



Grant Thornton

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

Minerva S.A

**Independent auditors' review report
on the interim financial statements**

On September 30, 2016

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

Independent Auditors' Review Report on the Interim Financial Statements

To:
The Board of Directors and Shareholders of
Minerva S.A.
São Paulo - SP

Introduction

1. We have reviewed the individual and consolidated interim financial statements of Minerva S.A. and controlled companies ("Company"), included in the Interim Financial Statements for the quarter ended September 30, 2016, which comprises the balance sheet as of September 30, 2016 and the respective statements of operations, comprehensive income (loss) for the three and nine-month period then ended, and the statements of changes in shareholders' equity, and cash flows for the nine-month period then ended, including the notes to the financial statements.
2. The Company's management is responsible for the preparation of the individual and consolidated interim financial statements in accordance with Technical Pronouncement 21 (R1) – Interim financial statements and with International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for the presentation of these interim financial statements in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Interim Financial Statements. Our responsibility is to express an opinion on the interim information based on our review.

Scope of the review

3. We conducted our review in accordance with Brazilian and international standards for reviewing interim statements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). An interim review consists principally of applying analytical and other review procedures, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion on the individual interim financial statements

4. Based on our review, we are not aware of any fact that leads us to believe that the individual interim financial statements included in the Interim Financial Statements referred to above have not been prepared, in all material respects, in accordance with CPC 21 applicable to Interim Financial Statements and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim financial statements

5. Based on our review, we are not aware of any fact that leads us to believe that the consolidated interim financial statements included in the Interim Financial Statements referred to above have not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to Interim Financial Statements and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other issues

Statements of value added

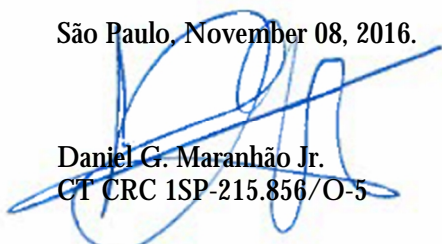
6. We have also reviewed the individual and consolidated statements of value added for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's management, whose disclosure in the interim financial statements is required in accordance with the standards issued by Brazilian Securities Commission applicable to the preparation of the Interim Financial Statements and considered as supplemental information by IFRS, which do not require the disclosure of the statement of value added. 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 interim financial statements, Company and Consolidated, taken as a whole.

Audit and review of the corresponding previous year's amounts and comparative period

7. The audit and review of the amounts corresponding to the individual and consolidated financial statements for the year ended December 31, 2015 and the interim financial statements for the three and nine-month period ended September 30, 2015, presented for comparative purposes, were previously audited and reviewed, respectively, by other independent auditors who issued an opinion and review report dated March 8, 2016 and November 10, 2015, respectively, without modification.

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

São Paulo, November 08, 2016.



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

Grant Thornton Auditores Independentes

Minerva S.A.

Balance sheet for the period ended September 30, 2016 and December 31, 2015

(In thousands of Brazilian Reais)

ASSETS

		Company		Consolidated	
	Note	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Assets					
Current					
Cash and cash equivalents	5	2,012,945	2,367,450	3,235,745	2,749,928
Trade accounts receivable	6	224,730	377,890	571,743	766,185
Inventories	7	275,996	229,990	508,155	434,748
Biological assets	8	171,637	146,426	245,428	203,353
Recoverable taxes	9	672,611	543,287	854,484	678,492
Other receivables		169,696	126,081	255,937	181,916
Total current assets		<u>3,527,615</u>	<u>3,791,124</u>	<u>5,671,492</u>	<u>5,014,622</u>
Noncurrent					
Other receivables		33,333	49,065	36,998	58,911
Related-party transactions	11	746,598	705,363	-	-
Recoverable taxes	9	200,637	257,782	201,360	263,870
Deferred tax assets	10	244,639	244,639	244,639	244,639
Court deposits		8,595	9,532	9,871	11,261
Investments	12	2,071,170	2,155,780	-	-
Fixed assets	13	1,389,579	1,293,498	2,133,169	2,091,368
Intangible assets	14	105,969	104,907	638,040	627,377
Total noncurrent assets		<u>4,800,520</u>	<u>4,820,566</u>	<u>3,264,077</u>	<u>3,297,426</u>
Total assets		<u>8,328,135</u>	<u>8,611,690</u>	<u>8,935,569</u>	<u>8,312,048</u>

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Minerva S.A.

Balance sheet for the period ended September 30, 2016 and December 31, 2015

(In thousands of Brazilian Reais)

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	Note	Company		Consolidated	
		9/30/2016	12/31/2015	9/30/2016	12/31/2015
Current					
Loans and financing	15	1,183,519	1,331,584	1,263,689	1,546,514
Trade accounts payable	16	235,414	324,325	446,546	478,813
Labor and tax liabilities	17	125,584	47,605	196,199	99,843
Other accounts payable	18	600,520	787,747	713,154	918,213
Total current liabilities		<u>2,145,037</u>	<u>2,491,261</u>	<u>2,619,588</u>	<u>3,043,383</u>
Noncurrent					
Loans and financing	15	3,713,288	4,376,586	5,469,429	5,461,453
Labor and tax liabilities	17	17,725	19,972	17,854	20,242
Provision for lawsuits risk	21	24,865	17,067	31,535	19,028
Provisions for losses on investments	12	1,141,441	1,333,976	-	-
Related-party transactions	11	551,839	690,904	-	-
Accounts payable	18	32,289	-	77,793	63,856
Deferred tax liabilities	19	68,270	65,993	84,585	86,833
Total noncurrent liabilities		<u>5,549,717</u>	<u>6,504,498</u>	<u>5,681,196</u>	<u>5,651,412</u>
Shareholders' equity	22				
Capital stock		134,752	950,598	134,752	950,598
Capital reserve		288,953	294,851	288,953	294,851
Revaluation reserve		57,171	62,015	57,171	62,015
Accumulated losses		189,994	(1,562,321)	189,994	(1,562,321)
Treasury shares		(25,801)	-	(25,801)	-
Other comprehensive income (loss)		(11,688)	(129,212)	(11,688)	(129,212)
Total shareholders' equity attributed to controlling shareholders		<u>633,381</u>	<u>(384,069)</u>	<u>633,381</u>	<u>(384,069)</u>
Non-controlling interest		<u>-</u>	<u>-</u>	<u>1,404</u>	<u>1,322</u>
Total shareholders' equity		<u>633,381</u>	<u>(384,069)</u>	<u>634,785</u>	<u>(382,747)</u>
Total liabilities and shareholders' equity		<u>8,328,135</u>	<u>8,611,690</u>	<u>8,935,569</u>	<u>8,312,048</u>

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Minerva S.A.

Statements of income For the periods ended September 30, 2016 and 2015

(In thousands of Brazilian Reais)

	Note	Company				Consolidated			
		3º Quarter 2016	Acumulated 2016	3º Quarter 2015	Acumulated 2015	3º Quarter 2016	Acumulated 2016	3º Quarter 2015	Acumulated 2015
Net revenue	25	1,626,318	4,740,228	1,591,991	4,513,369	2,533,698	7,092,266	2,388,182	6,771,116
Cost of goods sold		(1,233,609)	(3,595,242)	(1,220,740)	(3,526,752)	(2,042,674)	(5,664,554)	(1,888,827)	(5,468,476)
Gross profit		392,709	1,144,986	371,251	986,617	491,024	1,427,712	499,355	1,302,640
Operating revenues (expenses):									
Selling expenses		(96,377)	(297,785)	(99,199)	(283,689)	(159,731)	(471,144)	(158,908)	(472,652)
General and administrative expenses		(58,629)	(181,740)	(47,269)	(136,840)	(87,746)	(265,235)	(74,425)	(204,802)
Other operating revenues		(13,395)	(4,537)	(21,709)	(13,714)	(14,314)	(13,333)	(7,855)	2,571
Income before financial revenues (expenses), net, equity in earnings (losses) and taxes		224,308	660,924	203,074	552,374	229,233	678,000	258,167	627,757
Financial expenses	26	(229,025)	(1,014,028)	(27,102)	(300,654)	(256,768)	(1,125,987)	(66,890)	(382,278)
Financial revenues	26	25,979	89,210	16,418	60,183	38,502	110,080	41,395	95,304
Exchange rate gains (losses), net	26	5,240	620,559	(815,081)	(1,217,821)	4,209	602,055	(640,175)	(1,166,729)
Financial revenues (expenses), net		(197,806)	(304,259)	(825,765)	(1,458,292)	(214,057)	(413,852)	(665,670)	(1,453,703)
Equity in earnings (losses) of controlled companies	12	(12,800)	(101,348)	172,172	29,517	-	-	-	-
Income (loss) before taxes		13,702	255,317	(450,519)	(876,401)	15,176	264,148	(407,503)	(825,946)
Current income and social contribution taxes	19	30,180	(67,889)	-	-	28,045	(79,156)	(26,044)	(33,424)
Deferred income and social contribution taxes	19	3,505	(4,773)	3,886	9,364	4,220	(2,251)	(12,560)	(7,082)
Income (loss) before non-controlling interest		47,387	182,655	(446,633)	(867,037)	47,441	182,741	(446,107)	(866,452)
Income (loss) attributable to:									
Controlling shareholders		47,387	182,655	(446,633)	(867,037)	47,387	182,655	(446,633)	(867,037)
Non-controlling shareholders		-	-	-	-	54	86	526	585
Income (loss) for the period		47,387	182,655	(446,633)	(867,037)	47,441	182,741	(446,107)	(866,452)

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Minerva S.A.

Statements of comprehensive income (loss) For the periods ended September 30, 2016 and 2015

(In thousands of Brazilian Reais)

	Company				Consolidated			
	3º Quarter 2016	Acumulated 2016	3º Quarter 2015	Acumulated 2015	3º Quarter 2016	Acumulated 2016	3º Quarter 2015	Acumulated 2015
Income (loss) for the period	47,387	182,655	(446,633)	(867,037)	47,441	182,741	(446,107)	(866,452)
Other comprehensive income to be reclassified to income (loss) for the period in subsequent periods:								
Asset and liability valuation adjustment	(1,069)	117,524	(249,117)	(198,075)	(1,073)	117,520	(249,118)	(198,077)
Other comprehensive income (loss), net of income and social contribution taxes	(1,069)	117,524	(249,117)	(198,075)	(1,073)	117,520	(249,118)	(198,077)
Total comprehensive income (loss)	46,318	300,179	(695,750)	(1,065,112)	46,368	300,261	(695,225)	(1,064,529)
Comprehensive income (loss) attributable to:								
Controlling shareholders	46,318	300,179	(695,750)	(1,065,112)	46,318	300,179	(695,750)	(1,065,112)
Non-controlling shareholders	-	-	-	-	50	82	525	583
Total comprehensive income (loss)	46,318	300,179	(695,750)	(1,065,112)	46,368	300,261	(695,225)	(1,064,529)

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Minerva S.A.

Statements of cash flows For the periods ended September 30, 2016 and 2015

(In thousands of Brazilian Reais)

	Company		Consolidated	
	Acumulated 2016	Acumulated 2015	Acumulated 2016	Acumulated 2015
Cash flows from operating activities				
Income (loss) for the period	182,655	(867,037)	182,741	(866,452)
Adjustments to reconcile net income (loss) from operating activities:				
Depreciation and amortization	32,050	27,396	61,374	55,310
Net income (loss) attributed to non-controlling shareholders	-	-	(86)	(585)
Fair value of biological assets	(20,010)	20,438	6,282	20,438
Realization of deferred taxes – temporary differences	4,773	(9,364)	2,251	7,082
Equity in earnings (losses) of controlled companies	101,348	(29,517)	-	-
Finance charges	405,849	335,834	602,387	589,456
Unrealized exchange rate gains (losses)	(749,702)	1,445,446	(558,056)	1,249,760
Provision for lawsuits risk	7,798	(11,255)	12,507	(11,289)
Trade accounts receivable and other receivables	110,931	(77,909)	142,334	(211,810)
Inventories	(46,006)	16,914	(73,407)	(3,842)
Biological assets	(5,201)	129	(48,357)	(11,911)
Recoverable taxes	(4,291)	(76,323)	(45,594)	(128,486)
Court deposits	937	969	1,390	409
Trade accounts payable	(88,911)	(136,608)	(32,267)	(67,366)
Labor and tax liabilities	7,844	(830)	26,080	28,287
Other accounts payable	(154,939)	259,324	(193,126)	286,513
Dividends received	14,346	-	-	-
	(200,529)	897,607	86,453	935,514
Asset and liability valuation adjustments and accumulated translation adjustments	-	-	117,524	(198,075)
Cash flows from operating activities	(200,529)	897,607	203,977	737,439
Cash flows from investing activities				
Acquisition of investments less availability in acquisition	-	-	-	(46,059)
Acquisition of investments	(91,749)	(376,609)	-	-
Acquisition of intangible assets	(1,604)	(55)	(11,807)	(13,817)
Acquisition of fixed assets	(127,589)	(135,038)	(102,031)	(258,592)
Cash flows from investing activities	(220,942)	(511,702)	(113,838)	(318,468)
Cash flows from financing activities				
Loans and financing taken	809,869	942,901	3,342,099	2,116,007
Loans and financing settled	(1,277,379)	(901,344)	(3,661,279)	(1,393,158)
Debentures convertible into shares	-	(91,497)	-	(91,497)
Related-party transactions	(180,300)	299,710	-	445
Changes in non-controlling interest	-	-	82	583
Capital contribution in cash	740,577	116,462	740,577	116,462
Treasury shares	(25,801)	-	(25,801)	-
Cash provided by financing activities	66,966	366,232	395,678	748,842
Increase / Decrease in cash and cash equivalents, net	(354,505)	752,137	485,817	1,167,813
Cash and cash equivalents				
At beginning of period	2,367,450	1,420,352	2,749,928	2,474,380
At end of period	2,012,945	2,172,489	3,235,745	3,642,193
Increase / Decrease in cash and cash equivalents, net	(354,505)	752,137	485,817	1,167,813

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Minerva S.A.

Statements of changes in shareholders' equity - Company and consolidated For the period ended September 30, 2016

(In thousands of Brazilian Reais)

	Capital stock	Capital reserve	Revaluation surplus	Accumulated losses	Treasury shares	Other comprehensive income (loss)	Total shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2015	950,598	294,851	62,015	(1,562,321)	-	(129,212)	(384,069)	1,322	(382,747)
Net income for the period	-	-	-	182,655	-	-	182,655	-	182,655
Accumulated translation adjustments	-	-	-	-	-	117,524	117,524	(4)	117,520
Total comprehensive income (loss), net of taxes	-	-	-	182,655	-	117,524	300,179	(4)	300,175
Increase in capital stock	746,475	(746,475)	-	-	-	-	-	-	-
Advance for future capital increase.	-	746,475	-	-	-	-	746,475	-	746,475
(-) Expenses with future capital increase	-	(5,898)	-	-	-	-	(5,898)	-	(5,898)
Capital reduction for absorption of losses	(1,562,321)	-	-	1,562,321	-	-	-	-	-
(-) Treasury shares	-	-	-	-	(25,801)	-	(25,801)	-	(25,801)
Realization of revaluation reserve	-	-	(4,844)	7,339	-	-	2,495	-	2,495
Non-controlling interest	-	-	-	-	-	-	-	86	86
Saldos em 30 de setembro de 2016	134,752	288,953	57,171	189,994	(25,801)	(11,688)	633,381	1,404	634,785

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Minerva S.A.

Statements of changes in shareholders' equity - Company and consolidated For the period ended September 30, 2015

(In thousands of Brazilian Reais)

	Capital stock	Capital reserve	Revaluation surplus	Accumulated losses	Asset and liability valuation adjustment	Total shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2014	834,136	294,851	68,474	(771,394)	53,740	479,807	746	480,553
Net loss for the period	-	-	-	(867,037)	-	(867,037)	-	(867,037)
Accumulated translation adjustments	-	-	-	-	(198,075)	(198,075)	(2)	(198,077)
Total comprehensive income (loss), net of taxes	-	-	-	(867,037)	(198,075)	(1,065,112)	(2)	(1,065,114)
Increase in capital stock	116,462	-	-	-	-	116,462	-	116,462
Realization of revaluation reserve	-	-	(3,795)	5,750	-	1,955	-	1,955
Non-controlling interest	-	-	-	-	-	-	585	585
Balances as of June 30, 2015	<u>950,598</u>	<u>294,851</u>	<u>64,679</u>	<u>(1,632,681)</u>	<u>(144,335)</u>	<u>(466,888)</u>	<u>1,329</u>	<u>(465,559)</u>

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Minerva S.A.

Statements of value added For the periods ended September 30, 2016 and 2015

(In thousands of Brazilian Reals)

	Company		Consolidated	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Revenues				
Sales of merchandise, products and services	5,001,347	4,456,292	7,424,981	6,675,201
Other revenues	4,972,965	4,419,181	7,360,921	6,620,637
	28,382	37,111	64,060	54,564
Inputs acquired from third parties	(4,232,523)	(4,132,313)	(6,554,297)	(6,121,684)
(Includes tax amounts – ICMS – State VAT, IPI – Federal VAT, PIS and COFINS – sales taxes)				
Cost of goods, merchandise and services sold	(3,720,924)	(3,648,187)	(5,588,909)	(5,193,860)
Materials, energy, third-party services and others	(511,599)	(484,126)	(965,388)	(927,824)
Other (specify)	-	-	-	-
Gross value added	<u>768,824</u>	<u>323,979</u>	<u>870,684</u>	<u>553,517</u>
Depreciation, amortization and depletion	(32,050)	(27,396)	(61,374)	(55,310)
Net value added generated by the entity	<u>736,774</u>	<u>296,583</u>	<u>809,310</u>	<u>498,207</u>
Value added received in transfer	(12,138)	89,700	110,080	95,304
Equity in earnings (losses) of controlled companies	(101,348)	29,517	-	-
Financial revenues	89,210	60,183	110,080	95,304
Other	-	-	-	-
Total value added to be distributed (5+6)	<u>724,636</u>	<u>386,283</u>	<u>919,390</u>	<u>593,511</u>
Value added distribution	<u>724,636</u>	<u>386,283</u>	<u>919,390</u>	<u>593,511</u>
Personnel	117,179	188,680	220,646	254,445
Taxes, fees and contributions	95,558	11,138	62,793	24,012
Return on debt capital	329,244	1,053,502	453,210	1,181,506
Interest	319,035	1,042,533	427,525	1,145,141
Rents	10,209	10,969	25,685	36,365
	182,655	(867,037)	182,741	(866,452)
Return on equity capital				
Retained earnings/accumulated losses for the period	182,655	(867,037)	182,655	(867,037)
Non-controlling interest in retained earnings (only consolidation)	-	-	86	585

As notas explicativas da Administração são parte integrante das demonstrações contábeis.

Notes to the individual and consolidated financial statements for the quarter ended September 30, 2016 and 2015 (In thousands of Brazilian Reais, unless otherwise stated)

1. General information

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

The Company's shares are traded on BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros under ticker “BEEF3” and its American Depositary Receipts (ADRs) – level 1 - are traded in over-the-counter market OTCQX International Premier, segment of electronic trading platform operated by OTC Markets Group Inc. in the United States.

Company

The Company's headquarters are in Barretos (SP), and it has production units located in José Bonifácio (SP), Palmeiras de Goiás (GO), Batayporã (MS), Araguaína (TO), Goianésia (GO), Barretos (SP), Campina Verde (MG) and Janaúba (MG). The distribution centers for the internal market are located in the cities of Aparecida de Goiânia (GO), Brasília (DF), Cariacica (ES), São Paulo, Araraquara (SP), Araguaína (TO), Belo Horizonte (MG) Fortaleza (CE), Uberlândia (MG) and Cabo de Santo Agostinho (PE).

On September 30, 2016, the Company's industrial facilities had a daily slaughtering capacity of 17,330 heads and a deboning capacity of 3,154 tonnes, taking the following controlled companies into account: five located abroad Pulsa S A and Frigorifico Matadero Carrasco S.A (both in Uruguay - UY); Red Cárnica S.A.S and Red Industrial Colombiana S.A.S (both in Colombia - CO) and Frigomerc S A (in Paraguay - PY); and two controlling companies located in Brazil – BR - Minerva Alimentos and Mato Grosso Bovinos. All units are in compliance with sanitary requirements in order to export for the 5 continents. The Barretos unit has a beef processing line (cubed beef and roast beef) which is mainly for exports.

Controlled companies

Controlled companies located in Brazil:

- **Minerva Indústria e Comércio de Alimentos S.A.:** Located in Rolim de Moura, in the state of Rondônia (Brazil), is engaged in the slaughtering of cattle and processing of meat, and also operates as a distribution center to meet local market demand;

- **Mato Grosso Bovinos S.A.:** Acquired in October 2014 with 2 meat packing plants located in the cities of Varzea Grande and Mirassol D'Oeste, both located in the state of Mato Grosso (Brazil). It is engaged in the slaughtering of cattle and processing of meat, and also operates in the domestic and foreign markets;
- **Minerva Dawn Farms S.A. (Minerva Fine Foods):** It started its operations in 2009 and it is located in Barretos (SP). It produces markets and sells beef, pork and poultry products meeting domestic and foreign demand for food service products. Currently, about 84% of its sales are carried out in the domestic market;
- **Cia Sul Americana de Pecuária S.A.:** It started its operations in 2014 and it is located in Barretos (SP). It is mainly engaged in livestock and farming, by breeding and selling live cattle, lambs, pigs and other live animals;
- **Intermeat – Assessoria e Comércio Ltda.:** Acquired during the first quarter 2016, whose main activity is rendering services of consultancy and assistance in foreign trade, for all and any branch of activity in the food industry;
- **Minerva Comercializadora de Energia Ltda.:** It started its operations in 2016 and it is located in São Paulo (SP). It is mainly engaged in electric energy commercialization;

Controlled companies located abroad:

- **Pulsa S.A.:** Meat packing company acquired in January 2011, it is located at the Province of Cerro Largo, next to the capital Melo, in Uruguay (UY). It is engaged in slaughtering and deboning activities, with 86% of its sales intended for the external market, primarily the North American and the European markets;
- **Frigorífico Matadero Carrasco S.A.:** Meat packing company acquired in April 2014, located in Montevideo, Uruguay (UY). Engaged in slaughtering, deboning and processing of beef and sheep meat, with about 70% of its sales intended to foreign market;
- **Lytmer S.A.:** Located in Montevideo, Uruguay (UY), the company is engaged in selling live cattle to the foreign market;
- **Friasa S.A.:** Meat packing company located in Asunción, Paraguay (PY), engaged in slaughtering, deboning and processing activities, operating in local and foreign markets;
- **Frigomerc S.A.:** Meat packing company acquired in October 2012, located in Asunción, Paraguay (PY). It is engaged in the slaughtering and deboning of cattle and processing of meat, also operating in the domestic and foreign markets;
- **Red Cárnica SAS:** Meat packing company acquired in July 2015, located in Ciénaga de Oro, next to Montería, in the region of Córdoba, Colombia (CO). It is engaged in the slaughtering and deboning of cattle and processing of meat, also operating in the domestic and foreign markets;
- **Red Industrial Colombiana SAS:** Plant acquired in July 2015, located in Ciénaga de Oro, next to Montería, in the region of Córdoba, Colombia (CO), whose main purpose is the preparation of products for animals, specifically, meat/bone meal, blood and tallow;
- **Minerva Middle East:** Office located in Lebanon to market and sell the Company's products;
- **Minerva Colômbia SAS:** Located in Barranquilla, Colombia, it is engaged in selling live cattle to the foreign market;
- **Minerva Live Cattle Export SPA:** Located in Santiago, Chile, it is engaged in selling live cattle to the foreign market;
- **Minerva Foods Chile SPA:** Located in Santiago, Chile, it is engaged in marketing and selling the Company's products;
- **Minerva Austrália Holdings PTY Ltd.:** It started its operations in 2016 and it is located in Brisbane, Australia, dedicated to the participation in other companies, as partner or shareholder, in the country or abroad;

Cargo transportation

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

Special purpose entities (SPE) for raising funds:

- **Minerva Overseas I:** Located in the Cayman Islands, incorporated in 2006, for the issue of bonds and receipt of the respective financial resources, totaling US\$ 200 million in January 2007;
- **Minerva Overseas II:** Located in the Cayman Islands, incorporated in 2010, for the issue of bonds and receipt of the respective financial resources, totaling US\$ 250 million on that date;
- **Minerva Luxembourg S.A.:** Located in Luxembourg, it was created in 2011 for the specific purpose of issuing bonds and receiving the respective financial resources of US\$ 350 million, and later “Retap” of US\$ 100 million, occurred in February and March 2012, respectively. In the 1st quarter of 2013, the company conducted an operation of “offering to repurchase debt notes” using the funds from the issue of 2023 Notes in the amount of US\$ 850 million bearing interest at 7.75% per year. In the 3rd quarter of 2014, the company carried out a “Retap” operation with 2023 Notes in the amount of US\$ 200 million. During the 3rd quarter of 2016, the company carried out an offer of US\$ 1 billion bearing interest at 6.50% per year, performing the repurchase of the 2023 Notes in the amount of US\$ 617.874;

Other controlled companies in pre-operational stage

- **Loin Investments Ltda.** (fund raising), **Minerva Log S.A** (logistics).

The controlled companies mentioned above are included in the individual and consolidated financial statements of the Company. The ownership interest in each controlled company is presented below:

	09.30.16	12.31.2015
Minerva Industria e Comércio de Alimentos S/A.	98,00%	98,00%
Minerva Dawn Farms S/A.	100,00%	100,00%
Mato Grosso Bovinos S.A.	100,00%	100,00%
Friasa S/A.	99,99%	99,99%
Minerva Overseas I Ltd	100,00%	100,00%
Minerva Overseas II Ltd	100,00%	100,00%
Minerva Middle East Ltd	100,00%	100,00%
Transminerva Ltda.	100,00%	100,00%
Loin Investments Administradora de Carteiras Ltda.	99,00%	99,00%
Minerva Log S.A	100,00%	100,00%
PulsaPul S.A.	100,00%	100,00%
FrimacarFrigorífico Matadero Carrasco S.A.	100,00%	100,00%
Minerva Colômbia S.A.S.	100,00%	100,00%
Lytmer S.A.	100,00%	100,00%
Minerva Luxembourg S.A.	100,00%	100,00%
Frigomerc S/A.	100,00%	100,00%
Minerva Live Cattle Export Spa	100,00%	100,00%
Minerva Foods Chile Spa	100,00%	100,00%
Cia Sul Americana de Pecuária S.A.	100,00%	100,00%
Red Cárnica S.A.S.	100,00%	100,00%
Red Industrial Colombiana S.A.S.	100,00%	100,00%
Minerva Meats USA LLC	100,00%	100,00%
Intermeat - Assessoria e Comércio Ltda.	100,00%	-
Minerva Comercializadora de Energia Ltda.	100,00%	-
Minerva Austrália Holdings PTY Ltd.	100,00%	-

Approval of the Interim Financial Statements

The individual and consolidated interim financial statements of Minerva S.A. (“Company”), related to the quarter and nine-month period ended September 30, 2016 were concluded and approved by the Executive Management and Board of Directors on November 08, 2016.

2. Acquisitions of equity interest in companies (Business combinations)

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

On February 20, 2015, the Company signed a “Memorandum of Understanding” document to acquire 100% of capital stock of Red Cárnica S.A.S and Red Industrial Colombiana S.A.S. On July 31, 2015, after the conclusion of the Due Diligence, the Company entered into a “Compra Venta de Acciones” agreement, thereby assuming the control of the mentioned companies from that date.

The purchase was put into effect at the amount of COP\$ 28,540 billion (equivalent to R\$ 33,848 as of July 31, 2015), according to the following payment schedule:

- **1st Installment** - Cash - COP\$ 17 billion settled upon the company’s acquisition on August 24, 2015;
- **2nd Installment** – COP\$ 6,540 billion paid in February 24, 2016;
- **3rd Installment** – COP\$ 5 billion (R\$ 5,490 - converted at the rate on September 30, 2016): which will be retained and released in three dates, as stated below:

- § COP\$ 1 billion (R\$ 1.100 - converted at the rate on August 24, 2016) : maturing on August 24, 2016;
- § COP\$ 1 billion (R\$ 1.126 - converted at the rate on September 30, 2016): maturing on 24, 2017; and
- § COP\$ 3 billion (R\$ 3.378 - converted at the rate on September 30, 2016): maturing on August 24, 2018.

“Red Cárnica” has daily slaughtering capacity of 850 heads and deboning capacity of 75 tons.

Below we present the combined balance sheet of the companies Red Cárnica S.A.S and Red Industrial Colombiana S.A.S as of July 31, 2015, prepared according to CPC 15 (R1) - Business combination based on fair value of the identifiable acquired assets and assumed liabilities:

	Fair value balance 7/31/2015
Assets	
Current	
Cash and cash equivalents	872
Accounts receivable	4,712
Inventories	1,478
Other receivables	1,984
Non-current	
Deferred taxes	11,708
Fixed assets	67,715
Total Assets	88,469
	Fair value balance 7/31/2015
Liabilities	
Current liabilities	
Trade accounts payable	3,983
Social and tax liabilities	413
Other accounts payable	2,291
Non-current liabilities	
Provision for contingencies	34,852
Total Liabilities	41,539
Shareholders’ equity	46,930
Shareholders’ equity and liabilities	88,469

We highlight below the combined balance sheet accounts of Red Cárnica and Red Industrial Colombiana S.A.S, which were affected by the measurement at fair value, as of July 31, 2015:

IDENTIFIABLE ASSETS

In thousands of Brazilian Reais

	7/31/2015
Fixed assets - book value	37,224
Adjustment - Fair value	30,491
Fixed assets - Fair value	<u>67,715</u>
Deferred taxes	44
Adjustment - Fair value	11,664
Deferred taxes - Fair value	<u>11,708</u>

ASSUMED LIABILITIES

In thousands of Brazilian Reais

Provision for contingencies - Book value	548
Adjustment - Fair value	34,304
Provision for contingencies - Fair value	<u>34,852</u>

Determining gain resulting from bargain purchase

Below we present gain amounting to R\$ 13,082 resulting from bargain purchase, which corresponds to the difference between the amount paid for acquiring control over the acquiree in relation to net assets measured to fair value of identifiable acquired assets and assumed liabilities as of July 31, 2015:

In thousands of R\$

Shareholders' equity (fair value) - 07/31/2015	46,930
Gain from bargain purchase	(13,082)
Consideration transferred	<u>33,848</u>

The gain in the amount of R\$ 13,082 resulting from bargain purchase stated above, was recorded in the statement of operations (individual and consolidated), on the date of acquisition according to CPC 15 (R1).

3. Basis of preparation

Statement of compliance (with IFRS and CPC standards)

The interim consolidated financial statements of these interim information have been prepared in accordance with Technical Pronouncement 21 (R1) – Interim financial statements and with International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and presented in accordance with the accounting practices issued by the Brazilian Securities and Exchange Commission (CVM) applicable in the elaboration of interim financial statements. The interim individual financial statements of these interim information have been prepared in accordance with Technical Pronouncement 21 (R1) – Interim financial statements and presented in accordance with the accounting practices issued by the Brazilian Securities and Exchange Commission (CVM) applicable in the elaboration of interim financial statements.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) likewise in accordance with the accounting practices adopted in Brazil identified as Consolidated.

The consolidated financial statements include the financial statements of the Company and its controlled companies. The control over these companies is obtained when the Company holds the power to control its financial and operational policies and holds the capacity to obtain benefits and be exposed to the risks of its activities. The controlled companies are integrally consolidated from the acquisition date, which is the date on which the Company obtains control, and continue to be consolidated until the date that control ceases.

All values presented in these interim financial statements are expressed in thousands of reais, when unless otherwise stated. The main accounting practices applied in the preparation of these Interim Financial Statements are set forth below. The policies were consistently applied in accordance with all reported periods, unless otherwise stated.

4. Summary of main accounting policies

a) Measurement basis

The Interim Financial Statements were prepared using historic costs as basis, except for the valuation of certain assets and liabilities as financial instruments, which are measured at fair value.

b) Functional and reporting currency

The Interim Financial Statements of each controlled company included in the Company's consolidation, as well as that used as basis for the valuation of investments using the equity method, is prepared using each entity's functional currency. The functional currency is that used in the primary economic environment in which the entity is inserted. When defining the functional currency for each of its controlled companies, management considered the currency that has a significant effect on the sale price of its products and services and that is used to pay or incur most part of the production input costs.

The Interim Financial Statements are presented in Brazilian Reais (R\$), which is the Company's functional and reporting currency.

c) Foreign transactions

The controlled Companies abroad adopted the following functional currencies for the Interim Financial Statements collected for the year ended September 30, 2016:

- **Guarani (Paraguay-PY)** - Friasa S.A and Frigomerc S.A.;
- **US Dollar (US\$)** - Pulsa S.A, Frigorífico Matadero Carrasco S.A, Lytmer S.A., Minerva Overseas I, Minerva Overseas II and Minerva Luxembourg;
- **Chilean Peso** - Minerva Foods Chile SpA and Minerva Live Cattle Export SPA;
- **Colombian Peso** - Minerva Colômbia S.A.S, Red Cárnica S.A.S and Red Industrial Colombiana S.A.S.
- **Australian Dollar** - Minerva Australia Holdings PTY Ltd.

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

- Monetary assets and liabilities are converted using the exchange rate of the respective currency to the Brazilian Real -R\$ at the date of the respective balance sheets;
- In the last balance sheet audited corresponding to shareholder's equity translated at the historic exchange rate in effect at the time, the changes in shareholder's equity of the current period/year are translated at the historic exchange rate of the dates in which the transactions occurred, noting that income or loss earned/accumulated is translated at a historic monthly average exchange rate as mentioned in the following topic;
- Revenues, costs and expenses of the current period/year are translated and accumulated at a historic monthly average exchange rate;
- The change in foreign exchange balances arising from the items listed above are recognized in a specific account of shareholder's equity, in the caption "Other comprehensive income (loss)", in accordance with the equity equation; namely: Assets less total liabilities equals to total amount of shareholder's equity.

The balances of investments, assets and liabilities, revenues and expenses from transactions conducted between the Companies of "Grupo Minerva" included in the consolidated Interim Financial Statements are eliminated.

d) Foreign-currency transactions and balances

Foreign currency transactions and balances, i.e. all that are not in the established functional currency, are translated using the historic exchange rate of the transaction date, in accordance with CPC 01 (R2) - Effects of changes in exchange rates and translation of financial statements.

Assets and liabilities subject to exchange rate gains (losses) are adjusted using the respective exchange rates in effect on the last business day of each reported year or period. Gains and losses resulting from changes in foreign investments are recognized directly in shareholders' equity, under the account "other comprehensive income (loss)" and recognized in the statement of operations upon the full or partial disposal of those investments.

Non-monetary items stated at historic cost in foreign currency are translated using the exchange rate calculated at the transaction date.

e) Use of estimates and judgment

The preparation of the individual and consolidated Interim Financial Statements in accordance with the International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) likewise in accordance with the accounting practices adopted in Brazil requires the Company's management to make judgments, estimates and assumptions that affect accounting policies application and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from those estimates.

These estimates and assumptions are continuously reviewed. Reviews of accounting estimates are recognized in the period in which estimates are reviewed and in any future periods affected.

f) Basis of consolidation

Business combinations

Acquisitions made on January 01, 2009 or after that date

For acquisitions made on January 01, 2009 or after that date, the Company measured goodwill as the fair value of the consideration transferred, including the recognized value of any non-controlling interest in the acquired company, deducting the recognized amount, net of identifiable assets and liabilities assumed, all measured at the acquisition date.

For every business combination, the Company will chose whether to measure non-controlling interest at fair value or at the proportionate interest in the identifiable net assets corresponding to the non-controlling interest, calculated at the acquisition date.

Transaction costs other than those associated with the issuance of debt or equity securities, which the Company and its controlled companies incur related to a business combination, are recognized as expenses as they are incurred.

Acquisitions before January 01, 2009

As part of the transition to IFRS and CPC, the Company has chosen not to republish business combinations occurred prior to January 01, 2009. Concerning acquisitions prior to January 01, 2009, goodwill is equal to the amount recognized under the accounting practices previously adopted. Goodwill is annually tested for impairment, in accordance with CPC 01 (R1).

i) Controlled companies and joint ventures

The Interim Financial Statements of controlled companies are included in the consolidated Interim Financial Statements as from the date that such control has begun up to the date when they are terminated.

ii) Transactions eliminated in consolidation

Balances and intercompany transactions, as well as all other revenues or expenses from such transactions, are eliminated at the preparation of the consolidated Interim Financial Statements . Unrealized gains from transactions with invested companies accounted for on an equity basis are eliminated against the investment in proportion to the Company's interest in the invested entities. Unrealized losses are not eliminated in the same manner as unrealized gains, except to the extent they provide evidence of impairment.

g) Results of operations

Results of operations (revenues, costs and expenses) are recorded on the accrual basis. Revenue from the sale of goods is recognized when it is reliably measured and all the risks and benefits are transferred to the buyer.

h) Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits and highly liquid financial investments. See note 5 for further details about the Company's and its controlled companies' cash equivalents.

i) Financial Instruments

In accordance with CVM Circular Letter No. 03/2009, the financial instruments of the Company and its controlled companies were classified in the following categories:

Non-derivative financial assets

- **Measured at fair value through operations:** financial assets held for trading, i.e. purchased or acquired mainly for the purpose of sale or repurchase in the short term, and derivatives. The changes in fair value are recorded in the statement of operations and the balances are stated at fair value;
- **Held-to-maturity:** non-derivative financial assets whose payments are fixed or may be determined. Their maturity dates are defined and the Company intends and is able to hold them to maturity. The income earned is recorded in the statement of income and the balances are stated at acquisition cost plus income earned;
- **Available for sale:** non-derivative financial assets which are designated as available for sale or which were not classified in other categories. Initially, income earned from these assets is fully measured in the statement of operations. However, gains and losses from the valuation at fair value are recorded in shareholder's equity "Other comprehensive income (loss)" and are measured in the statement of operations upon its realization;

- **Loans and receivables:** non-derivative financial instruments with fixed or calculable payments that are not quoted on an active market, except: (i) those that the Company intends to sell immediately or in the short term, and those that the Company classifies as measured at fair value through operations; (ii) those classified as available for sale; or (iii) those regarding which holders may not substantially recover their initial investment for any reason other than the deterioration of the receivable. The income earned is recorded in the statement of income and the balances are stated at acquisition cost plus income earned.

Non-derivative financial liabilities

The Company recognizes issued debt securities and subordinated liabilities first at the date they are created. All other financial liabilities (including liabilities designated at fair value and recognized in the statement of operations) are initially recognized at the negotiation date in which the Company becomes a party to the instrument agreement provisions. The Company writes off a financial liability when its contractual obligations are cancelled, overdue or withdrawn.

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

The Company and its controlled companies have the following non-derivative financial liabilities: loans and financing, debentures, trade accounts payable and other accounts payable.

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

Derivative financial instruments

Fair value of derivative financial instruments is calculated by the Company's Treasury Department according to the information of each agreed transaction and its respective market information at the balance sheet dates of the Interim Financial Statements and Interim Financial Statements, such as interest rate and coupon rate. When applicable, such information is compared with positions informed by the trading desk of each financial institution involved.

Transactions involving derivative financial instruments that were hired by the Company and its controlled companies can be summarized as future contracts for cattle, options on contracts for cattle and Non Deliverable Forward – NDF, all aiming exclusively to minimize the impact of price fluctuations per arroba (a unit of weight equivalent to 15 kg) of cattle in the statement of operations and to hedge against exchange risks related to balance sheet positions plus cash flows projected in foreign currency.

Financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and, subsequently, they are revalued at their fair value and these changes are recorded with an offsetting entry in the statement of operations.

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

j) Trade accounts receivable

Trade accounts receivable are stated at their present and realizable amounts and accounts receivable from customers abroad are adjusted according to the exchange rates in effect on the date of the Interim Financial Statements. An allowance for doubtful accounts is recorded in an amount considered sufficient by management.

k) Inventories

Inventories are measured at cost or net realizable value, whichever is lower, adjusted to market value and possible losses, when applicable. It includes expenses incurred with acquisition, production and processing costs and other costs to bring inventories to their current location and condition.

l) Biological assets

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

m) Fixed assets

Recognition and measurement

Fixed assets are measured at historical acquisition or construction cost, less accumulated depreciation and impairment. The cost of certain items of fixed assets was determined by reference to the reassessment carried out before the enactment of Law 11.638/2007, effective since January 01, 2008.

The Company has chosen not to revalue its fixed assets at deemed cost as of the beginning date of 2009. Note that the Company has hired skilled appraisers for verifying the deemed cost of its assets and to compare it with the values recorded in the books of account. No relevant changes were found that would make the recording and control of this appreciation necessary, which led management not to record the deemed cost.

Cost includes expenses directly attributable to the acquisition of an asset. The cost of assets constructed by the Company and its controlled companies includes materials and direct labor, as well as any costs incurred to bring the asset to the location and condition necessary for them to operate according to management's purposes. Borrowing costs on qualifying assets are capitalized since January 01, 2009.

Rights whose subject matter are assets with physical substance and used for maintaining the Company's and its controlled companies' activities, originated from finance lease transactions, are recorded as if they were a financed purchase. At the start of each transaction a fixed asset item and a financing liability are recognized, with assets being subjected to depreciation calculated according to their estimated useful lives.

Gains or losses arising from the disposal of an item of fixed assets are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and should be recognized net as other revenues or expenses in the statement of operations.

Depreciation

Depreciation is recognized in the statement of operations according to the straight-line method. According to the estimated useful lives of each part of an item of fixed assets, given that this is the method that more closely reflects the consumption pattern of future economic benefits included in assets.

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

	Company	Consolidated
Buildings	2.86%	2.43%
Machinery and equipment	8.67%	8.28%
Furniture and fixtures	9.79%	8.31%
Vehicles	10.31%	10.76%
Hardware	19.74%	19.44%

Depreciation methods, useful lives and residual amounts are reviewed at every balance sheet date and possible adjustments are recognized as a change in accounting estimates.

The balance of the revaluation surplus, as permitted by Law No. 11.638/07 and described in Note 22 item "b", will be held until its complete amortization, due to full depreciation or disposal of assets.

n) Lease of fixed assets items

Finance lease agreements are recognized in fixed assets and in liabilities for loans and financing at the lower between the present value of the minimum mandatory payments of the agreement and the fair value of the assets, plus, when applicable, the initial direct costs incurred with the transaction. They are depreciated over the estimated useful lives of the assets.

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

o) Intangible assets

Intangible assets acquired separately are initially recognized at the cost of acquisition less accumulated amortization and impairment, when applicable.

Intangible assets with a definite useful life are amortized according to their estimated useful lives and, when signs of impairment are identified, are tested for impairment. Intangible assets with indefinite useful lives are not amortized; however they are tested for impairment on a yearly basis.

Goodwill from acquisition of controlled companies

Goodwill from the acquisition of controlled companies is included in intangible assets in the consolidated Interim Financial Statements . For acquisitions prior to January 01, 2009, goodwill is included based on its deemed cost, which represents the amount recognized according to the accounting practices previously adopted.

p) Impairment

Financial assets

Management annually analyzes if there is objective evidence that the financial asset or group of financial assets is not recoverable. A financial asset or a group of financial assets is considered not to be recoverable if, and only if, there is objective evidence of impairment as a result of one or more events that happened after the initial recognition of the asset (an incurred 'impairment event'), with such event impacting estimated future cash flow of the financial asset or group of financial assets that can be reasonably estimated.

Non-financial assets

Management periodically reviews the net book value of its assets when events or changes in economic, operating or technological circumstances indicate that impairment may have taken place. When such evidence is identified and the net book value is higher than the recoverable value, an impairment loss is immediately recognized to adjust the net book value to recoverable value.

The recoverable value of an asset or cash-generating unit is the higher of the value in use and net sales price.

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

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

Goodwill grounded in expected future profitability

Goodwill is tested for impairment at least annually or when circumstances indicate that book value is reduced.

Intangible assets

Intangible assets with indefinite useful economic life are tested for impairment at least annually, on an individual or cash-generated unit basis, depending on the situation or when circumstances indicate that their book value is reduced.

q) Other current and non-current assets and liabilities

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated in favor of the Company and its controlled companies, and its cost or value can be determined with certainty.

A liability is recognized in the balance sheet when the Company has a legal obligation or as a result of a past event, and funds are likely to be necessary to settle the obligation. The related charges, monetary variations or exchange rate gains (losses) and discounts to present value are added when applicable. Provisions are recorded based on the best estimates of risks involved.

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

r) Discount to present value of assets and liabilities

Non-current monetary assets and liabilities are discounted to present value when material, and current assets and liabilities when the effect is considered material with respect to the Interim Financial Statements .

To calculate the discount to present value, the Company and its controlled companies consider the amount to be discounted, and realization and settlement dates, according to discount rates that reflect the cost of money borne by the Company and its controlled companies over time, which was approximately 11% per year, calculated according to the Company's and its controlled companies' weighted average capital cost, as well as the specific risks related to the cash flows expected for the respective financial flows.

Terms of receipts and payments of accounts payable and receivable arising from the Company's and its controlled companies' operating activities are low, therefore resulting in a discount immaterial to be recorded or disclosed, where the cost to generate the information exceeds its benefit. Non-current assets and liabilities are calculated and recorded, when applicable and relevant.

Calculations and analyses are quarterly reviewed.

s) Income and Social Contribution taxes

Current and deferred income and social contribution taxes are calculated at the following rates: 15% plus a 10% surtax on any taxable income in excess of R\$ 240, in the case of income tax; and 9% on taxable income, in the case of social contribution tax, considering, where applicable, income and social contribution tax loss carry forwards, up to 30% of taxable income.

Income and social contribution tax expenses include the current and deferred income taxes. Current and deferred tax are recognized in the statement of operations, unless they refer to business combinations, or to items directly recognized in shareholders' equity or in other comprehensive income (loss).

Deferred taxes are recognized for temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax is not recognized for the following temporary differences: initial recognition of assets and liabilities for a transaction other than business combination and that does not affect accounting or taxable income or loss, as well as differences related to investment in controlled companies and entities when it's not expected that they do not generate income in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

Deferred income and social contribution tax assets are recognized by non-utilized tax losses, tax credits, differences in accounting practices (IFRS) and deductible temporary differences, when it is possible that taxable future income will be available and against which they will be used.

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

t) Contingent assets and liabilities and legal obligations

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

u) Employee benefits

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

v) Sales revenue recognition

Sales revenue is presented net of taxes and discounts levied on it. Taxes on sales are recognized when sales are invoiced; for discounts, it's when they are acknowledged. Revenues from the sale of products are recognized when the amounts from sales can be reliably measured; the Company and its controlled companies no longer have the ownership of the merchandise sold or any other responsibility related to that ownership; the costs incurred or to be incurred with the transaction can be reliably measured; it is probable that the Company will have economic benefits; and the risks and benefits of the products are fully transferred to the buyer.

w) Earnings per share

Basic earnings per share are calculated by dividing the net income attributed to the Company's controlling and non-controlling shareholders by the weighted average number of outstanding common and preferred shares for the period. Diluted result per share is determined through the abovementioned outstanding share average, adjusted by instruments potentially convertible in shares with dilution effect for the presented period.

x) Segment reporting

Segment reporting is presented consistent with internal report provided by the Company's Board of Directors, which is responsible for allocating funds and evaluating performance by operating segment, as well as strategic decision making.

y) New standards and interpretations not yet in effect

The International Accounting Standards Board (IASB) issued/reviewed some new standards IFRS, which have their adoption for the 2016 fiscal year or later. For the standards not yet effective, the Company is evaluating the impacts of the adoption on the financial statements..

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new model of expected losses from credit-impaired financial assets and new requirements on hedge accounting. The standard keeps the existing guidance on financial instruments recognition and derecognition of IAS 39. IFRS 9 is effective for years starting on or after January 1, 2018. The Company is evaluating the effects that IFRS 9 will have on the financial statements and its disclosures.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 requires a company to recognize the revenue amount reflecting the consideration they expect to receive in exchange for the control of such goods or services. The new standard will replace most part of the detailed guidance on revenue recognition that currently exists under IFRS and in the existing accounting principles usually accepted in the U.S. (“U.S. GAAP”), when adopted. The new standard is applicable as from January 1, 2018. The standard may be retrospectively adopted, using a cumulative effect approach. The Company is assessing the effects that IFRS 15 will have on the financial statements and its disclosures.

IFRS 16 – Leases

In mid-January 2016, IASB approved this standard, which is effective for annual periods beginning on or after January 01, 2019. Essentially, it provides that every lease agreement, whether operating or financial, should be accounted for recognizing the assets and liabilities involved. The Company is assessing the effects that IFRS 16 will have on the financial statements and its disclosures.

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

These amendments require that productive plants, defined as living plants, should be accounted for as fixed assets and included in the scope of CPC 27 / IAS 16 Fixed Assets, and not in the scope of CPC 29 / IAS 41 Agriculture. The amendments are effective for years starting on or after January 1, 2018. The Company has no productive plant.

IAS 12 – Income taxes – (amendments to CPC 32 – Taxes on income)

In January 2016, IASB (International Accounting Standards Board) issued amendments to IAS 12 - Income Taxes (CPC 32 – Taxes on income). The amendments relate to the recognition of deferred tax assets for unrealized losses, and clarify the accounting method for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for years started on or after January 1, 2017. The Company is evaluating the effects IAS 12 will have on the financial statements and its disclosures.

Additionally, it is not expected that the following new standards or amendments may have a significant impact on the Company’s financial statements:

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

The Committee of Accounting Pronouncements has still not issued accounting pronouncements or amendments to the current pronouncements corresponding to all new IFRS. Therefore, the early adoption of these IFRS is not allowed for entities that disclose their financial statements according to Brazilian accounting practices.

z) Statements of value added

The Company prepared the individual and consolidated Statement of Valued Added, pursuant to CPC 09, which are presented as part of the Interim Financial Statements in accordance with BR GAAP applicable to public companies, while to IFRS it represents additional information for not being required as part of the Interim Financial Statements taken as a whole.

The Statement of Value Added is intended to show the value of the wealth generated by the Company and its controlled companies, its distribution between the elements that have contributed towards generating this wealth, such as employee s, financing agents, shareholders, government and other stakeholders, as well as the portion of undistributed wealth.

5. Cash and cash equivalents

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

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Cash	627	373	1,091	2,907
Transaction account	5,001	2,786	1,126,529	288,200
Cash equivalents in foreign currency	1,569,214	1,617,982	1,635,615	1,704,601
	1,574,842	1,621,141	2,763,235	1,995,708
Financial investments				
In domestic currency:				
Bank deposit certificate - CDB	265,311	362,515	297,834	364,965
Debentures	171,292	373,248	172,599	376,352
Capitalization bonds	1,500	1,060	1,500	3,417
Investments fund	-	9,486	577	9,486
	438,103	746,309	472,510	754,220
	2,012,945	2,367,450	3,235,745	2,749,928

The financial investments of the Company and its controlled companies were classified according its characteristics and purposes as measured: (i) at fair value through income (loss) or (ii) held to maturity, and are briefly stated below:

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Measured at fair value in the result	436,603	745,249	471,010	750,455
Kept until maturity	1,500	1,060	1,500	3,765
	438,103	746,309	472,510	754,220

6. Accounts receivable

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Invoices receivable – internal Market	136,222	143,180	278,004	259,500
Invoices receivable – external Market	103,633	251,365	312,121	524,781
Invoices receivable – related parties	2,268	1,021	-	-
	242,123	395,566	590,125	784,281
(-) Estimated Losses due to doubtful credits	(17,393)	(17,676)	(18,382)	(18,096)
	224,730	377,890	571,743	766,185

Aging list of accounts receivable

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Outstanding:	206,706	358,183	485,095	692,780
Matured:				
Within 30 days	5,175	5,512	35,644	36,339
From 31 to 60 days	1,087	1,762	8,745	12,620
From 61 to 90 days	904	422	4,766	9,186
From 91 to 180 days	28,251	29,687	55,875	33,356
	242,123	395,566	590,125	784,281

Changes in the allowance for doubtful accounts

	Controlling Company	Consolidated
Balances on December 31, 2015	(17,676)	(18,096)
Accrued credits	(3,501)	(4,476)
Recovered credits	488	894
Written-off credits	1,416	1,416
Exchange variation	1,880	1,880
Balances on September 30, 2016	(17,393)	(18,382)

The Company has a FIDC - Receivables Investment Fund for disposal of part of its receivables from domestic market in the amount of R\$ 129,079 (R\$ 114,258 as of December 31, 2015), without co-obligation or right of recourse, with R\$ 27,309 (R\$ 26,171, as of December 31, 2015) formed by subordinated shares.

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

In accordance with CVM Circular Letter No. 01/2016, for the purpose of presentation of definitive sale of receivables, the transferor cannot have control, involvement or future settlement agreed regarding the overdue FIDC notes and, consequently, exposure to the risks arising from it. Accordingly, the Company is exposed to default risk limited to its subordinated shares.

The Company follows a very strict policy of credit granting, which results in low levels of default evidenced by the low amounts of accrual credits when compared to the income from sales made by the Company and its controlled companies.

The Company has no guarantee for overdue receivables.

7. Inventories

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Finished products	260,032	213,191	449,886	386,457
Raw materials	-	-	-	4,872
Storeroom and secondary materials	15,964	16,799	58,269	43,419
	275,996	229,990	508,155	434,748

8. Biological assets

The Company and its controlled companies with cattle activities, such as cattle herd growth arising from confinement of cattle or grazing cattle operations, are subject to revaluation of its assets, in order to determine its fair value based on the Mark to market (MtM) concept at least during quarter ends, recognizing then the effects of such revaluations directly in the statement of operations.

Operations related to the Company's biological assets are represented by bovine grazing cattle (extensive) and short-term confinement cattle (intense). The operation is conducted through the acquisition of biological assets for resale, whose valuation at market rates is reliably measured because of the existence of active markets for them. Their representation is as follows:

	Herd	
	Controlling Company	Consolidated
Balance on December 31, 2015	146,426	203,353
Increase due to acquisitions	121,065	280,332
Reduction due to sales	(115,490)	(244,098)
Net (reduction) /increase due to births (deaths)	(374)	(441)
Change in the fair value, minus estimated sales expenses	20,010	6,282
Balance on September 30, 2016	171,637	245,428

As of September 30, 2016, farm cattle held for sale were 92,093 feeder cattle (as of December 31, 2015 – 76,582 feeder cattle).

As of September 30, 2016 and December 31, 2015, the Company did not have any type of biological assets with restricted ownership or offered as guarantee of obligations, and there were no other risks (financial, commitments, and weather related) affecting the Company's biological assets.

9. Recoverable taxes

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
PIS – Social Integration Program	83,792	79,483	96,783	90,015
COFINS – Contribution for Financing Social Security	336,256	326,227	367,436	357,959
Reintegra	1,650	662	2,042	1,054
ICMS – Tax on Circulation of Goods and Services	180,170	167,707	189,892	172,295
Income Tax and CSLL	230,743	129,207	255,264	138,692
IPI Presumptive Credit	21,250	92,198	21,250	92,198
Other recoverable taxes	19,387	5,585	123,177	90,149
	873,248	801,069	1,055,844	942,362
Current	672,611	543,287	854,484	678,492
Non current	200,637	257,782	201,360	263,870

PIS and COFINS

PIS and COFINS credits arose from the change in tax legislation in accordance with Law No. 10.637/02 and Law No. 10.833/03, which established non-cumulativeness for these taxes, thus generating credits for export companies.

Currently, the Brazilian Federal Revenue Service (RFB) ended the respective inspection of the Company and its controlled companies, with most of the requests for reimbursement of credits being authorized by the RFB, which has been resulting in a significant amount arising from the refund of those credits during 2016 and 2017.

Grounded on studies made by the Company's management regarding the expectation of refunding of tax credits, part of these credits in current assets were segregated to non-current assets amounting to R\$ 104,904 as September 30, 2016 in company and consolidated. Realization expectation of Company's and its controlled companies' tax credits are quarterly reviewed.

ICMS

The ICMS credit results from the fact that the Company's exports are greater than its domestic sales, thus generating credits which, after ratification by state tax authorities, are used for purchasing inputs for production, and which may also be sold to third parties, as provided for in legislation in effect.

The aforementioned credit balance is being inspected and ratified by the São Paulo State Finance Department and the Company's management expects to recover a significant portion throughout 2017 and 2018. Grounded on studies conducted by the Company's management, an amount deemed sufficient to cover slower lawsuits, totaling R\$ 55,096 in company and consolidated, was transferred from current assets to non-current assets. Realization expectation of Company's and its controlled companies' tax credits are quarterly reviewed.

IPI deemed Credit

IPI Deemed Credits result from the reimbursement of the contributions to PIS/PASEP and COFINS, provided for in Laws No. 9.363/96 and 10.276/01, arising from the acquisition of bovine raw materials from individuals and/or cooperatives.

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

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

10. Deferred tax assets

Below we present the changes during the period of deferred tax assets, taking into account deferred tax assets on income and social contribution tax losses:

	Controlling Company and Consolidated		
	Balance on December 31, 2015	Recognized in the result	Realization of deferred taxes
Deferred Income Tax/Social Contribution over tax losses	244,639	-	-
Total deferred tax assets	244,639	-	-

Deferred tax assets arising from Income and Social Contribution Tax losses were recognized at June 30, 2012, December 31, 2011, September 30, 2011, December 31, 2010, and December 31, 2014 for the Company. The accumulated amount as of September 30, 2016 is R\$ 244,639 in Company and consolidated. (As of December 31, 2015 the amount was R\$ 244,639 consolidated). The recognition is based on the fact that the Management understands taxable income is likely to be assessed so that the Company may use that future tax benefit.

The Company's and its controlled companies' management decision to record deferred tax assets on tax losses was grounded on the business plan and budget and internal financial projections, prepared by independent advisors which are subject to review at least annually.

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

	09.30.16 Controlling Company	09.30.16 Consolidated
2017	31,805	31,805
2018	51,360	51,360
2019	40,252	40,252
2020	49,534	49,534
2021 and on	71,688	71,688
	244,639	244,639

(*) The Company expects to realize income and social contribution tax temporary differences in no more than 7 years.

We highlight that such technical studies grounding the decision to record deferred tax assets on income and social contribution tax losses were duly reviewed and approved in Board of Directors' meetings.

11. Related-party transactions

Related-party transactions, conducted under the following conditions, are summarized in the tables below and comprise:

Loans receivable	Controladora	
	30.09.16	31.12.15
Minerva Indústria e Comércio de Alimentos S.A. (a)	68,079	107,279
Minerva Dawn Farms S.A. (Minerva Fine Foods) (b)	306,637	171,351
Transminerva Ltda (c)	24,917	23,217
Minerva Overseas Ltd (d)	275,206	387,589
Minerva Luxemburgo S.A (e)	58,519	-
Outros (f)	13,240	15,927
	746,598	705,363

- (a) Loan made to Minerva Indústria e Comércio de Alimentos S.A. for working capital;
- (b) Loan made to Minerva Dawn Farms S.A. (currently Minerva Fine Foods) for working capital;
- (c) Expenses of controlled company Transminerva and working capital to be reimbursed;
- (d) Loan made to Minerva Overseas Ltda., to be reimbursed;
- (e) Loan made to Minerva Luxemburgo S.A., to be reimbursed;
- (f) Other loans and payments to associated companies.

Loans payable	Controlling Company	
	09.30.16	12.31.15
Minerva Luxemburgo (a)	-	176,825
Minerva Overseas II Ltd (b)	358,738	350,295
Mato Grosso Bovinos (c)	193,101	163,784
	551,839	690,904

- (a) Empréstimo efetuado pela Minerva Luxemburgo S.A. to the controlling company;
- (b) Loan from Minerva Overseas II to the controlling company;
- (c) Loan from Mato Grosso Bovinos S/A to the controlling company.

The Company, understanding the full integration of its operations with its controlled companies, conducts cash transfer transactions as part of Minerva Group's business plan, always seeking to minimize the cost of its borrowings.

The remaining related-party balances and transactions are as follows:

Accounts payable - Suppliers	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	09.30.15
Minerva Dawn Farms S.A.	3,805	3,145	-	-
Minerva Indústria e Comércio de Alimentos S.A.	20,116	12,140	-	-
Transminerva Ltda.	276	64	-	-
Frigomerc S.A.	2,321	5,559	-	-
Mato Grosso Bovinos S.A.	24,510	24,391	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	4,928	3,321	-	-
Lytmer S.A.	2	-	-	-
Minerva Foods Chile Spa	136	-	-	-
Acquisition of partners	6,708	4,173	10,181	10,482
	62,802	52,793	10,181	10,482

Accounts receivable from clients	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Minerva Dawn Farms S.A.	1,679	639	-	-
Minerva Ind. e Com. de Alimentos S.A.	84	127	-	-
Pulsa S.A.	38	46	-	-
Transminerva Ltda.	4	-	-	-
Mato Grosso Bovinos S.A.	170	209	-	-
Frigorífico Matadero Carrasco S.A.	293	-	-	-
	2,268	1,021	-	-

	Controlling Company		Consolidated	
	09.30.16	09.30.15	09.30.16	09.30.15
Sales revenue:				
Minerva Dawn Farms S.A.	11,735	29,369	-	-
Minerva Indústria e Comércio de Alimentos S.A.	-	873	-	-
Mato Grosso Bovinos S.A.	-	35,451	-	-
Pulsa S.A.	6,908	-	-	-
Frigorífico Matadero Carrasco S.A.	2,925	-	-	-
Minerva Foods Chile Spa	707	-	-	-
	22,275	65,693	-	-
Purchase of meat:				
Minerva Dawn Farms S.A.	-	165	-	-
Minerva Indústria e Comércio de Alimentos S.A.	161,543	76,417	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	52,397	-	-	-
Pul S.A.	5,911	6,447	-	-
Frigomerc S.A.	70,452	65,181	-	-
Frigorífico Matadero Carrasco S.A.	14,101	13,842	-	-
Mato Grosso Bovinos S.A.	236,408	234,650	-	-
	540,812	396,702	-	-
Purchase of bovines:				
Acquisition of partners	41,622	44,817	62,789	70,830

The Company and its controlled companies have business transactions, particularly sales and purchase, between themselves, at market prices and conditions, when applicable.

No allowances for doubtful accounts or expenses incurred with uncollectible debts regarding related-party transactions were recognized in the period ended September 30, 2016 and 2015.

12. Investments

The changes in investments in controlled companies are presented below:

	Ownership interest	Balance as of 12.31.15	Transfers	Impairment	Goodwill	Dividends	Translation adjustments	Acquisition/Write-off of ownership interest	Paid-in capital	Equity in earning (loss) of controlled companies	Balance as of 09.30.16
Goodwill resulting from expected future profitability		538,064	-	-	217	-	-	-	-	-	538,281
Minerva Indústria e Comércio de Alimentos Ltda.	98.00%	64,596	-	-	-	-	-	-	-	4,209	68,805
Minerva Overseas Ltd	100.00%	229,655	-	-	-	-	(62,443)	-	-	1,660	168,872
Minerva Overseas Ltd II	100.00%	325,590	-	-	-	-	(58,332)	-	-	86,857	354,115
Minerva Middle East	100.00%	37	-	-	-	-	-	-	-	-	37
Minerva Log S.A	100.00%	114	-	-	-	-	-	-	-	(54)	60
Minerva Dawn Farms S.A.	100.00%	(176,516)	-	-	-	-	-	-	-	(34,997)	211,513
Pulsa S.A	100.00%	186,480	-	-	-	-	(30,841)	-	-	(4,969)	150,670
Loin Investments	99.00%	370	-	-	-	-	-	(425)	-	55	-
Frigomerc S.A.	100.00%	261,364	-	-	-	-	(28,078)	-	-	(5,109)	228,177
Minerva Colombia SAS	100.00%	223	-	-	-	-	(200)	-	-	453	476
Frigorífico Matadero Carasco S.A.	100.00%	160,774	-	-	-	-	(25,257)	-	-	(18,731)	116,786
Lytmer S.A.	100.00%	-	(10,677)	-	-	-	(1,673)	-	32,656	(168)	23,484
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	26,861	-	-	-	-	-	-	-	1,759	28,620
Mato Grosso Bovinos S.A.	100.00%	445,819	-	-	-	-	-	-	-	16,074	461,893
Minerva Live Cattle Export S.A.	100.00%	2,164	-	-	-	-	(213)	-	-	(556)	1,395
Minerva Meats USA LLC	100.00%	523	-	-	-	-	-	-	-	-	523
Minerva Chile Spa	100.00%	3,206	-	-	-	-	(620)	-	5,045	(894)	6,737
Red Carnica SAS	100.00%	78,464	-	-	-	-	(6,693)	-	19,644	(7,249)	84,166
Red Industrial Colombiana SAS	100.00%	7,992	-	-	-	-	(696)	-	-	1,058	8,354
Intermeat - Assessoria e Comércio Ltda.	100.00%	-	-	-	-	-	-	(22)	930	(689)	219
Minerva Comercializadora de Energia Ltda.	100.00%	-	-	-	-	-	-	1,000	29,000	(7,310)	37,310
Minerva Australia Holdings PTY Ltd.	100.00%	-	-	-	-	-	-	3,703	-	-	3,703
Investment		2,155,780	(10,677)	-	217	-	(211,700)	4,256	87,275	46,019	2,071,170
Transminerva	100.00%	(22,394)	-	-	-	-	-	-	-	(1,337)	(23,731)
Minerva Luxemburgo	100.00%	(1,300,496)	-	-	-	-	329,125	-	-	(145,595)	(1,116,966)
Lytmer	100.00%	(10,677)	10,677	-	-	-	-	-	-	-	-
Friasa S.A.	99.99%	(409)	-	-	-	-	100	-	-	(435)	(744)
Provision for losses on investments		(1,333,976)	10,677	-	-	-	329,225	-	-	(147,367)	(1,141,441)
Net Investment		821,804	-	-	217	-	117,525	4,256	87,275	(101,348)	929,729

(*) Negative investment balances of Minerva Dawn Farms have not considered goodwill of R\$ 188,391 allocated to the specific line item.

On July 31, 2015, the Company entered into a "Compra Venta de Acciones" agreement to acquire 100% of capital stock of the controlled companies Red Cárnica S.A.S and Red Industrial Colombiana S.A.S, thereby assuming their control from that date. The operation was concluded at the amount COP\$ 28,540 billion (R\$ 32,136 – converted at the rate as of September 30, 2015).

On February 5, 2016, the Company acquired its controlled company Intermeat – Assessoria e Comércio Ltda, reaching 100% of the capital stock of that company. The operation totaled US\$50 thousand (R\$ 162 thousand converted as per the exchange rate of September 30, 2016).

On July 22, 2016 the controlled company Minerva Austrália Holdings Pty Ltd. Acquired 100% of capital stock of IMPT Pty Ltd. The operation totaled AUD 4 million (R\$ 9,957 converted as per the exchange rate of September 30, 2016).

Summary of the controlled companies' Interim Financial Statements as of September 30, 2016:

	Ownership interest	Current assets	Non-current assets	Current liabilities	Non- current liabilities	Shareholders' equity
Minerva Indústria de Alimentos Ltda.	98.00%	103,327	107,914	43,631	97,401	70,209
Frigorífico Matadero Carrasco S.A.	100.00%	97,102	117,077	89,340	8,053	116,786
Minerva Overseas Ltd.	100.00%	199	667,697	-	499,024	168,872
Minerva Overseas II Ltd.	100.00%	130	1,624,957	-	1,270,971	354,116
Minerva Middle East Ltd.	100.00%	37	-	-	-	37
Red Cárnica SAS	100.00%	62,812	60,934	26,019	13,560	84,167
Minerva Dawn Farms S.A.	100.00%	27,526	91,502	17,698	312,843	(211,513)
Red Industrial Colombiana SAS	100.00%	2,502	7,775	1,920	2	8,355
Minerva Luxemburgo S.A.	100.00%	1,016,387	3,307,319	115,922	5,324,750	(1,116,966)
Friasa S.A.	99.99%	2,169	1,475	4,388	-	(744)
Transminerva Ltda.	100.00%	1,177	99	90	24,917	(23,731)
Loin Investments Administradora de Carteira Ltda.	100.00%	-	-	-	-	-
Minerva Log S.A.	100.00%	60	-	-	-	60
Lytmer S.A.	100.00%	42,722	230	16,450	3,019	23,483
Pulsa S.A.	100.00%	151,812	130,412	90,988	40,566	150,670
Frigomerc S.A.	100.00%	305,910	57,666	125,400	9,999	228,177
Minerva Foods Chile Spa	100.00%	21,768	42,815	12,972	44,391	7,220
Minerva Colombia SAS	100.00%	28,186	13,951	5,465	36,195	477
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	106,292	792	78,464	-	28,620
Mato Grosso Bovinos S.A.	100.00%	169,084	378,263	82,817	2,638	461,892
Minerva Live Cattle Export Spa	100.00%	12,169	44,153	12,167	42,760	1,395
Minerva Meats USA LLC	100.00%	524	-	-	-	524
Intermeat - Assessoria e Comércio Ltda.	100.00%	182	-	454	-	(272)
Minerva Comercializadora de Energia Ltda.	100.00%	46,069	-	8,759	-	37,310
Minerva Australia Holdings PTY Ltd.	100.00%	3,955	9,981	4,071	6,162	3,703
Total		2,202,101	6,665,012	737,015	7,737,251	392,847

Below, we present the results of controlled companies which had movement during the periods ended September 30, 2016 and 2015:

	09.30.16		09.30.15	
	Net sales	Income/loss for the period	Net sales	Income/loss for the period
Minerva Indústria de Alimentos Ltda.	391,435	4,209	368,829	28,649
Frigorífico Matadero Carrasco S.A.	257,846	(18,733)	252,331	(15,608)
Minerva Overseas Ltd	-	1,661	-	31,117
Minerva Overseas II Ltd	-	86,858	-	84,104
Minerva Middle East	-	-	-	-
Red Cárnica SAS	134,963	(7,248)	24,675	21,739
Minerva Dawn Farms S.A.	50,247	(34,996)	61,532	(24,259)
Red Industrial Colombiana SAS	2,793	1,057	425	84
Minerva Luxemburgo S.A.	-	(145,596)	-	(172,416)
Friasa S.A.	-	(435)	-	(1,129)
Transminerva Ltda.	412	(1,338)	2,410	(3,058)
Loin Investments Administradora de Carteira Ltda.	-	55	-	82
Minerva Log S.A.	-	(54)	-	(88)
Lytmer S.A.	19,526	(167)	2,211	(5,767)
Pulsa S.A.	403,765	(4,970)	399,411	22,858
Frigomerc S.A.	834,225	(5,109)	714,465	35,133
Minerva Foods Chile Spa	21,479	(893)	22,164	(9,587)
Minerva Colombia SAS	15,082	453	37,085	(549)
CSAP - Companhia Sul Americana de Pecuária S.A.	124,940	1,759	-	(820)
Mato Grosso Bovinos S.A.	659,328	16,074	798,719	10,107
Minerva Live Cattle Spa	-	(557)	68,576	28,926
Minerva Meats USA LLC	-	-	-	-
Intermeat - Assessoria e Comércio Ltda.	718	(690)	-	-
Minerva Comercializadora de Energia Ltda.	34,387	7,310	-	-
Minerva Australia Holdings PTY Ltd.	-	-	-	-

(*) All values stated as 100% of the controlled companies' results

13. Fixed assets

a) Breakdown of fixed assets

Controlling Company					
Description	% - Depreciation rate	Historical cost	Accumulated depreciation	09.30.16 Net	12.31.15 Net
Buildings	2.86%	584,468	(120,416)	464,052	431,250
Machinery and equipment	8.67%	430,846	(131,690)	299,156	247,012
Furniture and utensils	9.79%	5,373	(2,787)	2,586	1,833
Vehicles	10.31%	13,359	(5,639)	7,720	8,357
Hadware	19.74%	7,115	(3,872)	3,243	1,415
Land		53,876	-	53,876	53,876
In tangible assets in progress		580,464	-	580,464	571,273
Provision for reduction at recoverable value of assets		(21,518)	-	(21,518)	(21,518)
		1,653,983	(264,404)	1,389,579	1,293,498
Consolidated					
Description	% - Depreciation rate	Historical cost	Accumulated depreciation	09.30.16 Net	12.31.15 Net
Buildings	2.43%	1,011,635	(161,654)	849,981	847,361
Machinery and equipment	8.28%	812,732	(242,424)	570,308	537,826
Furniture and utensils	8.31%	11,739	(5,577)	6,162	5,469
Vehicles	10.76%	19,055	(8,737)	10,318	11,284
Hadware	19.44%	13,260	(7,460)	5,800	4,466
Land		105,542	-	105,542	112,115
Reforestation		2,789	-	2,789	2,573
In tangible assets in progress		603,787	-	603,787	591,792
Provision for reduction at recoverable value of assets		(21,518)	-	(21,518)	(21,518)
		2,559,021	(425,852)	2,133,169	2,091,368

b) Changes in fixed assets

Controlling Company	Buildings	Machinery and equipment	Furniture and utensils	Vehicles	Hardware	Land	Work in progress	Provision for reduction at recoverable value of assets	Total
Balance on December 31, 2015	431,250	247,012	1,833	8,357	1,415	53,876	571,273	(21,518)	1,293,498
Additions	-	3,007	13	270	21	-	125,399	-	128,710
Transfers	43,956	69,118	934	56	2,144	-	(116,208)	-	-
Disposals	(632)	(489)	-	-	-	-	-	-	(1,121)
Depreciation	(10,522)	(19,492)	(194)	(963)	(337)	-	-	-	(31,508)
Balance on September 30, 2016	464,052	299,156	2,586	7,720	3,243	53,876	580,464	(21,518)	1,389,579

Consolidated	Buildings	Machinery and equipment	Furniture and utensils	Vehicles	Hardware	Land	Reforestation	Work in progress	Provision for reduction at recoverable value of assets	Total
Balance on December 31, 2015	847,361	537,826	5,469	11,284	4,466	112,115	2,573	591,792	(21,518)	2,091,368
Additions	1,160	9,925	287	287	261	94	216	148,946	-	161,176
Merger / Acquisition	-	-	-	-	-	-	-	-	-	-
Transfers	51,446	80,576	1,260	709	2,357	-	-	(136,348)	-	-
Disposals	(632)	(2,264)	(17)	(11)	-	-	-	(10)	-	(2,934)
Depreciation	(17,335)	(39,634)	(664)	(1,666)	(931)	-	-	-	-	(60,230)
Translation adjustment	(32,019)	(16,121)	(173)	(285)	(353)	(6,667)	-	(593)	-	(56,211)
Balance on September 30, 2016	849,981	570,308	6,162	10,318	5,800	105,542	2,789	603,787	(21,518)	2,133,169

c) Construction and facilities in progress

As of September 30, 2016, the balances of construction and facilities in progress refer to the following major projects: Expansion of the plant of Campina Verde (MG); Expansion of the plant of Janaúba (MG); Expansion of the slaughtering area from Araguaína (TO); Enlargement and expansion of the controlled company Red Cárnica S.A.S. (COL) and Structuring and expansion of the Distribution Centers.

d) Provision for impairment

As required by the Brazilian accounting practices and International standards (IFRS), the Company annually assess whether there is evidence of impairment on its assets. Accordingly, since 2013, the Industrial plant of Goianésia (GO) was underused, due to strategic issues. Therefore, analyses of the plant value by cash generation were affected, and the sale value net of selling expenses was chosen for evaluation. Based on the valuation made by an independent company it was found that the mentioned plant has a value higher than its realization value on sale of R\$ 34,175, of which R\$ 21,518 from fixed assets and R\$ 12,657 from expectation of future profitability, which generated a recognition of provision for impairment.

e) Amounts offered as collateral

Total fixed assets offered as collateral for loans and financing amounted R\$ 208,699 to as of September 30, 2016 (R\$ 255,944 as of December 31, 2015).

f) Deemed cost

As recommended by ICPC 10 regarding the recording of the deemed cost of fixed assets, the Company and its controlled companies hired a specialized company to perform this evaluation, which found that there are not material differences between deemed cost of assets and the balances recorded in the books of accounts. Given that scenario, management opted not to record and control these effects.

14. Intangible assets

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Goodwill paid on acquisition	98,094	98,094	628,180	618,105
Right to use Aircraft	1,793	1,793	1,793	1,793
Assignment of right of way	250	250	250	250
Software	5,832	4,770	7,817	7,229
	105,969	104,907	638,040	627,377

The changes in intangible assets during the period ended September 30, 2016 are shown below:

	Controlling Company				Total
	Goodwill on acquisition	Right to use Aircraft	Assignment of right of way	Software Acquired	
Balance on December 31, 2015	98,094	1,793	250	4,770	104,907
Acquisition	-	-	-	1,604	1,604
Amortization	-	-	-	(542)	(542)
Balance on September 30, 2016	98,094	1,793	250	5,832	105,969

	Consolidated				Total
	Goodwill on acquisition	Right to use Aircraft	Assignment of right of way	Software Acquired	
Balance on December 31, 2015	618,105	1,793	250	7,229	627,377
Acquisition	10,075	-	-	1,932	12,007
Amortization (impairment)	-	-	-	(1,144)	(1,144)
Translation adjustment	-	-	-	(200)	(200)
Balance on September 30, 2016	628,180	1,793	250	7,817	638,040

The Company records the amortization of its software, the only intangible assets that can be amortized, according to the contractual license period, when acquired from third parties, or for the period estimated by the Company, for software internally developed by the Company. As of September 30, 2016 and December 31, 2015, the average amortization rates were 19.8% and 19.9%, respectively.

Goodwill by expectation of future profitability

	Consolidated	
	09.30.16	12.31.15
Minerva Dawn Farms (MDF) - (i) and (Note 2)	188,391	188,391
Brascasing Industria e Comércio Ltda - (ii) and (Note 2)	74,596	74,596
Pulsa S/A - (iii) and (Note 2)	61,643	61,643
Frigomerc (iv)	62,126	62,126
Frimacar (v)	47,773	47,773
Mato Grosso Bovinos S/A (vi)	174,278	174,278
Other(vii)	19,373	9,298
	628,180	618,105

- (i) As described in Note 2, to comply with the requirements defined in the CVM Resolution 580/09 – CPC 15 (R1), the Company revised the identifiable acquired assets and assumed liabilities calculations made at the time of recording of the fair value of the acquisition of more 30% of Minerva Dawn Farms S.A.'s shares. This was framed as a "business combination by stages", and the segregation of appreciation (goodwill) found in the temporary recording of the fair value of the Company's interest in that operation, amounting to R\$ 188,391 (R\$ 188,391 as of December 31, 2012), segregating goodwill by expectation of future profitability – R\$ 98,714, client portfolio – R\$ 87,733 and appreciation of assets – R\$1,944, complying with CPC pronouncements, instructions and guidance. As previously described, during the last quarter of 2012, the Company acquired the residual interest of 20% of Minerva Dawn Farms S.A.'s shares, held by Dawn Farms, thereby acquiring 100% of Minerva Dawn Farms S.A.'s control;

- (iii) In December 2011, the Company acquired 5% of the jointly controlled company's share capital, Brascasing Comercial Ltda. as of that date, becoming holder of 55% of this company's share capital, and consequently its control. As this transaction is framed as a "business combination in stages", the Company recorded its ownership and non-controlling interest at its fair value, which led to the recording of appreciation (goodwill by expectation of future profitability) of R\$ 93,185. After the full acquisition of the Company, goodwill totaled R\$ 98,094. As of December 31, 2015, the Company recorded a provision for recoverable value amounting to R\$ 23,498, arising from the excess of production/supply, with the reduction of worldwide consumption, mainly from the slowdown in China and the decrease in oil price, directly impacting markets like Russia, one of the main markets for its business;
- (iv) During the year ended December 31, 2011, the Company purchased 100% shares with voting rights of Frigorífico Pulsa S/A, on March 22, 2011, which caused the recording of goodwill by expectation of future profitability amounting to R\$ 61,643;
- (v) During the last quarter of 2012, the Company purchased 100% shares of Frigomerc S/A, which caused the recording of goodwill by expectation of future profitability amounting to R\$ 58,380. On March 16, 2013, an addendum to the purchase and sale agreement of Frigomerc S/A was prepared determining a supplement of Working Capital amounting to R\$ 3,746 (USD 1,830 thousand), totaling on December 31, 2012 R\$62,126;
- (vi) During the period ended June 30, 2014, the Company purchased 100% shares with voting rights of Frigorífico Matadero Carrasco S.A (FRIMACAR), on April 30, 2014, which caused the recording of goodwill by expectation of future profitability amounting to R\$ 34,700. As clauses of the acquisition agreement, there was a goodwill increase from expected future profitability amounting to R\$ 13,073, totaling an amount of R \$ 47,773;
- (vii) During the year ended December 31, 2014, the Company incorporated 100% of the shares with voting rights of Mato Grosso Bovinos S.A. through the exchange of 29 million common shares issued by the Company (BEEF3), which occurred on October 01, 2014, after the realization of an Extraordinary General Meeting (EGM) of the two companies, and resulted in the record of goodwill from expected future profitability amounting to R\$ 174,278.
- (viii) During 2nd quarter of 2013, the Company acquired the remaining 8% of the Friasa S/A's shares, resulting in a record of goodwill by future expectation in the amount of R\$ 7,233 totaling R\$ 9,298 on June 30, 2013. During the 1st quarter 2016, the Company acquired 100% of capital stock of its controlled company Intermeat Assessoria e Comércio Ltda, occurred on February 5, 2016, which occasioned a registration of goodwill based on future expectations of profitability (goodwill) totaling R\$ 217. During the 3rd quarter of 2016 through its subsidiary Minerva Australia Pty Ltd. Acquired 100% of capital stock of its controlled company IMTP Pty Ltd., occurred on July 22, 2016, which occasioned a registration of goodwill based on future expectations of profitability (goodwill) totaling R\$ 9.858.

As required by the Brazilian accounting practices and International standards (IFRS), the Company annually tests its assets for impairment. Accordingly, the Industrial plant from Goianésia (GO), company previously named as "Lord Meat", due to strategic issues, is underused, according to Note 13.

As of December 31, 2015, its business division “Casing” (formerly Brascasing Ind. E Com. Ltda) recorded a provision for recoverable value in the amount of R\$ 23,498, as stated in the account “Impairment” in the Statements of Operations, due to the excess of production/supply, with the reduction of worldwide consumption, mainly from the slowdown in China and the decrease in oil price, which directly impacted markets like Russia, one of the main destinations of its production.

In compliance with CPC 1 (R1) (IAS 36), the Company tests for impairment, at least annually, its intangible assets which do not have estimated useful lives.

15. Loans and financing

Modalities	Financial Charges	Controlling Company		Consolidated	
		09.30.16	12.31.15	09.30.16	12.31.15
Debentures 4th issue (1)	CDI + 1.75% p.a.	312,722	300,371	312,722	300,371
Debentures (1)	Fixed rate	463,348	482,841	-	-
BNDES (2)	TJLP + Spread	36,528	55,829	36,528	55,829
FINEP (3)	TJLP + Spread	-	-	13,790	19,860
Commercial lease (1)	TJLP + 3.5% p.a.	1,812	2,489	1,895	2,604
Bank Credit Bill (1)	8.5% p.a.	2,176	7,075	2,176	7,075
Bank Credit Bill (1)	CDI + spread	-	174,441	33,003	211,440
NCE (1)	CDI + spread	608,439	365,482	608,439	365,482
Progeren	3.9% p.a. + TJLP	-	4,184	-	4,184
IFC (1)	CDI + spread	129,861	133,578	129,861	133,578
FIDC	CDI + spread	27,309	26,171	27,309	26,171
Hedging instruments – Derivative		(3,206)	-	(3,206)	-
		1,578,989	1,552,461	1,162,517	1,126,594
Foreign Currency (US Dollar)					
ACCs (5)	Interest from 2.0% to 3.75% p.a.+ Exchange variation	443,176	510,792	443,176	510,792
NCE (5)	Interest of 3.60% p.a.+ Exchange variation	309,673	368,136	309,673	368,136
Senior Unsecured Notes - (5)	Exchange variation + Interest	1,876,681	2,237,840	3,898,208	3,714,354
Perpetual securities (5)	Exchange variation + Interest of 8.75% p.a.	899,783	1,082,334	985,827	1,157,581
PPE (1)	Interest of 2.4% per annum + Libor	29,287	74,584	29,287	74,584
Operation 4131 (5/8)	Exchange variation + Interest	41,289	88,799	41,289	215,237
Other Modalities	Exchange variation + Interest	-	-	153,726	84,520
				-	-
Hedging instruments – Derivative		(282,071)	(206,776)	(290,585)	(243,831)
		3,317,818	4,155,709	5,570,601	5,881,373
Total Loans		4,896,807	5,708,170	6,733,118	7,007,967
Current		1,183,519	1,331,584	1,263,689	1,546,514
Non current		3,713,288	4,376,586	5,469,429	5,461,453

The Company offered the following guarantees for the loans it has taken out:

- Endorsement/collateral of the parent company VDQ Holdings S.A and/or endorsement of the shareholders of VDQ Holdings S.A.;
- Mortgage;
- Equipment disposal;
- Promissory notes endorsed by the controlled companies Minerva Alimentos, Pulsa S.A. and Frigomerc S.A.;
- Collateral or endorsement of the Company;
- Collateral of the controlled companies Minerva Alimentos, Pulsa S.A. and Frigomerc S.A., which guarantees the Company;
- Bank collateral;
- STLC (Stand by letter of Credit).

Long-term portions of Company's loans and financing mature as follows as of September 30, 2016:

	2017	2018	2019	2020	2021	2022	2023	Total
Lease	225	664	18	-	-	-	-	907
BNDES	2,207	8,825	8,825	735	-	-	-	20,592
Debentures	-	298,884	-	-	-	450,000	-	748,884
IFC	8,607	17,215	17,215	17,215	17,215	17,215	8,607	103,289
NCE	45,000	159,746	52,497	-	-	-	-	257,243
Pre shipment	-	-	2,095,403	-	-	490,176	-	2,585,579
Hedging instruments - Derivatives	-	-	(3,206)	-	-	-	-	(3,206)
	56,039	485,334	2,170,752	17,950	17,215	957,391	8,607	3,713,288

Consolidated long-term portions of loans and financing mature as follows as of September 30, 2016:

	Consolidated									
	2017	2018	2019	2020	2021	2022	2023	2026	Perpétuo	Total
For Rent / Lease	236	695	18	-	-	-	-	-	-	949
BNDES	2,207	8,825	8,825	735	-	-	-	-	-	20,592
CCB	-	5,313	5,313	5,313	5,313	5,372	-	-	-	26,624
Debentures	-	298,884	-	-	-	-	-	-	-	298,884
FINEP	1,818	3,637	-	-	-	-	-	-	-	5,455
IFC	8,607	17,215	17,215	17,215	17,215	17,215	8,607	-	-	103,288
NCE	45,000	159,746	52,497	-	-	-	-	-	-	257,243
Senior Unsecured Notes	-	-	-	-	-	327,939	704,588	2,762,075	-	3,794,602
Perpetual Notes	-	-	-	-	-	-	-	-	964,997	964,997
Hedging instruments -	-	-	-	-	-	-	-	-	-	-
Derivatives	-	-	(3,206)	-	-	-	-	-	-	(3,206)
	57,868	494,315	80,662	23,263	22,528	350,526	713,195	2,762,075	964,997	5,469,429

Below are the Company's and its controlled companies' main loans and financing as of September 30, 2016. Additionally, we point out that, at that date, the Company complied with all covenants evidenced below in each type of loans and financing:

IFC – International Finance Corporation

In September 2013, IFC and the Company entered into a financing agreement, with term of 10 years, in the amount of R\$ 137,718 disbursed on October 24, 2013. The debt balance as of September 30, 2016 is R\$ 129,861 whose interests are calculated through CDI + Spread semi-annually paid. The debt matures on April 15, 2023.

Debt notes/bonds abroad

Through its controlled companies Minerva Overseas Ltd. and Minerva Overseas Ltd. II, the Company issued debt notes abroad in the amount of US\$ 200,000 thousand and US\$250,000 thousand, respectively. The Notes are collateralized by the Company and mature in 2017 and 2019, respectively. Additionally, in February 2012, the Company put into effect the issue of US\$ 350,000 thousand Notes in the foreign market, maturing in February 2022, by means of its subsidiary Minerva Luxembourg S.A. ("Issuer"). Also related to this operation, the Company concluded in March 2012, the Retap of these notes transaction with maturity in February 2022, in the amount of US\$ 100,000 thousand, with the same maturity in February 2022. In August 2014, the Company concluded the Retap of these notes transaction with maturity in January 2023 in the amount of US\$ 200,000, with the same maturity in January 2023.

The Notes issued by Minerva Overseas I and II (Bonds 2017 and 2019, respectively) pay six-month coupons at 9.5% and 10.875% per year, respectively, and the Notes operations issued by Minerva Luxembourg (Bonds 2022 and Retap) pay six-month coupons at a rate of 12.25% per year and (Bonds 2023 and Retap) pay six month coupons at 7.75% per year. The Company shall guarantee all the obligations of the Issuer, in regard to the issue referred to above.

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

The Notes' main early maturity clauses are as follows: **(i)** failure to fulfill the obligations established under the confidential offering circular, even relating to the sharing of dividends and change in corporate control, as mentioned in item **(iv)** below; and **(ii)** failure to pay any note when it is already outstanding.

Notes and debentures have an expectation of maintaining a financial covenant which measures the ability to cover debt in relation to the EBITDA (net income before interest, taxes, depreciation and amortization). The contractual rate of both financial instruments indicates that the debt coverage may not exceed 3.5 times the EBITDA in the last 12 months. For these purposes, the following definitions are considered: **(I)** "Net debt" means the sum of the balance of the loans and financing, without considering exchange rate variations occurring in the period since the contracting of the debt, less the sum of **(i)** cash and cash equivalents (as defined below) and **(ii)** write-downs (as defined below); **(II)** "Cash and banks" – means the sum of the balances of the Company's following balance sheet accounts: "Cash and cash equivalents" and "Securities"; **(III)** "Write-downs" means a range of exceptions, including but not limited to exchange rate gains (losses) since the issue of the note, or allowed debts, related to specific transactions.

In summary, these exceptions include the refinancing of existing debt, considering certain circumstances and raising of hard currency for various applications, some of which for specific reasons, totaling US\$ 141,000 thousand, additionally, all expenses related to exchange rate gains (losses) since the issue of the notes are also considered for write down purposes; **(IV)** "EBITDA" means the amount calculated on the accrual basis over the past 12 (twelve) months, equal to the sum of net revenues, less: **(i)** the cost of provided services, **(ii)** administrative expenses, plus **(a)** depreciation and amortization expenses, **(b)** net financial results, **(c)** equity in earnings (losses) of controlled companies and **(d)** direct taxes. We also point out that the financial covenants refer to authorization or not to incur new debts, by performing all new debt related to refinancing, in addition to a pre-defined amount for credit facilities of working capital and investments. Covenants are calculated based on the consolidated and on Interim Financial Statements.

In the process of issuing such Notes (2022 and Retap), the Company incurred transaction costs in the amount of R\$ 25,735 to that date, such costs were capitalized in an offset account to these Notes liabilities, to be amortized pro rata temporis as from issue date until its maturity in 2022.

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

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

The offer of early repurchase of debt notes was made using the funds from the issue of 2023 Notes (which will bear annual interest of 7.75%) and it is part of a clear strategy of management of liabilities, aiming the constant improvement of the Company's debt cost. The acceptance of the repurchase process by over 75% of the holders of the totality of Notes maturing in 2017, 2019 and 2022 shows that the Company has obtained good results with the implementation of its strategy.

On December 30, 2015, the Company completed the cancellation of Notes that were repurchased, a process started in the second half of 2013, recorded in the captions Cash and cash equivalents, and Loans and financing. The cancelled Notes were maturing in 2019, 2022 and 2023. It were cancelled: US\$ 6,533 of the principal amount of the Notes from 2019 (R\$ 25,510, as of that date), US\$ 24,355 of the principal amount of the Notes from 2022 (R\$ 95,101, as of that date) and US\$ 181,985 of the principal amount of the Notes from 2023 (R\$ 710,615, as of that date), totaling an amount of US\$ 212,873 (R\$ 831,226).

On September 2016, the the Company concluded the "offer to repurchase debt notes" issued abroad (Bonds) by the Company's subsidiary Minerva Luxembourg S.A. maturing in 2023. By means of an "offer of early repurchase", repurchasing US\$617.874 (R\$ 2.010.562 to that date) of the principal of amount of 2023 Notes, equivalent to approximately 71% of the outstanding 2023 Notes. The offer of early repurchase of debt notes was made using the funds from the issue of 2026 Notes (which will bear annual interest of 6.50% per annum) and it is part of a clear strategy of management of liabilities, aiming the constant improvement of the Company's debt cost. Part of this offer consisted in the payment of a prize to the holders of the notes, embedded and implicit in the transaction and in the proposed exchange relations, amounting to US\$ 40,143 as well as transaction costs in the amount of US\$ 28,859 totaling a total cost of US\$ 69,002 that is amortized in the account financial expenses during the effective term of the 2026 Notes. As of September 30, 2016, the liabilities related to the Notes in the consolidated Interim Financial Statements, amount to R\$ 3,898,208 (R\$ 3,714,354 as of December 31, 2015).

Perpetual bonds

On March 27, 2014, the Company concluded the issue of perpetual bonds in the international market amounting to US\$ 300,000 thousand, with half-yearly payments at annual rate of 8.75%, by means of its wholly subsidiary Minerva Luxembourg S.A. The issue of the notes had the purpose of postponing the average maturity of the Company's debt and improving its capital structure through the use of a different fund raising instrument, diversifying even more the investors' basis. The transaction was settled on April 3, 2014. The Company shall guarantee all the obligations of the Issuer, in regard to the issue referred to above. As of September 30, 2016, the liabilities related to the perpetual bonds presented in the consolidated information are R\$ 985,827.

FINEP

On January 18, 2010, a financing agreement (code 0210000300) was entered into between the Funds for studies and projects – Finep (a BNDES division) and Minerva Dawn Farms Indústria e Comércio de Proteínas S.A., totaling R\$ 57,208. As of September 30, 2016 the consolidated debt balance was R\$ 13,790 (R\$ 19,860 as of December 31, 2015) and bears annual interest of 4.5%. The debt matures on June 15, 2018, but may be subject to early maturity if, among other situations: **(i)** the financed company invests financing funds for purposes other than those agreed or in noncompliance with the disbursement timetable; **(ii)** any guilty interruption of the financed project; or **(iii)** other circumstances which, in the opinion of FINEP, make it unsafe or impossible to comply with the obligations undertaken by the financed company under the agreement or to achieve the objectives for which funding was granted. This agreement is collateralized by a mortgage on certain properties of the Company, located in Barretos and Palmeiras de Goiás, in addition to including security deposits by the members of the Vilela de Queiroz family.

Equipment financing - BASA

On December 21, 2007, a private agreement was entered into by Minerva Indústria e Comércio de Alimentos S.A. and Banco da Amazônia S.A., amounting to R\$53,793, whose balance as of September 30, 2016 was R\$ 33,003 (R\$ 36,999 as of December 31, 2015). This debt matures within 144 months from the signature of the indenture. The financing agreement establishes some restrictions on the financed company, namely: **(i)** Minerva Indústria e Comércio de Alimentos S.A. is obliged not to give preference to other credits, not to amortize shares, not to issue debentures, not to take out new debts without prior authorization from the Superintendence for the Development of the Amazon (Sudam) and Banco da Amazônia S.A., except **(a)** for loans to meet the needs of ordinary managed businesses of the financed company, or intended for mere material replacement or substitution; and **(b)** for business discounts the financed company holds, arising from sales or services; and **(ii)** Minerva Indústria e Comércio de Alimentos was obliged to submit changes in its corporate structure to prior approval by SUDAM, after hearing Banco da Amazônia S.A.

i) Level of subordination

As of September 30, 2016, 3.10% of the Company's and its controlled companies' total debt was secured by security interest in real estate (3.65% as of December 31, 2015).

ii) Possible restrictions imposed on the issuer, particularly with respect to setting indebtedness limits and taking out new debts, distributing dividends, disposing of assets, issuing new securities and disposing of equity control

The notes also have clauses that put limits on the Company with respect to **(i)** new debts if the Net debt/EBITDA ratio is higher than 3.75/1.00 and 3.50/1.00, respectively; **(ii)** the distribution of dividends. Accordingly, Minerva undertakes not to and do not allow that its controlled companies undertake to pay any dividend or make any distribution of interest on its invested capital held by other than its controlled companies, (except (a) dividends or distributions paid on qualified interests of Minerva, and (b) dividends or distributions payable by a controlled company, on a pro rata basis, or more favorable to Minerva; **(iii)** the change of equity control; and **(iv)** the disposal of assets, which can only be achieved by complying with the requirements, among which, in the case of sale of assets, that the sales price is the market value.

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

The CCB dated on January 07, 2009 issued by the Company and Banco da Amazônia S.A., has early maturity clauses if equity control over the Company's capital is transferred without prior and express written consent by the creditor.

iii) Structured operation

During the 2nd quarter of 2012, the Company and its financial advisors structured the issue of debentures not convertible with maturity on January 29, 2011, at the amount of R\$ 450,000. This operation was structured in order to provide a neutral effect at the Company's composition of assets and liabilities.

4th Issue of non-convertible debentures

On June 15, 2013, the Company offered debentures, not convertible into shares, totaling R\$ 300,000, maturing on June 15, 2018. The debentures were offered by making restricted efforts (CVM Instruction No. 476). The principal amounts to R\$ 300,000, and bears interest at the accumulated variation (effective rate) of 100% of average daily rates of Interbank deposits (DI), plus a surcharge of 1.75% p.a. The funds were intended for lengthening the Company's debt profile and to reinforce its working capital. Debentures have personal guarantee and are guaranteed by VDQ Holdings S.A. In the process of issue of such debentures, the Company incurred transaction costs in the amount of R\$ 3,153, recorded in its Interim Financial Statements as a reduction of own liabilities, to be fully amortized during the effective period of the debentures until 2018. As of September 30, 2016, the amount is R\$ 312,722.

There are no premiums obtained and renegotiation clauses during the capture of those debentures.

16. Trade accounts payable

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Domestic	202,404	289,175	399,674	443,217
Foreign	33,010	35,150	46,872	35,596
	235,414	324,325	446,546	478,813

17. Salaries, social charges and tax liabilities

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Labor				
Salaries and pro-labore	926	2,418	4,909	8,362
Social charges – FGTS and INSS (employees and outsourced)	6,978	7,690	12,872	16,082
Provision for vacations/Christmas Bonus and charges	34,749	21,638	61,555	41,725
Other proceeds and charges	2,044	1,711	4,666	4,294
Total Labor	44,697	33,457	84,002	70,463
Tax				
ICMS payable	25,957	27,268	27,119	28,047
IRPJ (income tax)	49,591	-	61,732	5,589
Social Contribution on Profits	18,298	-	22,762	924
Other taxes	4,766	6,852	18,438	15,062
Total tax	98,612	34,120	130,051	49,622
Grand total	143,309	67,577	214,053	120,085
Current	125,584	47,605	196,199	99,843
Non current	17,725	19,972	17,854	20,242

18. Outras contas a pagar

	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Advances from customers (a)	574,106	753,971	644,656	810,772
Stock swap – fair value (b)	38,518	-	38,518	-
Other operational provisions	20,185	33,776	107,773	171,297
Total	632,809	787,747	790,947	982,069
Current	600,520	787,747	713,154	918,213
Non current	32,289	-	77,793	63,856

- (a) Amounts received in advance from the Company's customers based on the management's credit policy;
- (b) The Company celebrated with Bank Credit Suisse swap contracts on the variation of the Company's stock price. This operation does not change the percentage of outstanding stocks and carry no cash disbursement, since it is the valuation at fair value of the transaction with future realization.

19. Income and social contribution taxes

Deferred tax debts are recorded to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their respective carrying amounts, as well as to reflect the tax credits resulting from the revaluation of assets. They are stated as below:

	Controlling Company		Consolidated	
	09.30.16	09.30.15	09.30.16	09.30.15
Temporary additions				
Other provisions	15,557	15,871	15,557	15,871
Fair value of biological assets	460,332	379,520	473,539	379,520
Temporary exclusions				
Other provisions	(9,584)	(8,768)	(9,584)	(47,189)
Fair value of biological assets	(480,343)	(359,082)	(488,235)	(359,082)
Calculation basis deferred taxes	(14,038)	27,541	(8,723)	(10,880)
Deferred income tax and social contribution - temporary difference	(4,773)	9,364	(2,966)	(3,699)
Deferred income tax and social contribution - temporary difference	-	-	715	-
Realization	-	-	-	(3,383)
Deferred income tax and social contribution – tax loss	-	-	-	-
Total deferred Income Tax/Social Contribution	(4,773)	9,364	(2,251)	7,082

We present below the change in the period for deferred tax liabilities related to deferred charges over the revaluation surplus, temporary differences and differences arising from the application of international accounting practices – IFRS:

	Controlling Company			Balance on September 30, 2016
	Balance on January 1st, 2016	Recognized in the result	Realization of deferred taxes	
Taxes on revaluation reserve	30,124	-	(2,496)	27,628
Taxes without adjustment upon biological assets	12,803	163,316	(156,513)	19,606
Taxes upon added value in controlled companies	48,532	-	-	48,532
Other deferred taxes	(25,466)	3,259	(5,289)	(27,496)
Total deferred tax liabilities	65,993	166,575	(164,298)	68,270

	Consolidated					Balance on September 30, 2016
	Balance on January 1st, 2016	Recognized in the result	Realization of deferred taxes	Balance due to investment acquisition	Translation adjustment	
Taxes on revaluation reserve	30,124	-	(2,496)	-	-	27,628
Taxes without adjustment upon biological assets	14,610	165,999	(161,003)	-	-	19,606
Taxes upon added value in controlled companies	48,532	-	-	-	-	48,532
Other deferred taxes	(6,433)	3,259	(6,004)	-	(2,003)	(11,181)
Total deferred tax liabilities	86,833	169,258	(169,503)	-	(2,003)	84,585

Based on budgeting, business planning and budget projection, management estimates that tax credits arising from temporary differences shall be realized by 2019.

a) Current - payable

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

b) Reconciliation of the balances and expenses for income and social contribution taxes

The balance provided for and the results of the taxes levied on income are as follows:

	Controlling Company		Consolidated	
	09.30.16	09.30.15	09.30.16	09.30.15
Income before taxes	255,317	(876,401)	264,148	(825,946)
Additions				
Temporary differences	15,557	15,872	20,517	16,410
Permanent differences	241,224	415,424	241,697	415,839
Realization of temporary differences	(1,543)	(2,293)	(1,664)	(2,662)
Realization of revaluation reserve	2,572	2,572	2,572	2,572
Effects of the initial adherence to IFRS	1,378,520	1,226,931	1,490,955	1,241,156
Exclusions				
Temporary differences	(8,042)	(6,476)	(8,689)	(7,302)
Permanent differences	(136,624)	(449,512)	(136,624)	(449,512)
Effects of the initial adherence to IFRS	(1,456,533)	(1,277,193)	(1,551,205)	(1,329,314)
Calculation basis of taxes	290,448	(951,076)	321,707	(938,759)
Loss carryforward	(87,134)	-	(90,611)	14,268
Calculation basis after loss carryforward	203,314	(951,076)	231,096	(924,491)
Taxes on profit	-	-	-	-
Income tax payable	(49,591)	-	(57,368)	(30,417)
CSLL payable	(18,298)	-	(21,788)	(3,007)
Expenses with current IRPJ and CSLL	(67,889)	-	(79,156)	(33,424)

Income and social contribution taxes were calculated in accordance with prevailing legislation, Law No. 12.973/2014.

Income and social contribution tax calculations and returns are open to review and final assessment by tax authorities for varying statutory periods in relation to the payment or filing date.

Based on studies and projections for the following years and considering the limits fixed by prevailing legislation, the Company's management expects that the existing tax credits will be realized over a maximum term of seven years.

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

20. Lease agreements

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

a) Finance lease

Finance lease operations are now recognized under the Company's current and non-current liabilities, with an offsetting entry of the asset into fixed assets.

b) Operating lease

Accounting criterion for operating leases remains as required by the Corporate law in effect, that is, expenses incurred with lease payments are recognized on a monthly base. The Company currently has three operating leases, two plants located in Asunción, Paraguay, through its controlled company Frigomerc S.A and one plant located in Batayporã/MS.

The lease statement is as follows:

Bem arrendado	Interest weighted average rate	Weighted average maturity (years)	Amount of expenditure 09.30.16	Amount of expenditure 09.30.15
Industrial Plant Brazil	IPCA + 11% @ cattle / IGPM	Indefinite	1,125	1,125
Industrial Plants Paraguay	Fixed + Exchange Variation	Aug/18	4,965	2,129
			6,090	3,254

21. Provision for lawsuits risk and environmental

Summary of the contingent liabilities accounted for in the Company's balance sheet

The Company and its controlled companies are parties to a number of lawsuits that are part of the normal course of business, for which provisions were recorded according to the estimates of their legal counselors and management. The main information on these proceedings is presented below:

Lawsuits	Controlling Company		Consolidated	
	09.30.16	12.31.15	09.30.16	12.31.15
Tax contingencies	1,890	1,890	1,890	1,890
Labor contingencies	21,479	13,681	28,149	15,642
Civil contingencies	1,496	1,496	1,496	1,496
	24,865	17,067	31,535	19,028

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

Labor contingencies

Most of these labor claims involve health hazard pay, overtime, commuting time, and mandatory thermal comfort breaks. According to the opinion of the lawyers that handle these legal demands and experience accumulated by Management in similar cases, provisions amounting to R\$ 21,479 for the Controlling Company and R\$ 28,149 for consolidated were accrued for labor lawsuits, whose loss is considered probable as of September 30, 2016 (R\$ 13,681 for the Controlling Company and R\$ 15,642 for consolidated, as of December 31, 2015, respectively).

Other proceedings (whose likelihood of loss is considered possible)

Tax, civil proceedings and environmental.

As of September 30, 2016, the Company and its controlled companies had other on-going tax, civil and environmental lawsuits amounting to approximately R\$ 93,529, R\$ 1,938 and R\$ 528 respectively, whose likelihood of loss is considered possible by the Company's legal counselors, and for which the Company's management does not consider necessary to set up a provision.

Labor and Social Security Proceedings

As of September 30, 2016, the Company and its controlled companies were involved in other ongoing proceedings of labor nature (public civil, collective and social security actions) in the approximate amount of R\$15,084 e R\$10,138 whose unfavorable outcome is considered possible, though not probable, and for which the Company's Management has chosen not to set up provision to cover possible losses.

Rural worker assistance fund (Funrural)

As of March 12, 2013, the Company filed a petition of writ of mandamus to suspend the withholding and payment of new Funrural. To avoid losing the right to require the contribution of new Funrural, INSS (Social Security Authority) issued various tax assessment notices against the Company until the current date. The amount involved in these notices, whose likelihood of loss is deemed possible, is approximately R\$ 95,649.

ICMS (State VAT)

The Company was assessed for tax deficiency by the State Finance Department of Goiás for alleged omission of payment of ICMS Tax Substitution arising from the transactions conducted in the period from March to October 2005, related to the acquisition of cattle, later transferred to other units of the Company. The amount involved in this dispute, whose likelihood of unfavorable outcome is considered possible, is about R\$ 33,612.

Shipwreck – Barcarena / PA

On 06 October 2015, the ship that would make the export of live cattle from Vila do Conde port in Barcarena / PA, careened. Although the full responsibility for the cargo was on the contracted shipping company, the Company had infringement notices issued against him to determine environmental damage, and became defendant in a public civil action. On September 30, 2016, the amount involved in these proceedings, whose likelihood is possible loss, is approximately R\$ 32,140.

22. Shareholders' equity

a) Share capital

The Company's subscribed and paid-in capital as of September 30, 2016 is R\$ 134,752 (R\$ 950,598 as of December 31, 2015), represented by 239,844,659 as of September 30, 2016 (191,993,702 as of December 31, 2015) common, book-entry shares, with no par value, all of which are free and clear of any burden or encumbrance.

On February 20, 2014, the Board of Directors recorded a conversion of 30,000 convertible debentures into common shares of the Company, and the capital stock went from R\$ 774,142 representing 145,056,023 common shares, to R\$ 774,142 representing 149,000,090 common shares.

Later, the Company adjusted/reduced the amount of R\$ 6, in capital stock value, due to recalculations referring to conversion of debentures mandatorily convertible, changing the capital stock to R\$ 774,136.

On October 01, 2014, the Company held an Extraordinary General Meeting authorizing the issue of 29 million common shares amounting to R\$ 60,000. After the Company's board of directors approved the increase in authorized capital changing the limit for up to more 24,351,428 common shares, authorized capital stock increased to 202,351,518 common shares.

On May 25, 2015, the Company held a meeting of the Board of Directors (RCA) when partially approved a capital increase with the issue of one million seven hundred thousand (1,700) common shares in the amount of R\$ 22,950. Partial approval of capital increase regarding the payment of the third installment owed by the Company due to the acquisition of 100% of the shares of Frigorífico Matadero Carrasco S.A. pursuant to the purchase and sale agreement entered into on March 18, 2014.

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

On June 18, 2015, the legal deadlines for exercising preferred rights, right to subscription of the remaining shares and waiver were ended by the Board of Directors. Considering the partial approval on May 25, 2015 of the one million seven hundred thousand (1,700) common shares in the amount of R\$ 22,950, a capital increase in the amount of R\$ 5 was approved, by means of the issue of 392 common shares of the Company, increasing capital stock from R\$ 950,593, representing 191,993,355, to R\$ 950,598, representing 191,993,702 common shares.

On April 11, 2016, the Board of Directors at the Extraordinary General Meeting (EGM) approved the increase of the Company's capital stock in the amount of R\$ 746,474, with the issuance of 47,850,957 common shares. With the approval the capital stock increase from R\$ 950,598, representing 191,993,702 to R\$ 1,697,073, representing 239,844,659 common shares.

On April 29, 2016, the Board of Directors at the Ordinary and Extraordinary General Meeting approved the capital reduction in the amount of R\$ 1,562,321, without changing the number of shares issued by the Company, for the absorption of accumulated losses, as disclosed in the financial statements for the fiscal year ended December 31, 2015. With the capital reduction, the Company's capital amounts R\$ 134,752, representing 239,844,659 common shares.

b) Revaluation reserve

In 2003 and 2006 the Company revalued the assets of its fixed assets and the amount reported on September 30, 2016 was R\$ 57,171 (R\$ 62,015 as of December 31, 2015), net of tax effects.

As explained earlier and in compliance with Law No. 11.638 of 2007, the Company decided to keep the revaluation surplus accrued until December 31, 2007 until its full realization, which must occur due to depreciation or sale of revalued assets.

c) Statutory reserve

Recognized at the rate of 5% of annual net income, pursuant to article 193 of Law No. 6404/76, up to the limit of 20% of share capital. In the year when the balance of the statutory reserve, plus the amounts of capital reserves addressed by paragraph 1 of article 182 of Law No. 6404/76 exceeds 30% of share capital, allocating part of the year's net income to the statutory reserve will not be mandatory.

d) Treasury shares

On May 10, 2016, pursuant to paragraphs 1 and 2 of article 30 of Law 6,404/76 and Instructions nº 10, nº 268 and nº 390 of the Securities and Exchange Commission (CVM), the Board approved the acquisition of up to 9,988,017 (nine million, nine hundred and eighty-eight thousand and seventeen) registered common shares with no face value, representing 10% of the ninety-nine million, eight hundred and eighty thousand, one hundred and seventy Three) of the Company's outstanding shares in the market, at that date.

The table below shows the changes in treasury stock.

	Quantity	Amount (R\$)
Balance on December 31, 2015	-	-
Repurchase of shares	2,740,200	25,801
Balance on September 30, 2015	2,740,200	25,801

e) Dividends and interest on equity capital

The Company's by-laws establish the distribution of mandatory minimum dividends of 25% of income for the period, adjusted pursuant to legislation.

f) Asset and liability valuation adjustment

According to CPC 02 R2/IAS 21 - Effects of Changes in Exchange Rates and Translation of Financial Statements, basically the changes in instruments in foreign currency (direct and through controlled companies), which are measured under the equity method, are recorded.

According to CPC 37 R1/IFRS 1 – Initial Adoption of International Accounting Standards, as a result of the application of CPC 02 R2 before the date of initial adoption, companies adopting the IFRS for the first time shall zero the balances of exchange rate gains (losses) of investments recorded in shareholders' equity (under the caption of cumulative translation adjustments) by transferring them to retained earnings/(accumulated losses) (under the caption of income reserve), and to disclose the policy on income distribution applicable to such balances. We point out that the Company does not include these adjustments in income distribution.

23. Management remuneration

As of September 30, 2016 the Company recorded expenses on key management personnel remunerating (Company's Board of Directors, Audit Committee and officers) in the amount of R\$ 10,493 (R\$ 7,560 as of September 30, 2015). The entire remuneration is short-term, as shown below:

	Members 2016	09.30.16	09.30.15
Board of Directors and Administration Council	21	10,493	7,560
	21	10,493	7,560

Alternate members of the Board of Directors and Audit Committee are compensated by each day they attend a meeting of the Board of Directors.

Upon termination of employment agreement, there are no post-employment benefits.

24. Segment reporting

	Business segments					
	Live Cattle		Meat		Consolidated	
	09.30.16	09.30.15	09.30.16	09.30.15	09.30.16	09.30.15
Net income	193,302	566,841	6,898,964	6,204,275	7,092,266	6,771,116
CPV (cost of sold products)	(156,336)	(460,549)	(5,508,218)	(5,007,927)	(5,664,554)	(5,468,476)
Operating expenses	(19,941)	(56,087)	(729,771)	(618,796)	(749,712)	(674,883)
Net financial income	(39,622)	38,667	(374,230)	(1,492,370)	(413,852)	(1,453,703)
Net profit before taxes	(22,597)	88,872	286,745	(914,818)	264,148	(825,946)

In the presentation based on geographical segments, the segment revenue is based on the client's location. Segment assets are based on the geographical location of the assets.

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

The main business segments of the Company and its controlled companies are the production, marketing and sale of meat, live cattle and its by-products.

25. Net revenue

	Controlling Company		Consolidated	
	09.30.16	09.30.15	09.30.16	09.30.15
Revenue from products sold – Internal market	1,962,457	1,819,509	2,624,773	2,158,646
Revenue from products sold – External market	3,144,308	3,022,800	4,908,845	5,013,459
Deductions from revenue – taxes and others	(366,537)	(328,940)	(441,352)	(400,989)
Net operating revenue	4,740,228	4,513,369	7,092,266	6,771,116

26. Financial income (loss), net

	Controlling Company		Consolidated	
	09.30.16	09.30.15	09.30.16	09.30.15
Financial revenue:				
Profits from investments	89,210	60,183	110,080	95,304
	89,210	60,183	110,080	95,304
Financial expenditures:				
Interests with financing	(445,453)	(498,618)	(605,368)	(589,543)
Other financial expenditures/revenue	(568,575)	197,964	(520,619)	207,265
	(1,014,028)	(300,654)	(1,125,987)	(382,278)
Net exchange variation	620,559	(1,217,821)	602,055	(1,166,729)
Net financial income (loss)	(304,259)	(1,458,292)	(413,852)	(1,453,703)

27. Earnings (losses) per share

a) Basic earnings (losses)

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

Basic	09.30.16	09.30.15
Net profit / (loss) attributable to the Company shareholders	182,655	(867,037)
Weighted average amount of ordinary shares issued – thousand	239,845	191,994
Weighted average amount of treasury shares	(2,740)	-
Weighted average amount of outstanding ordinary shares – thousand	237,105	191,994
Basic profit (loss) per share - R\$	0,77035	(4,51596)

b) Diluted earnings (losses)

Diluted earnings (losses) per share are calculated by adjusting the weighted average number of outstanding common shares, assuming the conversion of all possible common shares that would cause the dilution. The Company has only one class of possible common shares that would cause dilution: debentures mandatorily convertible.

Diluted	09.30.16	09.30.15
Net profit / (loss) attributable to the Company shareholders	182,655	(867,037)
Weighted average amount of outstanding ordinary shares issued – thousand	237,105	191,994
Adjustment by conversion of debentures mandatorily convertible	-	-
Adjustment by call option – thousand	-	-
Weighted average amount of ordinary shares for profit (loss) diluted per share – thousand	237,105	191,994
Profit (loss) diluted per share - R\$	0,77035	(4,51596)

28. Risk management and financial instruments

The Company's transactions are exposed to market risks, particularly with respect to changes in exchange and interest rates, credit risks and purchase prices for cattle. The Company's investment management policy establishes the use of derivative financial instruments for hedging against these risk factors. Additionally, the Company may also take derivatives for the purpose of implementing operating and financial strategies established by the executive management and duly approved by the Board of Directors.

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

Additionally, financial instrument transactions for speculative purposes are not permitted.

Policy for the treasury's hedging transactions

The implementation of the Company's hedging management policy is the responsibility of the Treasury Department and follows the decisions taken by the Risk Committee, which is made up of the Company's managing officers, and employees.

The supervision and monitoring of compliance with the guidelines laid down by the hedging policy are the responsibility of the Risk Management Board, which is subordinated to the Presidency and the Risk Committee.

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

I. Foreign exchange hedging policy

The foreign exchange hedging policy aims to protect the Company from currency fluctuations and is divided into two segments:

i) Cash flow

Cash flow hedging strategies are daily discussed with the market committee. The purpose of the cash flow hedging policy is to guarantee the Company's operating income and hedge its currency flows other than Brazilian real within a year. Financial instruments available in the market may be used for these hedges, such as: futures transactions with US dollar at BM&F, NDFs, funds raised in foreign currency, options and inflow of funds in US dollars.

ii) Balance sheet hedging

Balance sheet hedging is monthly discussed at the Board of Directors' meeting. The purpose of the balance sheet hedging policy is to protect the Company against its foreign currency long-term indebtedness. The balance sheet exposure is the debt flow in US dollars over a period longer than one year.

Hedging instruments available on the market may be used, such as: US dollar cash withholding, repurchase of Bonds, NDFs, futures contracts in BMF, swaps and options.

II. Cattle hedging policy

The purpose of the cattle hedging policy is to minimize the impacts of price fluctuations per arroba (a unit of weight equivalent to 15 kg) of cattle on the Company's results. The policy is split into two topics:

a) Forward contracts for cattle

In order to guarantee raw material, especially in the off-season period for cattle, the Company purchases cattle for future delivery and uses the BM&F for the sale of futures contracts, minimizing the risk of price fluctuations per arroba of cattle beast.

Finished cattle instruments available in the market, such as: finished cattle future contracts at BM&F and options on finished cattle future contracts at BM&F may be used.

b) Hedging of meat sold

For the purpose of guaranteeing the cost of the raw material used in its meat production, the Company uses BM&F to purchase futures contracts minimizing the risk of price fluctuations per arroba of cattle beast and hedging its operating margins obtained at the time of selling the meat.

Finished cattle instruments available in the market, such as: finished cattle future contracts at BM&F and options on finished cattle future contracts at BM&F may be used.

Statement of derivatives positions

The statement of derivative positions was prepared so as to present the derivative financial instruments taken out by the Company in the period ended September 30, 2016 and December 31, 2015, according to their purpose (asset protection and other purposes):

Equity hedging						
Description	% thousand		Fair value in R\$ thousand		Accumulated effect in R\$ thousand	
	09.30.16	12.31.15	09.30.16	12.31.15	Amount receivable / (received)	Amount payable / (paid)
Future contracts:	-	-	-	-	-	-
Purchase agreements	-	-	-	-	-	-
DOL (US\$)	-	247,750	-	991,588	7,012	-
Others	-	-	-	-	-	-
BGI (arrobas)	688	1,504	108,053	226,494	-	13,372
Corn (sacks)	-	-	-	-	1	-
Soybeans (sacks)	-	-	-	-	-	-
Sales agreements	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US\$)	58,250	231,000	193,870	924,548	-	369
BGI (arrobas)	2,059	705	332,048	106,392	10,039	-
Soybeans (sacks)	32	-	1,364	-	34	-

Equity hedging						
Description	% thousand		Fair value in R\$ thousand		Accumulated effect in R\$ thousand	
	09/30/16	12/31/15	09/30/16	12/31/15	Amount receivable / (received)	Amount payable / (paid)
Option contracts						
Call holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Others	-	-	-	-	-	-
BGI (arrobas)	1,155	-	1,256	-	-	330
Put holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US\$)	240,025	-	13,523	-	46,994	8,051
Others	-	-	-	-	-	-
BGI (arrobas)	-	5	-	0	-	-
DI 1 day (R\$)	20	-	68	-	-	-
Call seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Others	-	-	-	-	-	-
BGI (arrobas)	825	-	474	-	111	-
Put seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US\$)	75,000	-	5,391	-	6,375	47,835
Others	-	-	-	-	-	-
BGI (arrobas)	660	5	904	0	-	-
DI 1 day (R\$)	20	-	32	-	-	-
	-	-	-	-	-	-
Forward contracts						
Long position	-	-	-	-	-	-
NDF (dólar)	-	1,579,165	762,328	1,503,348	-	-
Short position	-	-	-	-	-	-
NDF (arrobas)	-	-	-	-	-	302
NDF (euro)	146,491	63,254	146,113	63,972	-	64,930
NDF (dólar)	1,054,788	474,987	1,055,015	510,640	-	-

Notional values are the values that represent the base value, i.e. the opening amount at which the derivative agreement is entered into in order to calculate the positions and market value.

The fair values were calculated in the following manner:

§ **Future Sales Contracts of DOL:** US dollars futures contracts traded at BM&F amount to fifty thousand US dollars (US\$ 50,000) per notional contract and have daily adjustments. The fair value is calculated by multiplying the notional amount in US dollars by the reference US dollar for the contract disclosed by the BM&F;

- § **Future Sales Contracts of BGI:** future contracts for Fat Cattle (BGI) traded at BM&F are valued at 330 arrobas. The fair value is calculated by multiplying the notional amount in Brazilian Reais by the reference value for the contract disclosed by the BM&F;
- § **Short Position Forward Contracts: NDF (Euro):** The contracts are trade in over-the-counter markets and, therefore, have no standardization and daily adjustment. The fair value is calculated by multiplying the negotiated notional amount and the PTAX EURO sale rate disclosed by the Central Bank of Brazil;
- § **Short Position Forward Contracts: NDF (US dollar):** The contracts are trade in over-the-counter markets and, therefore, have no standardization and daily adjustment. The fair value is calculated by multiplying the negotiated notional amount and the PTAX 800 sale rate disclosed by the Central Bank of Brazil.

The fair values were estimated on the date of the Interim Financial Statements, according to "relevant market information". Changes in the assumptions and in the financial market may materially affect the estimates presented in the financial statements.

Outstanding over-the-counter NDF, Swap and São Paulo Stock Exchange (BM&F Bovespa) option transactions are marked to market and as of September 30, 2016 and December 31, 2015 are recorded as "NDF receivable/payable", "Swaps" and "Options receivable", respectively.

Derivative financial instruments	09.30.2016 Mark-to-market	12.31.2015 Mark-to-market
Options	6,222	-
Swap	215,252	265,891
NDF (EUR+DOL+BOI)	39,980	(44,474)
Grand total	261,454	221,417

a) Exchange and interest rate risks

The exchange rate and interest rate risks on loans and financing, financial investments, accounts receivable in foreign currency arising from exports, foreign investments and other liabilities denominated in foreign currency can be managed by using derivative financial instruments traded on exchanges, or over-the-counter operations such as swap transactions, NDFs (Non Deliverable Forwards), and options.

In the following table we present the Company's consolidated position, specifically with respect to its financial assets and liabilities, separated by currency and exchange exposure, thus presenting a picture of the net position of assets and liabilities per currency, compared with the net position of derivative financial instruments intended for hedging and managing the exchange exposure risk:

Consolidated			
09.30.2016			
Currencies			
	Domestic	Foreign	Total
Assets			
Cash	1,091		1,091
Transaction accounts	109,776	2,652,368	2,762,144
Investments	472,510	-	472,510
Accounts receivable	272,513	299,230	571,743
Total current assets	855,890	2,951,598	3,807,488
Total assets	855,890	2,951,598	3,807,488
Liabilities			
Short-term financing	452,688	1,101,587	1,554,275
Suppliers	399,674	46,872	446,546
Total current liabilities	852,362	1,148,459	2,000,820
Long-term financing	713,035	4,759,599	5,472,634
Total non current liabilities	713,035	4,759,599	5,472,634
Total liabilities	1,565,397	5,908,058	7,473,455
Net financial debt	709,507	2,956,460	3,665,967
Exchange protection derivative instruments - Net position	(3,206)	(290,585)	(293,791)
Net exchange position	706,301	2,665,875	3,372,176

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

Financial instruments (net)	Assets (liabilities) position on 09.30.2016	Assets (liabilities) position on 12.31.2015
Future contracts - DOL (US Dollar)	(193,870)	67,040
Option contracts (Us Dollar, Cattle, Corn and IDI)	6,222	-
Swap contracts	215,252	265,891
NDF (US Dollar + EURO + cattle)	39,980	928,736
Net total	67,584	1,261,667

Financial assets and liabilities are presented in the quarterly information for September 30, 2016 and December 31, 2015 at amounts that closely approximate market values. Their respective revenues and expenses are recognized and they are presented on these dates according to their expected realization or settlement. The amounts related to export orders (solid sales agreements) refer to orders from approved clients that have not yet been invoiced (and therefore not accounted for), but which are already hedged against the risk of changes in foreign currency rates (US dollars or other foreign currency) through derivative financial instruments.

Following is a list of NDF agreements in effect for the Company as of September 30, 2016:

Type	Position	Currency	Maturity Date	Notional
NDF	SALE	DOL	07.02.2016	(50,000)
NDF	SALE	DOL	10.12.2016	(74)
NDF	SALE	DOL	10.19.2016	(63)
NDF	SALE	DOL	11.01.2016	(137,000)
NDF	SALE	DOL	12.01.2016	(134,000)
NDF	SALE	DOL	12.30.2016	(47)
NDF	SALE	DOL	02.01.2017	(1,000)
NDF	SALE	DOL	03.01.2017	(1,000)
NDF	SALE	DOL	04.03.2017	(1,000)
NDF	SALE	DOL	05.02.2017	(1,000)
NDF	SALE	EUR	10.03.2016	(26,000)
NDF	SALE	EUR	11.01.2016	(32,000)
NDF	SALE	GBP	12.09.2016	(127)
NDF	SALE	GBP	12.23.2016	(127)
NDF	SALE	GBP	01.06.2017	(127)
NDF	SALE	GBP	01.20.2017	(127)
NDF	SALE	GBP	02.03.2017	(127)
NDF	SALE	GBP	02.17.2017	(127)
NDF	SALE	GBP	03.03.2017	(127)
NDF	SALE	GBP	03.17.2017	(127)

Credit risks

The Company is potentially subject to credit risks related to accounts receivable from its clients. It minimizes these risks by diversifying its client portfolio, given that the Company does not have a client or business group that accounts for more than 10% of its revenues and restricts the granting of credit to clients with good financial and operating indices.

b) Cattle price risks

The Company's line of business is exposed to the volatility of the prices for cattle, its main raw material, changes which arise from factors outside the control of management, such as climatic factors, volume of supply, transportation costs, agricultural policies and others. The Company, in accordance with its inventory policy, pursues its management strategy for this risk, working on physical control, which includes purchases in advance, confinement of cattle and the signing of contracts for future settlement (over-the-counter and exchanges), which ensure the realization of its inventories at a determined price level.

Cash market	Fair Value 09.30.2016
Fixed-Term Contract Purchased	
Notional Value (@)	2,099,042
Future Contract Price (R\$/@)	148,69
Total R\$/1000	312,107
BM&F market	Fair Value 09.30.2016
Future Contract Sold	
Notional Value (@)	1,773,090
Future Contract Price (R\$/@)	161,97
Total R\$/1000	287,187

c) Cash sensitivity analysis chart

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

The scenarios were calculated according to the following assumptions:

- An upward movement typifies an increase in prices or risk factors as of September 30, 2016;
- A downward movement typifies a decrease in prices or risk factors as of September 30, 2016;
- Probable scenario: Impact of 6%; fluctuation scenario of 25%; and fluctuation scenario of 50%.

The cash sensitivity statements were prepared in compliance with CVM Resolution No. 475/08, taking into consideration only the positions in derivative financial instruments and their impacts on cash.

Operation	Movement	Risk	Probable Scenery 6% fluctuation	Possible Scenery 25% fluctuation	Remote Scenery 50% fluctuation
Hedge Derivative	High	Cattle	(15,309)	(57,894)	(113,893)
Cattle	High	Cattle	18,726	78,026	156,053
Net			3,417	20,132	42,160
Hedge Derivative	High	Dollar	(74,933)	(312,221)	(624,442)
Invoices + Cash - in \$US	High	Dollar	43,738	182,242	364,485
Net			(31,195)	(129,979)	(259,957)
Hedge Derivative	High	Euro	(12,696)	(52,902)	(105,804)
Invoices - in \$EUR	High	Euro	4,639	19,329	38,658
Net			(8,057)	(33,573)	(67,146)
Hedge Derivative	High	Dollar	28,960	120,668	241,335
Raising funds in \$US	High	Dollar	(262,883)	(1,095,345)	(2,190,689)
Net			(233,922)	(974,677)	(1,949,354)
Stock swap	Low	Shares	(4,549)	(18,953)	(37,905)
Net			(4,549)	(18,953)	(37,905)

Exchange rate USD 3.2462 – Ptax sale (Source: Central Bank)

Exchange rate EUR 3.6484 – Ptax sale (Source: Central Bank)

Result of the equity hedging chart

- **Hedging derivatives x Cattle:** In the probable scenario where market fluctuation is 6%, the Company may have a gain of R\$ 3,417; in a scenario with 25% fluctuation gains would amount to R\$ 20,132, and with 50% fluctuation R\$ 42,160;
- **Hedging derivatives x Invoices + Cash in US\$:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R\$ 31,195; in a scenario with 25% fluctuation losses would amount to R\$ 129,979, and with 50% fluctuation R\$ 259,957;

- **Hedging derivatives x Invoices + Cash in EUR:** In the probable scenario where market fluctuation is 6%, the Company may incur losses of R\$ 8,057; in a scenario with 25% fluctuation losses would amount to R\$ 33,573, and with 50% fluctuation R\$ 67,146;
- **Hedging derivatives:** In the probable scenario where market fluctuation is 6%, the Company may incur losses of R\$ 233,923; in a scenario with 25% fluctuation losses would amount to R\$ 974,677, and with 50% fluctuation R\$ 1,949,354.
- **Swap of shares:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R\$ 4,549; in a scenario with 25% fluctuation losses would amount to R\$ 18,953, and with 50% fluctuation R\$ 37,905.

d) Guarantee margins

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

As of September 30, 2016, amounts deposited for margin amount to R\$ 42,200.

e) Contract of share swap

In a meeting held on March 14, 2014, the Company's Board of Directors approved the agreement on swaps with Bank Credit Suisse Próprio Fundo de Investimento Multimercado (Credit Suisse).

29. Statements of comprehensive income (loss)

In compliance with CPC 26(R1) (IAS 1 – Presentation of Interim Financial Statements), the Company presents below the changes in comprehensive income (loss) for the periods ended September 30, 2016 and 2015:

	Controlling Company		Consolidated	
	09.30.16	09.12.15	09.30.16	09.12.15
Income (loss) for the period	182,655	(867,037)	182,741	(866,452)
Adjustment of equity valuation	117,524	(198,075)	117,520	(198,077)
Total comprehensive result	300,179	(1,065,112)	300,261	(1,064,529)
Comprehensive result attributable to:				
Controlling shareholders	300,179	(1,065,112)	300,179	(1,065,112)
Non controlling shareholders	-	-	82	583
Total comprehensive result	300,179	(1,065,112)	300,261	(1,064,529)

30. Insurance Coverage

The Company and its controlled companies have an insurance policy that mainly takes into consideration the concentration of risks, the significance and the replacement value of the assets. The main information about insurance cover in effect as of September 30, 2016 is as follows:

	Type of coverage	Insured amount
Buildings	Fire and miscellaneous risks	571,967
Facilities, equipment and products in stock	Fire and miscellaneous risks	635,471
Vehicles and aircrafts	Fire and miscellaneous risks	74,060
Civil liability	Operation risks	20,000
		1,301,498

The Company and its controlled companies have coverage for all products transported in Brazil and abroad. The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, were not examined by the Company's independent auditors.

The company took out insurance policies for all plants and distribution centers.

31. Subsequent events

On November 07, 2016, the Board of Directors, approved the execution, by the Company, of a Share Purchase Agreement and Other Covenants ("SPA") by means of which the Company will, subject to the verification of certain conditions precedent, acquire shares issued by Frisa Frigorífico Rio Doce S.A. ("Frisa"), representing 99.56% of its total capital stock, being 100% of its voting capital stock and 98.41% of its capital stock without voting rights ("Acquired Shares").

* * *

3Q16 Earnings Release

Minerva Foods

Barretos, November 8, 2016 – Minerva S.A. (BM&FBOVESPA: BEEF3 | OTCQX: MRVSY), one of the leaders in South America in the production and sale of fresh beef, live cattle and cattle byproducts, with operations also in the beef, pork and poultry processing segments, announces today its results for the third quarter of 2016 (3Q16). The financial and operating information herein is presented in BRGAAP and Brazilian reais (R\$), in accordance with International Financial Reporting Standards (IFRS).



3Q16 Highlights

Minerva (BEEF3)

Price on 11/7/2016:
R\$ 9.85

Market cap:
R\$2,362.5 million

239,844,659 shares

Free Float – 52.0%

Conference calls

November 9, 2016

Portuguese

10:00 a.m. (Brasília)

7:00 a.m. (US EST)

Phone: +55 (11) 3193-1001 or

+55 (11) 2820-4001

Code: Minerva

English

12:00 p.m. (Brasília)

09:00 a.m. (US EST)

Phone: +1 (412) 317-5479

Code: Minerva

IR Contact:

Eduardo Puzziello
Kelly Barna
Tamires Ferreira

Phone: (11) 3074-2444
(17) 3321-3355

ri@minervafoods.com

- ✓ Minerva posted net income of R\$47.4 million in 3Q16. ROIC came to 24.8%, 354 bps up on 3Q15. Cash position at the close of 3Q16 totaled R\$3.2 billion, 2.6x higher than short-term maturities. At the close of 3Q16, financial leverage, measured by the net debt/LTM EBITDA ratio, was 3.2x.
- ✓ Third-quarter gross revenue amounted to R\$2,695 million. In LTM3Q16, Minerva posted record gross revenue of R\$10,422 million, 10% up on LTM3Q15. Net revenue amounted to R\$2,534 million in 3Q16, accompanied by a gross margin of 19.4%.
- ✓ Exports accounted for 60% of consolidated revenue, influenced by an increased focus on the Others Division in the domestic market. The Beef Division's export sales remained flat in 3Q16 over 3Q15, while domestic sales increased 43%, despite Brazil's economic deterioration. This result reflects the Company's commercial focus on increasing its penetration in the local market as well as the strategy to concentrate on exports to niche and ethnic markets, whose returns are higher, despite the increased working capital requirements. The Beef Division's exports accounted for 65% of sales, while domestic sales corresponded to 35%.
- ✓ Third-quarter EBITDA totaled R\$249.3 million, 4.5% up on 2Q16. The EBITDA margin was 9.8%. In LTM3Q16, EBITDA totaled R\$1,076.3 million, 22.4% up year-on-year, with a margin of 10.9%, 100 bps higher than in the previous year.
- ✓ In September 2016, Minerva concluded the foreign market issue of notes maturing in 2026 worth US\$1 billion in order to extend its debt profile and reduce the cost of consolidated debt by replacing the notes maturing in 2023 with notes maturing in 2026 at 6.50% p.a. The transaction will bring annual savings in financial expenses of at least US\$4.3 million.
- ✓ On November 7, 2016, Minerva entered into a Purchase Agreement related to the acquisition of Frisa Frigorífico Rio Doce S.A.' shares., one of Brazil's main producers of beef, sixth largest exporter, with capacity of 1,700 head/day and units located in Espírito Santo state, Minas Gerais state and Bahia state. This acquisition is an excellent strategical opportunity to complement Minerva's operations and another step towards the consolidation of the sector in Brazil and South America.



Key Indicators

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15 ⁽¹⁾	% Chg
Slaughtering ('000 head)	590.0	536.1	10.0%	544.2	8.4%	2,196.0	2,343.9	-6.3%
Sales volume ('000 tonnes)	151.2	137.5	10.0%	134.9	12.0%	571.2	580.8	-1.6%
Gross revenue	2,694.7	2,510.1	7.4%	2,363.8	14.0%	10,421.5	9,459.0	10.2%
Domestic market	1,064.9	611.8	74.1%	787.6	35.2%	3,537.2	3,021.1	17.1%
Export market	1,629.7	1,898.3	-14.1%	1,576.2	3.4%	6,884.3	6,437.8	6.9%
Net revenue	2,533.7	2,388.2	6.1%	2,221.0	14.1%	9,845.9	8,898.4	10.6%
EBITDA	249.3	278.2	-10.4%	238.5	4.5%	1,076.3	879.3	22.4%
EBITDA margin	9.8%	11.7%	-1.8 p.p.	10.7%	-0.9 p.p.	10.9%	9.9%	1.0 p.p.
Net debt/ LTM EBITDA (x)	3.2	4.8	-1.5	2.7	0.5	3.2	4.8	-1.5
Net (loss) income	47.4	-446.1	-110.6%	89.0	-46.7%	249.2	-1,178.5	-121.1%

(1) LTM3Q15 EBITDA adjusted by the adherence to the Federal Tax Renegotiation Program (REFIS) in 4Q14.



Message from Management

Since its creation, Minerva has been maintaining a consistent growth strategy, focused on producing beef in South America and exporting to various global markets. All investments made over the years created the foundation for the development of an increasingly global beef distribution platform, focused on operational and financial discipline and the efficient execution of our business plan.

As a result, we currently have one of the most modern industrial parks in South America and our operational and financial indicators are considered a reference in our sector. Minerva has 11 slaughter and deboning plants strategically located in seven Brazilian states, as well as two units in Uruguay, three in Paraguay and one in Colombia. In line with the development of the operational park, we continued to expand and adapt local and international distribution channels, growing in an organized, consistent and balanced manner, while preserving operational agility, efficiency and flexibility, allowing us to continue benefiting from the imperfections and opportunities inherent to all commodity markets. This is an assertive and effective risk management strategy, which combined with operational discipline, has been crucial to generate more predictable and less volatile results over the past few years.

Our conservative financial policy, focused on working capital management and exemplary risk management, also played a major role in our results, both in terms of cash generation efficiency and capital structure improvements, in order to provide sustainable support to Minerva's growth. The recent US\$1 billion issue of Notes held in September 2016, which reduced the average cost of debt by more than 100 bps and increased debt maturity, is an example of this improvement. Our current cash position covers debt amortization until 2026, with debt duration of a little more than 6 years.

This comfortable financial situation and the soundness of our operations allow us to manage Minerva's operational profitability based on working capital requirements, always respecting internal leverage limits, without disregarding the return on capital invested in our operations and the creation of value for our shareholders. Despite the increased working capital requirements in 3Q16, it is worth mentioning the sound margins posted by the Company in an extremely challenging quarter for the sector, with a highly volatile exchange rate, affecting input prices and consumer market behavior. This undoubtedly demonstrates our commitment to operational profitability and attests to the strong control we have on our operations and cash position.

In a commercial point of view, perhaps the quarter's most relevant event was the opening of the U.S. market for Brazilian beef, concretize in early September. This factor will be reflected in access to new markets and consequently give the Brazilian industry a higher pricing power in the global market in the medium term. In addition, on the supply side, Australian exports are still meagre, reflecting the years of above-average slaughter in periods of drought and the

consequent retention of females for rebuilding the herd. The opening of the U.S. market and the weakening of Australian exports facilitated South America's access to new markets, consequently benefiting better-positioned players.

From the sector's point of view, this year's drought was milder than usual, due to the extended rainy period, which mitigated the damage to pasture caused by the drought. The dry season effectively began in July and the atypical rains which returned in early October in some producing regions are expected to favor replenishment of the pasture and consequently strengthen pasture cattle supply at the beginning of the next season. We expect more cattle available for slaughter next year, due to a combination of animals that should have been slaughtered in the last 18 months, but which due to industry capacity adjustment remained on farms and should be available in the coming seasons, and the reversal of the cattle cycle to the phase of higher animal supply, as we already noticed the first signs of higher slaughter of females and the reduction in the margin of cattle breeding activities.

Fernando Galletti de Queiroz, CEO



Industry Overview

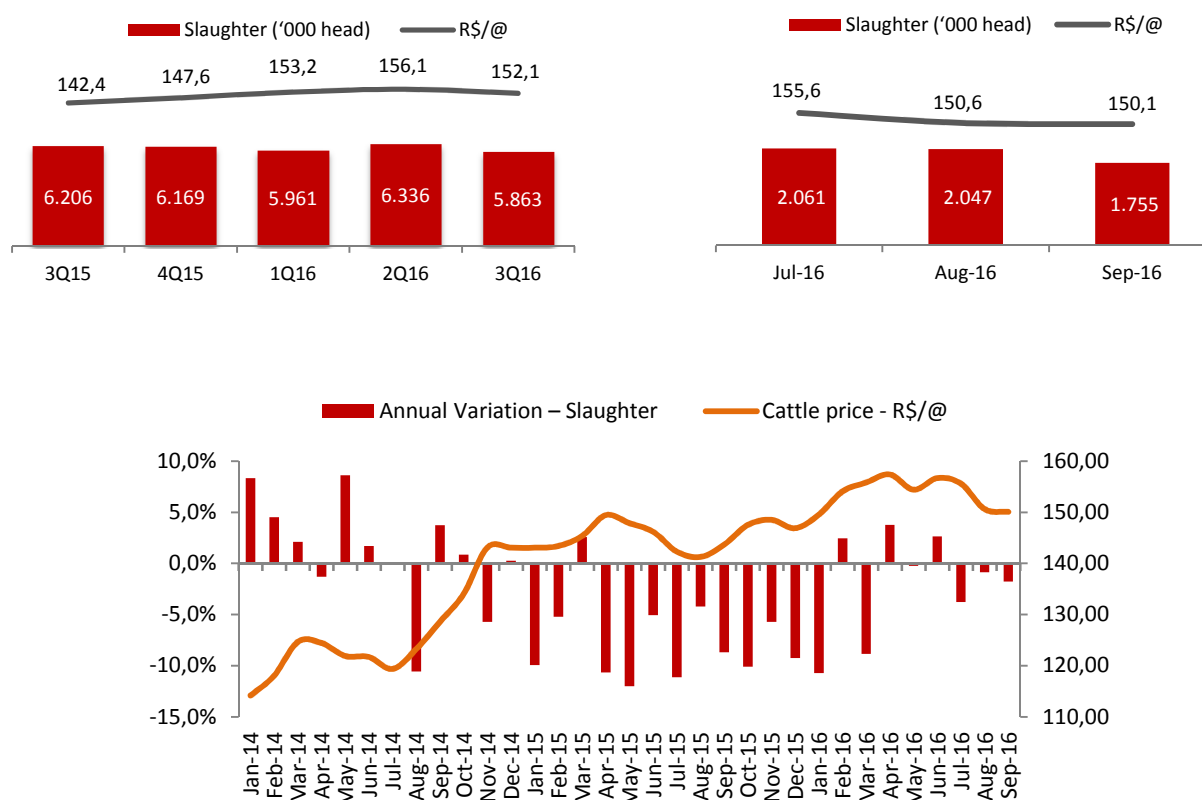
Brazil

Cattle Supply

In the third quarter, slaughter volume totaled approximately 5.9 million heads, 5.5% down on 3Q15 and 7.5% down on 2Q16. Due to the effect of the offseason, the third quarter is usually characterized by lower supply of animals ready for slaughter. We expected 3Q16 supply to be lower than normal, given that confined cattle surveys indicated a lower willingness from feedlot operators, due to the high replacement cost (thin cattle) and the high cost of animal feed. However, the volume of animals ready for slaughter was higher than expected, given the increased availability of animals from pasture supplementation, which reduced the outflow of animals at the end of the season and stabilized cattle supply in the beginning of the offseason.

Given this scenario, the finished cattle arroba price (state of São Paulo reference) fell 3% over 2Q16, averaging R\$152.1/@.

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



Source: Ministry of Agriculture, Livestock and Supply, CEPEA/ESALQ | 3Q16 Preliminary slaughtering figures

Export market

In 3Q16, Brazilian fresh beef exports fell 9.6% and 6.6% over 2Q16 and 3Q15 respectively, to 257 thousand tonnes. Revenue amounted to US\$1,065 million, 5% down on 2Q16 and 15% down on 3Q15. The volume reduction can be explained by small meatpacking companies' weaker focus on exports, due to the lower availability of credit in the market, influenced by lower demand from Venezuela and Russia, and the strategy of major players to give priority to profitability.

Figures 4 and 5 – Fresh Beef Exports

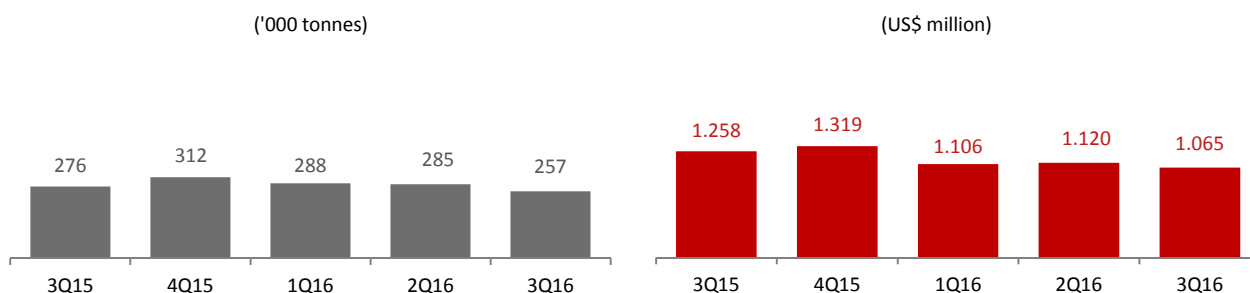
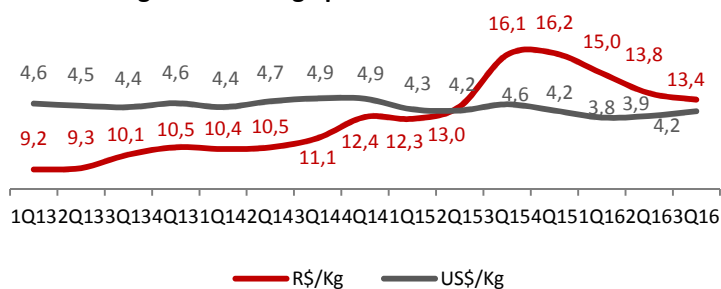
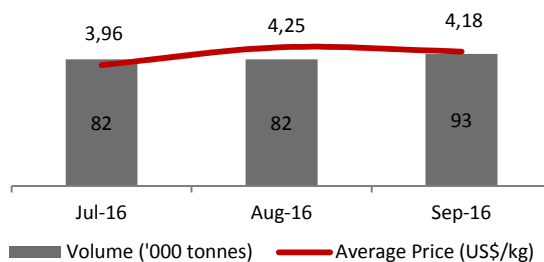


Figure 6 - Average price of fresh beef



Source: Ministry of Trade, Industry and Development

Figure 7 - Brazilian fresh beef exports

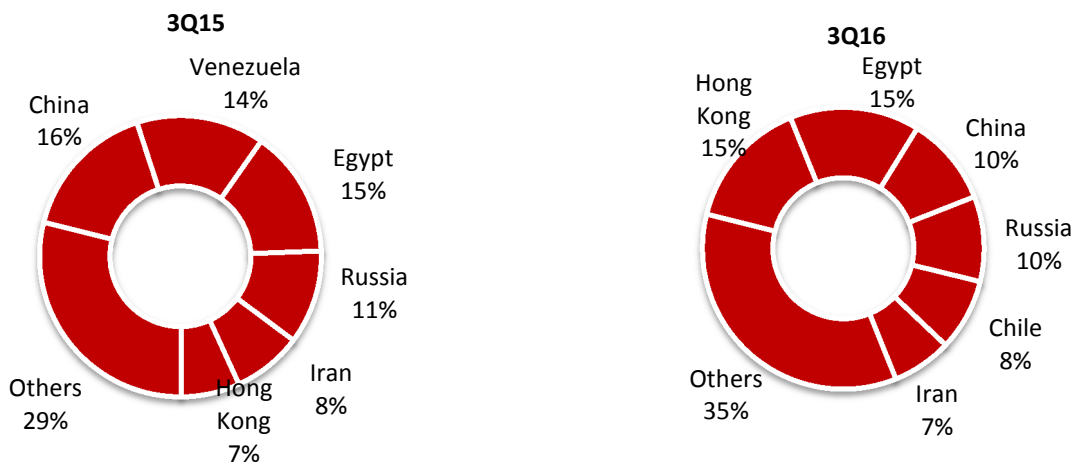


Source: Ministry of Trade, Industry and Development

Given the lower exports to Venezuela, whose average price of beef is higher than in Brazil, and the rerouting of exports to countries in the Middle East and Asia, which consume more forequarter cuts (lower average price), the average dollar price reduced by approximately 9% in 3Q16 over 3Q15, to US\$4.13/kg. In addition, due to the appreciation of the real against the U.S. dollar, the price in reais also fell, averaging R\$13.4/kg (17% down on 3Q15). In 3Q16 over 2Q16, the average dollar price rose 5%, chiefly fueled by the price registered in August.

The chart below shows Brazil's main export destinations in 3Q16. China and Hong Kong combined accounted for 25% of total exports, while Egypt remained as the second export destination, with 15% of the total, corroborating the reduction in the average dollar price of beef, given that these are countries which consume more forequarter cuts (lower average price).

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



Source: Ministry of Trade, Industry and Development

Opening of the U.S. Market

The third quarter was marked by the beginning of Brazilian beef exports to the United States respecting specific quotas by country or group of countries. Brazil initially fits the “Others” quota (with a total equivalent to 64,800 tonnes/year). This quota includes countries that are not major players in the global beef export market, such as Chile, Costa Rica, El Salvador, Honduras, Nicaragua and the Dominican Republic which are entitled to export beef to the United States as a group.

Brazil is believed to have great potential to meet the largest share of this quota. In addition, in recent years, some important exporters such as Australia and New Zealand did not meet their quotas, which, in the medium/long term, can open opportunities for Brazil to fill in these distortions, particularly considering the current situation of reduced supply in Australia.

Due to the opening of the U.S. market to Brazilian beef, Brazil is expected to meet approximately 80% of global demand. It is also expected that, in addition to the opening of the U.S. market, new opportunities may arise for accessing other markets, such as Canada, Mexico, Japan and South Korea, enabling Brazil to access more than 90% of global demand for beef.

The chart below shows the access of Brazilian beef to the global market:

MAIN IMPORTERS OF BEEF				BRAZIL'S EVOLUTION			
RANK	COUNTRY	2015*	% of global beef imports	2014	2015	2016	2017E
1	USA	1,559	20.6%				✓
2	Japan	707	9.3%				
3	China	663	8.7%		✓	✓	✓
4	Russia	625	8.2%	✓	✓	✓	✓
5	South Korea	414	5.5%				
6	European Union	363	4.8%	✓	✓	✓	✓
7	Egypt	360	4.7%	✓	✓	✓	✓
8	Hong Kong	339	4.5%	✓	✓	✓	✓
9	Canada	280	3.7%				
10	Chile	245	3.2%	✓	✓	✓	✓
11	Malaysia	235	3.1%	✓	✓	✓	✓
12	Mexico	175	2.3%				
13	Venezuela	169	2.2%	✓	✓	✓	✓
14	Saudi Arabia	155	2.0%			✓	✓
15	Iran	148	2.0%	✓	✓	✓	✓
	Other	1,146	15.1%	✓	✓	✓	✓
	TOTAL	7,583	100%	47%	56%	58%	78%

Source: USDA

Domestic market

Brazilian weak economic indicators continued to impact results in the third quarter of 2016 (high inflation, increased unemployment, and lower credit availability, among other factors), directly leading to a reduction in beef consumption. This became evident in July and August.

In early 3Q16, the average price of bone-in beef (carcass) depreciated once again, undermining smaller meatpacking companies with low commercial and operational flexibility. This fact resulted in new adjustments in the industry's capacity utilization.

As a result, the migration not only to replacement proteins, such as chicken and pork, but also to cheaper cuts (forequarter cuts or even processed products) was intensified. Given this scenario, domestic sales of replacement proteins remained high, despite the increase in grain prices, main input in the chicken and pork production chain.

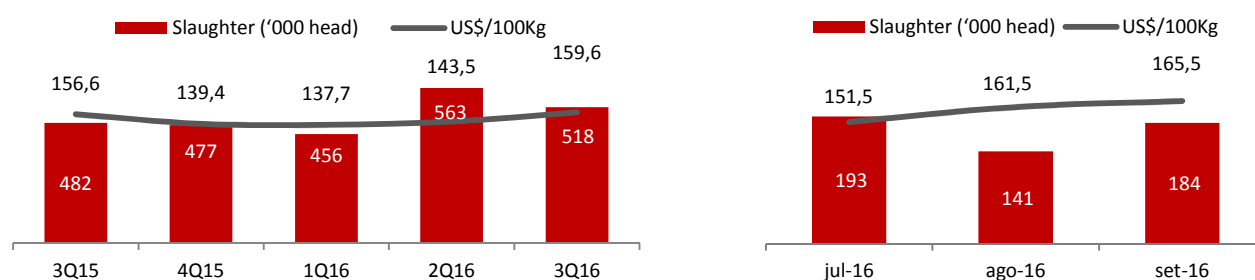
Nevertheless, despite the weaker consumption environment in the domestic market, at the end of the quarter (mainly in September), there was a sharp increase in wholesale beef prices, fueled by a combination between the lower slaughter volume in 3Q16 (lower supply) and the seasonality effect on consumption (higher demand), which also resulted in healthier margins for the industry.

Paraguay

Cattle Supply

In the third quarter of 2016, slaughter volume amounted to 518 thousand heads in Paraguay, 7% up on 3Q15, but 8% down on 2Q16. It is worth mentioning that, like in Brazil, the third quarter is characterized by the beginning of the offseason, limiting the availability of animals ready for slaughter. In addition, in 3Q16, the period before cattle vaccination and Expo 2016 held in July interfered with the negotiation of animals, directly impacting slaughter volume. As a result, average cattle price increased by 2% over 3Q15, to US\$159.6/100kg.

Figures 10 and 11 – Cattle Slaughter and Average Cattle Price

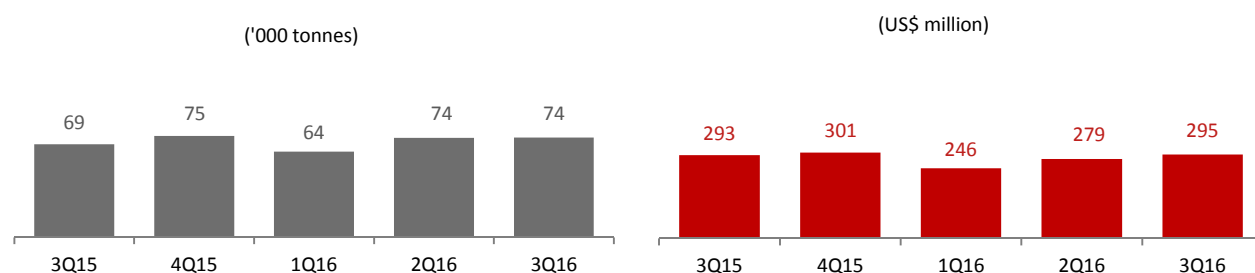


Source: SENACSA

Export market

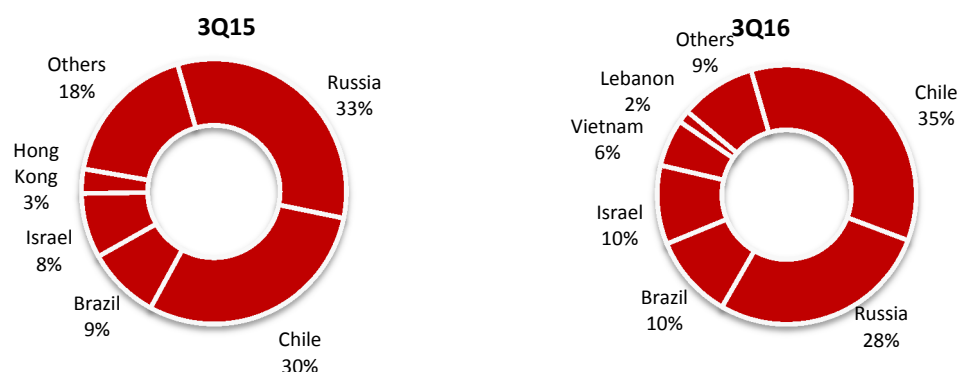
Export volume totaled 74 thousand tonnes in 3Q16, 7% up on 3Q15 and in line with the 2Q16 figure, accompanied by revenue of US\$295 million. The Company's export performance was influenced by demand from Chile (due to the Chilean *Fiestas Patrias*), increased demand from Russia and the growth in exports to Brazil due to the lower slaughter in the country. These three countries are still Paraguay's main export destinations. The country has also been trying to export to new markets, including due to the recent opening in Iran and Egypt.

Figures 12 and 13 – Fresh Beef Exports



Source: SENACSA

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



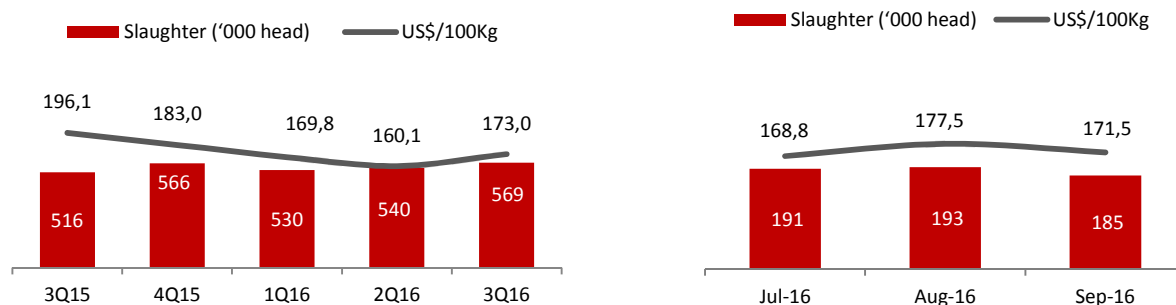
Source: SENACSA

Uruguay

Cattle Supply

Uruguay's slaughter volume totaled 569 thousand heads in 3Q16, 10% and 5% up on 3Q15 and 2Q16, respectively, reflecting the high animal availability, particularly in July and August. However, given that rainfall was intensified again, cattle supply reduced at the end of the quarter, directly impacting the increase in cattle prices. As a result, average prices rose 8% compared to the previous quarter. On the other hand, the average cattle price fell 12% in 3Q16 over 3Q15, to US\$173.0/100kg.

Figures 16 and 17 – Cattle Slaughter and Average Cattle Price

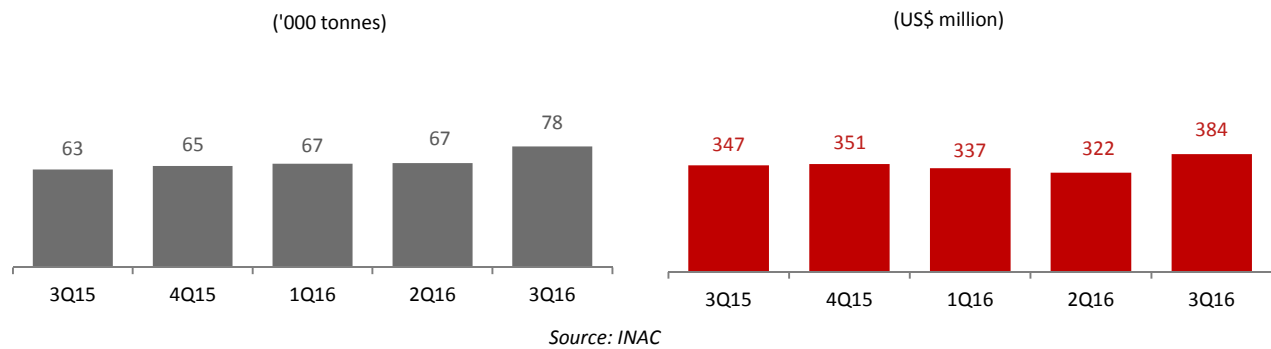


Source: INAC

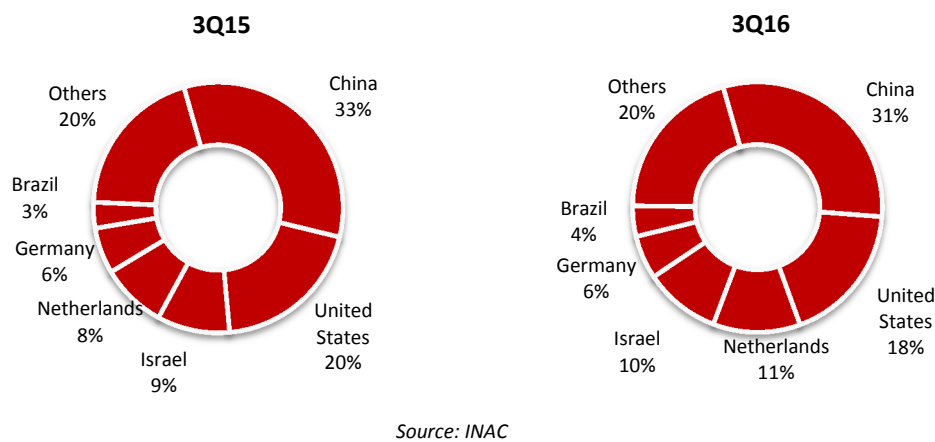
Export market

Third-quarter export volume grew 24% over 3Q15, to 78 thousand tonnes, accompanied by revenue of US\$384 million, 19% and 11% up on 2Q16 and 3Q15, respectively. The healthy export performance was fueled by the reduction in shipments from Australia and Brazil to China, one of Uruguay's main export destinations. Although the average export price of beef declined in 3Q16 over 3Q15, it slightly recovered over 2Q16 (2%), to US\$4.92/kg. China continued to be the country's main export destination in 3Q16, accounting for 31%. Exports to the United States, Uruguay's second most important export destination, corresponded to 18% of the total, down by 2 p.p. over 3Q15.

Figures 18 and 19 – Fresh Beef Exports



Figures 20 and 21 – Export Destinations (% of Revenue)



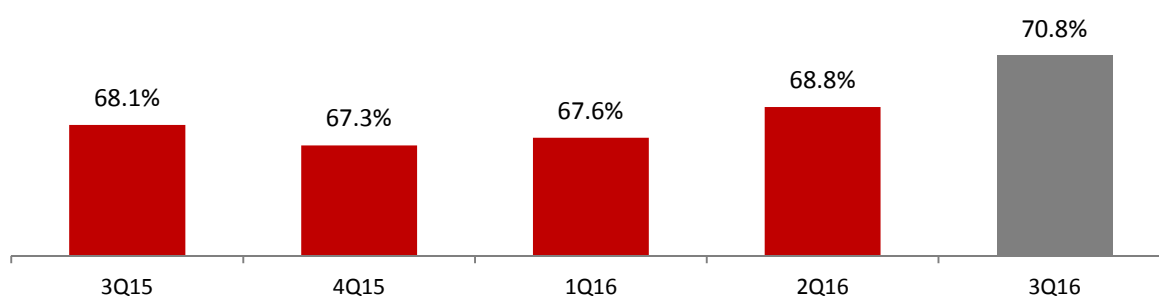


Minerva – Results Analysis

Slaughter

In 3Q16, the Company's slaughter volume totaled 590 thousand heads, 10% more than in 3Q15. The consolidated capacity utilization rate was 70.8%, 2 p.p. higher than in the previous quarter.

Figure 22- Installed Capacity Utilization



Source: Minerva

Consolidated Gross Revenue

Minerva's gross revenue totaled R\$2.7 billion in 3Q16, 7.4% more than in 3Q15. The highlight was the Beef Division's performance, with a revenue increase by 9.4% over 3Q15, to R\$2.3 billion.

In the export market, the 8.3% depreciation of the U.S. dollar against the real in 3Q16 over 3Q15 impacted the profitability of the Beef Division's exports, but was offset by the 6.3% increase in the average dollar price of beef over 3Q15. As a result, the average price in reais remained virtually stable over 3Q15. The improvement in the average dollar price is fruit of the commercial strategy adopted by the Company to retain more products in inventory at the turn from 2Q16 to 3Q16 (particularly in June) in order to obtain a better pricing of its products (long strategy). In this scenario, and given that export volume remained flat in 3Q16 over 3Q15, the Beef Division's export revenue was stable over 3Q15, totaling R\$1.5 billion.

Minerva moved on with its strategy to increase the number of points of sale in the domestic market and has been improving its operating indicators. Due to this effect, domestic beef sales volume increased by 38.9% in 3Q16 over 3Q15 and 29.3% over 2Q16, while the average sales price slightly declined over the same period last year. Despite the adverse economic scenario, due to this effect, the Beef Division's total revenue in the domestic market increased by 42.8% over 3Q15, to R\$780.3 million.

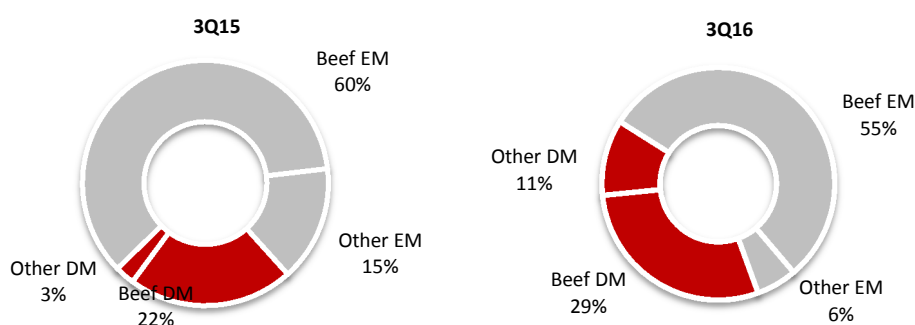
The negative result of the Others Division was influenced by the weak performance in the Live Cattle segment in the international market (-70% yoy). However, said performance was partially offset by the healthy results from distribution (+80% yoy) and Leather (+30% yoy) in the domestic market.

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Gross revenue	2,694.7	2,510.1	7.4%	2,363.8	14.0%	10,421.5	9,459.0	10.2%
Beef Division	2,257.7	2,063.1	9.4%	2,041.3	10.6%	8,868.7	7,615.0	16.5%
Others Division	436.9	447.0	-2.2%	322.5	35.5%	1,552.8	1,844.0	-15.8%

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Domestic market	1,064.9	611.8	74.1%	787.6	35.2%	3,537.2	3,021.1	17.1%
% Gross revenue	39.5%	24.4%	15.1 p.p.	33.3%	6.2 p.p.	33.9%	31.9%	2.0 p.p.
Beef Division	780.3	546.4	42.8%	601.4	29.7%	2,705.4	2,390.9	13.2%
Others Division	284.6	65.3	335.7%	186.2	52.9%	831.8	630.2	32.0%

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Export market	1,629.7	1,898.3	-14.1%	1,576.2	3.4%	6,884.3	6,437.8	6.9%
% Gross revenue	60.5%	75.6%	-15.1 p.p.	66.7%	-6.2 p.p.	66.1%	68.1%	-2.0 p.p.
Beef Division	1,477.4	1,516.7	-2.6%	1,439.8	2.6%	6,163.3	5,224.1	18.0%
Others Division	152.3	381.7	-60.1%	136.3	11.8%	721.0	1,213.8	-40.6%

Figures 23 and 24 – Breakdown of Consolidated Gross Revenue



Source: Minerva

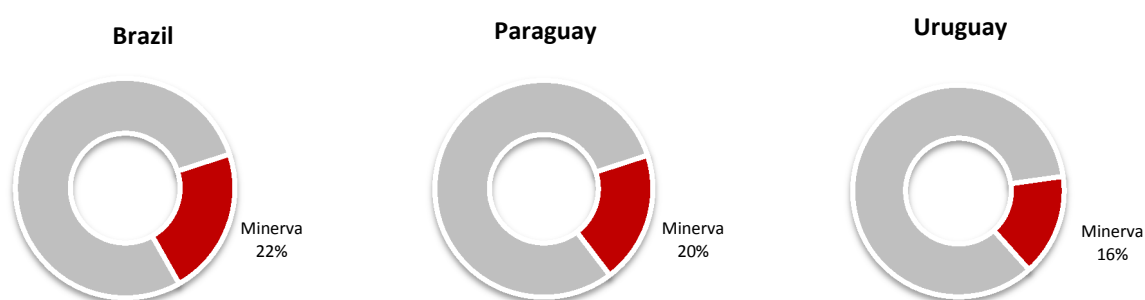
Beef Division

The Beef Division's gross revenue totaled R\$2,257.7 million in 3Q16, 9.4% up on 3Q15. Export revenue accounted for 65% of the total in this division, in line with 3Q15, amounting to R\$1,477.4 million. This result was benefited by the average dollar price of fresh beef, which increased by 6.3% over 3Q15 US\$5.2/kg. The Company once again recorded healthy performance in the domestic market despite the current economic environment. Gross domestic revenue from the Beef Division totaled R\$780.3 million, 42.8% up on 3Q15 and 29.7% up on 2Q16, accounting for 35% of the Division's sales.

Exports

In 3Q16, Minerva's share of the export market was high in the countries where it operates, remaining once again among the main exporters. In Brazil, export market share stood at 22%. In Paraguay, the Company's market share was 20%, 200 bps higher than in 2Q16 and once again a record figure, while the market share in Uruguay came to 16% in 3Q16.

Figures 25, 26 and 27 – 3Q16 Market Share (% of Revenue)



Source: Minerva, Secex, INAC and SENACSA

We present below the Company's exports by region in LTM3Q16 and LTM3Q15:

Africa: the region's share of the Company's exports fell 4 p.p. in LTM3Q16 over LTM3Q15, accounting for 15% of the total. Part of the exports previously allocated to this region was rerouted to other countries which consume forequarter cuts, such as China/Hong Kong and certain Middle Eastern countries.

Americas: the region's share in Minerva's export mix corresponded to 14% in the last twelve months ended September 2016, 200 bps higher than in LTM3Q15. The increase in the Americas' share was mainly fueled by higher demand from Chile, which is served by our operations in Brazil and Paraguay. Exports to Brazil from our plants in Paraguay and Uruguay have also been growing. As a result, the country is currently the region's second export destination.

Asia: the region was once again Minerva's main export destination, accounting for 28% of the total in LTM3Q16, 600 bps up on LTM3Q15. China's share alone grew by more than 60% in the period analyzed. Other two countries worthy of mention are Malaysia and Vietnam, whose combined revenue grew by 20%.

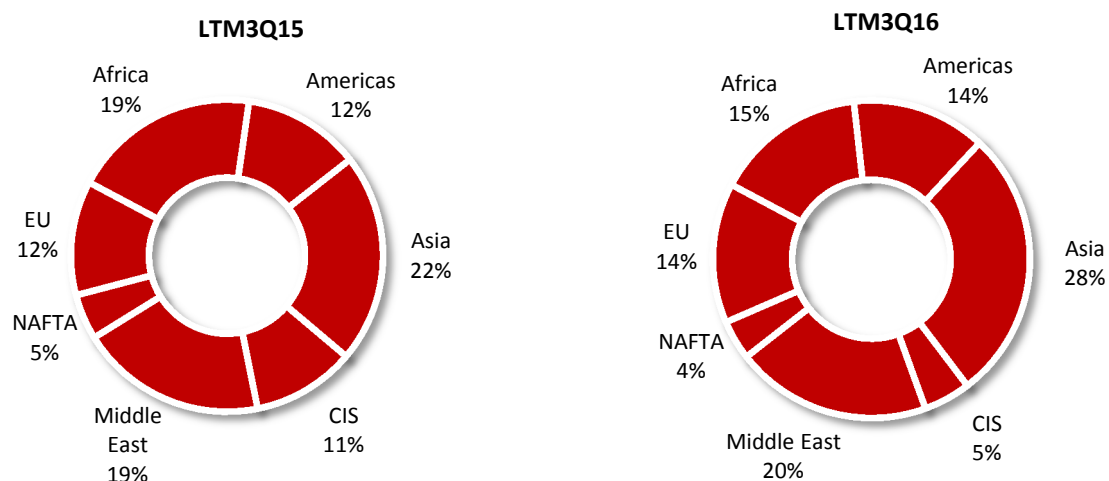
CIS (Commonwealth of Independent States): the share of this region, represented mainly by Russia, accounted for 5% of the Company's exports in LTM3Q16, 600 bps down on LTM3Q15. As mentioned in previous releases, the reduction in Russia's share was influenced by the country's economic situation (depreciation of the Ruble and decline in oil prices), which directly interfered with beef imports. However, in 3Q16 Russia began to show signs of recovery and contributed with revenue two times higher than in 2Q16. Minerva rerouted part of the volume allocated to this region to other destinations, especially Asia and the Middle East.

Europe: the region's share of Minerva's exports increased 200 bps in LTM3Q16, corresponding to 14% of the total. Benefiting from the region's demand for nobler cuts, such as hindquarter cuts, the Company increased the volume rerouted to this region in 3Q16.

NAFTA: the share of the NAFTA region (United States, Canada and Mexico) as a percentage of Minerva's exports came to 4% in LTM3Q16, slightly below the 5% reported in LTM3Q15. Most of the region's revenue comes from the U.S. market, which is served by our plants in Uruguay.

Middle East: the Middle East was the second most representative region as a share of Minerva's exports, accounting for 20% of the total in LTM3Q16, 100 bps up on the previous year. The countries whose revenue recorded the highest growth were Iraq and the United Arab Emirates.

Figures 28 and 29 – Consolidated Sales Breakdown by Region



Source: Minerva

We present below a complete breakdown of the Beef Division:

Gross Revenue (R\$ million)	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Fresh Beef - EM	1,374.2	1,424.5	-3.5%	1,336.1	2.8%	5,763.8	4,843.4	19.0%
Processed Beef – EM	17.8	0.8	2,094.2%	12.5	43.0%	40.1	32.4	23.7%
Others – EM	85.4	91.3	-6.5%	91.2	-6.4%	359.4	348.3	3.2%
Subtotal – EM	1,477.4	1,516.7	-2.6%	1,439.8	2.6%	6,163.3	5,224.1	18.0%
Fresh Beef – DM	639.3	417.5	53.1%	478.7	33.5%	2,219.5	1,993.2	11.4%
Processed Beef – DM	22.9	13.6	68.2%	15.4	49.4%	63.9	25.7	148.6%
Others - DM	118.0	115.3	2.4%	107.3	10.0%	422.0	372.0	13.4%
Subtotal – DM	780.3	546.4	42.8%	601.4	29.7%	2,705.4	2,390.9	13.2%
Total	2,257.7	2,063.1	9.4%	2,041.3	10.6%	8,868.7	7,615.0	16.5%

Volume ('000 tonnes)	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Fresh Beef - EM	81.0	81.9	-1.1%	81.7	-0.8%	334.0	322.3	3.7%
Processed Beef – EM	0.7	0.0	1,931.5%	0.5	42.9%	1.6	1.4	13.3%
Others – EM	7.6	7.7	-0.8%	8.2	-7.1%	31.1	32.0	-2.8%
Subtotal – EM	89.4	89.7	-0.3%	90.4	-1.2%	366.7	355.6	3.1%
Fresh Beef – DM	53.0	33.6	58.0%	36.9	43.6%	170.2	170.4	-0.2%
Processed Beef – DM	1.7	1.2	47.8%	1.1	54.9%	4.6	2.4	97.5%
Others - DM	7.1	13.1	-45.9%	6.5	9.1%	29.6	52.3	-43.3%
Subtotal – DM	61.8	47.8	29.3%	44.5	38.9%	204.5	225.1	-9.2%
Total	151.2	137.5	10.0%	134.9	12.0%	571.2	580.8	-1.6%

Average price - EM (US\$/kg)	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Fresh Beef - EM	5.2	4.9	6.3%	4.7	12.3%	4.8	5.0	-4.8%
Processed Beef – EM	7.7	6.5	17.7%	7.1	8.4%	6.8	7.5	-9.4%
Others – EM	3.4	3.4	2.7%	3.2	9.0%	3.2	3.6	-12.0%
Total	5.1	4.8	6.5%	4.5	12.4%	4.6	4.9	-5.1%
Average dollar (Source: BACEN)	3.24	3.54	-8.3%	3.51	-7.6%	3.62	3.01	20.6%

Average Price – EM (R\$/Kg)	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Fresh Beef - EM	17.0	17.4	-2.4%	16.4	3.7%	17.3	15.0	14.8%
Processed Beef – EM	24.9	23.1	8.0%	24.9	0.1%	24.7	22.7	9.2%
Others – EM	11.2	11.9	-5.8%	11.1	0.7%	11.6	10.9	6.2%
Total	16.5	16.9	-2.3%	15.9	3.8%	16.8	14.7	14.4%

Average Price – DM (R\$/Kg)	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Fresh Beef – DM	12.1	12.4	-3.1%	13.0	-7.0%	13.0	11.7	11.5%
Processed Beef – DM	13.4	11.7	13.8%	13.9	-3.6%	13.8	10.9	25.9%
Others - DM	16.7	8.8	89.2%	16.5	0.8%	14.2	7.1	100.2%
Total	12.6	11.4	10.5%	13.5	-6.6%	13.2	10.6	24.6%

EM - Export Market, DM – Domestic Market

Others Division

Gross revenue from this division amounted to R\$436.9 million in 3Q16, 35.5% up on 2Q16 and virtually flat over 3Q15.

Third-quarter consolidated revenue from the Leather segment increased by 26% over 3Q15 and 12% over 2Q16. Gross revenue from the domestic market was four times higher than in the same period last year and 27% higher than in 2Q16. The Company benefited from the appreciation of the real against the U.S. dollar to reroute a higher volume of leather (particularly rawhide) to the domestic market.

Likewise in 1Q16 and 2Q16, domestic market distribution sales continued to register positive performance in 3Q16, with revenue growing by 31% over 3Q15. The segment's healthy results in 2016 reflect Minerva's commercial strategy

focused on food service and meeting demand from small and medium retailers, segments which are more resilient in adverse scenarios. In addition, since the beginning of the crisis, the Company perfected its Go to Market strategy, giving priority to gaining new food service clients and increasing the number of items per order, boosting the operation's margin. In addition, Minerva posted record third-party product sales (One-Stop-Shop concept) in the third quarter, both in alternative proteins (poultry, pork and processed products) and imported products.

The Live Cattle segment once again recorded weak performance compared to the previous year (-70% yoy), still impacted by the accident in the Barcarena port (state of Pará) in 4Q15.

Net revenue

Minerva's third-quarter net revenue totaled R\$2,533.7 million, 6.1% up on 3Q15 and 14% up on 2Q16. In LTM3Q16, net revenue amounted to R\$9,845.9 million, 10.6% higher year-on-year.

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Gross revenue	2,694.7	2,510.1	7.4%	2,363.8	14.0%	10,421.5	9,459.0	10.2%
Sales taxes and deductions	-161.0	-121.9	32.0%	-142.8	12.7%	-575.6	-560.6	2.7%
Net revenue	2,533.7	2,388.2	6.1%	2,221.0	14.1%	9,845.9	8,898.4	10.6%
% Gross revenue	94.0%	95.1%	-1.1 p.p.	94.0%	0.1 p.p.	94.5%	94.1%	0.4 p.p.

Cost of Goods Sold (COGS) and Gross Margin

In 3Q16, COGS accounted for 80.6% of net revenue or a gross margin of 19.4%, due to the following factors: (i) the average reference arroba price (Finished cattle Esalq/BM&F – state of São Paulo), which increased by 6.8% over 3Q15; (ii) the impact from the average depreciation of the U.S. dollar against the real on the Company's export performance, which came to 8.3% in 3Q16, partially offset by the average export sale price in dollars, which increased by 6.3% over 3Q15. As for the positive effects on operating performance, it is worth mentioning the following factors (i) the strong performance of domestic beef sales, which was also impacted by the combined effect of the industry's operational adjustment, the increased resilience of our sales channels and the more advantageous sales mix; (ii) the geographic distribution of Minerva's plants, which has allowed us to benefit from arbitrage opportunities in raw material sourcing (basis arbitrage) and has resulted in an average arroba acquisition price for the Company lower than the market reference price; and (iii) the impacts from the strategy implemented in recent years of strongly focusing on each plant's operational efficiency, through specific benchmarking projects.

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Net revenue	2,533.7	2,388.2	6.1%	2,221.0	14.1%	9,845.9	8,898.4	10.6%
COGS	-2,042.7	-1,888.8	8.1%	-1,769.4	15.4%	-7,798.0	-7,212.6	8.1%
% Net revenue	80.6%	79.1%	1.5 p.p.	79.7%	1.0 p.p.	79.2%	81.1%	-1.9 p.p.
Gross Profit	491.0	499.4	-1.7%	451.6	8.7%	2,047.9	1,685.8	21.5%
Gross margin	19.4%	20.9%	-1.5 p.p.	20.3%	-1.0 p.p.	20.8%	18.9%	1.9 p.p.

Selling, General and Administrative Expenses

Selling expenses accounted for 6.3% of 3Q16 net revenue, 0.3 p.p. down on 3Q15 and 0.5 p.p. down on 2Q16, due to the higher share of consolidated sales in the domestic market. General and administrative expenses (as a percentage of net revenue) rose 0.3 p.p. over 3Q15 and fell 0.7 p.p. over the previous quarter.

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Selling expenses (R\$ million)	-159.7	-158.9	0.5%	-150.9	5.9%	-690.3	-613.8	12.5%
% Net revenue	6.3%	6.7%	-0.3 p.p.	6.8%	-0.5 p.p.	7.0%	6.9%	0.1 p.p.
G&A expenses (R\$ million)	-87.7	-74.4	17.9%	-92.6	-5.2%	-345.4	-268.0	28.9%
% Net revenue	3.5%	3.1%	0.3 p.p.	4.2%	-0.7 p.p.	3.5%	3.0%	0.5 p.p.

EBITDA

Third-quarter EBITDA totaled R\$249.3 million, 4.5% more than in 2Q16, accompanied by an EBITDA margin of 9.8%. In the twelve-month period, EBITDA amounted to R\$1,076.3 million, approximately 22% higher than LTM3Q15 EBITDA. The LTM EBITDA margin was 10.9%, 110 bps up on LTM3Q15.

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Net (loss) income	47.4	-446.1	-110.6%	89.0	-46.7%	249.2	-1,178.5	-121.1%
(+/-) Deferred income and social contribution taxes	-32.3	38.6	-183.6%	54.2	-159.6%	94.9	17.3	448.6%
(+/-) Asset impairment ⁽¹⁾	0.0	0.0	n.a.	0.0	n.a.	23.5	0.0	n.a.
(+/-) Financial result	214.1	665.7	-67.8%	74.2	188.3%	627.8	1,931.7	-67.5%
(+/-) Depreciation and amortization	20.1	20.1	0.0%	21.1	-5.1%	80.8	72.7	11.3%
EBITDA	249.3	278.2	-10.4%	238.5	4.5%	1,076.3	843.2	27.7%
(+/-) Non-recurring items	0.0	0.0	n.a.	0.0	n.a.	0.0	36.2	-100.0%
Adjusted EBITDA	249.3	278.2	-10.4%	238.5	4.5%	1,076.3	879.3	22.4%
Adjusted EBITDA margin	9.8%	11.7%	-1.8 p.p.	10.7%	-0.9 p.p.	10.9%	9.9%	1.0 p.p.

⁽¹⁾ For more information, see note 13 to the 4Q15 Standardized Financial Statements.

Financial result

Minerva's financial result was negative by R\$214.1 million in 3Q16. The financial expense totaled R\$202.0 million, declining by 11% on 3Q15 and 3.2% on 2Q16, due to the effect from the depreciation of the U.S. dollar on debt denominated in foreign currency and the corresponding interest.

"Other financial income/expenses" came in as expense of R\$54.8 million, impacted by the financial instruments related to FX hedge, which totaled expense of R\$19.9 million in the quarter. Note that our hedge policy, which is distinguished by its focus on risk management, has also proven adequate for protecting the balance sheet of an exporting company without exposing it to risks that are unreasonable or not within our ability to manage. The Company closed the third

quarter without a balance sheet hedge position. In addition, financial discounts increased due to the higher rerouting to the local market. Financial expenses also grew, fueled by anticipated amortization of debt in the quarter.

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Financial expenses	-202.0	-226.9	-11.0%	-208.6	-3.2%	-808.3	-729.4	10.8%
Financial income	38.5	41.4	-7.0%	38.8	-0.8%	120.5	117.0	3.0%
FX variation	4.2	-640.2	n.a.	299.6	-98.6%	642.1	-1,417.6	n.a.
Other revenue / expenses (*)	-54.8	160.1	n.a.	-204.1	-73.1%	-582.1	98.4	n.a.
Financial result	-214.1	-665.7	-67.8%	-74.2	188.4%	-627.8	-1,931.7	-67.5%
Average dollar (R\$/US\$) (Source: BACEN)	3.24	3.54	-8.3%	3.51	-7.6%	3.62	3.01	20.6%
Closing dollar (R\$/US\$) (Source: BACEN)	3.25	3.97	-18.3%	3.21	1.1%	3.25	3.97	-18.3%

(*) Other Expenses (R\$ million)	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
FX hedge	-19.9	197.1	n.a.	-179.1	-88.9%	-480.6	272.2	n.a.
Commodities hedge	-6.8	-15.2	-55.3%	-8.5	-20.0%	-16.9	-25.9	-34.7%
Financial discounts, rates, commissions, commercial discount and other financial expenses	-28.1	-21.8	28.6%	-16.5	70.3%	-84.6	-72.9	16.0%
Fine and interest - REFIS	0.0	0.0	n.a.	0.0	n.a.	0.0	-75.0	-
Total	-54.8	160.1	n.a.	-204.1	-73.1%	-582.1	98.4	100.0%

Net Result

In 3Q16, the Company posted net income of R\$15.2 million before income and social contribution taxes. Net income after income and social contribution taxes totaled R\$47.4 million. Adjusting the net result for the foreign exchange effect, resulting from the FX Hedge and income and social contribution taxes, it came in as income of R\$30.9 million, giving LTM3Q16 net income of R\$206.1 million.

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Net (loss) income before taxes	15.2	-407.5	n.a.	143.1	-89.4%	344.2	-1,161.2	n.a.
Income and social contribution taxes	32.3	-38.6	n.a.	-54.2	n.a.	-94.9	-17.3	448.6%
Net (loss) income	47.4	-446.1	n.a.	89.0	n.a.	249.2	-1,178.5	n.a.
% Net margin	1.9%	-18.7%	20.6 p.p.	4.0%	-2.1 p.p.	2.5%	-13.2%	15.8 p.p.

R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg	LTM3Q16	LTM3Q15	% Chg
Net (loss) income	47.4	-446.1	n.a.	89.0	-46.7%	249.2	-1,178.5	-121.1%
Asset impairment	0.0	0.0	n.a.	0.0	n.a.	23.5	0.0	n.a.
FX variation	-4.2	640.2	n.a.	-299.6	-98.6%	-642.1	1,417.6	n.a.
FX hedge	19.9	-197.1	n.a.	179.1	-88.9%	480.6	-272.2	n.a.
Income and social contribution taxes	-32.3	38.6	n.a.	54.2	-159.6%	94.9	17.3	448.6%
Non-recurring items (REFIS)	0.0	0.0	n.a.	0.0	n.a.	0.0	111.2	-100.0%
Adjusted (loss) income	30.9	35.6	-13.2%	22.6	36.7%	206.1	95.5	116.0%



Cash Flow

Operating Cash Flow

In the third quarter, working capital consumed R\$479.9 million. This line was chiefly impacted by: (1) the “Receivables” line (-R\$93.1 million), due to the extension of the payment term in the domestic market; and (2) the “Other Accounts Payable” line, as explained below.

It is worth mentioning that working capital consumption in 3Q16 was part of management's strategy to opt for preserving the profitability of the operation, measured by the return on invested capital (ROIC), currently at 24.8%, despite the one-off increase in working capital consumption. Said strategy was only possible thanks to the Company's comfortable cash and financial situation.

R\$ Million	3Q16	3Q15	2Q16	LTM3Q16
Net (loss) income	47.4	-446.1	89.0	249.2
(+) Net income adjustments	281.5	914.4	-73.5	324.8
(+) Variation in working capital requirements ⁽¹⁾	-479.9	196.9	76.3	-
Operating cash flow	-151.0	665.2	91.8	296.4

(1) excluding equity valuation adjustments and accumulated conversion amounts

The R\$314.3 million negative variation in “Other Accounts Payable” reflects the Company's credit policy, which requires prepayments from some clients from certain countries, in order to comply with its risk profile. Given the change in export destinations, reducing the Company's credit risk in 3Q16, amounts prepaid from clients declined by R\$310.5 million, impacting “Advances from Clients”, as described in the chart below.

R\$ Million	3Q16	2Q16	Variation
Advances from clients	644.7	955.2	-310.5
Other	146.3	150.1	3.8
Other accounts payable	791.0	1.105.3	-314.3

Free Cash Flow

Free cash flow after capex, interest payments and working capital was negative by R\$448.6 million in 3Q16 as shown below:

R\$ Million	3Q16
EBITDA	249.3
(+) Capex (on a cash basis)	-54.1
(+) Financial result (on a cash basis)	-163.9
(+) Variation in working capital requirements	-479.9
Free cash flow	-448.6

R\$ Million	3Q16	2Q16	1Q16	4Q15	LTM3Q16
EBITDA	249.3	238.5	251.6	337.0	1,076.4
(+) Capex (on a cash basis)	-54.1	-40.8	-64.5	-43.1	-202.5
(+) Financial result (on a cash basis) ⁽¹⁾	-163.9	-328.9	-327.8	-195.0	-1,015.6
(+) Variation in working capital requirements ⁽²⁾	-479.9	76.3	180.7	-54.7	-277.6
Free cash flow	-448.6	-54.9	40.0	44.2	-419.3

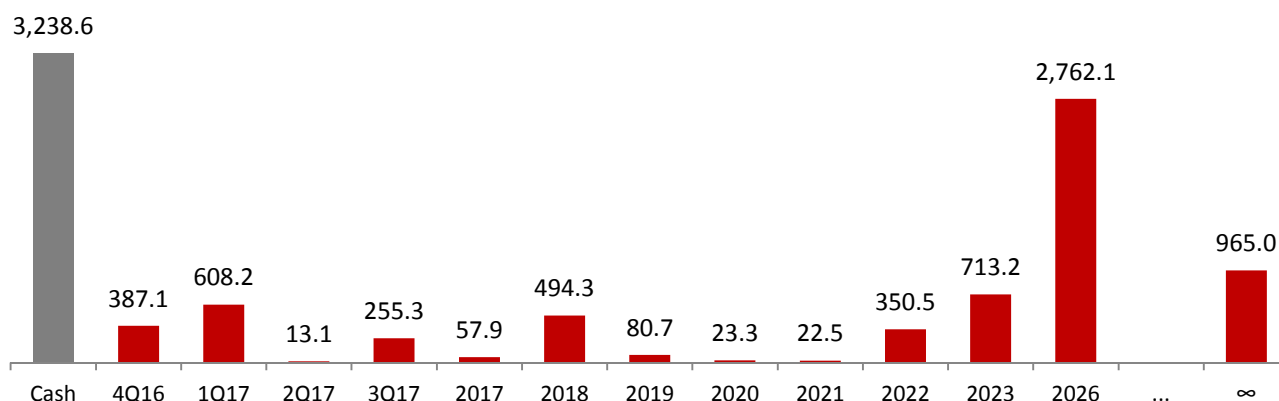
- (1) considering cash from FX hedge
 (2) excluding equity valuation adjustments and accumulated conversion amounts



Capital Structure

Minerva closed 3Q16 with cash and cash equivalents of R\$3.2 billion, which is sufficient to amortize its debt through 2026. Approximately 76% of the Company's debt was exposed to foreign exchange variation at the close of 3Q16. Leverage measured by the net debt/LTM EBITDA ratio was 3.2x on September 30, 2016, with debt duration of 6.1 years. It is worth noting that in 3Q16 management moved on with the strategy of managing financial liabilities, settled several short- and medium-term debts, and repurchased the 2019 Notes whose annual coupon was 10.875%. In September, Minerva also concluded an international market issue of US\$1 billion in new Notes maturing in 2026 (annual coupon of 6.50%) in order to extend the profile and reduce the cost of its consolidated debt, replacing the Notes maturing in 2023 (7.75% annual interest coupon). The effects of said issue on the average debt service cost will be perceived in the coming quarters.

Figure 30 – Debt amortization schedule on 9/30/2016
 (R\$ million)



R\$ Million	3Q16	3Q15	% Chg	2Q16	% Chg
Short-term debt	1,263.7	1,405.8	-10.1%	1,321.1	-4.3%
% Short-term debt	18.8%	17.8%	0.9 p.p.	22.9%	-4.1 p.p.
Local currency	452.7	547.2	-17.3%	375.8	20.5%
Foreign currency	811.0	858.6	-5.5%	945.3	-14.2%
Long-term debt	5,469.4	6,482.3	-15.6%	4,460.0	22.6%
% Long-term debt	81.2%	82.2%	-0.9 p.p.	77.1%	4.1 p.p.
Local currency	709.8	645.5	10.0%	592.6	19.8%
Foreign currency	4,759.6	5,836.8	-18.5%	3,867.4	23.1%
Total debt	6,733.1	7,888.1	-14.6%	5,781.1	16.5%
Local currency	1,162.5	1,192.7	-2.5%	968.3	20.1%
Foreign currency	5,570.6	6,695.4	-16.8%	4,812.8	15.7%
(Cash and cash equivalents)	-3,235.7	-3,642.2	-11.2%	-2,776.9	16.5%
Net debt ⁽¹⁾	3,470.1	4,220.2	-17.8%	2,976.0	16.6%
Net Debt/LTM EBITDA (x)	3.2	4.8	-1.6	2.6	0.6

(1) Net debt includes FIDC subordinated shares totaling R\$27.3 million in 3Q16, R\$28.2 million in 2Q16 and R\$25.7 million in 3Q15

Local currency (R\$ '000)	Sep/16	Jun/16
3Q16	0	88,965
4Q16	146,974	92,579
1Q17	190,834	181,079
2Q17	13,133	13,135
3Q17	101,746	22,368
2017	57,868	57,919
2018	494,314	349,913
2019	80,663	83,674
2020	23,263	23,264
2021	22,528	22,528
2022	22,586	24,297
2023	8,607	8,607
2026	0	0
∞	0	0
TOTAL	1,162,518	968,328

Foreign currency (R\$ '000)	Sep/16	Jun/16
3T16	0	514,486
4T16	240,124	144,100
1T17	417,317	286,736
2T17	0	0
3T17	153,560	22,837
2017	0	0
2018	0	0
2019	0	157,714
2020	0	0
2021	0	0
2022	327,939	323,726
2023	704,588	2,409,853
2026	2,762,075	0
∞	964,997	953,300
TOTAL	5,570,600	4,812,752



Investments

Investments in fixed assets totaled R\$54.1 million in 3Q16, R\$38.6 million of which went to operational maintenance, while R\$15.5 million was allocated to expansion, chiefly in our operations in Colombia.

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

CAPEX (R\$ million)	3Q16	2Q16	1Q16	4Q15	LTM3Q16
Maintenance	38.6	32.7	41.7	35.2	148.2
Expansion	15.5	8.1	22.8	7.9	54.3
Total	54.1	40.8	64.5	43.1	202.5



Subsequent Events

Acquisition of company in Brazil - Frisa

On November 3, 2016, Minerva informed its shareholders and the market in general that it entered into a Memorandum of Understanding related to the acquisition of Frisa Frigorífico Rio Doce S.A.'s shares. Frisa is one of Brazil's main producers of beef, sixth largest exporter in 2015 and in the nine months of 2016, with meatpacking units in Colatina (state of Espírito Santo and slaughter capacity of 500 head/day), Nanuque (state of Minas Gerais and slaughter capacity of 800 head/day) and Teixeira de Freitas (state of Bahia and slaughter capacity of 400 head/day), and Distribution Center and office in the city of Niterói (state of Rio de Janeiro), as shown on the map below.



The acquisition of Frisa is an excellent strategic opportunity to complement Minerva's operations and another step towards the consolidation of the sector in Brazil and South America. Its units complement Minerva's industrial and distribution operations as some of the plants are export certified, including for exporting to China and the United States. After the conclusion of the transaction, Minerva's slaughter capacity will total 19,000 head/day, with a presence in nine Brazilian states as well as in Uruguay, Paraguay and Colombia.

The acquisition will total R\$205 million, subject to working capital adjustments, R\$80 million of which paid on demand (after approval by Brazil's antitrust authority and at an ESM), R\$25 million in 12 months, R\$50 million in 24 months and R\$50 million in 36 months. The effective implementation of the acquisition is subject to several conditions precedent and preliminary authorizations, common to this type of operation, including a due diligence process and authorization by Brazil's antitrust authority (CADE).

In 2015, Frisa posted net revenue of R\$942 million and EBITDA of approximately R\$43 million. In 2016, the company is expected to post net revenue of R\$1,050 million and EBITDA of approximately R\$52 million. Exports correspond to 33% of total sales. We expect synergy gains of 120 bps after the conclusion of this acquisition due to a reduction in general and administrative expenses; we also expect to benefit from plant productivity gains, the improvement in the sales mix and higher efficiency in the purchase of cattle, leading to a combined gain of approximately 250 bps. As a result, these synergies are expected to increase the operation's margins, reducing the total acquisition multiple (Fair Value/ LTM EBITDA) to less than 2.5x.

We reaffirm our commitment to continue evaluating advantageous opportunities in South America both from a strategic and operational point of view, without disregarding our capital discipline and financial deleveraging.



Operational and Commercial Efficiency Programs

Operational Efficiency

Minerva has increased its slaughter capacity through strategic acquisitions in Brazil, Uruguay, Paraguay and Colombia. This plurality of new assets brought, over the last few years, new operating procedures and different technologies, which were incorporated by the Company.

In order to improve the group's operating results, Management created efficiency programs with the following goals: standardize processes, minimize the volatility of operating results and increase the productivity and profitability of the operations.

The operational efficiency programs include:

Osso Branco (White Bone) Project: Process to increase the yield of the plants through better use of carcasses, leaving fewer products on the bone, due to a more efficient deboning process. This project began in the second half of 2015 and in the last 12 months.

"Bíblia" (Bible) and "Atitude Campeã" (Winner's Attitude) Program: "Bíblia" is the standardization of best operating practices between units. The Company carried out a detailed survey on the best operational procedures in each plant and replicated it, in an organized manner, to the other units, in order to increase the operations' productivity. The goal of the "Atitude Campeã" program is to bring the main KPIs to the basis of the operational management through the dissemination of best factory floor practices among the units. The "Atitude Campeã" program even promotes a healthy competition between the units, in order to improve the standards of the KPIs achieved, through a bonus program for all the factory floor workers in the best-performing units. With this, we hope to bring the culture and the spirit of "ownership" to each employee, in an even more ingrained manner into our organizational culture. "Bíblia" is the standardization of the operation and the "Atitude Campeã" program is the best application of this standardization.

The expectation is that, together, these programs will generate yield benefits of up to 10% of the Company's EBITDA per year, after fully implemented.

Commercial Efficiency

In line with the development of the operating park, the Company organized and expanded its distribution channels in Brazil, focusing on food service and the small and medium retail segment. This change resulted in the improvement of the Go to Market strategy, giving priority to the opening of new customers in the food service segment, and it increased the number of items in each order, which expanded the margin of this operation. Moreover, the distribution in Paraguay was improved and new distribution centers were launched in Colombia and Chile, along the lines of the Brazilian DCs. Minerva also improved the integration between international offices and grew in a balanced manner, always based on risk management tools, which preserved its commercial agility, efficiency and flexibility.

This year, Minerva took another step forward on its commercial strategy, starting to increasingly source more third-party's products through its own trading companies located in Brazil, Uruguay and Australia, since we understood that the current scenario of imbalance between global beef supply and demand brings even more commercial opportunities. And the way to capture these opportunities is to make the Company become more and more "commercial", focusing on sourcing through "trading" and the development of efficient distribution channels.

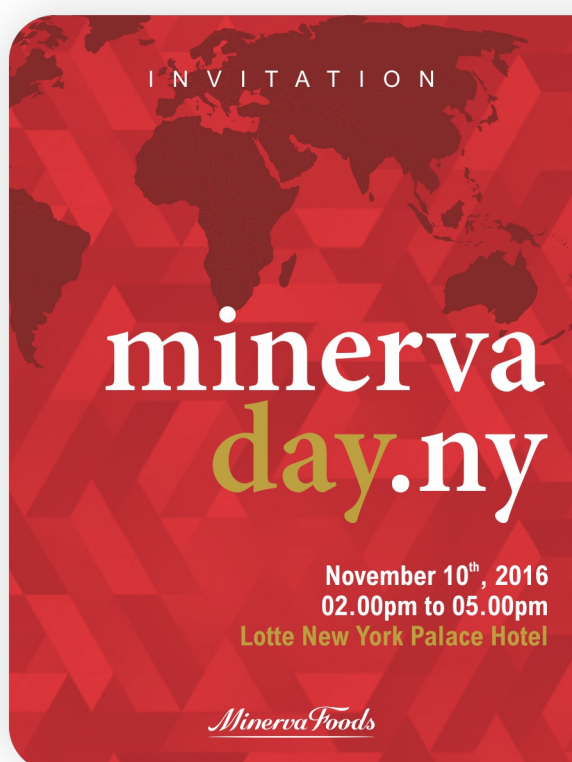
The constant search for operational efficiency in the industry, coupled with the new focus of the commercial strategy, which favors the development and diversification of channels and sources, and the use of specific risk management tools, prepared and organized by a team specializing in market intelligence, will enable the Company to identify new market opportunities, and will assist in the generation of even better results, less volatile and more predictable.



Minerva Day - New York

On November 10, 2016, we will hold Minerva Day in New York for the fourth consecutive year in order to strengthen ties between investors and Management. This year, the event's special guest will be Mr. Máilson da Nóbrega, Brazil's former Finance Minister, columnist for Veja magazine and one of the country's most respected economists, who will make a presentation on the political and economic scenario for 2017, in addition to the attendance of Minerva's senior management.

We present below the invitation with the event's information:



Schedule

1.30pm Registration + Welcome Coffee

2.00pm Guest: **Máilson da Nobrega**

Brazil's Former Minister of Finance, one of the leading Brazilian economists and columnist of Veja magazine.

2017 Perspectives: Political and Economic Scenarios

3.00pm Coffee Break

3.20pm **Fernando Galletti de Queiroz - CEO**

2016 Retrospective and 2017 Perspectives

3.50pm **Iain Mars - CCO**

Opening of New Markets - Impact of the Supply Restriction in Australia and Global S&D

4.20pm **Edison Ticle - CFO**

Financial Results

4.40pm Q&A

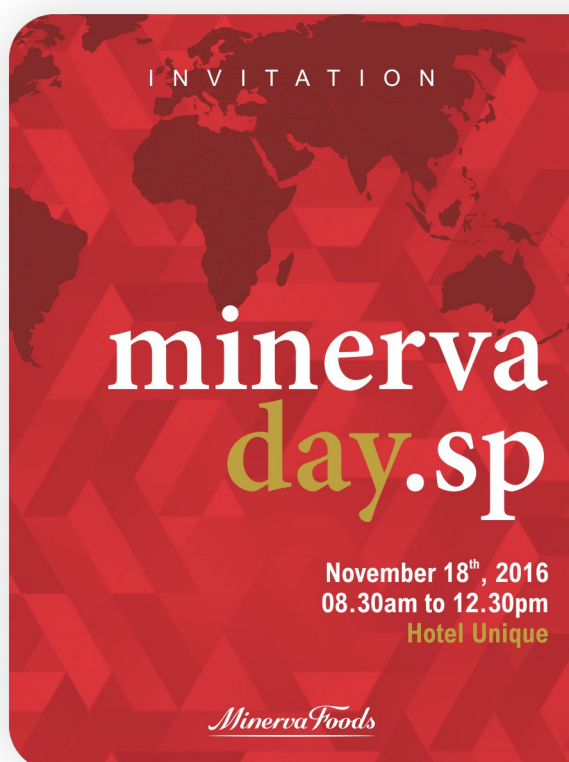
For registering for Minerva Day NY, access our website: www.minervafoods.com/ri



Minerva Day – Sao Paulo

On November 18, 2016, the Company will hold its IX Minerva Day in the Unique Hotel, São Paulo, opened to investors and the market in general. The event will be attended by Mr. Alexandre Mendonça de Barros, a partner at MB Agro and one of the most experienced consultants in the agribusiness sector, as well as Minerva's executive officers.

We present below the invitation with the event's information:



Schedule

8.30am Registration + Welcome Coffee

9.00am Fernando Galletti de Queiroz - CEO
2016 Retrospective and 2017 Perspectives

9.30am Guest: Alexandre Mendonça de Barros (MB Agro Associate)
2017 Agricultural Industry Perspectives

10.30am Coffee Break

10.50am Luis Ricardo Luz - COO
Brazil and Colombia Opportunities

11.20am Iain Mars - CCO
Opening of New Markets - Impact of the Supply Restriction in Australia and Global S&D

11.50am Edison Ticle - CFO
Financial Results

12.10pm Q&A

For registering for Minerva Day SP, access our website: www.minervafoods.com/ri



About Minerva S.A.

Minerva Foods is one of the leading producers and sellers of beef, leather, live cattle exports and cattle byproducts in South America, and Brazil's second largest exporter in the industry in terms of gross sales revenue, exporting to over 100 countries, with operations also in the beef, pork and poultry processing segments. On September 30, 2016, the Company had a daily slaughtering capacity of 17,330 head of cattle and daily beef deboning capacity equivalent to 20,316 head of cattle. With a presence in the states of São Paulo, Rondônia, Goiás, Tocantins, Mato Grosso, Mato Grosso do Sul and Minas Gerais, as well as in Paraguay, Uruguay and Colombia, Minerva operates 17 slaughter and deboning plants, one processing unit and 11 distribution centers. In the 12 months ended September 30, 2016, the Company recorded gross sales revenue of R\$10.4 billion, 10% more than in the same period a year earlier.

Relationship with Auditors

In accordance with article 28 of CVM Instruction 308/1999, as amended ("ICVM 308/99"), we declare that the Board of Directors' meeting held on March 30, 2016 approved the contracting, by the Company, of Grant Thornton Auditores Independentes as our independent auditors, replacing BDO RCS Auditores Independentes S/S.

Said replacement occurred to comply with the mandatory change of independent auditors every five years pursuant to article 31 of ICVM 308/99, and BDO manifested its agreement with our justification for the change.

In accordance with CVM Instruction 381/03, we announce that our auditors did not provide services other than those related to the external audit in 3Q16.

Statement from Management

In compliance with CVM Instructions, Management declares that it has discussed, revised and agreed with the individual and consolidated accounting information related to the fiscal period ended September 30, 2016, and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

APPENDIX 1 - INCOME STATEMENT (CONSOLIDATED)

(R\$ thousand)	3Q16	3Q15	2Q16
Revenue from domestic sales	1,064,935	611,769	787,599
Revenue from exports	1,629,733	1,898,333	1,576,153
Gross sales revenue	2,694,668	2,510,102	2,363,752
Deductions from Revenue – Taxes and Other	-160,970	-121,920	-142,790
Net operating revenue	2,533,698	2,388,182	2,220,962
Cost of goods sold	-2,042,674	-1,888,827	-1,769,409
Gross profit	491,024	499,355	451,553
Selling expenses	-159,731	-158,908	-150,857
General and administrative expenses	-87,746	-74,425	-92,576
Other operating revenues (expenses)	-14,314	-7,855	9,260
Result before Financial Expenses	229,233	258,167	217,380
Financial expenses	-201,990	-226,942	-208,626
Financial revenues	38,502	41,395	38,823
FX variation	4,209	-640,175	299,613
Other expenses	-54,778	160,052	-204,052
Financial result	-214,057	-665,670	-74,242
Results before taxes	15,176	-407,503	143,138
Income and social contribution taxes - current	28,045	-26,044	-49,865
Income and social contribution taxes - deferred	4,220	-12,560	-4,285
Net income before non-controlling interest	47,441	-446,107	88,988
Net income attributed to controlling shareholders	47,387	-446,633	88,965
Net income attributed to non-controlling shareholders	54	526	23
Net (loss) income	47,441	-446,107	88,988

APPENDIX 2 - BALANCE SHEET (CONSOLIDATED)

(R\$ thousand)	3Q16	4Q15
ASSETS		
Cash and cash equivalents	3,235,745	2,749,928
Accounts receivable from clients	571,743	766,185
Inventories	508,155	434,748
Biological assets	245,428	203,353
Taxes recoverable	854,484	678,492
Other receivables	255,937	181,916
Total current assets	5,671,492	5,014,622
Taxes recoverable	201,360	263,870
Deferred Tax Assets	244,639	244,639
Other receivables	36,998	58,911
Judicial deposits	9,871	11,261
Fixed assets	2,133,169	2,091,368
Intangible Assets	638,040	627,377
Total non-current assets	3,264,077	3,297,426
Total assets	8,935,569	8,312,048
LIABILITIES		
Loans and financing	1,263,689	1,546,514
Suppliers	446,546	478,813
Labor and Tax Liabilities	196,199	99,843
Other accounts payable	713,154	918,213
Total current liabilities	2,619,588	3,043,383
Loans and financing	5,469,429	5,461,453
Labor and Tax Liabilities	17,854	20,242
Provision for contingencies	31,535	19,028
Accounts payable	77,793	63,856
Deferred tax liabilities	84,585	86,833
Total non-current liabilities	5,681,196	5,651,412
Shareholders' Equity		
Capital stock	134,752	950,598
Capital reserves	288,953	294,851
Revaluation reserves	57,171	62,015
Accumulated profit (loss)	189,994	-1,562,321
Treasury shares	-25,801	0
Equity valuation adjustments	-11,668	-129,212
Total shareholders' equity attributed to controlling shareholders	633,381	-384,069
Non-controlling interest	1,404	1,322
Total shareholders' equity	634,785	-382,747
Total liabilities and shareholders' equity	8,935,569	8,312,048

APPENDIX 3 – CASH FLOW (CONSOLIDATED)

(R\$ '000)	3Q16	3Q15	2Q16
Cash Flow from operating activities			
Net (loss) income	47,441	-446,107	88,988
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	20,055	20,058	21,141
Net income attributed to non-controlling shareholders	-54	-526	-23
Fair value of biological assets	16,849	2,085	-9,824
Realization of deferred taxes – temporary differences	-4,220	12,560	4,285
Financial charges	201,783	225,113	207,359
FX variation – not realized	44,400	654,176	-302,177
Provision for contingencies	2,671	963	5,748
Accounts receivable from clients and other receivables	-93,172	-126,216	12,546
Inventories	-499	54,122	-65,786
Biological assets	-35,142	-19,151	-37,849
Taxes recoverable	-18,065	-43,946	31
Judicial deposits	204	21	621
Suppliers	-4,634	73,500	40,712
Labor and Tax Liabilities	-14,315	19,175	-6,295
Other accounts payable	-314,281	239,375	132,310
Equity valuation adjustments and accumulated conversion amounts	-1,069	-321,096	59,004
Cash flow from operating activities	-152,048	344,106	150,791
Cash flow from investments			
Acquisition of subsidiary less cash on acquisition	0	-46,059	0
Acquisition of intangible assets	-10,853	75	-596
Acquisition of fixed assets	-58,342	-50,311	-6,858
Cash flow from investments	-69,195	-96,295	-7,454
Cash flow from financing activities			
Loans and Financings	2,901,512	1,240,541	66,247
Loans and financings settled	-2,195,656	-514,892	-786,754
Related Parties	0	445	0
Variation in minority interest	50	525	23
Treasury shares	-25,801	0	0
Cash flow from financing activities	680,105	726,619	-720,484
Net Cash - Cash Equivalent Decrease/Increase	458,862	974,430	-577,147
Cash and cash equivalents			
Beginning of period	2,776,883	2,667,763	3,354,030
End of period	3,235,745	3,642,193	2,776,883
Net Cash - Cash Equivalent Decrease/Increase	458,862	974,430	-577,147