billion.

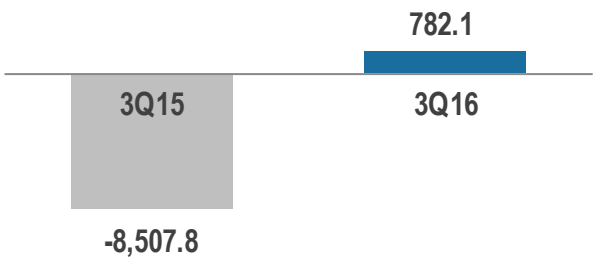


Leverage at the end of the quarter was 4.32x.

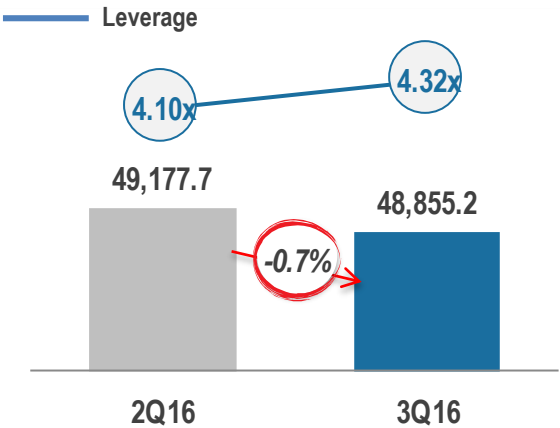
Net Operating Cash Flow (R\$ Million)



Free Cash Flow (R\$ million)



Net Debt (R\$ Million) and Leverage



3Q16 Consolidated Results

Consolidated analysis of the main operational indicators of JBS

R\$ million	3Q16		2Q16		Δ%	3Q15		Δ%
	R\$ MM	% NR	R\$ MM	% NR	3Q16 vs 2Q16	R\$ MM	% NR	3Q16 vs 3Q15
Net Revenue	41,166.2	100.0%	43,671.9	100.0%	-5.7%	43,028.9	100.0%	-4.3%
Cost of Goods Sold	(35,821.7)	-87.0%	(38,402.6)	-87.9%	-6.7%	(36,783.5)	-85.5%	-2.6%
Gross Income	5,344.5	13.0%	5,269.2	12.1%	1.4%	6,245.4	14.5%	-14.4%
Selling Expenses	(2,212.2)	-5.4%	(2,497.9)	-5.7%	-11.4%	(2,400.4)	-5.6%	-7.8%
General and Adm. Expenses	(1,069.4)	-2.6%	(1,034.5)	-2.4%	3.4%	(1,023.3)	-2.4%	4.5%
Net Financial Income (expense)	(1,378.7)	-3.3%	772.4	1.8%	-	2,652.6	6.2%	-
Equity in earnings of subsidiaries	8.3	0.0%	5.3	0.0%	55.4%	16.5	0.0%	-49.5%
Other Income (expense)	29.9	0.1%	11.9	0.0%	152.4%	47.6	0.1%	-37.1%
Operating Income	722.5	1.8%	2,526.4	5.8%	-71.4%	5,538.5	12.9%	-87.0%
Income and social contribution taxes	232.8	0.6%	(868.6)	-2.0%	-	(1,980.4)	-4.6%	-
Participation of non-controlling shareholders	(68.1)	-0.2%	(121.6)	-0.3%	-44.0%	(116.6)	-0.3%	-41.6%
Net Income (Loss)	887.1	2.2%	1,536.2	3.5%	-42.3%	3,441.4	8.0%	-74.2%
Adjusted EBITDA	3,144.5	7.6%	2,892.4	6.6%	8.7%	3,833.9	8.9%	-18.0%
Net Income per share (R\$)	0.32		0.55		-41.8%	1.19		-73.1%

Net Revenue

JBS consolidated net revenue in 3Q16 totaled R\$41,166.2 million, a decrease of 4.3% in relation to 3Q15. In 3Q16, approximately 74% of JBS global sales came from the markets where the company operates and 26% from exports.

EBITDA

JBS EBITDA for the quarter was R\$3,144.5 million, a decrease of 18.0% compared with 3Q15, impacted by a reduction in EBITDA of Seara and JBS Mercosul. EBITDA margin was 7.6%.

R\$ million	3Q16	2Q16	Δ%	3Q15	Δ%
Net income for the period	955.2	1,657.8	-42.4%	3,558.0	-73.2%
Financial income (expense), net	1,378.7	(772.4)	-	(2,652.6)	-
Current and deferred income taxes	(232.8)	868.6	-	1,980.4	-
Depreciation and amortization	1,061.1	1,120.0	-5.3%	955.4	11.1%
Equity in subsidiaries	(8.3)	(5.3)	55.4%	(16.5)	-49.5%
Restructuring, reorganization, donations and indemnity	(9.4)	23.7	-	9.1	-
(=) EBITDA	3,144.5	2,892.4	8.7%	3,833.9	-18.0%

3Q16 Consolidated Results

Net Financial Results

JBS registered net financial expense of R\$1,378.7 million in 3Q16. Net FX variation was negative R\$434.9 million, impacted by the depreciation of the Real of 1.1%, while the fair value of adjustments on derivative was negative R\$18.4 million. Interest expense was R\$1,002.6 million, while interest revenue was R\$91.4 million. Taxes, contributions, tariffs and others resulted in an expense of R\$14.2 million.

Income Tax and Social Contribution

In 3Q16, total income tax and social contribution (IT/SC) was positive R\$232.8 million, of which R\$132.7 million corresponded to Current IT/SC and a positive balance of R\$365.5 million corresponded to Deferred Income Taxes.

Net Income

JBS recorded net income of R\$887.1 million in 3Q16 which represents an EPS of R\$0.32.

Cash Flow from Investing Activities

In 3Q16, total cash flow from investing activities from JBS was R\$1,050.1 million, of which R\$1,000.6 million related to purchases of property, plant and equipment (CAPEX). 60% of the CAPEX refers to maintenance and 40% to modernization and expansion.

Operationing and Free Cash Flow

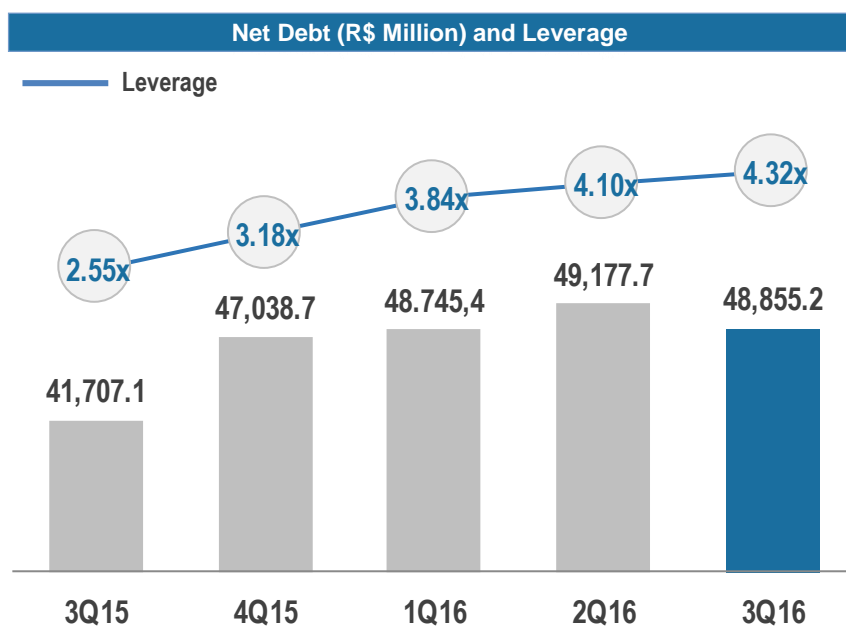
In 3Q16, JBS recorded cash from operating activities of R\$1,832.2 million and free cash flow of R\$782.1 million.

3Q16 Consolidated Results

Indebtedness

JBS ended 3Q16 with net debt of R\$48,855.2 million and leverage of 4.32x.

R\$ million	09/30/16	06/30/16	Var.%
Gross debt	56,162.4	57,648.8	-2.6%
(+) Short Term Debt	17,556.8	18,443.2	-4.8%
(+) Long Term Debt	38,605.7	39,205.5	-1.5%
(-) Cash and Equivalents	7,307.2	8,471.1	-13.7%
Net debt	48,855.2	49,177.7	-0.7%
Leverage	4.32x	4.10x	



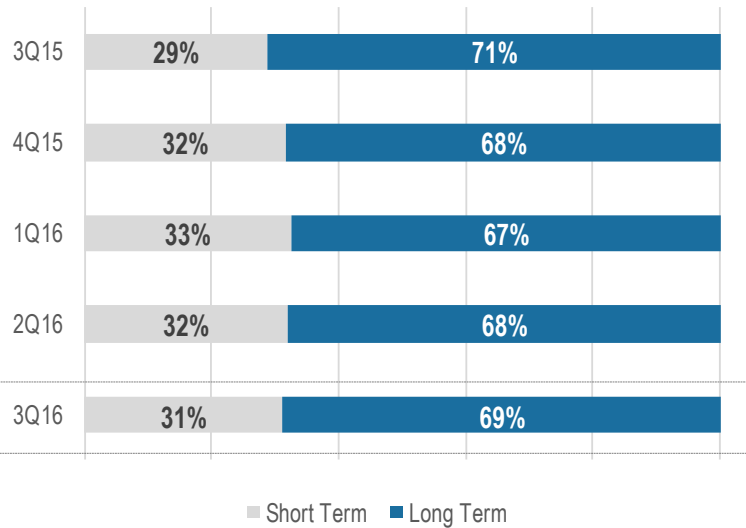
3Q16 Consolidated Results

Indebtedness (cont.)

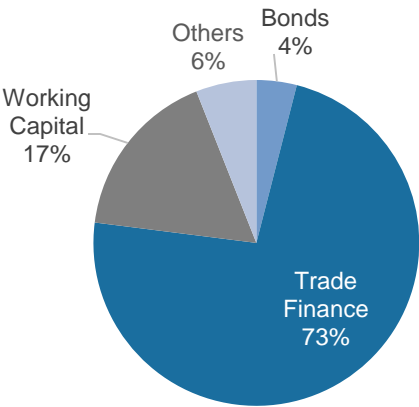
The Company ended the quarter with R\$7,307.2 million in cash. Additionally, JBS USA has a US\$1,661.4 million fully available unencumbered line under its revolving credit facilities equivalent to R\$5,393.2 million at the exchange rate of the end of the quarter.

At the end of 3Q16, the percentage of short-term debt (ST) in relation to total debt was 31%, of which 73% is trade finance related to exports from JBS Brazilian businesses.

Debt profile ST / LT



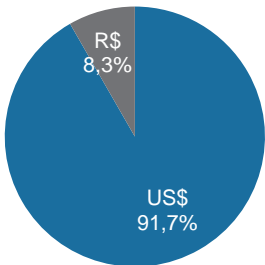
Breakdown of ST debt by type



At the end of the period, 91.7% of JBS consolidated debt was denominated in U.S. dollars, with an average cost of 5.20% per annum. The proportion of debt denominated in BRL was 8.3% of the consolidated debt, which had an average cost of 14.45% per annum.

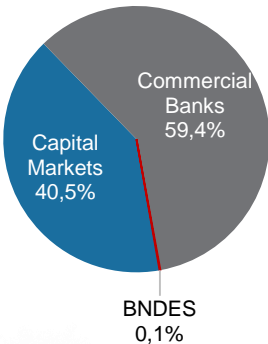
Breakdown by Currency & Average Cost

✓ 14.45% p.a.

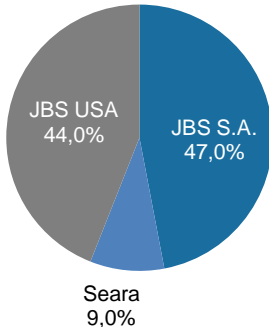


✓ 5.20% p.a.

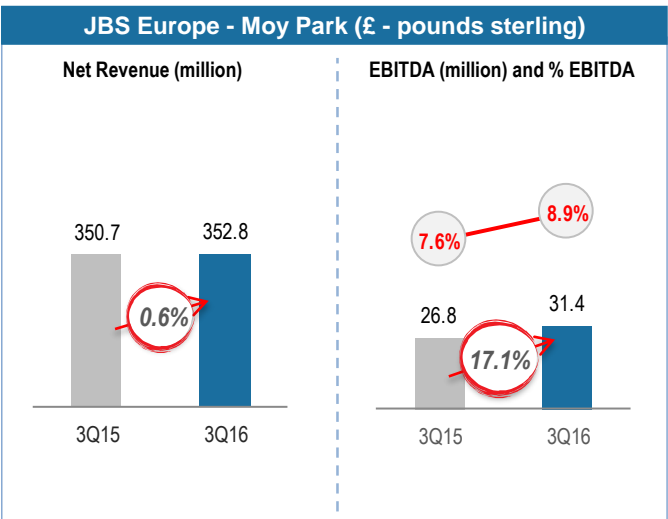
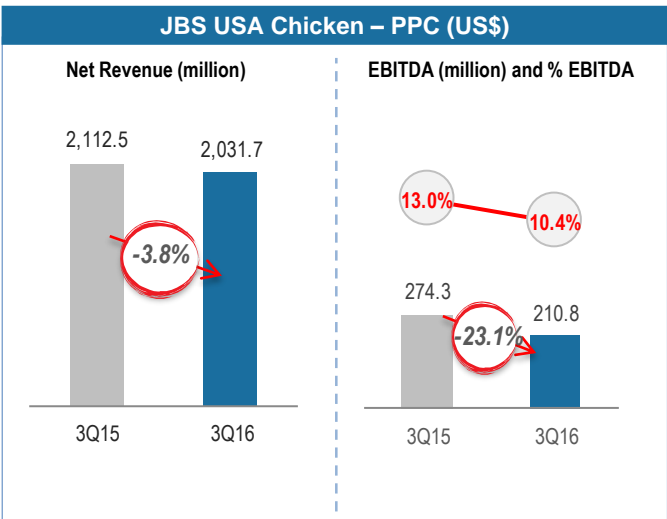
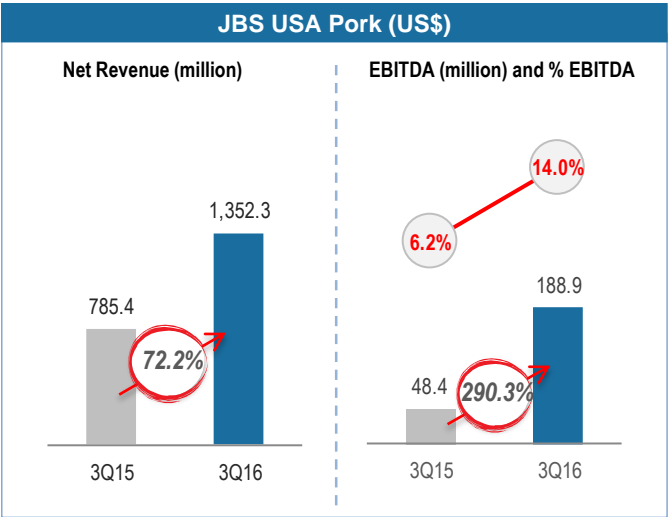
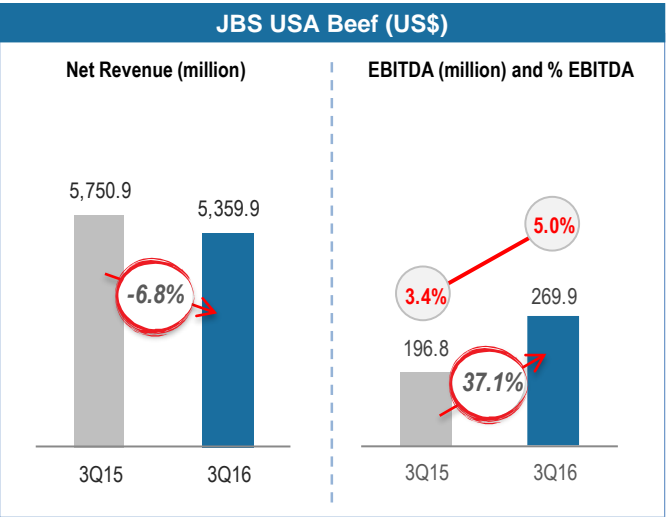
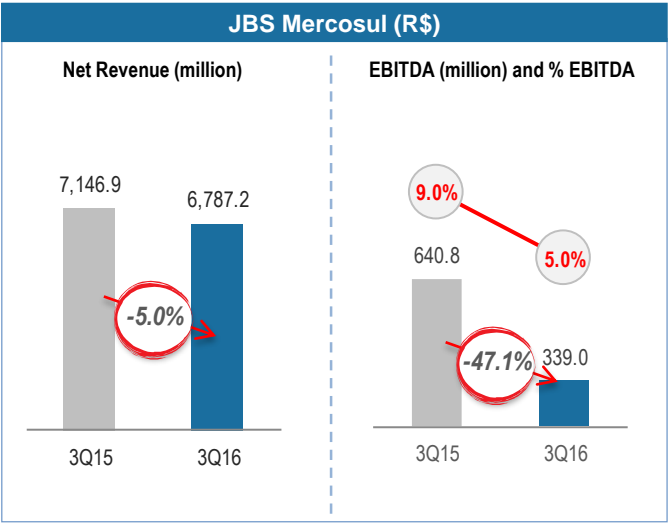
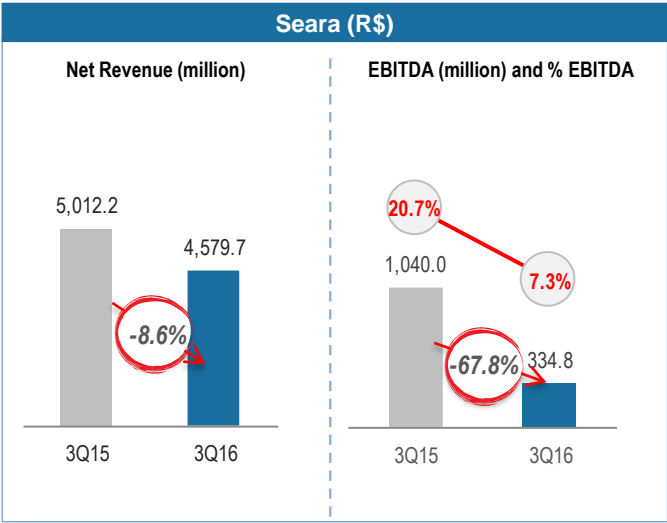
Breakdown by Source



Breakdown by Company



3Q16 Highlights by Business Units



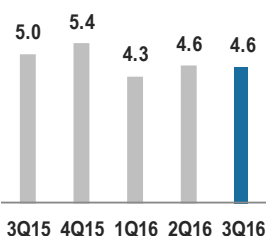
3Q16 Consolidated Results

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

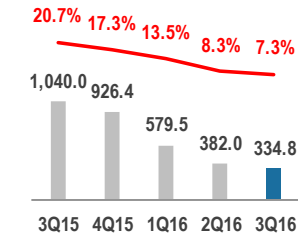
Million		3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue						
Seara	R\$	4,579.7	4,604.8	-0.5%	5,012.2	-8.6%
JBS Mercosul	R\$	6,787.2	7,206.1	-5.8%	7,146.9	-5.0%
JBS USA Beef	US\$	5,359.9	5,218.2	2.7%	5,750.9	-6.8%
JBS USA Pork	US\$	1,352.3	1,363.9	-0.9%	785.4	72.2%
JBS USA Chicken	US\$	2,031.7	2,028.3	0.2%	2,112.5	-3.8%
JBS Europe	£	352.8	364.7	-3.3%	350.7	0.6%
EBITDA						
Seara	R\$	334.8	382.0	-12.4%	1,040.0	-67.8%
JBS Mercosul	R\$	339.0	457.2	-25.8%	640.8	-47.1%
JBS USA Beef	US\$	269.9	27.0	899.6%	196.8	37.1%
JBS USA Pork	US\$	188.9	136.9	38.0%	48.4	290.3%
JBS USA Chicken	US\$	210.8	282.7	-25.5%	274.3	-23.1%
JBS Europe	£	31.4	33.5	-6.3%	26.8	17.1%
EBITDA Margin						
Seara	%	7.3%	8.3%	-0.98 p.p.	20.7%	-13.44 p.p.
JBS Mercosul	%	5.0%	6.3%	-1.35 p.p.	9.0%	-3.97 p.p.
JBS USA Beef	%	5.0%	0.5%	4.52 p.p.	3.4%	1.61 p.p.
JBS USA Pork	%	14.0%	10.0%	3.93 p.p.	6.2%	7.81 p.p.
JBS USA Chicken	%	10.4%	13.9%	-3.57 p.p.	13.0%	-2.61 p.p.
JBS Europe	%	8.9%	9.2%	-0.29 p.p.	7.6%	1.25 p.p.

Seara (R\$)

Net Revenue (billion)

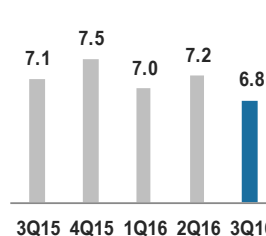


EBITDA (million) and % EBITDA

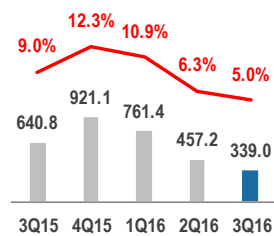


JBS Mercosul (R\$)

Net Revenue (billion)

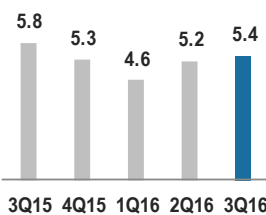


EBITDA (million) and % EBITDA

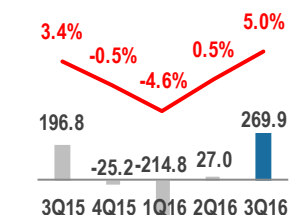


JBS USA Beef (US\$)

Net Revenue (billion)

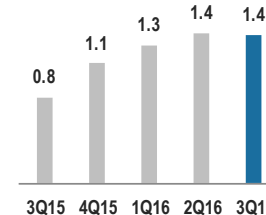


EBITDA (million) and % EBITDA

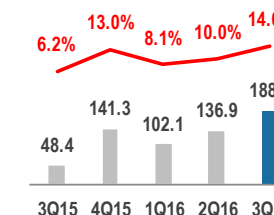


JBS USA Pork (US\$)

Net Revenue (billion)

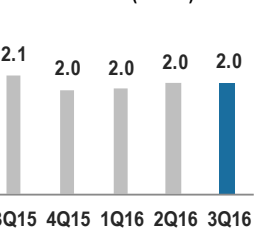


EBITDA (million) and % EBITDA

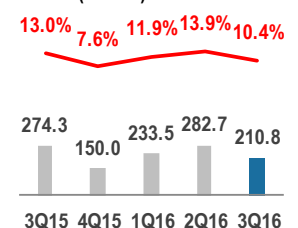


JBS USA Chicken – PPC (US\$)

Net Revenue (billion)

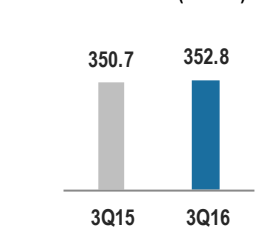


EBITDA (million) and % EBITDA

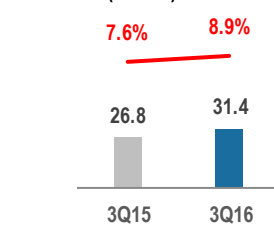


JBS Europe - Moy Park (£ - pounds sterling)

Net Revenue (million)



EBITDA (million) and % EBITDA



3Q16 Results by Business Unit

Seara (Formerly JBS Foods)

Seara posted net sales of R\$4,579.7 million in 3Q16, a reduction of 8.6% over 3Q15. In comparison with 2Q16, net revenue remained stable. In the domestic market, despite the challenging environment, net revenue increased 8.8% with growth in all three product segments. For the fresh poultry segment, net revenue was 6.5% higher than 3Q15, mainly due to an increase of 10.2% in average sales prices. In the Prepared food category, focus of the Company, net revenue registered an increase of 12.9% in comparison with 3Q15, with growth of 3.0% in volume and 9.7% in average sales prices, which highlights the increases in prices implemented by the Company throughout the first half of this year, aiming to offset the increase in grain costs. This effort is even more transparent in comparison with 2Q16, as the Processed/Prepared category recorded net revenue 5.6% higher, pushed by an increase of 2.0% in sales prices, despite changes in the consumer behavior in relation to product and channel mix observed in the recent months.

During this quarter, Seara continued evolving in its service level and reached a customer base of approximately 143,000 customers, 4,000 more than at the end of 2Q16. Additionally, the Company continued investing in its brand, focusing on innovation and on launching new products. At the end of 3Q16, Seara Gourmet line was introduced to the market, which includes products prepared with the finest ingredients that aim to serve consumers looking for more sophisticated options for their dining tables.

In the export market, Seara recorded a reduction of 20.7% in net revenue, mainly due to a drop of 8.4% in volume sold and of 13.5% in sales prices compared to same period last year, impacted by the appreciation of the Real. The reduction in volumes is a reflection of the Company' strategy in order to adjust inventory levels in some of its main destination markets, while the reduction in sales prices was due to the elevated price level observed in 3Q15, as well as the FX appreciation, partially offset by the gradual recovery of chicken prices in US dollars in the international markets.

Seara EBITDA in 3Q16 was R\$334.8 million, a reduction of 67.8% in relation to 3Q15, mainly due to an increase in grain costs that, although improved in the last few months, are still at levels much higher than compared to the same period last year. EBITDA margin was 7.3%.

Highlights

R\$ Million	3Q16		2Q16		Δ%	3Q15		Δ%
	R\$	% NR	R\$	% NR	QoQ	R\$	% NR	YoY
Net Revenue	4,579.7	100.0%	4,604.8	100.0%	-0.5%	5,012.2	100.0%	-8.6%
COGS	(3,861.1)	-84.3%	(3,797.9)	-82.5%	1.7%	(3,464.3)	-69.1%	11.5%
Gross Profit	718.6	15.7%	806.9	17.5%	-10.9%	1,548.0	30.9%	-53.6%
EBITDA	334.8	7.3%	382.0	8.3%	-12.4%	1,040.0	20.7%	-67.8%

Seara	3Q16	2Q16	Δ%	3Q15	Δ%
Birds Processed (thousand)	327,362.0	342,551.1	-4.4%	343,645.6	-4.7%
Hogs processed (thousand)	1,362.0	1,318.7	3.3%	1,327.7	2.6%

3Q16 Results by Business Unit

Seara

Breakdown of Net Revenue

Domestic Market	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (million R\$)					
Fresh Poultry	804.2	886.0	-9.2%	755.3	6.5%
Fresh Pork	99.0	94.3	5.0%	86.2	14.8%
Processed / Prepared Products	1,312.3	1,242.8	5.6%	1,162.0	12.9%
Others	18.4	68.7	-73.2%	49.3	-62.7%
TOTAL	2,233.9	2,291.8	-2.5%	2,052.9	8.8%
Volume (thousand tons)					
Fresh Poultry	137.0	150.9	-9.2%	141.6	-3.3%
Fresh Pork	15.5	15.1	3.0%	13.9	11.9%
Processed / Prepared Products	183.3	177.1	3.5%	177.9	3.0%
Others	-	-	-	-	-
TOTAL	335.7	343.0	-2.1%	333.4	0.7%
Average Price (R\$/Kg)					
Fresh Poultry	5.87	5.87	0.0%	5.33	10.2%
Fresh Pork	6.38	6.26	1.9%	6.22	2.5%
Processed / Prepared Products	7.16	7.02	2.0%	6.53	9.7%
Others	-	-	-	-	-

Exports	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (million R\$)					
Fresh Poultry	1,912.8	2,007.0	-4.7%	2,532.7	-24.5%
Fresh Pork	326.0	222.6	46.4%	328.0	-0.6%
Processed / Prepared Products	107.0	83.4	28.3%	98.7	8.5%
Others	-	-	-	-	-
TOTAL	2,345.8	2,313.0	1.4%	2,959.4	-20.7%
Volume (thousand tons)					
Fresh Poultry	357.2	370.4	-3.6%	402.4	-11.2%
Fresh Pork	42.8	34.3	24.6%	35.9	19.0%
Processed / Prepared Products	11.4	8.7	30.9%	10.8	5.5%
Others	-	-	-	-	-
TOTAL	411.4	413.4	-0.5%	449.2	-8.4%
Average Price (R\$/Kg)					
Fresh Poultry	5.35	5.42	-1.2%	6.29	-14.9%
Fresh Pork	7.63	6.49	17.6%	9.13	-16.5%
Processed / Prepared Products	9.37	9.56	-2.0%	9.11	2.8%
Others	-	-	-	-	-

3Q16 Results by Business Unit

JBS Mercosul

JBS Mercosul had net revenue of R\$6,787.2 million, a decrease of 5.0% compared with 3Q15. The reduction in net revenue is due to a decrease in export volumes, partially offset by an increase in prices and volume of fresh beef sold in the domestic market.

EBITDA at JBS Mercosul was R\$339.0 million, a reduction of 47.1% over 3Q15, impacted by an increase in raw-material costs and FX variation in the period, which impacted the profitability of exports. EBITDA margin was 5.0%.

In October 01st, 2016, JBS opened a new beef processing facility in Paraguay. One of the most modern facilities of JBS, it has capacity to process 1,200 head of cattle per day, which represents an expansion of 75% in the installed capacity of JBS in that country. Paraguay has been recording a strong increase in its cattle herd, which should contribute to the Company's operations in the region.

Highlights

R\$ Million	3Q16		2Q16		Δ%	3Q15		Δ%
	R\$	% NR	R\$	% NR	QoQ	R\$	% NR	YoY
Net Revenue	6,787.2	100.0%	7,206.1	100.0%	-5.8%	7,146.9	100.0%	-5.0%
COGS	(5,509.7)	-81.2%	(5,673.0)	-78.7%	-2.9%	(5,462.0)	-76.4%	0.9%
Gross Profit	1,277.5	18.8%	1,533.1	21.3%	-16.7%	1,685.0	23.6%	-24.2%
EBITDA	339.0	5.0%	457.2	6.3%	-25.8%	640.8	9.0%	-47.1%

JBS Mercosul	3Q16	2Q16	Δ%	3Q15	Δ%
Bovines processed (thousand)	1,989.6	2,203.2	-9.7%	1,986.2	0.2%

3Q16 Results by Business Unit

JBS Mercosul

Breakdown of Net Revenue

Domestic Market	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (million R\$)					
Fresh and Chilled Products	3,439.8	3,450.0	-0.3%	2,584.3	33.1%
Processed Products	344.6	380.7	-9.5%	389.9	-11.6%
Others	313.0	365.2	-14.3%	436.0	-28.2%
TOTAL	4,097.5	4,195.9	-2.3%	3,410.2	20.2%
Volume (thousand tons)					
Fresh and Chilled Products	292.6	297.0	-1.5%	264.9	10.5%
Processed Products	34.9	42.5	-17.8%	44.0	-20.5%
Others	146.6	180.5	-18.8%	151.3	-3.1%
TOTAL	474.2	520.0	-8.8%	460.2	3.0%
Average Price (R\$/Kg)					
Fresh and Chilled Product	11.75	11.62	1.1%	9.76	20.4%
Processed Items	9.86	8.95	10.2%	8.87	11.2%
Others	2.14	2.02	5.9%	2.88	-25.7%

Exports	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (million R\$)					
Fresh and Chilled Products	1,953.8	2,153.1	-9.3%	2,172.7	-10.1%
Processed Products	222.4	287.5	-22.6%	232.6	-4.4%
Others	513.5	569.6	-9.8%	1,331.5	-61.4%
TOTAL	2,689.7	3,010.2	-10.6%	3,736.8	-28.0%
Volume (thousand tons)					
Fresh and Chilled Products	151.2	156.3	-3.3%	167.0	-9.5%
Processed Products	19.1	21.4	-10.6%	18.4	3.7%
Others	21.6	21.1	2.2%	100.8	-78.6%
TOTAL	191.8	198.8	-3.5%	286.3	-33.0%
Average Price (R\$/Kg)					
Fresh and Chilled Beef	12.92	13.77	-6.2%	13.01	-0.6%
Processed Beef	11.65	13.47	-13.5%	12.63	-7.8%
Others	23.81	26.98	-11.8%	13.20	80.3%

3Q16 Results by Business Unit

JBS USA Beef (including Australia and Canada)

Net revenue totaled US\$5,359.9 million, a decrease of 6.8% over 3Q15, due to a decline in beef prices in the US market. EBITDA was US\$269.9 million, an increase of 37.1% compared to the same period last year. EBITDA margin was 5.0%.

The increase in cattle availability in the United States contributed to the reduction of raw-material prices, resulting in an expansion of gross margin. The consequent drop in beef prices encouraged demand in the domestic market. With a focus towards the international market and a strategic distribution capacity, JBS grew its US exports by 32.5% in this quarter compared to the same period last year, due to strong demand in Asian markets, while the US market reduced its imports of beef. The recent expansion of the Hyrum, UT, facility is already in operation and contributing positively to the results of this business.

In Australia, beef operations continued to be impacted by the low availability of cattle, resulting in a reduction of 20% in the number of bovines processed by JBS in the country and impacting mainly the export volumes. Primo operations remain evolving in the construction of positive results for the Company.

Highlights (US GAAP)

US\$ Million	3Q16		2Q16		Δ%	3Q15		Δ%
	US\$	% NR	US\$	% NR	QoQ	US\$	% NR	YoY
Net Revenue	5,359.9	100.0%	5,218.2	100.0%	2.7%	5,750.9	100.0%	-6.8%
COGS	(5,081.7)	-94.8%	(5,195.0)	-99.6%	-2.2%	(5,553.3)	-96.6%	-8.5%
Gross Profit	278.2	5.2%	23.2	0.4%	1099.1%	197.6	3.4%	40.8%
EBITDA	269.9	5.0%	27.0	0.5%	899.6%	196.8	3.4%	37.1%

JBS USA Beef (including AUS and CAN)	3Q16	2Q16	Δ%	3Q15	Δ%
Bovines processed (thousand)	2,426.9	2,393.8	1.4%	2,426.7	0.0%

Breakdown of Net Revenue

Domestic Market	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (US\$ million)	4,022.4	3,918.5	2.7%	4,271.1	-5.8%
Volume (tons)	1,046.6	1,001.9	4.5%	985.4	6.2%
Average Price (US\$/Kg)	3.84	3.91	-1.7%	4.33	-11.3%

Exports	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (US\$ million)	1,337.5	1,299.6	2.9%	1,479.8	-9.6%
Volume (tons)	325.3	320.4	1.5%	333.6	-2.5%
Average Price (US\$/Kg)	4.11	4.06	1.4%	4.44	-7.3%

3Q16 Results by Business Unit

JBS USA Pork

The JBS USA Pork business unit reported net revenue of US\$1,352.3 million in 3Q16, an increase of 72.2% compared with 3Q15, due to higher volume sold and the integration of the assets acquired in November 2015, combined with an increase of 12.8% in export prices.

EBITDA was US\$188.9 million, a 290.3% increase over the same period last year, with an EBITDA margin of 14.0%. This quarter results were boosted by both a larger supply of hogs and strong demand in international markets. The main destinations for JBS pork were Greater China, Mexico and Japan.

The improvement in gross and EBITDA margins also reflect the improvement in efficiencies, increase in productivity and the synergies captured through the integration of the Cargill assets.

Highlights (US GAAP)

US\$ Million	3Q16		2Q16		Δ%	3Q15		Δ%
	US\$	% NR	US\$	% NR	QoQ	US\$	% NR	YoY
Net Revenue	1,352.3	100.0%	1,363.9	100.0%	-0.9%	785.4	100.0%	72.2%
COGS	(1,164.3)	-86.1%	(1,231.4)	-90.3%	-5.4%	(734.6)	-93.5%	58.5%
Gross Profit	188.0	13.9%	132.5	9.7%	41.9%	50.8	6.5%	270.1%
EBITDA	188.9	14.0%	136.9	10.0%	38.0%	48.4	6.2%	290.3%

JBS US Pork	3Q16	2Q16	Δ%	3Q15	Δ%
Hogs Processed (thousand)	5,779.7	5,512.9	4.8%	3,414.4	69.3%

Breakdown of Net Revenue

Domestic Market	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (US\$ million)	1,143.1	1,164.4	-1.8%	681.8	67.6%
Volume (thousand tons)	519.0	502.5	3.3%	302.8	71.4%
Average Price (US\$/Kg)	2.20	2.32	-5.0%	2.25	-2.2%
Exports	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (US\$ million)	209.2	199.5	4.9%	103.6	102.0%
Volume (thousand tons)	96.5	95.1	1.5%	53.9	79.0%
Average Price (US\$/Kg)	2.17	2.10	3.4%	1.92	12.8%

3Q16 Results by Business Unit

JBS USA Chicken (PPC)

Pilgrim's Pride (PPC) recorded net revenue of US\$2,031.7 million in 3Q16, a decrease of 3.8% in comparison with 3Q15. In the US there was a reduction of 4.1% in net revenue, caused by lower volume sold of processed products, partially offset by an increase in sales prices. In Mexico, net sales decreased 2.2% due to FX impact, offset by an increase in both volume and sales prices.

EBITDA was US\$210.8 million, a decrease of 23.1% over the same period in 2015, impacted by the lower capacity utilization at the largest PPC prepared foods plant in order to modernize the facility, partially offset by lower feed and an increase in chicken prices in the US during the period. EBITDA margin in 3Q16 was 10.4%.

PPC net income was US\$98.7 million, with an EPS of US\$0.39. Operational cash generation was US\$242.1 million.

Highlights (US GAAP)

US\$ Million	3Q16		2Q16		Δ%	3Q15		Δ%
	US\$	% NR	US\$	% NR	QoQ	US\$	% NR	YoY
Net Revenue	2,031.7	100.0%	2,028.3	100.0%	0.2%	2,112.5	100.0%	-3.8%
COGS	(1,821.5)	-89.7%	(1,742.2)	-85.9%	4.6%	(1,828.0)	-86.5%	-0.4%
Gross Profit	210.2	10.3%	286.1	14.1%	-26.5%	284.5	13.5%	-26.1%
EBITDA	210.8	10.4%	282.7	13.9%	-25.5%	274.3	13.0%	-23.1%

3Q16 Results by Business Unit

JBS Europe (Moy Park)

JBS Europe recorded net revenue of £352.8 million in 3Q16, stable over 3Q15. The prepared product segment recorded a decrease in the volume sold in the domestic market, offset by an increase in price and volume sold in the international market.

EBITDA was £31.4 million in the quarter, an increase of 17.1% compared with 3Q15. EBITDA margin was 8.9%. The improvement in margin results from the synergy plan to increase operational efficiency implemented by the Management post the acquisition.

Despite the backdrop of particularly challenging market conditions, the third quarter of 2016 has seen Moy Park deliver a solid performance, with continued revenue growth and a substantial improvement in underlying profit before tax. Its progress continues to be driven by strong customer relationships and cost control, as well as a culture of constant innovation.

Highlights

£ Million	3Q16		2Q16		Δ%	3Q15		Δ%
	£	% NR	£	% NR	QoQ	£	% NR	YoY
Net Revenue	352.8	100.0%	364.7	100.0%	-3.3%	350.7	100.0%	0.6%
COGS	(312.8)	-88.7%	(320.3)	-87.8%	-2.4%	(314.9)	-89.8%	-0.7%
Gross Profit	40.0	11.3%	44.4	12.2%	-9.8%	35.8	10.2%	11.9%
EBITDA	31.4	8.9%	33.5	9.2%	-6.3%	26.8	7.6%	17.1%

JBS Europe (Moy Park)		3Q16	2Q16	Δ%	3Q15	Δ%
Birds Processed (thousand)		65,477.7	66,807.3	-2.0%	65,701.8	-0.3%

3Q16 Results by Business Unit

JBS Europe (Moy Park)

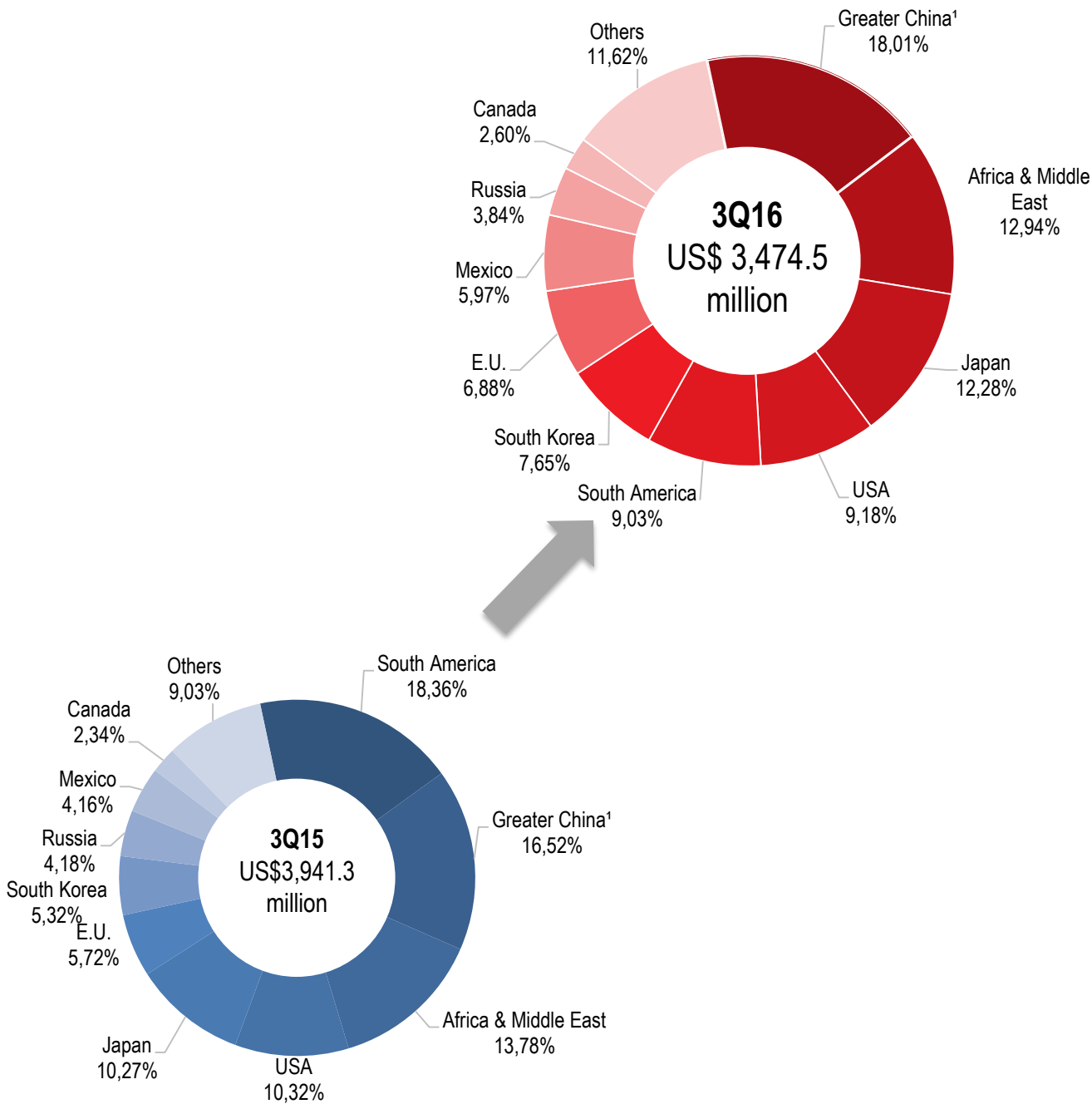
Breakdown of Net Revenue

Domestic Market	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (million £)					
Fresh Poultry	144.7	150.6	-3.9%	139.4	3.8%
Processed / Prepared Products	145.8	148.9	-2.1%	152.8	-4.6%
Others	15.5	20.3	-23.7%	21.7	-28.6%
TOTAL	306.0	319.8	-4.3%	313.9	-2.5%
Volume (thousand tons)					
Fresh Poultry	45.8	47.9	-4.4%	44.5	2.8%
Processed / Prepared Products	38.3	39.7	-3.5%	42.7	-10.1%
Others	30.7	41.4	-25.9%	47.3	-35.0%
TOTAL	114.8	129.0	-11.0%	134.4	-14.6%
Average Price (£/Kg)					
Fresh Poultry	3.16	3.14	0.5%	3.13	0.9%
Processed / Prepared Products	3.80	3.75	1.4%	3.58	6.2%
Others	0.50	0.49	2.9%	0.46	9.7%

Exports	3Q16	2Q16	Δ%	3Q15	Δ%
Net Revenue (million £)					
Fresh Poultry	4.9	6.1	-19.2%	9.2	-47.0%
Processed / Prepared Products	30.7	26.9	14.2%	19.1	61.1%
Others	11.2	12.0	-6.5%	8.5	31.8%
TOTAL	46.8	44.9	4.2%	36.8	27.2%
Volume (thousand tons)					
Fresh Poultry	1.7	2.0	-14.1%	2.8	-39.8%
Processed / Prepared Products	8.8	8.5	3.3%	6.7	30.9%
Others	24.7	24.2	2.4%	20.3	22.0%
TOTAL	35.3	34.7	1.6%	29.9	18.1%
Average Price (£/Kg)					
Fresh Poultry	2.86	3.04	-5.9%	3.25	-11.8%
Processed / Prepared Products	3.48	3.14	10.6%	2.83	23.1%
Others	0.45	0.50	-8.7%	0.42	8.0%

Tables and Charts

Graph I - JBS Consolidated Exports Breakdown in 3Q15 and 3Q16



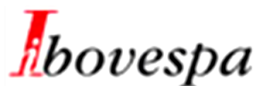
Note 1. Considers China and Hong Kong

Table I – 3Q16 Breakdown of Production Costs by Business Unit (%)

3Q16 (%)	Consolidated	JBS Mercosul	Seara	USA Beef	USA Pork	USA Chicken	JBS Europe
Raw material (livestock)	78.3%	86.7%	71.6%	85.6%	75.7%	56.2%	51.5%
Processing (including ingredients and packaging)	10.0%	7.3%	10.6%	4.7%	11.7%	25.1%	31.8%
Labor Cost	11.6%	5.9%	17.8%	9.7%	12.7%	18.7%	16.8%



Indexes



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3Q16 Results

Statement of financial position

In thousands of Brazilian Reais - R\$

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Current Assets				
Cash and cash equivalents	4,193,214	11,257,943	7,307,228	18,843,988
Trade accounts receivable	2,614,381	3,435,691	9,328,252	12,119,662
Inventories	1,922,894	2,128,993	10,175,726	11,109,744
Biological assets	-	-	2,667,993	2,873,447
Recoverable taxes	969,753	1,409,696	2,595,176	2,874,987
Derivative assets	-	84,779	29,931	737,891
Other current assets	359,289	298,476	1,066,361	1,250,319
TOTAL CURRENT ASSETS	10,059,531	18,615,578	33,170,667	49,810,038
Non-Current Assets				
Biological assets	-	-	998,841	1,100,353
Recoverable taxes	1,510,885	789,505	2,891,624	1,558,612
Related parties receivables	5,417,166	4,897,835	1,199,130	1,968,043
Investments in associates, subsidiaries and joint ventures	16,231,944	19,534,850	364,079	354,134
Property, plant and equipment	11,489,566	11,693,038	32,938,849	35,381,110
Intangible assets	474,752	467,540	5,761,929	6,892,534
Goodwill	9,085,970	9,085,970	22,130,579	24,411,441
Other non-current assets	457,114	478,827	989,304	1,026,702
TOTAL NON-CURRENT ASSETS	44,667,397	46,947,565	67,274,335	72,692,929
TOTAL ASSETS	54,726,928	65,563,143	100,445,002	122,502,967

3Q16 Results

Statement of financial position

In thousands of Brazilian Reals - R\$

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Current Liabilities				
Trade accounts payable	1,657,042	2,448,362	9,454,514	12,421,018
Loans and financing	12,148,588	14,791,919	17,556,786	20,906,613
Accrued income taxes and other taxes	132,934	102,665	435,678	843,919
Payroll and social charges	436,987	387,426	2,487,062	2,891,953
Dividends payable	1,178	1,103,308	1,178	1,103,308
Other financial liabilities	8,866	445,164	218,783	901,916
Derivative liabilities	3,126	-	-	-
Other current liabilities	504,727	1,026,780	815,846	1,068,740
TOTAL CURRENT LIABILITIES	14,893,448	20,305,624	30,969,847	40,137,467
Non-Current Liabilities				
Loans and financing	14,162,640	14,951,523	38,605,662	44,976,113
Accrued income taxes and other taxes	79,975	117,913	228,975	297,138
Payroll and social charges	-	-	523,437	597,699
Other financial liabilities	33,077	37,950	141,269	233,855
Deferred income taxes	1,214,395	1,893,861	2,843,264	4,310,495
Provisions	215,661	197,100	1,266,676	1,533,100
Other non-current liabilities	57,043	29,929	613,801	795,722
TOTAL NON-CURRENT LIABILITIES	15,762,791	17,228,276	44,223,084	52,744,122
Equity				
Share capital - common shares	23,576,206	23,576,206	23,576,206	23,576,206
Capital reserve	(1,566,409)	(791,230)	(1,566,409)	(791,230)
Other reserves	75,824	81,066	75,824	81,066
Profit reserves	4,754,065	4,756,937	4,754,065	4,756,937
Other comprehensive income	(2,456,588)	406,264	(2,456,588)	406,264
Accumulated loss	(312,409)	-	(312,409)	-
Attributable to controlling interest	24,070,689	28,029,243	24,070,689	28,029,243
Attributable to non-controlling interest	-	-	1,181,382	1,592,135
TOTAL EQUITY	24,070,689	28,029,243	25,252,071	29,621,378
TOTAL LIABILITIES AND EQUITY	54,726,928	65,563,143	100,445,002	122,502,967

3Q16 Results

Statements of income for the three months period ended September 30, 2016 and 2015

In thousands of Brazilian Reais - R\$

	Company		Consolidated	
	2016	2015	2016	2015
	Reissued		Reissued	
NET REVENUE	6,803,993	7,348,496	41,166,154	43,028,926
Cost of sales	(5,568,958)	(5,744,150)	(35,821,679)	(36,783,484)
GROSS PROFIT	1,235,035	1,604,346	5,344,475	6,245,442
General and administrative expenses	(452,017)	(364,350)	(1,069,363)	(1,023,257)
Selling expenses	(617,160)	(778,959)	(2,212,247)	(2,400,373)
Other income (expenses)	5,049	(1,962)	29,948	47,609
OPERATING EXPENSE	(1,064,128)	(1,145,271)	(3,251,662)	(3,376,021)
OPERATING PROFIT	170,907	459,075	2,092,813	2,869,421
Finance income	326,081	8,987,508	91,357	9,722,268
Finance expense	(803,194)	(5,888,141)	(1,470,011)	(7,069,676)
	(477,113)	3,099,367	(1,378,654)	2,652,592
Share of profit of equity-accounted investees, net of tax	990,042	1,142,861	8,314	16,478
PROFIT (LOSS) BEFORE TAXES	683,836	4,701,303	722,473	5,538,491
Current income taxes	104,093	552,000	(132,737)	(698,247)
Deferred income taxes	99,191	(1,260,445)	365,498	(1,282,197)
	203,284	(1,259,893)	232,761	(1,980,444)
NET INCOME	887,120	3,441,410	955,234	3,558,047
ATTRIBUTABLE TO:				
Controlling interest			887,120	3,441,410
Non-controlling interest			68,114	116,637
			955,234	3,558,047
Basic income per share - (R\$)	0.32	1.19	0.32	1.19
Diluted income per share - (R\$)	0.32	1.19	0.32	1.19

3Q16 Results

Statements of cash flows for the three months period ended September 30, 2016 and 2015

In thousands of Brazilian Reais - R\$	Company		Consolidated	
Cash flows from operating activities	2016	2015	2016	2015
		Reissued		Reissued
Net income	887,120	3,441,410	955,234	3,558,047
Depreciation and amortization	176,495	170,548	1,061,083	955,415
Allowance for doubtful accounts	(7)	-	(2,322)	(12,421)
Share of profit of equity-accounted investees	(990,042)	(1,142,861)	(8,314)	(16,478)
(Gain) loss on assets sales	(4,009)	1,963	(18,792)	(44,016)
Taxes expenses	(203,284)	1,259,893	(232,761)	1,980,444
Finance income (expense), net	477,113	(3,099,367)	1,378,654	(2,652,592)
Share-based compensation	15,328	10,120	31,611	7,526
Provisions	6,686	4,659	7,673	(4,983)
	365,400	646,365	3,172,066	3,770,942
Trade accounts receivable	(162,580)	(101,873)	(359,119)	563,960
Inventories	95,983	(491,037)	109,069	(336,630)
Recoverable taxes	(72,315)	(62,065)	194,575	34,389
Other current and non-current assets	81,238	61,656	110,767	133,715
Related parties receivable	(340,335)	758,254	379,510	(998,832)
Biological assets	-	-	(192,915)	(286,582)
Trade accounts payable	(118,599)	788,407	(337,647)	904,270
Other current and non-current liabilities	(69,337)	747,579	(14,491)	950,252
Changes in operating assets and liabilities	(585,945)	1,700,921	(110,251)	964,542
Interest paid	(444,511)	(1,072,561)	(1,065,369)	(1,588,816)
Interest received	326,082	285,125	91,357	266,533
Income tax paid	-	-	(255,635)	(398,176)
Net cash provided by (used in) operating activities	(338,974)	1,559,850	1,832,168	3,015,024
Cash flow from investing activities				
Purchases of property, plant and equipment	(206,043)	(439,238)	(1,000,629)	(1,649,413)
Sale of property, plant and equipment	11,928	29,360	56,766	121,869
Increase in investments in subsidiaries	(196,579)	(5,125,068)	-	-
Acquisitions, net of cash acquired	-	-	(150,000)	(9,995,057)
Dividends received	984,986	-	-	-
Other	(2,474)	(7,519)	43,774	(266)
Net cash provided by (used in) investing activities	591,818	(5,542,465)	(1,050,089)	(11,522,867)
Cash flow from financing activities				
Proceeds from loans and financings	697,197	398,464	2,201,131	13,284,329
Payments of loans and financings	(1,813,366)	(1,801,093)	(4,418,631)	(7,223,455)
Derivatives settled in cash	(17,117)	8,380,170	45,540	11,402,563
Dividends paid	(347)	-	(347)	-
Purchase of treasury shares	-	(496,131)	-	(496,131)
Other	-	-	5,477	10,523
Net cash provided by (used in) financing activities	(1,133,633)	6,481,410	(2,166,830)	16,977,829
Effect of exchange rate changes on cash and cash equivalent	(37,199)	-	220,915	1,630,577
Net change in cash and cash equivalents	(917,988)	2,498,795	(1,163,836)	10,100,564
Cash and cash equivalents beginning of period	5,111,202	9,322,215	8,471,064	13,907,712
Cash and cash equivalents at the end of period	4,193,214	11,821,010	7,307,228	24,008,276

Disclaimer

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of JBS. These are merely projections and, as such, are based exclusively on the expectations of JBS' management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in JBS' filed disclosure documents and are, therefore, subject to change without prior notice.



JBS S.A.

Financial statements and Independent auditors' report

As of September 30, 2016 and 2015



(Convenience translation into English from the original previously issued in Portuguese)

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the individual and consolidated interim financial information of **JBS S.A. ("Company")** contained within the Quarterly Financial Information - ITR, identified as Company and Consolidated, respectively, for the quarter ended on September 30, 2016, which comprise the balance sheet on September 30, 2016 and the related statements of income and comprehensive income for three and nine-month period then ended, and the statement of changes in equity and cash flows for the nine-month period then ended, as well as a summary of the significant accounting practices and other notes.

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

Scope of the review

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



Conclusion on the individual and consolidated interim financial information

Based on our review, we are not aware of any fact that causes us to believe that the individual and consolidated interim financial information included in the Quarterly Financial information - ITR referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to Quarterly Financial Information - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other issues

Interim statements of added value

We have also reviewed the individual and consolidated interim statement of added value for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's management, whose disclosure in the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Financial Information - ITR and considered as supplemental information by the International Financial Accounting Standards (IFRS), which do not require the disclosure of the Statement of Added Value. This statement was submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, November 11, 2016.



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

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

JBS S.A.

Statement of financial position
In thousands of Brazilian Reais - R\$

		Company		Consolidated	
	Note	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	4,193,214	11,257,943	7,307,228	18,843,988
Trade accounts receivable	5	2,614,381	3,435,691	9,328,252	12,119,662
Inventories	6	1,922,894	2,128,993	10,175,726	11,109,744
Biological assets	7	-	-	2,667,993	2,873,447
Recoverable taxes	8	969,753	1,409,696	2,595,176	2,874,987
Derivative assets	28	-	84,779	29,931	737,891
Other current assets		359,289	298,476	1,066,361	1,250,319
TOTAL CURRENT ASSETS		10,059,531	18,615,578	33,170,667	49,810,038
NON-CURRENT ASSETS					
Biological assets	7	-	-	998,841	1,100,353
Recoverable taxes	8	1,510,885	789,505	2,891,624	1,558,612
Related parties receivables	9	5,417,166	4,897,835	1,199,130	1,968,043
Investments in associates, subsidiaries and joint ventures	10	16,231,944	19,534,850	364,079	354,134
Property, plant and equipment	11	11,489,566	11,693,038	32,938,849	35,381,110
Intangible assets	12	474,752	467,540	5,761,929	6,892,534
Goodwill	12	9,085,970	9,085,970	22,130,579	24,411,441
Other non-current assets		457,114	478,827	989,304	1,026,702
TOTAL NON-CURRENT ASSETS		44,667,397	46,947,565	67,274,335	72,692,929
TOTAL ASSETS		54,726,928	65,563,143	100,445,002	122,502,967

The accompanying notes are an integral part of these quarterly interim financial statements.

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

	Note	Company		Consolidated	
		September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	13	1,657,042	2,448,362	9,454,514	12,421,018
Loans and financing	14	12,148,588	14,791,919	17,556,786	20,906,613
Accrued income taxes and other taxes	16	132,934	102,665	435,678	843,919
Payroll and social charges	16	436,987	387,426	2,487,062	2,891,953
Dividends payable	17	1,178	1,103,308	1,178	1,103,308
Other financial liabilities	18	8,866	445,164	218,783	901,916
Derivative liabilities	28	3,126	-	-	-
Other current liabilities		504,727	1,026,780	815,846	1,068,740
TOTAL CURRENT LIABILITIES		14,893,448	20,305,624	30,969,847	40,137,467
NON-CURRENT LIABILITIES					
Loans and financing	14	14,162,640	14,951,523	38,605,662	44,976,113
Accrued income taxes and other taxes	16	79,975	117,913	228,975	297,138
Payroll and social charges	16	-	-	523,437	597,699
Other financial liabilities	18	33,077	37,950	141,269	233,855
Deferred income taxes	19	1,214,395	1,893,861	2,843,264	4,310,495
Provisions	20	215,661	197,100	1,266,676	1,533,100
Other non-current liabilities		57,043	29,929	613,801	795,722
TOTAL NON-CURRENT LIABILITIES		15,762,791	17,228,276	44,223,084	52,744,122
EQUITY					
	21				
Share capital - common shares		23,576,206	23,576,206	23,576,206	23,576,206
Capital reserve		(1,566,409)	(791,230)	(1,566,409)	(791,230)
Other reserves		75,824	81,066	75,824	81,066
Profit reserves		4,754,065	4,756,937	4,754,065	4,756,937
Other comprehensive income		(2,456,588)	406,264	(2,456,588)	406,264
Accumulated loss		(312,409)	-	(312,409)	-
Attributable to controlling interest		24,070,689	28,029,243	24,070,689	28,029,243
Attributable to non-controlling interest		-	-	1,181,382	1,592,135
TOTAL EQUITY		24,070,689	28,029,243	25,252,071	29,621,378
TOTAL LIABILITIES AND EQUITY		54,726,928	65,563,143	100,445,002	122,502,967

The accompanying notes are an integral part of these quarterly interim financial statements.

JBS S.A.
Statements of income (loss) for the nine months period ended September 30, 2016 and 2015
In thousands of Brazilian Reais - R\$

	Note	Company		Consolidated	
		2016	2015	2016	2015
			Reissued		Reissued
NET REVENUE	22	20,666,626	21,133,716	128,749,947	115,753,279
Cost of sales		(16,255,284)	(16,931,095)	(113,372,470)	(98,857,257)
GROSS PROFIT		4,411,342	4,202,621	15,377,477	16,896,022
General and administrative expense		(1,303,217)	(1,087,193)	(3,331,447)	(2,809,118)
Selling expense		(2,144,466)	(2,235,326)	(7,388,664)	(6,561,286)
Other income (expenses)		15,686	(9,487)	146,515	45,533
OPERATING EXPENSE		(3,431,997)	(3,332,006)	(10,573,596)	(9,324,871)
OPERATING PROFIT		979,345	870,615	4,803,881	7,571,151
Finance income	23	4,382,635	11,456,795	4,411,558	12,700,632
Finance expense	23	(7,571,848)	(9,968,199)	(9,783,102)	(12,264,630)
		(3,189,213)	1,488,596	(5,371,544)	436,002
Share of profit of equity-accounted investees, net of tax	10	1,156,590	3,400,897	13,958	48,273
PROFIT (LOSS) BEFORE TAXES		(1,053,278)	5,760,108	(553,705)	8,055,426
Current income taxes	19	105,236	1,698	(580,246)	(2,205,675)
Deferred income taxes	19	630,161	(846,546)	1,102,310	(511,387)
		735,397	(844,848)	522,064	(2,717,062)
NET INCOME (LOSS)		(317,881)	4,915,260	(31,641)	5,338,364
ATTRIBUTABLE TO:					
Controlling interest				(317,881)	4,915,260
Non-controlling interest				286,240	423,104
				(31,641)	5,338,364
Basic income (loss) per share - (R\$)	24	(0.11)	1.70	(0.11)	1.70
Diluted income (loss) per share - (R\$)	24	(0.11)	1.70	(0.11)	1.70

The accompanying notes are an integral part of these quarterly interim financial statements.

JBS S.A.
Statements of income for the three months period ended September 30, 2016 and 2015
In thousands of Brazilian Reais - R\$

	Note	Company		Consolidated	
		2016	2015	2016	2015
			Reissued		Reissued
NET REVENUE	22	6,803,993	7,348,496	41,166,154	43,028,926
Cost of sales		(5,568,958)	(5,744,150)	(35,821,679)	(36,783,484)
GROSS PROFIT		1,235,035	1,604,346	5,344,475	6,245,442
General and administrative expenses		(452,017)	(364,350)	(1,069,363)	(1,023,257)
Selling expenses		(617,160)	(778,959)	(2,212,247)	(2,400,373)
Other income (expenses)		5,049	(1,962)	29,948	47,609
OPERATING EXPENSE		(1,064,128)	(1,145,271)	(3,251,662)	(3,376,021)
OPERATING PROFIT		170,907	459,075	2,092,813	2,869,421
Finance income	23	326,081	8,987,508	91,357	9,722,268
Finance expense	23	(803,194)	(5,888,141)	(1,470,011)	(7,069,676)
		(477,113)	3,099,367	(1,378,654)	2,652,592
Share of profit of equity-accounted investees, net of tax		990,042	1,142,861	8,314	16,478
PROFIT (LOSS) BEFORE TAXES		683,836	4,701,303	722,473	5,538,491
Current income taxes	19	104,093	552	(132,737)	(698,247)
Deferred income taxes	19	99,191	(1,260,445)	365,498	(1,282,197)
		203,284	(1,259,893)	232,761	(1,980,444)
NET INCOME		887,120	3,441,410	955,234	3,558,047
ATTRIBUTABLE TO:					
Controlling interest				887,120	3,441,410
Non-controlling interest				68,114	116,637
				955,234	3,558,047
Basic income per share - (R\$)	24	0.32	1.19	0.32	1.19
Diluted income per share - (R\$)	24	0.32	1.19	0.32	1.19

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

JBS S.A.

Statements of comprehensive income for nine months period ended September 30, 2016 and 2015
In thousands of Brazilian Reais - R\$

	Reference	Company		Consolidated	
		2016	2015	2016	2015
			Reissued		Reissued
Net income (loss)	SCSE	(317,881)	4,915,260	(31,641)	5,338,364
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	SCSE	(2,862,852)	3,351,541	(3,125,534)	4,036,873
Total other comprehensive income (loss)		<u>(2,862,852)</u>	<u>3,351,541</u>	<u>(3,125,534)</u>	<u>4,036,873</u>
Comprehensive income (loss)		<u>(3,180,733)</u>	<u>8,266,801</u>	<u>(3,157,175)</u>	<u>9,375,237</u>
Total of other comprehensive income (loss) attributable to:					
Controlling interest	IS	(3,180,733)	8,266,801	(3,180,733)	8,266,801
Non-controlling interest	IS	-	-	23,558	1,108,436
		<u>(3,180,733)</u>	<u>8,266,801</u>	<u>(3,157,175)</u>	<u>9,375,237</u>

The accompanying notes are an integral part of these quarterly interim financial statements.

JBS S.A.

Statement of comprehensive income for the three months period ended September 30, 2016 and 2015
In thousands of Brazilian Reais - R\$

	Reference	Company		Consolidated	
		2016	2015	2016	2015
			Reissued		Reissued
Net income	SCSE	887,120	3,441,410	955,234	3,558,047
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	SCSE	129,000	2,353,366	145,344	2,648,521
Total of comprehensive income (loss)		<u>129,000</u>	<u>2,353,366</u>	<u>145,344</u>	<u>2,648,521</u>
Comprehensive income (loss)		<u>1,016,120</u>	<u>5,794,776</u>	<u>1,100,578</u>	<u>6,206,568</u>
Total of comprehensive income (loss) attributable to:					
Controlling interest	IS	1,016,120	5,794,776	1,016,120	5,794,776
Non-controlling interest	IS	-	-	84,458	411,792
		<u>1,016,120</u>	<u>5,794,776</u>	<u>1,100,578</u>	<u>6,206,568</u>

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

JBS S.A.
Statements of changes in equity for the nine months period ended September 30, 2016 and 2015
In thousands of Brazilian Reais - R\$

		Reissued												
		Capital reserves					Profit reserves		Other comprehensive income					
Note	Share capital	Premium on issue of shares	Capital transaction	Stocks option	Treasury shares	Other reserves	Legal	Investments statutory	VAE ⁽¹⁾	ATA ⁽²⁾	Retained earnings (loss)	Total	Non-controlling interest	Total equity
DECEMBER 31, 2014	21,506,247	211,879	90,338	914	(451,700)	87,877	191,855	4,069,960	101,658	(1,704,700)	-	24,104,328	1,768,702	25,873,030
Net income	-	-	-	-	-	-	-	-	-	-	4,915,260	4,915,260	423,104	5,338,364
Comprehensive income	-	-	-	-	-	-	-	-	85,978	3,265,563	-	3,351,541	685,332	4,036,873
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	85,978	3,265,563	4,915,260	8,266,801	1,108,436	9,375,237
Acquisition of non-controlling interest without a change in control	21	-	-	34,210	-	-	-	-	-	-	-	34,210	-	34,210
Purchase of treasury shares	21	-	-	-	(529,099)	-	-	-	-	-	-	(529,099)	-	(529,099)
Change of treasury shares	21	-	-	-	982	-	-	-	-	-	-	982	-	982
Cancellation treasury shares	21	-	-	-	979,817	-	-	(979,817)	-	-	-	-	-	-
Stock option exercise	21	-	-	5,225	-	-	-	-	-	-	-	5,225	-	5,225
Share-based compensation	21	-	-	24,345	-	-	-	-	-	-	-	24,345	7,767	32,112
Realization other reserves	21	-	-	-	-	(3,660)	-	-	-	-	3,660	-	-	-
Capitalization of reserve	21	2,069,959	-	-	-	-	-	(2,069,959)	-	-	-	-	-	-
PPC share repurchase	-	-	-	-	-	-	-	-	-	-	-	-	(142,506)	(142,506)
PPC dividend to non-controlling interest	17	-	-	-	-	-	-	-	-	-	-	-	(1,235,158)	(1,235,158)
SEPTEMBER 30, 2015	23,576,206	211,879	124,548	30,484	-	84,217	191,855	1,020,184	187,636	1,560,863	4,918,920	31,906,792	1,507,241	33,414,033
DECEMBER 31, 2015	23,576,206	211,879	(141,751)	42,213	(903,571)	81,066	423,861	4,333,076	205,576	200,688	-	28,029,243	1,592,135	29,621,378
Loss	-	-	-	-	-	-	-	-	-	-	(317,881)	(317,881)	286,240	(31,641)
Comprehensive income (loss)	-	-	-	-	-	-	-	-	(4,209)	(2,858,643)	-	(2,862,852)	(262,682)	(3,125,534)
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	(4,209)	(2,858,643)	(317,881)	(3,180,733)	23,558	(3,157,175)
Acquisition of non-controlling interest without a change in control	21	-	-	(41,764)	-	-	-	-	-	-	-	(41,764)	-	(41,764)
Purchase of treasury shares	21	-	-	-	(821,139)	-	-	-	-	-	-	(821,139)	-	(821,139)
Stock option exercise	21	-	-	3,311	-	-	-	-	-	-	-	3,311	-	3,311
Share-based compensation	21	-	-	13,878	67,663	-	-	-	-	-	-	81,541	4,014	85,555
Treasury shares used in stock option plan	21	-	-	(55,897)	58,769	-	-	(2,872)	-	-	-	-	-	-
Realization other reserves	21	-	-	-	-	(5,242)	-	-	-	-	5,242	-	-	-
Prescribed dividends	17	-	-	-	-	-	-	-	-	-	230	230	-	230
Purchase of acquired business - Scott	3	-	-	-	-	-	-	-	-	-	-	-	132,946	132,946
PPC share repurchase	-	-	-	-	-	-	-	-	-	-	-	-	(26,917)	(26,917)
PPC capital contribution to subsidiary by non-controlling interest	21	-	-	-	-	-	-	-	-	-	-	-	25,786	25,786
PPC dividend to non-controlling interest	17	-	-	-	-	-	-	-	-	-	-	-	(570,140)	(570,140)
SEPTEMBER 30, 2016	23,576,206	211,879	(169,637)	57,290	(1,665,941)	75,824	423,861	4,330,204	201,367	(2,657,955)	(312,409)	24,070,689	1,181,382	25,252,071

⁽¹⁾ Valuation adjustments to equity;

⁽²⁾ Accumulated translation adjustments and exchange variation in subsidiaries.

The accompanying notes are an integral part of these quarterly interim financial statements.

JBS S.A.
Statements of cash flows for the nine months period ended September 30, 2016 and 2015
In thousands of Brazilian Reals - R\$

		Company		Consolidated	
	Notes	2016	2015	2016	2015
			Reissued		Reissued
Cash flows from operating activities					
Net income (loss)		(317,881)	4,915,260	(31,641)	5,338,364
Adjustments for:					
Depreciation and amortization	7, 11,12	518,949	499,695	3,346,962	2,571,021
Allowance for doubtful accounts	5	7,279	-	20,688	(5,966)
Share of profit of equity-accounted investees	10	(1,156,590)	(3,400,897)	(13,958)	(48,273)
(Gain) loss on assets sales		(14,302)	9,487	(107,817)	(37,506)
Tax expenses	19	(735,397)	844,848	(522,064)	2,717,062
Finance income (expense), net	23	3,189,213	(1,488,596)	5,371,544	(436,002)
Share-based compensation	21	67,663	24,345	85,555	32,112
Provisions	20	18,561	13,376	13,536	5,526
		1,577,495	1,417,518	8,162,805	10,136,338
Changes in assets and liabilities:					
Trade accounts receivable		(397,313)	(290,077)	152,318	531,146
Inventories		206,512	(49,567)	(298,592)	(460,572)
Recoverable taxes		(228,250)	(137,561)	(918,014)	(88,254)
Other current and non-current assets		(35,731)	33,076	(187,818)	(207,084)
Related parties receivable		61,732	2,150,002	520,610	(1,203,101)
Biological assets		-	-	(1,051,445)	(791,338)
Trade accounts payable		(724,808)	350,300	(1,441,952)	489,977
Other current and non-current liabilities		(449,368)	827,554	(763,427)	1,901,676
Changes in operating assets and liabilities		(1,567,226)	2,883,727	(3,988,320)	172,450
Interest paid		(1,391,870)	(2,076,370)	(3,008,112)	(3,102,853)
Interest received		1,009,096	681,052	486,094	761,545
Income tax paid		-	-	(1,470,420)	(2,088,822)
Net cash provided by (used in) operating activities		(372,505)	2,905,927	182,047	5,878,658
Cash flow from investing activities					
Purchases of property, plant and equipment	11	(312,481)	(1,067,056)	(2,602,656)	(3,309,407)
Sale of property, plant and equipment	11	38,941	40,936	205,126	193,686
Additional investments in associates, joint-ventures and subsidiaries	10	(496,354)	(5,136,969)	-	(266)
Working capital adjustment of acquired company	3	-	-	30,165	-
Acquisitions, net of cash acquired	3	-	-	(482,538)	(15,035,753)
Dividends received		984,986	-	-	-
Other		(11,515)	(17,094)	(113,482)	-
Net cash used in investing activities		203,577	(6,180,183)	(2,963,385)	(18,151,740)
Cash flow from financing activities					
Proceeds from loans and financings	14	10,346,401	7,664,129	22,574,774	34,538,800
Payments of loans and financings	14	(9,217,124)	(11,887,978)	(22,133,348)	(26,126,046)
Derivatives settled in cash	28	(6,067,921)	10,820,816	(5,966,978)	12,810,492
Dividends paid	17	(1,102,130)	(482,732)	(1,102,130)	(482,732)
Dividends paid to non-controlling interest	17	-	-	(570,140)	(1,235,158)
Purchase of treasury shares	21	(821,139)	(528,117)	(821,139)	(528,117)
Others		3,311	5,225	3,311	39,435
Net cash provided by (used in) financing activities		(6,858,602)	5,591,343	(8,015,650)	19,016,674
Effect of exchange rate changes on cash and cash equivalents		(37,199)	-	(739,772)	2,354,257
Net change in cash and cash equivalents		(7,064,729)	2,317,087	(11,536,760)	9,097,849
Cash and cash equivalents beginning of period		11,257,943	9,503,923	18,843,988	14,910,427
Cash and cash equivalents at the end of period		4,193,214	11,821,010	7,307,228	24,008,276

The accompanying notes are an integral part of these quarterly interim financial statements.

JBS S.A.
Economic value added for the nine months period ended September 30, 2016 and 2015
In thousands of Brazilian Reais - R\$

	Company		Consolidated	
	2016	2015	2016	2015
Revenue				
Sales of goods and services	21,683,223	22,130,908	130,779,409	117,620,595
Other net income (expenses)	19,531	(1,504)	151,260	(36,773)
Allowance for doubtful accounts	(7,279)	-	(20,688)	5,966
	<u>21,695,475</u>	<u>22,129,404</u>	<u>130,909,981</u>	<u>117,589,788</u>
Goods				
Cost of services and goods sold	(13,554,012)	(14,208,925)	(84,830,132)	(75,631,341)
Materials, energy, services from third parties and others	(3,315,577)	(2,839,829)	(19,839,922)	(17,141,760)
Others	-	-	(22,343)	(263)
	<u>(16,869,589)</u>	<u>(17,048,754)</u>	<u>(104,692,397)</u>	<u>(92,773,364)</u>
Gross added value	<u>4,825,886</u>	<u>5,080,650</u>	<u>26,217,584</u>	<u>24,816,424</u>
Depreciation and Amortization	<u>(518,949)</u>	<u>(499,695)</u>	<u>(3,346,962)</u>	<u>(2,571,021)</u>
Net added value generated	<u>4,306,937</u>	<u>4,580,955</u>	<u>22,870,622</u>	<u>22,245,403</u>
Net added value by transfer				
Equity in earnings of subsidiaries	1,156,590	3,400,897	13,958	48,273
Financial income	7,750,924	15,698,110	7,976,599	16,320,113
Others	(10,260)	(21,076)	20,371	13,064
NET ADDED VALUE TOTAL TO DISTRIBUTION	<u>13,204,191</u>	<u>23,658,886</u>	<u>30,881,550</u>	<u>38,626,853</u>
DISTRIBUTION OF ADDED VALUE				
Labor				
Salaries	1,927,378	1,899,613	12,626,076	9,600,628
Benefits	118,880	120,567	2,148,302	1,742,935
FGTS (Brazilian Labor Social Charge)	108,346	73,127	214,625	176,133
	<u>2,154,604</u>	<u>2,093,307</u>	<u>14,989,003</u>	<u>11,519,696</u>
Taxes and contribution				
Federal	(546,202)	1,207,242	117,600	3,434,197
State	889,725	1,165,933	1,415,763	1,686,692
Municipal	13,826	11,151	31,020	14,693
	<u>357,349</u>	<u>2,384,326</u>	<u>1,564,383</u>	<u>5,135,582</u>
Capital Remuneration from third parties				
Interests and exchange variation	10,834,491	14,139,436	13,180,320	15,788,033
Rents	88,450	75,162	547,484	397,449
Others	87,178	51,395	632,001	447,729
	<u>11,010,119</u>	<u>14,265,993</u>	<u>14,359,805</u>	<u>16,633,211</u>
Owned capital remuneration				
Net income (loss) attributable to controlling interest	(317,881)	4,915,260	(317,881)	4,915,260
Non-controlling interest	-	-	286,240	423,104
	<u>(317,881)</u>	<u>4,915,260</u>	<u>(31,641)</u>	<u>5,338,364</u>
ADDED VALUE TOTAL DISTRIBUTED	<u>13,204,191</u>	<u>23,658,886</u>	<u>30,881,550</u>	<u>38,626,853</u>

The accompanying notes are an integral part of these quarterly interim financial statements.

JBS S.A.

Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
(Expressed in thousands of Brazilian reais)

1 Operating activities

JBS S.A. ("JBS" or the "Company"), based in the state of São Paulo, Brazil, is a company listed on the "Novo Mercado" segment of the São Paulo Stock Exchange (BM&FBOVESPA S.A. - *Bolsa de Valores, Mercadorias & Futuros*) under the ticker symbol "JBSS3". JBS also trades its American Depository Receipts over the counter under the symbol "JBSAY".

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

The financial statements presented herein include the Company's individual operations in Brazil as well as the activities of its subsidiaries. Below is a summary of the Company's main operating activities by entity and geographic location, as well as ownership percentage as of September 30, 2016 and December 31, 2015.

Company

Description	Activities	Units	State
JBS	<ul style="list-style-type: none"> - Beef processing: slaughter, cold storage, industrialization and production of canned and beef and derivatives of beef. - Leather industrialization, processing and commercialization. - 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; purchase and sale of soybeans, tallow, palm oil, caustic soda, stearin, own transportation operations, pet food 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. 	86	AC, AM, BA, CE, 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	Ownership (2016 and 2015)
Seara Alimentos Ltda. (Seara Alimentos)	<ul style="list-style-type: none"> - 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. 	52	BA, CE, DF, MG, MS, MT, PE, PR, RJ, RN, RS, SC and SP	Direct	100%
Meat Snacks Partners do Brasil Ltda (Meat Snacks)	- Beef Jerky production.	2	SP	Indirect	50%
Enersea Comercializadora de Energia Ltda. (Enersea)	- Commercialization of electric power.	2	SC and SP	Direct	99.99%
JBS Confinamento Ltda. (JBS Confinamento)	- Providing services of fattening cattle.	6	SP, GO, MS, MT	Direct	100%
Brazservice Wet Leather S.A (Brazservice)	- Industrialization, processing and commercialization of wet blue leather.	1	MT	Direct	100%

Consolidated: Main activities outside of Brazil

Description	Activities	Units	Country	Participation	Ownership (2016 and 2015)
JBS USA Holding Lux, S.à.r.l. (JBS USA)	<ul style="list-style-type: none"> - Beef, pork and lamb processing : slaughter, cold storage, industrialization and by-products derived; - Chicken processing: raising, slaughter, industrialization and commercialization of products derived from its processing operations; - Fattening cattle services; - Transportation services. 	215	Australia, Canada, Luxembourg, Mexico and United States of America	Indirect	100%
JBS Argentina S.A. (JBS Argentina)	- Beef processing; and industrialization of canned goods, fat, pet foods and beef products.	6	Argentina	Direct	100%
JBS Global UK, Friboi (JBS Global UK)	- Fresh meat trading and processing for 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.	3	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%
Conceria Priante (Priante)	- Semi finished and finished leather industrialization and commercialization.	4	Italy	Direct	100%
JBS Leather International (Leather International)	- Wet blue, semi-finished and finished leather industrialization and commercialization.	11	Argentina, British Virgin Islands, Germany, Hong Kong, Netherlands, Paraguay and Uruguay	Direct	100%

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Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
(Expressed in thousands of Brazilian reais)

Description	Activities	Units	Country	Participation	Ownership (2016 and 2015)
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, Netherlands, Republic of Ireland.	Direct	100%

2 Basis of preparation

The interim 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 a consequence, due to IFRS rules, DVA is disclosed 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".

Reissuance of Statements of Income, Statements of Comprehensive income and Statements of Cash Flow for the nine and three months periods ended September 30, 2016.

The management of has assessed its accounting policies as well as the presentation and accounting for certain transactions in the financial statements and has concluded that it was necessary to restate previously Statements of Income, Statements of Comprehensive income and Statements of Cash Flow for the nine and three months periods ended September 30, 2016 for the correction of errors and certain other reclassifications in accordance with CPC 23/IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, as follows:

1. Correcting the foreign currency translation (other comprehensive income) relating to goodwill arising in certain business combinations for goodwill that should have been denominated in the functional currency of a subsidiary;
2. Correcting the presentation of items in the statements of cash flows, including cash flows related to interest, acquisitions of assets and businesses, derivatives, taxes, sales of investment securities, and share-based payments;
3. Correcting the presentation of non-controlling interest in the statements of cash flow;
4. Correcting the presentation of finance income and expense on the statements of income;
5. Adding certain additional disclosures required by IFRS.

The Company emphasizes that these restatements have no effect on its previously reported net income or earnings per share. No statement of changes in equity has been presented, as the only adjustments are related to comprehensive income, which has been disclosed on its specific table below.

Company:

INCOME STATEMENT	Nine months period ended September 30, 2015			Three months period ended September 30, 2015		
	Previously published	Adjustments	Reissued	Previously published	Adjustments	Reissued
Finance income (expense), net	1,488,596	(1,488,596)	-	3,099,367	(3,099,367)	-
Finance income	-	11,456,795	11,456,795	-	8,987,508	8,987,508
Finance expense	-	(9,968,199)	(9,968,199)	-	(5,888,141)	(5,888,141)

COMPREHENSIVE INCOME	Nine months period ended September 30, 2015			Three months period ended September 30, 2015		
	Previously published	Adjustments	Reissued	Previously published	Adjustments	Reissued
Foreign currency translation adjustments	3,115,867	235,674	3,351,541	2,197,571	155,795	2,353,366
Total of comprehensive income	8,031,127	235,674	8,266,801	5,638,981	155,795	5,794,776

CASH FLOWS	Nine months period ended September 30, 2015		
	Previously published	Adjustments	Reissued
Taxes expenses	846,546	(1,698)	844,848
Finance income (expense), net	9,522,170	(11,010,766)	(1,488,596)
Share-based compensation	-	24,345	24,345
Other current and non-current liabilities	896,822	(69,268)	827,554
Interest paid	-	(2,076,370)	(2,076,370)
Interest received	-	681,052	681,052
Operating activities	15,358,632	(12,452,705)	2,905,927
Additions to property, plant and equipment and intangible assets	(4,911,853)	3,844,797	(1,067,056)
Sale of property, plant and equipment	-	40,936	40,936
Increase in investments in associates, joint-ventures and subsidiaries	(1,268,330)	(3,868,639)	(5,136,969)
Others	-	(17,094)	(17,094)
Investing activities	(6,180,183)	-	(6,180,183)
Proceeds from loans and financings	(13,518,319)	1,630,341	(11,887,978)
Derivatives settled in cash	-	10,820,816	10,820,816
Financing activities	(6,861,362)	12,452,705	5,591,343

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Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
(Expressed in thousands of Brazilian reais)

Consolidated:

INCOME STATEMENT	Nine months period ended September 30, 2015			Three months period ended September 30, 2015		
	Previously published	Adjustments	Reissued	Previously published	Adjustments	Reissued
Finance income (expense), net	436,002	(436,002)	-	2,652,592	(2,652,592)	-
Finance income	-	12,700,632	12,700,632	-	9,722,268	9,722,268
Finance expense	-	(12,264,630)	(12,264,630)	-	(7,069,676)	(7,069,676)

COMPREHENSIVE INCOME	Nine months period ended September 30, 2015			Three months period ended September 30, 2015		
	Previously published	Adjustments	Reissued	Previously published	Adjustments	Reissued
Foreign currency translation adjustments	3,115,867	921,006	4,036,873	2,197,571	450,950	2,648,521
Total of comprehensive income	8,454,231	921,006	9,375,237	5,755,618	450,950	6,206,568

CASH FLOWS	Nine months period ended September 30, 2015		
	Previously published	Adjustments	Reissued
Net income attributable to controlling interest	4,915,260	423,104	5,338,364
Taxes expenses	511,387	2,205,675	2,717,062
Finance income (expense), net	11,184,223	(11,620,225)	(436,002)
Share-based compensation	-	32,112	32,112
Other current and non-current liabilities	602,641	1,299,035	1,901,676
Interest paid	-	(3,102,853)	(3,102,853)
Interest received	-	761,545	761,545
Income tax paid	-	(2,088,822)	(2,088,822)
Operating activities	17,628,094	(11,749,436)	5,878,658
Additions to property, plant and equipment and intangible assets	(10,955,950)	7,646,543	(3,309,407)
Sale of property, plant and equipment	-	193,686	193,686
Acquisitions, net of cash acquired	(3,093,594)	(11,942,159)	(15,035,753)
Others	-	-	-
Investing activities	(14,049,810)	(4,101,930)	(18,151,740)
Proceeds from loans and financings	(28,748,492)	2,622,446	(26,126,046)
Derivatives settled in cash	-	12,810,492	12,810,492
Dividends paid	(2,134,770)	1,652,038	(482,732)
Dividends paid to non-controlling interest	-	(1,235,158)	(1,235,158)
Financing activities	3,165,308	15,851,366	19,016,674

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

Significant accounting policies related to property plant and equipment, inventory, revenue recognition, reportable segments and borrowings are described within the primary footnotes related thereto.

In order to provide an understanding regarding how our management forms its judgments about future events, including the variables and assumptions underlying the estimates and the sensitivity of those judgments to different variables and conditions, certain of our critical accounting policies are discussed below:

a. Accounting for business combinations and impairment of goodwill and intangible assets

We have made acquisitions that generated a significant amount of goodwill and other intangible assets, with both indefinite and finite lives. According to International Financial Reporting Standards (IFRS) 3 "Business Combinations", the excess of the consideration paid, the amount of any non-controlling interests in the acquiree (when applicable), and the fair value, at the acquisition date, of any previous equity interest in the acquiree over the fair value of the net identifiable asset acquired at that date is recorded as goodwill. The acquisition price consists of cash paid, the fair value of equity issued and the fair value of contingent consideration. IFRS 3 does not permit that goodwill and intangible assets with indefinite useful lives be amortized but they should be tested at least annually for impairment. Management uses judgment to identify tangible and intangible assets and liabilities, valuing such assets and liabilities, and in determining their remaining useful lives. We generally engage third party valuation firms to assist in valuing the acquired assets and liabilities. The valuation of these assets and liabilities is based on the assumptions and criteria which include in some cases estimates of future cash flows discounted at the appropriate rates. The use of different assumptions used for valuation purposes, including estimates of future cash flows or discount rates, may result in different estimates of value of assets acquired and liabilities assumed.

Assets are tested for impairment annually and whenever events and circumstances indicate that the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those items. Our impairment analysis contains uncertainties due to judgment in assumptions, including revenue growth, costs and expenses, capital expenditures, working capital and discount rates. We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate impairments of assets, however, if actual results are not consistent with our estimates and assumptions used to calculate estimated future cash flows, we may be exposed to impairment losses that could be material.

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Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
(Expressed in thousands of Brazilian reais)

b. Biological Assets

Management use estimates and judgments in determining the fair value of live assets, related to market prices, average lifecycle growth and laying and reproduction profile. Market prices are based on the group's knowledge of a limited market transactions at various points of the consumable and bearer assets' lifecycle.

c. Deferred and Current Income Taxes

We recognize deferred tax effects of tax loss carry forwards and temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities. We estimate our income taxes based on regulations in the various jurisdictions where we conduct business. This requires us to estimate our actual current tax exposure and to assess temporary differences that result from different treatment of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we record on our statement of financial position.

A portion of the tax benefit corresponding to the tax losses carried forward was not recorded as an asset, as management cannot determine whether realization is probable. Tax losses and negative bases of social contribution in Brazil have no expiration date. However, the annual offset is limited to 30% of pretax income. We regularly review the deferred tax assets for recoverability and will only recognize if we believe that it is probable that there will be sufficient taxable profit based on historical taxable income, projected future taxable income, and the expected timing of the reversals of existing temporary differences. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. We reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

d. Provisions for Contingencies

The preparation of our financial statements requires our management to make estimates and assumptions regarding contingencies which affect the valuation of assets and liabilities at the date of the financial statements and the revenues and expenses during the reported period. In particular, given the uncertain nature of Brazilian tax legislation, the assessment of potential tax liabilities requires significant management judgment.

We are subject to lawsuits, investigations and other claims related to employment, environmental, product, taxing authorities and other matters. We are required to assess the likelihood of any adverse judgments or outcomes, as well as potential ranges of probable losses, to these matters. Provisions for contingencies are recorded when losses are considered to be probable and the amount can be reliably measured. No provision is recorded if the risk of loss for a contingency is assessed to be reasonably possible but not probable, but reasonably possible losses are disclosed in the notes to our financial statements. If the risk of loss for a contingency is assessed as remote, no provision or disclosure is necessary.

e. Financial Instruments

Financial instruments are recorded only as of the date we become a party to the relevant instrument. The financial asset or liability is initially recorded at its fair value, plus any costs of the transaction that are directly attributable to the acquisition or issue of the financial assets or liability. The subsequent measurement of financial instruments occurs as of each reporting date in accordance with the rules set forth depending on the nature of the relevant financial assets and liabilities, which are classified as follows: (1) fair value through profit or loss; (2) loans and receivables; (3) liabilities at amortized cost; and (4) derivative financial instruments. We have not designated any of our derivative instruments as cash flow hedges and therefore all fair value adjustments have been recorded in profit and loss for all periods presented.

f. Foreign currency translation

Functional and representation currency

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

Transactions in foreign currencies other than a Company's functional currency are initially measured in 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 remeasured at the closing exchange rate on the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, under the caption "Finance income" or "Finance expense".

Group companies with a different Functional currency

The financial statements of the subsidiaries located abroad are prepared using each subsidiary's respective functional currency. The results and financial position of all entities with a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- i. 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 Accumulated Other Comprehensive Income, and are presented in the statement of comprehensive income (loss) as foreign currency translation adjustments.

g. Individual financial statements

The individual quarterly interim 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.

h. Consolidated financial statements

The Company fully consolidates all controlled 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 transferred to the group. The consolidation is discontinued from the date that control ceases.

Investments in associates and 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 non-controlling 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 arising from acquisition of shares, or other equity instruments, of a controlled entity, are kept at shareholder's equity in the caption of "Capital transactions".

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Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
(Expressed in thousands of Brazilian reais)

i. 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.

j. New standards, amendments and interpretations that are not yet effective

The following new standards have been issued by IASB but are not effective for 2015.

IFRS 9: "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The effective date is January 1, 2018. The Company is assessing the impacts on the adoption of IFRS 9 and has not determined the transition method that will be used.

IFRS 15: "Revenue from Contracts with Customers", replaces IAS 11, "Construction Contracts", IAS 18, "Revenue" and related interpretations and introduces the principles to be applied by an entity to measure and recognize revenue. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognize transitional adjustments in retained earnings on the date of initial application (January 1, 2017), without restating the comparative period. Companies will only need to apply the new rules to contracts that are not completed as of the date of initial application. The effective date is January 1, 2018. The Company is assessing the impacts on the adoption of IFRS 15 and has not determined the transition method that will be used.

IFRS 16: "Leases": This standard supersedes the existing standard on leasing, IAS 17 – Leases, and related interpretations, and establishes the principles for the recognition, measurement, presentation and disclosure on leasing for both parties to a contract, in other words, clients (lessee) and suppliers (lessor). Lessees are required to recognize a leasing liability reflecting future payments of the leasing and a "right to use an asset" for almost all leases contracts, excepting some short-term leases and contracts of assets of a small amount. For lessors the accounting treatment remains almost unchanged, with the classification of leases in operational or financial leases, and the accounting of these two kinds of lease contracts in different manners. The standard comes into effect on January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 "Revenue from Contracts with Customers". The Group is assessing the impacts of the adoption of IFRS 16 and has not defined the transition method that will be used.]

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 quarterly interim 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 between i) the consideration transferred; ii) the amount of any non-controlling 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'.

The estimated fair values of assets acquired and liabilities assumed 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. The Company, and the acquiring subsidiaries as indicated, entered into the following business combinations during the year ending December 31, 2015. There were no significant business combinations for the nine months period ended September 30, 2016.

Acquired company	Acquiror	Participation (%) acquired	Background and rationale for the acquisition	Goodwill tax deductible	Date of acquisition
AMSE02 Holding Ltda. (Big Frango)	JBS Aves	100%	- Vertically integrated poultry business based in Rolândia, Brazil; - Production capacity of 7,920 thousands birds per month in its plant; - Big Frango's acquisition further strengthens Seara Alimentos' strategic position in the Brazilian chicken market.	No ⁽¹⁾	February 2015
Australian Consolidated Food Holdings Pty. Limited (Primo)	JBS Australia	100%	- Leading producer of ham, bacon and small goods in Australia and New Zealand; - Primo acquisition allows JBS Australia to expand its pork operations as well as entry into the consumer ready and value-added markets.	No	March 2015
Provemex Holding LLC (Tyson Mexico)	Pilgrim's Pride Corporation	100%	- Vertically integrated poultry business based in Gomez Palacio, Durango, Mexico; - Production capacity of three million birds per week in its three plants and employs more than 4,500 people in its plants, offices and seven distribution centers; - Tyson Mexico acquisition further strengthens PPC's strategic position in the Mexican poultry market.	No	June 2015
Moy Park Holdings Europe Ltd. (Moy Park)	JBS S.A.	100%	- Leader in high value added categories and a reference in the development and innovation of food products; - Its customer base includes the main retailers and foodservice chains in UK and Continental Europe; - Moy Park's acquisition makes JBS one of the largest poultry processor in the UK	No	September 2015
Cargill Inc.'s U.S. pork business (Cargill)	Swift Pork	100%	- Acquisition of two pork processing plants, five feed mills and four hog farms; - Cargill pork acquisition strengthens Swift Pork's strategic position in the U.S. and enables expansion into hog production.	Yes	October 2015
FRS S/A Agroavícola Industrial (FRS)	JBS Aves	100%	- Vertically integrated poultry business based in Porto Alegre, Brazil; - Production capacity of 20,658 thousands birds per month in its plants; - FRS acquisition further strengthens Seara' strategic position in the Brazilian poultry market.	No ⁽¹⁾	December 2015

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The assets acquired and liabilities assumed in the business combinations have been measured at their fair values at as set forth below:

FAIR VALUE	Acquisitions in 2015					
	Big Frango	Primo	Tyson Mexico	Cargill Inc	Moy Park ⁽³⁾	FRS
Cash and cash equivalents	18,746	15,168	17,173	-	732,196	636
Trade accounts receivable	76,402	356,662	74,999	310,456	373,530	-
Inventories	32,077	365,959	103,944	271,365	490,479	1,078
Biological assets	42,483	-	107,437	637,558	311,434	-
Other assets	143,906	51,674	11,340	6,566	375,842	53,151
Property, plant and equipment	227,802	1,048,631	648,875	1,036,000	1,449,205	493,486
Intangible	156,318	551,696	81,943	911,618	2,164,568	221,333
ASSETS	697,734	2,389,790	1,045,711	3,173,563	5,897,254	769,684
Trade accounts payable	148,286	364,088	66,861	256,101	1,128,709	41,476
Loans and financings	553,345	-	-	-	1,877,720	-
Other liabilities	282,568	133,010	29,962	81,862	1,110,133	838,359
Current and deferred taxes	89,353	4,556	162,502	-	-	206,291
Non-controlling interest	-	-	-	-	(4,480)	-
LIABILITIES	1,073,552	501,654	259,325	337,963	4,112,082	1,086,126
Net assets and liabilities	(375,818)	1,888,136	786,386	2,835,600	1,785,172	(316,442)
Acquisition price ⁽²⁾	30,000	3,834,603	1,176,093	5,494,446	5,602,378	436,898
Goodwill	405,818	1,946,467	389,707	2,658,846	3,817,206	753,340

Other transactions:

As set forth below, the Company completed other non-material acquisitions. The excess of the purchase price over the fair values of the net tangible assets and identifiable intangible assets was recorded as goodwill.

Company	Date of acquisition	% of voting interests acquired	Acquisition price ⁽²⁾	Goodwill	Goodwill deductible for tax
Conceria Priante S.p.A	March 2015	100%	39,529	16,509	Yes
Knox International Trading Co Pty Limited	June 2015	100%	7,810	18,579	No
Seara Norte Alimentos Ltda.	July 2015	100%	71,987	26,606	No ⁽¹⁾
Scott Technology Limited	April 2016	50.1%	124,229	104,932	No

⁽¹⁾ - **Criteria for goodwill deductibility in Brazil:** All goodwill generated in these business combinations in Brazil is eligible to be deducted for tax purposes, but it becomes effectively tax deductible only after a legal merger between the parent company and the acquired company occurs. Therefore, up until the merger is consummated, the goodwill is not deductible for tax purposes. The Company intends to take all necessary steps in order to cause the goodwill arising from these acquisitions to be tax deductible.

⁽²⁾ - **Acquisition price:** Acquisitions were paid with cash and cash equivalents.

⁽³⁾ - **Moy Park:** Moy Park's acquisition purchase price, after the earn-out agreement, includes the fair value of contingent consideration of R\$430,000 which was fully paid in September 30, 2016.

4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks as well as 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 fair value. Cash and cash equivalents consisted of the following:

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Cash and banks	1,847,365	6,244,789	4,326,298	10,776,155
CDB (bank certificates of deposit)	2,312,863	1,584,422	2,947,944	4,285,299
Money market funds	-	-	-	353,802
National treasury bills - Tesouro Selic	32,986	3,428,732	32,986	3,428,732
	4,193,214	11,257,943	7,307,228	18,843,988

The bank certificates of deposit – CDB are held at high quality financial institutions and earn interest based on floating rates that approximate the overnight interbank lending rate (Certificado de Depósito Interbancário).

National treasury bills – also known as Tesouro Selic. These are purchased bonds from financial institutions having conditions and characteristics that are similar to the CDB's.

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5 Trade accounts receivable, net

Trade accounts receivable correspond to amounts owed by customers in the ordinary course of business. If the receivable is due within one year or less the account receivable is classified as a current asset. Accounts receivable are presented at amortized cost less any impairment. Accounts receivable denominated in currencies other than the entities' functional currency are remeasured using the current exchange rate at the end of the reporting period. The age of accounts receivable along with the allowance for doubtful accounts and present value adjustment are as follows at September 30, 2016 and December 31, 2015:

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Current receivables	2,320,503	3,107,119	8,198,656	9,950,459
Overdue receivables:				
From 1 to 30 days	298,064	248,610	940,118	1,475,312
From 31 to 60 days	41,330	105,701	120,124	456,220
From 61 to 90 days	6,343	50,348	77,655	192,307
Above 90 days	76,719	54,230	258,604	355,789
Allowance for doubtful accounts	(122,248)	(114,962)	(254,303)	(266,733)
Present value adjustment	(6,330)	(15,355)	(12,602)	(43,692)
	293,878	328,572	1,129,596	2,169,203
	2,614,381	3,435,691	9,328,252	12,119,662

The allowance for doubtful accounts is estimated based on an analysis of the age of the receivable balances. An allowance is recorded for long standing and overdue receivables, considering the probability of loss based on historical experience. The resulting bad debt expense is recognized in the statement of income within "Selling Expenses". Below are the changes in the allowance for doubtful accounts:

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Initial balance	(114,962)	(88,585)	(266,733)	(192,367)
Additions	(7,304)	(26,377)	(22,870)	(60,989)
Exchange variation	-	-	16,779	(16,888)
Write-offs	18	-	18,521	3,511
Final balance	(122,248)	(114,962)	(254,303)	(266,733)

6 Inventories

Inventories are stated at the lower of the average cost of acquisition or production and the net realizable value.

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Finished products	1,243,263	1,365,859	6,455,121	6,786,778
Work in process	366,907	416,961	846,312	1,079,250
Raw materials	144,360	197,684	1,283,398	1,449,727
Warehouse spare parts	168,364	148,489	1,590,895	1,793,989
	1,922,894	2,128,993	10,175,726	11,109,744

7 Biological assets

Chicken and eggs:

Current (consumable) - Refers to broiler chickens that will be slaughtered in the maturing period. Broiler chickens remain in development for a period of 30 to 48 days to eventually produce fresh meat and / or commercial products. Due to the broilers short development period, it is not possible to measure fair value reliably and therefore broilers are accounted for at acquisition costs plus the costs incurred during development which generally consists of feed and grower costs.

Non current (bearer assets) - Refers to layer and breeder chickens that are set aside for breeding and have an estimated useful life of 68 weeks. The animals in this category are segregated between mature (when they are in the breeding stage) and immature (when they are under development). The costs associated with layer and breeder chickens are accumulated up to the production stage (immature) and amortized over their productive lives based on an estimate of their capacity to produce new assets (eggs) (mature). There is no active market for layer and breeder chickens. Amortization of the mature animals is included in cost of sales in the statement of income.

Cattle:

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

Cattle are carried at market value due to the existence of active markets. The gain or loss in fair value of biological assets is recognized in the statement of income in the period in which it occurs as a reduction of (or increase in) gross revenue.

Hogs and lambs:

Current (consumable) - Refers to hogs and lambs that will be slaughtered in the maturing period. Hogs and lambs remain in development for a period of 170 to 175 days for to eventually produce fresh meat and / or industrialized products. The fair value of these hog biological assets in Brazil is approximated by its acquisition cost plus costs incurred during the maturing period. In the U.S., there exists an active market for live hogs and therefore these hog biological assets are carried at market value less costs to finish.

Non-current (bearer assets) - Refers to hogs that are intended for breeding which have an estimated useful life of 28 months. The costs associated with breeder hogs are accumulated up to the production stage and amortized over their productive lives based on an estimate of their capacity to produce new assets (hogs). There is no active market for breeder hogs. Amortization of breeder hogs is included in cost of sales in the statement of income.

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Current biological assets (consumable):	Consolidated			
	September 30, 2016		December 31, 2015	
	Amount	Quantity (thousands)	Amount	Quantity (thousands)
Carried at cost:				
Chicken	1,509,661	513,266	1,639,042	548,226
Hogs	635,933	2,754	530,848	2,542
Lambs	-	-	23,628	29
	2,145,594	516,020	2,193,518	550,797
Carried at market value:				
Hogs	427,125	1,887	612,351	1,802
Cattle	95,274	36	67,578	22
	522,399	1,923	679,929	1,824
Total current:				
Chicken	1,509,661	513,266	1,639,042	548,226
Hogs	1,063,058	4,641	1,143,199	4,344
Cattle	95,274	36	67,578	22
Lambs	-	-	23,628	29
	2,667,993	517,943	2,873,447	552,621

Non-current biological assets (bearer assets):	Consolidated			
	September 30, 2016		December 31, 2015	
	Amount	Quantity (thousands)	Amount	Quantity (thousands)
Carried at cost:				
Mature chickens (breeding stage), net of amortization	414,319	19,285	401,555	19,057
Immature chickens (in development)	404,228	16,802	510,077	16,499
Hogs	180,294	394	188,721	369
Total non-current:	998,841	36,481	1,100,353	35,925
Total of biological assets:	3,666,834	554,424	3,973,800	588,546

Changes in biological assets:	Current	Non-current
Balance at December 31, 2015	2,873,447	1,100,353
Increase by reproduction (born) and cost to reach maturity	17,910,173	1,248,477
Reduction for slaughter, sale or consumption	(20,759,021)	(181,131)
Increase by purchase	2,540,451	491,822
Fair value adjustments	(157,285)	-
Changes from non-current to current	624,843	(624,843)
Decrease by death	(24,268)	(17,773)
Exchange rate variation	(340,347)	(155,028)
Amortization	-	(863,036)
Balance at September 30, 2016	2,667,993	998,841

8 Recoverable taxes

Recoverable taxes as of September 30, 2016 and December 31, 2015 was comprised of the following:

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Value-added tax on sales and services (ICMS)	984,885	935,612	2,430,947	2,212,951
Excise tax - IPI	36,192	35,401	113,294	111,932
Social contribution on billings - PIS and COFINS	888,233	891,230	1,578,965	1,517,128
Withholding income tax - IRRF/IRPJ	538,549	303,182	1,249,717	456,788
Reintegra	15,471	20,045	45,845	49,002
Other	17,308	13,731	68,032	85,798
	2,480,638	2,199,201	5,486,800	4,433,599
Current	969,753	1,409,696	2,595,176	2,874,987
Non-current	1,510,885	789,505	2,891,624	1,558,612
	2,480,638	2,199,201	5,486,800	4,433,599

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Value-added tax on sales and services (ICMS): Refers to excess credits derived from purchases of raw materials, packaging and other materials over tax charges due on domestic sales. The Company carries a substantial balance of ICMS recoverable taxes in Brazil since exports are not subject to the tax. The Company expects to recover the total amount of the tax credit, including Brazilian ICMS credits from other states (based on the difference between the statutory rate of tax and the effective rate for ICMS collection in the state of origin). These excess credits do not expire.

Excise tax – IPI: Refers to value added taxes incurred upon the production of foreign and domestic goods in Brazil. The rates may differ according to the type of product, volume or selling price. These credits do not expire and can be used to pay other federal taxes or reimbursed in cash.

Social contribution on billings - PIS and COFINS: Refers to value added taxes (non-cumulative PIS and COFINS credits) arising from purchases of raw materials, packaging and other materials used in products sold in markets outside of Brazil. Such taxes are recovered through domestic sales in Brazil (as export sales are exempt from such taxes) and can be offset against other federal taxes. These social contribution on billings excess credits do not expire.

Withholding income tax - IRRF/IRPJ: Refers mainly to Brazilian 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 in each jurisdiction.

Reintegration of the Special Tax Values - Reintegra: Refers to tax incentives for exports. Tax credit amounts are calculated by multiplying the statutory rate by gross revenue from the export of certain commercial products. The tax credit is refundable and therefore the Company expects to recover such tax credits in cash.

9 Related parties transactions

The main balances of assets and liabilities, as well as the transactions resulting in income (loss) for any period, that relate to transactions between related parties or arose from transactions at prices and conditions established between the related parties. Transference of costs includes borrowing costs, interest and management fee, when applicable. Below is presented the current balance of such transactions:

COMPANY	Currency	Maturity	Costs transfer (administrative and funding)	Statement of financial position accounts		Effect on net income	
				September 30, 2016	December 31, 2015	2016	2015
Direct subsidiaries							
Seara Alimentos	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	3,115,604	1,380,125	341,200	19,861
JBS Embalagens Metálicas	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	137,679	116,895	20,593	15,377
JBS Confinamento	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	127,538	68,491	10,749	7,180
Brazservice	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	77,978	19,443	7,010	3,103
Tannery	R\$	09/01/2016	Corresponds to CDI + 1% p.m.	-	41,824	3,083	5,271
Enersea	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	1,725	-	362	-
JBS Holding GMBH ⁽¹⁾	EUR	-	-	-	435,291	-	-
JBS Global Meat	R\$	-	-	-	52,328	-	-
JBS HU	US\$	02/28/2017	2,25% a.a.	(2,784)	-	-	-
JBS Global Investments	US\$	03/13/2017	-	(28,330)	677,439	-	-
Indirect subsidiaries							
JBS Aves	R\$	01/01/2018	Corresponds to CDI + 1% p.m.	2,066,108	2,181,770	301,454	144,468
Zenda	US\$	-	2,5% p.y.	21,937	25,897	318	-
JBS USA	US\$	3/25/2016	Corresponds to Libor + 2.5% to 3% p.y.	-	-	-	(5,508)
Frigorifico Canelones	US\$	03/08/2017	3,5% p.y.	(13,021)	-	(24)	-
Itaholb	EUR	-	-	(87,268)	(101,668)	-	-
				5,417,166	4,897,835	684,745	189,752

⁽¹⁾ - JBS Holding GMBH - Partially settled through a remittance and dividends distribution, according to note 10 - Investments in associates, 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 its subsidiary JBS Confinamento and the sale of finished products to "trading companies" JBS Global (UK), Toledo, and Sampo 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 trading products over the volume of its exports.

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

COMPANY	Accounts receivable		Accounts payable		Purchases		Sale of products	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	2016	2015	2016	2015
Direct subsidiaries								
JBS Confinamento	388	380	16,470	26,753	138,557	149,429	5,153	5,883
Priante	3,571	34,889	57	76	-	-	32,215	122,898
Brazservice	2,806	426	2,135	2,603	41,460	86,406	66,657	54,018
Tannery	-	130	-	7	150	54,828	-	44,670
Seara Alimentos	15,296	13,651	129,920	273,125	210,603	220,382	180,774	134,553
Enersea	-	-	-	-	79,971	24,299	37,160	14,095
Rigamonti	-	-	-	11	-	-	-	1,633
JBS Argentina	-	-	596	-	10,399	9,972	-	-
Indirect subsidiaries								
JBS Global UK	43,470	63,036	-	41	-	-	196,661	189,671
Australia Meat	-	-	81	297	11,463	34,166	-	-
Toledo	20,797	75,832	-	-	-	-	198,940	196,287
JBS Aves	2,155	1,727	123,145	359,017	284,270	475,047	53,207	46,791
Weddel	2,364	8,378	-	-	-	-	38,099	6,924
Sampco	61,671	54,435	-	-	20	-	294,292	323,444
JBS Leather Europe	-	-	-	2	-	-	-	-
Meat Snacks Partners	16,849	2,443	67	251	4,643	3,213	226,783	163,611
Frigorífico Canelones	-	-	601	-	3,765	6,374	-	-
Trump Asia	21,349	74,602	221	-	31	84	256,052	212,029
JBS Paraguay	447	291	1,777	2,384	56,092	79,322	1,799	172
Zenda	9,788	6,013	370	1,145	6,122	753	36,906	21,294
Braslo Produtos de Carnes	12,623	10,761	-	-	-	773	142,984	126,331
Excelsior	-	13	-	-	-	-	53	38
JBS Chile	697	148	-	-	-	-	2,425	7
Seara Norte	84	-	-	-	-	-	1,464	-
JBS USA	1,181	-	-	-	-	-	1,468	248
Agrícola Jandelle	1,043	264	66,861	-	103,679	1,941	14,357	2,211
Avebom	-	23	2,729	87,441	-	45,011	-	115
Macedo	895	1,053	584	6,499	5,833	14,987	9,669	3,767
Sul Valle	-	4	-	24,908	-	10,965	4	16
JBS Leather Paraguay	-	-	542	-	12,762	1,882	371	153
Moy Park	-	-	-	-	-	-	25,995	-
Other related parties								
Vigor	570	7,499	65,044	293,857	76,838	459,331	62,462	49,666
Itambé	1,528	287	-	-	-	131,355	3,525	5,183
Alpargatas	26	-	-	-	-	-	26	-
J&F Floresta Agropecuária	-	6	7,086	5,354	25,660	18,030	372	349
JBj Agropecuária	211	97	72,921	1,968	185,241	26,766	3,024	1,519
Flora Produtos	7,102	6,565	3	7	54	1,128	117,614	32,834
Flora Distribuidora	125	18,562	49	51	437	388	1,475	116,610
Eldorado Celulose	6,408	13,171	1,758	985	4,178	34,562	2,176	36,537
	233,444	394,686	493,017	1,086,782	1,262,228	1,891,394	2,014,162	1,913,557

The Company and its subsidiaries entered into an agreement in which Banco Original with Banco Original (Related party) acquires credits held against certain clients in the Brazilian market. The assignments are done at market value through a permanent transfer to Banco Original of the risks and benefits of all accounts receivable. On September 30, 2016, JBS transferred receivables of R\$405,958 in the Company and R\$794,351 in the Consolidated. During the nine months period ended September 30, 2016, JBS incurred financial costs related to this operation the amount of R\$63,339 in the Company and R\$108,151 in the Consolidated, recognized in the financial statements as financial expenses.

Additionally, the Company holds investments with Banco Original, in the amount of R\$70,320 in the Company and R\$116,728 in the Consolidated, recognized under the caption "Cash and cash equivalents". These financial investments, bank certificates of deposit - CDB and equivalents, have similar earnings to CDI (Depósito Interbancário). In the nine months period ended September 30, 2016, the Company earned interest from these investments in the amount of R\$10,977 in the Company, and R\$14,193 in the Consolidated, recognized in the financial statements under the caption "Finance income".

Included in loans and financings are R\$21,974 and R\$41,591 at September 30, 2016 and December 31, 2015, respectively, of bank notes issued by BNDES (Brazilian Development Bank) to two of the Company's subsidiaries, Seara Alimentos and Macedo. Outstanding borrowings under these notes bear interest at an average rate of 3.64% at September 30, 2016, which is payable on a monthly basis. The notes are due in 2017 and 2019 and may be pre-paid at any time without penalty.

No allowance for doubtful accounts or bad debts expenses relating to related-party transactions were recorded for the nine months period ended September 30, 2016 and year ended December 31, 2015.

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Consolidated - Credits with related parties

	September 30, 2016	December 31, 2015
J&F Oklahoma ⁽¹⁾	1,176,822	1,968,043
JBS Foods International ⁽²⁾	22,308	-
	1,199,130	1,968,043

⁽¹⁾ - The total amount of R\$1,176,822 on September 30, 2016 (R\$1,968,043 on December 31, 2015), represents the result of the use of a credit facility between the indirect subsidiary JBS Five Rivers (subsidiary of JBS USA) and J&F Oklahoma (subsidiary of J&F Investimentos S.A., which is not consolidated in the Company). The credit facility provides J&F Oklahoma with the ability to borrow up to US\$675 million from JBS Five Rivers for the purchase of cattle to be kept in the JBS Five Rivers feed yards where they are fattened until ready for slaughter. Outstanding borrowings under this credit facility bear interest at 3.4%, which is payable on a quarterly basis, or at the time of any repayment of principal.

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

- cattle supply and feeding agreement: where JBS takes provides cattle fattening services to J&F and J&F pays JBS for the medicinal and feeding costs, including a daily yardage charge in line with market terms; and
- sale and purchase cattle agreement whereby JBS is required to purchase from J&F a certain volume of animals per year. The minimum purchase commitments under those agreements are: i) JBS USA commitment of at least 800,000 animals/year, with a term of 2009 to 2019, ii) JBS Australia commitment of at least 200,000 animals year, with a term of 2011 to 2019, and iii) JBS Canada commitment of at least 50,000 animals/year, with a term of 2013 to 2019.

Finally, JBS Five Rivers is the guarantor of a J&F Oklahoma revolving credit facility with financial institutions. The J&F Oklahoma credit line has total availability of USD1.4 billion and is guaranteed by the accounts receivable and inventories of J&F Oklahoma and also, by certain fixed assets, accounts receivable and inventories of JBS Five Rivers up to a value of USD250 million. Additionally, in the case of a J&F Oklahoma default under the revolving credit facility and the event of default is not covered by J&F Oklahoma's collateral or a guarantee by J&F Oklahoma's parent, JBS Five Rivers will be responsible for up to USD250 million of the secured loans. The guarantee has not been recorded on our consolidated statement of financial position as the fair value is deemed insignificant.

During the nine months period ended September 30, 2016 and 2015, the amounts received under these commercial agreements were US\$654,8 millions and US\$674,3 millions respectively, and amounts paid were US\$2,5 billion and US\$2,7 billion, respectively.

⁽²⁾ - Represents registration statement, personnel and restructuring expenses paid on behalf of JBS Foods International, through the Company's indirect subsidiary JBS USA Holding Lux S.à.r.l.

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 for the nine months period ended September 30, 2016 and 2015 is the following:

	2016	2015
Salaries and wages	6,694	6,386
Variable cash compensation	3,000	2,500
Stock based compensation	2,000	2,500
	11,694	11,386

The Institutional Relations Executive Officer, Administrative and Control Director and Investor Relations Director are parties to the Brazilian employment contract regime called 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 party to any employment contract or any other contracts for additional business benefits such as postemployment benefits or other long-term benefits, termination of work that does not conform to those requested by the CLT.

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10 Investments in associates, subsidiaries and joint ventures

Relevant information for investments in the nine months period ended September 30, 2016:

	Participation	Total assets	Share capital	Equity + Goodwill	Net revenue	Net income (loss)
In subsidiaries:						
JBS Embalagens Metálicas	99.00%	91,317	2	(51,443)	-	(19,870)
JBS Global Investments	100.00%	28,330	258,073	28,330	-	(27)
JBS Confinamento	100.00%	662,129	599,401	484,070	54,636	(21,821)
JBS Slovakia Holdings	100.00%	22,493	8,304	22,492	-	(1,221)
Conceria Priante	100.00%	303,187	14,010	13,769	104,048	(13,482)
JBS Holding GMBH	100.00%	858,198	128	587,897	1,020,746	61,218
JBS Global Luxembourg	100.00%	35,992,211	3,591,714	4,933,315	88,253,715	1,311,323
JBS Leather International	100.00%	968,969	71,236	7,761	790,322	(46,653)
Brazservice	100.00%	89,089	23,063	(25,829)	59,495	(21,775)
Seara Alimentos	100.00%	19,728,252	4,259,089	4,953,852	13,471,077	(155,992)
Moy Park	100.00%	4,334,240	1,027,475	4,043,737	5,288,366	89,980
Rigamonti	100.00%	150,562	8,319	99,953	288,523	3,349
Enersea	99.99%	(1,365)	1,275	(1,381)	212,072	(2,579)
JBS Argentina	99.71%	585,927	396,535	353,467	741,554	(42,543)
JBS Mendoza	99.93%	1,144	173	(56)	-	(131)
JBS HU Liquidity Management	100.00%	17,535	52	17,457	-	(63)
Midtown Participações	100.00%	286,659	294,993	286,659	-	(1,763)
Beef Snacks Brasil	100.00%	36,294	33,500	36,131	-	511
In associates:						
Vigor Alimentos	19.43%	4,343,578	1,347,636	1,588,178	3,687,731	(18,432)
In joint ventures:						
Meat Snack Partners	50.00%	147,233	23,762	110,996	361,230	35,078

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In the Company:

	Reissued	Addition (disposal)	Exchange rate variation	Equity in subsidiaries		September 30, 2016
	December 31, 2015			Equity in subsidiaries	Income statement	
JBS Embalagens Metálicas	(31,258)	-	-	-	(19,671)	(50,929)
JBS Global Investments	34,109	-	(5,752)	-	(27)	28,330
JBS Holding Internacional	577,354	(484,329)	-	(103,940)	10,915	-
JBS Confinamento	505,891	-	-	-	(21,821)	484,070
JBS Slovakia Holdings	47,535	(17,694)	(6,676)	548	(1,221)	22,492
Conceria Priante	30,490	-	(3,239)	-	(13,482)	13,769
JBS Holding GMBH ⁽¹⁾	1,392,027	(649,986)	(199,588)	(15,774)	61,218	587,897
JBS Global Luxembourg ⁽²⁾	5,347,766	(964,367)	(1,002,016)	240,609	1,311,323	4,933,315
FG Holding III	65	(65)	-	-	-	-
Vigor Alimentos	312,162	-	-	-	(3,581)	308,581
JBS Leather International	78,573	-	(9,378)	(14,781)	(46,653)	7,761
Brazservice	(4,054)	-	-	-	(21,775)	(25,829)
Seara Alimentos	5,337,249	-	-	(227,405)	(155,992)	4,953,852
Tannery	(18,087)	22,227	-	(103)	(4,037)	-
Meat Snack Partners ⁽⁷⁾	41,972	(4,000)	(8,878)	8,865	17,539	55,498
Moy Park ⁽³⁾	5,477,678	(47,858)	(1,493,968)	17,905	89,980	4,043,737
Rigamonti	112,857	-	(16,253)	-	3,349	99,953
Enersea	-	1,198	-	-	(2,579)	(1,381)
JBS Argentina	-	445,609	(50,705)	(42)	(42,420)	352,442
JBS Mendoza	-	66	9	-	(131)	(56)
JBS HU Liquidity Management ⁽⁴⁾	-	17,693	(173)	-	(63)	17,457
Midtown Participações ⁽⁵⁾	239,122	52,329	-	-	(4,792)	286,659
Beef Snacks Brasil ⁽⁶⁾	-	35,620	-	-	511	36,131
Subtotal	19,481,451	(1,593,557)	(2,796,617)	(94,118)	1,156,590	16,153,749
Accrual for loss on investments ^(*)	53,399	-	-	-	-	78,195
Total	19,534,850					16,231,944

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

⁽¹⁾ - JBS Holding GMBH: On September 2016, JBS Holding GMBH distributed dividends to the Company, partially to settle the outstanding balance with the Company in September 30, 2016.

⁽²⁾ - JBS Global Luxembourg: On September 2016, JBS Global Luxembourg distributed dividends to the Company, through its indirect subsidiary JBS USA Holding Lux S.à.r.l.

⁽³⁾ - Moy Park: On September 2016, Moy Park distributed dividends to the Company.

⁽⁴⁾ - JBS HU Liquidity Management: On September 2016, for corporate structure simplification purposes, the investment from the subsidiary JBS HU was transferred to the Company, which was before held by its holding, JBS Slovakia.

⁽⁵⁾ - Midtown Participações: On July 2016, JBS Global Meat was incorporated by its wholly-owned subsidiary (reverse incorporation), Midtown Participações Ltda., for corporate structure simplification purposes.

⁽⁶⁾ - Beef Snacks Brasil: On September 2016, for corporate structure simplification purposes the investment from the subsidiary Beef Snacks Brasil, was transferred to the Company, which was before held by its holding, JBS Global Luxembourg.

In the Consolidated:

	December 31, 2015	Addition (Disposal)	Equity in subsidiaries		September 30, 2016
			Equity in subsidiaries	Income statement	
Vigor Alimentos	312,162	-	-	(3,581)	308,581
Meat Snack Partners ⁽⁷⁾	41,972	(4,000)	(13)	17,539	55,498
Total	354,134	(4,000)	(13)	13,958	364,079

⁽⁷⁾ - Meat Snack Partners: On September 2016, Meat Snack Partners distributed dividends to the Company, through its direct subsidiary Meat Snack Partners do Brasil.



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11 Property, plant and equipment, net

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the purchase price of the items and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow to the Group and they can be measured reliably. The carrying amount of the replaced items or parts are deducted. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, such that the value of cost less its residual value after the useful life is fully depreciated (except for land and construction in progress). Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to the recoverable amount when it is higher than its estimated recoverable amount. The recoverable amount is the higher of the estimate of the assets' net selling price and value in use. There were no impairments recorded during the years ended September 30, 2016 and December 31, 2015.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the statement of income.

The Company's construction in progress relates to investments for expansion, modernization and adaptation of plants for the purposes of increasing productivity and obtaining new certifications required by the market. When these assets are completed and placed in service, they are transferred to property, plant and equipment and begin depreciating.

Company	Useful life	Cost	Accumulated depreciation	Net amount	
				September 30, 2016	December 31, 2015
Buildings	10 to 50 years	3,809,338	(764,385)	3,044,953	3,005,487
Land	-	1,384,797	-	1,384,797	1,266,507
Machinery and equipment	10 to 25 years	5,945,723	(2,155,934)	3,789,789	3,855,647
Facilities	10 to 20 years	1,741,868	(463,752)	1,278,116	1,266,555
Computer equipment	3 to 5 years	228,512	(158,485)	70,027	74,494
Vehicles	5 to 10 years	629,583	(209,818)	419,765	403,246
Construction in progress	-	1,430,915	-	1,430,915	1,763,871
Others	5 to 10 years	126,305	(55,101)	71,204	57,231
		15,297,041	(3,807,475)	11,489,566	11,693,038

Consolidated	Useful life	Cost	Accumulated depreciation	Net amount	
				September 30, 2016	December 31, 2015
Buildings	5 to 50 years	14,761,113	(3,786,898)	10,974,215	11,751,395
Land	-	3,690,051	-	3,690,051	3,774,251
Machinery and equipment	5 to 25 years	21,463,265	(10,409,936)	11,053,329	11,609,603
Facilities	5 to 20 years	2,639,275	(845,029)	1,794,246	1,742,301
Computer equipment	2 to 7 years	653,284	(410,423)	242,861	281,114
Vehicles	2 to 10 years	993,280	(463,307)	529,973	554,466
Construction in progress	-	3,791,431	-	3,791,431	4,681,002
Others	5 to 15 years	1,574,429	(711,686)	862,743	986,978
		49,566,128	(16,627,279)	32,938,849	35,381,110

Changes in property, plant and equipment:

Company	December 31, 2015	Additions net of transferences	Incorporations ⁽¹⁾	Disposals	Depreciation	September 30, 2016
Buildings	3,005,487	112,029	11,597	(758)	(83,402)	3,044,953
Land	1,266,507	121,573	717	(4,000)	-	1,384,797
Machinery and equipment	3,855,647	217,102	4,374	(3,346)	(283,988)	3,789,789
Facilities	1,266,555	77,557	315	-	(66,311)	1,278,116
Computer equipment	74,494	14,753	(21)	(168)	(19,031)	70,027
Vehicles	403,246	84,365	120	(16,046)	(51,920)	419,765
Construction in progress	1,763,871	(338,943)	5,987	-	-	1,430,915
Other	57,231	24,045	173	(321)	(9,924)	71,204
	11,693,038	312,481	23,262	(24,639)	(514,576)	11,489,566

⁽¹⁾ - On April, 2016, the direct subsidiaries Tannery and JBS Holding Internacional were incorporated by the Company.

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Consolidated	December 31, 2015	Acquired in business combination ⁽²⁾	Additions net of transfers ⁽³⁾	Disposals	Business combinations adjustments	Depreciation	Exchange rate variation	September 30, 2016
Buildings	11,751,395	12,647	818,117	(11,983)	-	(435,821)	(1,160,140)	10,974,215
Land	3,774,251	5,797	167,538	(8,602)	-	-	(248,933)	3,690,051
Machinery and equipment	11,609,603	8,372	1,749,636	(31,802)	159,433	(1,434,835)	(1,007,078)	11,053,329
Facilities	1,742,301	-	179,836	(1,306)	-	(110,987)	(15,598)	1,794,246
Computer equipment	281,114	749	66,112	(1,377)	-	(73,568)	(30,169)	242,861
Vehicles	554,466	248	105,838	(26,384)	-	(81,680)	(22,515)	529,973
Construction in progress	4,681,002	562	(595,669)	(5,490)	-	-	(288,974)	3,791,431
Other	986,978	583	111,248	(10,365)	-	(118,782)	(106,919)	862,743
	35,381,110	28,958	2,602,656	(97,309)	159,433	(2,255,673)	(2,880,326)	32,938,849

⁽²⁾ - Refers to balances arising from Scott Technology's acquisition.

⁽³⁾ - Additions for each category includes transfer from construction in progress during the period.

For the nine-month period ended September 30, 2016 and 2015, the amount of capitalized interest on construction in progress included the additions was R\$42,618 and R\$40,486 in the Company, respectively, and in the Consolidated was R\$70,698 and R\$63,556, respectively.

12 Intangible assets and Goodwill

Intangibles

Intangible assets are carried at acquisition cost, net of accumulated amortization and impairment, if applicable. The intangible assets are recognized when there is an expectation of future economic benefits, considering the intangible assets' economic and technological viability. Intangible assets are primarily comprised of trademarks, water and mineral rights, software and others.

The intangible assets that have finite useful lives are amortized over the period of effective use or based on a method that reflects the consumption of its economic benefits. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The carrying value of indefinite-lived intangible assets, which relate to trademarks, are reviewed at least annually for impairment or more frequently if events or changes in circumstances indicate assets may be impaired. If impairment exists, a loss would be recorded to write down the indefinite-lived assets to their recoverable amount.

Management deemed that certain trademarks are indefinite life intangible assets due to verifiable history and expected use of the asset by the Company. The trademarks acquired have no legal, regulatory or contractual limits linked, and do not depend on the useful life of any asset or group of assets as they existed independently for a substantial time prior to the acquisitions, and they are not related to sectors subject to technological obsolescence or other forms of deterioration in value.

Intangible assets acquired in a business combination are recognized at fair value based on valuation methodologies and techniques and often involve the use of third party valuation firm's expertise in the calculation of discounted estimates of cash flows. Intangible assets at September 30, 2016 and December 31, 2015 were composed as follows:

	Company			Consolidated		
	Useful life	September 30, 2016	December 31, 2015	Useful life	September 30, 2016	December 31, 2015
Trademarks	Indefinite	452,578	452,578	Indefinite	3,433,785	3,961,742
Trademarks	-	-	-	2 to 20 years	38,356	46,591
Software	Up to 5 years	22,174	14,962	2 to 5 years	90,361	87,733
Water and mineral rights	-	-	-	Up to 17 years	109,658	131,581
Client portfolio	-	-	-	4 to 20 years	2,075,121	2,657,261
Other	-	-	-	2 to 15 years	14,648	7,626
		474,752	467,540		5,761,929	6,892,534
Goodwill	Indefinite	9,085,970	9,085,970	Indefinite	22,130,579	24,411,441
		9,560,722	9,553,510		27,892,508	31,303,975

Goodwill

Goodwill represents the positive difference between the amounts paid or payable to purchase a business and the net fair value of assets and liabilities of the acquired entity. Goodwill is recognized as an asset and included in "Goodwill" in the accompanying condensed consolidated statement of financial position. Goodwill is related to an expectation of future earnings of the acquired subsidiary and synergies after assets and liabilities are consolidated with the Company.

Goodwill is required to be tested for impairment annually or whenever there is evidence of a decline in fair value. Assets and liabilities are grouped into cash generating units for purposes of impairment testing. Any impairment loss is recognized immediately in the consolidated statement of income and cannot be reversed later. Upon sale of a business, the goodwill or corresponding portion of goodwill is included in the calculation of profit or loss on disposal.

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Changes in intangible assets and goodwill:

Company	December 31, 2015	Additions	Amortization	September 30, 2016
Amortizing:				
Software	14,962	11,585	(4,373)	22,174
Non-amortizing:				
Goodwill	9,085,970	-	-	9,085,970
Trademarks	452,578	-	-	452,578
	9,553,510	11,585	(4,373)	9,560,722

Consolidated	December 31, 2015	Acquired in business combination ⁽¹⁾	Additions	Business combination	Disposal	Amortization	Exchange rate variation and others	September 30, 2016
Amortizing:								
Trademark	46,591	4,162	-	-	-	(6,052)	(6,345)	38,356
Software	87,733	-	21,777	-	(46)	(18,193)	(910)	90,361
Water and mineral rights	131,581	-	-	-	-	(114)	(21,809)	109,658
Trademarks	2,657,261	-	-	-	-	(202,120)	(380,020)	2,075,121
Others	7,626	-	11,075	-	(69)	(1,774)	(2,210)	14,648
Non-amortizing:								
Goodwill	24,411,441	104,932	-	(121,309)	-	-	(2,264,485)	22,130,579
Trademarks	3,961,742	-	86,384	-	-	-	(614,341)	3,433,785
	31,303,975	109,094	119,236	(121,309)	(115)	(228,253)	(3,290,120)	27,892,508

⁽¹⁾ - Refers to balances arising from Scott Technology's acquisition.

Impairment test of goodwill

At December 31, 2015, the Company tested the recovery of the goodwill of each of its CGU groups containing goodwill using the concept of value in use through discounted cash flow models.

For the purposes of impairment testing CGUs have been aggregated into the following groups that have significant goodwill:

CGU Groups	September 30, 2016	December 31, 2015
Brazil Beef	9,069,926	9,069,926
Australia Smallgoods	1,935,742	2,216,380
Moy Park	2,685,968	3,679,084
USA Pork	2,212,204	2,692,774
Seara	3,527,992	3,523,507
Others CGUs without significant goodwill	2,698,747	3,229,770
Total	22,130,579	24,411,441

For the year ended December 31, 2015, estimated value in use exceeded the carrying amount of each CGU group. For the nine months period ended September 30, 2016 there were no indications that goodwill within any CGU group was impaired.

13 Trade accounts payable

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 non-current liabilities. Accounts payable are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable by major type of supplier is as follows at September 30, 2016 and December 31, 2015:

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Commodities	732,418	865,266	3,376,197	4,437,468
Materials and services	449,600	406,334	5,895,893	7,508,795
Finished products	487,036	1,200,174	221,594	523,789
Present value adjustment	(12,012)	(23,412)	(39,170)	(49,034)
	1,657,042	2,448,362	9,454,514	12,421,018

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14 Loans and financing

Loans and financings are initially recognized at fair value upon receipt of the proceeds, net of transaction costs, when applicable. Subsequent to the initial recording of loans and financings, charges, interests and monetary and exchange rate variation incurred that become contractually due are included in the balance, until the end of each period. Below is a chart showing the Company's loans and financing instruments by foreign and local currency. Local currency indicates loans denominated in the functional currency of the borrower. Current amounts include accrued but unpaid interest at year-end. Premiums, discounts and transaction costs are amortized to finance expense using the effective interest method.

Type	Company							
	Average annual interest rate	Currency	Indexer	Payment terms / non-current debt	Current		Non-current	
					Sep 30, 2016	Dec 31, 2015	Sep 30, 2016	Dec 31, 2015
Foreign currency								
Prepayment	4.08%	USD	Libor	2017 - 23	3,211,937	2,319,206	4,505,318	2,883,897
144-A	7.28%	USD	.	2020 - 24	528,319	1,304,101	8,167,659	9,826,060
FINIMP	2.95%	EUR	Euribor	2018	550	13	547	1,275
Working capital - Euros	2.82%	EUR	Euribor	2023	321	1,162	83,932	98,604
ACC - Advances on exchange contracts	3.84%	USD	.	*	6,897,961	9,117,554	-	-
Credit note – export	-	81,413	-	-
					10,639,088	12,823,449	12,757,456	12,809,836
Local currency								
FINAME	7.14%	BRL	TJLP	2017 - 25	83,983	78,109	165,800	209,943
FINEP	6.66%	BRL	.	2017 - 21	21,874	7,563	80,663	68,285
Working capital line of credit - Brazilian Reais	16.65%	BRL	CDI and TJLP	2017 - 19	552,695	841,708	14,769	327,882
Credit note - export	15.80%	BRL	CDI	2017 - 20	846,189	1,038,976	1,142,161	1,533,382
CDC - Direct credit to consumers	18.53%	BRL	.	2017 - 21	4,759	2,114	1,791	2,195
					1,509,500	1,968,470	1,405,184	2,141,687
					12,148,588	14,791,919	14,162,640	14,951,523

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Type	Average annual interest rate	Currency	Indexer	Payment terms / non-current debt	Consolidated			
					Current		Non-current	
					Sep 30, 2016	Dec 31, 2015	Sep 30, 2016	Dec 31, 2015
Foreign currency								
ACC - Advances on exchange contracts	3.78%	USD	.	*	7,783,481	10,022,326	-	-
Prepayment	4.53%	USD	Libor	2017 - 23	4,949,822	4,628,813	5,209,666	4,161,312
144-A	7.28%	USD	.	2020 - 24	528,319	1,304,101	8,167,659	9,826,060
Credit note – import	3.22%	USD	Libor	*	97,398	196,007	-	-
Credit note – export	-	-	-	-	-	81,413	-	-
FINIMP	4.46%	USD and EUR	Libor and Euribor	2017 - 19	10,515	151	19,310	14,278
Working capital - Euros	2.82%	EUR	Euribor	2023	321	1,162	83,932	98,604
					13,369,856	16,233,973	13,480,567	14,100,254
Local currency								
FINAME	7.07%	BRL	TJLP	2017 - 25	87,667	90,056	174,271	217,962
FINEP	6.35%	BRL	.	2017 - 21	25,847	11,542	90,211	80,796
JBS Mortgage	5.80%	USD	.	2020	575	660	6,768	8,665
Senior Secured Credit Facility JBS Lux	3.80%	USD	Libor	2019	435	2,038	-	-
Term loan JBS Lux 2018	3.80%	USD	ABR and Libor	2018	8,580	10,152	1,314,883	1,573,908
Term loan JBS Lux 2020	3.80%	USD	ABR and Libor	2020	28,398	34,073	1,549,077	1,874,995
Term loan JBS Lux 2022	4.00%	USD	ABR and Libor	2022	69,102	40,872	3,782,988	4,579,561
Term loan Five Rivers 2019	3.00%	USD	Libor	2019	16,877	20,313	278,858	349,749
Notes 6,25% Moy Park 2021	6.25%	GBP	.	2021	27,420	10,436	1,245,805	1,701,973
Notes 8,25% JBS Lux 2020	8.25%	USD	.	2020	28,641	92,079	2,245,997	2,694,562
Notes 7,25% JBS Lux 2021	7.25%	USD	.	2021	86,459	24,417	3,685,904	4,424,697
Notes 5,875% JBS Lux 2024	5.88%	USD	.	2024	28,209	77,905	2,417,650	2,906,151
Notes 5,75% JBS Lux 2025	5.75%	USD	.	2025	47,132	7,298	2,897,412	3,482,758
Notes 5,75% PPC 2025	5.75%	USD	.	2025	2,850	32,121	1,609,511	1,934,614
PPC Term loan	1.80%	USD	Libor	2020	886	1,050	1,595,465	1,912,138
PPC revolving credit facility	-	USD	Libor	2020	224	-	-	-
Plainwell Bond	-	-	.	-	-	8,391	-	24,042
Marshalltown	2.34%	USD	.	2018	52	66	31,599	37,709
Working capital line of credit - Brazilian Reais	16.58%	BRL	CDI, TJLP and TR	2017 - 21	555,557	848,404	16,517	330,900
Working capital - US Dollars	4.52%	USD	Libor and Euribor	2017 - 20	461,574	417,684	135,123	131,787
Working capital - Euros	2.13%	EUR	Euribor	2023	164,085	233,887	8,143	8,431
Working capital - Argentine pesos	16.06%	ARS	.	*	77,370	2,837	-	-
Credit note – import	16.04%	BRL	CDI	2017 - 20	1,319,033	1,597,890	1,661,955	2,299,818
Credit note – export	3.18%	USD and EUR	Libor and Euribor	2019	256,362	351,746	13,801	-
FCO - Middle West Fund	10.15%	BRL	.	2017 - 18	1,868	1,879	2,168	3,548
CDC - Direct credit to consumers	18.53%	BRL	.	2017 - 21	4,759	2,114	1,791	2,195
CCB - BNDES	3.64%	BRL	UM BNDES	2017 - 19	14,450	22,679	7,524	18,912
ACC - Advances on exchange contracts	3.75%	USD	Libor	*	1,954	1,308	-	-
Rural - Credit note	8.90%	BRL	.	*	647,082	509,288	-	-
ANZ credit facility	2.60%	AUD	.	*	100,226	-	-	-
Canadian credit facility & revolving credit facility	4.50%	CAD and USD	CDOR, RBC and Libor	2018	101	472	260,485	230,426
Canadian credit facility - term loan	3.65%	CAD	.	2018	2,451	2,745	32,030	38,810
Canadian bank facility	3.50%	CAD	.	2018	6,070	13,058	-	-
Andrews Meat secured facility	2.90%	AUD	BBSY	*	39,662	34,073	-	-
Mexico credit facility	5.50%	MEX\$	TIEE	2017	373	112,447	55,939	-
Others	1.55%	GBP, EUR e AUD	Euribor	2017 - 19	74,599	56,660	3,220	6,752
					4,186,930	4,672,640	25,125,095	30,875,859
					17,556,786	20,906,613	38,605,662	44,976,113

* Balances classified as current which have their maturities between October 1, 2016 and September 30, 2017.

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

As of September 30, 2016 and December 31, 2015, the availability under our revolving credit facilities was US\$1.67 billion and US\$1.64 billion, respectively. The Company believes it was in compliance with all of its restrictive covenants at September 30, 2016.

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

Maturity	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
2017	899,806	3,023,937	1,383,677	4,308,593
2018	1,782,132	1,431,417	4,258,570	4,275,200
2019	417,145	349,249	915,040	856,773
2020	4,063,952	4,065,598	9,497,639	10,578,552
2021	667,956	16,942	5,639,940	6,191,477
Maturities thereafter 2021	6,331,649	6,064,380	16,910,796	18,765,518
	14,162,640	14,951,523	38,605,662	44,976,113

14.1 Guarantees and contractual restrictions ("covenants")

Type	Guarantors	Covenants / Guarantees	Customary events	September 30, 2016
144 - A: Bertin Notes 2016	- JBS Ansembourg Holding; - JBS Luxembourg; - JBS USA Food Company Holdings; - JBS USA Food Company; - Any significant subsidiary (as defined in the indenture).	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 million 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.	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. The notes are unsecured debts.	399,823
144 - A: JBS S.A. Notes 2020	- JBS S.A.			3,344,538
144 - A: JBS S.A. Notes 2023				2,523,674
144 - A: JBS S.A.: Notes 2024				2,427,942
Senior Secured Credit Facility JBS Lux	- 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.	- 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.	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.	435 (availability up to US\$900 million)

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Term loan JBS Lux 2018		- 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.		1,323,463
Term loan JBS Lux 2020	- 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).		The facility also contains customary events of default ⁽¹⁾ , listed under the Amended and Restated Revolving Facility.	1,577,475
Term loan JBS Lux 2022				3,852,090
Notes 8,25% JBS Lux 2020		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. The notes are unsecured debts.	2,274,638
Notes 7,25% JBS Lux 2021	- 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).			3,772,364
Notes 5,875% JBS Lux 2024				2,445,859
Notes 5,75% JBS Lux 2025				2,944,544
Notes 5,75% PPC 2025	- One of PPC's subsidiaries.	The Notes contain negative covenants that may limit PPC's 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; - consolidate, merge or dissolve substantially 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. The notes are unsecured debts.	1,612,362
PPC Credit Facility - Term Loan and Revolving Facilities	- 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's 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 substantially 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 PPC Credit Facility also provides that PPC may not incur capital expenditures in excess of US\$500 million in any fiscal year.	The facility also contains customary events of default ⁽¹⁾ .	1,596,575

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Term loan Five Rivers 2019	- JBS Five Rivers; - 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.	295,735
Canadian credit facility & revolving credit facility	- JBS USA Holding Lux; - 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.	295,067
Notes 6,25% Moy Park 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 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 share capital, plus e. the amount equal to the net reduction of investments made by Moy Park or any restricted subsidiary in any person.	The Notes indentures 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. The notes are unsecured debts.	1,273,224

⁽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 in which the Company assumes substantially all of the risks and benefits of ownership are classified as finance leases. Finance leases are considered a financed purchase. Under a finance lease, fixed assets are recognized at the lease inception along with a financial liability. If there is no significant transfer of the risks and inherent benefits of the property under a lease agreement, the lease is classified as an operating lease and the total minimum lease payments are recognized on a straight-line basis over the lease term.

a. Operating Leases:

In the Company

The Company has operating leases agreements for 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.

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In the Consolidated

JBS USA has operating lease agreements for warehouses, commercial offices, vehicles and equipment, off-road transportation vehicles and other assets. Also, Seara Alimentos, through its subsidiary JBS Aves, has operating lease agreements for productive areas in a few states in Brazil.

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

	Company	Consolidated
For the years ending:		
2016 (remainder of the year)	7,451	87,013
2017	18,729	318,497
2018	14,048	267,809
2019	14,016	209,160
Thereafter 2020	55,591	483,396
Total	109,835	1,365,875

b. Finance Leases:
In the consolidated

JBS USA has finance lease agreements for its wastewater treatment facilities in Kentucky and Texas. Moy Park has lease agreements for its commercial vehicles and machinery and equipment, for which the book value recognized on property, plant and equipment is detailed below:

	Useful life	Cost	Accumulated Depreciation	September 30, 2016	December 31, 2015
Wastewater treatment facility	7 years	120,697	(48,927)	71,770	96,089
Vehicles/Machinery and equipment	10 years	132,058	(53,555)	78,503	130,168
Total		252,755	(102,482)	150,273	226,257

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

	Consolidated		
	Carrying Value	Future finance charges	Future minimum lease payments
For the years ending in:			
2016 (remainder of the year)	4,116	117	4,233
2017	29,312	263	29,575
2018	21,908	1,093	23,001
2019	13,362	985	14,347
Thereafter 2020	48,262	566	48,828
Total	116,960	3,024	119,984

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16 Accrued income taxes and other taxes and Payroll and social charges

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Accrued income taxes and other taxes				
Accrued income taxes	-	-	61,977	477,601
Taxes in installments	122,082	159,213	193,308	233,206
Others	90,827	61,365	409,368	430,250
	<u>212,909</u>	<u>220,578</u>	<u>664,653</u>	<u>1,141,057</u>
Breakdown:				
Current liabilities	132,934	102,665	435,678	843,919
Non-current liabilities	79,975	117,913	228,975	297,138
	<u>212,909</u>	<u>220,578</u>	<u>664,653</u>	<u>1,141,057</u>
Payroll and social charges				
Salaries and related social charges	133,209	210,880	814,186	1,130,720
Payroll accruals and related social charges	289,114	165,738	2,060,453	2,198,232
Others	14,664	10,808	135,860	160,700
	<u>436,987</u>	<u>387,426</u>	<u>3,010,499</u>	<u>3,489,652</u>
Breakdown:				
Current liabilities	436,987	387,426	2,487,062	2,891,953
Non-current liabilities	-	-	523,437	597,699
	<u>436,987</u>	<u>387,426</u>	<u>3,010,499</u>	<u>3,489,652</u>

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\$55,246 in the Company and R\$60,955 on the consolidated regarding to PIS/COFINS over financial income.

17 Dividends payable

The bylaws of the Company require dividends of not less than 25% of the annual net income attributable to controlling interest; therefore, the Company records a liability at year-end for the minimum dividend amount that has not yet been paid during the year up to the limit of the mandatory minimum dividend. Dividends payable are recognized as liabilities at the time dividends are approved by the Board of Directors of the Company.

	September 30, 2016	December 31, 2015
Declared dividends on 2012 - Residual	-	230
Declared dividends on 2013 - Residual	251	251
Declared dividends on 2014 - Residual	543	800
Declared dividends on 2015	384	1,102,027
	<u>1,178</u>	<u>1,103,308</u>

The subsidiary Pilgrim's Pride Corporation – PPC paid dividends to stockholders of US\$1.5 billion and US\$700 million on February 17, 2015 and May 18, 2016, respectively, of which were paid to non-controlling interest approximately US\$371 million and US\$162 millions, due to the Company's ownership's percentage of 76.7% in the subsidiary.

The residual amount of dividends corresponds to the unpaid dividends due to lack of updated bank information. This pending information related to some minority shareholders precludes the Company from fully paying the dividends declared. The Company has sent notification to such shareholders to update their information so the amount can be paid. The liability will be maintained during the statutory period in the short term, since once the shareholder's information is updated, the payment will be made.

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18 Other financial liabilities

Other financial liabilities includes contingent consideration related to seller financed payables on the purchase of assets.

Company	Description of the acquisitions	Current		Non-current	
		September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
JBS	- Properties and other industrial complexes.	8,866	15,164	33,077	37,950
	- Company Moy Park.	-	430,000	-	-
Seara	- Property and other industrial complexes Ana Rech.	48,684	49,041	16,000	52,000
	- Assets from Seara.	40,517	37,185	40,703	74,164
	- Slaughtering pigs and processed products plant in Carambei-PR.	-	87,384	-	-
	- Company Agrovêneto.	-	-	11,933	29,342
	- Company Frinal.	13,441	-	-	12,178
	- Company Avebom.	-	-	-	11,453
	- Company Sul Valle.	812	4,000	-	-
	- Company Novagro.	8,308	7,807	10,681	10,036
	- Company Seara Alimentos Norte Ltda.	5,718	27,250	-	6,732
	- Properties from the company Céu Azul.	84	85	-	-
	- Properties from the company Agrodanieli.	-	59,500	-	-
	- Properties from the company Rigor.	71,254	180,000	-	-
	- Properties from the company Gallus.	-	4,500	-	-
	- Properties from the company Tramonto.	3,324	-	4,709	-
	- Acquisition of Jundiá plant.	15,902	-	23,853	-
	- Acquisition of Mato Castiliano plant.	1,873	-	313	-
Total		218,783	901,916	141,269	233,855

19 Income taxes
Current taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred income tax is recognized in full, using the asset and liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be released; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are presented net in the statement of financial position 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.

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a. Reconciliation of income tax and social contribution expense:

	Company		Consolidated	
	For the nine months period ended September 30,		For the nine months period ended September 30,	
	2016	2015	2016	2015
Profit (loss) before income taxes (PBT)	(1,053,278)	5,760,108	(553,705)	8,055,426
Nominal rate	(34)%	(34)%	(34)%	(34)%
Expected tax expense	358,115	(1,958,437)	188,260	(2,738,845)
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	393,240	1,156,305	4,746	16,413
Prior year losses carryforwards	-	-	-	304,260
Domestic production activities deduction - USA	-	-	25,597	89,939
Difference on tax rates for foreign subsidiaries	-	-	(108,348)	25,306
Dividends paid abroad	-	-	(149,353)	(267,020)
Stock option plan	(23,006)	(8,611)	(23,006)	(8,611)
Other foreign permanent differences	-	-	521,007	-
Other permanent differences	7,048	(34,105)	63,161	(138,504)
Current and deferred income tax (expense) benefit	735,397	(844,848)	522,064	(2,717,062)
Current income tax	105,236	1,698	(580,246)	(2,205,675)
Deferred income tax	630,161	(846,546)	1,102,310	(511,387)
	735,397	(844,848)	522,064	(2,717,062)
% IT/PBT	69.82 %	(14.67)%	94.29 %	33.73 %

	Company		Consolidated	
	For the nine months period ended September 30,		For the nine months period ended September 30,	
	2016	2015	2016	2015
Adjustments to reconcile taxable income ⁽¹⁾				
Goodwill amortization - deferred	-	881,563	12,400	936,910
Prior years loss carryforwards - deferred	-	-	(2,070)	(304,260)
Dividends paid abroad - current	-	-	-	267,020
Income tax on realization of other reserves	(1,870)	-	(25,900)	-
Current and deferred income tax (expense) benefit - ADJUSTED	733,527	36,715	506,494	(1,817,392)
Effective income tax rate	69.64%	0.64%	91.47%	(22.56)%

	Company		Consolidated	
	For the three months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015
Profit (loss) before income taxes (PBT)	683,836	4,701,303	722,473	5,538,491
Nominal rate	(34)%	(34)%	(34)%	(34)%
Expected tax expense	(232,504)	(1,598,443)	(245,641)	(1,883,087)
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	336,614	388,573	2,827	5,603
Domestic production activities deduction - USA	-	-	21,961	22,472
Difference on tax rates for foreign subsidiaries	-	-	(2,876)	(18,943)
Dividends paid abroad	-	-	-	(16,335)
Stock option plan	(5,212)	(3,744)	(5,212)	(3,744)
Other foreign permanent differences	-	-	158,431	-
Other permanent differences	104,386	(46,279)	303,271	(86,410)
Current and deferred income tax (expense) benefit	203,284	(1,259,893)	232,761	(1,980,444)
Current income tax	104,093	552	(132,737)	(698,247)
Deferred income tax	99,191	(1,260,445)	365,498	(1,282,197)
	203,284	(1,259,893)	232,761	(1,980,444)
% IT/PBT	29.73 %	(26.80)%	32.22 %	35.76 %

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	Company		Consolidated	
	For the three months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015
Adjustments to reconcile taxable income ⁽¹⁾:				
Goodwill amortization - deferred	-	750,543	(43,664)	805,317
Prior years loss carryforwards - deferred	-	-	(2,070)	-
Dividends paid abroad - current	-	-	-	16,335
Income tax on realization of other reserves	(727)	-	(24,757)	-
Current and deferred income tax (expense) benefit - ADJUSTED	202,557	(509,350)	162,270	(1,158,792)
Effective income tax rate	29.62%	(10.83)%	22.46%	(20.92)%

⁽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) Income tax on realization of the other reserves (since it is not relate to the net operating income); iii) Deferred tax assets on arising from prior years losses carryforwards (recognized only now that entities reach necessary criteria not observed in the past since on prior periods where such losses were generated, there were no expectation of profitable future profits); and iv) current tax over dividends paid abroad (once such expense is unrelated to the Company's business).

b. Composition of deferred income tax and social contribution

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
ASSETS	980,717	375,305	2,871,007	2,029,759
Tax losses and negative basis of social contribution	851,583	251,623	1,794,139	952,655
Provision for contingencies	73,325	67,014	206,114	274,569
Allowance for doubtful accounts	36,808	34,357	47,778	42,874
Tax credit carryforwards	-	-	28,388	78,647
Other temporary differences	19,001	22,311	794,588	681,014
LIABILITIES	2,195,112	2,269,166	5,714,271	6,340,254
Goodwill amortization	1,916,521	1,916,521	2,021,962	2,009,562
Business combinations	-	-	2,684,470	2,918,094
Market inventory valuation for absorption	-	-	190,890	197,099
Realization of other reserves / deemed cost	276,658	278,528	777,127	943,615
Present value adjustment	1,933	-	9,034	-
Other temporary differences	-	74,117	30,788	271,884
Total, net	1,214,395	1,893,861	2,843,264	4,310,495

	Company	Consolidated
Current amount on December 31, 2015	(1,893,861)	(4,310,495)
Gain or loss of deferred income taxes	630,161	1,102,310
Foreign exchange rate	-	328,100
Others	49,305	36,821
Current amount on September 30, 2016	(1,214,395)	(2,843,264)

Unrecognized tax benefit

The Company's unrecognized tax benefits as of September 30, 2016 and December 31, 2015 was R\$1,752,462 and R\$1,731,363, respectively, of which the recognition of approximately R\$612,336 and R\$140,903, at September 30, 2016 and September 30, 2015, would affect the annual effective tax rate. The unrecognized tax benefits that would affect the annual effective tax rate if recognized relate to income tax loss carryforwards at subsidiaries that file on a stand-alone basis and do not have a history of sufficient taxable income to support recognition at this time.

20 Provisions

Provisions are recognized when losses are probable and the amounts can be reliably estimated. Contingent liabilities determined to be possible but not probable are disclosed in these notes but not accrued and contingent liabilities classified as remote are neither accrued nor required to be disclosed. The Company and its subsidiaries are party to several lawsuits arising in the ordinary course of business for which provisions are recognized based on estimated costs. The main information related to these procedures on September 30, 2016 are as follows:

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Labor	87,684	74,000	369,770	408,963
Civil	10,460	9,916	271,163	280,383
Tax and Social Security	117,517	113,184	625,743	843,754
Total	215,661	197,100	1,266,676	1,533,100

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Changes in provisions

	Company		
	December 31, 2015	Additions	September 30, 2016
Labor	74,000	13,684	87,684
Civil	9,916	544	10,460
Tax and Social Security	113,184	4,333	117,517
Total	197,100	18,561	215,661

Consolidated					
	December 31, 2015	Acquisitions	Additions	Payments	September 30, 2016
Labor	408,963	-	16,870	(53,872)	369,770
Civil	280,383	-	3,417	(11,695)	271,663
Tax and Social Security	843,754	35	4,344	(220,820)	625,743
Total	1,533,100	35	24,631	(286,387)	1,266,676

In the Company:
Tax and Social Security 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 229 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\$1,902,017 on September 30, 2016. 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-B, § 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 21 infringement notices, in the amount of R\$1,356,488. 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 1,096 tax and social security proceedings, which individually are not material. We highlight that the ones with probable loss risk have a provision of an aggregate amount of R\$117,517 on September 30, 2016.

Labor Proceedings

As of September 30, 2016 JBS was party to 18,023 labor proceedings, involving total claims of R\$2,470,167. Based on the opinion of the Company's legal counsel, JBS has provisioned an aggregate amount of R\$87,684 for losses arising from these proceedings, which includes payroll taxes. Most of these lawsuits were filed by former employees of JBS seeking overtime payments and payments relating to their exposure to health hazards, commuting time, alleged work accidents and recovery time. Among other labor proceedings, there are ongoing proceedings filed by the Labor Ministry (Ministério do Trabalho) related to labor issues.

Civil Proceedings

On September 30, 2016, JBS was party to 781 civil proceedings. In the opinion of the Management and its legal advisors, the expected loss of R\$10,460, has been accrued.

Other proceedings

On September 30, 2016, JBS had other ongoing tax proceedings, of the approximate amount of R\$500,498, whose loss potential, according to the evaluation of its legal advisors, is possible, but not probable, for which the Company's management has not set an accrual for possible loss.

In subsidiary Seara Alimentos:
Labor Proceedings

As of September 30, 2016, Seara Alimentos subsidiaries were party to 20,844 labor proceedings, involving the total amount of R\$1,620,864. Based on the opinion of the Company's legal counsel, an accrual has been made in the amount of R\$276,855 for losses arising from such proceedings, already including payable social charges by the employee and Seara Alimentos. Most of these lawsuits were filed by former employees of Seara Alimentos seeking overtime payments and payments relating to their exposure to health hazards, commuting time, alleged work accidents and recovery time. Among other labor proceedings, there are ongoing proceedings filed by the Labor Ministry (Ministério do Trabalho) related to labor issues.

Civil proceedings

As of September 30, 2016, Seara Alimentos subsidiaries were party to 2,433 civil and administrative proceedings, involving the total amount of R\$608,661. Based on the opinion of the Company's legal counsel, an accrual has been made in the amount of R\$260,367 for losses arising from such proceedings. Most of these lawsuits are related to indemnity for collective moral damage, moral damage for improper protest, repairing damages for poultry partnership or pigs integration, cancellation of industry or trade mark complaints and consumer contracts - product quality.

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Tax Proceedings

Seara Alimentos and its subsidiaries are party to 503 tax and social security proceedings, in which the individual amount of the contingencies are not relevant. Proceedings with a probable loss risk have contingencies, in the amount of R\$502,484 on September 30, 2016.

21 Equity

a. Share capital: Share capital on September 30, 2016 is R\$23,576,206, represented by 2,856,857,505 ordinary shares, without nominal value. Share capital is net of R\$54,865 capitalized transaction costs, which are expenses from 2010 in the amount of R\$37,477 related transaction costs for securing resources for the Initial Public Offering, and expenses in the amount of R\$17,388 related to 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:

b1. Share premium reserve: refers to the difference between the subscription price that the stockholders pay for the shares and their fair value;

b2. Negotiation Premiums with trading options of "JBSS3":

The Company trades put options on "JBSS3" stocks, following Board of Director's approval, according among other guidelines that i. the maturity of the options must not exceed six months from the transaction date, and ii. Funds arising from trading transactions will be used as collateral margin in BM&F Bovespa stock exchange. The Company is also authorized to trade its stocks or options on its stocks, exclusively to protect outstanding options position or to unwind them. The Company recognizes the premium received (from selling put options) as a liability, under the caption other current liabilities. In the options maturity date, one of the circumstances below may occur:

i. when the options are exercised ("JBSS3" stock price is less than the strike price), the premium received comprises the cost of acquisition of shares at its maturity date and the shares acquired are recognized in treasury;

ii. when the options are not exercised ("JBSS3" stock price is higher than the strike price), the premium received is recognized under Capital reserves at its maturity date.

Below is the summary of the operations with maturity for the nine months period ended September 30, 2016:

Date	Number of option	Class and type of shares	Maturity of options	Premiums received	Mark-to-Market
11/25/15	1,000,000	JBSSN43	02/15/16	550	550
11/25/15	500,000	JBSSN43	02/15/16	300	300
11/25/15	500,000	JBSSN43	02/15/16	305	305
11/26/15	1,000,000	JBSSN43	02/15/16	720	720
11/30/15	400,000	JBSSN43	02/15/16	284	284
11/30/15	1,600,000	JBSSN43	02/15/16	1,152	1,152
Total kept in capital reserve:					3,311

b3. Share-based compensation:

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

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

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

Grants						Fair value assumptions			
Year	Quantity of options	Fair value of the option	Exercise price in R\$	Vesting term	Outstanding options at September 30, 2016	Risk free interest rate	Volatility	Share price on the grant date	Dividend Yield
2014	2,396,051	R\$ 7.58 to R\$ 9.99	0.00001	3 to 5 years	704,867	10.98% to 12.16%	42.16%	R\$ 7.8 to R\$ 10.10	1.05%
2015	1,916,859	R\$ 15.36 to R\$ 15.58	0.00001	3 years	1,195,854	13.25% to 13.68%	55.69%	R\$ 15.66	0.72%
2016	9,782,629	R\$ 5.46 to R\$ 11.12	0.00001 to 7.50	3 years	6,278,992	12.66% to 14.16%	60.81% to 76.49%	R\$ 10.32 to R\$ 11.12	4.45%

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

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

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

During the nine months period ended September 30, 2016 and 2015 the expense with options plan totaled R\$67,663 and R\$24,345, respectively, recorded in the results under the caption "General and administrative expenses", with the respective offset in "Capital Reserves".

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b4. Treasury shares:

Below is presented the changes on treasury shares:

	Quantity	R\$ thousand
Balance as of December 31, 2015	63,950,500	903,571
Purchase of treasury shares	79,555,300	821,139
Treasury shares used in stock option plan	(4,880,489)	(58,769)
Balance as of September 30, 2016	138,625,311	1,665,941

b5. Capital transaction: see basis of preparation and presentation of financial statements.

c. **Other reserves:** Refers to revaluations of fixed assets prior to CPC/IFRS adoption. Other reserves are transferred to retained earnings in proportion with the realization of revalued assets through depreciation, disposal and retirement.

d. Profit reserves:

Legal reserve: Credited annually with 5% of the profit of the year.

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

e. **Other comprehensive income (loss):** 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.

f. **Non-controlling interest:** Material non-controlling interests at September 30, 2016 and December 31, 2015 consisted of the 23.3% of Pilgrim's Pride Corporation ("PPC") common stock not owned by JBS USA. JBS USA's voting rights in PPC are limited to 76.7% of the total. PPC is one of the largest chicken producers in the world, with operations in the United States, Mexico and Puerto Rico. The profit allocated to the PPC noncontrolling interests during the nine months period ended September 30, 2016 and 2015 was US\$80 million and US\$135 million and US\$21 million and US\$30 million for the three months period ended on September 30, 2016 and 2015, respectively. At September 30, 2016 and December 31, 2015, the accumulated non-controlling interest in PPC was US\$359 million and US\$404 million, respectively. Below are the PPC total net sales, net income, cash provided by operations, total assets and total liabilities for the periods indicated (amounts in USD thousands).

	For the nine months period ended September 30,	
	2016	2015
NET REVENUE	6,022,973	6,219,324
NET INCOME	369,580	582,912
Net cash provided by operating activities	531,109	856,314

	For the three months period ended September 30,	
	2016	2015
NET REVENUE	2,031,721	2,112,529
NET INCOME	98,527	137,095
Net cash provided by operating activities	242,125	268,211

	September 30, 2016	December 31, 2015
Total assets	3,002,289	3,318,443
Total liabilities	2,085,482	2,056,633

f1. In July 2016, the stockholders of Gallina Pesada, S.A.P.I. de C.V. ("GAPESA"), a subsidiary that is controlled, but not wholly-owned, by PPC, contributed additional capital to fund a capacity expansion project in southern Mexico. PPC contributed US\$2.7 million of additional capital. This contribution was eliminated upon consolidation. The noncontrolling stockholders contributed US\$7.3 million, R\$25,786 of additional capital. The respective contributions did not impact either PPC or noncontrolling stockholders' ownership percentages in GAPESA.

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22 Net revenue

Revenue is recognized when the risks and inherent benefits are transferred to the customer or when the probability that the economic benefits will be received by the Company 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's normal course of business. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is either at the point of dispatch or on delivery of the products. This varies from customer to customer according to the terms of sale. In the income statement, revenue is presented net of taxes associated with the sales, returns, rebates and discounts.

Revenue by significant category for the nine months period ended September 30, 2016 and 2015 are as follows:

	Company		Consolidated	
	For the nine months period ended September 30,		For the nine months period ended September 30,	
	2016	2015	2016	2015
GROSS REVENUE				
Sales of products				
Domestic sales	13,988,490	14,049,544	97,066,799	83,857,902
Export sales	8,472,933	8,992,309	36,477,977	36,340,075
	<u>22,461,423</u>	<u>23,041,853</u>	<u>133,544,776</u>	<u>120,197,977</u>
SALES DEDUCTION				
Returns and discounts	(778,200)	(910,945)	(2,765,367)	(2,577,382)
Sales taxes	(1,016,597)	(997,192)	(2,029,462)	(1,867,316)
	<u>(1,794,797)</u>	<u>(1,908,137)</u>	<u>(4,794,829)</u>	<u>(4,444,698)</u>
NET REVENUE	<u>20,666,626</u>	<u>21,133,716</u>	<u>128,749,947</u>	<u>115,753,279</u>

	Company		Consolidated	
	For the three months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015
GROSS REVENUE				
Sales of products				
Domestic sales	4,778,689	4,422,737	31,443,332	30,637,488
Export sales	2,598,132	3,532,050	11,282,220	13,983,468
	<u>7,376,821</u>	<u>7,954,787</u>	<u>42,725,552</u>	<u>44,620,956</u>
SALES DEDUCTION				
Returns and discounts	(228,017)	(281,942)	(843,875)	(910,702)
Sales taxes	(344,811)	(324,349)	(715,523)	(681,328)
	<u>(572,828)</u>	<u>(606,291)</u>	<u>(1,559,398)</u>	<u>(1,592,030)</u>
NET REVENUE	<u>6,803,993</u>	<u>7,348,496</u>	<u>41,166,154</u>	<u>43,028,926</u>

23 Finance income (expense)

Finance income (expense) includes (i) interest payable on borrowings and direct issue costs; (ii) results from the daily settlements of future contracts used to protect assets and liabilities, as well as the fair value adjustments for derivative instruments that are described within note 28, (iii) finance income comprising interest receivable on funds invested which is recognized in profit or loss as it accrues using the effective interest method; and (iv) gains and losses associated with transactions denominated in foreign currencies.

Finance income (expense) consisted of the following for the nine months period ended September 30, 2016 and 2015 are as follows:

	Company		Consolidated	
	For the nine months period ended September 30,		For the nine months period ended September 30,	
	2016	2015	2016	2015
Exchange rate variation	3,373,539	(8,368,741)	3,925,464	(9,470,232)
Fair value adjustments on derivatives	(6,150,035)	10,775,743	(6,651,763)	11,939,087
Interest expense	(1,317,567)	(1,529,379)	(2,951,851)	(2,649,552)
Interest income	1,009,096	681,052	486,094	761,545
Taxes, contribution, tariff and others	(104,246)	(70,079)	(179,488)	(144,846)
	<u>(3,189,213)</u>	<u>1,488,596</u>	<u>(5,371,544)</u>	<u>436,002</u>
Finance income	4,382,635	11,456,795	4,411,558	12,700,632
Finance expense	(7,571,848)	(9,968,199)	(9,783,102)	(12,264,630)
	<u>(3,189,213)</u>	<u>1,488,596</u>	<u>(5,371,544)</u>	<u>436,002</u>

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	Company		Consolidated	
	For the three months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015
Exchange rate variation	(319,393)	(5,341,327)	(434,884)	(6,074,650)
Fair value adjustment on derivatives	(17,117)	8,702,383	(18,396)	9,455,735
Interest expense	(450,867)	(528,374)	(1,002,581)	(948,310)
Interest income	326,081	285,125	91,357	266,533
Taxes, contribution, tariff and others	(15,817)	(18,440)	(14,150)	(46,716)
	(477,113)	3,099,367	(1,378,654)	2,652,592
Finance income	326,081	8,987,508	91,357	9,722,268
Finance expense	(803,194)	(5,888,141)	(1,470,011)	(7,069,676)
	(477,113)	3,099,367	(1,378,654)	2,652,592

24 Earnings per share

Basic: is calculated by dividing net income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, excluding common shares purchased and held as treasury shares.

	For the nine months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015
Net income (loss) attributable to shareholders	(317,881)	4,915,260	887,120	3,441,410
Weighted average of the shares in the period	2,944,426	2,944,316	2,944,426	2,944,426
Weighted average of the shares in the treasury	(133,490)	(56,870)	(138,775)	(57,873)
Weighted average of shares circulating	2,810,936	2,887,446	2,805,651	2,886,553
Basic earnings (loss) per share - (R\$)	(0.11)	1.70	0.32	1.19

Diluted: is 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 May 2015, the Company has only one category of potential common shares that would cause dilution: the share-based compensation.

	For the nine months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015
Net income (loss) attributable to shareholders	(317,881)	4,915,260	887,120	3,441,410
Weighted average number of ordinary shares (basic) - R\$	2,810,936	2,887,446	2,805,651	2,886,553
Effect of negotiation premium with stock options	-	3,515	14,135	4,353
Weighted average number of ordinary shares (diluted)	2,810,936	2,890,961	2,819,786	2,890,906
Diluted earnings (loss) per shares - (R\$)	(0.11)	1.70	0.32	1.19

For the nine months ended September 30, 2016, 8,179,713 shares related to outstanding stock options have been excluded from the calculation of diluted weighted average common shares outstanding as the effect would be anti-dilutive.

25 Operating segments

Management has defined the reportable segments, based on the reports used to make strategic decisions, analyzed by the Chief Operating Decisions Maker (CODM) that is our Chief Executive Officer (CEO), which are segmented based on product and geography.

The segments of commercialized products include Beef, Chicken, Pork and Others. Geographically, Management considers the operational performance of its business in the United States of America (including Australia, Canada and Mexico), South America (Brazil, Argentina, Paraguay and Uruguay) and others (Primarily Europe).

The Beef segment operates slaughter facilities, cold storage and meat processing operations for the production of beef preservatives, fat, feed and derivate products having locations in Brazil, the United States of America, Canada, Australia, Mexico, Argentina, Uruguay, Paraguay.

The Chicken segment is represented by fresh products, chilled as a whole or in pieces, whose operations units are located in the United States of America, Mexico, United Kingdom, European Union and Brazil, and sold to restaurant chains, food processors, distributors, supermarkets, wholesale and other retail distributors, and also exported to Eastern Europe (including Russia), Asia and other international markets.

The Pork segment operations consist of slaughter facilities, processing, cold storage of pork meat, which delivers fresh meat and manufacture of products and sub-products of the same origin. It operates in Brazil and the United States, addressing the U.S. domestic market as well as foreign markets. The products also include case-ready fresh meat.

Due to the significant percentage of business being derived from the above-mentioned reportable segments, the remaining segments and activities in which the Company operates are not significant and are presented as "Others". In addition, all intercompany segments business activities is eliminated.

The accounting policies of the operational segments are the same as described in these financial statements. The Company evaluates its performance per segment, which according to its accounting policies, are disclosed with the breakdown of net revenue, depreciation and net operating income.

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There are no revenues arising out of transactions with any single customer that represents 10% or more of the total revenues. Net revenue presented below is from external customers.

The measure of segment profitability reviewed by our chief operating decision maker is net operating income, which does not include finance income (expense), share of profit or loss of equity accounted investees or income taxes. The Company manages its loans and financings and income taxes at the corporate level and not by segment. The information per business operational segment, analyzed by the CODM, are as follows:

Segments presented by product:

	Net revenue		Operating income ⁽¹⁾		Depreciation	
	For the nine months period ended September 30,		For the nine months period ended September 30,		For the nine months period ended September 30,	
	2016	2015	2016	2015	2016	2015
Segments						
Beef	73,185,454	71,988,359	443,707	2,149,450	906,359	817,143
Chicken	32,443,874	28,466,094	2,459,849	4,431,090	1,794,781	1,351,629
Pork	15,104,919	8,400,143	1,263,374	728,850	282,961	135,480
Others	8,015,700	6,898,683	660,177	288,432	362,861	266,769
Total	128,749,947	115,753,279	4,827,107	7,597,822	3,346,962	2,571,021

	Net revenue		Operating income ⁽¹⁾		Depreciation	
	For the three months period ended September 30,		For the three months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015	2016	2015
Segments						
Beef	23,705,359	26,509,416	953,832	1,080,244	297,541	301,293
Chicken	10,059,801	10,864,006	606,511	1,550,295	556,909	507,363
Pork	4,827,070	3,198,323	512,300	213,508	90,526	51,026
Others	2,573,924	2,457,181	10,741	34,476	116,107	95,733
Total	41,166,154	43,028,926	2,083,384	2,878,523	1,061,083	955,415

Total assets by product:

	September 30, 2016	December 31, 2015
Total assets		
Beef	50,801,948	66,132,131
Chicken	26,094,225	30,391,861
Pork	10,594,678	13,647,227
Others	12,954,151	12,331,748
Total	100,445,002	122,502,967

Segments presented by geographic area:

	Net revenue		Operating income ⁽¹⁾		Depreciation	
	For the nine months period ended September 30,		For the nine months period ended September 30,		For the nine months period ended September 30,	
	2016	2015	2016	2015	2016	2015
Segments						
United States of America	87,357,076	79,543,622	2,955,058	4,971,130	1,889,413	1,467,252
South America	34,447,783	34,480,904	1,662,875	2,745,198	1,191,087	1,094,147
Others	6,945,088	1,728,753	209,174	(118,506)	266,462	9,622
Total	128,749,947	115,753,279	4,827,107	7,597,822	3,346,962	2,571,021

	Net revenue		Operating income ⁽¹⁾		Depreciation	
	For the three months period ended September 30,		For the three months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015	2016	2015
Segments						
United States of America	27,825,239	30,261,104	1,778,766	1,640,511	576,600	567,725
South America	11,366,877	12,159,188	265,706	1,296,955	408,162	383,781
Others	1,974,038	608,634	38,912	(58,943)	76,321	3,909
Total	41,166,154	43,028,926	2,083,384	2,878,523	1,061,083	955,415

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Total assets by geographic area:

	September 30, 2016	December 31, 2015
Total assets		
United States of America	35,499,343	45,812,569
South America	59,304,067	68,234,984
Others	5,641,592	8,455,414
Total	100,445,002	122,502,967

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

	Operating income		Operating income	
	For the nine months period ended September 30,		For the three months period ended September 30,	
	2016	2015	2016	2015
Net income (loss)	(31,641)	5,338,364	955,234	3,558,047
Income tax and social contribution - current and deferred	(522,064)	2,717,062	(232,761)	1,980,444
Finance income (expense)	5,371,544	(436,002)	1,378,654	(2,652,592)
Equity in earnings in subsidiaries, associates and joint ventures	(13,958)	(48,273)	(8,314)	(16,478)
Restructuring, reorganization and other expenses	23,226	26,671	(9,429)	9,102
	4,827,107	7,597,822	2,083,384	2,878,523

26 Expenses by nature

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

	Company				Consolidated			
	For the nine months period ended September 30,		For the three months period ended September 30,		For the nine months period ended September 30,		For the three months period ended September 30,	
Classification by nature	2016	2015	2016	2015	2016	2015	2016	2015
Depreciation and amortization	(518,949)	(499,695)	(176,495)	(170,548)	(3,346,962)	(2,571,021)	(1,061,083)	(955,415)
Personnel expense	(2,154,604)	(2,093,307)	(768,502)	(763,328)	(14,989,003)	(11,519,696)	(4,820,151)	(4,378,852)
Raw material use and consumption materials	(16,869,589)	(17,048,754)	(5,632,586)	(5,753,207)	(104,670,054)	(92,773,101)	(32,864,275)	(34,391,690)

	Company				Consolidated			
	For the nine months period ended September 30,		For the three months period ended September 30,		For the nine months period ended September 30,		For the three months period ended September 30,	
Classification by function	2016	2015	2016	2015	2016	2015	2016	2015
Cost of sales	(16,255,284)	(16,931,095)	(5,568,958)	(5,744,150)	(113,372,470)	(98,857,257)	(35,821,679)	(36,783,484)
Selling expenses	(2,144,466)	(2,235,326)	(617,160)	(778,959)	(7,388,664)	(6,561,286)	(2,212,247)	(2,400,373)
General and administrative expenses	(1,303,217)	(1,087,193)	(452,017)	(364,350)	(3,331,447)	(2,809,118)	(1,069,363)	(1,023,257)

27 Insurance coverage

As of September 30, 2016, 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 September 30, 2016 was of US\$30 million (equivalent to R\$97,386).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for September 30, 2016 was of US\$500 million (equivalent to R\$1,623,100).

Regarding the subsidiary Seara Alimentos, located in Brazil, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for September 30, 2016 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 September 30, 2016 was of GBP275 million (equivalent to R\$1,161,848).

The assumptions of risk taken, by their nature, are not part of the scope of an audit, therefore, were not audited by independent auditors.

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28 Risk management and financial instruments

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

Financial assets at fair value through profit or loss: Financial assets are carried at their fair value if they are 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 the Company's documented risk management and investment strategy. The fair value of derivatives are calculated based on daily settlements as a result of changes in market prices of futures and commodities. The fair value of the swap is estimated by its present value, obtained by discounting future cash flows of its assets and liabilities legs. For exchange traded derivatives like futures, as mentioned earlier, the fair value are based on daily settlements, and for OTC (over the counter) derivatives, the fair value must be estimated. For instance, for a NDF (non deliverable forward), the calculation of fair value requires the future value of the underlying asset and a yield curve and to get these data, the Company's Risk Management Department uses a Bloomberg 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 as finance income or expense of the period.

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 relevant 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.

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.

Derivative financial instruments and hedge activities: Based on a risk management policy of the JBS Group, the Company and its subsidiaries, obtains 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 non current 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 interim financial statements of the Company, according to the charts below:

	Notes	Company		Consolidated	
		September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Assets					
Fair value through profit or loss					
CDB and national treasury bill	4	2,345,849	5,013,154	2,980,930	8,067,833
Derivative assets	28	-	84,779	29,931	737,891
Loans and receivables at amortized cost					
Cash at banks	4	1,847,365	6,244,789	4,326,298	10,776,155
Trade accounts receivable, net	5	2,614,381	3,435,691	9,328,252	12,119,662
Credits with related parties	9	5,548,569	4,999,503	1,199,130	1,968,043
Total		12,356,164	19,777,916	17,864,541	33,669,584
Liabilities					
Liabilities at amortized cost					
Loans and financing	14	(26,311,228)	(29,743,442)	(56,162,448)	(65,882,726)
Trade accounts payable	13	(1,657,042)	(2,448,362)	(9,454,514)	(12,421,018)
Debits with related parties	9	(131,403)	(101,668)	-	-
Other financial liabilities	18	(41,943)	(53,114)	(360,052)	(705,771)
Fair value through profit or loss					
Derivative liabilities	28	(3,126)	-	-	-
Contingent consideration - Payables on the acquisitions of facilities	18	-	(430,000)	-	(430,000)
Total		(28,144,742)	(32,776,586)	(65,977,014)	(79,439,515)

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.

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

The Company and its subsidiaries determine fair value measurements in accordance with the hierarchical levels that reflect the significance of the inputs used in the 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 through valuation techniques that use data from active markets;

Level 3 - Inputs used for fair value calculations are not derived from an active market. The Company and its subsidiaries do not have any financial instruments that utilize level 3 inputs.

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	Company									
	Current assets						Current liabilities			
	National treasury bill		CDB		Derivative assets		Derivative liabilities		Moy Park contingent liability	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Level 1	32,986	3,428,732	-	-	-	-	-	-	-	-
Level 2	-	-	2,312,863	1,584,422	-	84,779	(3,126)	-	-	(430,000)
Level 3	-	-	-	-	-	-	-	-	-	-

	Consolidated							
	Current assets						Current liabilities	
	National treasury bill		CDB		Derivative assets		Moy Park contingent liability	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Level 1	32,986	3,782,534	-	-	-	-	-	-
Level 2	-	-	2,947,944	4,285,299	29,931	737,891	-	(430,000)
Level 3	-	-	-	-	-	-	-	-

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

The fair value of the Notes under Rule 144-A and Regulation S, are estimated using the closing sale price of these securities informed by a financial newswire on September 30, 2016 and December 31, 2015, considering there is an active market for these financial instruments. The book value of the remaining fixed-rate loans approximates fair value since the interest rate market, the Company's credit quality, and other market factors have not significantly changed since entering into the loans. The book value of variable-rate loans and financings approximates fair value given the interest rates adjust for changes in market conditions and the quality of the Company's credit rating has not substantially changed. For all other financial assets and liabilities, book value approximates fair value due to the short duration of the instruments. Following, are the details of the estimated fair value of loans and financings:

Description	Company						Consolidated					
	September 30, 2016			December 31, 2015			September 30, 2016			December 31, 2015		
	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	-	-	-	513,583	103.00	528,990
Bertin Notes 2016	380,812	100.72	383,554	572,951	104.00	595,869	380,812	100.72	383,554	572,951	104.00	595,869
JBS S.A. Notes 2020	3,246,200	105.13	3,412,730	3,904,800	97.00	3,787,656	3,246,200	105.13	3,412,730	3,904,800	97.00	3,787,656
JBS S.A. Notes 2023	2,515,805	97.49	2,452,658	3,026,220	88.00	2,663,074	2,515,805	97.49	2,452,658	3,026,220	88.00	2,663,074
JBS S.A. Notes 2024	2,434,650	102.91	2,505,498	2,928,600	91.63	2,683,476	2,434,650	102.91	2,505,498	2,928,600	91.63	2,683,476
JBS Lux Notes 2020	-	-	-	-	-	-	2,272,340	103.14	2,343,691	2,733,360	100.00	2,733,360
JBS Lux Notes 2021	-	-	-	-	-	-	3,733,130	103.57	3,866,403	4,490,520	98.35	4,416,426
JBS Lux Notes 2024	-	-	-	-	-	-	2,434,650	99.83	2,430,511	2,928,600	89.50	2,621,097
JBS Lux Notes 2025	-	-	-	-	-	-	2,921,580	98.89	2,889,150	3,514,320	86.50	3,039,887
PPC Notes 2025	-	-	-	-	-	-	1,623,100	103.33	1,677,149	1,952,400	97.75	1,908,471
Moy Park	-	-	-	-	-	-	1,267,470	104.37	1,322,858	1,736,430	102.40	1,778,104
	<u>8,577,467</u>		<u>8,754,440</u>	<u>10,946,154</u>		<u>10,259,065</u>	<u>22,829,737</u>		<u>23,284,202</u>	<u>28,301,784</u>		<u>26,756,410</u>

Finance income (expense) by category of financial instrument:

	Company		Consolidated	
	2016	2015	2016	2015
Fair value through profit or loss	(6,085,812)	11,269,176	(6,462,114)	11,717,226
Loans and receivables	(576,607)	350,063	(806,065)	905,991
Liabilities at amortized cost	3,577,452	(10,060,564)	2,076,121	(12,052,365)
Other	(104,246)	(70,079)	(179,486)	(134,850)
Total	<u>(3,189,213)</u>	<u>1,488,596</u>	<u>(5,371,544)</u>	<u>436,002</u>

Risk management:

JBS and its subsidiaries during the regular course of its operations is exposed to market, credit and liquidity risks. These exposures are managed 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.

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

Below are the risks and operations to which the Company is exposed and a sensitivity analysis for each type of risk, consisting in the presentation of the effects in the finance income (expense), net, when subjected to possible changes, of 25% to 50%, in the relevant variables for each risk. For each probable scenario, the Company considers it appropriate to use the Value at Risk analysis Methodology (VaR), at a confidence interval (I.C.) of 99% and a horizon of one day. These scenarios include immediate hypothetical shocks,

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without taking in consideration the effects related to interest rates. Additionally, for risk presentation in sensitive analysis the appreciation and the depreciation is always the Company's functional currency.

a. Market Risk:

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

It is the function of the Risk Management Department to ensure that other areas of JBS are operating within the risk exposure limits set by Management, to protect against volatility in prices, centralize the exposures and apply the Financial and Commodities Risk Management policy.

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 JBS's 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 realize from changes in interest rates, which may be caused by economic crisis, changes in sovereign monetary policy, or market movements. The Company primarily has liabilities exposed to variable 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 Company's 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 at September 30, 2016 and December 31, 2015 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	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Liabilities and assets exposure to the CDI rate net:				
NCE / Compror / Others	(2,555,814)	(3,741,948)	(3,553,062)	(5,067,298)
Related parties	5,526,632	3,808,548	-	-
CDB-DI	2,312,863	1,584,422	2,445,177	1,976,791
National treasury bill	32,986	3,428,732	32,986	3,428,732
Total	5,316,667	5,079,754	(1,074,899)	338,225
Liabilities exposure to the EURIBOR rate:				
Working Capital - Euro	(84,253)	(99,766)	(204,902)	(99,766)
Finimp	(1,097)	-	(44,193)	-
Total	(85,350)	(99,766)	(249,095)	(99,766)
Liabilities exposure to the LIBOR rate:				
Working Capital - USD	-	-	(488,596)	(208,817)
Pre-payment	(7,717,255)	(5,203,103)	(10,484,844)	(9,633,688)
Others	-	-	(23,647)	(4,683)
Total	(7,717,255)	(5,203,103)	(10,997,087)	(9,847,188)
Liabilities exposure to TJLP rate:				
FINAME	(249,783)	(288,052)	(260,869)	(306,529)
Total	(249,783)	(288,052)	(260,869)	(306,529)
Liabilities exposure to UMBNDES:				
CCB - BNDES	-	-	(21,974)	(41,591)
Total	-	-	(21,974)	(41,591)

Management believes that the exposure to interest rate fluctuations does not have a relevant effect on the Company's results and does not use derivative financial instruments to manage this risk, except the specific situations that may arise.

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%		
			Rate	Effect on income		Rate	Effect on income		Rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated
CDI	Increase	14.1300%	14.1945%	3,429	(693)	17.6625%	187,811	(37,971)	21.1950%	375,623	(75,942)
Euribor	Increase	(0.0640)%	(0.0640)%	-	-	(0.0480)%	(14)	(40)	(0.0320)%	(27)	(80)
Libor	Increase	1.5518%	1.5522%	(31)	(44)	1.9397%	(29,935)	(42,658)	2.3277%	(59,878)	(85,326)
TJLP	Increase	7.5000%	7.5014%	(3)	(4)	9.3750%	(4,683)	(4,891)	11.2500%	(9,367)	(9,783)
UMBNDDES	Increase	0.0630	0.0646	-	(567)	0.0787	-	(5,493)	0.0945	-	(10,987)
				3,395	(1,308)		153,179	(91,053)		306,351	(182,118)

a.2. Exchange rate risk:

Exchange rate risk is related to potentially adverse results that the Company may realize from fluctuations in foreign currency exchange rates that 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 Company's Financial and Commodities Risk Management Policy states that the Company cannot simply net these exposures, since other issues should be considered such as maturities mismatches.

The Risk Management Department applies hedging instruments previously approved by the Board of Directors to protect financial assets and liabilities and future cash flow from commercial activities and net investments in foreign operations. The Board of Directors has approved the use of future contracts, NDFs (non deliverable forwards), options and swaps that may be applied to hedge loans, investments, flows from interest payments, export estimate, acquisition of raw material, and other transactions, whenever they are

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quoted in currencies different than the Company's functional currency. The primary exposures to exchange rate risk are in US Dollars (US\$), Canadian Dollars (C\$), Euro (€), British Pound (£), Australian Dollars (AUD) and Swiss Franc (CHF). In the consolidated, the Company discloses 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), 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 at September 30, 2016 and December 31, 2015 are presented below, in accordance with the Financial and Commodities Risk Management Policy.

a.2.1 EXPOSURE to the US Dollar (amounts in thousands of R\$):

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	698,525	2,918,919	1,053,808	3,589,259
Trade accounts receivable	2,231,762	1,746,646	3,256,831	3,107,239
Sales orders	940,360	882,509	1,753,102	2,650,165
Trade accounts payable	(135,918)	(132,874)	(202,495)	(223,876)
Purchase orders	-	-	(455,935)	(469,607)
Subtotal	3,734,729	5,415,200	5,405,311	8,653,180
FINANCIAL				
Related parties transaction (net)	(22,197)	703,336	(113,032)	81,055
Net debt in foreign subsidiaries	(20,649,552)	(23,325,674)	(20,649,552)	(23,325,674)
Loans and financing	(23,312,291)	(25,533,519)	(26,686,573)	(29,668,891)
Subtotal	(43,984,040)	(48,155,857)	(47,449,157)	(52,913,510)
Total exposure	(40,249,311)	(42,740,657)	(42,043,846)	(44,260,330)
DERIVATIVES				
Future contracts	-	22,441,081	-	23,557,854
Non Deliverable Forwards (NDF's)	-	21,777,070	88,557	23,668,231
Foreign Currency Swap (Assets)	-	-	-	1,601,944
Foreign Currency Swap (Liabilities)	-	-	-	(1,180,226)
Total derivatives	-	44,218,151	88,557	47,647,803
NET EXPOSURE IN R\$	(40,249,311)	1,477,494	(41,955,289)	3,387,473

Sensitivity analysis at September 30, 2016 (exchange rates are Brazilian Reais to US Dollar):

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	3.2462	3.3306	97,102	140,536	4.0578	933,740	1,351,411	4.8693	1,867,365	2,702,656
Financial	Depreciation	3.2462	3.3306	(606,688)	(696,780)	4.0578	(5,833,981)	(6,700,314)	4.8693	(11,667,244)	(13,399,803)
Derivatives	Appreciation	3.2462	3.3306	-	2,302	4.0578	-	22,141	4.8693	-	44,279
				(509,586)	(553,942)		(4,900,241)	(5,326,762)		(9,799,879)	(10,652,868)

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
			Exchange rate	Effect on equity		Exchange rate	Effect on equity		Exchange rate	Effect on equity	
				Company	Consolidated		Company	Consolidated		Company	Consolidated
Net debt in foreign subsidiaries	Depreciation	3.2462	3.3306	(536,881)	(536,881)	4.0578	(5,162,706)	(5,162,706)	4.8693	(10,324,776)	(10,324,776)
				(536,881)	(536,881)		(5,162,706)	(5,162,706)		(10,324,776)	(10,324,776)

For hedging purposes, the Company includes in its exposure the net debt of foreign subsidiaries. Although these debts do not generate foreign exchange exposure in the Company's result (for being abroad and in the functional currency of each country), these debts in the consolidation are affected by exchange effects, impacting the Company's equity as exchange variation of investments, influencing the consolidated debt of the Company, and consequently the leverage indicators.

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Company					
			September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	American dollar	-	-	-	-	35,015	6,836,329	-
	DDI	-	-	-	-	79,926	15,604,752	-

Instrument	Risk factor	Nature	Consolidated					
			September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	American dollar	-	-	-	-	40,735	7,953,102	37,540
	DDI	-	-	-	-	79,926	15,604,752	-

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			Company									
			September 30, 2016			December 31, 2015						
Instrument	Risk factor	Nature	Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value				
Non Deliverable Forwards	American dollar	-	-	-	-	5,577,000	21,777,070	91,169				
			Consolidated									
			September 30, 2016			December 31, 2015						
Instrument	Risk factor	Nature	Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value				
Non Deliverable Forwards	American dollar	Long	27,530	89,368	1,811	6,061,317	23,668,231	63,184				
Non Deliverable Forwards	American dollar	Short	(250)	(811)	-	-	-	-				
			Consolidated									
			September 30, 2016			December 31, 2015						
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
	11.27.13	10.23.18	-	-	-	-	-	100,000	390,480	306,317	(190,483)	115,834
	04.10.14	10.15.18	-	-	-	-	-	149,800	584,939	560,064	(333,910)	226,154
	09.08.15	09.08.16	-	-	-	-	-	135,000	527,148	530,678	(531,106)	(428)

a.2.2 EXPOSURE to C\$ (Canadian Dollar) (amounts in thousands of R\$):

		Company		Consolidated	
		September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
OPERATING					
Cash and cash equivalents		733	571	1,340	14,515
Trade accounts receivable		1,653	3,424	6,428	32,124
Sales orders		-	-	-	-
Trade accounts payable		-	-	-	(566)
Total exposure		2,386	3,995	7,768	46,073
DERIVATIVES					
Future contracts		-	(5,071)	-	(5,071)
Non Deliverable Forwards (NDF's)		-	-	(13,839)	(54,058)
Total derivatives		-	(5,071)	(13,839)	(59,129)
NET EXPOSURE IN R\$		2,386	(1,076)	(6,071)	(13,056)

Sensitivity analysis at September 30, 2016 (exchange rates are Brazilian Reais to Canadian Dollar):

		Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
Exposure of R\$	Risk	Current exchange rate	Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	2.4757	2.5393	61	200	3.0946	596	1,942	3.7136	1,193	3,884
Derivatives	Depreciation	2.4757	2.5393	-	(356)	3.0946	-	(3,460)	3.7136	-	(6,920)
				61	(156)		596	(1,518)		1,193	(3,036)

Derivatives financial instruments breakdown:

			Company					
Instrument	Risk factor	Nature	September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Canadian dollar	-	-	-	-	30	(5,071)	-
			Consolidated					
Instrument	Risk factor	Nature	September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Canadian dollar	-	-	-	-	30	(5,071)	-

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Instrument	Risk factor	Nature	Consolidated					
			September 30, 2016			December 31, 2015		
			Notional (CAD)	Notional (R\$)	Fair value	Notional (CAD)	Notional (R\$)	Fair value
Non Deliverable Forwards	Canadian dollar	Short	(5,590)	(13,839)	97	(19,189)	(54,057)	1,281

a.2.3 EXPOSURE in € (EURO) (amounts in thousands of R\$):

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	3,935	48,686	17,754	56,509
Trade accounts receivable	57,534	129,828	157,934	412,257
Sales orders	122,979	-	351,287	345,473
Trade accounts payable	(38,817)	(128,288)	(55,446)	(138,741)
Purchase orders	-	-	(23,695)	(20,419)
Subtotal	145,631	50,226	447,834	655,079
FINANCIAL				
Related parties transaction (net)	(87,268)	333,623	(60,199)	333,623
Loans and financings	-	-	(7,035)	-
Subtotal	(87,268)	333,623	(67,234)	333,623
Total exposure	58,363	383,849	380,600	988,702
DERIVATIVES				
Future contracts	-	(61,631)	-	(660,937)
Non Deliverable Forwards (NDF's) and options	-	-	44,785	50,274
Total derivatives	-	(61,631)	44,785	(610,663)
NET EXPOSURE IN R\$	58,363	322,218	425,385	378,039

Sensitivity analysis at September 30, 2016 (exchange rates are Brazilian Reais to Euro):

Exposure of R\$	Risk	Current exchange	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%				Scenario (iii) Interest rate variation - 50%			
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	3.6484	3.5482	(4,000)	(12,299)	2.7363	(36,408)	(111,959)	1.8242	(72,816)	(223,917)			
Financial	Depreciation	3.6484	3.5482	2,397	1,847	2.7363	21,817	16,809	1.8242	43,634	33,617			
Derivatives	Appreciation	3.6484	3.5482	-	(1,230)	2.7363	-	(11,196)	1.8242	-	(22,393)			
				(1,603)	(11,682)		(14,591)	(106,346)		(29,182)	(212,693)			

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Company					
			September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Euro	-	-	-	-	290	(61,631)	-

Instrument	Risk factor	Nature	Consolidated					
			September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Euro	-	-	-	-	3,110	(660,937)	(10,552)

Instrument	Risk factor	Nature	Consolidated					
			September 30, 2016			December 31, 2015		
			Notional (EUR)	Notional (R\$)	Fair value	Notional (EUR)	Notional (R\$)	Fair value
Non Deliverable Forwards	Euro	Long	17,294	63,096	(2,899)	11,828	50,274	55
Options	Euro	Short	(5,019)	(18,311)	(3,249)	-	-	-

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a.2.4 EXPOSURE in £ (British Pound) (amounts in thousands of R\$):

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	-	-	4,635	-
Trade accounts receivable	48,462	51,546	74,373	75,998
Sales orders	48,989	-	56,334	4,821
Trade accounts payable	-	(41)	(10,875)	(41)
Subtotal	97,451	51,505	124,467	80,778
FINANCIAL				
Related parties transaction (net)	-	-	(20,736)	-
Subtotal	-	-	(20,736)	-
Total exposure	97,451	51,505	103,731	80,778
DERIVATIVES				
Future contracts	-	(38,491)	-	(38,491)
Non Deliverable Forwards (NDF's)	-	-	(21,770)	(50,001)
Total derivatives	-	(38,491)	(21,770)	(88,492)
NET EXPOSURE IN R\$	97,451	13,014	81,961	(7,714)

Sensitivity analysis at September 30, 2016 (exchange rates are Brazilian Reais to British Pound):

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Interest rate variation - 25%		Scenario (iii) Interest rate variation - 50%	
			Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated
Operating	Appreciation	4.2249	4.1013	(2,851)	(3,641)	3.1687	(24,362)	(31,116)
Financial	Depreciation	4.2249	4.1013	-	607	3.1687	-	5,184
Derivatives	Depreciation	4.2249	4.1013	-	637	3.1687	-	5,442
				(2,851)	(2,397)		(24,362)	(20,490)

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Company			Consolidated		
			September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	British pound	-	-	-	-	190	(38,491)	-
Instrument	Risk factor	Nature	Company			Consolidated		
			September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	British pound	-	-	-	-	190	(38,491)	-
Instrument	Risk factor	Nature	Company			Consolidated		
			September 30, 2016			December 31, 2015		
			Notional (GBP)	Notional (R\$)	Fair value	Notional (GBP)	Notional (R\$)	Fair value
Non Deliverable Forwards	British pound	Short	(5,153)	(21,770)	(847)	(8,639)	(50,003)	(238)

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a.2.5 EXPOSURE in ¥ (Japanese Yen) (amounts in thousands of R\$):

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	-	-	2,578	5,650
Trade accounts receivable	-	-	11,686	23,472
Sales orders	-	-	3,547	1,354
Purchase orders	-	-	(423)	-
Trade accounts payable	-	-	(26)	-
Subtotal	-	-	17,362	30,476
Total exposure	-	-	17,362	30,476
DERIVATIVES				
Non Deliverable Forwards (NDF's)	-	-	(54,711)	(85,226)
Total derivatives	-	-	(54,711)	(85,226)
NET EXPOSURE IN R\$	-	-	(37,349)	(54,750)

Sensitivity analysis at September 30, 2016 (exchange rates are Brazilian Reais to Japanese Yen):

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	0.0321	0.0332	-	595	0.0401	-	4,327	0.0482	-	8,708
Derivatives	Depreciation	0.0321	0.0332	-	(1,875)	0.0401	-	(13,635)	0.0482	-	(27,441)
				-	(1,280)		-	(9,308)		-	(18,733)

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Consolidated					
			September 30, 2016			December 31, 2015		
			Notional (JPY)	Notional (R\$)	Fair value	Notional (JPY)	Notional (R\$)	Fair value
Non Deliverable Forwards	Japanese Yen	Short	(1,706,001)	(54,711)	55	(2,628,004)	(85,226)	(230)

a.2.6 EXPOSURE in NZD (New Zealand Dollar) (amounts in thousand of R\$):

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	-	-	2,058	6,423
Trade accounts receivable	-	-	1,052	4,983
Trade accounts payable	-	-	(156)	(394)
Total exposure	-	-	2,954	11,012
DERIVATIVES				
Non Deliverable Forwards (NDF's)	-	-	(5,710)	(7,540)
Total derivatives	-	-	(5,710)	(7,540)
NET EXPOSURE IN R\$	-	-	(2,756)	3,472

Sensitivity analysis at September 30, 2016 (exchange rates are Brazilian Reais to New Zealand Dollar):

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	2.3665	2.4284	-	77	2.9581	-	738	3.5498	-	1,477
Derivatives	Depreciation	2.3665	2.4284	-	(149)	2.9581	-	(1,427)	3.5498	-	(2,855)
				-	(72)		-	(689)		-	(1,378)

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Consolidated					
			September 30, 2016			December 31, 2015		
			Notional (NZD)	Notional (R\$)	Fair value	Notional (NZD)	Notional (R\$)	Fair value
Non Deliverable Forwards	New Zealand dollar	Short	(2,413)	(5,710)	(36)	(2,822)	(7,541)	(1,109)

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a.2.7 EXPOSURE in CHF (Swiss Franc) (amounts in thousand of R\$):

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
OPERATING				
Trade accounts payable	(7,351)	-	(7,351)	-
TOTAL EXPOSURE IN R\$	(7,351)		(7,351)	

Sensitivity analysis at September 30, 2016 (exchange rates are Brazilian Reais to Swiss Franc):

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate
				Company	Consolidated		Company	Consolidated		Company	Consolidated	
Operating	Depreciation	3.3497	3.4452	(210)	(210)	4.1871	(1,838)	(1,838)	5.0246	(3,676)	(3,676)	
				(210)	(210)		(1,838)	(1,838)		(3,676)	(3,676)	

a.2.8 EXPOSURE in AUD (Australian Dollar) (amounts in thousand of R\$):

	Company		Consolidated	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	290	-	8,415	-
Trade accounts receivable	290	-	18,797	-
Sales orders	2,319	-	2,319	-
Trade accounts payable	-	-	(6,119)	-
Subtotal	2,899		23,412	
FINANCIAL				
Loans and financings	-	-	(5,291)	-
Subtotal	-		(5,291)	
Total exposure	2,899		18,121	
DERIVATIVES				
Non Deliverable Forwards (NDF's)	-	-	(7,457)	-
Total derivatives	-		(7,457)	
NET EXPOSURE IN R\$	2,899		10,664	

Sensitivity analysis at September 30, 2016 (exchange rates are Brazilian Reais to Australian Dollar) :

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate
				Company	Consolidated		Company	Consolidated		Company	Consolidated	
Operating	Appreciation	2.4895	2.4291	(70)	(568)	1.8671	(725)	(5,853)	1.2448	(1,449)	(11,706)	
Financial	Depreciation	2.4895	2.4291	-	128	1.8671	-	1,323	1.2448	-	2,645	
Derivatives	Depreciation	2.4895	2.4291	-	181	1.8671	-	1,864	1.2448	-	3,728	
				(70)	(259)		(725)	(2,666)		(1,449)	(5,333)	

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	Consolidated					
			September 30, 2016			December 31, 2015		
			Notional (AUD)	Notional (R\$)	Fair value	Notional (AUD)	Notional (R\$)	Fair value
Non Deliverable Forwards	Australian Dollar	Short	(3,151)	(7,457)	(26)	-	-	-

b. Commodity price risk

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

A very important raw material used by the Company and its subsidiaries is biological assets (cattle, hogs, chicken). In order to maintain future supply of these materials the Company contracts anticipated purchases with suppliers. To complement this purchases, 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 historical average amount spent on materials as a indication of operational value to be protected by firm contracts.

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Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
(Expressed in thousands of Brazilian reais)

b.1. Position balance in commodities (cattle) contracts

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, cattle supply, 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 at September 30, 2016 and December 31, 2015 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

EXPOSURE in Commodities (Cattle)	September 30, 2016	December 31, 2015
Firm Contracts of cattle purchase	544,573	48,068
Subtotal	544,573	48,068
DERIVATIVES		
Future contracts	(380,183)	(11,912)
Subtotal	(380,183)	(11,912)
NET EXPOSURE	164,390	36,156

Sensitivity analysis:

Exposure	Risk	Current price	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) @ Variation - 25%		Scenario (ii) @ Variation - 50%	
			Price	Effect on income	Price	Effect on income	Price	Effect on income
				Company		Company		Company
Operational	Cattle arroba depreciation	154.96	153.22	(6,128)	116.22	(136,143)	77.48	(272,287)
Derivatives of cattle	Cattle arroba appreciation	154.96	153.22	4,278	116.22	95,046	77.48	190,092
				(1,850)		(41,097)		(82,195)

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Cattle	Short	6,142	(380,183)	(2,699)	241	(11,912)	(9)

b.2. Position balance in commodities (grain) derivatives financial instruments of Seara Alimentos:

Seara Alimentos is exposed to price volatility of grain, which changes based on factors beyond the management's control, such as climate, the supply volume, transportation costs, agricultural policies and others.

Seara Alimentos, in accordance with its policy of inventory management, started the strategy of managing the risk of grain's price by actively monitoring the Company's grains needs, including expectations of future consumption, anticipated purchases, combined with future market operations, by hedging with grain futures on BM&F, CME and Over the Counter (OTC), through Non Deliverable Forwards (NDFs), in order reduce price volatility.

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's estimate at the exposure risk to grain's price changes at Seara Alimentos at September 30, 2016 and December 31, 2015 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

EXPOSURE in Commodities (Grain)	Seara Alimentos	
	September 30, 2016	December 31, 2015
OPERATING		
Purchase orders	179,739	469,607
Subtotal	179,739	469,607
DERIVATIVES		
Future contracts	26,463	-
Subtotal	26,463	-
NET EXPOSURE	206,202	469,607

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Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
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Sensitivity analysis:

Exposure	Risk	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
		Price	Effect on income	Price	Effect on income	Price	Effect on income
			Seara Alimentos		Seara Alimentos		Seara Alimentos
Operational	Commodities price depreciation	(1.03)%	(1,851)	(25.00)%	(44,935)	(50.00)%	(89,870)
Derivatives	Commodities price depreciation	(1.03)%	(273)	(25.00)%	(6,616)	(50.00)%	(13,232)
			<u>(2,124)</u>		<u>(51,551)</u>		<u>(103,102)</u>

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	September 30, 2016			December 31, 2015		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Commodities	Long	487	26,463	(1,044)	-	-	-

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

Management believes that quantitative figures regarding the risk exposure of the commodities price changes of the subsidiary JBS USA at September 30, 2016 and December 31, 2015 are accurately presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of exposure incurred during the period.

EXPOSURE in Commodities	JBS USA	
	September 30, 2016	December 31, 2015
OPERATIONAL		
Forwards - commodities	4,887,109	5,294,296
Subtotal	<u>4,887,109</u>	<u>5,294,296</u>
DERIVATIVES		
Future contracts	(1,899)	9,692,155
Subtotal	<u>(1,899)</u>	<u>9,692,155</u>
NET EXPOSURE	<u>4,885,210</u>	<u>14,986,451</u>

Sensitivity analysis:

Exposure	Risk	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
		Price	Effect on income	Price	Effect on income	Price	Effect on income
			JBS USA		JBS USA		JBS USA
Operating	Commodities price depreciation	(1.03)%	(50,337)	(25.00)%	(1,221,777)	(50.00)%	(2,443,555)
Derivatives	Commodities price appreciation	(1.03)%	20	(25.00)%	475	(50.00)%	950
			<u>(50,317)</u>		<u>(1,221,302)</u>		<u>(2,442,605)</u>

Derivatives financial instruments breakdown:

Instrument	Risk factor	Nature	September 30, 2016			December 31, 2015		
			Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Future Contracts	Commodities	Short	(585)	(1,899)	39,195	2,482,113	9,692,155	232,632

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 have been put in place when credit is provided to customers such as required minimum financial ratios and operational health of the customers, as well as references to credit monitoring entities.

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

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 such 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
AAA	2%	5 years
AA	1%	3 years
A	0.5%	2 years
BBB	0.25%	1 year

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Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
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The book value of financial assets that represent the maximum exposure to credit risk at the financial statement date was:

	Note	Company		Consolidated	
		September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Assets					
Cash and cash equivalents	4	4,193,214	11,257,943	7,307,228	18,843,988
Trade accounts receivable	5	2,614,381	3,435,691	9,328,252	12,119,662
Credits with related parties	9	5,548,569	4,999,503	1,199,130	1,968,043
		12,356,164	19,693,137	17,834,610	32,931,693

d. Liquidity risk

Liquidity risk arises from the management of the Company's working capital and amortization of financing costs and principal of the debt instruments. It is the risk that the Company is unable to meet its financial obligations as they become due.

The Company manages its capital by focusing on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

The Company manages its mainly through evaluating its quick ratio, which is computed as cash plus financial investments divided by short-term debt. Liquidity is maintained by managing the overall leverage of the Company to monitoring the ratio of net debt to "EBITDA" at levels considered to be manageable for continuity of operations.

Based on the analysis of these indicators, management of working capital has been defined to include 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 at the consolidated are shown below:

	Consolidated	
	September 30, 2016	December 31, 2015
Cash and cash equivalents	7,307,228	18,843,988
Loans and financings - Current	(17,556,786)	(20,906,613)
Quick ratio	0.42	0.9
Leverage indicator (*)	4,3x	3,1x

(*) To calculate leverage indicator the Company used dollar and euro correction rates of the last day of the year (closing rate). This criteria is intended to equalize 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									
	September 30, 2016					December 31, 2015				
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total
Trade accounts payable	1,657,042	-	-	-	1,657,042	2,448,362	-	-	-	2,448,362
Debits w/ related parties	-	-	-	131,403	131,403	-	-	-	101,668	101,668
Loans and financings	12,148,588	2,681,938	5,149,053	6,331,649	26,311,228	14,791,919	4,455,354	4,414,847	6,081,322	29,743,442
Estimated interest on loans and financing ⁽¹⁾	1,276,022	1,723,630	1,069,591	838,867	4,908,110	1,533,056	1,872,156	1,332,692	1,225,589	5,963,493
Derivatives financing liabilities (assets)	3,126	-	-	-	3,126	(84,779)	-	-	-	(84,779)
Other financial liabilities	8,866	13,200	19,800	77	41,943	445,164	13,200	19,800	4,950	483,114
	Consolidated									
	September 30, 2016					December 31, 2015				
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total
Trade accounts payable	9,454,514	-	-	-	9,454,514	12,421,018	-	-	-	12,421,018
Loans and financings	17,556,786	5,642,247	16,052,619	16,910,796	56,162,448	20,906,613	8,583,793	11,435,325	24,956,995	65,882,726
Estimated interest on loans and financing ⁽¹⁾	2,772,224	4,229,777	3,057,648	2,480,393	12,540,042	3,367,387	5,006,448	4,141,151	3,844,912	16,359,898
Derivatives financing liabilities (assets)	(29,931)	-	-	-	(29,931)	(315,745)	-	(422,146)	-	(737,891)
Other financial liabilities	218,783	119,017	22,175	77	360,052	901,916	142,394	86,511	4,950	1,135,771

⁽¹⁾ Includes interest on all loans and financing outstanding. Payments are estimated for variable rate debt based on effective interest rates at September 30, 2016 and December 31, 2015. Payments in foreign currencies are estimated using the September 30, 2016 and December 31, 2015 exchange rates.

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at September 30, 2016 is R\$32,809 (R\$3,444,021 at December 31, 2015). This guarantee is superior to the need presented for these operations.

The indirect subsidiary JBS USA and its subsidiaries, has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at September 30, 2016 is R\$72,390 (R\$265,917 at December 31, 2015). 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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Notes to the quarterly interim financial statements for the nine months period ended September 30, 2016 and 2015
(Expressed in thousands of Brazilian reais)

29 Approval of the interim financial statements

The approval of these quarterly interim financial statements was given at the Board of Directors' meeting held on November 11th, 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:	Claudia Silva Araujo de Azeredo Santos
Board Member:	Tarek Mohamed Noshay Nasr Mohamed Farah
Independent Board Member:	Sérgio Roberto Waldrich
Independent Board Member:	Marcio Percival Alves Pinto

FISCAL COUNCIL REPORT

The Fiscal Council reviewed the quarterly interim financial statements of the Company for the nine months period ended September 30, 2016.

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

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

FISCAL COUNCIL

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 QUARTERLY INTERIM 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 quarterly interim financial statements for the nine months period ended September 30, 2016, and
- (ii) They reviewed, discussed and agreed with the quarterly interim financial statements for the nine months period ended September 30, 2016.

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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