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## Company information / Capital composition

<b>Number of shares (units)</b>	<b>Current Quarter 06/30/2019</b>
<b>Paid-up capital</b>	
Common shares	190,595,000
Preferred shares	0
<b>Total</b>	<b>190,595,000</b>
<b>Treasury shares</b>	
Common shares	4,302,502
Preferred shares	0
<b>Total</b>	<b>4,302,502</b>

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**Company information/dividends**

Event	Date approved	Description	Initial date of payment	Type of share	Class of share	Amount per share (R\$/share)
Ordinary General Assembly	04/30/2019	Dividends	05/09/2019	Common		0.94706

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**Individual financial statements / Balance sheet - Assets****(In thousands of Reais)**

Code of account	Account description	Accumulated of the current year	Accumulated of the previous year
		06/30/2019	12/31/2018
1	Total Assets	6,497,743	5,135,878
1.01	Current assets	2,230,918	2,159,405
1.01.01	Cash and cash equivalents	239,338	384,628
1.01.01.01	Cash and cash equivalents	239,338	384,628
1.01.02	Financial investments	55,689	130,143
1.01.02.01	Fair Value Investments	55,689	130,143
1.01.02.01.01	Trading Securities	55,689	130,143
1.01.03	Accounts receivable	142,073	193,125
1.01.03.01	Trade accounts receivable	30,550	115,839
1.01.03.02	Other accounts receivable	111,523	77,286
1.01.03.02.01	Advances to suppliers	3,110	7,516
1.01.03.02.02	Operations with derivatives	81,262	57,340
1.01.03.02.04	Related party credits	20,304	5,434
1.01.03.02.05	Other accounts receivable	6,847	6,996
1.01.04	Inventories	672,632	755,390
1.01.05	Biological assets	1,054,513	622,227
1.01.06	Recoverable taxes	40,380	68,977
1.01.06.01	Current taxes recoverable	40,380	68,977
1.01.07	Prepaid expenses	25,751	3,467
1.01.08	Others Current Assets	542	1,448
1.01.08.02	Assets of discontinued operations	542	1,448
1.02	Non-current assets	4,266,825	2,976,473
1.02.01	Long term assets	136,062	96,968
1.02.01.08	Prepaid expenses	187	2,659
1.02.01.09	Related party credits	27,299	2,013
1.02.01.09.02	Credits with Subsidiaries	27,299	2,013
1.02.01.10	Other Non-Current Assets	108,576	92,296
1.02.01.10.03	Taxes to recover	64,764	47,477
1.02.01.10.04	Transactions with Derivatives	15,720	8,742
1.02.01.10.05	Other Accounts Receivable	14,451	14,850
1.02.01.10.06	Advances to suppliers	13,641	21,227
1.02.02	Investments	2,162,724	2,167,147
1.02.02.01	Equity interest	2,162,724	2,167,147
1.02.02.01.01	Equity in associates	2,162,724	2,164,897
1.02.02.01.04	Other Shareholdings	0	2,250
1.02.03	Property, plant and equipment	1,959,275	705,608
1.02.03.01	Fixed assets in operation	753,542	661,804
1.02.03.02	Right of Use in Lease	1,183,902	0
1.02.03.02.01	Right of use asset	1,183,902	0
1.02.03.03	Constructions in progress	21,831	43,804
1.02.04	Intangible assets	8,764	6,750
1.02.04.01	Intangible assets	8,764	6,750
1.02.04.01.01	Concession contract	0	0
1.02.04.01.02	Other (Systems)	8,764	6,750

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**Individual financial statements / Balance sheet – Liabilities****(In thousands of Reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 06/30/2019</b>	<b>Accumulated of the previous year 12/31/2018</b>
2	Total Liabilities	6,497,743	5,135,878
2.01	Current liabilities	1,357,184	1,695,561
2.01.01	Social and labor obligations	3,766	4,486
2.01.01.01	Social charges	3,035	3,999
2.01.01.02	Labor obligations	731	487
2.01.02	Trade payables	145,181	586,330
2.01.02.01	Domestic trade payables	145,181	586,330
2.01.02.01.01	Domestic trade payables	87,262	0
2.01.02.01.02	Risk Vendor Suppliers	57,919	0
2.01.03	Tax liabilities	1,754	17,550
2.01.03.01	Federal tax liabilities	1,084	16,278
2.01.03.01.01	Income and social contribution tax payable	0	14,659
2.01.03.01.02	Taxes, rates, and sundry contributions	1,084	1,619
2.01.03.02	State tax liabilities	340	964
2.01.03.03	Municipal tax liabilities	330	308
2.01.04	Loans and financing	780,395	696,862
2.01.04.01	Loans and financing	780,395	696,862
2.01.04.01.01	In local currency	780,395	529,521
2.01.04.01.02	In foreign currency	0	167,341
2.01.05	Other liabilities	387,965	342,372
2.01.05.01	Liabilities with related parties	16,372	25,670
2.01.05.01.02	Debits with subsidiaries	15,932	25,517
2.01.05.01.04	Debts with Other Related Parties	440	153
2.01.05.02	Other	371,593	316,702
2.01.05.02.05	Dividends payable	10	88,168
2.01.05.02.06	Customer Advances	102,381	38,003
2.01.05.02.07	Transactions with Derivatives	58,617	127,976
2.01.05.02.08	Leases to pay	21,870	50,246
2.01.05.02.09	Titles to pay	11,290	12,309
2.01.05.02.10	Other Debits	81,093	0
2.01.05.02.11	Third party lease liability	96,332	0
2.01.06	Provisions	38,123	47,961
2.01.06.01	Tax, social security, labor and civil provisions	37,793	47,631
2.01.06.01.02	Social security and labor provisions	19,260	13,686
2.01.06.01.03	Provisions to employee benefits	13,852	32,054
2.01.06.01.04	Civil Provisions	2,742	0
2.01.06.01.05	Provisions for labor contingencies	1,939	1,891
2.01.06.02	Other Provisions	330	330
2.01.06.02.03	Provisions for Environmental Liabilities and Deactivation	330	330
2.02	Non-current liabilities	2,276,576	842,149
2.02.01	Loans and financing	927,375	699,151

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2.02.01.01	Loans and financing	927,375	699,151
2.02.01.01.01	In local currency	927,375	595,823
2.02.01.01.02	In foreign currency	0	103,328
2.02.02	Other liabilities	1,055,408	7,464
2.02.02.02	Other	1,055,408	7,464
2.02.02.02.04	Operations with derivatives	5	7,409
2.02.02.02.05	Other debits	53	55
2.02.02.02.06	Liabilities with related parties	698,632	0
2.02.02.02.07	Third party lease liability	356,718	0
2.02.03	Deferred taxes	293,793	135,534
2.02.03.01	Deferred income and social contribution taxes	293,793	135,534
2.03	Shareholders' equity	2,863,983	2,598,168
2.03.01	Paid-in capital	947,522	947,522
2.03.02	Capital reserves	26,751	65,888
2.03.02.01	Goodwill in the issue of shares	52,533	53,941
2.03.02.04	Options granted	51,389	48,763
2.03.02.05	Treasury shares	(77,171)	(36,816)
2.03.04	Profit reserves	408,641	496,797
2.03.04.01	Legal reserve	47,136	47,136
2.03.04.02	Statutory reserve	341,945	341,945
2.03.04.05	Profit retention reserved	5,628	5,628
2.03.04.08	Additional dividends proposed	0	88,156
2.03.04.10	Incentive Investment Reserve	13,932	13,932
2.03.05	Accumulated Profit / Loss	309,825	0
2.03.08	Other comprehensive income	1,171,244	1,087,961

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**Individual financial statements / Statement of income****(In thousands of Reais)**

Code of account	Account description	Current Quarter 04/01/2019 to 06/30/2019	Accumulated of the Current year 01/01/2019 to 06/30/2019	Same quarter previous year 04/01/2018 to 06/30/2018	Accumulated of the Previous year 01/01/2018 to 06/30/2018
3.01	Income from sales of goods and/or services	697,474	1,334,398	631,188	1,178,784
3.01.01	Product Operational Revenue	334,632	850,307	384,903	735,383
3.01.02	Biological Assets	362,842	484,091	246,285	443,401
3.02	Cost of goods and/or services sold	(343,161)	(788,540)	(393,598)	(692,784)
3.02.01	Cost of Goods	(239,096)	(546,882)	(258,718)	(468,932)
3.02.02	Biological assets appropriate to the cost	(104,065)	(241,658)	(134,880)	(223,852)
3.03	Gross income	354,313	545,858	237,590	486,000
3.04	Operating income/expenses	(6,817)	(21,259)	(1,000)	(14,338)
3.04.01	Selling expenses	(20,300)	(49,614)	(13,944)	(33,770)
3.04.02	General and administrative expenses	(21,444)	(50,081)	(20,024)	(42,066)
3.04.02.01	General and administrative	(20,026)	(42,595)	(17,868)	(33,761)
3.04.02.02	Management compensation	(1,418)	(7,486)	(2,156)	(8,305)
3.04.04	Other Operating Income	3,232	11,028	3,707	5,359
3.04.05	Other operating expenses	(1,134)	(6,289)	(555)	(1,482)
3.04.06	Equity income (loss)	32,829	73,697	29,816	57,621
3.05	Income (loss) before financial income (loss) and taxes	347,496	524,599	236,590	471,662
3.06	Financial income (loss), net	(52,978)	(88,236)	(14,088)	(28,547)
3.06.01	Financial income	22,530	64,753	51,179	83,921
3.06.02	Financial expenses	(75,508)	(152,989)	(65,267)	(112,468)
3.07	Income (loss) before income tax	294,518	436,363	222,502	443,115
3.08	Income and social contribution taxes	(89,127)	(129,105)	(65,454)	(131,746)
3.08.01	Current	409	(12,406)	(18,446)	(35,518)
3.08.02	Deferred	(89,536)	(116,699)	(47,008)	(96,228)
3.09	Net income (loss) of continued operations	205,391	307,258	157,048	311,369
3.11	Net Income (loss) for the period	205,391	307,258	157,048	311,369
3.99.01.01	Common (ON)	1.09724	1.64143	0.83333	1.65219
3.99.02.01	Common (ON)	1.08662	1.62555	0.82597	1.63760

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**Individual financial statements / Statement of Comprehensive Income****(In thousands of Reais)**

Code of account	Account description	Current Quarter 04/01/2019 to 06/30/2019	Accumulated of the current year 01/01/2019 to 06/30/2019	Same quarter previous year 04/01/2018 to 06/30/2018	Accumulated of the Previous year 01/01/2018 to 06/30/2018
4.01	Net income for the period	205,391	307,258	157,048	311,369
4.02	Other comprehensive income	81,973	85,850	(153,115)	(127,356)
4.02.01	Derivatives - Cash flow hedge	116,860	122,240	(219,578)	(239,558)
4.02.02	Derivatives - Cash flow hedge - Reflex of the subsidiaries	4,845	5,170	(8,191)	(8,189)
4.02.03	Income tax and social contribution	(39,732)	(41,560)	74,655	81,449
4.02.04	Others	0	0	(1)	(1)
4.02.06	Taxes on controlled equity valuation adjustments	0	0	(1)	38,943
4.03	Comprehensive income (loss) for the period	287,364	393,108	3,933	184,013

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**Individual financial statements / Statement of cash flows - Indirect method****(In thousands of Reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2019 to 06/30/2019</b>	<b>Accumulated of the previous quarter 01/01/2018 to 06/30/2018</b>
6.01	Net cash from operations	(8,079)	212,451
6.01.01	Cash from operations	313,755	301,622
6.01.01.01	Net income (loss) before income and social contribution taxes	436,363	443,115
6.01.01.02	Depreciation and amortization	29,181	28,992
6.01.01.03	Income (loss) from write off of property, plant and equipment	6,288	1,248
6.01.01.04	Equity income	(73,697)	(57,621)
6.01.01.05	Interest, Var. Exchange and Current. Monetary	72,810	91,783
6.01.01.06	Share-based Remuneration	2,626	2,241
6.01.01.07	Variation of Biological Assets	(242,433)	(219,549)
6.01.01.09	Provision (reversal) Part. Results and Labor Contingencies	12,643	11,413
6.01.01.10	Others	614	0
6.01.01.11	AVP - Lease Liability	54,618	0
6.01.01.12	Amortization of Right of Use	14,742	0
6.01.02	Changes in assets and liabilities	(321,834)	(89,171)
6.01.02.01	Trade accounts receivable	85,289	122,756
6.01.02.02	Inventories and biological assets	(47,363)	(24,967)
6.01.02.03	Recoverable taxes	11,310	(2,896)
6.01.02.04	Titles to receive	0	(81)
6.01.02.05	Financial investments	74,454	74,024
6.01.02.06	Other Accounts Receivable	(22,007)	(10,604)
6.01.02.07	Trade payables	(477,810)	(257,983)
6.01.02.08	Tax and Social Obligations	(31,604)	(26,226)
6.01.02.09	Transactions with related parties	(49,454)	28,855
6.01.02.10	Operations with derivatives	(9,587)	(47,879)
6.01.02.11	Advances from clients	64,378	42,184
6.01.02.12	Leases Payable	(28,575)	6,842
6.01.02.13	Other accounts payable	(11,991)	(9,463)
6.01.02.14	Dividends Received	86,940	92,030
6.01.02.15	Interest Paid	(25,575)	(43,374)
6.01.02.16	Income Tax and Social Contribution Payments	(10,150)	(27,904)
6.01.02.17	Advance to suppliers	0	(4,485)
6.01.02.18	Risk Vendor Suppliers	57,919	0
6.01.02.19	Advance to suppliers	11,992	0
6.02	Net cash used in investment activities	(140,579)	(53,091)
6.02.01	In Investment	0	(1,056)
6.02.03	In property, plant and equipment	(137,778)	(48,990)
6.02.04	In intangible assets	(2,801)	(3,045)
6.03	Net cash generated/(consumed) in financing activities	3,368	(234,884)
6.03.01	Loans and financing obtained	732,086	368,817
6.03.02	Loans and financing paid	(443,212)	(327,596)
6.03.03	Sale (repurchase) of shares	(41,763)	(76,113)
6.03.04	Dividends payable	(176,314)	(199,992)
6.03.05	Paid Leases	(67,429)	0
6.05	Increase (decrease) in cash and cash equivalents	(145,290)	(75,524)
6.05.01	Opening balance of cash and cash equivalents	384,628	484,616
6.05.02	Closing balance of cash and cash equivalents	239,338	409,092

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**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019 to 06/30/2019****(In thousands of Reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Paid-up capital</b>	<b>Capital reserves, Options granted and Treasury shares</b>	<b>Profit reserves</b>	<b>Retained earnings (loss)</b>	<b>Other comprehensive income</b>	<b>Shareholders' equity</b>
5.01	Opening balances	947,522	65,888	496,797	0	1,087,961	2,598,168
5.03	Adjusted opening balances	947,522	65,888	496,797	0	1,087,961	2,598,168
5.04	Capital transactions with partners	0	(39,137)	0	0	0	(39,137)
5.04.03	Recognized options granted	0	2,626	0	0	0	2,626
5.04.04	Treasury shares acquired	0	(42,708)	0	0	0	(42,708)
5.04.05	Treasury shares sold	0	(1,408)	0	0	0	(1,408)
5.04.08	Goodwill on the sale of Treasury Shares	0	2,353	0	0	0	2,353
5.05	Total comprehensive income	0	0	0	309,825	83,283	393,108
5.05.01	Net income for the period	0	0	0	307,258	0	307,258
5.05.02	Other comprehensive income	0	0	0	2,567	83,283	85,850
5.05.02.01	Adjustment of financial instruments	0	0	0	0	122,240	122,240
5.05.02.02	Taxes on adjustments of financial instruments	0	0	0	0	(41,560)	(41,560)
5.05.02.03	Equity income (loss) on comprehensive income of subsidiaries and associates	0	0	0	0	5,170	5,170
5.05.02.06	Realization of deemed cost of property, plant and equipment - Depreciation	0	0	0	1,491	(1,491)	0
5.05.02.07	Realization of deemed cost of property, plant and equipment - Sales	0	0	0	1,216	(1,216)	0
5.05.02.08	Realization of deemed cost of property, plant and equipment - Subsidiaries	0	0	0	(140)	140	0
5.06	Internal changes in equity	0	0	(88,156)	0	0	(88,156)
5.06.04	Proposed Additional Dividends	0	0	(88,156)	0	0	(88,156)
5.07	Closing balances	947,522	26,751	408,641	309,825	1,171,244	2,863,983

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**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2018 to 06/30/2018****(In thousands of Reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Paid-up capital</b>	<b>Capital reserves, Options granted and Treasury shares</b>	<b>Profit reserves</b>	<b>Retained earnings (loss)</b>	<b>Other comprehensive income</b>	<b>Shareholders' equity</b>
5.01	Opening balances	947,522	49,970	404,975	0	1,110,732	2,513,199
5.03	Adjusted opening balances	947,522	49,970	404,975	0	1,110,732	2,513,199
5.04	Capital transactions with partners	0	12,997	(86,868)	0	0	(73,871)
5.04.03	Recognized options granted	0	2,242	0	0	0	2,242
5.04.04	Treasury shares acquired	0	(81,600)	0	0	0	(81,600)
5.04.05	Treasury shares sold	0	11,896	0	0	0	11,896
5.04.08	Goodwill on the sale of Treasury Shares	0	(6,409)	0	0	0	(6,409)
5.04.09	Treasury Shares Canceled	0	86,868	(86,868)	0	0	0
5.05	Total comprehensive income	0	0	0	312,827	(128,814)	184,013
5.05.01	Net income for the period	0	0	0	311,369	0	311,369
5.05.02	Other comprehensive income	0	0	0	1,458	(128,814)	(127,356)
5.05.02.01	Adjustment of financial instruments	0	0	0	0	(239,558)	(239,558)
5.05.02.02	Taxes on adjustments of financial instruments	0	0	0	0	81,449	81,449
5.05.02.03	Equity income (loss) on comprehensive income of subsidiaries and associates	0	0	0	0	(8,189)	(8,189)
5.05.02.06	Realization of deemed cost of property, plant and equipment - Depreciation	0	0	0	1,440	(1,440)	0
5.05.02.07	Realization of deemed cost of property, plant and equipment - Sales	0	0	0	(17)	17	0
5.05.02.08	Realization of deemed cost of property, plant and equipment - Subsidiaries	0	0	0	36	(36)	0
5.05.02.11	Others	0	0	0	(1)	0	(1)
5.05.02.16	Taxes on Adjustments Asset Valuation - Subsidiaries	0	0	0	0	38,943	38,943
5.06	Internal changes in equity	0	0	(116,405)	0	0	(116,405)
5.06.05	Additional dividend approved for fiscal year 2017	0	0	(116,405)	0	0	(116,405)
5.07	Closing balances	947,522	62,967	201,702	312,827	981,918	2,506,936

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**Individual financial statements / Statement of added value****(In thousands of Reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2019 to 06/30/2019</b>	<b>Accumulated of the previous year 01/01/2018 to 06/30/2018</b>
7.01	Revenues	1,475,886	1,243,569
7.01.01	Sale of goods, products and services	950,846	781,178
7.01.02	Other income	491,562	449,698
7.01.02.01	Other income	7,471	6,297
7.01.02.02	Variation of the fair value of biological assets	484,091	443,401
7.01.03	Income from construction of own assets	33,478	12,693
7.02	Inputs acquired from third parties	(751,019)	(616,682)
7.02.01	Cost of goods, goods and services sold	(1,942)	(1,799)
7.02.02	Materials, energy, outsourced services and other	(217,398)	(148,615)
7.02.04	Other	(531,679)	(466,268)
7.02.04.01	Raw materials used	(290,021)	(242,416)
7.02.04.02	Adjustment to fair value of biological assets	(241,658)	(223,852)
7.03	Gross added value	724,867	626,887
7.04	Retentions	(29,181)	(28,992)
7.04.01	Depreciation, amortization and depletion	(29,181)	(28,992)
7.05	Net added value produced	695,686	597,895
7.06	Added value received as transfer	138,770	141,974
7.06.01	Equity income (loss)	73,697	57,621
7.06.02	Financial income	64,753	83,921
7.06.03	Other	320	432
7.07	Total added value payable	834,456	739,869
7.08	Distribution of added value	834,456	739,869
7.08.01	Personnel	113,550	96,221
7.08.01.01	Direct remuneration	68,178	56,337
7.08.01.02	Benefits	40,186	34,978
7.08.01.03	F.G.T.S.	5,186	4,906
7.08.02	Taxes, duties and contributions	126,383	135,955
7.08.02.01	Federal	126,063	134,359
7.08.02.02	State	0	1,386
7.08.02.03	Municipal	320	210
7.08.03	Loan capital remuneration	287,265	196,324
7.08.03.01	Interest	224,258	133,950
7.08.03.02	Rentals	63,007	62,374
7.08.04	Remuneration of own capital	307,258	311,369
7.08.04.03	Retained Earnings/Loss for the period	307,258	311,369

(A free translation of the original in Portuguese)

**Consolidated financial statements / Balance sheet - Assets****(In thousands of Reais)**

<b>Code of</b>	<b>Account description</b>	<b>Accumulated of the current year</b>	<b>Accumulated of the Previous Year</b>
<b>account</b>		<b>06/30/2019</b>	<b>12/31/2018</b>
1	Total Assets	6,399,505	5,755,537
1.01	Current assets	2,597,561	2,582,026
1.01.01	Cash and cash equivalents	329,933	512,308
1.01.01.01	Cash and cash equivalents	329,933	512,308
1.01.02	Financial investments	62,749	130,428
1.01.02.01	Fair Value Investments	62,749	130,428
1.01.02.01.01	Trading Securities	62,749	130,428
1.01.03	Accounts receivable	186,724	271,926
1.01.03.01	Trade accounts receivable	54,456	131,546
1.01.03.02	Other accounts receivable	132,268	140,380
1.01.03.02.01	Advances to suppliers	4,369	8,520
1.01.03.02.02	Operations with derivatives	90,760	60,222
1.01.03.02.03	Securities and credits receivable	28,418	66,342
1.01.03.02.04	Related party credits	0	6
1.01.03.02.05	Other accounts receivable	8,721	5,290
1.01.04	Inventories	764,275	868,522
1.01.05	Biological assets	1,168,539	705,390
1.01.06	Recoverable taxes	57,047	86,943
1.01.06.01	Current taxes recoverable	57,047	86,943
1.01.07	Prepaid expenses	27,752	5,060
1.01.08	Others Current Assets	542	1,449
1.01.08.02	Assets of discontinued operations	542	1,449
1.02	Non-current assets	3,801,944	3,173,511
1.02.01	Long term assets	188,917	173,311
1.02.01.07	Deferred Taxes	11,876	17,168
1.02.01.07.01	Deferred Income Tax and Social Contribution	11,876	17,168
1.02.01.08	Prepaid expenses	187	2,659
1.02.01.10	Other Non-Current Assets	176,854	153,484
1.02.01.10.03	Taxes to recover	104,544	82,895
1.02.01.10.04	Transactions with Derivatives	16,345	8,770
1.02.01.10.05	Other Accounts Receivable	17,375	15,643
1.02.01.10.06	Advances to suppliers	38,590	46,176
1.02.02	Investments	208,965	209,082
1.02.02.02	Investment property	208,965	209,082
1.02.03	Property, plant and equipment	3,395,207	2,784,265
1.02.03.01	Fixed assets in operation	2,847,837	2,723,319
1.02.03.02	Right of Use in Lease	491,117	0
1.02.03.02.01	Right of use asset	491,117	0
1.02.03.03	Constructions in progress	56,253	60,946
1.02.04	Intangible assets	8,855	6,853
1.02.04.01	Intangible assets	8,855	6,853
1.02.04.01.02	Other (Systems)	8,855	6,853

(A free translation of the original in Portuguese)

**Consolidated financial statements / Balance sheet – Liabilities****(In thousands of Reais)**

<b>Code of</b>	<b>Account description</b>	<b>Accumulated of the current year</b>	<b>Accumulated of the Previous Year</b>
<b>account</b>		<b>06/30/2019</b>	<b>12/31/2018</b>
2	Total Liabilities	6,399,505	5,755,537
2.01	Current liabilities	1,436,068	1,890,191
2.01.01	Social and labor obligations	7,876	11,058
2.01.01.01	Social charges	6,982	10,476
2.01.01.02	Labor obligations	894	582
2.01.02	Trade payables	170,364	703,564
2.01.02.01	Domestic trade payables	170,364	703,564
2.01.02.01.01	Domestic trade payables	109,562	0
2.01.02.01.02	Risk Vendor Suppliers	60,802	0
2.01.03	Tax liabilities	11,923	24,656
2.01.03.01	Federal tax liabilities	11,050	23,299
2.01.03.01.01	Income and social contribution tax payable	9,659	21,377
2.01.03.01.02	Taxes, rates, and sundry contributions	1,391	1,922
2.01.03.02	State tax liabilities	475	994
2.01.03.03	Municipal tax liabilities	398	363
2.01.04	Loans and financing	881,351	738,712
2.01.04.01	Loans and financing	881,351	738,712
2.01.04.01.01	In local currency	881,351	571,371
2.01.04.01.02	In foreign currency	0	167,341
2.01.05	Other liabilities	321,519	357,855
2.01.05.01	Liabilities with related parties	548	153
2.01.05.01.04	Debts with Other Related Parties	548	153
2.01.05.02	Other	320,971	357,702
2.01.05.02.05	Dividends payable	10	91,804
2.01.05.02.06	Customer Advances	108,088	42,163
2.01.05.02.07	Transactions with Derivatives	62,815	139,866
2.01.05.02.08	Leases to pay	22,709	58,742
2.01.05.02.09	Titles to pay	12,273	11,567
2.01.05.02.10	Other Debits	12,540	13,560
2.01.05.02.11	Third party lease liability	102,536	0
2.01.06	Provisions	43,035	54,346
2.01.06.01	Tax, social security, labor and civil provisions	42,705	54,016
2.01.06.01.02	Social security and labor provisions	22,062	15,575
2.01.06.01.03	Provisions to employee benefits	15,748	36,374
2.01.06.01.04	Civil Provisions	2,742	0
2.01.06.01.05	Provisions for labor contingencies	2,153	2,067
2.01.06.02	Other Provisions	330	330
2.01.06.02.03	Provisions for Environmental Liabilities and Deactivation	330	330
2.02	Non-current liabilities	1,882,998	1,070,593
2.02.01	Loans and financing	1,134,348	866,359
2.02.01.01	Loans and financing	1,134,348	866,359
2.02.01.01.01	In local currency	1,134,348	763,031

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2.02.01.01.02	In foreign currency	0	103,328
2.02.02	Other liabilities	378,985	7,987
2.02.02.02	Other	378,985	7,987
2.02.02.02.03	Titles to pay	1,412	0
2.02.02.02.04	Operations with derivatives	5	7,932
2.02.02.02.05	Other debits	53	55
2.02.02.02.06	Liabilities with related parties	377,515	0
2.02.03	Deferred taxes	369,665	196,247
2.02.03.01	Deferred income and social contribution taxes	369,665	196,247
2.03	Shareholders' equity	3,080,439	2,794,753
2.03.01	Paid-in capital	947,522	947,522
2.03.02	Capital reserves	26,751	65,888
2.03.02.01	Goodwill in the issue of shares	52,533	53,941
2.03.02.04	Options granted	51,389	48,763
2.03.02.05	Treasury shares	(77,171)	(36,816)
2.03.04	Profit reserves	408,641	496,797
2.03.04.01	Legal reserve	47,136	47,136
2.03.04.02	Statutory reserve	341,945	341,945
2.03.04.05	Profit retention reserved	5,628	5,628
2.03.04.08	Additional dividends proposed	0	88,156
2.03.04.10	Incentive Investment Reserve	13,932	13,932
2.03.05	Accumulated Profit / Loss	309,825	0
2.03.08	Other comprehensive income	1,171,244	1,087,961
2.03.09	Non-controlling interest	216,456	196,585

(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of income****(In thousands of Reais)**

Code of account	Account description	Current Quarter 04/01/2019 to 06/30/2019	Accumulated of the Current year 01/01/2019 to 06/30/2019	Same quarter previous year 04/01/2018 to 06/30/2018	Accumulated of the Previous year 01/01/2018 to 06/30/2018
3.01	Income from sales of goods and/or services	806,801	1,572,131	752,666	1,415,370
3.01.01	Product Operational Revenue	413,058	1,031,891	464,408	887,705
3.01.02	Biological Assets	393,743	540,240	288,258	527,665
3.02	Cost of goods and/or services sold	(412,246)	(925,805)	(451,239)	(799,483)
3.02.01	Cost of Goods	(286,509)	(639,622)	(295,167)	(536,846)
3.02.02	Biological assets appropriate to the cost	(125,737)	(286,183)	(156,072)	(262,637)
3.03	Gross income	394,555	646,326	301,427	615,887
3.04	Operating income/expenses	(45,765)	(111,634)	(36,844)	(83,863)
3.04.01	Selling expenses	(24,523)	(57,468)	(17,559)	(41,324)
3.04.02	General and administrative expenses	(24,050)	(54,772)	(22,411)	(46,575)
3.04.02.01	General and administrative	(22,480)	(46,655)	(20,003)	(37,429)
3.04.02.02	Management compensation	(1,570)	(8,117)	(2,408)	(9,146)
3.04.04	Other Operating Income	4,002	7,157	3,684	5,452
3.04.05	Other operating expenses	(1,194)	(6,551)	(558)	(1,416)
3.05	Income (loss) before financial income (loss) and taxes	348,790	534,692	264,583	532,024
3.06	Financial income (loss), net	(36,918)	(57,418)	(15,032)	(30,214)
3.06.01	Financial income	27,346	74,943	55,639	93,829
3.06.02	Financial expenses	(64,264)	(132,361)	(70,671)	(124,043)
3.07	Income (loss) before income tax	311,872	477,274	249,551	501,810
3.08	Income and social contribution taxes	(99,920)	(153,941)	(81,355)	(164,355)
3.08.01	Current	(8,805)	(22,111)	(21,307)	(39,543)
3.08.02	Deferred	(91,115)	(131,830)	(60,048)	(124,812)
3.09	Net income (loss) of continued operations	211,952	323,333	168,196	337,455
3.11	Net Income (loss) for the period	211,952	323,333	168,196	337,455
3.11.01	Attributed to the Parent company's partners	205,391	307,258	157,048	311,369
3.11.02	Attributed to non-controlling partners	6,561	16,075	11,148	26,086
3.99.01.01	Common (ON)	1.09724	1.64143	1.65918	1.65219
3.99.02.01	Common (ON)	1.08662	1.62555	1.64308	1.63760

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**Consolidated financial statements / Statement of Comprehensive Income****(In thousands of Reais)**

Code of account	Account description	Current Quarter 04/01/2019 to 06/30/2019	Accumulated of the Current year 01/01/2019 to 06/30/2018	Same quarter previous year 01/01/2018 to 06/30/2018	Accumulated of the Previous year 01/01/2018 to 06/30/2018
4.01	Net income for the period	211,952	323,333	168,196	337,455
4.02	Other comprehensive income	86,799	90,904	(161,279)	(135,518)
4.02.01	Derivatives - Cash flow hedge	131,515	137,759	(231,947)	(264,332)
4.02.03	Income tax and social contribution	(44,716)	(46,855)	78,861	89,872
4.02.05	Others	0	0	(3)	(1)
4.02.08	Taxes on adjustments of equity valuation	0	0	(8,190)	38,943
4.03	Comprehensive income (loss) for the period	298,751	414,237	6,917	201,937
4.03.01	Attributed to the Parent company's partners	287,364	393,108	3,933	184,013
4.03.02	Attributed to non-controlling partners	11,387	21,129	2,984	17,924

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**Consolidated financial statements / Statement of cash flows - Indirect method****(In thousands of Reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2019 to 06/30/2019</b>	<b>Accumulated of the previous year 01/01/2018 to 06/30/2018</b>
6.01	Net cash from operations	(92,386)	166,702
6.01.01	Cash from operations	400,183	391,610
6.01.01.01	Net income (loss) before income and social contribution taxes	477,269	501,810
6.01.01.02	Depreciation and amortization	42,134	40,878
6.01.01.04	Result of retirement of fixed assets	6,551	1,416
6.01.01.07	Interest, Var. Foreign exchange and current. Monetary	80,891	97,481
6.01.01.08	Share-based compensation	2,626	2,241
6.01.01.09	Variations of Biological Assets	(254,057)	(265,027)
6.01.01.11	Provision (reversal) Partic. on labor results and contingencies	14,238	12,811
6.01.01.12	Other adjustments	421	0
6.01.01.13	AVP - Lease Liabilities	20,673	0
6.01.01.14	Amortization of Right of Use	9,437	0
6.01.02	Changes in assets and liabilities	(492,569)	(224,908)
6.01.02.01	Trade accounts receivable	77,090	127,532
6.01.02.02	Inventories and biological assets	(58,833)	13,812
6.01.02.03	Recoverable taxes	8,247	(8,966)
6.01.02.04	Titles to receive	0	(81)
6.01.02.05	Financial investments	67,679	86,299
6.01.02.06	Other accounts receivable	(24,360)	(11,982)
6.01.02.07	Providers	(608,021)	(312,626)
6.01.02.08	Tax and social obligations	(37,065)	(30,087)
6.01.02.09	Related party obligations	401	261
6.01.02.10	Derivative Operations	(9,371)	(47,743)
6.01.02.11	Titles to pay	2,118	(4,409)
6.01.02.12	Customer Advance	65,925	53,527
6.01.02.13	Leases Payable	4,705	4,547
6.01.02.14	Other bills to pay	(10,277)	(5,048)
6.01.02.16	Interest Paid	(27,941)	(50,779)
6.01.02.17	Income Tax and Social Contribution Paid	(15,405)	(34,012)
6.01.02.18	Advances to suppliers	11,737	(5,153)
6.01.02.19	Risk Vendor Suppliers	60,802	0
6.02	Net cash used in investment activities	(170,479)	(63,150)
6.02.02	In fixed assets	(206,389)	(60,095)
6.02.03	In intangible	(3,089)	(3,055)
6.02.04	Receipt for sale of land	38,999	0
6.03	Net cash generated/(consumed) in financing activities	80,490	(243,180)
6.03.01	Loans and Financing Taken	839,086	458,817
6.03.02	Loans and Financing Paid	(458,113)	(425,892)
6.03.03	Sale or Repurchase of Shares	(41,763)	(76,113)
6.03.04	Dividends payable	(186,243)	(199,992)
6.03.06	Paid Leases	(72,477)	0
6.05	Increase (decrease) in cash and cash equivalents	(182,375)	(139,628)
6.05.01	Opening balance of cash and cash equivalents	512,308	611,539
6.05.02	Closing balance of cash and cash equivalents	329,933	471,911

(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019 to 06/30/2019****(In thousands of Reais)**

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	947,522	65,888	496,797	0	1,087,961	2,598,168	196,585	2,794,753
5.03	Adjusted opening balances	947,522	65,888	496,797	0	1,087,961	2,598,168	196,585	2,794,753
5.04	Capital transactions with partners	0	(39,137)	0	0	0	(39,137)	0	(39,137)
5.04.03	Recognized options granted	0	2,626	0	0	0	2,626	0	2,626
5.04.04	Treasury shares acquired	0	(42,708)	0	0	0	(42,708)	0	(42,708)
5.04.05	Treasury shares sold	0	(1,408)	0	0	0	(1,408)	0	(1,408)
5.04.08	Goodwill on the sale of Treasury Shares	0	2,353	0	0	0	2,353	0	2,353
5.05	Total comprehensive income	0	0	0	309,825	83,283	393,108	21,129	414,237
5.05.01	Net income for the period	0	0	0	307,258	0	307,258	16,075	323,333
5.05.02	Other comprehensive income	0	0	0	2,567	83,283	85,850	5,054	90,904
5.05.02.01	Adjustment of financial instruments	0	0	0	0	130,074	130,074	7,685	137,759
5.05.02.02	Taxes on adjustments of financial instruments	0	0	0	0	(44,224)	(44,224)	(2,631)	(46,855)
5.05.02.06	Realization of deemed cost of property, plant and equipment - Depreciation	0	0	0	2,567	(2,567)	0	0	0
5.06	Internal changes in equity	0	0	(88,156)	0	0	(88,156)	(1,258)	(89,414)
5.06.07	Proposed additional dividend	0	0	(88,156)	0	0	(88,156)	(1,355)	(89,511)
5.06.08	Nonconforming shareholders effect of IFRS 16 adjustment	0	0	0	0	0	0	97	97
5.07	Final Balances	947,522	26,751	408,641	309,825	1,171,244	2,863,983	216,456	3,080,439

(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2018 to 06/30/2018****(In thousands of Reais)**

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	947,522	49,970	404,975	0	1,110,732	2,513,199	188,628	2,701,827
5.03	Adjusted opening balances	947,522	49,970	404,975	0	1,110,732	2,513,199	188,628	2,701,827
5.04	Capital transactions with partners	0	12,997	(86,868)	0	0	(73,871)	0	(73,871)
5.04.03	Recognized options granted	0	2,242	0	0	0	2,242	0	2,242
5.04.04	Treasury shares acquired	0	(81,378)	0	0	0	(81,378)	0	(81,378)
5.04.05	Treasury shares sold	0	11,896	0	0	0	11,896	0	11,896
5.04.08	Goodwill on Sale of Shares	0	(6,631)	0	0	0	(6,631)	0	(6,631)
5.04.09	Treasury Shares Canceled	0	86,868	(86,868)	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	312,827	(128,814)	184,013	17,924	201,937
5.05.01	Net income for the period	0	0	0	311,369	0	311,369	26,086	337,455
5.05.02	Other comprehensive income	0	0	0	1,458	(128,814)	(127,356)	(8,162)	(135,518)
5.05.02.01	Adjustment of financial instruments	0	0	0	0	(251,966)	(251,966)	(12,366)	(264,332)
5.05.02.02	Taxes on adjustments of financial instruments	0	0	0	0	85,668	85,668	4,204	89,872
5.05.02.06	Realization Assigned Cost Assets Fixed Assets - Depreciation	0	0	0	1,407	(1,407)	0	0	0
5.05.02.07	Realization of deemed cost of property, plant and equipment - Sales	0	0	0	52	(52)	0	0	0
5.05.02.09	Others	0	0	0	(1)	0	(1)	0	(1)
5.05.02.10	Taxes on controlled equity valuation adjustments	0	0	0	0	38,943	38,943	0	38,943
5.06	Internal changes in equity	0	0	(116,405)	0	0	(116,405)	(10,809)	(127,214)
5.06.04	Approved Additional Dividend for Fiscal Year 2017	0	0	(116,405)	0	0	(116,405)	0	(116,405)
5.06.05	Non-controlling dividend approved	0	0	0	0	0	0	(10,809)	(10,809)
5.07	Closing balances	947,522	62,967	201,702	312,827	981,918	2,506,936	195,743	2,702,679

(A free translation of the original in Portuguese)

**Consolidated financial statements / Statement of added value****(In thousands of Reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2019 to 06/30/2019</b>	<b>Accumulated of the previous year 01/01/2018 to 06/30/2018</b>
7.01	Revenues	1,724,929	1,487,403
7.01.01	Sale of goods, products and services	1,132,221	928,773
7.01.02	Other income	545,134	535,164
7.01.02.01	Other income	4,894	7,499
7.01.02.02	Variation of the fair value of biological assets	540,240	527,665
7.01.03	Income from construction of own assets	47,574	23,466
7.02	Inputs acquired from third parties	(915,250)	(754,690)
7.02.01	Cost of goods, goods and services sold	(3,514)	(2,878)
7.02.02	Materials, energy, outsourced services and other	(264,153)	(193,953)
7.02.04	Other	(647,583)	(557,859)
7.02.04.01	Raw materials used	(361,400)	(295,222)
7.02.04.02	Adjustment to fair value of biological assets	(286,183)	(262,637)
7.03	Gross added value	809,679	732,713
7.04	Retentions	(42,134)	(40,878)
7.04.01	Depreciation, amortization and depletion	(42,134)	(40,878)
7.05	Net added value produced	767,545	691,835
7.06	Added value received as transfer	83,313	104,334
7.06.02	Financial income	74,943	95,581
7.06.03	Other	8,370	8,753
7.07	Total added value payable	850,858	796,169
7.08	Distribution of added value	850,858	796,169
7.08.01	Personnel	135,006	114,704
7.08.01.01	Direct remuneration	82,353	68,832
7.08.01.02	Benefits	46,528	40,165
7.08.01.03	F.G.T.S.	6,125	5,707
7.08.02	Taxes, duties and contributions	151,795	170,754
7.08.02.01	Federal	151,369	169,152
7.08.02.02	State	105	1,392
7.08.02.03	Municipal	321	210
7.08.03	Loan capital remuneration	240,724	173,256
7.08.03.01	Interest	208,172	145,501
7.08.03.02	Rentals	32,552	27,755
7.08.04	Remuneration of own capital	323,333	337,455
7.08.04.03	Retained Earnings/Loss for the period	307,258	311,369
7.08.04.04	Dividends	16,075	26,086

(A free translation of the original in Portuguese)

## DASHBOARD

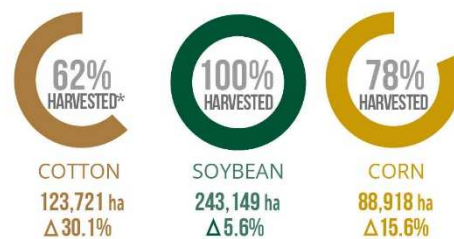
### WHERE WE ARE IN THE CYCLE



### MAIN OPERATING INDICATORS

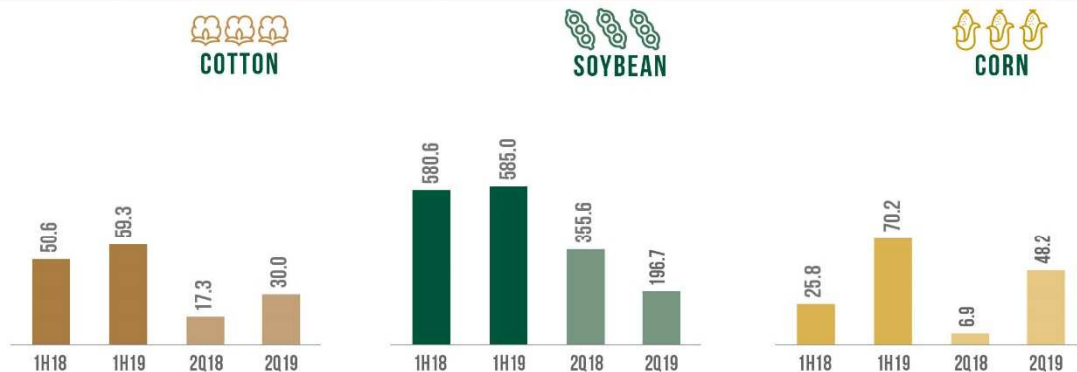
YIELD (KG/ HA)	(A) CROP 2017/18	(B) CROP 2018/19	(C) CROP 2018/19	Δ%	Δ%
	ACHIEVED	BUDGET	FORECAST	(CXA)	(CXB)
COTTON LINT 1st CROP	1,929	1,749	1,749	-3.5%	-
COTTON LINT 2nd CROP	1,622	1,621	1,621	-	-
COTTON SEED	2,351	2,174	2,307	-1.9%	6.1%
SOYBEAN	3,692	3,525	3,742	1.4%	6.2%
CORN 2nd CROP	5,715	6,815	7,125	24.7%	4.5%

#### HARVESTING STATUS - CROP 2018/2019

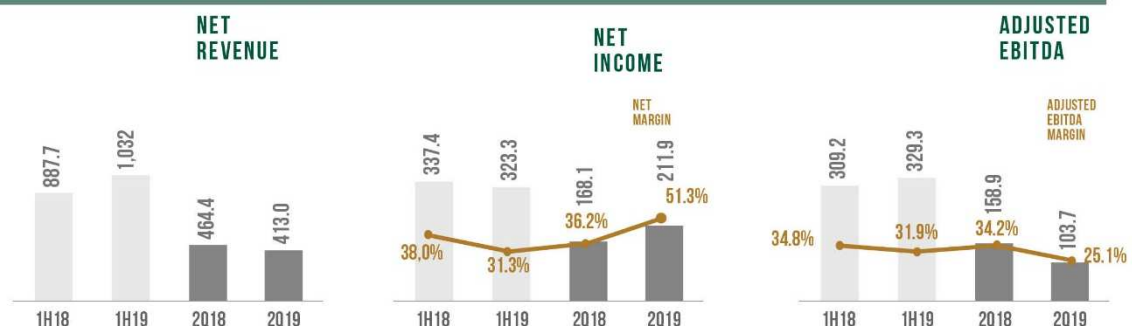


\*AVERAGE 1ST AND 2ND CROP | VARIATION (Δ) AGAINST PREVIOUS CROP

### VOLUME INVOICED (Thd Tons)



### FINANCIALS (R\$ MM)



## Message from Management

### Global Scenario and Impacts on the Company

The international scenario for agricultural commodity prices has been highly volatile due to three main factors: the trade war between the USA and China, the outbreak of African Swine Fever in China and the forecasts for the U.S. soybean and corn crops.

Note that, in this context of heightened volatility, the Company's strategic positioning of being at the forefront of efficiency in the agricultural industry gives it the resilience to successfully weather precisely these periods of greater uncertainty.

Our current soybean crop achieved a yield of 3,742 kg/ha, 6.2% higher than our initial estimate and 16.7% higher than the national average (according to CONAB). Meanwhile, the cotton lint crop, with 62% of areas already harvested (as of Aug. 2), is in line with our initial estimate, therefore more than twice the average yield of the global industry, despite our production adopting the less-expensive dry farming method, which makes our cotton crop extremely competitive.

For our corn crop, the current estimate is to reach a yield of 7,125 kg/ha, or 4.5% higher than the initial estimate.

In terms of sales price, our consolidated hedge policy is another factor that provides a bulwark against more challenging scenarios. We already have more than 90% of the cotton crop hedged for the year, at an average price of 79.5 ¢/lb, which is significantly higher than the current international spot market price, and which also includes the premiums captured from the direct sale of approximately one-third of production. For soybean, we also have more than 90% of the crop sold for 2019, at 10.15 ¢/bushel (price at the port), which also is above current spot prices. Our corn crop is already 80% hedged, at an average price of R\$23.40 per bag, which is 16.9% higher than the sales price of 2018.

### Financial Results for the Quarter and Six-Month Period

In the six-month period, our results once again were very positive: record highs for net revenue (R\$1.03 billion), volume invoiced (770.9 thousand tons) and Adjusted EBITDA was (R\$329.3 million). Adjusted EBITDA expanded 6.5% on the same six-month period of last year, driven mainly by the 12% increase in Gross Income. Despite the improvement in Gross Income, our Net Income decreased slightly from 1H18, due to the dynamics of Biological Assets recognition (Variation of Fair Value and Realization of Fair Value): given the early maturation of the soybean crop, there was a higher recognition of Fair Value of Biological Assets (and, consequently, Net Income) in 4Q18.

The 30.1% larger cotton planted area in the 2018/19 crop year compared the previous period is aligned with our strategy to invest in higher-value crops. The growth in cotton, however, generates higher working capital needs, especially in the first half of the year, which is when crop supplies are paid. With this our net debt increased from R\$1.2 billion in 1Q19 to R\$1.6 billion in 2Q19, with the net debt/Adjusted EBITDA ratio now at 2.3x.

Additionally, in the first semester we had a dividend payment relative to 2018 fiscal year, of R\$186 million (in May), and the conclusion of a share buyback program, in the first quarter, on which R\$42million were invested.

The second half of the year, however, will be marked by the invoicing of the bulk of the cotton crop, supporting strong cash generation without any increase in working capital needs. To support these higher working capital needs, we successfully raised R\$360 million through CRA bonds with interest of 99% of the CDI rate and amortization in the 4<sup>th</sup> and 5<sup>th</sup> year.

(A free translation of the original in Portuguese)

## Recognitions

This is the fourth consecutive year in which SLC Agrícola was highlighted in the survey Latin America Executive Team (Small Caps) – Agribusiness industry, which is conducted annually by the prominent U.S. magazine *Institutional Investor*:

- 1<sup>st</sup> place – Best CEO – Aurélio Pavinato;
- 1<sup>st</sup> Place – Best Investor Relations Team;
- 1<sup>st</sup> Place – Best Investor Relations Professional – Frederico Logemann;
- 2<sup>nd</sup> Place – Best Sustainability Metrics;
- 2<sup>nd</sup> Place – Best CFO – Ivo Marcon Brum;
- 2<sup>nd</sup> Place – Best Website;
- 3<sup>rd</sup> Place – Best Investor Relations Program;
- 3<sup>rd</sup> Place – Best Investor Relations Meeting;

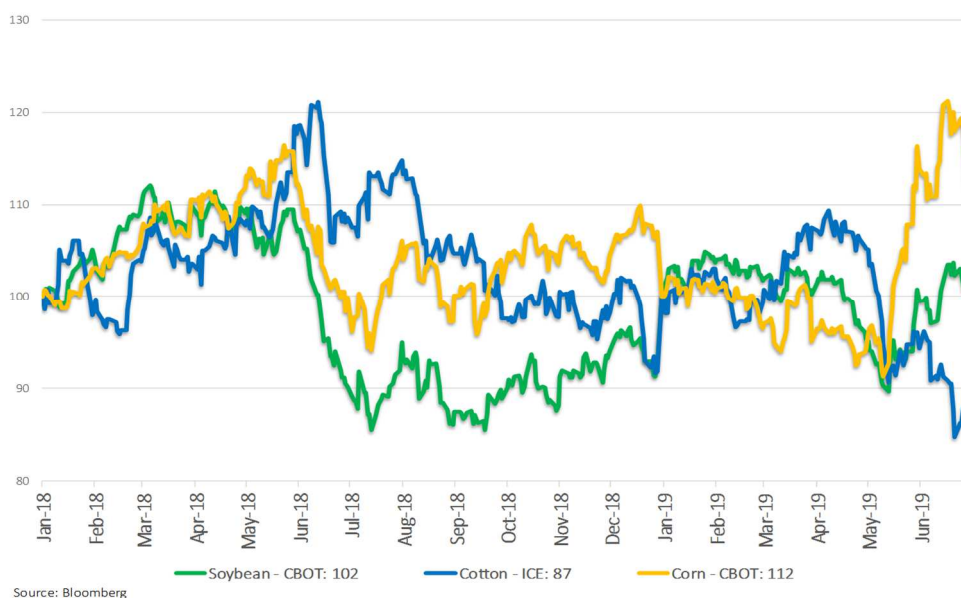
We take this opportunity to thank the market for yet another year of recognition.

(A free translation of the original in Portuguese)

## Market Overview

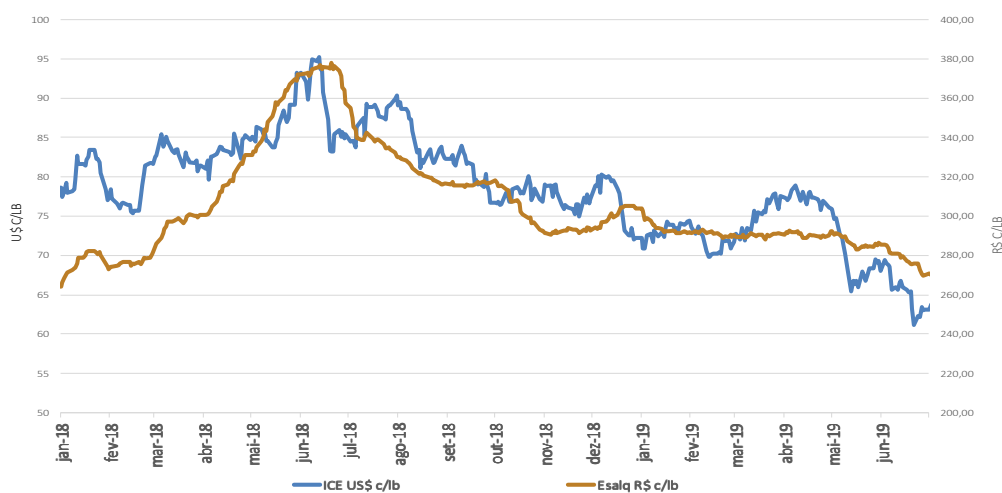
### Commodities

Figure 1 Change in Prices, Select Commodities, January 2018 to June 2019 (Jan 1=100).



### Cotton

Figure 2 Cotton Price in International Market vs. Brazil



International cotton prices continued to decline due to the escalation of the USA-China trade war and the associated outlook for a slowdown in world economic growth.

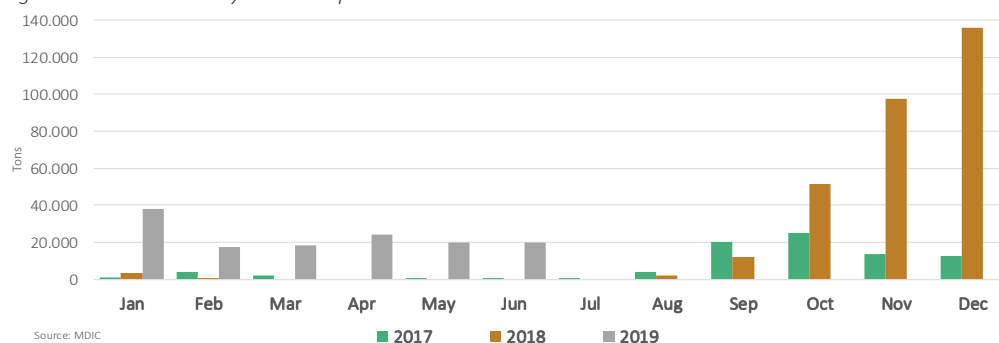
*"Growth in Brazil cotton exports to China of 265% in 2018 vs. 2017"*

On the other hand, in a scenario in which China's cotton stocks are expected to fall to their lowest level of the past five years, according to USDA forecasts, Chinese cotton demand has been creating opportunities for Brazilian producers.

(A free translation of the original in Portuguese)

Brazilian exports to China in 2018 amounted to around 303,000 tons, growing more than 265% compared to 2017, when exports to China were roughly 83,000 tons. In 2019, this volume, which is maintaining a growth trend, has already reached 137,000 tons until June.

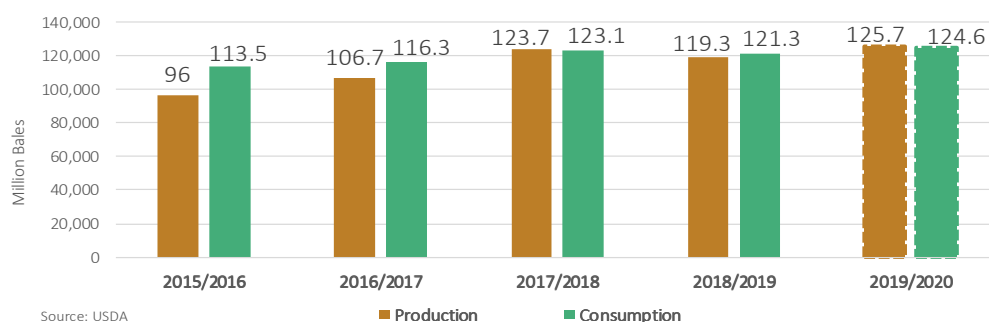
Figure 3 Brazil – Monthly Cotton Exports to China



Source: MDIC

According to the USDA, the 2018/19 cycle should end with a shortfall of 2 million bales in the supply-demand balance and, although global production is close to 125.8 million bales, the continued growth in consumption should keep the balance relatively tight, as observed in recent years, which should help sustain international cotton prices.

Figure 4 World Cotton Supply and Demand

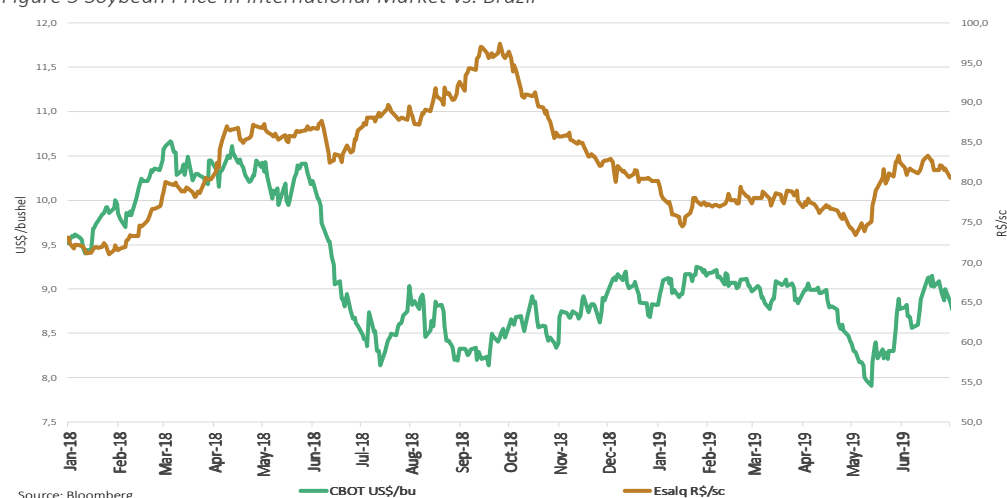


Source: USDA

## Soybean

CBOT spot prices for soybean in the first six months of 2019 reflected the uncertainty stemming from the trade war and consequently presented high volatility.

Figure 5 Soybean Price in International Market vs. Brazil



Source: Bloomberg

During the first quarter of the year, the main factors weighing on prices were the China-USA trade dispute and the slowdown in Chinese consumption due to an outbreak of African Swine Fever, a problem that is showing signs of improvement, but which apparently has not been fully controlled.

“Global cotton supply and demand tends to present relatively tighter levels”

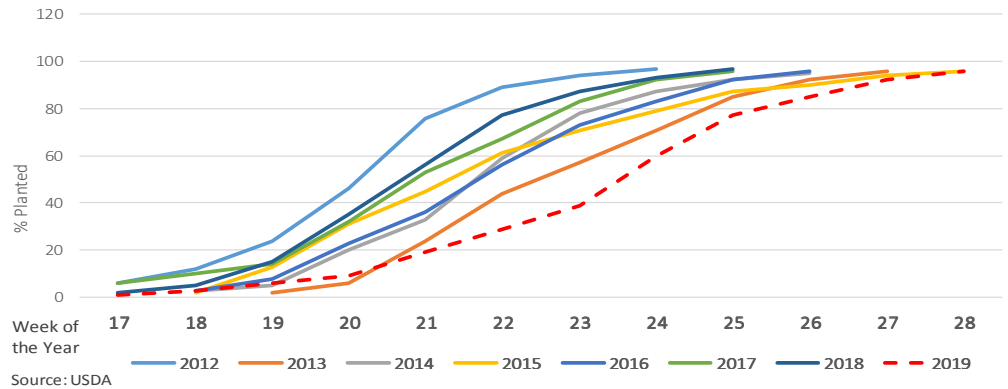
“The lower production potential of the US in 2019/20 crop year added volatility to soybean prices and increased prices”

(A free translation of the original in Portuguese)

In terms of supply, however, a factor pushing prices higher in recent months was the delay in planting in the United States due to heavy rains. The final data on planted area is still pending, but market consensus points to a contraction of at least 10% on the prior year.

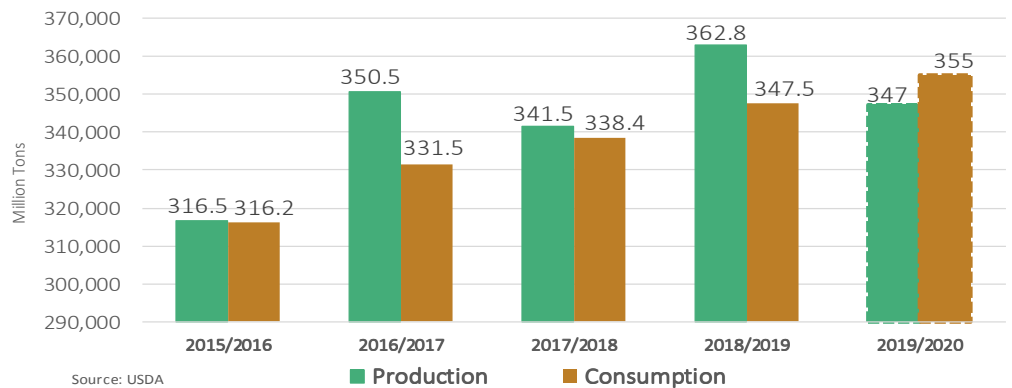
Coupled with the reduction in planted area by U.S. producers, the heavy rains during the planting season was responsible for one of the worst delays of recent years, leaving many producers with no choice but to plant during a window more susceptible to potential production losses.

Figure 6 Soybean – Planting Status in USA



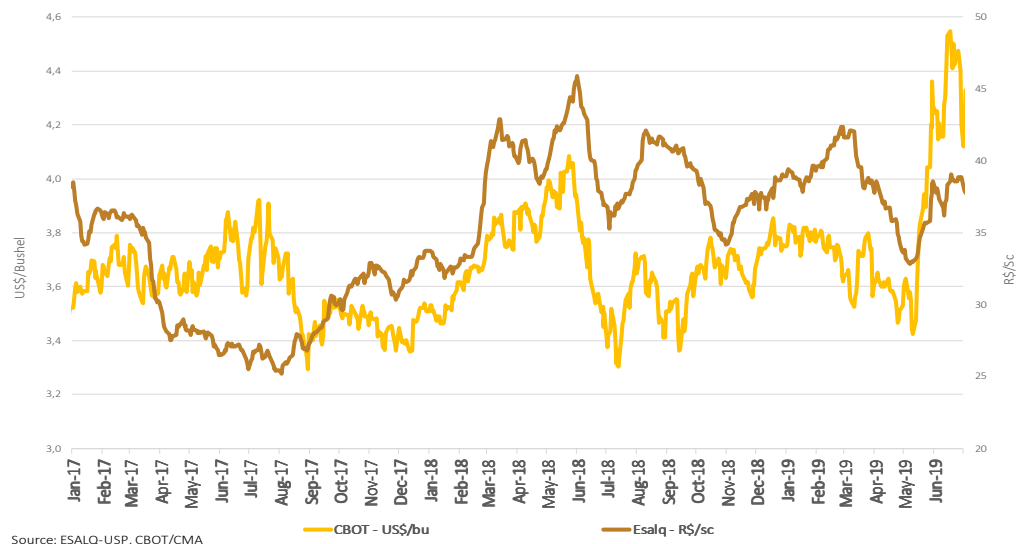
This scenario should reverse the trend of global soybean surpluses of the last few years, which could support the grain's price in the international markets.

Figure 7 World Soybean Supply and Demand



## Corn

Figure 8 Corn Prices in International Market vs. Brazil

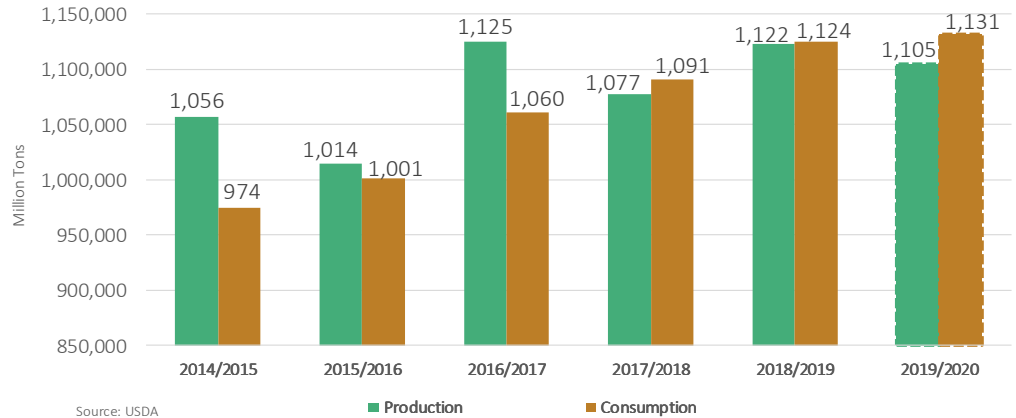


"The contraction in planted area and crop conditions in the US continue to support corn prices"

(A free translation of the original in Portuguese)

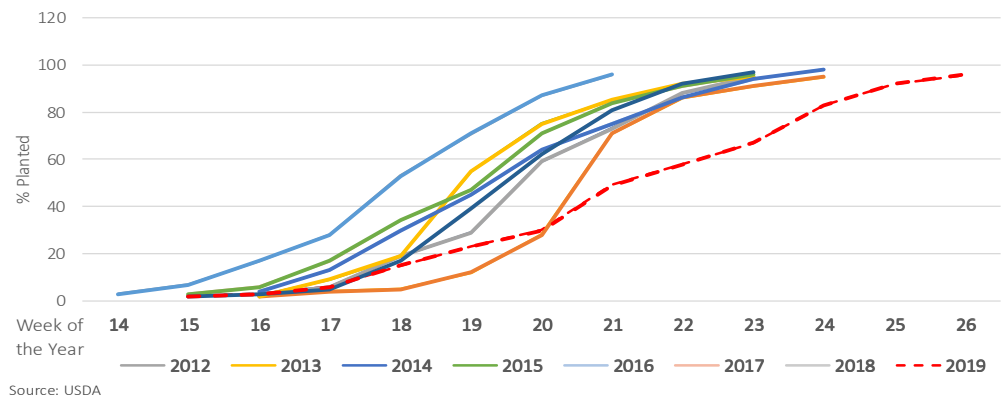
CBOT spot prices for corn rose sharply throughout the second quarter of 2019. Considering the global scenario, based on data for the 2019/20 crop year, this is the third straight year in which corn consumption should outstrip production, this time by close to 26 million tons.

Figure 9 World Corn Supply and Demand



In the United States, facing conditions similar to those for soybean, many corn producing regions suffered the same heavy rains and planting delays and, despite uncertainties regarding planted area and final output, the planting situation was one of the worst ever, which should lead to final production below the initial USDA estimates (currently at 352 million tons) and to an even higher shortfall in the global production-consumption scenario.

Figure 10 - Planting Status USA - Corn



The global industry's concern with African Swine Fever and its impacts on the animal protein chain could create opportunities for Brazil, since a redirection of animal protein demand to Brazil should drive grain consumption in the local market, leading to more intense competition with exports.

(A free translation of the original in Portuguese)

## 2018/19 Crop Year

The following table presents the latest data on planted area for the 2018/19 crop year and a comparison with the previous crop year. For more details, see the Additional Information section of this document.

Table 1 Planted Area by Crop, 2017/18 vs. 2018/19

Crop Mix	Planted Area 2017/18	Planted Area 2018/19 <sup>(1)</sup>	Share 2018/19	Δ%
	----- ha -----	-----	%	
<b>Cotton</b>	<b>95,124</b>	<b>123,721</b>	<b>27.0</b>	<b>30.1</b>
Cotton <sup>1st</sup> crop	57,832	72,845	15.9	26.0
Cotton <sup>2nd</sup> crop	37,292	50,876	11.1	36.4
<b>Soybean (Commercial + Seeds)</b>	<b>230,164</b>	<b>243,149</b>	<b>53.1</b>	<b>5.6</b>
Corn <sup>2nd</sup> crop	76,931	88,918	19.4	15.6
Others <sup>(2)</sup>	2,227	1,912	0.4	-14.0
<b>Total Area</b>	<b>404,446</b>	<b>457,700</b>	<b>100.0</b>	<b>13.2</b>

<sup>(1)</sup> Weather factors could affect the planted area forecast.

<sup>(2)</sup> Wheat, first-crop corn, corn seed.

Table 2 Yields, Actual in 2017/18 vs. Budget and Forecast for 2018/19

Yield (kg/ha)	(a)Crop 2017/18	(b)Crop 2018/19	(c)Crop 2018/19	Δ% cxa	Δ% cxb
	Achieved	Budget	Forecast		
Cotton lint <sup>1st</sup> crop	1,929	1,749	1,749	-9.3%	-
Cotton lint <sup>2nd</sup> crop	1,622	1,621	1,621	-	-
Cotton seed	2,351	2,174	2,307	-1.9%	6.1%
Soybean	3,692	3,525	3,742	1.4%	6.2%
Corn <sup>2nd</sup> crop	5,715	6,815	7,125	24.7%	4.5%

The second quarter of 2019 was marked by the end of the soybean harvest and start of the harvest of the regular cotton crop and the second-crop of other products, such as corn and cotton.

### Soybean

The total soybean planted area, which this crop year comprises approximately 243,000 hectares, registered an excellent performance. With harvest operations concluded in late April, the crop registered a yield of 3,742 kg/ha, which is 6.2% higher than the initial estimate and 1.4% higher than in the previous crop year.

### First-crop cotton

Harvesting started on June 4 and, as of August 2, 74% of the area had been harvested. Our yield estimate was revised back to the initial estimate, given the occurrence of rains in May, which caused rot in cotton-bolls at the base of plants, especially in the Northeast.

### Second-crop cotton

Harvesting started on June 13 and, as of August 2, 45% of the area had been harvested. Our yield estimate was revised back to the initial estimate, given lack of rainfall in Perdizes Farm in MT.

### Second-crop corn

On June 4, we begun harvesting the second-crop corn. As of August 2, we had harvested 78% of the total area. The crops are presenting high potential, reinforcing the expectation of yield surpassing the initial estimate. Our current estimate is to produce 7,125 kg/ha, which is 4.5% higher than the initial estimate.

*"We revised back our cotton yield estimate to the initial level, due to the occurrence of rains in May"*

(A free translation of the original in Portuguese)

## Production Cost

Table 3 Breakdown of Production Costs by Crop (R\$/ha)

%	Cotton	Soybean	Corn	Average 2018/19	Average 2017/18
<b>Variable Costs</b>	<b>82.5</b>	<b>74.5</b>	<b>78.8</b>	<b>79.3</b>	<b>76.4</b>
Seeds	9.4	14.2	20.1	12.2	12.3
Fertilizers	21.8	18.9	31.7	21.8	19.0
Chemicals	27.4	22.4	11.6	24.0	21.8
Air Spraying	1.9	1.2	1.5	1.6	1.8
Fuels and Lubricants	4.2	5.0	5.0	4.6	4.5
Labor	1.1	0.7	0.6	1.0	1.0
Ginning	8.4	2.3	2.7	5.7	6.7
Maintenance	3.6	5.1	3.9	4.1	5.0
Others	4.8	4.6	1.7	4.4	4.4
<b>Fixed Costs</b>	<b>17.5</b>	<b>25.5</b>	<b>21.2</b>	<b>20.7</b>	<b>23.6</b>
Labor	7.8	10.3	8.6	8.8	9.7
Depreciation and Amortization	3.2	5.7	3.8	4.1	5.6
Leasing	4.7	7.1	6.8	5.7	5.6
Others	1.9	2.4	2.1	2.1	2.7

Table 4 Cost of Production in R\$/ha

Total (R\$/ha)	Achieved 2017/18	Budget 2018/19	
Cotton 1 <sup>st</sup> crop	7,186	8,187	13.9%
Cotton 2 <sup>nd</sup> crop	6,079	7,475	23.0%
Soybean	2,365	2,697	14.0%
Corn 2 <sup>nd</sup> crop	1,749	2,119	21.2%
<b>Total average cost</b>	<b>3,461<sup>(1)</sup></b>	<b>4,033</b>	<b>16.5%</b>

<sup>(1)</sup> Weighted by areas in the 2018/19 crop year to avoid impacts from changes in the product mix.

The costs per hectare estimated for the 2018/19 crop year registered an average increase in Brazilian real of 16.5% compared to the actual costs in 2017/18 crop year, basically due to the currency's depreciation against the U.S. dollar in the period, since approximately 55% of costs are denominated in dollar. This increase will be significantly offset by a proportionate increase in revenues, given the Company's hedge policy (see the section "Hedge Position").

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## Financial Performance

### Income Statement Analysis

#### ADJUSTED EBITDA

In 2Q19, Adjusted EBITDA amounted to R\$103.8 million, which was lower than in 2Q18, mainly due to the lower soybean volume invoiced between periods. The lower soybean volume invoiced is explained by the anticipation of invoicing this year, with a higher share of the crop invoiced in the first quarter. As such, in the six-month period, the soybean volume invoiced is *higher* than in the same period of 2018. Cotton and corn volume invoiced also grew, accompanied by margin expansion.

In the first half of 2019, Adjusted EBITDA was a record R\$329.3 million, advancing 6.5% from 1H18, with Adjusted EBITDA margin of 31.9%. EBITDA growth was driven by the higher volume invoiced of all crops, with cotton and corn registering margin expansion, despite the slight margin compression in soybean.

*“Net Revenue and volume invoiced set new records for 1H19, reflecting the expansion in planted area in the 2018/19 crop year”*

Table 5 Adjusted EBITDA Reconciliation

(R\$ thousand)	1H18	1H19	AH	2Q18	2Q19	AH
<b>Net revenue</b>	<b>887,705</b>	<b>1,031,891</b>	<b>16.2%</b>	<b>464,408</b>	<b>413,058</b>	<b>-11.1%</b>
<b>Change in Fair Value of Biological Assets</b>	<b>527,665</b>	<b>540,240</b>	<b>2.4%</b>	<b>288,258</b>	<b>393,743</b>	<b>36.6%</b>
<b>(-) Cost of Goods and/or Services Sold</b>	<b>(799,483)</b>	<b>(925,805)</b>	<b>15.8%</b>	<b>(451,239)</b>	<b>(412,246)</b>	<b>-8.6%</b>
Cost of Goods	(536,846)	(639,622)	19.1%	(295,167)	(286,509)	-2.9%
Realization of the Fair Value of Biological Assets	(262,637)	(286,183)	9.0%	(156,072)	(125,737)	-19.4%
<b>Gross Income</b>	<b>615,887</b>	<b>646,326</b>	<b>4.9%</b>	<b>301,427</b>	<b>394,555</b>	<b>30.9%</b>
<b>(-) Sales Expenses</b>	<b>(41,324)</b>	<b>(57,468)</b>	<b>39.1%</b>	<b>(17,559)</b>	<b>(24,523)</b>	<b>39.7%</b>
<b>(-) General and administrative expenses</b>	<b>(37,429)</b>	<b>(46,655)</b>	<b>24.6%</b>	<b>(20,003)</b>	<b>(22,480)</b>	<b>12.4%</b>
General and administrative	(24,698)	(32,404)	31.2%	(13,135)	(13,867)	5.6%
Participations Results	(12,731)	(14,251)	11.9%	(6,868)	(8,613)	25.4%
<b>Administrative Fees</b>	<b>(9,146)</b>	<b>(8,117)</b>	<b>-11.3%</b>	<b>(2,408)</b>	<b>(1,570)</b>	<b>-34.8%</b>
<b>(-) Other operating revenues /expenses</b>	<b>4,036</b>	<b>606</b>	<b>-85.0%</b>	<b>3,126</b>	<b>2,808</b>	<b>-10.2%</b>
<b>(=) Income from Activity</b>	<b>532,024</b>	<b>534,692</b>	<b>0.5%</b>	<b>264,583</b>	<b>348,790</b>	<b>31.8%</b>
<b>(+) Depreciation and amortization</b>	<b>40,878</b>	<b>42,134</b>	<b>3.1%</b>	<b>25,833</b>	<b>21,798</b>	<b>-15.6%</b>
<b>EBITDA</b>	<b>572,902</b>	<b>576,826</b>	<b>0.7%</b>	<b>290,416</b>	<b>370,588</b>	<b>27.6%</b>
<b>(-) Change in Fair Value of Biological Assets<sup>(3)</sup></b>	<b>(527,665)</b>	<b>(540,240)</b>	<b>2.4%</b>	<b>(288,258)</b>	<b>(393,743)</b>	<b>36.6%</b>
<b>(+) Realiz. of the Fair Value of Biological Assets<sup>(4)</sup></b>	<b>262,637</b>	<b>286,183</b>	<b>9.0%</b>	<b>156,072</b>	<b>125,737</b>	<b>-19.4%</b>
<b>(+) Write-off of fixed assets<sup>(2)</sup></b>	<b>1,416</b>	<b>6,551</b>	<b>362.6%</b>	<b>683</b>	<b>1,194</b>	<b>74.8%</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>309,290</b>	<b>329,320</b>	<b>6.5%</b>	<b>158,913</b>	<b>103,776</b>	<b>-34.7%</b>
<b>Adjusted EBITDA Margin <sup>(2)</sup></b>	<b>34.8%</b>	<b>31.9%</b>	<b>-2.9 p.p</b>	<b>34.2%</b>	<b>25.1%</b>	<b>-9.1 p.p</b>

<sup>(1)</sup> Excludes the effects from Biological Assets, since they are noncash.

<sup>(2)</sup> Excluding write-off of Property, Plant and Equipment

<sup>(3)</sup> Change in fair value of Biological Assets (Note 24 of the financial statements)

<sup>(4)</sup> Realization of the fair value of Biological Assets (Note 23 of the financial statements)

#### Net Revenue

Table 6 Net Revenue

(R\$ Thousand)	1H18	1H19	AH	2Q18	2Q19	AH
<b>Net Revenue</b>	<b>887,705</b>	<b>1,031,891</b>	<b>16.2%</b>	<b>464,408</b>	<b>413,058</b>	<b>-11.1%</b>
Cotton lint	292,467	386,108	32.0%	109,803	200,890	83.0%
Cotton seed	14,360	12,155	-15.4%	2,326	2,919	25.5%
Soybean	583,925	671,405	15.0%	372,650	231,626	-37.8%
Corn	9,551	29,947	213.5%	2,099	20,309	867.6%
Others	6,809	7,560	11.0%	5,239	6,212	18.6%
FX Hedge income	(19,407)	(75,284)	287.9%	(27,709)	(48,898)	76.5%

Table 7 Volume Invoiced (tons)

(Tons)	1H18	1H19	AH	2Q18	2Q19	AH
<b>Volume Invoiced</b>	<b>697,519</b>	<b>770,926</b>	<b>10.5%</b>	<b>391,934</b>	<b>291,538</b>	<b>-25.6%</b>
Cotton lint	50,677	59,315	17.0%	17,337	30,033	73.2%
Cotton seed	32,910	35,462	7.8%	7,004	8,522	21.7%
Soybean	580,638	585,001	0.8%	355,650	196,727	-44.7%
Corn	25,842	70,198	171.6%	6,955	48,211	593.2%
Other	7,452	20,950	181.1%	4,988	8,045	61.3%

(A free translation of the original in Portuguese)

In the quarter, volume invoiced decreased in relation to 2Q18, notably due to the lower soybean volume (due to the anticipation of invoicing to 1Q19). As a result, Net Revenue decreased 11.1% on the prior-year period. The lower volume was partially offset by the better invoice prices for all crops.

In the six-month period, however, volume increased 10.5% compared to 2018, reflecting the expansion in planted area and better prices for all crops.

Table 8 Variation in Fair Value of Biological Assets

(R\$ Thousand)	1H18	1H19	AH	2Q18	2Q19	AH
<b>Change in Fair Value of Biological Assets</b>	<b>527,665</b>	<b>540,240</b>	<b>2.4%</b>	<b>288,258</b>	<b>393,743</b>	<b>36.6%</b>
Cotton lint	214,314	334,039	55.9%	214,314	334,039	55.9%
Cotton seed	15,402	21,412	39.0%	15,402	21,412	39.0%
Soybean	278,734	145,812	-47.7%	46,946	9,958	-78.8%
Corn	11,772	24,189	105.5%	12,101	24,189	99.9%
Other	7,443	14,788	98.7%	(505)	4,145	n.m.

The calculation of Variation in Fair Value of Biological Assets reflects the estimated gross margin (sale price at farm less unit costs incurred) of crops presenting significant biological transformation in the calculation period.

The Variation in Fair Value of Biological Assets increased 36.6% and 2.4% in 2Q19 and 1H19, respectively, compared to the same periods last year.

For cotton, the Variation in Fair Value of Biological Assets increased in both periods, especially given the 30.1% expansion in planted area in the current crop year (2018/19) compared to the previous crop year.

The 78.8% and 47.7% decrease in the quarter and six-month period, respectively, for soybean, as mentioned in the 1Q19 earnings release, is mainly due to the early maturation of the crops in the 2018/19 crop year, which caused higher recognition of Variation in Fair Value already in 4Q18. However, in the year to date, the Variation in Biological Assets for soybean in the crop year was lower than in the previous crop year, reflecting the slight contraction in the crop's margin.

Meanwhile, corn registered a positive Variation in Fair Value of Biological Assets, supported by higher yields and sales prices than in the previous crop year.

## Cost of Goods Sold

The lower volume of soybean invoiced in the quarter is the main factor in the 2.9% decrease in cost of goods sold (despite the crop's higher unit cost in the period), coupled with the lower unit cost of cotton and corn.

In the six-month period, cost of goods sold increased 19.1%, due to the higher volume invoiced of all crops, combined with the higher unit cost in soybean.

Table 9 Cost of Goods Sold

(R\$ Thousand)	1H18	1H19	AH	2Q18	2Q19	AH
<b>Cost of Goods Sold</b>	<b>(536,846)</b>	<b>(639,622)</b>	<b>19.1%</b>	<b>(295,167)</b>	<b>(286,509)</b>	<b>-2.9%</b>
Cotton lint	(153,597)	(179,616)	16.9%	(51,574)	(88,517)	71.6%
Cotton seed	(11,780)	(9,255)	-21.4%	(2,097)	(2,946)	40.5%
Soybean	(355,946)	(406,987)	14.3%	(234,565)	(167,483)	-28.6%
Corn	(7,139)	(19,849)	178.0%	(2,149)	(13,592)	532.5%
Other	(8,384)	(23,915)	185.2%	(4,782)	(13,971)	192.2%

The Realization of Fair Value of Biological Assets is the corresponding entry to Variation in Fair Value (calculated upon harvest) and is recognized as the products are invoiced.

The lower Realization of Fair Value in 2Q19 compared to 2Q18 mainly reflects the lower volume of soybean invoiced. In the six-month period, the highlight was the Realization of the Fair Value of Biological Assets for cotton, due to the higher volume invoiced in the period.

(A free translation of the original in Portuguese)

Table 10 Realization of Fair Value of Biological Assets

(R\$ Thousand)	1H18	1H19	AH	2Q18	2Q19	AH
<b>Realization of the Fair Value of Biological Assets</b>	<b>(262,637)</b>	<b>(286,183)</b>	<b>9.0%</b>	<b>(156,072)</b>	<b>(125,737)</b>	<b>19.4%</b>
Cotton lint	(64,165)	(119,867)	86.8%	(21,082)	(63,614)	201.7%
Cotton seed	(5,494)	(4,431)	-19.3%	(1,144)	(1,348)	17.8%
Soybean	(188,974)	(143,486)	-24.1%	(130,289)	(45,958)	-64.7%
Corn	(436)	(4,553)	944.3%	11	(2,935)	n.m.
Other	(3,568)	(13,846)	288.1%	(3,568)	(11,882)	233.3%

## Gross Income by Crop

To contribute to a better understanding of margins by crop, in this section, the gain (loss) from currency hedge is allocated among cotton, soybean and corn.

## Cotton Lint and Cotton Seed

Table 11 Gross Income - Cotton Lint

<b>Cotton Lint</b>		1H18	1H19	AH	2Q18	2Q19	AH
Volume Invoiced	Ton	50,677	59,315	17.0%	17,337	30,033	73.2%
Net Revenue	R\$ thousand	292,467	386,108	32.0%	109,803	200,890	83.0%
Result of currency hedge	R\$ thousand	(23,980)	(32,043)	33.6%	(27,677)	(29,320)	5.9%
Net inc. adj. for the result of cur. hedging	R\$ thousand	268,487	354,065	31.9%	82,126	171,570	108.9%
Unit Price	R\$ / Ton	5,298	5,969	12.7%	4,740	5,713	20.5%
Cost Total	R\$ thousand	(153,597)	(179,616)	16.9%	(51,574)	(88,517)	71.6%
Unit Cost	R\$ / Ton	(3,031)	(3,028)	-0.1%	(2,970)	(2,950)	-0.7%
Unit Gross Result	R\$ / Ton	2,267	2,941	29.7%	1,770	2,763	56.1%

The cotton invoiced in 2Q19 and 1H19 is mostly related to the 2017/18 crop year. The unit Gross Income of cotton lint increased 56.1% in the quarter and 29.7% in the six-month period compared to the prior-year periods, driven by the combination of higher price and lower unit cost.

Table 12 Gross Income – Cotton Seed

<b>Cotton Seed</b>		1H18	1H19	AH	2Q18	2Q19	AH
Volume Invoiced	Ton	32,910	35,462	7.8%	7,004	8,522	21.7%
Net Revenue	R\$ thousand	14,360	12,155	-15.4%	2,326	2,919	25.5%
Unit Price	R\$ / Ton	436	343	-21.3%	332	343	3.3%
Cost Total	R\$ thousand	(11,780)	(9,255)	-21.4%	(2,097)	(2,946)	40.5%
Unit Cost	R\$ / Ton	(358)	(261)	-27.1%	(299)	(346)	15.7%
Unit Gross Result	R\$ / Ton	78	82	5.1%	33	(3)	n.m.

Cotton seed posted a negative margin this quarter, reflecting the mix of farms that invoiced the product, which have higher unit costs compared to the other farms. In the six-month period, margin expanded 5.1%, since the 21.3% decrease in price was offset by a 27.1% decrease in unit cost.

## Soybean

Table 13 Gross Income – Soybean

<b>Soybeans</b>		1H18	1H19	AH	2Q18	2Q19	AH
Volume Invoiced	Ton	580,638	585,001	0.8%	355,650	196,727	-44.7%
Net Revenue	R\$ thousand	583,925	671,405	15.0%	372,650	231,626	-37.8%
Result of currency hedge	R\$ thousand	4,681	(42,071)	n.m.	(32)	(18,557)	n.m.
Net inc. ad. for the result of cur. hedging	R\$ thousand	588,606	629,334	6.9%	372,618	213,069	-42.8%
Unit Price	R\$ / Ton	1,014	1,076	6.1%	1,048	1,083	3.3%
Cost Total	R\$ thousand	(355,946)	(406,987)	14.3%	(234,565)	(167,483)	-28.6%
Unit Cost	R\$ / Ton	(613)	(696)	13.5%	(660)	(851)	28.9%
Unit Gross Result	R\$ / Ton	401	380	-5.2%	388	232	-40.2%

In both periods analyzed, soybean registered compression in gross unit margin, reflecting the higher unit cost in the 2018/19 crop year compared to the 2017/18 crop year.

(A free translation of the original in Portuguese)

## Corn

Table 14 Gross Income – Corn

<b>Corn</b>		<b>1H18</b>	<b>1H19</b>	<b>AH</b>	<b>2Q18</b>	<b>2Q19</b>	<b>AH</b>
Volume Invoiced	Ton	25,842	70,198	171.6%	6,955	48,211	593.2%
Net Revenue	R\$ thousand	9,551	29,947	213.5%	2,099	20,309	867.6%
Result of currency hedge	R\$ thousand	(108)	(1,170)	983.3	-	(1,021)	100.0%
<i>Net inc. adj. for the result of cur. hedging</i>	R\$ thousand	9,443	28,777	204.7%	2,099	19,288	818.9%
Unit Price	R\$ / Ton	365	410	12.3%	302	400	32.5%
Cost Total	R\$ thousand	(7,139)	(19,849)	178.0%	(2,149)	(13,592)	532.5%
Unit Cost	R\$ / Ton	(276)	(283)	2.5%	(309)	(280)	-9.4%
Unit Gross Income	R\$ / Ton	89	127	42.7%	(7)	120	n.m.

In the quarter and six-month periods, corn unit gross margin expanded due to the higher unit price and better yields in the 2018/19 crop year compared to the 2017/18 crop year.

## Gross Income

Table 15 – Gross Income

<b>(R\$ Thousand)</b>	<b>1H18</b>	<b>1H19</b>	<b>AH</b>	<b>2Q18</b>	<b>2Q19</b>	<b>AH</b>
<b>Gross Income</b>	<b>615,887</b>	<b>646,326</b>	<b>4.9%</b>	<b>301,427</b>	<b>394,555</b>	<b>30.9%</b>
Cotton lint	114,890	174,449	51.8%	30,552	83,053	171.8%
Cotton seed	2,580	2,900	12.4%	229	(27)	n.m.
Soybean	232,660	222,347	-4.4%	138,053	45,586	-67.0%
Corn	2,304	8,928	287.5%	(50)	5,696	n.m.
Others	(1,575)	(16,355)	938.4%	457	(7,759)	n.m.
Biological Assets	265,028	254,057	-4.1%	132,186	268,006	102.7%

*“Excluding effects from the calculation of Biological Assets, Gross Income advanced 12% in 1Q19 vs. 1Q18”*

Excluding the effects from Biological Assets (Variation and Realization of Fair Value) indicates the actual margins of products invoiced in the period. On this basis, Gross Income in the quarter decreased 25%, affected mainly by the lower soybean volume invoiced. In the six-month period, Gross Income on this basis grew 12%, led by cotton, whose volumes were 17% higher, with unit gross margin expanding 29.7% compared to 1H18.

## Selling Expenses

Selling expenses increased in the quarter and six-month period, mainly due to the higher Freight and Export Expenses related to the higher cotton volume invoiced.

Table 16 - Selling Expenses

<b>(R\$ Thousand)</b>	<b>1H18</b>	<b>1H19</b>	<b>AH</b>	<b>2Q18</b>	<b>2Q19</b>	<b>AH</b>
Freight	14,051	19,106	36.0%	6,070	8,623	42.1%
Storage	14,308	17,157	19.9%	6,570	7,046	7.2%
Commissions	5,032	8,100	61.0%	2,496	4,122	65.1%
Classification of Goods	343	288	-16.0%	17	-	-100.0%
Export Expenses	7,350	10,515	43.1%	2,310	4,620	100.0%
Others	240	2,302	859.2%	96	112	16.7%
<b>Total</b>	<b>41,324</b>	<b>57,468</b>	<b>39.1%</b>	<b>17,559</b>	<b>24,523</b>	<b>39.7%</b>
<b>% Net Revenue</b>	<b>4.7%</b>	<b>5.6%</b>	<b>0.9 p.p</b>	<b>3.8%</b>	<b>5.9%</b>	<b>2.1 p.p</b>

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## Administrative Expenses

Administrative Expenses (excluding amounts related to the Profit Sharing Program) increased 5.6% in 2Q19 and 31.6% in 1H19. The main variations are explained below:

- (i) Increase in Personnel Expenses, due to adjustments to headcount and annual salary increases;
- (ii) Increase in Civil Contingencies;
- (iii) Decrease in the quarter of Expenses with Advertising and Marketing once expenses with the Publication of the Financial Statements were recorded in 1Q19 (last year they were recorded in April);
- (iv) Increase in Software Maintenance Expenses, due to the contracting of application virtualization services to facilitate access with security and to increase the number of licenses available;
- (v) Increase in Contributions and donations to incentivized projects (offset by lower Income Tax payable).

Table 17 – Administrative Expenses

(R\$ Thousand)	1H18	1H19	AH	2Q18	2Q19	AH
Expenses with personnel	13,015	15,658	20.3%	6,597	7,065	7.1%
Fees	2,412	2,400	-0.5%	1,422	1,212	-14.8%
Depreciations and amortizations	659	923	40.1%	331	542	63.7%
Expenses with travels	827	1,212	46.6%	609	756	24.1%
Software maintenance	2,233	2,943	31.8%	949	1,475	55.4%
Marketing/Advertisement	1,376	1,563	13.6%	1,097	370	-66.3%
Expenses with Communications	1,250	1,169	-6.5%	653	637	-2.5%
Rentals	398	451	13.3%	192	160	-16.7%
Labor, Tax and Environmental Contingencies	733	2,838	287.2%	(56)	87	n.m.
Electricity	89	106	19.1%	48	49	2.1%
Taxes and other fees	433	776	79.2%	170	263	54.7%
Contributions and donations	357	995	178.7%	286	445	55.6%
Other	916	1,470	60.5%	837	806	-3.7%
<b>Subtotal</b>	<b>24,698</b>	<b>32,504</b>	<b>31.6%</b>	<b>13,135</b>	<b>13,867</b>	<b>5.6%</b>
<b>% Net Revenue</b>	<b>2.8%</b>	<b>3.1%</b>	<b>0.3 p.p</b>	<b>2.8%</b>	<b>3.4%</b>	<b>0.6 p.p</b>
Provision for profit share program	12,731	14,151	11.2%	6,868	8,613	25.4%
<b>Total</b>	<b>37,429</b>	<b>46,655</b>	<b>24.6%</b>	<b>20,003</b>	<b>22,480</b>	<b>12.4%</b>

## Net Financial Income (Expense)

Since a portion of debt in USD was swapped to BRL and another portion is designated as hedge accounting – so that the effects of exchange variation are recorded as Sales Revenue and only after payment of the principal – the effects from exchange variation on dollar-denominated debt does not affect Net Financial Income (Expense) when we analyze the aggregate figures, since any gains or losses on such debt not allocated to hedge accounting are offset by gains/losses in an equal proportion to the respective swap.

Table 18 - Adjusted Net Financial Income (Expense)

(R\$ thd)	1H18	1H19	AH	2Q18	2Q19	AH
Interest	(33,269)	(44,979)	35.2%	(15,529)	(27,773)	78.8%
FX Variation	5,498	6,857	24.7%	1,786	1,289	27.8%
Monetary Variation	-	139	100.0%	-	-	-
Adjust. to present value of leas. contracts (IFRS16)	-	(20,672)	100.0%	-	(12,086)	100.0%
Other financial revenues (expenses)	(2,443)	1,237	n.m.	(1,289)	1,651	n.m.
<b>Total</b>	<b>(30,214)</b>	<b>(57,418)</b>	<b>90.0%</b>	<b>(15,032)</b>	<b>(36,918)</b>	<b>145.6%</b>
<b>% Net Revenue</b>	<b>3.4%</b>	<b>5.6%</b>	<b>2.2p.p.</b>	<b>3.2%</b>	<b>8.9%</b>	<b>5.7p.p.</b>

In the quarter and six-month period, the adjusted net financial expense increased in relation to the same period last year.

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The main variation was due to the adoption of IFRS 16, which included the line Adjustment to Present Value from Leases. In addition, net debt grew in relation to 2018, reflecting the higher working capital needs generated by the expansion in planted area, which increased the apportionment of interest expenses.

### Net Income (Loss)

Table 19 - Net Income

(R\$ thd)	1H18	1H19	AH	2Q18	2Q19	AH
Income before taxes on profit	501,810	477,274	-4.9%	249,551	311,872	25.0%
Income Tax and Social Contribution on profit	(164,355)	(153,941)	-6.3%	(81,355)	(99,920)	22.8%
<b>Consolidated Net Income for the Period</b>	<b>337,455</b>	<b>323,333</b>	<b>-4.2%</b>	<b>168,196</b>	<b>211,952</b>	<b>26.0%</b>
Assigned to parent company	311,369	307,258	-1.3%	157,048	205,391	30.8%
Assig. to non-controlling comp. members	26,086	16,075	-38.4%	11,148	6,561	-41.1%
<b>% Net Margin</b>	<b>38.0%</b>	<b>31.3%</b>	<b>-6.7 p.p</b>	<b>36.2%</b>	<b>51.3%</b>	<b>15.1 p.p</b>

*“Despite the 12% growth in Gross Income from crops in 1Q19, Net Income was lower than in 1Q18, reflecting the dynamics of accounting Biological Assets”*

Net income in the quarter increased 26.0% with net margin expanding 15.1 p.p. to of 51.3%, since the apportionment of Biological Assets (Variation and Realization of Fair Value) offset the lower soybean volume invoiced in the period.

Despite the 12% growth in Gross Income, Net Income fell 4.2% against 1H18, affected by the apportionment of Biological Assets (Variation and Realization of Fair Value), given the early maturation of soybean crops (earlier planting and harvesting), which led to the higher apportionment of Fair Value of Biological Assets in 4Q18.

### Statement of Cash Flow Analysis

Free Cash Generation was negative in 1H19, notably due to the increase in Working Capital Needs (Changes in Assets and Liabilities).

The increase in WK is typical of the first half of the year, as it is the period in which crop inputs are paid. This year, this variation was intensified by the sharp increase in cotton area. As mentioned in the Message from Management, we point out that from the second half of the year onwards, cotton invoicing from the new crop will start, with strong cash generation, and no increase in Working Capital Requirement.

On the other hand, the period registered the receipt of one more installment (R\$38.9 million) from the land sale event of 2017.

Table 20 Summarized Cash Flow

(R\$ thd)	1H18	1H19	AH	2Q18	2Q19	AH
Cash from the operation	391,610	<b>400,183</b>	2.2%	222,034	<b>148,153</b>	-33.3%
Change in assets and liabilities	(224,908)	<b>(492,569)</b>	119.0%	(152,430)	<b>(158,161)</b>	3.8%
Net cash investment activities	(63,150)	<b>(170,479)</b>	170.0%	(31,218)	<b>(51,229)</b>	64.1%
In fixed assets	(60,095)	<b>(206,389)</b>	243.4%	(30,109)	<b>(88,460)</b>	193.8%
In intangible	(3,055)	<b>(3,089)</b>	1.1%	(1,109)	<b>(1,768)</b>	59.4%
Receipt of land sale	-	<b>38,999</b>	100.0%	-	<b>38,999</b>	100.0%
Free cash	103,552	<b>(262,865)</b>	n.m.	38,386	<b>(61,237)</b>	n.m.
Changes in Interest earning bank deposits <sup>(1)</sup>	86,299	<b>67,679</b>	-21.6%	(43,254)	<b>6,579</b>	n.m.
Paid Leases <sup>(2)</sup>	-	<b>(72,477)</b>	100.0%	-	<b>(72,477)</b>	100.0%
<b>Adjusted Free Cash</b>	<b>17,253</b>	<b>(403,021)</b>	n.m.	<b>(4,868)</b>	<b>(127,135)</b>	n.m.

<sup>(1)</sup> The variations of this account are non-cash.

<sup>(2)</sup> Due to the adoption of IFRS 16, the payment of leases is now recognized in the Statement of Cash Flows, under Financing Activities. However, it should be considered a disbursement of operating cash.

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## Balance Sheet Analysis (main items)

### Working Capital Needs

During the first semester, the Working Capital Requirement increased by R\$639.6 million. The increase in WK is typical of the first half of the year, as it is the period in which crop inputs are paid. This year, this variation was intensified by the sharp increase in cotton planted area.

Table 21 Changes in Working Capital Needs

Working Capital Variation			
ASSETS	2018	1Q19	1H19
Accounts Receivable	131,546	142,278	54,456
Advance to suppliers	8,520	5,301	4,369
Inventories	868,522	742,043	764,275
(-) Biological Assets + Inventories Adjustment (non cash)	(136,829)	(156,335)	(134,181)
Recoverable Taxes	86,943	66,407	57,047
Biological Assets	705,390	845,237	1,168,539
(-) Biological Assets (non cash)	(65,977)	(32,511)	(322,803)
Expenses incurred in advance	5,060	22,844	27,752
<b>Subtotal</b>	<b>1,603,175</b>	<b>1,635,264</b>	<b>1,619,454</b>
LIABILITIES	2018	1Q19	1H19
Suppliers	703,564	344,884	170,364
Taxes, rates and sundry contributions	24,656	15,653	11,923
Social charges and labor legislation obligation	63,007	36,870	45,686
Provisions for tax, environmental and labor risks	2,397	5,147	5,225
<b>Others</b>	<b>206,269</b>	<b>255,752</b>	<b>143,347</b>
Advance from clients	42,163	88,104	108,088
Dividends payable	91,804	96,584	10
Leases payable	58,742	58,498	22,709
Others accounts payable	13,560	12,566	12,540
<b>Subtotal</b>	<b>999,893</b>	<b>658,306</b>	<b>376,545</b>
<b>Working Capital</b>	<b>603,282</b>	<b>976,958</b>	<b>1,242,909</b>
<b>Change in WC</b>		<b>(373,676)</b>	<b>(639,627)</b>

### Property, Plant and Equipment / CAPEX

The main investments in 2Q19 were in:

- Machinery and Equipment (R\$39.5 million), mainly at the Paiaguás, Planorte and Perdizes farms;
- Buildings and facilities (R\$22.3 million), at the Paiaguás, Parnaíba, Perdizes and Pantanal farms.

Table 22 Capital Expenditure (R\$ '000)

(R\$ thousand)	1H18	AV	1H19	AV	2Q19	AV
Machinery, implements and equipment	21,943	35.4%	90,923	48.9%	39,578	44.4%
Land acquisition	575	0.9%	2,893	1.6%	70	0.1%
Soil correction	9,178	14.8%	11,111	6.0%	8,519	9.6%
Buildings and facilities	12,022	19.4%	30,906	16.6%	22,327	25.0%
Cotton ginning plant	-	-	28,585	15.4%	4,894	5.5%
Grains storage	964	1.6%	1,367	0.7%	19	0.0%
Soil cleaning	1,129	1.8%	1,680	0.9%	1,454	1.6%
Vehicles	2,157	3.5%	3,020	1.6%	1,209	1.4%
Aircraft	8,588	13.9%	7,542	4.1%	7,253	8.1%
Software	2,927	4.7%	2,780	1.5%	1,567	1.8%
Property improvements	70	0.1%	1,188	0.6%	632	0.7%
Others	2,387	3.9%	4,078	2.2%	1,680	1.9%
<b>Total</b>	<b>61,940</b>		<b>186,073</b>		<b>89,202</b>	

(A free translation of the original in Portuguese)

## Debt

The Company's net debt ended the first six months of 2019 at R\$1.6 billion, higher than at the end of 4Q18, due to the negative free cash generation of R\$403 million in the period. Free cash generation was mainly affected by the higher working capital needs in the six-month period, due to the expansion in planted area, especially for the cotton crop. The payment of most of the inputs for the 2018/19 crop year was made in the first six months of 2019. However, note that, as of the second half of the year, the new cotton crop will start to be invoiced and, considering that the associated inputs already have been paid, free cash generation will be positive.

To support these higher working capital needs, SLC Agrícola successfully raised R\$360 million through CRA bonds with interest of 99% of the CDI rate and amortization in the 4<sup>th</sup> and 5<sup>th</sup> year.

Furthermore, the six-month period was the distribution of dividends for fiscal year 2018 of R\$186 million, in May, and conclusion of the share repurchase program in the first quarter of the year, in which R\$42 million was invested.

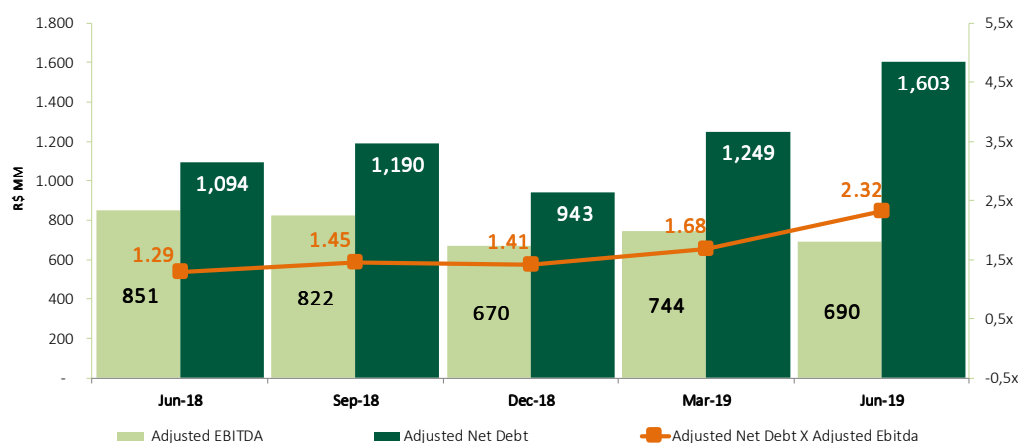
*"The growth in debt over the year was due to negative free cash generation of R\$403 million, payment of dividends and conclusion of the share repurchase program"*

Table 23 Financial Net Debt

Credit Line	Index	Average Rate (%)		Consolidated (R\$ thd)	
		4Q18	1H19	4Q18	1H19
Applied in Fixed Assets					
Finame/PCA/FINEM – BNDES	Pré, TJLP <sup>1</sup> e Cesta de Moedas	5.45%	5.42%	91,762	82,081
Total		5.45%	5.42%	91,762	82,081
Applied in Working Capital					
Rural Credit	Pré	6.08%	6.11%	144,855	142,896
Constitutional Funds <sup>2</sup>	Pré	5.91%	5.91%	234,150	210,496
CRA <sup>(5)</sup>	CDI	6.42%	6.42%	201,063	561,838
Working Capital	CDI <sup>(4)</sup>	7.43%	7.29%	100,863	135,104
Export Loans	Pré	6.50%	6.50%	208,276	214,883
Export Loans	CDI	7.38%	7.19%	356,620	455,820
Export Loans	US\$, Libor <sup>2</sup> +Pré	7.18%	-	49,177	-
Export Loans	Swap US\$, CDI, Pré	3.88%	3.40%	221,492	220,184
Total		6.28%	6.25%	1,516,496	1,941,221
TOTAL INDEBTEDNESS		6.24%	6.21%	1,608,258	2,023,302
(-) Gains and losses with derivates connected with applications and debts <sup>(3)</sup>				22,483	27,681
(=) ADJUSTED DEBT				1,585,775	1,995,621
(-) CASH				642,736	392,682
(=) ADJUSTED NET DEBT				943,039	1,602,939
ADJUSTED EBITDA (last 12 months)				669,756	689,786
ADJUSTED NET DEBT/EBITDA				1.4X	2.3X

(1) Long-Term Interest Rate (TJLP) <sup>(2)</sup> London Interbank Offer Rate (Libor): Interest rate charged by London banks used as a reference for most loans in the international financial system. <sup>(3)</sup> Transactions with gains and losses from Derivatives (note 21 of the Quarterly Financial Information); <sup>(4)</sup> Final Interest Rate with swap; <sup>(5)</sup> Financial settlement amount.

Figure 11 Changes in Net Debt/Adjusted EBITDA Ratio



(A free translation of the original in Portuguese)

## Hedge Position

### Currency and agricultural commodity hedge

The Company's sales revenues are generated mainly by the trading of agricultural commodities such as cotton, soybean and corn, which are quoted in U.S. dollar on international exchanges, such as the Chicago Board of Trade (CBOT) and the Intercontinental Exchange Futures US (ICE). Therefore, we are actively exposed to variations in foreign exchange rates and in the prices of these commodities. To protect from currency variation we use derivative instruments, with the portfolio of these instruments basically comprising non-deliverable forwards (NDFs).

In line with the Company's Risk Management Policy, whose purpose is to obtain a pre-established Adjusted EBITDA margin with a combination of factors such as Price, Foreign Exchange and Cost, most of the instruments for protecting against commodity price variation are accomplished through advanced sales directly with our clients (forward contracts). We also use futures and options contracts negotiated on the exchange and swap and option transactions contracted with financial institutions. The mark-to-market adjustments of future, swap and option transactions are recorded under financial income (expense).

The hedge position on July 29, 2019 for commodities (in relation to the estimated total volume invoiced) and currency (in relation to the total estimated revenue in U.S. dollar) is shown below broken down by commercial hedge and financial hedge:

Table 24 Hedge Position

Fiscal Year	2018		2019		2020	
FX Rate <sup>(1)</sup>	Hedge (%)	R\$ / US\$	Hedge (%)	R\$ / US\$	Hedge (%)	R\$ / US\$
FX Hedge	97.9	3.463	96.4	3.7313	55.4	3.9829
Commitments <sup>(1)</sup>	2.1	1.9418	1.9	1.9418	-	-
<b>Total</b>	<b>100.0</b>	<b>3.4303</b>	<b>98.3</b>	<b>3.6959</b>	<b>55.4</b>	<b>3.9829</b>
<b>Cotton</b>	<b>Hedge (%)</b>	<b>US\$ / pound<sup>(2)</sup></b>	<b>Hedge (%)</b>	<b>US\$ / pound<sup>(2)</sup></b>	<b>Hedge (%)</b>	<b>US\$ / pound<sup>(2)</sup></b>
Commercial Hedge	100.0	79.52	88.6	79.42	22	77.2
Financial Hedge <sup>(4)</sup>	-	-	3.6	80.85	4.2	76.5
<b>Cotton - Total Hedge</b>	<b>100.0</b>	<b>79.5200</b>	<b>92.2</b>	<b>79.47</b>	<b>26.2</b>	<b>77.09</b>
<b>Soybean</b>	<b>Hedge (%)</b>	<b>US\$ / bushel<sup>(2)</sup></b>	<b>Hedge (%)</b>	<b>US\$ / bushel<sup>(2)</sup></b>	<b>Hedge (%)</b>	<b>US\$ / bushel<sup>(2)</sup></b>
Commercial Hedge	100.0	10.75	90.9	10.15	37.9	9.79
Financial Hedge <sup>(4)</sup>	-	-	-	-	-	-
Commitments <sup>(3)</sup>	-	-	0.7	-	11.1	-
<b>Soybean - Total Hedge</b>	<b>100.0</b>	<b>10.75</b>	<b>91.6</b>	<b>10.15</b>	<b>49</b>	<b>9.79</b>
<b>Corn</b>	<b>Hedge (%)</b>	<b>R\$/Bag<sup>(5)</sup></b>	<b>Hedge (%)</b>	<b>R\$/Bag<sup>(5)</sup></b>	<b>Hedge (%)</b>	<b>R\$/Bag<sup>(5)</sup></b>
Commercial Hedge	100.0	19.95	81.6	23.33	23.1	27.84
<b>Corn - Total Hedge</b>	<b>100.0</b>	<b>19.95</b>	<b>81.6</b>	<b>23.33</b>	<b>23.1</b>	<b>27.84</b>

<sup>(1)</sup> Commitments with debt payments in U.S. dollar. <sup>(2)</sup> Based on FOB Port (prices at our production units are also influenced by transport expenses and possible quality discounts). <sup>(3)</sup> Natural hedge with payments related to land acquisitions and leasing agreements in soybean bags; <sup>(4)</sup> Includes transactions involving futures, swaps and accumulators; <sup>(5)</sup> Farm price.

To facilitate the analysis of prices on a quarterly basis, we are including a table with the average exchange rate hedge by quarter.

Table 25 Currency exchange hedge by quarter

Fiscal Year	2019		
FX Rate <sup>(1)</sup>	2Q19	3Q19	4Q19
FX Hedge - R\$/US\$	3.5486	3.6696	3.7082

(A free translation of the original in Portuguese)

## Return Indicators

The Company believes that the calculation of Return on Equity, Return on Net Assets and Return on Invested Capital should consider, in addition to operating income in the period, the net annual appreciation (based on the report of an independent auditor prepared every year) in the value of its land.

**Table 26 Return on Equity**

(R\$ millions)	2013	2014	2015	2016	2017	2018
Net Revenue	97	70	121	16	289	405
Net Land appreciation - SLC Agrícola <sup>(1)</sup>	313	396	108	130	-24	97
Net Land Appreciation - LandCo <sup>(1)(2)</sup>	61	32	32	69	44	14
<b>Subtotal</b>	<b>471</b>	<b>498</b>	<b>261</b>	<b>215</b>	<b>309</b>	<b>516</b>
Shareholder's Equity <sup>(3)</sup>	2,924	3,608	3,748	4,219	4,275	4,478
<b>Return</b>	<b>16.1%</b>	<b>13.8%</b>	<b>7.0%</b>	<b>5.1%</b>	<b>7.2%</b>	<b>11.5%</b>

<sup>(1)</sup> Based on the independent appraisal report (Deloitte), updated as of July 2018, net of taxes.

<sup>(2)</sup> Adjusted by the interest of 81.23% held by SLC Agrícola in SLC LandCo.

<sup>(3)</sup> Adjusted by the appreciation in the value of land properties.

<sup>(4)</sup> Net Income from Agricultural Operations.

**Table 27 Return on Net Assets**

(R\$ millions)	2013	2014	2015	2016	2017	2018
Net profit	97	70	121	16	289	405
Net Land appreciation <sup>(1)</sup>	373	428	140	199	19	110
<b>Subtotal</b>	<b>470</b>	<b>498</b>	<b>261</b>	<b>215</b>	<b>308</b>	<b>515</b>
<b>Net Asset</b>	<b>4,113</b>	<b>4,696</b>	<b>5,017</b>	<b>4,857</b>	<b>4,997</b>	<b>5,443</b>
Working Capital	641	733	739	561	613	603
Fixed Asset <sup>(2)</sup>	3,472	3,963	4,278	4,296	4,384	4,840
<b>Return</b>	<b>11.4%</b>	<b>10.6%</b>	<b>5.2%</b>	<b>4.4%</b>	<b>6.2%</b>	<b>9.5%</b>

<sup>(1)</sup> Based on the independent appraisal report (Deloitte), updated as of July 2018, net of taxes.

<sup>(2)</sup> Adjusted by land-price appreciation.

<sup>(3)</sup> Net Income from Agricultural Operations.

**Table 28 Return on Invested Capital**

(R\$ millions)	2013	2014	2015	2016	2017	2018
Operating Income	150	190	285	110	507	657
IRPJ Rate	23.1%	21.3%	27.3%	0.0%	26.3%	30.5%
Adjusted IR	(35)	(40)	(78)	20	(133)	(200)
Adjusted Operating Income	116	150	207	130	374	457
Net Land Appreciation <sup>(1)</sup>	374	428	140	199	19	110
<b>Operating results w/ land</b>	<b>490</b>	<b>578</b>	<b>347</b>	<b>329</b>	<b>393</b>	<b>567</b>
<b>Working Capital</b>	<b>3,753</b>	<b>4,585</b>	<b>4,788</b>	<b>5,010</b>	<b>5,264</b>	<b>5,467</b>
Gross Debt (CP and LP)	1,170	1,332	1,711	1,807	1,481	1,481
Cash <sup>(2)</sup>	376	355	671	1,016	493	493
Net Debt <sup>(2)</sup>	794	977	1,040	791	988	988
Shareholder's Equity <sup>(3)</sup>	2,924	3,608	3,748	4,219	4,275	4,478
<b>Return on Working Capital</b>	<b>13.0%</b>	<b>12.6%</b>	<b>7.3%</b>	<b>6.6%</b>	<b>7.5%</b>	<b>10.4%</b>

<sup>(1)</sup> Based on the independent appraisal report (Deloitte), updated as of July 2018, net of taxes.

<sup>(2)</sup> Adjusted by the interest held in the subsidiaries.

<sup>(3)</sup> Adjusted by land-price appreciation.

<sup>(4)</sup> Operating Result from Agricultural Operations.

(A free translation of the original in Portuguese)

## Additional Information

### Planted Area

#### Planted area by Property

Table 29 Planted area by type (own, leased, companies and partnerships)

Area Mix	Planted Area 2017/18 ----- ha -----	Planted Area 2018/19 <sup>(1)</sup> -----	Share 2018/19 %	Δ%
<b>1<sup>st</sup> crop area</b>	<b>288,607</b>	<b>316,153</b>	<b>69.1</b>	<b>9.5</b>
Owned Land	108,516	110,338	24.1	1.7
Leased Area	106,540	131,601	28.8	23.5
Joint Ventures Area <sup>(2)</sup>	38,879	39,552	8.6	1.7
LandCo Area	34,672	34,662	7.6	0.0
<b>2<sup>nd</sup> crop area</b>	<b>115,839</b>	<b>141,547</b>	<b>30.9</b>	<b>22.2</b>
Owned Land	60,659	62,000	13.5	2.2
Leased Area	36,235	56,218	12.3	55.1
Joint Ventures Area <sup>(2)</sup>	7,035	8,516	1.9	21.0
LandCo Area <sup>(3)</sup>	11,910	14,813	3.2	24.4
<b>Total Area</b>	<b>404,446</b>	<b>457,700</b>	<b>100.0</b>	<b>13.2</b>

<sup>(1)</sup> Weather factors may affect the planted area forecast.<sup>(2)</sup> Areas owned by Grupo Roncador and Mitsui. <sup>(3)</sup> A SLC Agrícola holds an 81.23% interest in SLC LandCo.

### Property portfolio

The portfolio of properties under our management on **August 14, 2019** is presented below:

Table 30 Property Portfolio

Crop Area 2018/19 (ha)		Owned <sup>(1)</sup>	SLC LandCo <sup>(2)</sup>	Leased	Joint Ventures	Under Control	Total Planted <sup>(3)</sup>
Farms	State	----- ha -----					
Pamplona	GO	17,911		3,857		21,768	21,601
Pantanal	MS			25,616		25,616	41,343
Planalto	MS	15,006		1,635		16,641	22,279
Planorte	MT	23,454				23,454	31,812
Paiguás	MT	28,124		15,806		43,930	67,024
Perdizes <sup>(5)</sup>	MT	28,846	13,276			42,122	27,400
Pioneira <sup>(4)</sup>	MT				19,435	19,435	27,950
Panorama	BA		10,373	14,253		24,626	21,735
Paladino <sup>(5)</sup>	BA				20,117	20,117	20,117
Piratini	BA		25,356			25,356	7,506
Palmares	BA	16,195	831	15,924		32,950	23,854
Parnaíba	MA	31,398		11,265		42,663	44,162
Palmeira	MA		10,200	15,829		26,029	22,530
Planeste	MA		22,785	16,622		39,407	54,664
Parceiro	BA	27,556	3,680	10,795		42,031	14,334
Paineira <sup>(6)</sup>	PI	12,892				12,892	-
Parnaguá	PI	23,736				23,736	9,389
<b>Total</b>	<b>-</b>	<b>225,118</b>	<b>86,501</b>	<b>131,601</b>	<b>39,552</b>	<b>482,771</b>	<b>457,700</b>

<sup>(1)</sup> Own property, includes Legal Reserve. <sup>(2)</sup> SLC Agrícola currently holds an 81.23% interest in LandCo, while the Valiance fund holds 18.77%. <sup>(3)</sup> Including the second crop. Weather factors could affect the planted area forecast. <sup>(4)</sup> The Pioneira Farm is part of the joint arrangement with Grupo Roncador. <sup>(5)</sup> The Perdizes and Paladino Farms are part of the joint arrangements with Mitsui in SLC-Mit. <sup>(6)</sup> Farm leased to third parties.

(A free translation of the original in Portuguese)

## Landbank

The current position of our landbank is presented below:

**Table 31 Landbank**

Hectares	Under Transformation	Under Licensig
<b>SLC Agrícola</b>		
Palmares	-	601
Palmeira	-	1,464
Parnaguá	-	3,426
Parceiro	-	6,698
<b>Sub Total</b>	<b>-</b>	<b>12,189</b>
<b>SLC LandCo</b>		
Palmeira <sup>(1)</sup>	-	4,749
Piratini	9,993	-
Parceiro <sup>(1)</sup>	-	-
<b>Sub Total</b>	<b>9,993</b>	<b>4,749</b>
<b>Total</b>	<b>9,993</b>	<b>16,938</b>

<sup>(1)</sup> Areas acquired by SLC LandCo to be developed jointly with these farms.

## Machinery base and Storage capacity

**Table 32 Machinery Base and Storage Capacity**

	2018	2019
Machinery (quantity)	867	876
Tractors	216	215
Grain Combines	209	209
Cotton Pickers	76	86
Planters	212	212
Self propelled sprayers	154	154
Storage Capacity (tons)		
Grains	764,000	764,000
% Production <sup>(1)</sup>	52%	52%
Cotton	125,148	125,148
% Production <sup>(1)</sup>	60%	60%

<sup>(1)</sup> Estimate based on the estimated planted area and yield for 2018/19 crop year.

## Net Asset Value

**Table 33 Net Asset Value – NAV**

(R\$ million)	1H19
SLC Agrícola Farms <sup>(1)</sup>	2,587
SLC LandCo Farms <sup>(1)</sup>	726
Infrastructure (excl. land)	1,026
Accounts Receivable (excl. derivatives)	18
Inventories	715
Biological Assets	1,092
Cash	375
<b>Subtotal</b>	<b>6,539</b>
Suppliers	80
Gross debt Adjusted by results of operations with derivatives	1,842
Outstanding debt related to land acquisition	-
<b>Subtotal</b>	<b>1,922</b>
<b>Net Asset Value</b>	<b>4,617</b>
<b>Net Asset value per share (190,595,000 shares)</b>	<b>24.2</b>

<sup>(1)</sup> Based on the independent appraisal report (Deloitte, 2018), net of taxes.

NOTE: All accounts are adjusted by SLC Agrícola's interests in subsidiaries/joint ventures

## Debt

Figure 12 Change in Adjusted Gross Debt (R\$ '000)

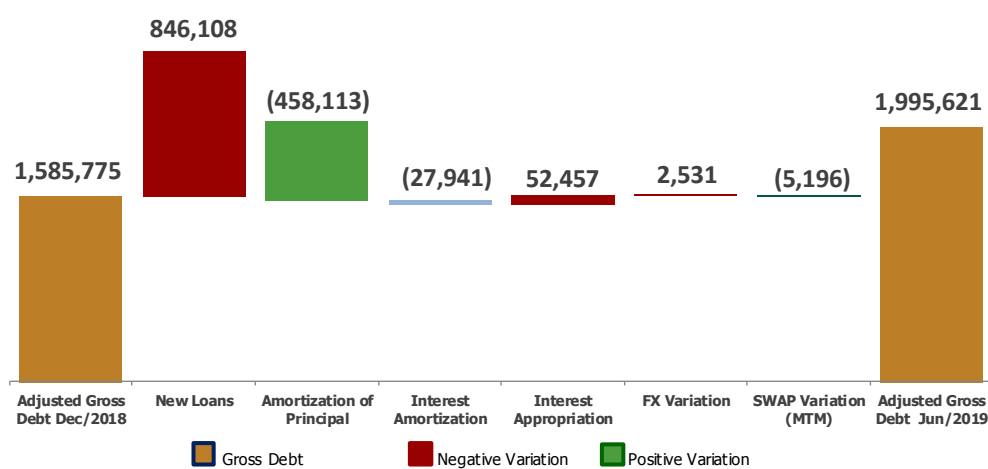


Figure 13 Gross Debt Amortization Schedule (R\$ '000)

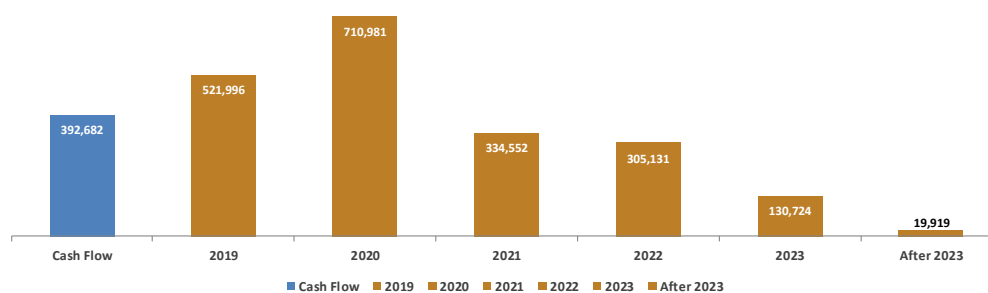


Figure 14 Gross Debt Profile

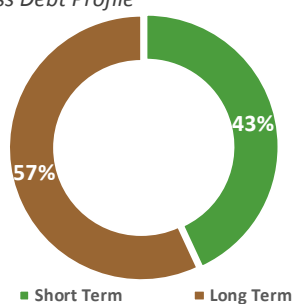
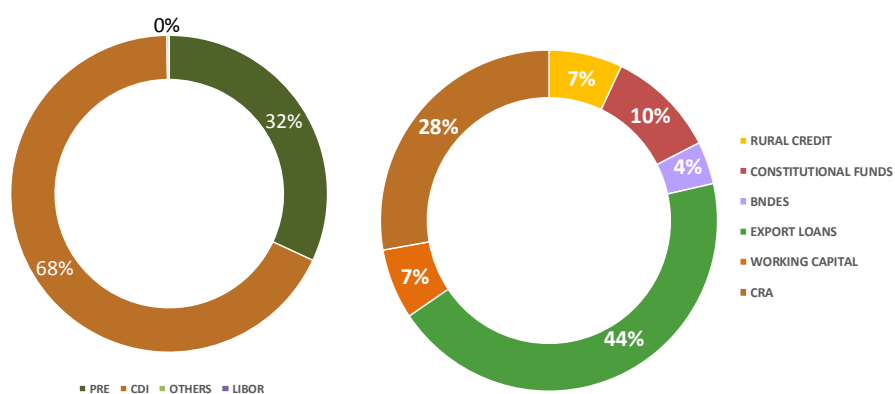


Figure 15 Gross Debt by Index and Instrument



## SLC Agrícola S.A.

Notes to the quarterly information  
June 30, 2019  
(in thousands of Reais)

### 1 Operations

Established in 1977, SLC Agrícola S.A. hereinafter referred to as “Parent Company,” “SLC” or “Company,” and its subsidiaries (jointly referred to as the “Group” or “Consolidated”). It has its headquarters located in the city of Porto Alegre, RS, Brazil, and has as its social object the activities of agriculture and livestock; production and marketing of seeds and seedlings; processing and marketing of its products, being able to export and import goods for its own use and consumption; supply of primary agricultural goods and commodities and commodities in general; provision of reception, cleaning, drying and storage of cereals from third parties; providing services with agricultural machinery and implements to third parties; trade, import and export of agricultural products; agroindustrial activity of industrialization of sugar cane, alcohol and its derivatives; and participation in other companies; rental of own properties.

On September 1, 2018, the Company and subsidiaries began its cultivation of the 2018/2019 crop with operations at 16 production units and a total planted area of 457.7 thousand hectares, including company-owned areas and areas leased from third parties and realted parties, which are located in six Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia, Piauí and Maranhão.

### 2 Summary of significant accounting practices

a) Basis of preparation and presentation of the individual and consolidated quarterly information

The individual and consolidated interim financial information for the quarter ended June 30, 2019 was prepared in accordance with CPC 21 (R1) - Interim Financial Statements and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and presented in accordance with the standards established by the Securities and Exchange Commission of Brazil (CVM) applicable to the preparation of the Quarterly Information (ITR).

The individual and consolidated quarterly information was prepared by the Company to update the users on the relevant information presented in the period and should be analyzed together with the complete financial statements for the year ended December 31, 2018.

Except for the adoption of the new standards effective as of January 1, 2019, as disclosed in note 2.e., the Company followed in the preparation of these interim financial statements the same accounting policies and calculation methods as were applied in the individual and consolidated financial statements as of December 31, 2018. The Company adopted all standards, revisions of standards and interpretations issued by the CPC, the IASB and regulatory bodies that were in effect on June 30, 2019.

## **2 Summary of significant accounting practices (Continued)**

a) Basis of preparation and presentation of the individual and consolidated quarterly information (Continued)

The Management of the Company declares that all relevant information applicable to these financial statements, and only such information, is being presented, and which corresponds to the information used by it in its management activities.

The issue of the individual and consolidated quarterly information was authorized by the Executive Board on August 14, 2019.

Seasonality

The Company's financial information is subject to seasonal variations resulting from the harvest period, which occurs at different times throughout the year, depending on the location of the farms and the cultivated products, as detailed in note 7. In addition, climatic factors and restrictions financial markets may alter the working capital requirement over the period, as well as directly impact current levels of inventories, customer advances, loans, suppliers and sales volume.

The Company's operations, in the judgment of its Management, are not impacted by these effects in a way that requires disclosures or additional information to the explanatory notes.

b) Presentation of the notes to the quarterly information

To avoid redundancy in the presentation of the Interim Financial Information and for the purposes of Article 29 of CVM Instruction 480/09, the Company indicates below the number of notes disclosed in the individual and consolidated financial statements as of December 31, 2018, and not repeated in full or part in this interim financial information: 3 - Accounting policies, 13 – Investment property, 23 - Profit-sharing program, 25 - Government subsidies and assistance and 26 - Insurance coverage.

c) Basis of measurement

The preparation of this interim information in accordance with Technical Pronouncement CPC 21(R1) and with Accounting Standard IAS 34 requires the use of certain accounting estimates by the management of the Company. The individual and consolidated Interim Information was prepared based on historical cost, except for the following material items recognized on the statements of financial position:

- Derivative instruments measured at fair value;
- Biological assets, not classified as carrier plants, measured at fair value, using the market approach, less sales expenses and costs from the point of harvest;
- Investment properties measured at fair value less selling expenses;
- Share-based payment transactions measured at fair value on grant date.

## **2. Summary of significant accounting practices (Continued)**

d) Functional and reporting currency

This individual and consolidated quarterly information is being presented in Brazilian real, which is the functional currency of the Company. All financial information presented in Brazilian real has been rounded to the nearest thousandth, except where stated otherwise.

e) New or revised standards

*IFRS 16 /CPC 06 (R2) – Leases operations (Effective as of 01/01/2019)*

IFRS 16 (CPC-06 (R2) - Leasing Operations) was issued in January 2016 and replaces IAS 17 Leasing operations, IFRIC 4 How to determine whether an agreement contains a lease, SIC-15 Operating leases - Incentives - and SIC-27 Evaluation of the substance of transactions involving the legal form of lease. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires tenants to account for all leases under a single model in the balance sheet, similar to accounting for financial leases under IAS17.

IFRS 16 / CPC - 06 (R2) entered into force on January 1, 2019. This standard had significant impacts on the individual and consolidated financial statements, as the Company recognized the lease liability and the right to use asset in the date of the initial application for leases previously classified as operating lease. The Company's main contracts refer to land leasing operations, as described in notes 12 and 20, as well as other less significant contracts involving the leasing of cotton and real estate.

### ***Transition approach***

The Company opted for the modified retrospective method considering the value of the right of use of the asset measured by the amount equivalent to the lease liability, calculated at present value by the incremental interest rate of the lessee at the transition date.

This approach does not impact retained earnings (shareholders' equity) on the date of initial adoption, since the amount of the right of use is equal to the lease liability, restated to present value according to the standard available in its practical files.

Notes to the quarterly information (Continued)  
June 30, 2019  
(in thousands of Reais)

## **2. Summary of significant accounting practices (Continued)**

### **e) New or revised standards (Continued)**

*IFRS 16 /CPC 06 (R2) – Leases operations (Effective as of 01/01/2019) (Continued)*

#### **Scope of IFRS 16/CPC 06 (R2)**

The Company reviewed its contracts, in accordance with the requirements of IFRS 16 / CPC 06 (R2) and among its main leasing operations, concluded that the contracts below meet the definition of lease and are within the scope of IFRS 16 / CPC 06 (R2):

- a) Leases of land indexed by the quotation of the sack of soybeans;
- b) Leases of land calculated on a percentage of the valuation value of real estate;
- c) Rent of buildings of the administrative headquarters;
- d) Rental of cotton ginning plant; and
- e) Rental of cotton tree.

For the following cases, the right to use asset and the lease liability were not measured because they present uncertainty in the measurement of the value (totally variable price), do not present a minimum amount to be paid or are of short duration:

- a) Contracts of partnerships: these agreements require the Company to pay the lessor, per year / harvest period, percentage of production earned, the price being totally variable;
- b) Additional linked to productivity: in addition to the lease price, some contracts foresee an increase in value, through additional productivity, resulting from the arithmetic average of productivity obtained with the farm by the lessee. The contracts with this type of characteristic were measured by the minimum fixed amount, being the additional linked to productivity considered as totally variable; and
- c) Other leases of machinery and equipment: contracts have a variable value, based on the use of the underlying assets, in addition to having a term of validity of less than one year.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)  
June 30, 2019  
(in thousands of Reais)

### 2. Summary of significant accounting practices (Continued)

#### e) New or revised standards (Continued)

*IFRS 16 /CPC 06 (R2) – Leases operations (Effective as of 01/01/2019) (Continued)*

#### **Impacts of initial adoption**

The impact of the initial adoption on January 1, 2019 is presented below:

	Parent company	Consolidated
	01/01/2019	01/01/2019
<b>Assets</b>		
<b>Non-current assets</b>		
Lease use right assets		
Cotton ginning plant	9,259	11,501
Farmland	1,200,176	484,352
Lease buildings	2,516	883
<b>Total assets</b>	<b>1,211,951</b>	<b>496,736</b>
<b>Liabilities</b>		
<b>Current</b>		
Lease liabilities	120,249	78,638
<b>Non-current</b>		
Lease liabilities	1,091,702	418,098
<b>Total liabilities</b>	<b>1,211,951</b>	<b>496,736</b>

The initial measurement of the right of use asset corresponds to the value of the lease liability. The amortization is calculated by the straight-line method according to the remaining term of the contracts.

The movement of rights-of-use assets in the period ended June 30, 2019 is shown below:

	Parent company	Consolidated
Initial adoption of IFRS 16 (CPC 06 (R2))	1,211,951	496,736
Remeasurement	24,978	26,462
Additions of new contracts	8,857	8,857
(-) Amortization of the right to use asset	(61,884)	(40,938)
Balance at 06/30/2019	<b>1,183,902</b>	<b>491,117</b>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)  
June 30, 2019  
(in thousands of Reais)

### 2. Summary of significant accounting practices (Continued)

#### e) New or revised standards (Continued)

##### *IFRS 16 /CPC 06 (R2) – Leases operations (Effective as of 01/01/2019) (Continued)*

Changes in the lease liability for the period ended June 30, 2019 are presented below:

	Parent company	Consolidated
Initial Adoption of IFRS 16 / CPC 06 (R2) - Lease liability	2,167,898	711,719
Initial Adoption of IFRS 16 / CPC 06 (R2) - AVP - Lease liability	(955,947)	(214,983)
<b>Balance at 01/01/2019</b>	<b>1,211,951</b>	<b>496,736</b>
Additions of new contracts and remeasurement lease liability	33,835	35,319
Realization of the AVP on lease liabilities	54,618	20,673
(-) Payments	(67,629)	(72,677)
<b>Balance at 06/30/2019</b>	<b>1,232,775</b>	<b>480,051</b>
<b>Liabilities current</b>	<b>177,425</b>	<b>102,536</b>
Intercompany (note 12.a)	81,093	-
Third-party	96,332	102,536
<b>Liabilities non-current</b>	<b>1,055,350</b>	<b>377,515</b>
Intercompany (note 12.a)	698,632	-
Third-party	356,718	377,515

Of the contracts that were included in IFRS 16, the Company's management considered as a leasing component only the fixed minimum amount for the measurement of the lease liability. The measurement of the lease liability corresponds to the total of future rent and lease payments, net of tax effects, adjusted to present value, considering the nominal discount rate.

The incremental rate of funding used by the Company for discount is composed by the "CDI / Pre weighted curve", added to the Company's credit risk and to a risk spread of the underlying asset.

It should be noted that the land leasing contracts are indexed by the price of the soybean sack in the region of each production unit, and the values of the right of use and lease liabilities are converted into Reais using the quotation of the soybean in each region. The amounts of the payments may suffer significant variation until the moment of payment, due to the change in the value of the soybean market in each region.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)  
June 30, 2019  
(in thousands of Reais)

### 2. Summary of significant accounting practices (Continued)

#### e) New or revised standards (Continued)

*IFRS 16 /CPC 06 (R2) – Leases operations (Effective as of 01/01/2019) (Continued)*

#### ***Impacts on income for the period***

With the implementation of IFRS 16 / CPC 06 (R2), all leases were accounted for under a single model, similar to the accounting of financial leases, bringing a new financial component, which reduced the cost of production, due to the effect of recording the adjustment to present value in the financial result. The amount recorded in the financial result for the period represents R\$ 54,618 in the parent company and R\$ 20,673 in the consolidated.

The Company has land lease agreements with its subsidiaries, as described in note 12. The adoption of said rule caused differences between the results of the parent company and the consolidated, which were adjusted in the calculation of equity of the parent company, so that the results of the parent company's period and the consolidated result attributed to the controlling shareholders were equal, based on ICPC 09 (R2) - Individual Financial Statements, Separate Statements, Consolidated Statements and Application of the Equity Method. The calculation of the equity method is shown in note 10.

## **2. Summary of significant accounting practices (Continued)**

e) New or revised standards (Continued)

*IFRIC 23 Uncertainties about the treatment of income tax (Effective as of 01/01/2019)*

The interpretation (equivalent to ICP 22) deals with the accounting of income taxes in cases where tax treatments involves uncertainty that affects the application of IAS 12 (CPC32) and does not applies to taxes outside the scope of IAS 12 nor specifically includes the requirements relating to interest and fines associated with uncertain tax treatment. The interpretation specifically addresses the following:

- Whether the entity considers uncertain tax treatment separately;
- The assumptions that the entity makes regarding the examination of tax treatments by the tax authorities;
- How does the entity determine the actual profit (tax loss), tax bases, unused tax losses, extemporary tax credits and tax rates;
- How the entity considers changes in facts and circumstances.

The Company must determine whether it considers each tax treatment to be uncertain separately or together with one or more uncertain tax treatment. The best approach to solving uncertainty must be followed. The interpretation is effective for annual periods beginning on or after January 1, 2019, but certain transitional exemptions are made available. The Group will adopt the interpretation from the date it enters into force.

There are no other standards and interpretations issued and not yet adopted that may, in Management's opinion, have a significant impact on the results or shareholders' equity disclosed by the Company.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 3. Consolidated financial statements

The consolidated financial statements include the operations of the Company and of the following subsidiaries, whose equity interest as of the reporting date is as follows:

Main activity	Companies	Subsidiaries		Location (State)
		Directs %	Indirects %	
Culture of soybean, corn and herd.	Fazenda Pioneira Empreendimentos Agrícolas S.A.	50.0	-	Mato Grosso – MT
Culture of cotton and soybean.	SLC-MIT Empreendimentos Agrícolas S.A.	50.1	-	Rio Grande do Sul - RS
Culture of soybean, corn and cotton.	Fazenda Perdizes Empreendimentos Agrícolas Ltda.	-	50.1	Mato Grosso - MT
Investments in other companies or commercial ventures and leasing.	SLC Investimentos Agrícolas Ltda.	100.0	-	Rio Grande do Sul - RS
	Fazenda Parnaíba Empreendimentos Agrícolas Ltda.	100.0	-	Maranhão - MA
	Fazenda Planorte Empreendimentos Agrícolas Ltda.	100.0	-	Mato Grosso - MT
	Fazenda Pamplona Empreendimentos Agrícolas Ltda.	100.0	-	Rio Grande do Sul - RS
	Fazenda Planalto Empreendimentos Agrícolas Ltda.	100.0	-	Rio Grande do Sul - RS
	Fazenda Palmares Empreendimentos Agrícolas Ltda.	100.0	-	Rio Grande do Sul - RS
	Fazenda Parnaíba Empreendimentos Agrícolas Ltda.	100.0	-	Rio Grande do Sul - RS
	SLC Paiguas Empreendimentos Agrícolas S.A.	100.0	-	Rio Grande do Sul - RS
	SLC Perdizes Empreendimentos Agrícolas S.A.	100.0	-	Rio Grande do Sul - RS
	SLC LandCo Empreendimentos Agrícolas S.A.	-	81.2	Rio Grande do Sul - RS
Purchasing and sale, lease, construction and managing of real estate	Fazenda Planeste Empreendimentos Agrícolas Ltda.	-	81.2	Rio Grande do Sul - RS
	Fazenda Piratini Empreendimentos Agrícolas Ltda.	-	81.2	Rio Grande do Sul - RS
	Fazenda Panorama Empreendimentos Agrícolas Ltda.	-	81.2	Rio Grande do Sul - RS
	SOPER Agrícola Ltda.	-	81.2	Rio Grande do Sul - RS
	Fazenda Parceiro Empreendimentos Agrícolas Ltda.	-	100.0	Rio Grande do Sul - RS
	Fazenda Paineira Empreendimentos Agrícolas Ltda.	6.1	93.9	Rio Grande do Sul - RS

The financial statements of the subsidiaries included in the consolidation are the same as those of the Parent Company and the accounting policies were applied uniformly in the consolidated companies and are consistent with those used in the previous year.

There were no changes in the Company's corporate structure in relation to December 31, 2018.

### 4. Cash and cash equivalents and short-term interest earning bank deposits

Description	Yields	Parent company		Consolidated	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash and cash equivalents	-	107	492	139	536
Forex exchange cash **	-	1,015	20,989	1,015	21,160
CDB-DI	99.57% of CDI*	229,383	299,990	321,105	413,133
Repurchase and resale commitments	96.73% of CDI*	23,399	45,580	25,708	49,100
LAM	100.20% of CDI*	40,486	143,756	44,078	154,843
Other investments	70.58% of CDI*	637	3,964	637	3,964
		295,027	514,771	392,682	642,736
Cash and cash equivalents		239,338	384,628	329,933	512,308
CP Interest earnings bank deposits		55,689	130,143	62,749	130,428

(\*) Average yield on June 30, 2019.

(\*\*) Amounts in reais, converted by the dollar P-tax purchase on June 30, 2019.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 4. Cash and cash equivalents and short-term interest earning bank deposits (Continued)

The financial operations contracted by the Company are represented by the application of bank deposit certificates, repurchase agreements and lease letters, at market prices and rates, restated by the income earned up to June 30, 2019, not exceeding the value of negotiation.

Short-term financial investments consist of CDB's, repurchase agreements and leasing bills with a maturity of more than 90 days and a grace period for redemption in June 2019, in addition to capitalization bonds and CDBs with redemption terms of less than 365 days and related to the reciprocity of balances maintenance in return for the release of loans.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 21.

The reduction in the balance of cash and cash equivalents and short-term financial investments in the period is mainly due to the volume of payments of agricultural inputs, investments in property, plant and equipment and repurchase of shares made in the first half of 2019.

### 5. Trade accounts receivable

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Domestic market	23,744	10,135	39,401	14,040
Foreign market	6,806	105,704	15,055	117,506
Total	30,550	115,839	54,456	131,546

The group's exposure to credit and currency risk related to trade accounts receivable is disclosed in note 21.

### 6. Inventories

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Agricultural products	436,555	308,340	492,958	340,223
Seeds, composts, fertilizers and pesticides	176,669	391,159	202,185	463,184
Packages and containerization material	32,091	5,983	36,752	6,528
Spare parts	6,586	8,367	7,670	9,441
Other inventories	11,741	36,508	13,865	42,249
Advances to suppliers	8,990	5,033	10,845	6,897
	672,632	755,390	764,275	868,522

## 7. Biological assets

The following is the movement of the Company's biological assets:

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Biological assets - culture in formation	1,053,798	621,599	1,164,503	704,753
Biological assets - herd of cattle	715	628	4,036	637
Total	1,054,513	622,227	1,168,539	705,390

### a) Biological assets culture

Changes in the fair value of biological assets during the year are as follows:

	Parent company				
	Soybean	Cotton	Corn	Other crops	Total
Balances at December 31, 2018	340,971	220,220	40,717	19,691	621,599
Expenditures with planting	198,604	500,317	118,265	22,610	839,796
Variation of the fair value (*)	125,814	318,893	24,467	14,913	484,087
Harvesting and production adjustment - agricultural products	(656,956)	(139,666)	(43,761)	(51,301)	(891,684)
<b>Balances at June 30, 2019</b>	<b>8,433</b>	<b>899,764</b>	<b>139,688</b>	<b>5,913</b>	<b>1,053,798</b>
Agricultural products – formation costs	8,433	625,148	121,279	5,913	760,773
Biological assets – adjustment at fair value	-	274,616	18,409	-	293,025

(\*) Effect of biological assets in the statement of income for the period.

	Consolidated				
	Soybean	Cotton	Corn	Other crops	Total
Balances at December 31, 2018	407,701	237,822	40,917	18,313	704,753
Expenditures with planting	245,346	590,088	136,841	22,725	995,000
Variation of the fair value (*)	145,812	355,451	24,189	14,913	540,365
Harvesting and production adjustment - agricultural products	(788,991)	(178,347)	(56,894)	(51,383)	(1,075,615)
<b>Balances at June 30, 2019</b>	<b>9,868</b>	<b>1,005,014</b>	<b>145,053</b>	<b>4,568</b>	<b>1,164,503</b>
Agricultural products – formation costs	9,868	699,945	127,319	4,568	841,700
Biological assets – adjustment at fair value	-	305,069	17,734	-	322,803

(\*) Effect of biological assets in the statement of income for the period.

## 7 Biological assets (Continued)

### a) Biological assets culture (Continued)

Below we present the main assumptions that were used in the determination of fair value:

	Parenty Company		Consolidated	
	2019 (*)	2018(**)	2019 (*)	2018(**)
<b>Soybean</b>				
Harvested area (ha)	186,239	175,583	229,960	219,965
Productivity achieved (sc/ha)	62	62	61	62
Average price (R\$/sc) (***)	R\$ 64.85	R\$ 66.12	R\$ 64.43	R\$ 65.48
<b>Corn</b>				
Harvested area (ha)	14,177	5,338	20,776	9,692
Productivity achieved (sc/ha)	147	104	133	115
Area at harvest point (ha) (****)	52,963	50,286	59,686	60,265
Estimated Productivity (sc/ha) (*****)	120	87	118	89
Average price (R\$/sc) (***)	R\$ 24.38	R\$ 25.93	R\$ 23.82	R\$ 24.51
<b>Cotton seed</b>				
Harvested area (ha)	14,423	6,896	17,833	8,60
Productivity achieved (@/ha)	257	255	246	263
Area at harvest point (ha) (****)	76,653	46,588	108,084	53,932
Estimated Productivity (sc/ha) (*****)	298	289	294	289
Average price (R\$/@) (***)	R\$ 38.18	R\$ 36.44	R\$ 38.10	R\$ 36.70

(\*) Crop date 2018/19.

(\*\*) Crop date 2017/18.

(\*\*\*) Average prices at market value on the date of calculation.

(\*\*\*\*) Area at harvest point on the date of calculation.

(\*\*\*\*\*) Estimated productivity for areas at harvest point at the date of calculation.

Soybean, corn and cotton are typically cultivated in the following periods:

Unit	Location	Crops		
		Soybean	Cotton	Corn
Pamplona Farm	Cristalina-GO	October 15 to April 15	November 05 to August 30	October 15 to July 15
Planalto Farm	Costa Rica-MS	September 20 to March 25	December 05 to August 30	January 25 to July 10
Planorte Farm	Sapezal-MT	September 20 to March 15	December 15 to August 30	January 15 to July 10
Paiaguás Farm	Diamantino-MT	September 20 to March 15	December 10 to August 30	January 15 to July 15
Perdizes Farm	Porto dos Gaúchos - MT	September 20 to March 15	December 20 to August 30	January 25 to July 10
Pioneira Farm	Querência - MT	October 15 to March 25	Does not plant	January 25 to July 15
Panorama Farm	Correntina-BA	October 15 to April 30	November 20 to August 30	Does not plant
Paladino Farm	São Desidério - BA	October 15 to April 30	November 20 to August 30	December 09 to May 31
Piratini Farm	Jaborandi-BA	October 25 to April 30	November 20 to August 30	October 25 to May 15
Palmares Farm	Barreiras-BA	October 15 to April 30	November 20 to August 30	October 15 to July 15
Parceiro Farm	Formosa do Rio Preto -BA	October 15 to April 30	Does not plant	Does not plant
Parnaíba Farm	Tasso Fragoso-MA	October 15 to April 15	December 15 to August 30	December 01 to July 15
Planeste Farm	Balsas-MA	October 15 to April 15	December 20 to August 30	December 01 to July 15
Parnaguá Farm	Santa Filomena-PI	November 01 to April 15	Does not plant	Does not plant
Pantanal Farm	Chapadão do Sul - MS	September 20 to March 25	December 05 to August 30	January 25 to July 10
Palmeira Farm	Tasso Fragoso-MA	October 15 to April 15	December 15 to August 30	December 01 to July 15

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 7 Biological assets (Continued)

#### a) Biological assets culture (Continued)

The table below shows the updated area of the planted area for the 2018/19 crop year and the comparison with the previous harvest:

Crops	Area	Planted area 2018/19 <sup>1</sup>	Planted area 2017/18 <sup>2</sup>
Cotton	ha	123,721	95,124
Soybean	ha	243,149	230,164
Corn	ha	88,918	76,931
Other Crops	ha	1,912	2,227
		<b>457,700</b>	<b>404,446</b>

(<sup>1</sup>) Other crops include corn seed and wheat.

(<sup>2</sup>) Other crops include corn seed, wheat, sugarcane and sorghum.

The increase in the 2018/19 crop area is mainly due to the lease of Fazenda Pantanal, in the currency of the states of Mato Grosso and Goiás, equivalent to 41,300 hectares.

#### b) Biological assets herds

In April 2018, the Company initiated the Livestock and Livestock Integration Project (ILP) at the Pioneira and Planorte Farms. The objective of this system is to optimize the use of the soil, in places where it is only possible to make a crop (soybean), using the herd as a second crop.

	Parenty company	Consolidated
Balances at December 31, 2018	628	637
Purchase cost	83	3,524
Variation of the fair value	4	(125)
<b>Balances at June 30, 2019</b>	<b>715</b>	<b>4,036</b>
Biological assets - cattle	672	4,122
Biological assets – adjustment at fair value	43	(86)

### 8 Recoverable taxes

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Income tax	886	973	1,670	2,592
Social contribution	64	68	102	130
ICMS	77,831	68,024	106,448	93,020
COFINS	20,097	33,828	41,517	54,537
PIS	4,439	8,452	8,919	12,940
IRRF recoverable	1,077	4,398	1,980	5,724
Other	750	711	955	895
	<b>105,144</b>	<b>116,454</b>	<b>161,591</b>	<b>169,838</b>
Portion classified in current assets	40,380	68,977	57,047	86,943
Portion classified in non-current assets	64,764	47,477	104,544	82,895

**8 Recoverable taxes (Continued)**Income and social contribution taxes

Corresponds to prepayments of income and social contribution taxes to be realized by the offsetting of federal taxes and contributions.

Recoverable income and social contribution taxes

Corresponds to withholding income tax on financial investments. These credits are realizable through offsetting with federal taxes and contributions.

ICMS, PIS and COFINS to offset/recover

These items refer to credits generated in the normal course of operations of the Company and its subsidiaries and may be offset with taxes of the same type.

The estimate of the realization of taxes levied on sales (ICMS, PIS and COFINS) is evaluated by management based on the projections for the sale of agricultural products, the sale of ICMS credits to other parties and the refund or offsetting of PIS and COFINS taxes with other taxes generated by the Group's operations. The estimated realization periods of these assets are described below:

Year of Maturity	Parent company			Consolidated		
	ICMS	COFINS	PIS	ICMS	COFINS	PIS
2019	28,169	17,382	3,847	29,729	24,832	5,478
2020	27,000	-	-	30,050	5,713	1,234
2021	15,956	2,715	592	29,500	10,972	2,207
2022	6,706	-	-	17,169	-	-
	<b>77,831</b>	<b>20,097</b>	<b>4,439</b>	<b>106,448</b>	<b>41,517</b>	<b>8,919</b>

**9 Securities and credits receivable**

At June 30, 2019, the consolidated group of receivables is composed of R\$28,418 (R\$ 66,342 in December 31, 2018) related to the sale of land.

The subsidiaries Fazenda Paiaguás Empreendimentos Agrícolas Ltda. and Fazenda Parceiro Empreendimentos Agrícolas Ltda., sold 11,604 hectares of land to third parties in 2017, in the total amount of R\$ 176,654, of which R\$ 52,996 was received in that year, and the rest deposited by the buyer in February 2018 in an escrow account, and are invested in securities backed by Certificate of Deposits Interbank (CDI). The agreement provides that certain documentary formalizations such as the transfer of reservations, registrations in a real estate registry with the unfolding of their registrations and release of mortgages, and the transfer of funds to the Company, should be carried out 12 months of signing the agreement, which occurred on December 20, 2017.

The contract was added in November 2018 in order to anticipate a delay in the deadline for some documentary formalizations such as transfer of reservations, registrations in the real estate registry with the unfolding of their registrations and release of mortgages, as well as to negotiate the transfer of the resources to the Company, referring to the previous conditions already met.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 9 Securities and credits receivable (Continued)

In April 2019, the amount of R\$ 38,999 was released from escrow account, totaling to date the receipt of R\$ 102,787, from the original amount of this account, in favor of the Company. The new deadline for compliance with the remaining precedent conditions will end on December 20, 2019.

The changes in the balance of securities receivable in the period are as follows:

	<u>Consolidated</u>
Balance at December 31, 2018	66,342
Receipts	<b>(38,999)</b>
Monetary variation	<b>1,075</b>
<b>Balance at June 30, 2019</b>	<b><u>28,418</u></b>

### 10 Investments (Parent company)

Total investments at June 30, 2019 and December 31, 2018 are as follows:

	<u>06/30/2019</u>	<u>12/31/2018</u>
Investments parent company	<b>2,162,724</b>	2,164,897
Advance for future increase capital parent company (*)	-	2,250
	<b><u>2,162,724</u></b>	<b><u>2,167,147</u></b>

(\*) The balance at December 31, 2018 was composed of amounts advanced to SLC Perdizes Empreendimentos Agrícolas Ltda., in the amount of R\$ 2,000, and SLC investimentos Agrícolas Ltda., in the amount of R\$ 250, paid in to the capital in 01/09/2019.

The relevant investments in subsidiaries, which were valued using the equity method, are shown in the following table:

Investment	Capital stock	Shareholder s' equity	Unrealized gain in equity	Adjustments to IFRS 16 / CPC 06 (R2) in shareholder s' equity	Net income for the period	Unrealized profit for the period income	Adjustments to IFRS 16 / CPC 06 (R2) for the period	Percentage of interest	Equity in income of subsidiaries and associated companies	Equity participation
Fazenda Parnaíba Emp. Agr. Ltda.	21,053	223,936	(10,198)	(1,964)	5,513	1,245	(1,964)	100.00%	<b>4,794</b>	<b>211,774</b>
Fazenda Planorte Emp. Agr. Ltda.	57,099	233,515	(3,238)	(1,606)	6,268	4,772	(1,606)	100.00%	<b>9,434</b>	<b>228,671</b>
Fazenda Pioneira Emp. Agr. S.A.	91,672	77,422	-	-	8,867	-	-	50.00%	<b>4,434</b>	<b>38,711</b>
SLC-MIT Emp. Agr. S. A	109,934	157,660	(2)	(447)	21,495	118	(447)	50.10%	<b>10,603</b>	<b>78,761</b>
SLC Invest. Agrícolas Ltda.	279,405	684,984	979	(1,604)	7,128	3,376	(1,604)	100.00%	<b>8,900</b>	<b>684,359</b>
Fazenda Pamplona Emp. Agr. Ltda.	31,766	166,215	(1,821)	(1,513)	3,879	1,661	(1,513)	100.00%	<b>4,027</b>	<b>162,881</b>
Fazenda Planalto Emp. Agr. Ltda.	9,137	236,728	(3,509)	(3,548)	7,558	4,054	(3,548)	100.00%	<b>8,064</b>	<b>229,671</b>
Fazenda Palmares Emp. Agr. Ltda.	109,800	172,764	(2,415)	(1,658)	5,175	1,608	(1,658)	100.00%	<b>5,125</b>	<b>168,691</b>
Fazenda Parnaguá Emp. Agr. Ltda.	34,291	51,110	(489)	39	766	5	39	100.00%	<b>810</b>	<b>50,660</b>
Fazenda Paineira Emp. Agr. Ltda.	73,985	134,702	-	-	1,457	-	-	6.082%	<b>89</b>	<b>8,192</b>
SLC Paiaguás Emp. Agr. Ltda.	20,347	212,726	(2,688)	(1,079)	7,306	4,097	(1,079)	100.00%	<b>10,324</b>	<b>208,959</b>
SLC Perdizes Emp. Agr. Ltda.	77,163	94,530	(1,814)	(1,322)	1,981	6,434	(1,322)	100.00%	<b>7,093</b>	<b>91,394</b>
									<b><u>73,697</u></b>	<b><u>2,162,724</u></b>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 10 Investments (Parent company) (Continued)

The main movements in investments in direct permanent equity interests, as at June 30, 2019, are as follows:

Investment	Balance on 12/31/2018	Capital integralization	Distributed dividends	Equity accounting	Other comprehensive income	Balance on 06/30/2019
					Unrealized gains with hedge instruments	
Fazenda Parnaíba Emp. Agr. Ltda.	206,980	-	-	4,794	-	211,774
Fazenda Planorte Emp. Agr. Ltda.	219,237	-	-	9,434	-	228,671
Fazenda Pioneira Emp. Agr. S.A. <sup>1</sup>	33,356	-	-	4,434	921	38,711
SLC-MIT Emp. Agr. S.A. <sup>1</sup>	65,269	-	(1,360)	10,603	4,249	78,761
SLC Invest. Agrícolas Ltda.	692,139	250	(16,930)	8,900	-	684,359
Fazenda Pamplona Emp. Agr. Ltda.	158,854	-	-	4,027	-	162,881
Fazenda Planalto Emp. Agr. Ltda.	221,607	-	-	8,064	-	229,671
Fazenda Palmares Emp. Agr. Ltda.	163,566	-	-	5,125	-	168,691
Fazenda Parnaguá Emp. Agr. Ltda.	49,850	-	-	810	-	50,660
Fazenda Paineira Emp. Agr. Ltda.	8,103	-	-	89	-	8,192
SLC Paiaguás Emp. Agr. Ltda.	263,635	-	(65,000)	10,324	-	208,959
SLC Perdizes Emp. Agr. Ltda.	82,301	2,000	-	7,093	-	91,394
<b>Total</b>	<b>2,164,897</b>	<b>2,250</b>	<b>(83,290)</b>	<b>73,697</b>	<b>5,170</b>	<b>2,162,724</b>

<sup>1</sup> The Company controls Fazenda Pioneira Empreendimentos Agrícolas S.A. and SLC-MIT Empreendimentos Agrícolas S.A. because it is responsible for managing the relevant activities of these companies and is exposed to variable returns on investment due to its influence over them.

Key information on permanent investments in equity interests as at June 30, 2019 is presented below:

Investments	Directly and indirectly controlled				Equity	Income	Expenses
	Current assets	Non-current assets	Current liabilities	Non-current liabilities			
Fazenda Parnaíba Emp. Agr. Ltda.	2,898	231,917	313	10,566	223,936	7,843	2,330
Fazenda Planorte Emp. Agr. Ltda.	2,773	237,602	346	6,514	233,515	8,085	1,817
Fazenda Pioneira Emp. Agr. S.A.	61,392	127,628	56,222	55,376	77,422	85,210	76,343
SLC-MIT Emp. Agr. S.A.	271,441	221,739	108,288	227,232	157,660	166,074	144,579
SLC Investimentos Agrícolas Ltda	323	696,760	11,569	530	684,984	17,093	9,965
Fazenda Pamplona Emp. Agr. Ltda	1,504	170,705	241	5,753	166,215	4,757	878
Fazenda Planalto Emp. Agr. Ltda.	3,072	242,738	389	8,693	236,728	9,089	1,531
Fazenda Palmares Emp. Agr. Ltda	1,295	176,711	1,248	3,994	172,764	6,205	1,030
Fazenda Parnaguá Emp. Agr. Ltda.	128	51,601	40	579	51,110	953	187
Fazenda Paineira Emp. Agr. Ltda.	9,335	133,095	6,010	1,718	134,702	1,869	412
SLC Paiaguás Emp. Agrícolas S.A.	17,127	205,937	2,037	8,301	212,726	8,647	1,341
SLC Perdizes Emp. Agrícolas S.A.	36	126,091	31,201	396	94,530	3,188	1,207
SLC LandCo Emp. Agrícolas S.A.	7,027	522,304	209	-	529,122	11,842	6,109
Fazenda Planeste Emp. Agr. Ltda.	11,291	132,333	2,838	3,371	137,415	5,107	942
Fazenda Piratini Emp. Agr. Ltda	5,500	115,023	1,156	2,025	117,342	2,091	407
Fazenda Panorama Emp. Agr. Ltda.	11,130	112,411	1,995	1,785	119,761	3,604	871
SOPER Agrícola Ltda	728	2,072	53	14	2,733	118	26
Fazenda Parceiro Emp. Agr. Ltda.	30,685	89,215	660	766	118,474	1,565	404

# SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

## 11 Property, plant and equipment

### a) Breakdown of property, plant and equipment

Cost of the gross fixed assets	Parent company					Balance on 06/30/2019
	Balance on 12/31/2018	Additions	Write-offs	Transfers	Reclassification	
Soil correction and development	387,651	3,720	-	-	2	391,373
Buildings and improvements	216,362	155	-	27,953	358	244,828
Agricultural equipment and industrial facilities	705,522	69,623	(18,827)	24,079	718	781,115
Vehicles	50,877	10,448	(1,516)	(570)	(122)	59,117
Furniture and fixtures	12,172	1,000	(60)	39	(152)	12,999
Equipment and facilities of the office	15,425	2,037	(137)	-	10	17,335
Other	2,569	380	(14)	(2)	12	2,945
Works in progress	43,804	29,527	-	(51,499)	(1)	21,831
Plants carrier	4,239	-	-	-	-	4,239
Total	1,438,621	116,890	(20,554)	-	825	1,535,782

Depreciation						Balance on 06/30/2019
	Balance on 12/31/2018	Depreciation	Write-offs	Transfers	Reclassification	
Soil correction and development	(276,548)	(7,986)	-	-	(4)	(284,538)
Buildings and improvements	(39,777)	(3,773)	-	-	3,997	(39,553)
Agricultural equipment and industrial facilities	(379,434)	(25,740)	13,581	-	(4,037)	(395,630)
Vehicles	(18,634)	(2,407)	1,045	(1)	26	(19,971)
Furniture and fixtures	(4,983)	(482)	51	-	(1,172)	(6,586)
Equipment and facilities of the office	(9,393)	(951)	93	-	395	(9,856)
Others	(5)	(2)	-	1	(30)	(36)
Plants carrier	(4,239)	-	-	-	-	(4,239)
Total	(733,013)	(41,341)	14,770	-	(825)	(760,409)

Net residual value	12/31/2018	06/30/2019
Soil correction and development	111,103	106,835
Buildings and improvements	176,585	205,275
Agricultural equipment and industrial facilities	326,088	385,485
Vehicles	32,243	39,146
Furniture and fixtures	7,189	6,413
Equipment and facilities of the office	6,032	7,479
Other	2,564	2,909
Works in progress	43,804	21,831
Total	705,608	775,373

# SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

## 11 Property, plant and equipment (Continued)

### a) Breakdown of property, plant and equipment (Continued)

Cost of the gross fixed assets	Consolidated					Balance on 06/30/2019
	Balance on 12/31/2018	Additions	Write-offs	Transfers	Reclassification	
Crop lands	1,759,560	2,893	-	-	-	1,762,453
Soil correction and development	597,999	12,791	-	-	2	610,792
Buildings and improvements	390,182	1,205	-	42,005	358	433,750
Agricultural equipment and industrial facilities	805,810	89,691	(19,290)	24,079	718	901,008
Vehicles	58,678	10,545	(1,520)	(570)	(122)	67,011
Furniture and fixtures	14,306	1,186	(61)	39	(152)	15,318
Equipment and facilities of the office	21,166	2,433	(141)	-	10	23,468
Other	6,328	460	(14)	-	12	6,786
Works in progress	60,946	60,861	-	(65,553)	(1)	56,253
Plants carrier	4,239	-	-	-	-	4,239
<b>Total</b>	<b>3,719,214</b>	<b>182,065</b>	<b>(21,026)</b>	<b>-</b>	<b>825</b>	<b>3,881,078</b>

Depreciation	Consolidated					Balance on 06/30/2019
	Balance on 12/31/2018	Depreciation	Write-offs	Transfers	Reclassification	
Soil correction and development	(392,124)	(13,189)	-	-	(4)	(405,317)
Buildings and improvements	(88,437)	(7,704)	-	-	3,997	(92,144)
Agricultural equipment and industrial facilities	(411,574)	(30,849)	13,784	-	(4,037)	(432,676)
Vehicles	(21,721)	(2,743)	1,050	(1)	26	(23,389)
Furniture and fixtures	(5,562)	(585)	51	-	(1,172)	(7,268)
Equipment and facilities of the office	(10,979)	(1,123)	96	-	395	(11,611)
Other	(313)	(2)	-	1	(30)	(344)
Plants carrier	(4,239)	-	-	-	-	(4,239)
<b>Total</b>	<b>(934,949)</b>	<b>(56,195)</b>	<b>14,981</b>	<b>-</b>	<b>(825)</b>	<b>(976,988)</b>

Net residual value	12/31/2018	06/30/2019
Crop lands	1,759,560	1,762,453
Soil correction and development	205,875	205,475
Buildings and improvements	301,745	341,606
Agricultural equipment and industrial facilities	394,236	468,332
Vehicles	36,957	43,622
Furniture and fixtures	8,744	8,050
Equipment and facilities of the office	10,187	11,857
Other	6,015	6,442
Works in progress	60,946	56,253
<b>Total</b>	<b>2,784,265</b>	<b>2,904,090</b>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 11 Property, plant and equipment (Continued)

#### b) Construction in progress

As of June 30, 2019, the consolidated balance of construction in progress is as follows:

	SLC Perdizes Empr. Agr.Ltda	Fazenda Pantanal Empr. Agr. Ltda	Fazenda Parnaíba Empr. Agr. Ltda	Balance on 06/30/2019
<b><u>Construction in progress:</u></b>				
Cotton tree	32,780	3,163	-	<b>35,943</b>
Home renovation	-	1,097	-	<b>1,097</b>
Stone shed	-	-	4,578	<b>4,578</b>
Road recovery	-	1,231	-	<b>1,231</b>
Other improvements	-	-	-	<b>13,404</b>
				<b><u>56,253</u></b>

The amount of interest that was capitalized to works in progress in the year ended June 30, 2019 was R\$ 1,536 (R\$ 3,152 at December 31, 2018). The capitalization rate used to determine the amount of eligible borrowing costs to capitalization was approximately 4.75% y.y.

#### c) Secure

As of June 30, 2019, and December 31, 2018, there were fixed assets as collateral for bank loans and legal proceedings, as shown below:

Assets under secure	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Hypothec	-	-	<b>516,695</b>	576,270
Pledge of financing	<b>16,532</b>	19,825	<b>27,244</b>	32,105
Assets in legal proceedings	<b>14,232</b>	14,232	<b>14,232</b>	14,232
	<b><u>30,764</u></b>	<u>34,057</u>	<b><u>558,171</u></b>	<u>622,607</u>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 12 Related-party balances and transactions

As at June 30, 2019 and December 31, 2018, related party balances and transactions were as follows:

a) Related-party balances

*Balances receivable from related parties:*

	<u>Other accounts receivable</u>	
	<u>06/30/2019</u>	<u>12/31/2018</u>
<b>Direct subsidiaries</b>		
Fazenda Planorte Empr. Agr. Ltda	-	11
Fazenda Parnaíba Empr. Agr. Ltda	-	11
Fazenda Perdizes Empr. Agr. Ltda	104	65
SLC Investimentos Agrícolas Ltda	-	7
Fazenda Pioneira Empr. Agr. S. A	150	-
Fazenda Pamplona Empr. Agr. Ltda	-	5
Fazenda Planalto Empr. Agr. Ltda	-	6
Fazenda Parnaguá Empr. Agr. Ltda	-	6
Fazenda Palmares Empr. Agr. Ltda	-	7
SLC Paiaguas Empr. Agr. Ltda	-	5
SLC Perdizes Empr. Agr. Ltda	27,731	2,019
<b>Indirect subsidiaries</b>		
Fazenda Piratini Empr. Agr. Ltda	2,716	-
Fazenda Panorama Empr. Agr. Ltda	4,606	-
Fazenda Planeste Empr. Agr. Ltda	6,658	-
SLC LandCo Emp. Agr. S.A.	230	3
SLC - MIT Empr. Agr. S. A	104	122
SOPER Agrícola Ltda	137	-
Fazenda Paineira Empr. Agr. Ltda	5,167	5,175
Fazenda Parceiro Empr. Agr. Ltda	-	5
	<u>47,603</u>	<u>7,447</u>
<b>Portion classified as current</b>	<b>20,304</b>	<b>5,434</b>
<b>Portion classified as non-current</b>	<b>27,299</b>	<b>2,013</b>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 12 Related-party balances and transactions (Continued)

#### a) Related-party balances (Continued)

*Balances payable to related parties:*

	Leases payable (IFRS 16 scope)	Leases payable		Other accounts payable		Total payable	
	06/30/2019	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
<b>Direct subsidiaries</b>							
Fazenda Parnaíba Empr. Agr. Ltda	111,172	439	1,639	-	-	111,611	1,639
Fazenda Planorte Empr. Agr. Ltda	120,720	1,022	2,522	-	-	121,742	2,522
Fazenda Pamplona Empr. Agr. Ltda	66,323	1,801	1,801	-	-	68,124	1,801
Fazenda Planalto Empr. Agr. Ltda	112,460	1,568	1,568	-	-	114,028	1,568
Fazenda Pioneira Empr. Agr. S. A	-	-	-	-	6	-	6
Fazenda Palmares Empr. Agr. Ltda	73,111	2,976	2,976	-	-	76,087	2,976
Fazenda Parnagua Empr. Agr. Ltda	13,466	105	205	-	-	13,571	205
Fazenda Parceiro Empr. Agr. Ltda	7,334	310	310	-	-	7,644	310
SLC Paiaguas Empr. Agr. Ltda	112,845	4,651	4,651	-	-	117,496	4,651
SLC Perdizes Empr. Agr. Ltda	-	-	6	-	-	-	6
<b>Indirect subsidiaries</b>							
Fazenda Planeste Empr. Agr. Ltda	76,479	-	3,343	-	-	76,479	3,343
Fazenda Panorama Empr. Agr. Ltda	52,908	-	2,312	-	-	52,908	2,312
Fazenda Piratini Empr. Agr. Ltda	31,198	-	1,364	-	-	31,198	1,364
Fazenda Perdizes Empr. Agr. Ltda	-	-	66	684	-	684	66
SLC - MIT Empr. Agr. S. A	-	-	-	-	197	-	197
Soper Agrícola S.A.	1,709	-	69	-	-	1,709	69
SLC Landco Empr. Agr. Ltda	-	-	106	-	-	-	106
Fazenda Paineira Empr. Agr. Ltda	-	-	-	2,376	2,376	2,376	2,376
<b>Subsidiaries</b>							
SLC Participações S.A.	-	-	-	440	153	440	153
	<b>779,725</b>	<b>12,872</b>	<b>22,938</b>	<b>3,500</b>	<b>2,732</b>	<b>796,097</b>	<b>25,670</b>
<b>Liabilities corrente</b>	<b>81,093</b>	<b>12,872</b>	<b>22,938</b>	<b>3,500</b>	<b>2,732</b>	<b>97,465</b>	<b>25,670</b>
<b>Liabilities non-currente</b>	<b>698,632</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>698,632</b>	<b>-</b>

SLC Participações S.A. is the final controlling shareholder of the Company. There are no relevant transactions with the controlling shareholder, except for the payment of dividends.

# SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

## 12 Related-party balances and transactions (Continued)

### b) Related-party transactions

	Sales of goods/products/ property, plant and equipment		Amortization of the right to use (IFRS 16)	Lease costs	Purchases of goods/products/ Corporate TI		Financial expenses - Warranty Fee		AVP- Liabilities Rental (IFRS16)
	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019
<b>Direct subsidiaries</b>									
Fazenda Parnaíba Empr. Agr. Ltda	-	-	775	7,605	-	-	-	-	5,040
Fazenda Planorte Empr. Agr. Ltda	-	-	929	8,164	-	-	-	-	5,490
Fazenda Pamplona Empr. Agr. Ltda	-	-	205	4,531	-	-	-	-	2,995
Fazenda Planalto Empr. Agr. Ltda	-	-	372	7,281	-	-	-	-	5,078
Fazenda Pioneira Empr. Agr. Ltda	1,284	1,132	-	-	-	-	-	-	-
Fazenda Palmares Empr. Agr. Ltda	-	-	307	4,277	-	-	-	-	3,182
Fazenda Parnagua Empr. Agr. Ltda	-	-	377	827	-	-	-	-	610
Fazenda Parceiro Empr. Agr. Ltda	-	-	185	628	-	-	-	-	331
SLC Paiaguás Empr. Agr. Ltda	-	-	1,104	8,182	-	-	-	-	5,116
<b>Indirect subsidiaries</b>									
Fazenda Planeste Empr. Agr. Ltda	-	-	953	4,758	-	-	-	-	3,363
Fazenda Panorama Empr. Agr. Ltda	-	-	424	3,404	-	-	-	-	2,326
Fazenda Piratini Empr. Agr. Ltda	-	-	340	2,005	-	-	-	-	1,372
Fazenda Perdizes Empr. Agr. Ltda	1,238	1,486	-	-	-	-	-	-	-
SLC MIT Empr. Agr. S. A	2,083	1,802	-	-	-	833	-	52	-
SOPER Agrícola Ltda.	-	-	123	97	-	-	-	-	76
SLC Landco Empr. Agr. S.A.	-	-	-	158	-	-	-	-	118
<b>Subsidiaries</b>									
SLC Participações S.A.	-	-	-	-	1,117	1,078	428	-	-
<b>Other related parties</b>									
Outras Empresas	-	-	-	-	-	-	-	-	-
	<b>4,605</b>	<b>4,420</b>	<b>6,094</b>	<b>51,917</b>	<b>1,117</b>	<b>1,911</b>	<b>428</b>	<b>52</b>	<b>35,097</b>

**12 Related-party balances and transactions (Continued)**c) Lease agreements payable

The purpose of rural lease agreements is the delivery of land, facilities and other assets by the lessor to the lessee so that the latter may commercially explore agricultural activities, such as the cultivation of cotton, soybean, corn and other crops, in exchange for consideration in the form of a lease price.

The Company has lease agreements with its subsidiaries, for a minimum term of 20 years, and the renewal depends on the willingness of the parties, however the tenants have preference.

On June 30, 2019, the lease liability with its subsidiaries, can be shown as follows:

Farm	Localization	Accounting value	up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Panorama	Correntina - BA	<b>52,909</b>	10,565	5,581	5,088	4,638	4,228	22,808
Planeste	Balsas - MA	<b>76,479</b>	15,272	8,067	7,355	6,705	6,111	32,969
Piratini	Jaborandi - BA	<b>31,198</b>	6,230	3,291	3,000	2,735	2,493	13,449
Palmeira	Alto Parnaíba - MA	<b>1,709</b>	314	166	151	137	125	817
Parnaguá	Santa Filomena - PI	<b>13,466</b>	1,050	1,433	1,305	1,187	1,081	7,410
Parceiro	Formosa do Rio Preto - BA	<b>7,334</b>	586	800	728	663	604	3,953
Palmares	Barreiras - BA	<b>73,111</b>	6,114	7,942	7,231	6,585	5,996	39,243
Parnaíba	Tasso Fragoso - MA	<b>111,172</b>	8,669	11,832	10,770	9,803	8,923	61,175
Pamplona	Cristalina - GO	<b>66,323</b>	5,298	7,234	6,587	5,998	5,461	35,746
Paiguás	Diamantino - MT	<b>112,845</b>	8,799	12,010	10,932	9,950	9,057	62,096
Planorte	Sapezal - MT	<b>120,719</b>	9,213	12,572	11,440	10,410	9,472	67,613
Planalto	Costa Rica - MS	<b>112,460</b>	8,983	12,266	11,168	10,170	9,259	60,613
		<b>779,725</b>	81,093	83,194	75,755	68,981	62,810	407,892
<b>Liabilities current</b>		<b>81,093</b>						
<b>Liabilities non current</b>		<b>698,632</b>						

The value accounting represents the lease liability with flow of future payments adjusted to present value, considering the nominal discount rate. The Company opted for using the practical expedient to use the single discount rate in accordance with the respective terms for contracts that have similar characteristics. For this reason, it presents a rate ranging from 8.36% to 9.75%.

**12 Related-party balances and transactions (Continued)**c) Lease agreements payable (Continued)

The rural lease agreement entered into by Fazendas Piratini, Planeste, Panorama and Palmeira, for a minimum term of 20 years, provides for the lease price calculated on a rate of 3.25% of the appraised value of the properties. This value in turn is calculated on the areas suitable for agriculture and their respective proportional legal reserve areas, including the value of their infrastructure. The evaluator with proof of excellence in the preparation of evaluations of rural properties is chosen by the Board of Directors of SLC Agrícola S.A and annually the evaluation is elaborated according to the rules and guidelines issued by the Brazilian Association of Technical Norms for the evaluation of rural properties.

For the other contracts, the lease price is paid annually in reais, converted by the amount of the counter quotation of the soybean sack of each region on the day of payment, according to the contractual clause. The fixing of the price of the soya bean should be established by the lessor at least 15 days in advance, without renegotiation.

d) Management compensation

The Company considers to be key management personnel to be its non-remunerated Directors, its remunerated Independent Directors and its Officers (statutory).

The managers are remunerated in the form of a salary and pro-labore, paid through its payroll. Total management remuneration, including bonuses and other benefits, is recognized in a specific item on the statement of income and detailed below:

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Directors fee	<b>2,633</b>	2,523	<b>2,886</b>	2,828
Bonuses	<b>2,945</b>	2,998	<b>3,187</b>	3,240
Charges	<b>1,119</b>	2,190	<b>1,255</b>	2,335
Stock option plan	<b>768</b>	577	<b>768</b>	726
Other benefits	<b>21</b>	17	<b>21</b>	17
<b>Total</b>	<b>7,486</b>	8,305	<b>8,117</b>	9,146

The Company does not offer post-employment benefits, benefits upon termination of employment contract or other long-term benefits to its managers.

At the Ordinary General Meeting held on April 30th, 2019, it was approved the annual global compensation for the administrators of the Holding, amount up to R\$ 14,950, which will be distributed by the Board of Directors. It is worth to highlight that the subsidiaries, which are joint-stock companies, has the annual global compensation approval for its own administrators independently.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 13 Suppliers

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Suppliers	87,262	586,330	109,562	703,564
Suppliers risk drawn	57,919	-	60,802	-
Total	145,181	586,330	170,364	703,564

The balance of suppliers as of June 30, 2019, comprises R\$ 145,181 in the parent company and R \$ 170,364 in the consolidated, and R\$ 57,919 in the parent company and R-\$ 60,802 in the consolidated correspond to risk drawn transactions, due to commercial negotiation arising the need for advance payment by suppliers, noting that there were no changes in payment terms and prices negotiated with suppliers due to this transaction.

### 14 Loans and financing

	Index	Average annual interest rates (%)		Parent company		Consolidated	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
<u>Used in the property, plant and equipment</u>							
Finame – BNDES	Fixed and long-term interest rate*	5.42%	5.45%	51,960	57,988	82,080	91,762
				51,960	57,988	82,080	91,762
<u>Invested in working capital</u>							
Rural credit	Pré	6.11%	6.08%	126,237	125,601	142,896	144,855
Constitutional funds**	Pré	5.91%	5.91%	210,496	234,150	210,496	234,150
Working capital (CRA)	CDI	6.42%	6.56%	561,838	201,063	561,838	201,063
Working capital	CDI	7.29%	7.43%	104,469	100,863	135,104	100,863
Export financing	Pré	6.50%	6.50%	214,883	208,276	214,882	208,276
Export financing	CDI	7.19%	7.38%	260,761	200,591	455,821	356,621
Export financing	US\$, Libor***	-	7.18%	-	49,178	-	49,178
Export financing	Swap						
	US\$/CDI, Pré	3.40%	3.88%	184,728	221,491	220,184	221,491
				1,663,412	1,341,213	1,941,221	1,516,497
(-) Transaction cost working capital (CRA)				(7,602)	(3,188)	(7,602)	(3,188)
				1,707,770	1,396,013	2,015,699	1,605,071
Portion classified in current assets				780,395	696,862	881,351	738,712
Installment classified in non-current				927,375	699,151	1,134,348	866,359

(\*) Long-term interest rate (TJLP).

(\*\*) To calculate the average cost of the Constitutional Funds, we considered a 15% discount for the performance bonus received on these operations,

(\*\*\*) London Interbank Offered Rate (Libor): interest rate charged by London banks used as a reference for most loans in the international financial system.

## **14 Loans and financing (Continued)**

Finame - BNDES – Investment facilities offered by the Brazilian Development Bank (BNDES). The facilities are secured by secured fiduciary sale or the pledge of the assets financed as collateral and by accommodation of the Company or SLC Participações S.A. The amortizations are made on a monthly, annual and semi-annual basis, after the grace period, in the period from July 15, 2019 to May 15, 2032.

Rural Credit – Financing of crop costing and trading, whose rules, purposes and conditions are established in the Rural Credit Manual (MCR) drafted by the Central Bank of Brazil. The facilities are secured by accommodation of the Company or SLC Participações S.A., and, for certain transactions, by the pledge of crops as collateral. The frequency of amortization is annual, with maturities from July 30, 2019 to January 21, 2020.

Constitutional Funds - Investment lines and working capital of the Northeast Fund (FNE). They are guaranteed by endorsements of SLC Participações S.A., and, in some operations, by pledge and land mortgage. The amortization period is annual, with maturities between July 26, 2019 and October 30, 2019.

CRA - Agribusiness Receivables Certificate - Fixed income securities, issued by the securitizer Cibrasec on behalf of SLC Agrícola, backed by receivables originating from businesses between rural producers or their cooperatives, and third parties, including financing or loans related to the production, marketing, processing or industrialization of products, agricultural inputs or machinery and implements used in agricultural production. The first issue is secured by land mortgage and the second issue with "clean" guarantee. In the first issuance, the payment of interest is semiannual and the payment of principal in full on the due date, on November 30, 2020. In the 2nd issuance, the payment of interest is semiannual and the payment of principal in two installments, on June 13, 2022 and June 13, 2023. The costs of these transactions recorded under loans and financing, total R\$7,602 as of June 30, 2019 (R\$3,188 as of December 31, 2018).

Working Capital - Line, with the purpose of supplying the cash requirement, due on December 23, 2019 and January 14, 2022. Stocked or produced.

Export Financing – Export financing with short- and long-term lines denominated in Reais or US dollar indexed to Libor 6 months (London Interbank Offered Rate) plus pre-fixed rate or only pre-fixed rate: ACC (Advances Exchange Contract), NCE Export Credit) and PPE (Export Prepayment). The periodicity of its amortizations is annual, half-yearly or according to the negotiated term, maturing between the December 19, 2019 and April 04, 2022 periods. They are guaranteed by the Company or SLC Participações S.A. (parent company) guarantee with land mortgage or with "clean" guarantee. Some of these contracts provide for the fulfillment of certain covenants approved by the Company (Current Liquidity, Equity Interest, Net Financial Debt over Ebitda and Cash Liquidity), as shown below.

**14 Loans and financing (Continued)**

The maturities of short and long-term loans and financing are as follow:

Years of maturity	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
2019	<b>458,530</b>	696,862	<b>518,992</b>	738,712
2020	<b>649,622</b>	536,701	<b>706,382</b>	604,510
2021	<b>256,790</b>	101,968	<b>334,552</b>	151,556
2022	<b>204,014</b>	40,490	<b>305,131</b>	77,857
2023	<b>126,120</b>	6,790	<b>130,724</b>	11,365
After 2023	<b>12,694</b>	13,202	<b>19,918</b>	21,071
	<b>1,707,770</b>	1,396,013	<b>2,015,699</b>	1,605,071

The Group's exposure to liquidity risk is described in note 21.

**Financial covenants**

The Company has contracts classified as "Export Financing" and "CRA", provide for the fulfillment of financial commitments (Covenants), measured on the closing dates of each fiscal year applicable to the Company, as follows:

- i. Current liquidity index (CA/CL): consolidated current assets divided by current liabilities equal to or greater than one point two times (1.2x) for export financing and equal to or greater than one point one times (1.1x) to the CRA;
- ii. Consolidated total liabilities/tangible shareholders' equity: consolidated total liabilities divided by shareholders' equity less intangible assets, equal to or less than one point five times (1.5x);
- iii. Consolidated net leverage (consolidated total net financial debt/consolidated EBITDA): total loans and financing, less the position of cash, banks and cash equivalents, less short-term financial investments, plus or minus related swap results, divided by operating income (expense) before interest, equity income, depreciation and amortization in the last 12 months, equal to or less than four point zero times (4.0x);
- iv. Consolidated cash liquidity: position of cash, banks and cash equivalents plus short-term financial investments, equal to or greater than seventy-five million reais (R\$75,000) only for export financing.

Failure to comply with the contractual clauses of financial commitments may lead to the early maturity of the loans and financing.

The Company is in compliance with all the commitment clauses as of June 30, 2019. As of December 31, 2018, the date of the last annual measurement, the Company was in compliance with these commitment clauses.

**15 Provision for tax, environmental, labor and civil risks**

The Company records provisions when management, based on the opinion of its legal counsel, understands that there is probable probability of loss and that it is sufficient to cover eventual losses with legal and administrative proceedings that arise in the normal course of its business.

Provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable limitation period, findings of tax inspections or additional exposures identified on the basis of new matters or court decisions.

**a) Provisions**

The Company records provisions for civil, labor, tax and environmental lawsuits classified as probable loss, which presented the following movement:

	Parent company			Consolidated		
	Labor	Environmental	Civil	Labor	Environmental	Civil
<b>Balance in 12/31/2018</b>	1,891	330	-	2,067	330	-
Addition of provision	<b>162</b>	-	<b>2,742</b>	<b>227</b>	-	<b>2,742</b>
Reverse of provision	<b>(114)</b>	-	-	<b>(141)</b>	-	-
<b>Balance in 06/30/2019</b>	<b>1,939</b>	<b>330</b>	<b>2,742</b>	<b>2,153</b>	<b>330</b>	<b>2,742</b>

The Company does not have any civil and tax lawsuits, with probability of probable loss.

**b) Contingents liabilities**

The Company, based on the nature of the shares in which it is involved, and based on the opinion of its legal counsel, discloses its contingent liabilities for which it has the expectation of possible loss. For these actions, no provision was made for possible losses, as established in CPC 25 of the Accounting Pronouncements Committee.

<b><u>Nature</u></b>	Parent company		Consolidated	
	<b><u>06/30/2019</u></b>	<b><u>12/31/2018</u></b>	<b><u>06/30/2019</u></b>	<b><u>12/31/2018</u></b>
Labor (i)	<b>1,971</b>	2,338	<b>2,098</b>	2,462
Environmental (ii)	<b>2,655</b>	2,655	<b>2,655</b>	2,655
Tributary (iii)	<b>22,752</b>	15,445	<b>40,456</b>	37,821
Civil (iv)	<b>13,261</b>	5,832	<b>14,979</b>	6,506
	<b>40,639</b>	26,270	<b>60,188</b>	49,444

**(i) *Labor lawsuits***

The labor lawsuits are related to complaints filed mainly by former employees of the Company and the Labor Ministry.

**(ii) *Environmental actions***

The environmental actions are related to infraction notices issued by IBAMA - Brazilian Institute of Environment and Renewable Natural Resources.

**15 Provision for tax, environmental, labor and civil risks (Continued)**

 b) Contingents liabilities (Continued)

 (iii) *Tax*

The tax actions are related to assessments referring to the federal and state spheres.

 (iv) *Civil*

The civil actions relate to claims for damages from suppliers, damages caused to third parties and litigation in contractual matters.

**16 Deferred income and social contribution taxes**

Deferred income tax and social contribution taxes were established as follows:

Description	Parent company					
	06/30/2019			12/31/2018		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Assets:						
Temporary differences:						
Provision for profit-sharing	3,463	1,247	4,710	8,014	2,885	10,899
Operations with derivatives	12,873	4,634	17,507	45,316	16,314	61,630
Provision for Senar	2,348	845	3,193	2,300	828	3,128
Others	4,909	1,767	6,676	7,615	2,740	10,355
Tax losses and negative basis	6,241	2,247	8,488	-	-	-
	<b>29,834</b>	<b>10,740</b>	<b>40,574</b>	63,245	22,767	86,012
Liabilities:						
Incentivized depreciation from rural activity	(129,507)	(46,623)	(176,130)	(106,446)	(38,321)	(144,767)
Bargain gain on acquisition of equity interest	(5,647)	(2,033)	(7,680)	(5,647)	(2,033)	(7,680)
Deemed cost from property, plant and equipment	(6,727)	(2,422)	(9,149)	(7,752)	(2,791)	(10,543)
Fair value of biological assets	(103,662)	(37,318)	(140,980)	(43,056)	(15,500)	(58,556)
AVP - Lease liability	(315)	(113)	(428)	-	-	-
	<b>(245,858)</b>	<b>(88,509)</b>	<b>(334,367)</b>	<b>(162,901)</b>	<b>(58,645)</b>	<b>(221,546)</b>
Total net	<b>(216,024)</b>	<b>(77,769)</b>	<b>(293,793)</b>	<b>(99,656)</b>	<b>(35,878)</b>	<b>(135,534)</b>

**16 Deferred income and social contribution taxes (Continued)**

Description	Consolidated					
	06/30/2019			12/31/2018		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Assets:						
Temporary differences:						
Provision for profit-sharing	3,937	1,417	5,354	9,094	3,274	12,368
Operations with derivatives	11,734	4,224	15,958	47,996	17,279	65,275
Provision for Senar	2,565	923	3,488	2,513	905	3,418
AVP - Lease liability	686	247	933	-	-	-
Others	5,021	1,807	6,828	8,530	2,831	11,361
Tax losses and negative basis	33,795	12,188	45,983	31,436	11,317	42,753
	57,738	20,806	78,544	99,569	35,606	135,175
Liabilities:						
Incentivized depreciation from rural activity	(162,027)	(58,208)	(220,235)	(139,871)	(50,231)	(190,102)
Bargain gain on acquisition of equity interest	(5,539)	(1,994)	(7,533)	(5,539)	(1,994)	(7,533)
Deemed cost from property, plant and equipment	(29,039)	(14,470)	(43,509)	(30,072)	(14,844)	(44,916)
Fair value for investment property	(1,681)	(908)	(2,589)	(1,681)	(908)	(2,589)
AVP - Lease liability	(1,158)	(417)	(1,575)	-	-	-
Fair value of biological assets	(114,224)	(41,120)	(155,344)	(50,711)	(18,256)	(68,967)
Others	(4,007)	(1,541)	(5,548)	(108)	(39)	(147)
	(317,675)	(118,658)	(436,333)	(227,982)	(86,272)	(314,254)
Net total	(259,937)	(97,852)	(357,789)	(128,413)	(50,666)	(179,079)
Classified in non-current assets	8,733	3,143	11,876	12,623	4,545	17,168
Classified in the non-current liabilities	(268,670)	(100,995)	(369,665)	(141,036)	(55,211)	(196,247)

The Company and its subsidiaries, based on the expectations of generating future taxable profit premised on a technical study prepared by management, recognized tax credits income tax and social contribution tax losses, and temporary differences, for which there is no statutes of limitation. The carrying amount of deferred assets is reviewed annually by the Company and the adjustments have not been significant as initially estimated by management. The technical study considers the investments and subsidies to reduce income tax by up to 75% on the income from the commercial exploration of the farms located in the subsidized regions.

**16 Deferred income and social contribution taxes (Continued)**

Based on the technical study of the generation of future taxable income, the Company projects a recovery in these tax credits in the subsequent fiscal years:

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
2019	6,197	85,792	10,613	98,339
2020	34,377	220	41,751	9,774
2021	-	-	8,764	7,625
2022	-	-	5,570	4,160
2023	-	-	3,652	4,516
2024	-	-	3,670	4,489
2025	-	-	3,710	4,558
2026	-	-	814	1,714
	<b>40,574</b>	<b>86,012</b>	<b>78,544</b>	<b>135,175</b>

The estimates for the recovery of tax credits were based on the projections for future taxable income taking into consideration the various financial and business assumptions. Accordingly, these estimates may differ from the actual future taxable income due to the inherent uncertainties.

Reconciliation of tax expenses with the effective rates

Income tax and social contribution calculated based on nominal rates of these taxes and are reconciled to the amount recorded as income tax and social contribution expense, as follows:

	Parent company			
	06/30/2019		06/30/2018	
	IRPJ	CSLL	IRPJ	CSLL
Income before tax on profit	436,363	436,363	443,115	443,115
Income and social contribution taxes at the nominal rate from 25% to 9%, respectively	(109,091)	(39,273)	(110,779)	(39,880)
Adjustments for calculation of effective rate				
Equity income	18,424	6,633	14,405	5,186
Permanent additions	(5,110)	(1,516)	(1,201)	(109)
Other	746	82	632	-
Value recorded in the income	(95,031)	(34,074)	(96,943)	(34,803)
Total income and social contribution taxes		(129,105)		(131,746)
Deferred taxes		(116,699)		(96,228)
Current taxes		(12,406)		(35,518)
Effective rate		29.6%		30.0%

**16 Deferred income and social contribution taxes (Continued)**
Reconciliation of tax expenses with the effective rates (Continued)

	Consolidated			
	06/30/2019		06/30/2018	
	IRPJ	CSLL	IRPJ	CSLL
Income before tax on profit	477,274	477,274	501,810	501,810
Income and social contribution taxes at the nominal rate of 25% and 9%, respectively	(119,319)	(42,955)	(125,453)	(45,163)
Adjustments for calculation of effective rate				
Permanent additions and exclusions	(5,171)	(1,516)	(3,592)	(948)
Tax incentives of subsidiaries	209	75	-	-
Income and social contribution taxes in companies taxed by the deemed profit system	6,505	2,336	10,045	3,640
Elimination Unrealized profit	7,674	2,763	(3,481)	(1,253)
IFRS 16 effects	(3,676)	(1,323)	-	-
Other	498	(41)	1,579	271
Value recorded in the income	(113,280)	(40,661)	(120,902)	(43,453)
Total income and social contribution taxes	(153,941)		(164,355)	
Deferred taxes	(131,830)		(124,812)	
Current taxes	(22,111)		(39,543)	
Effective rate	32.3%		32.9%	

Reconciliation of the variation in deferred income and social contribution taxes

The changes in income and social contribution taxes recorded in items under assets and liabilities at the parent company and at the consolidated level are shown below:

Description	Parent company			
	Balance on 12/31/2018	Recognized in income	Recognized in comprehensive income	Balance on 06/30/2019
Provision for profit-sharing	10,899	(6,189)	-	4,710
Operations with derivatives	61,630	(2,563)	(41,560)	17,507
Provision for Senar	3,128	65	-	3,193
Others	10,355	(3,679)	-	6,676
Tax losses and negative basis	-	8,488	-	8,488
Incentivized depreciation from rural activity	(144,767)	(31,363)	-	(176,130)
Bargain gain on acquisition of equity interest	(7,680)	-	-	(7,680)
Deemed cost from property, plant and equipment	(10,543)	1,394	-	(9,149)
Fair value of biological assets	(58,556)	(82,424)	-	(140,980)
Capitalization of interest on borrowings	-	(428)	-	(428)
<b>Total</b>	<b>(135,534)</b>	<b>(116,699)</b>	<b>(41,560)</b>	<b>(293,793)</b>
<b>Non-current liabilities</b>	<b>(135,534)</b>			<b>(293,793)</b>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 16 Deferred income and social contribution taxes (Continued)

#### Reconciliation of the variation in deferred income and social contribution taxes (Continued)

Description	Balance on 12/31/2018	Consolidated			Balance on 06/30/2019
		Reclassification	Recognized in income	Recognized in comprehensive income	
Provision for profit-sharing	12,368	-	(7,014)	-	5,354
Operations with derivatives	65,275	-	(2,462)	(46,855)	15,958
Provision for Senar	3,418	-	70	-	3,488
Others	11,361	-	(4,533)	-	6,828
Tax losses and negative basis	42,753	-	3,230	-	45,983
AVP - Lease liability	-	-	(642)	-	(642)
Incentivized depreciation from rural activity	(190,102)	-	(30,133)	-	(220,235)
Bargain gain on acquisition of equity interest	(7,533)	-	-	-	(7,533)
Deemed cost from property, plant and equipment	(44,916)	(25)	1,432	-	(43,509)
Fair value for investment property	(2,589)	-	-	-	(2,589)
Fair value of biological assets	(68,967)	-	(86,377)	-	(155,344)
Others	(147)	-	(5,401)	-	(5,548)
<b>Total</b>	<b>(179,079)</b>	<b>(25)</b>	<b>(131,830)</b>	<b>(46,855)</b>	<b>(357,789)</b>
<b>Non-current assets</b>	<b>17,168</b>				<b>11,876</b>
<b>Non-current liabilities</b>	<b>(196,247)</b>				<b>(369,665)</b>

### 17 Trade notes payable (Consolidated)

The Company, through its subsidiaries, has contracts related to the purchase of land, for its use and exploration. The table below shows the changes in this caption:

	<b>Total</b>
Balance at December 31, 2018	11,567
Additions by areas of acquisitions	<b>2,823</b>
Payments	<b>(705)</b>
<b>Balance at June 30, 2019</b>	<b>13,685</b>
<b>Current liabilities</b>	<b>12,273</b>
<b>Non-current liabilities</b>	<b>1,412</b>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 18 Equity

#### a) Capital stock

The Ordinary and Extraordinary Shareholders' Meeting held on April 30, 2019 approved the proposal for the split of shares of all the existing common shares issued by the Company, passing each one (1) of the existing common share to two (2) ordinary actions. Accordingly, the Company's capital stock will be represented by 190,595,000 (one hundred and ninety million, five hundred and ninety-five thousand) common shares with no par value.

At June 30, 2019 and December 31, 2018, the subscribed Capital Stock, in the amount of R\$ 947,522 is represented by 190,595,000 registered common shares without par value.

The distribution among shareholders of the registered common shares is shown below:

Shareholder	Quantity of shares	
	06/30/2019	12/31/2018
SLC Participações S.A.	100,938,742	50,483,072
Management	154,950	58,775
Treasury shares	4,302,502	1,217,335
Other	85,198,806	43,538,318
Total shares of paid-in capital	190,595,000	95,297,500
(-) Treasury shares	(4,302,502)	(1,217,335)
Total shares - ex-treasury	186,292,498	94,080,165

#### b) Capital reserve – Goodwill in the issue of shares

Represented by the goodwill received in the public share offerings carried out in June 2007 and June 2008 and by the goodwill on the sale of treasury shares carried out in connection with stock option plans, less the costs with issuing these shares (commissions, fees and other expenses), net of tax effects, in conformity with CPC 10 (R1) (IFRS 2).

**18 Equity (Continued)**c) Treasury shares

The balance of treasury shares on June 30, 2019 is R\$77,171 and is composed of 4,302,502 shares (R\$36,816 on December 31, 2018, composed of 1,217,335 shares). The number of shares held in treasury in the period was as follows:

	Treasury shares	
	In nº shares	In R\$
Balance at December 31, 2018	1,217,335	(36,816)
Split of shares from 05/01/2019	<b>2,213,605</b>	-
Acquisitions of shares treasury	<b>1,000,002</b>	<b>(42,708)</b>
Shares exercised under the stock option plans	<b>(128,440)</b>	<b>2,353</b>
<b>Balance at June 30, 2019</b>	<b><u>4,302,502</u></b>	<b><u>(77,171)</u></b>

The market value of the treasury shares, calculated based on the last quote on the stock exchange prior to the closing date of the fiscal year, was R\$76,025 (R\$17.67 per share) on June 30, 2019 and R\$50,958 (R\$41.86 per share) on December 31, 2018.

d) Legal reserve

The reserve was recorded at the rate of 5% of the net profit for the year, up to the limit of 20% of the capital. As provided for in Article 35, item a, of the Bylaws, in the year when legal reserve balance plus the value of capital reserve, addressed by Paragraph 1 of Article 182 of the Brazilian Corporation Law, exceeds 30% of capital, it will not be mandatory to assign a portion of net income for the year to the legal reserve.

e) Expansion reserve

In accordance with Article 194 of Federal Law 6,404/76 and Article 35 of the Company's Bylaws, an Expansion Reserve will be formed based on the income remaining after the deductions stipulated by law and in the bylaws, for investing in operational assets, with the reserve limited to the amount of the Capital Stock.

f) Profit retention reserve

The balance on June 30, 2019 and December 31, 2018 refers to the remaining balance of accumulated profits for fiscal year 2007, which was retained as a profit retention reserve for new investments, as provided for in the capital budget, in accordance with Article 196 of Federal Law 6,404/76.

**18 Equity (Continued)**g) Incentive investment reserve

Corresponds to tax benefits granted by the states of Mato Grosso do Sul, Mato Grosso and Goiás, by reducing the value of ICMS to be collected from 70% to 75%, in the form of presumed credit, for the operations of cotton, cottonseed and corn.

h) Dividends

In accordance with the Company's Bylaws, the minimum mandatory dividend is calculated as 25% of net income for the fiscal year after constituting the reserves provided for by law.

On April 30, 2019, at the Annual Shareholders' Meeting, the financial statement for the year ended December 31, 2018 was approved, including the allocations of the result for that year. Among them, the distribution of dividends for the year ended December 31, 2018 was approved, in the total amount of R\$ 176,312, equivalent to 50% of adjusted net income, corresponding to R\$ 1.890149 per common share R\$ 88,156 as mandatory minimum dividend and R\$ 88,156 as additional dividend for fiscal year 2018, based on the total number of shares (95,297,500) subtracted from the total number of treasury shares (1,217,335). Payment of the dividends occurred on May 9, 2019. Considering the approval of the stock split of common shares for a total of 190,595,000 shares, the profit for each common share became R\$ 0.947055.

i) Earnings per share

In accordance with IAS 33/CPC 41 - "Earnings per share (IAS 33), a reconciliation of Consolidated and Parent Company net income for the fiscal year with the amounts used to calculate basic and diluted net earnings per share is presented in the following table.

The Company has one category of potentially dilutive common shares that are related to the stock option plans. A calculation is performed for these stock option plans to determine the number of shares that could have been acquired at fair value (based on the average annual market price of the Company's stock) based on the monetary value of the subscription rights in connection with the stock option plans.

The number of shares calculated as described above is compared with the number of shares outstanding, assuming the exercise of the stock option plans.

	06/30/2019	06/30/2018
<b>Numerator</b>		(resubmitted)
Net income for the period (a)	307,258	311,369
<b>Denominator</b>		
Weighted average of common shares (b)	187,188,762	188,457,912
Weighted average of common shares considering dilutive effects (c)	189,018,100	190,137,504
<b>Basic income per common share (a/b)</b>	1.64143	1.62519
<b>Diluted income per common share (a/c)</b>	1.62555	1.63760

**18 Equity (Continued)**i) Earnings (loss) per share (Continued)

As discussed previously, at the Annual and Extraordinary Shareholders' Meeting held on April 30, 2019, the proposal for the split of shares of the totality of the existing common shares issued by the Company was approved, with each one (1) existing common share corresponding to Two (2) common shares. As required by IAS 33 / CPC 41, the amounts of shares presented in the calculation of earnings per share for the current period and the comparative period are affected by said split.

j) Other comprehensive income

Other comprehensive income in shareholders' equity, net of tax effects, is composed as follows:

	06/30/2019	12/31/2018
<i>Hedge accounting</i>	(2,135)	(93,137)
Cost assigned fixed assets and fair value adjustment related to property for investments	1,147,470	1,155,189
Gain in the variation of interest	25,909	25,909
Other comprehensive income	1,171,244	1,087,961

**19 Finance income (loss)**

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Financial expenses:				
Interest paid	(44,033)	(43,605)	(52,863)	(51,829)
Foreign exchange	(38,196)	(57,237)	(41,428)	(59,620)
APV - Liabilities Lease	(54,618)	-	(20,673)	-
Losses with derivative operations	(14,845)	(8,742)	(15,253)	(8,971)
Others	(1,297)	(2,884)	(2,144)	(3,623)
	(152,989)	(112,468)	(132,361)	(124,043)
Financial income:				
Income from interest-earning bank deposits	8,649	10,753	12,923	17,435
Foreign exchange	40,421	34,005	45,498	36,687
Gains with derivative operations	12,712	38,297	13,002	38,527
Others	2,971	866	3,520	1,180
	64,753	83,921	74,943	93,829
Financial income (loss)	(88,236)	(28,547)	(57,418)	(30,214)

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

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## 20 Commitments

### 20.1 Sales contracts for future delivery

The parent company and its subsidiaries have sales contracts for future delivery with some clients, as follows:

Parent company					
Product	Delivery Date	Quantity	Agreements	Unit	Price
<b><u>2017/18 crop</u></b>					
Cotton lint	Jul/19-Aug/19	531	3	ton	USD 1,695.43
<b><u>2018/19 crop</u></b>					
Cotton lint	Jul/19 - Jun/20	105,600	38	ton	USD 1,823.54
Corn	Jun/19 - Nov/19	6,117,714	52	sc	R\$ 24.17
Soybean	Jul/19-Aug/19	2,276,168	17	sc	R\$ 71.76
<b><u>2019/20 crop</u></b>					
Cotton lint	Aug/20- Jul/21	43,800	8	ton	USD 1,724.69
Soybean	Jan/19 - Mar/20	2,070,000	6	sc	USD 17.82
Soybean	Fev/20-Abr/20	2,021,759	27	sc	R\$ 66.47
Corn	Jun/20-Jul/20	1,400,000	6	sc	R\$ 29.01

Consolidated					
Product	Delivery Date	Quantity	Agreements	Unit	Price
<b><u>2017/18 crop</u></b>					
Cotton lint	Jul/19-Aug/19	814	5	ton	USD 1,568.41
<b><u>2018/19 crop</u></b>					
Cotton lint	Jul/19 - Jun/20	116,025	43	ton	USD 1,812.32
Corn	Jul/19 - Nov/19	7,017,714	56	sc	R\$ 23.86
Soybean	Jul/19 - Aug/19	2,616,645	21	sc	R\$ 70.74
<b><u>2019/20 crop</u></b>					
Cotton lint	Aug/20 - Jul/21	43,800	8	ton	USD 1,724.69
Soybean	Jan/20 - Mar/20	2,685,000	9	sc	USD 17.32
Soybean	Jan/20 - Abr/20	2,206,759	29	sc	R\$ 66.34
Corn	Jun/20-Jul/20	1,400,000	6	sc	R\$ 29.01

## 20 Commitments (Continued)

### 20.2 Lease agreements for third party properties

As of June 30, 2019, the Company and its subsidiaries have leases of third parties and leases of buildings, distributed as follows:

Unit	Location	Currency	Lease liability (IFRS 16 scope)	Leases payable	
			06/30/2019	06/30/2019	12/31/2018
Paiaguás	Diamantino - MT	R\$	35,784	89	4,123
Paladino	São Desidério - BA	R\$	27,001	838	8,495
Palmares	Barreiras - BA	R\$	38,309	16,903	18,483
Palmeira	Alto Parnaíba - MA	R\$	29,341	-	2,996
Pamplona	Cristalina - GO	R\$	11,043	152	1,125
Panorama	Correntina - BA	R\$	37,126	3,082	5,777
Pantanal	Chapadão do Céu - GO and Chapadão do Sul - MS	R\$	208,818	-	10,928
Parceiro	Formosa do Rio Preto - BA	R\$	17,765	64	1,022
Parnaíba	Tasso Fragoso - MA	R\$	15,998	573	1,250
Planalto	Costa Rica - MS	R\$	1,102	638	638
Planeste	Balsas - MA	R\$	51,938	370	3,905
Planorte	Sapezal - MT	R\$	5,268	-	-
Matriz	Porto Alegre - RS	R\$	558	-	-
			<b>480,051</b>	<b>22,709</b>	<b>58,742</b>
<b>Liabilities current</b>			<b>102,536</b>	<b>22,709</b>	<b>58,742</b>
<b>Liabilities non-current</b>			<b>377,515</b>	<b>-</b>	<b>-</b>

The lease liabilities shown above present a discount rate ranging from 6% to 9.45%.

For third party lease agreements, we also inform that: (i) they have no contingent payment clauses; (ii) there are no renewal or purchase-option clauses, except for the agreement at the Planalto Farm for 1,603 ha, which is renewed on an annual basis; (iii) our agreements are indexed to the variation in the price of the soybean bag, as disclosed above, and do not contain any adjustment clauses; (iv) there are no restrictions imposed, such as those related to dividends and interest on capital, additional debt or any other factor requiring additional disclosure.

In addition to the lease of crop lands, the Company has operating lease contracts for cotton processing units at Fazenda Palmares (in Barreiras-BA, for R\$ 1,850 per year, until August 31, 2023), at Paladino Farm Desidério-BA for R\$ 1,000 per year until August 31, 2021) and at the Pantanal Farm (Chapadão do Céu - GO, for R\$ 400 per year until August 31, 2030), equipment rentals at Planorte Farm (in Sapezal-MT) and Fazenda Paiaguás (in Diamantino-MT), with decreasing values each year until April 30, 2026 and leases from its administrative headquarters in Porto Alegre -RS.

The statement of maturity flows of lease liabilities and leases payable is presented in note 21.

## 21 Management of risks and financial instruments

The sales revenue of the Company and its subsidiaries are generated primarily by the trading of agricultural commodities such as soybean, cotton, corn, which are quoted in U.S. dollar on the international exchanges Chicago Board of Trade (CBOT) and Intercontinental Exchange Futures US - ICE. Therefore, volatility in international commodity prices and volatility in exchange rates are market risks to which the Company and its subsidiaries are exposed.

In addition, the Company and its subsidiaries contract financing transactions in the financial market at fixed or floating rates. Therefore, the Company is exposed to the risk of variation in the interest rates on its debt contracted at floating interest rates.

Fair values are determined based on market quotes if available or, if not available, on the present value of the expected cash flows. The fair values of cash and cash equivalents, trade accounts receivable and trade accounts payable correspond to their carrying amounts. The fair values of other long-term assets and liabilities do not significantly differ from their carrying amounts.

The estimated fair value of long-term loans in the Parent Company and Consolidated Financial Statements on June 30, 2019, were R\$924,066 and R\$1,129,212, respectively, calculated at current market rates, considering type, term and risks similar to those of the registered contracts, and can be compared with the carrying amounts of R\$927,375 and R\$1,134,148 (note 14).

The fair value hierarchy of the financial assets and liabilities recorded at fair value on a recurring basis was determined based on the following criteria:

- Level 1 – Prices quoted (not adjusted) in active markets for identical assets and liabilities;
- Level 2 – Inputs, except for quoted prices, included in Level 1 which are observable for the asset or liability, directly (prices) or indirectly (price derivative);
- Level 3 – Assumptions, for assets or liabilities, that are not based on observable market data (non-observable inputs).

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Notes to the quarterly information (Continued)

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### 21 Management of risks and financial instruments (Continued)

The following table presents the fair value hierarchy of financial assets and liabilities recorded at fair value on a recurring basis:

	Parent company			
	Book Value		Fair Value	
			Level 2	Level 2
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
<b>Assets</b>				
<u><b>Fair value through profit or loss</b></u>				
Cash and cash equivalents	239,338	384,628	239,338	384,628
Short term financial Investments	55,689	130,143	55,689	130,143
<b>Subtotal</b>	<b>295,027</b>	<b>514,771</b>	<b>295,027</b>	<b>514,771</b>
<u><b>Amortized cost</b></u>				
Trade accounts receivable	30,550	115,839	30,550	115,839
Receivables from related parties	47,603	7,447	47,603	7,447
<b>Subtotal</b>	<b>78,153</b>	<b>123,286</b>	<b>78,153</b>	<b>123,286</b>
<u><b>Fair value of hedge instruments</b></u>				
Operations with Derivatives	96,982	66,082	96,982	66,082
<b>Subtotal</b>	<b>96,982</b>	<b>66,082</b>	<b>96,982</b>	<b>66,082</b>
<b>Total assets</b>	<b>470,162</b>	<b>704,139</b>	<b>470,162</b>	<b>704,139</b>
<b>Liabilities</b>				
<u><b>Liabilities at the amortized cost</b></u>				
Loans and financing	1,707,770	1,396,013	1,708,426	1,372,977
Suppliers	87,262	586,330	87,262	586,330
Suppliers risk drawn	57,919	-	57,919	-
Payables to related parties	16,372	25,670	16,372	25,670
Liabilities - lease with related parties	779,725	-	779,725	-
Third-party lease liability	453,050	-	453,050	-
Leases to pay	21,870	-	21,870	-
Other accounts payable	113,734	188,901	113,734	188,901
<b>Subtotal</b>	<b>3,237,702</b>	<b>2,196,914</b>	<b>3,238,358</b>	<b>2,173,878</b>
<u><b>Fair value of hedge instruments</b></u>				
Derivatives payable	58,622	135,385	58,622	135,385
<b>Subtotal</b>	<b>58,622</b>	<b>135,385</b>	<b>58,622</b>	<b>135,385</b>
<b>Total liabilities</b>	<b>3,296,324</b>	<b>2,332,299</b>	<b>3,296,980</b>	<b>2,309,263</b>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

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### 21 Management of risks and financial instruments (Continued)

	Consolidated			
	Book Value		Fair Value	
	06/30/2019	12/31/2018	Level 2 06/30/2019	Level 2 12/31/2018
<b>Assets</b>				
<u><b>Fair value through profit or loss</b></u>				
Cash and cash equivalents	329,933	512,308	329,933	512,308
Short term financial Investments	62,749	130,428	62,749	130,428
<b>Subtotal</b>	<b>392,682</b>	<b>642,736</b>	<b>392,682</b>	<b>642,736</b>
<u><b>Amortized cost</b></u>				
Trade accounts receivable	54,456	131,546	54,456	131,546
Receivables from related parties	-	6	-	6
Other accounts receivable	28,418	66,342	28,418	66,342
<b>Subtotal</b>	<b>82,874</b>	<b>197,894</b>	<b>82,874</b>	<b>197,894</b>
<u><b>Fair value of hedge instruments</b></u>				
Operations with Derivatives	107,105	68,992	107,105	68,992
<b>Subtotal</b>	<b>107,105</b>	<b>68,992</b>	<b>107,105</b>	<b>68,992</b>
<b>Total assets</b>	<b>582,661</b>	<b>909,622</b>	<b>582,661</b>	<b>909,622</b>
<b>Liabilities</b>				
<u><b>Liabilities at the amortized cost</b></u>				
Loans and financing	2,015,699	1,605,071	2,014,893	1,562,967
Suppliers	109,562	703,564	109,562	703,564
Suppliers risk drawn	60,802	-	60,802	-
Payables to related parties	548	-	548	-
Other accounts payable	120,691	206,444	120,691	206,444
Third-party lease liability	480,051	-	480,051	-
Leases to pay	22,709	-	22,709	-
Securities payable	13,685	11,567	13,685	11,567
<b>Subtotal</b>	<b>2,823,747</b>	<b>2,526,646</b>	<b>2,822,941</b>	<b>2,484,542</b>
<u><b>Fair value of hedge instruments</b></u>				
Derivatives payable	62,820	147,798	62,820	147,798
<b>Subtotal</b>	<b>62,820</b>	<b>147,798</b>	<b>62,820</b>	<b>147,798</b>
<b>Total liabilities</b>	<b>2,886,567</b>	<b>2,674,444</b>	<b>2,885,761</b>	<b>2,632,340</b>

## **21 Management of risks and financial instruments (Continued)**

a) Policy of use, objectives and strategies

The Company and its subsidiaries use derivative instruments to hedge their operating margins. The Company created a Risk Management Executive Committee in July 2008 and approved the Risk Management Policy at the meeting of its Board of Directors held on October 29, 2008. The Risk Management Executive Committee is a body linking the Board of Directors and Executive Board of the Company. Its mission is to support, on a daily basis, the decisions of the Executive Board, monitor compliance with the established risk limits and, when applicable, analyze and evaluate draft proposals for adjusting or reformulating risk policies or limits, which are subsequently submitted for consideration to the Board of Directors.

Derivative transactions are carried out with prime financial institutions (institutions in the country with a rating of at least "A" at a minimum of one of the three main international risk rating agencies, namely: Moody's, S&P and/or Fitch), respecting the risk limits and exposures to the currency, commodity and interest risk of its counterparties, on a regular basis.

b) Gains (losses) from financial instruments under parent company and consolidated shareholders' equity

Transactions involving forward contracts (NDF) and commodity swaps (see note 21.e) are set to protect the exposure of future sales in US dollars. In addition, debt swap operations are designed to protect the future exchange rate variation of dollar-denominated loans. These operations are documented for hedge accounting in accordance with CPC 48 (IFRS 9). The Company records in a specific account of shareholders' equity the effects not yet realized of these instruments contracted for own operations or contracted in the scope to cover future sales.

c) Currency risk

Derivative instruments are used to protect the sales revenues of the Company and its subsidiaries, which are subject to the volatility in the exchange rate, whose portfolio basically consists of non-deliverable forwards (NDFs) and option contracts.

These transactions are carried out directly with financial institutions, in the over-the-counter market, where there are no margin calls. The impact on the cash flow of the Company and its subsidiaries occurs only on the settlement date of the contracts. However, it should be considered that the settlement of these financial operations is associated with the receipt of sales, which are also associated with exchange variation, therefore offsetting any gains or losses on derivative instruments to hedge debt due to variations in the exchange rate.

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Notes to the quarterly information (Continued)

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### 21 Management of risks and financial instruments (Continued)

#### c) Currency risk (Continued)

To analyze the exposure to currency risk, the Business Plan is updated regularly considering the following assumptions: (I) projection of planted area; (II) projected productivity; (III) commodity prices, which are quoted in U.S. dollar, considering the average realized sales prices weighted by volume and the market prices of the volumes to be sold; and (IV) the distribution of sales in the periods analyzed. After defining the Business Plan and the measurement of the items presented above, we arrive at the total currency exposure.

Based on the cost already formed with the purchase of the main inputs (fertilizers, pesticides and seeds) and the estimate of fixed costs, the expected operating margin is determined. Accordingly, the risk management committee executes the parameters described in the risk management policy in order to reduce the standard deviation of the operating margin defined as the target.

The following table shows the positions of the Company and its subsidiaries, with the nominal and fair values of each instrument contracted, as follows:

Description	Reference value (notional)			Fair Value (MTM)		
	Currency	06/30/2019	12/31/2018	Currency	06/30/2019	12/31/2018
<b>Forward Contracts (NDF):</b>						
<b>Foreign currency - Short position</b>						
Maturity in 2019	USD	207,590	390,178	R\$	(39,024)	(117,490)
Maturity in 2020	USD	281,792	56,630	R\$	8,596	(7,395)
Maturity in 2021	USD	28,150	-	R\$	3,201	-
<b>TOTAL</b>	<b>USD</b>	<b>517,532</b>	<b>446,808</b>	<b>R\$</b>	<b>(27,227)</b>	<b>(124,885)</b>

The following table provides details on the maturity schedule of derivative transactions and deferred exchange variation, which are classified under hedge accounting:

Maturity	Currency	Forward Contracts (NDF)
Up to 09/30/2019	R\$	(10,463)
Up to 12/31/2019	R\$	(28,561)
Up to 03/31/2020	R\$	(1,717)
Up to 06/30/2020	R\$	2,765
Up to 09/30/2020	R\$	986
Up to 12/31/2020	R\$	6,562
Up to 03/31/2021	R\$	2,580
Up to 06/30/2021	R\$	621
<b>TOTAL</b>	<b>R\$</b>	<b>(27,227)</b>

(\*) Amounts of exchange variation classified as hedge accounting. The maturity of the reference amount (Notional) is presented in note 14.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

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### 21 Management of risks and financial instruments (Continued)

#### c) Currency risk (Continued)

The following table provides a breakdown of currency derivatives by counterparty (of the Company and its subsidiaries):

Description	Reference value (notional)			Fair Value		
	Currency	06/30/2019	12/31/2018	Currency	06/30/2019	12/31/2018
Banco Itaú BBA S/A	USD	110,370	67,180	R\$	(1,708)	(16,446)
Citibank S/A	USD	17,900	-	R\$	477	-
Banco Safra S.A.	USD	6,075	10,150	R\$	12	(1,357)
Banco BNP Paribas Brasil S.A.	USD	17,000	37,674	R\$	(6,196)	(16,763)
Banco Bradesco S/A	USD	32,345	5,320	R\$	742	638
Banco Votorantim S/A	USD	65,090	62,272	R\$	(4,201)	(19,991)
Morgan Stanley S/A	USD	58,280	70,600	R\$	(1,279)	(16,036)
Banco J.P. Morgan S/A	USD	30,650	33,100	R\$	(3,581)	(7,102)
Banco Santander Brasil S/A	USD	92,272	97,390	R\$	(8,060)	(30,277)
Banco ABC Brasil S.A.	USD	15,730	18,252	R\$	(1,884)	(8,507)
Rabobank International Brasil S.A.	USD	63,820	38,670	R\$	(1,285)	(8,269)
Banco BTG Pactual S.A.	USD	8,000	6,200	R\$	(264)	(775)
<b>Total</b>	<b>USD</b>	<b>517,532</b>	<b>446,808</b>	<b>R\$</b>	<b>(27,227)</b>	<b>(124,885)</b>

The following criteria were used to determine the fair value of forward contracts (NDF): the future dollar curve published by B3 ([www.b3.com.br](http://www.b3.com.br)) at the close of each period. Based on this information, the adjustment projected at the maturity of each operation is discounted by the DI x Pre B3 ([www.b3.com.br](http://www.b3.com.br)) interest curve closing each period.

#### *Risks of exchange rate variation*

The Company projected the potential impact from transactions designed to hedge exchange variation and dollar-denominated debt under five different scenarios for fiscal years 2019, 2020 and 2021, as follows:

- Probable Scenario: based on the "Market Readout" published by the Central Bank of Brazil on June 28, 2019, our probable scenario incorporates a Brazilian real/U.S. dollar exchange rate of R\$3.8000, which varies from the PTAX rate on June 28, 2019 of R\$3.8642.
- Decrease of 25% in the exchange rate: under this scenario, transactions are settled at an exchange rate of R\$ 2.8500, which is 25% lower than the exchange rate under the Probable Scenario.
- Decrease of 50% in the exchange rate: under this scenario, transactions are settled at an exchange rate of R\$ 1.9000, which is 50% lower than the exchange rate under the Probable Scenario.
- Increase of 25% in the exchange rate: under this scenario, transactions are settled at an exchange rate of R\$ 4.7500 which is 25% higher than the exchange rate under the Probable Scenario.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

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### 21 Management of risks and financial instruments (Continued)

#### c) Currency risk (Continued)

- Increase of 50% in the exchange rate: under this scenario, transactions are settled at an exchange rate of R\$ 5.7000, which is 50% higher than the exchange rate under the Probable Scenario.

The following table provides a summary of the impacts on the parent company under each scenario projected:

Description	Parent Company				
	Remote scenario Quotation R\$ 1.9000	Possible scenario Quotation R\$ 2.8500	Probable scenario Quotation R\$ 3.8000	Possible scenario Quotation R\$ 4.7500	Remote scenario Quotation R\$ 5.7000
<b>Year 2019</b>					
Highly probable estimated revenue in USD (1)	(341,603)	(170,801)	11,543	170,801	341,603
Estimated commitments in USD (2)	88,502	44,251	(2,990)	(44,251)	(88,502)
Forward Contracts (NDF) (3)	248,520	124,260	(8,397)	(124,260)	(248,520)
<b>Net exposure in USD (1)-(2)-(3)-(4)</b>	<b>(4,581)</b>	<b>(2,290)</b>	<b>156</b>	<b>2,290</b>	<b>4,581</b>
<b>Year 2020</b>					
Highly probable estimated revenue in USD (1)	(953,608)	(476,804)	32,222	476,804	953,608
Estimated commitments in USD (2)	225,340	112,670	(7,614)	(112,670)	(225,340)
Forward Contracts (NDF) (3)	249,964	124,982	(8,446)	(124,982)	(249,964)
<b>Net exposure in USD (1)-(2)-(3)</b>	<b>(478,304)</b>	<b>(239,152)</b>	<b>16,162</b>	<b>239,152</b>	<b>478,304</b>
<b>Year 2021</b>					
Highly probable estimated revenue in USD (1)	(438,015)	(219,007)	14,800	219,007	438,015
Estimated commitments in USD (2)	26,410	13,205	(892)	(13,205)	(26,410)
Forward Contracts (NDF) (3)	26,125	13,063	(883)	(13,063)	(26,125)
<b>Net exposure in USD (1)-(2)-(3)</b>	<b>(385,480)</b>	<b>(192,739)</b>	<b>13,025</b>	<b>192,739</b>	<b>385,480</b>
<b>Total</b>	<b>(868,365)</b>	<b>(434,181)</b>	<b>29,343</b>	<b>434,181</b>	<b>868,365</b>

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Notes to the quarterly information (Continued)

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## 21 Management of risks and financial instruments (Continued)

### c) Currency risk (Continued)

*Risks of exchange rate variation (Continued)*

Consolidated					
Description	Remote scenario Quotation R\$ 1.9000	Possible scenario Quotation R\$ 2.8500	Probable scenario Quotation R\$ 3.8000	Possible scenario Quotation R\$ 4.7500	Remote scenario Quotation R\$ 5.7000
<b>Year 2019</b>					
Highly probable estimated revenue in USD (1)	(410,501)	(205,250)	13,871	205,250	410,501
Estimated commitments in USD (2)	108,756	54,378	(3,675)	(54,378)	(108,756)
Forward Contracts (NDF) (3)	285,665	142,833	(9,652)	(142,833)	(285,665)
<b>Net exposure in USD (1)-(2)-(3)</b>	<b>(16,080)</b>	<b>(8,039)</b>	<b>544</b>	<b>8,039</b>	<b>16,080</b>
<b>Year 2020</b>					
Highly probable estimated revenue in USD (1)	(1,213,469)	(606,735)	41,002	606,735	1,213,469
Estimated commitments in USD (2)	251,826	125,913	(8,509)	(125,913)	(251,826)
Forward Contracts (NDF) (3)	283,579	141,789	(9,582)	(141,789)	(283,579)
<b>Net exposure in USD (1)-(2)-(3)</b>	<b>(678,064)</b>	<b>(339,033)</b>	<b>22,911</b>	<b>339,033</b>	<b>678,064</b>
<b>Year 2021</b>					
Highly probable estimated revenue in USD (1)	(492,404)	(246,202)	16,638	246,202	492,404
Estimated commitments in USD (2)	27,360	13,680	(924)	(13,680)	(27,360)
Forward Contracts (NDF) (3)	26,125	13,063	(883)	(13,063)	(26,125)
<b>Net exposure in USD (1)-(2)-(3)</b>	<b>(438,919)</b>	<b>(219,459)</b>	<b>14,831</b>	<b>219,459</b>	<b>438,919</b>
<b>Total</b>	<b>(1,133,063)</b>	<b>(566,531)</b>	<b>38,286</b>	<b>566,531</b>	<b>1,133,063</b>

The following table presents the net exposure to currency risk:

	Parent company			
	06/30/2019		12/31/2018	
	Amount in Reais (R\$)	Amount in Dólares (USD)	Amount in Reais (R\$)	Amount in Dólares (USD)
Trade accounts receivable (note 5)	6,806	1,761	105,704	27,280
Suppliers	(16,764)	(4,338)	(229,606)	(59,254)
Trade Finance (Indebtedness in Dollars)	-	-	(48,435)	(12,500)
<b>Net exposure of the shareholders' equity</b>	<b>(9,958)</b>	<b>(2,577)</b>	<b>(172,337)</b>	<b>(44,474)</b>

	Consolidated			
	06/30/2019		12/31/2018	
	Amount in Reais (R\$)	Amount in Dólares (USD)	Amount in Reais (R\$)	Amount in Dólares (USD)
Trade accounts receivable (note 5)	15,055	3,896	117,506	30,326
Suppliers	(26,844)	(6,947)	(281,315)	(72,599)
Trade Finance (Indebtedness in Dollars)	-	-	(48,435)	(12,500)
<b>Net exposure of the shareholders' equity</b>	<b>(11,789)</b>	<b>(3,051)</b>	<b>(212,244)</b>	<b>(54,773)</b>

**21 Management of risks and financial instruments (Continued)****d) Price risk**

Most of the protection against variations in commodity prices is obtained via sales directly with our clients involving future physical delivery (forward contracts). We also use futures and options contracts traded on the stock exchange and financial transactions involving swap and options contracts with financial institutions in the over-the-counter market. These transactions are negotiated based on the commodity prices quoted in the futures market. All transactions are related to the net exposure of the production of the Company and its subsidiaries, so that all transactions have an underlying physical product. The transactions carried out on the stock exchange must have initial margins available and adjustments are made on a daily basis based on the variation in the reference price. Meanwhile, transactions carried out with financial institutions do not require initial margins, since these transactions are secured by a credit limit pre-approved by the financial institutions.

The following table shows the derivative instruments contracted to hedge against commodity price variation, whose effects were recorded under shareholders' equity given their treatment as hedge accounting.

Description	Reference value (notional)			Fair value		
	Currency	06/30/2019	12/31/2018	Currency	06/30/2019	12/31/2018
<b>Year of Maturity at 2019</b>						
<b>Financial operations</b>						
Commodities - Cotton	USD	48,386	4,795	R\$	31,081	18,579
<b>Subtotal</b>	USD	48,386	4,795	R\$	31,081	18,579
<b>Year of Maturity at 2020</b>						
<b>Financial operations</b>						
Commodities - Cotton	USD	22,833	1,295	R\$	12,750	5,017
<b>Subtotal</b>	USD	22,833	1,295	R\$	12,750	5,017
<b>Total</b>	USD	71,219	6,090	R\$	43,831	23,596

***Commodity price risk***

The Company projected the potential impact from variations in soybean and cotton prices under five scenarios for fiscal years 2019 and 2020, as follows:

- Probable Scenario: based on the closing quote on June 30, 2019 of the reference futures contract on the stock exchange where the product is priced.
- Decrease of 25% in the price of the reference futures contract on the stock exchange where the product is priced.
- Decrease of 50% in the price of the reference futures contract on the stock exchange where the product is priced.
- Increase of 25% in the price of the reference futures contract on the stock exchange where the product is priced.
- Increase of 50% in the price of the reference futures contract on the stock exchange where the product is priced.

## 21 Management of risks and financial instruments (Continued)

### d) Price risk (Continued)

#### *Commodity price risk (Continued)*

The evaluation of price sensitivity considers as exposure the total estimated revenue (highly probable sales revenue) and the total hedge instruments contracted, which generally are represented by the future sales of agricultural products in relation to the exposure of these same items sold (hedged highly probable sales revenue).

The following table presents a summary of the impacts under each projected scenario translated into Brazilian real based on the PTAX (R\$ 3.8642) on June 28, 2019:

Description	Income variation highly to price scenarios				
	Remote scenario -50%	Possible scenario -25%	Probable scenario	Possible scenario + 25%	Remote scenario +50%
<b>Cotton - Year 2019</b>					
Highly probable income	1,173,847	1,194,567	1,215,287	1,236,007	1,256,727
Highly probable income protected	1,132,407	1,132,407	1,132,407	1,132,407	1,132,407
Net exposure	41,440	62,160	82,880	103,600	124,320
Change in net exposure	(41,440)	(20,720)	-	20,720	41,440
<b>Soybean - Year 2019</b>					
Highly probable income	947,308	966,771	986,234	1,005,697	1,025,160
Highly probable income protected	908,382	908,382	908,382	908,382	908,382
Net exposure	38,926	58,389	77,852	97,315	116,778
Change in net exposure	(38,926)	(19,463)	-	19,463	38,926
<b>Cotton - Year 2020</b>					
Highly probable income	789,076	1,041,079	1,293,082	1,545,085	1,797,088
Highly probable income protected	285,070	285,070	285,070	285,070	285,070
Net exposure	504,006	756,009	1,008,012	1,260,015	1,512,018
Change in net exposure	(504,006)	(252,003)	-	252,003	504,006
<b>Soybean - Year 2020</b>					
Highly probable income	523,011	625,457	727,903	830,349	932,795
Highly probable income protected	318,119	318,119	318,119	318,119	318,119
Net exposure	204,892	307,338	409,784	512,230	614,676
Change in net exposure	(204,892)	(102,446)	-	102,446	204,892

### e) Interest risk

A portion of the Company's debt is indexed to floating interest rates. The floating interest rates to which our debt is indexed are the Long-Term Interest Rate (TJLP), which is used for financing transactions with the Brazilian Development Bank (BNDES), and the London Interbank Offered Rate (LIBOR), which are used for international loans.

**21 Management of risks and financial instruments (Continued)**e) Interest risk (Continued)

In order to hedge foreign exchange variation on loans, financings and suppliers, the Company carries out hedge instruments through swap operations with first-tier financial institutions. These operations consist of an exchange rate variation and interest rates prefixed by interest rate in CDI plus Prefixed Rate (passive position). The value of the principal (notional) and maturity of the swap transaction is identical to the debt flow, object of the hedge. This eliminates the risk of currency fluctuation.

The following table presents details on the interest rate swap transactions and debt indexed:

Counterparty	Hedge instrument	Hedged object	MTM	Financial Income	Shareholders' equity
Tokio-Mitsubishi	Swap of R\$ 53MM (Assets VC / Liability CDI+Pré)	Debit of USD 20MM interest of 3.12% yy.	23,617	37,184	(13,567)
Itaú	Swap de R\$ 100MM (Assets VC / Liability CDI+Pré)	Debit of USD 26,6MM interest of 4.37% yy.	3,996	2,905	1,091
Rabobank	Swap de R\$ 30MM (Assets VC / Liability CDI+Pré)	Debit of EUR 6,9MM interest of 1.11% yy.	58	(102)	160
Rabobank	Swap de R\$ 5MM (Assets VC / Liability CDI+Pré)	Debit of EUR 1,15MM interest of 1.11% yy.	10	(17)	27
			<b>27,681</b>	<b>39,970</b>	<b>(12,289)</b>

*Risk of variations in interest rates*

To verify the sensitivity of the Company's debt indexers on the base date of June 30, 2019, five different scenarios were defined. Based on the "Market Readout" published by the Central Bank of Brazil on June 28, 2019, we defined the indices for the CDI and Foreign Exchange, and for LIBOR, we considered the future curve on the B3Bovespa also of June 28, 2019, and for TJLP we considered the rate valid on the closing date of the fiscal year. Based on this information, we defined the Probable Scenario for the analysis and calculated variations of 25% and 50%. The gross financial expense or income were considered for each scenario, excluding the taxes levied and the flow of debt maturities and financial investment redemptions scheduled for 2019. The portfolio's base date was June 30, 2019, with the projection of the indexers for one year and the verification of their sensitivity under each scenario.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 21 Management of risks and financial instruments (Continued)

#### e) Interest risk (Continued)

##### *Risk of variations in interest rates (Continued)*

The following table provides a summary of the impacts in the next 12 months under each scenario:

	Interest rate *	Balance on 06/30/2019	Decrease of 50%	Decrease of 25%	Probable Scenario	Increase of 25%	Increase of 50%
<b>Debt in Reais - Prefixed rate</b>							
Rural credit	6.11%	142,896	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	5.91%	210,496	N/A	N/A	N/A	N/A	N/A
BNDES	5.31%	77,490	N/A	N/A	N/A	N/A	N/A
Export financing	6.50%	214,882	N/A	N/A	N/A	N/A	N/A
<b>Debt in Reais – Post-fixed rate</b>							
BNDES	UMBDES	4,590	(218)	(273)	(328)	(383)	(438)
Working Capital	113.87% CDI	135,104	(5,451)	(7,612)	(9,774)	(11,936)	(14,097)
Export financing	112.33% CDI	455,821	(17,966)	(25,259)	(32,552)	(39,845)	(47,138)
CRA	100.25%CDI	561,838	(18,064)	(27,054)	(36,043)	(45,032)	(54,022)
<b>Debits in Dólares</b>							
PPE	3.12% y. y	79,075	N/A	N/A	N/A	N/A	N/A
NCE	4.17% y. y	105,653	N/A	N/A	N/A	N/A	N/A
<b>Debits in Dólares</b>							
NCE	1.11% y. y	5,065	N/A	N/A	N/A	N/A	N/A
NCE	1.11% y. y	30,390	N/A	N/A	N/A	N/A	N/A
<b>Swaps - Debits in Dólares</b>							
Swap VC x CDI + PRÉ**	Assets: 3.12% y.y. Liability: CDI + 0.921% y. y	23,617	(973)	(1,351)	(1,729)	(2,107)	(2,485)
Swap VC x CDI + PRÉ**	Assets: 4.37 % y.y Liability: CDI+0.50%	3,995	(148)	(212)	(276)	(340)	(404)
Swap VC x CDI + PRÉ**	Assets: 1.11% y. y Liability: CDI + 0.75% y. y	10	-	(1)	(1)	(1)	(1)
Swap VC x CDI + PRÉ**	Assets: 1.11% y.y. Liability: CDI + 0.75% y. y	58	(2)	(3)	(4)	(5)	(6)
<b>Interest earnings bank deposits</b>							
CDB and debentures	99.41% CDI	391,528	12,455	18,682	24,910	31,137	37,365

(\*) Average annual rates.

(\*\*) Amounts refer to the calculation of the adjustment of the transaction on June 30, 2019.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 21 Management of risks and financial instruments (Continued)

#### f) Credit risk

A substantial portion of the sales of the Company and its subsidiaries sales are made to select and highly qualified clients: trading, textile and other companies that typically acquire high volumes to guarantee local and international trading. Credit risk is managed by specific rules for accepting clients, by analyzing their credit worthiness and by setting limits for exposure per client. Historically, the Company and its subsidiaries have not registered significant losses in trade accounts receivable.

In view of the aforementioned, the credit risk assumed is not material. The Company considers the balance of trade accounts receivable as exposed to this risk. On June 30, 2019, this balance was R\$30,550 at the parent company and R\$54,456 at the consolidated level (R\$ 115,839 at the parent company and R\$ 131,546 at the consolidated level on December 31, 2018).

#### g) Liquidity risk

The gross outflows shown in the following table represent the flows of undiscounted contractual cash flows related to derivative and nonderivative financial liabilities held to hedge against risks and that normally are not closed before the contractual maturity. The table presents net cash flows for cash derivatives settled by net exposure and gross cash outflows for derivatives with simultaneous gross settlement.

	Book Value	Contractual cash flow	Parent company					
			up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
<b>June 30, 2019</b>								
<b>Financial liabilities</b>								
<b>Non Derivatives</b>								
Loans and financing	<b>1,707,770</b>	1,855,766	803,344	613,539	259,815	157,918	6,797	14,353
Suppliers	<b>87,262</b>	87,262	87,262	-	-	-	-	-
Suppliers risk drawn	<b>57,919</b>	57,919	57,919	-	-	-	-	-
Lease liabilities	<b>1,232,775</b>	2,145,113	186,822	182,441	182,215	181,623	148,563	1,263,449
	<b>3,085,726</b>	4,146,060	1,135,347	795,980	442,030	339,541	155,360	1,277,802
<b>Derivatives</b>								
Operations with Derivatives	<b>(38,360)</b>	(38,060)	(22,645)	(15,415)	-	-	-	-
	<b>(38,360)</b>	(38,060)	(22,645)	(15,415)	-	-	-	-
	<b>3,047,366</b>	4,108,001	1,112,702	780,565	442,030	339,541	155,360	1,277,802

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

## 21 Management of risks and financial instruments (Continued)

### g) Liquidity risk (Continued)

June 30, 2019	Consolidated							
	Book Value	Contractual cash flow	up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
<b>Financial liabilities</b>								
<b>Non Derivatives</b>								
Loans and financing	2,015,699	2,192,664	907,729	733,467	356,141	163,826	11,890	19,611
Suppliers	109,562	109,562	109,562	-	-	-	-	-
Suppliers risk drawn	60,802	60,802	60,802	-	-	-	-	-
Securities payable	13,685	13,685	13,685	-	-	-	-	-
Lease liabilities	480,051	686,268	109,978	95,588	95,362	93,806	60,746	230,788
	<b>2,679,799</b>	3,062,981	1,201,756	829,055	451,503	257,632	72,636	250,399
<b>Derivatives</b>								
Operations with Derivatives	(44,285)	(44,285)	(27,945)	(16,272)	(68)	-	-	-
	<b>(44,285)</b>	(44,285)	(27,945)	(16,272)	(68)	-	-	-
	<b>2,635,514</b>	3,018,695	1,173,811	812,783	451,435	257,632	72,636	250,399

The cash flows included in the maturity analysis are not expected to occur significantly earlier or in different amounts.

On February 22, 2019, S&P Global Ratings published the Company's corporate rating, classifying it as AA- in the national scale category (Brazil).

### h) Summary of outstanding derivative transactions

The following table presents the consolidated derivative instruments of the Company that are reflected under assets and liabilities:

Description	Currency	Reference value (notional)		Currency	Fair value recorded in assets		Fair value recorded in liabilities	
		06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019	12/31/2018
<b>Hedge operations for exchange rates</b>								
Non Deliverable Forwards - 21.c	USD	517,532	446,808	R\$	21,042	3,910	48,269	128,795
Trade Finance Contracts* - 21.c	USD	-	12,500	R\$	-	-	-	24,163
<b>Subtotal</b>	<b>USD</b>	<b>517,532</b>	<b>459,308</b>	<b>R\$</b>	<b>21,042</b>	<b>3,910</b>	<b>48,269</b>	<b>152,958</b>
<b>Hedge operations for products</b>								
Cotton - Financial operations 21. d	USD	71,219	6,090	R\$	58,281	37,839	14,450	14,243
<b>Subtotal</b>	<b>USD</b>	<b>71,219</b>	<b>6,090</b>	<b>R\$</b>	<b>58,281</b>	<b>37,839</b>	<b>14,450</b>	<b>14,243</b>
<b>Hedge operations for input</b>								
Swap VC+Pré x CDI+Pré	USD	46,666	56,666	R\$	27,714	27,243	101	4,760
<b>Subtotal</b>	<b>USD</b>	<b>46,666</b>	<b>56,666</b>	<b>R\$</b>	<b>27,714</b>	<b>27,243</b>	<b>101</b>	<b>4,760</b>
<b>Hedge operations for input</b>								
Swap VC+Pré x CDI+Pré	USD	8,046	-	R\$	68	-	-	-
<b>Subtotal</b>	<b>USD</b>	<b>8,046</b>	<b>-</b>	<b>R\$</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>643,463</b>	<b>522,064</b>	<b>R\$</b>	<b>107,105</b>	<b>68,992</b>	<b>62,820</b>	<b>171,961</b>
<b>Portion classified in current assets</b>				<b>R\$</b>	<b>90,760</b>	<b>60,222</b>	<b>62,815</b>	<b>139,866</b>
<b>Portion in noncurrent liabilities</b>				<b>R\$</b>	<b>16,345</b>	<b>8,770</b>	<b>5</b>	<b>7,932</b>

(\*) Deferred value in shareholders' equity ("hedge accounting") as a contra entry ACC, NCE, PPE to accounts of loans group.

## 21 Management of risks and financial instruments (Continued)

### i) Gains/losses on derivative transactions

The following table presents the consolidated gains and losses on derivative transactions in the year, grouped by the main risk categories:

		Gains and losses recorded in the income				Gains and Losses recorded in shareholders' equity	
		Allocated in the gross income at		Allocated in the financial income at			
Description	Currency	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	12/31/2018
<b>Foreign exchange hedge operations</b>							
Non deliverable forwards	R\$	(57,068)	11,393	-	-	(37,268)	(125,065)
Trade Finance Contracts	R\$	(24,050)	(18,359)	-	-	-	(24,163)
<b>Sub-total</b>	<b>R\$</b>	<b>(81,118)</b>	<b>(6,966)</b>	<b>-</b>	<b>-</b>	<b>(37,268)</b>	<b>(149,228)</b>
<b>Hedge operations for commodities</b>							
Agricultural commodities swap							
Cotton	R\$	5,834	(12,441)	-	-	46,323	23,389
<b>Sub-total</b>	<b>R\$</b>	<b>5,834</b>	<b>(12,441)</b>	<b>-</b>	<b>-</b>	<b>46,323</b>	<b>23,389</b>
<b>Interest Hedge Transactions</b>							
Swap VC+Pré x Pré	R\$	-	-	-	-	-	-
Swap VC+Pré x CDI+Pré	R\$	-	-	(2,251)	29,556	(12,289)	(15,278)
<b>Sub-total</b>	<b>R\$</b>	<b>-</b>	<b>-</b>	<b>(2,251)</b>	<b>29,556</b>	<b>(12,289)</b>	<b>(15,278)</b>
		<b>(75,284)</b>	<b>(19,407)</b>	<b>(2,251)</b>	<b>29,556</b>	<b>(3,234)</b>	<b>(141,117)</b>

### j) Management of capital stock

The main purpose of the management of capital stock is to ensure the continuity of the Company's business by adopting a policy of maintaining a low level of leverage to protect its capital stock from changes in the government's economic policy and to maximize value for shareholders.

The Company manages its capital structure and adjusts it in accordance with changes in the country's economic conditions. To maintain or adjust its capital structure, the Company may adjust its policy for distributing dividends to shareholders.

There was no change in dividend policy, in the Company's objectives, policies or capital management processes for the year ended June 30, 2019.

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Short and long-term loans and financing	1,707,770	1,396,013	2,015,699	1,605,071
(-) Cash and cash equivalents and short-term interest earnings bank deposits	(295,027)	(514,771)	(392,682)	(642,736)
Gains and losses on derivatives linked to investments and debt	(27,613)	(22,483)	(27,681)	(22,483)
Net debt	1,385,130	858,759	1,595,336	939,852
Shareholders' equity	2,863,983	2,598,168	3,080,439	2,794,753
Financial leverage index	48.35%	33.04%	51.78%	33.62%

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 22 Share-based payments

#### a) Stock option plan

In the Extraordinary Shareholders' Meeting held on May 23, 2007, the Company's shareholders approved a stock option plan to take effect on June 15, 2007, for the Company's officers and managers. The plan is managed by the Management Committee, which was created by the Board of Directors on May 23, 2007.

The stock option plan is limited to a maximum number of options that results in the dilution of 3% of the Company's capital stock on the creation date of each Annual Program. Dilution corresponds to the percentage represented by the number of shares underlying the options divided by the total number of shares issued by the Company.

The beneficiaries of the Stock Option Plan may exercise their options within 5 years as from the respective grant date. The vesting period is up to three years, with 30% vested as from the first anniversary, 60% as from second anniversary and 100% as from the third anniversary. The Company has 30 days to issue the shares as from the delivery date of the Declaration of Exercise of the Stock Option Plan.

In meetings of the Board of Directors the following grants were approved:

Grant date	Plan	Number of shares granted
11/09/2011	2011	899,000
11/13/2012	2012	809,000
11/13/2013	2013	933,000
05/06/2015	2014	770,000
11/11/2015	2015	393,000
11/08/2016	2016	363,500
11/08/2017	2017	373,000
11/13/2018	2018	195,893

The changes in the shares granted in the Annual Program for 2015, 2016, 2017 and 2018 the respective exercise prices in Brazilian real are shown below:

ant year	Strike price - R\$	Balance in 12/31/2018	Split of shares	Exercised	Balance in 06/30/2019
2015	R\$ 13.79	126,600	126,600	(73,110)	180,090
2016	R\$ 11.64	224,370	224,250	(28,620)	420,000
2017	R\$ 18.02	365,810	363,150	(27,660)	701,300
2018	R\$ 46.25	195,893	195,893	-	391,786
		912,673	909,893	(129,390)	1,693,176

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 22 Share-based payments (Continued)

#### a) Stock option plan (Continued)

Grant year	Strike price - R\$	Quantity of shares				Balance in 12/31/2018
		Balance in 12/31/2017	Granted	Canceled	Exercised	
2011	R\$ 16.24	480,600	-	(480,600)	-	-
2015	R\$ 12.31	261,300	-	-	(261,300)	-
2015	R\$ 13.79	244,600	-	-	(118,000)	126,600
2016	R\$ 11.64	330,550	-	-	(106,180)	224,370
2017	R\$ 18.02	373,000	-	-	(7,190)	365,810
2018	R\$ 46.25	-	195,893	-	-	195,893
		1,690,050	195,893	(480,600)	(492,670)	912,673

The Company canceled the balance of 480,600 shares of the 2011 Annual Program, due to the exercise deadline.

The exercise price of the 2012, 2014, 2015, 2016, 2017 and 2018 Annual Programs were set based on the average of the 90 closing prices of the Company's shares on Bovespa, prior to approval of the plan, with a 20% discount. The 2013 Annual Program, the discount rate used was 15%.

The exercise price of the Annual Program for 2011 also was determined based on the average quote of the Company's stock in the 90 trading sessions on the BM&FBovespa prior to the plan's approval, though without any discount.

The vesting periods as from the grant date are as follows:

Grace periods beginning as of grant date	% of options released to be exercised	Maximum quantity of shares
As from- 11/08/2018	30%	512,790
As from- 11/08/2019	59%	1,002,990
As from- 11/13/2019	66%	1,120,526
As from- 11/08/2020	84%	1,418,926
As from- 11/12/2020	91%	1,536,462
As from- 11/12/2021	100%	1,693,176

The Company recognizes the cost of the stock option plan based on the fair value of the options granted, considering their fair value on the grant date. The model used to price the fair value of options is Black-Scholes up to the 2015, 2017 and 2018 plan. The 2016 plan was priced by the Binomial model. For the determination of the fair value of the stock option plans, the Company adopts the "Level 3" valuation technique.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

## 22 Share-based payments (Continued)

### a) Stock option plan (Continued)

The weighted average fair value, the premiums considered and the economic assumptions adopted for the calculation under the model are presented in the following table:

	2011	2012	2013	2014	2015	2016	2017	2018
Weighted average fair value	R\$ 21.75	R\$ 23.66	R\$ 24.47	R\$ 19.94	R\$ 21.36	R\$ 17.20	R\$ 18.02	R\$ 46.25
Awards	R\$ 5.51	R\$ 6.57	R\$ 7.15	R\$ 7.63	R\$ 7.57	R\$ 5.56	R\$ 6.93	R\$ 18.16
Dividends	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Volatility of share price	39.90%	36.56%	31.05%	31.80%	33.44%	32.39%	32.39%	36.80%
Risk-free rate of return								
1st maturity	9.98%	7.31%	10.78%	13.70%	15.41%	12.27%	7.12%	6.95%
2nd maturity	10.16%	7.90%	11.64%	13.41%	15.72%	11.49%	8.30%	8.01%
3rd maturity	10.46%	8.38%	11.95%	13.20%	15.78%	11.27%	9.18%	8.86%
Period expected up to the maturity								
1st maturity	365	365	365	366	366	366	365	365
2nd maturity	730	730	730	733	731	731	730	730
3rd maturity	1,097	1,095	1,096	1,097	1,096	1,096	1,095	1,095

### *Reconciliation of outstanding stock options*

The number and weighted average of the exercise prices of the stock options in connection with the stock option program are shown in the following table:

	Weighted average of the exercise	Number of options	Weighted average of the exercise	Number of options
	06/30/2019	06/30/2019	12/31/2018	12/31/2018
Outstanding at January 1	R\$39.51	912,673	R\$19.65	1,690,050
Granted during the period	-	-	R\$46.25	195,893
Exercised during the period	R\$14.22	(129,390)	R\$12.60	(492,670)
Canceled during the period	-	-	R\$16.24	(480,600)
Outstanding	R\$43.69	783,283	R\$39.51	912,673
Exercisable	R\$14.63	1,120,526	R\$14.57	626,348

The options outstanding on June 30, 2019 have an exercise price in the range from R\$ 39.51 to R\$ 14.63 (R\$ 19.65 to R\$ 14.57 on December 31, 2018).

The weighted average share price on the vesting date for the stock options exercised in the year ended June 30, 2019 was R\$14.22 (R\$12.60 in the year ended December 31, 2018).

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 22 Share-based payments (Continued)

#### b) Restricted Share Plan

The meeting of the Board of Directors, which was held on April 29, 2015, approved the Restricted Share Plan for 2015. The plan is managed by the Management Committee, which was created by the Board of Directors on May 23, 2007.

The total number of restricted shares that may be granted annually in connection with the plan, considering the sum of all active programs, shall not exceed one percent (1%) of the shares representing the total capital stock of the Company.

The beneficiaries of the Restricted Share Plan acquired the rights to the restricted shares to the extent that they remained a manager or employee of the Company or its subsidiaries, for the period from the grant date to the specified dates. The vesting period is up to three years, with 30% vested as from the first anniversary, 60% as from second anniversary and 100% as from the third anniversary.

Until the restricted shares are fully vested, the beneficiaries may not pledge, sell, assign or transfer, directly or indirectly, the restricted shares. Once the conditions established are satisfied and observing the applicable legal and regulatory requirements, which include, but are not limited to, obtaining authorization from the Securities and Exchange Commission of Brazil (CVM) for the private transfer of the shares, the Company shall transfer to the beneficiary the respective restricted shares, by means of a declaration of transfer of registered shares in the Company on the system of the agent responsible for the bookkeeping of the shares issued by the Company, without any cost to the beneficiary.

At a meeting of the Board of Directors held on November 11, 2015, November 08, 2016 November 08, 2017 and November, 13, 2018, the Restricted Stock Granting Programs of 2015, 2016, 2017 and 2018 and with grant of 98,250, 90,875, 93,375 and 48,973 shares.

Grant year	Strike price - R\$	Quantity of shares	
		Balance on 12/31/2018	Balance on 06/30/2019
2016	R\$ 15.10	31,250	<b>31,250</b>
2017	R\$ 18.02	61,075	<b>61,075</b>
2018	R\$ 54.60	48,973	<b>48,973</b>
		141,298	<b>141,298</b>

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 22 Share-based payments (Continued)

#### b) Restricted Share Plan (Continued)

In compliance with CPC 10 (R1), based on the vesting periods presented, the company recognized under net income the amounts from the restricted share plan due to the expiration of the vesting period, with an offsetting entry under shareholders' equity in a specific item of the capital reserve. The expenses with contributions to the INSS and FGTS systems were recorded in an offsetting entry under current liabilities, in a specific item under labor obligations, as shown below:

	Plan of restricted shares			
	06/30/2019		06/30/2018	
Expense	R\$	1,110	R\$	818
INSS Expense	R\$	22	R\$	557
FGTS Expense	R\$	23	R\$	457

In compliance with CPC 10 (R1) and based on the vesting periods presented, the Company recognized in the profit of loss the amounts with the stock option plan in accordance with the vesting period, with an offsetting entry under shareholders' equity in a specific item of the capital reserve, the amount of R\$2,626 (expense) on June 30, 2019 (R\$2,242 on June 30, 2018).

### 23 Net sales revenue

We present below the gross operating revenue:

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Gross operating income	879,926	760,459	1,065,486	918,107
Sale of goods	951,020	781,483	1,140,770	937,514
Income (loss) from hedge operations	(71,094)	(21,024)	(75,284)	(19,407)
Deductions, taxes and contributions	(29,619)	(25,076)	(33,595)	(30,402)
Net operating income	850,307	735,383	1,031,891	887,705

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 24 Nature of expenses

The Company's income statement is presented by function. The following is a breakdown of expenses by nature.

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
<b>Expenses according to the role</b>				
Cost of goods sold	(788,540)	(692,784)	(925,805)	(799,483)
Sales expenses	(49,614)	(33,770)	(57,468)	(41,324)
General and administrative expenses	(42,595)	(33,761)	(46,655)	(37,429)
Other operating expenses	(1,942)	(1,798)	(2,941)	(2,793)
	<b>(882,691)</b>	<b>(762,113)</b>	<b>(1,032,869)</b>	<b>(881,029)</b>
<b>Expenses per type</b>				
Depreciation and amortization	(29,181)	(28,992)	(42,134)	(40,878)
Personnel expenses	(109,101)	(90,927)	(126,285)	(108,701)
Raw material and material	(420,421)	(404,245)	(523,094)	(451,670)
Rents and leases	(63,008)	-	(32,552)	-
CPV biological asset variation	(241,658)	(223,852)	(286,183)	(262,637)
Freight	(17,380)	(12,299)	(19,106)	(14,051)
Other expenses	(1,942)	(1,798)	(3,515)	(3,092)
	<b>(882,691)</b>	<b>(762,113)</b>	<b>(1,032,869)</b>	<b>(881,029)</b>

### 25 Reporting by segment

The Group has two (2) reportable segments, as described below, which are its strategic business units. The strategic business units offer different products and services. For each one, Management analyses the internal reports at least once in each quarter. The following summary describes the operations of each of the Group's reportable segments:

- Agricultural production segment: cultivation of primarily cotton, soybean and corn.
- Land portfolio segment: acquisition and development of land for agriculture.

Information on the results of each reportable segment is presented below. The performance is evaluated based on the segment's net profit before income and social contribution taxes and is included in the internal reports analyzed by the Group's Management. The segment's net profit is used to evaluate performance, since management believes that this information is the most relevant for analyzing the segments' results.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

## 25 Reporting by segment (Continued)

### Information on reportable segments

	Agricultural production		Land		Eliminations		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Net revenue	1,031,893	887,705	4,120	60,878	(4,122)	(60,878)	1,031,891	887,705
Biologic assets	540,240	527,665	-	-	-	-	540,240	527,665
Products Costs	(960,806)	(838,581)	(2,937)	(3,875)	37,938	42,973	(925,805)	(799,483)
<b>Gross income</b>	<b>611,327</b>	<b>576,789</b>	<b>1,183</b>	<b>57,003</b>	<b>33,816</b>	<b>(17,905)</b>	<b>646,326</b>	<b>615,887</b>
<b>Operating expenses/ income</b>	<b>(109,227)</b>	<b>(86,134)</b>	<b>(6,349)</b>	<b>(1,709)</b>	<b>3,942</b>	<b>3,980</b>	<b>(111,634)</b>	<b>(83,863)</b>
Sales expenses	(57,468)	(41,324)	-	-	-	-	(57,468)	(41,324)
General and administrative expenses	(49,780)	(40,457)	(1,000)	(952)	4,125	3,980	(46,655)	(37,429)
Management compensation	(7,554)	(8,389)	(563)	(757)	-	-	(8,117)	(9,146)
Other operating income (expenses)	5,575	4,036	(4,786)	-	(183)	-	606	4,036
<b>Income before financial income and taxes</b>	<b>502,100</b>	<b>490,655</b>	<b>(5,166)</b>	<b>55,294</b>	<b>37,758</b>	<b>(13,925)</b>	<b>534,692</b>	<b>532,024</b>
Net financial income	(96,853)	(35,060)	2,558	4,846	36,877	-	(57,418)	(30,214)
<b>Income before income tax</b>	<b>405,247</b>	<b>455,595</b>	<b>(2,608)</b>	<b>60,140</b>	<b>74,635</b>	<b>(13,925)</b>	<b>477,274</b>	<b>501,810</b>
Income and social contribution taxes	(144,981)	(156,889)	(5,632)	(8,977)	(3,328)	1,511	(153,941)	(164,355)
<b>Consolidated Income for the period</b>	<b>260,266</b>	<b>298,706</b>	<b>(8,240)</b>	<b>51,163</b>	<b>71,307</b>	<b>(12,414)</b>	<b>323,333</b>	<b>337,455</b>

	Agricultural production		Land		Eliminations		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Current assets	2,563,749	2,478,356	104,853	174,260	(71,041)	(70,590)	2,597,561	2,582,026
Non-current assets	4,616,194	3,241,524	2,194,457	2,125,341	(3,008,707)	(2,193,354)	3,801,944	3,173,511
<b>Total assets</b>	<b>7,179,943</b>	<b>5,719,880</b>	<b>2,299,310</b>	<b>2,299,601</b>	<b>(3,079,748)</b>	<b>(2,263,944)</b>	<b>6,399,505</b>	<b>5,755,537</b>
Current liabilities	1,521,697	1,898,286	60,303	29,732	(145,932)	(37,827)	1,436,068	1,890,191
Non-current liabilities	2,559,185	1,026,316	55,010	52,930	(731,197)	(8,653)	1,882,998	1,070,593
Shareholders' equity	3,099,061	2,795,278	2,183,997	2,216,939	(2,202,619)	(2,217,464)	3,080,439	2,794,753
<b>Total liabilities and shareholders' equity</b>	<b>7,179,943</b>	<b>5,719,880</b>	<b>2,299,310</b>	<b>2,299,601</b>	<b>(3,079,748)</b>	<b>(2,263,944)</b>	<b>6,399,505</b>	<b>5,755,537</b>

The Group sells its goods in the domestic and international markets. Sales to the export market are considered as direct sales if the Group is the trader and as indirect sales if made to trading houses based in Brazil.

## SLC Agrícola S.A.

Notes to the quarterly information (Continued)

June 30, 2019

(in thousands of Reais)

### 25 Reporting by segment (Continued)

#### Information on reportable segments (Continued)

Consolidated sales in the domestic and export market are shown in the following table:

	06/30/2019	06/30/2018
Domestic market	<b>120,497</b>	289,290
Sale of goods	<b>195,781</b>	308,697
Income from hedge operations	<b>(75,284)</b>	(19,407)
Foreign market	<b>944,989</b>	628,817
Sale of goods - indirect export	<b>575,215</b>	352,917
Sale of goods - direct export	<b>369,774</b>	275,900
Gross operating income	<b>1,065,486</b>	918,107
Deductions, taxes and contributions	<b>(33,595)</b>	(30,402)
Net operating income	<b>1,031,891</b>	887,705

The information on gross sales revenue by geographic segment was prepared based on the country of origin of the revenue and is presented in the following table:

Country	06/30/2019	06/30/2018
Indonesia	<b>147,088</b>	103,297
China	<b>73,057</b>	9,423
Vietnam	<b>47,282</b>	22,288
Turkey	<b>36,189</b>	30,926
Bangladesh	<b>33,659</b>	21,496
Korea	<b>12,007</b>	25,604
Pakistan	<b>11,974</b>	11,302
Malaysia	<b>7,265</b>	35,263
Thailand	<b>754</b>	6,335
Japan	<b>172</b>	5,170
Others	<b>327</b>	4,796
	<b>369,774</b>	275,900

The amount of revenue from major customers is thus represented:

Customer	Agricultural product				Total	% on net revenue
	Fheated cotton	Cottonseed	Bulk corn	Bulk soybeans		
Amaggi LD Commodities S.A.	94,402	1,172	278	233,879	<b>329,731</b>	32.0%
Cargill Agrícola S.A.	13,864	-	2,010	187,679	<b>203,553</b>	19.7%
ADM do Brasil Ltda.	-	-	-	119,628	<b>119,628</b>	11.6%
Bunge Alimentos S.A.	-	-	4,610	135,390	<b>140,000</b>	13.6%
	<b>108,266</b>	<b>1,172</b>	<b>6,898</b>	<b>676,576</b>	<b>792,912</b>	76.9%

## PROJECTIONS MAINTENANCE

The publicized change projections though Relevant Fact, in 2018, October 02 ,as you can see below:

### PLANTED AREA BY CROP (HECTARE)

Crop Mix	Planted Area 2017/18 ----- ha -----	Planted Area 2018/19 <sup>(1)</sup> -----	Share 2018/19 %	Δ%
Cotton	95,124	123,721	27.0	30.1
Cotton 1 <sup>st</sup> crop	57,832	72,845	15.9	26.0
Cotton 2 <sup>nd</sup> crop	37,292	50,876	11.1	36.4
Soybean (Commercial + Seeds)	230,164	243,149	53.1	5.6
Corn 2 <sup>nd</sup> crop	76,931	88,918	19.4	15.6
Others <sup>(2)</sup>	2,227	1,912	0.4	-14.0
<b>Total Area</b>	<b>404,446</b>	<b>457,700</b>	<b>100.0</b>	<b>13.2</b>

<sup>(1)</sup> Weather factors could affect the planted area forecast.

<sup>(2)</sup> Wheat, first-crop corn, corn seed.

### YIELDS (KG/HECTARE)

Yield (kg/ha)	(a)Crop 2017/18 Achieved	(b)Crop 2018/19 Budget	(c)Crop 2018/19 Forecast	Δ% cxa	Δ% cxb
Cotton lint 1 <sup>st</sup> crop	1,929	1,749	1,749	-9.3%	-
Cotton lint 2 <sup>nd</sup> crop	1,622	1,621	1,621	-	-
Cotton seed	2,351	2,174	2,307	-1.9%	6.1%
Soybean	3,692	3,525	3,742	1.4%	6.2%
Corn 2 <sup>nd</sup> crop	5,715	6,815	7,125	24.7%	4.5%

### PRODUCTION COST PER HECTARE

Total (R\$/ha)	Achieved 2017/18	Budget 2018/19	
Cotton 1 <sup>st</sup> crop	7,186	8,187	13.9%
Cotton 2 <sup>nd</sup> crop	6,079	7,475	23.0%
Soybean	2,365	2,697	14.0%
Corn 2 <sup>nd</sup> crop	1,749	2,119	21.2%
<b>Total average cost</b>	<b>3,461<sup>(1)</sup></b>	<b>4,033</b>	<b>16.5%</b>

<sup>(1)</sup>Weighted by areas in the 2018/19 crop year to avoid impacts from changes in the product mix.

### CURRENCY AND AGRICULTURAL COMMODITY HEDGE

Fiscal Year	2018	2019	2020
<b>FX Rate<sup>(1)</sup></b>	<b>Hedge (%)</b> <b>R\$ / US\$</b>	<b>Hedge (%)</b> <b>R\$ / US\$</b>	<b>Hedge (%)</b> <b>R\$ / US\$</b>
FX Hedge	97.9 3.463	96.4 3.7313	55.4 3.9829
Commitments <sup>(1)</sup>	2.1 1.9418	1.9 1.9418	- -
<b>Total</b>	<b>100.0 3.4303</b>	<b>98.3 3.6959</b>	<b>55.4 3.9829</b>
<b>Cotton</b>	<b>Hedge (%)</b> <b>US\$ / pound<sup>(2)</sup></b>	<b>Hedge (%)</b> <b>US\$ / pound<sup>(2)</sup></b>	<b>Hedge (%)</b> <b>US\$ / pound<sup>(2)</sup></b>
Commercial Hedge	100.0 79.52	88.6 79.42	22 77.2
Financial Hedge <sup>(4)</sup>	- -	3.6 80.85	4.2 76.5
<b>Cotton - Total Hedge</b>	<b>100.0 79.5200</b>	<b>92.2 79.47</b>	<b>26.2 77.09</b>
<b>Soybean</b>	<b>Hedge (%)</b> <b>US\$ / bushel<sup>(2)</sup></b>	<b>Hedge (%)</b> <b>US\$ / bushel<sup>(2)</sup></b>	<b>Hedge (%)</b> <b>US\$ / bushel<sup>(2)</sup></b>
Commercial Hedge	100.0 10.75	90.9 10.15	37.9 9.79
Financial Hedge <sup>(4)</sup>	- -	- -	- -
Commitments <sup>(3)</sup>	- -	0.7 -	11.1 -
<b>Soybean - Total Hedge</b>	<b>100.0 10.75</b>	<b>91.6 10.15</b>	<b>49 9.79</b>
<b>Corn</b>	<b>Hedge (%)</b> <b>R\$/Bag<sup>(5)</sup></b>	<b>Hedge (%)</b> <b>R\$/Bag<sup>(5)</sup></b>	<b>Hedge (%)</b> <b>R\$/Bag<sup>(5)</sup></b>
Commercial Hedge	100.0 19.95	81.6 23.33	23.1 27.84
<b>Corn - Total Hedge</b>	<b>100.0 19.95</b>	<b>81.6 23.33</b>	<b>23.1 27.84</b>

<sup>(1)</sup> Commitments with debt payments in U.S. dollar. <sup>(2)</sup> Based on FOB Port (prices at our production units are also influenced by transport expenses and possible quality discounts). <sup>(3)</sup> Natural hedge with payments related to land acquisitions and leasing agreements in soybean bags. <sup>(4)</sup> Includes Futures, Swaps and Accumulators <sup>(5)</sup> Farm price.

## Other Information the company deems to be relevant

Ownership Breakdown Balance on 06/30/2018						
Shareholders	Common Shares Unit	%	Preferred Shares Unit	%	Total Shares Unit	%
<b>Controllers</b>	<b>100.938.742</b>	<b>52,96%</b>	-	-	<b>100.938.742</b>	<b>52,96%</b>
SLC Participações S.A.	100.938.742	52,96%	-	-	100.938.742	52,96%
<b>Board of Director</b>	<b>154.950</b>	<b>0,08%</b>	-	-	<b>154.950</b>	<b>0,08%</b>
Board	45.200	0,02%	-	-	<b>45.200</b>	0,02%
Directoror	109.750	0,06%	-	-	109.750	0,06%
Fiscal Council	-	0,00%	-	-	-	0,00%
<b>Shareholders over 5%</b>	<b>0</b>	<b>0,00%</b>	-	-	<b>0</b>	<b>0,00%</b>
		0,00%			0	0,00%
<b>Treasury Shares</b>	<b>4.302.502</b>	<b>2,26%</b>	-	-	<b>4.302.502</b>	<b>2,26%</b>
<b>Others Shareholders</b>	<b>85.198.806</b>	<b>44,70%</b>	-	-	<b>85.198.806</b>	<b>44,70%</b>
<b>Total</b>	<b>190.595.000</b>	<b>100,00%</b>	-	-	<b>190.595.000</b>	<b>100,00%</b>
<b>Free Float</b>	<b>85.198.806</b>	<b>44,70%</b>	-	-	<b>85.198.806</b>	<b>44,70%</b>

Ownership Breakdown Balance on 05/07/2019						
Shareholders	Common Shares Unit	%	Preferred Shares Unit	%	Total Shares Unit	%
<b>Controllers</b>	<b>100,938,742</b>	<b>52.96%</b>	-	-	<b>100,938,742</b>	<b>52.96%</b>
SLC Participações S.A.	100,938,742	52.96%	-	-	100,938,742	52.96%
<b>Board of Director</b>	<b>126,684</b>	<b>0.07%</b>	-	-	<b>126,684</b>	<b>0.07%</b>
Board	45,200	0.02%	-	-	<b>45,200</b>	0.02%
Directoror	81,484	0.04%	-	-	81,484	0.04%
Fiscal Council	-	0.00%	-	-	-	0.00%
<b>Shareholders over 5%</b>	<b>0</b>	<b>0.00%</b>	-	-	<b>0</b>	<b>0.00%</b>
		0.00%			0	0.00%
<b>Treasury Shares</b>	<b>4,427,210</b>	<b>2.32%</b>	-	-	<b>4,427,210</b>	<b>2.32%</b>
<b>Others Shareholders</b>	<b>85,102,364</b>	<b>44.65%</b>	-	-	<b>85,102,364</b>	<b>44.65%</b>
<b>Total</b>	<b>190,595,000</b>	<b>100.00%</b>	-	-	<b>190,595,000</b>	<b>100.00%</b>
<b>Free Float</b>	<b>85,102,364</b>	<b>44.65%</b>	-	-	<b>85,102,364</b>	<b>44.65%</b>

(A free translation of the original in Portuguese)

Ownership Breakdown Balance on 03/31/2019						
Shareholders	Common Shares Unit	%	Preferred Shares Unit	%	Total Shares Unit	%
<b>Controllers</b>	<b>50,483,072</b>	<b>52.97%</b>	-	-	<b>50,483,072</b>	<b>52.97%</b>
SLC Participações S.A.	50,483,072	52.96%	-	-	50,483,072	52.96%
<b>Board of Director</b>	<b>64,418</b>	<b>0.07%</b>	-	-	<b>64,418</b>	<b>0.07%</b>
Board	22,600	0.02%	-	-	22,600	0.02%
Directoror	41,818	0.04%	-	-	41,818	0.04%
Fiscal Council	-	0.00%	-	-	-	0.00%
<b>Shareholders over 5%</b>	<b>0</b>	<b>0.00%</b>	-	-	<b>0</b>	<b>0.00%</b>
		0.00%			0	0.00%
<b>Treasury Shares</b>	<b>1,589,355</b>	<b>1.67%</b>	-	-	<b>1,589,355</b>	<b>1.67%</b>
<b>Others Shareholders</b>	<b>43,160,655</b>	<b>45.29%</b>	-	-	<b>43,160,655</b>	<b>45.29%</b>
<b>Total</b>	<b>95,297,500</b>	<b>100.00%</b>	-	-	<b>95,297,500</b>	<b>100.00%</b>
<b>Free Float</b>	<b>43,160,655</b>	<b>45.29%</b>	-	-	<b>43,160,655</b>	<b>45.29%</b>

Ownership Breakdown Balance on 12/31/2018						
Shareholders	Common Shares Unit	%	Preferred Shares Unit	%	Total Shares Unit	%
<b>Controllers</b>	<b>50,483,072</b>	<b>52.97%</b>	-	-	<b>50,483,072</b>	<b>52.97%</b>
SLC Participações S.A.	50,483,072	52.96%	-	-	50,483,072	52.96%
<b>Board of Director</b>	<b>58,775</b>	<b>0.06%</b>	-	-	<b>58,775</b>	<b>0.06%</b>
Board	0	0.00%	-	-	0	0.00%
Directoror	58,775	0.06%	-	-	58,775	0.06%
Fiscal Council	-	0.00%	-	-	-	0.00%
<b>Shareholders over 5%</b>	<b>0</b>	<b>0.00%</b>	-	-	<b>0</b>	<b>0.00%</b>
		0.00%			0	0.00%
<b>Treasury Shares</b>	<b>1,217,335</b>	<b>1.28%</b>	-	-	<b>1,217,335</b>	<b>1.28%</b>
<b>Others Shareholders</b>	<b>43,538,318</b>	<b>45.69%</b>	-	-	<b>43,538,318</b>	<b>45.69%</b>
<b>Total</b>	<b>95,297,500</b>	<b>100.00%</b>	-	-	<b>95,297,500</b>	<b>100.00%</b>
<b>Free Float</b>	<b>43,538,318</b>	<b>45.69%</b>	-	-	<b>43,538,318</b>	<b>45.69%</b>

Ownership Breakdown Balance on 09/30/2018						
Shareholders	Common Shares Unit	%	Preferred Shares Unit	%	Total Shares Unit	%
<b>Controllers</b>	<b>50,469,371</b>	<b>52.96%</b>	-	-	<b>50,469,371</b>	<b>52.96%</b>
SLC Participações S.A.	50,469,371	52.96%	-	-	50,469,371	52.96%
<b>Board of Director</b>	<b>1,425</b>	<b>0.00%</b>	-	-	<b>1,425</b>	<b>0.00%</b>
Board	0	0.00%	-	-	0	0.00%
Director	1,425	0.00%	-	-	1,425	0.00%
Fiscal Council	-	0.00%	-	-	-	0.00%
<b>Shareholders over 5%</b>	<b>0</b>	<b>0.00%</b>	-	-	<b>0</b>	<b>0.00%</b>
		0.00%			0	0.00%
<b>Treasury Shares</b>	<b>1,324,378</b>	<b>1.39%</b>	-	-	<b>1,324,378</b>	<b>1.39%</b>
<b>Others Shareholders</b>	<b>43,502,326</b>	<b>45.65%</b>	-	-	<b>43,502,326</b>	<b>45.65%</b>
<b>Total</b>	<b>95,297,500</b>	<b>100.00%</b>	-	-	<b>95,297,500</b>	<b>100.00%</b>
<b>Free Float</b>	<b>43,502,326</b>	<b>45.65%</b>	-	-	<b>43,502,326</b>	<b>45.65%</b>

Ownership Breakdown Balance on 06/30/2018						
Shareholders	Common Shares Unit	%	Preferred Shares Unit	%	Total Shares Unit	%
<b>Controllers</b>	<b>50,469,371</b>	<b>52.96%</b>	-	-	<b>50,469,371</b>	<b>52.96%</b>
SLC Participações S.A.	50,469,371	52.96%	-	-	50,469,371	52.96%
<b>Board of Director</b>	<b>65,800</b>	<b>0.07%</b>	-	-	<b>65,800</b>	<b>0.07%</b>
Board	0	0.00%	-	-	0	0.00%
Director	63,800	0.07%	-	-	63,800	0.07%
Fiscal Council	2,000	0.00%	-	-	2,000	0.00%
<b>Shareholders over 5%</b>	<b>7,727,391</b>	<b>8.11%</b>	-	-	<b>7,727,391</b>	<b>8.11%</b>
Odey Asset Management LLP	7,727,391	8.11%	-	-	7,727,391	8.11%
<b>Treasury Shares</b>	<b>1,353,678</b>	<b>1.42%</b>	-	-	<b>1,353,678</b>	<b>1.42%</b>
<b>Others Shareholders</b>	<b>35,681,260</b>	<b>37.44%</b>	-	-	<b>35,681,260</b>	<b>37.44%</b>
<b>Total</b>	<b>95,297,500</b>	<b>100.00%</b>	-	-	<b>95,297,500</b>	<b>100.00%</b>
<b>Free Float</b>	<b>43,408,651</b>	<b>45.55%</b>	-	-	<b>43,408,651</b>	<b>45.55%</b>

## **INDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY INFORMATION**

The Shareholders, Board of Directors and Officers

**SLC Agrícola S.A.**

Porto Alegre - RS

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of SLC Agrícola S.A. ("the Company") for the quarter ended June 30, 2019, comprising the statement of financial position as of June 30, 2019 and the related statements of profit or loss and of comprehensive income for the three and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

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

### **Scope of review**

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

### **Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

## Other matters

### *Statements of value added*

We have also reviewed the individual and consolidated statement of value added (SVA) for the six-month period ended June 30, 2019, prepared under Company's Management responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information Form (ITR), and as supplementary information by the International Financial Reporting Standards (IFRS), which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Porto Alegre, August 14, 2019.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP15199/O-6

Guilherme Ghidini Neto  
Accountant CRC-RS 067795/O-5

## **Declarations Board of Executive Officers on the Financial Statements**

In compliance with the established in Article 25 of CVM Instruction No. 480/09 of 7 December 2009, the Board declares that reviewed, discussed and agreed with the Financial Statements (Parent Company and Consolidated) for the year ended June 30, 2019.

Porto Alegre, August 14, 2019.

Aurelio Pavinato  
Chief Executive Officer

Ivo Marcon Brum  
CFO and Investor Relations

Gustavo Macedo Lunardi  
Director of Production and Supplies

Aldo Roberto Tisott  
Director of Sales and New Business

Alvaro Luis Dilli  
Director of Human Resources and Sustainability

## **Declarations Board of Executive Officers on the Report of Independent Auditors**

In compliance with the established in Article 25 of CVM Instruction No. 480/09 of 7 December 2009, the Board declares that reviewed, discussed and agreed with the opinion expressed in the Independent Auditors' Report, dated on August 14, 2019, on to the Financial Statements (Parent Company and Consolidated) for the year ended June 30, 2019.

Porto Alegre, August, 14, 2019.

Aurelio Pavinato  
Chief Executive Officer

Ivo Marcon Brum  
CFO and Investor Relations

Gustavo Macedo Lunardi  
Director of Production and Supplies

Aldo Roberto Tisott  
Director of Sales and New Business

Alvaro Luis Dilli  
Director of Human Resources and Sustainability