1Q16 Results

JBS ends 1Q16 with
Net Revenue of R$43.9 billion and EBITDA of R$2.1 billion

JBS reports net revenue of R$43.9 billion in 1Q16, an increase of 29.8% over 1Q15. Gross profit was R$4.8 billion in the period, stable when compared with the same quarter last year, while net income was negative in R$2.7 billion, impacted by the result of the FX protection of the Company. EBITDA was R$2.1 billion, 22.5% lower than 1Q15, with an EBITDA margin of 4.9%.

The more challenging result in the quarter was due to the underperformance of the JBS USA Beef business unit, which was impacted by: (i) mark-to-market of the physical contracts of the forward acquisition of cattle in the US and in Canada, which suffered a relevant price reduction in the period; (ii) low availability of cattle for slaughter in Australia as a result of adverse climate conditions and (iii) increase in the value of the Australian dollar versus the American dollar. Besides this, the Company suffered a negative impact of R$5.8 billion in the quarter, due to its FX protection policy. However, it is worth highlighting that in the period from 1Q15 to the present quarter, JBS obtained a positive result of R$4.8 billion with its FX protection strategy, even when taking into account the negative impact of this quarter.

“Our focus on operational efficiency, in the development of our brands, in the expansion of our portfolio of value added products, in the increase of our client base allied with the expectation of better market conditions in our sector maintain us confident that we will be capable of delivering good results in the coming quarters and thus, fullfil our goals for 2016”, commented Wesley Batista, Global CEO of JBS.

1Q16 Highlights

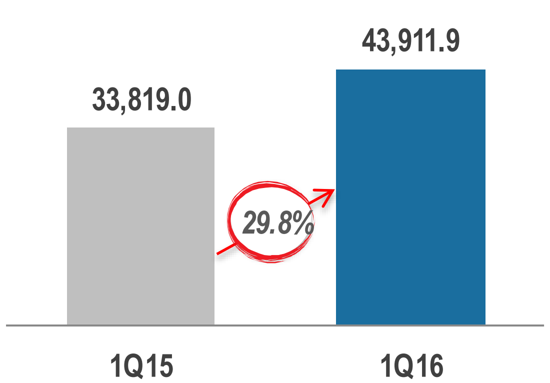
Net revenue in 1Q16 was **R$43.9 billion, an increase of 29.8%** compared with 1Q15.

Gross profit in 1Q16 was **R$4.8 billion, stable** in relation to the same period last year.

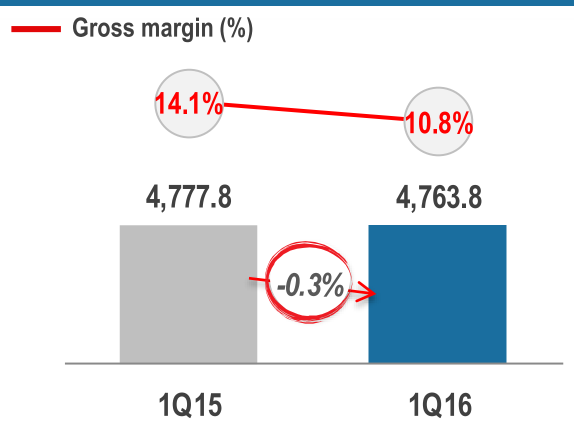
EBITDA in 1Q16 was **R$2.1 billion, a reduction of 22.5%** over 1Q15**. EBITDA margin was 4.9%.**

JBS posted **a loss of R$2.7 billion** in 1Q16.

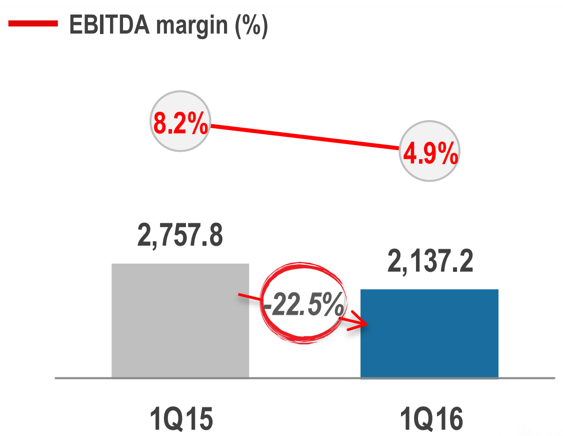
Net Revenue (R$ Million)



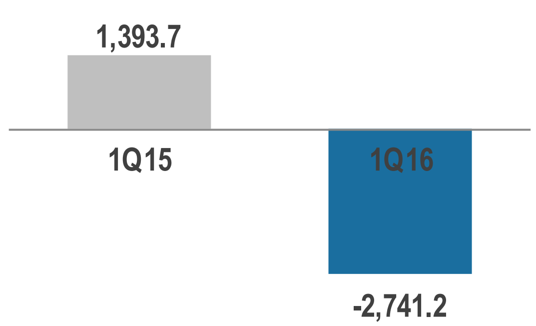
Gross Profit (R$ Million)



EBITDA (R$ Million)



Net Income/Loss (R$ Million)



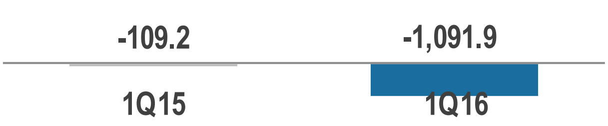
1Q16 Highlights

In 1Q16, cash flow from operating activities was R$1.1 billion negative, while **free cash generation was R$2.0 billion negative.**

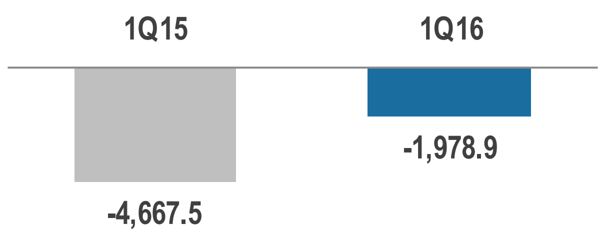
JBS ended 1Q16 with **net debt of R$48.7 billion. Net debt translated to US dollars** was **US$13.7 billion.**

Leverage at the end of the quarter was **3.84x.** Including proforma results from recent acquisitions, leverage was **3.60x**.

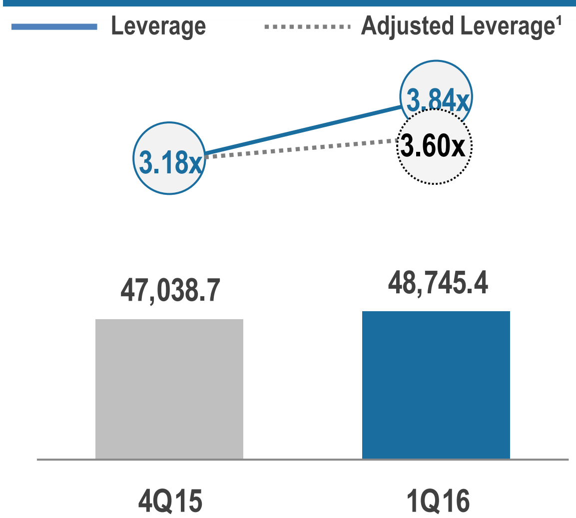
Net Operating Cash Flow (R$ Million)



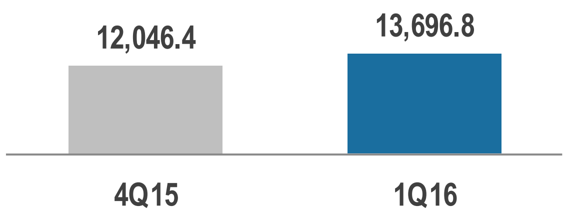
Free Cash Flow (R$ million)



Net Debt (R$ Million) and Leverage



Net Debt (US$ Million)



Note 1: Adjusted leverage including the proforma results of Anhambi, Moy Park, Tyson de Mexico and Cargill Pork.

1Q16 Consolidated Results

Consolidated analysis of the main operational indicators of JBS

	1Q16		4Q15		Δ%	1Q15		Δ%
R$ million	**R$ MM**	**% NR**	**R$ MM**	**% NR**	**1Q16 vs 4Q15**	**R$ MM**	**% NR**	**1Q16 vs 1Q15**
Net Revenue	**43,911.9**	***100.0%***	**47,161.2**	***100.0%***	**-6.9%**	**33,819.0**	***100.0%***	**29.8%**
Cost of Goods Sold	**(39,148.1)**	*-89.2%*	(41,467.0)	*-87.9%*	-5.6%	(29,041.2)	*-85.9%*	34.8%
Gross Income	**4,763.8**	***10.8%***	**5,694.3**	***12.1%***	**-16.3%**	**4,777.8**	***14.1%***	**-0.3%**
Selling Expenses	(2,678.5)	*-6.1%*	(2,816.6)	*-6.0%*	-4.9%	(1,955.2)	*-5.8%*	37.0%
General and Adm. Expenses	(1,227.6)	*-2.8%*	(1,216.2)	*-2.6%*	0.9%	(843.3)	*-2.5%*	45.6%
Net Financial Income (expense)	(4,765.3)	*-10.9%*	(1,736.6)	*-3.7%*	174.4%	83.9	*0.2%*	-
Equity in earnings of subsidiaries	0.3	*0.0%*	10.7	*0.0%*	-97.2%	24.1	*0.1%*	-98.8%
Other Income (expense)	104.7	*0.2%*	(112.3)	*-0.2%*	-	2.1	*0.0%*	4919.4%
Operating Income	**(3,802.6)**	***-8.7%***	**(176.7)**	***-0.4%***	**2051.5%**	**2,089.4**	***6.2%***	**-**
Income and social contribution taxes	1,157.9	*2.6%*	(33.0)	*-0.1%*	-	(561.3)	*-1.7%*	-
Participation of non-controlling shareholders	(96.5)	*-0.2%*	(65.4)	*-0.1%*	47.5%	(134.4)	*-0.4%*	-28.2%
Net Income (Loss)	**(2,741.2)**	***-6.2%***	**(275.1)**	***-0.6%***	**896.3%**	**1,393.7**	***4.1%***	**-**
Adjusted EBITDA	**2,137.2**	***4.9%***	**3,131.6**	***6.6%***	**-31.8%**	**2,757.8**	***8.2%***	**-22.5%**
Net Income per share (R$)	**n.a.**		**n.a.**		**-**	**0.48**		**-**

Net Revenue

JBS consolidated net revenue in 1Q16 totaled R$43,991.9 million, an increase of R$10,092.9 million or 29.8% above 1Q15. The business units that reported sales growth in 1Q16 were JBS Foods, which registered an increase of 10.6% and JBS USA Pork, with 64.8% growth compared to 1Q15.

In 1Q16, approximately 72% of JBS global sales came from the markets where the company operates and 28% through exports.

EBITDA

JBS EBITDA for the quarter was R$2,137.2 million, a decrease of 22.5% compared with 1Q15, impacted by the reduction of 35.8% in PPC's EBITDA and by the negative result of JBS USA Beef. EBITDA margin was 4.9%.

R$ million	1Q16	4Q15	Δ%	1Q15	Δ%
Net income for the period	**(2,644.6)**	**(209.7)**	**-**	**1,528.1**	**-**
Financial income (expense), net	4,765.3	1,736.6	174.4%	(83.9)	-
Current and diferred income taxes	(1,157.9)	33.0	-	561.3	-
Depreciation and amortization	1,165.9	1,121.8	3.9%	776.4	50.2%
Equity in subsidiaries	(0.3)	(10.7)	-97.2%	(24.1)	-98.8%
Restructuring, reorganization, donations and indemnity	8.9	460.6	-98.1%	(0.0)	-
(=) EBITDA	**2,137.2**	**3,131.6**	**-31.8%**	**2,757.8**	**-22.5%**

1Q16 Consolidated Results

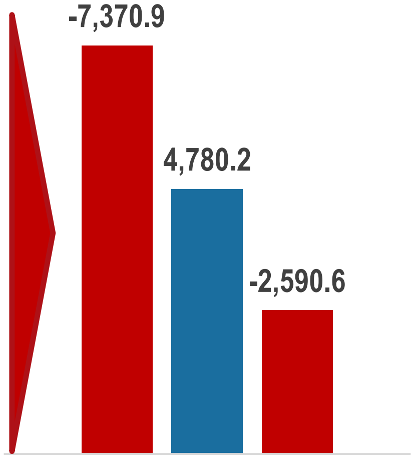
Net Financial Results

JBS registered net financial expense of R$4,765.3 million in 1Q16. Income from FX variation was R$1,854.0 million, while derivative results which include expenses related to the Company's instruments to protect its balance sheet from FX variation, amounted to an expense of R$5,823.1 million. However, it is worth highlighting that in the period from 1Q15 to the present quarter, JBS obtained a positive result of R$4.8 billion with its FX protection strategy, even when taking into account the negative impact of this quarter.

Interest expense was R$1,000.5 million, while interest revenue was R$246.0 million. Taxes, contributions, tariffs and others resulted in an expense of R$41.8 million.

RECORD OF RESULTS OF FX VARIATION AND HEDGING POLICY OF JBS (R$ million)

	1Q15	2Q15	3Q15	4Q15	1Q16	Results in the last 5 quarters
Exchange rate variation	-3,757.0	361.4	-6,074.7	245.4	1,854.0	-7,370.9
Results from derivatives	4,489.0	-2,005.6	9,455.7	-1,335.8	-5,823.1	4,780.2
Net result between Exchange rate variation and derivatives	**732.0**	**-1,644.2**	**3,381.1**	**-1,090.4**	**-3,969.1**	**-2,590.6**



Income Tax and Social Contribution

In 1Q16, total income tax and social contribution (IT/SC) corresponded to an income of R$1,157.9 million. Current IT/SC were an expense of R$72.9 million, while deferred income taxes were an income of R$1,230.8 million.

Net Income/ Loss

JBS recorded a loss of R$2,741.2 million in 1Q16. In 1Q15, net income was R$1,393.7 million.

CAPEX

In 1Q16, total Capital Expenditure (CAPEX) was R$887.0 million.

1Q16 Consolidated Results

Cash Generation

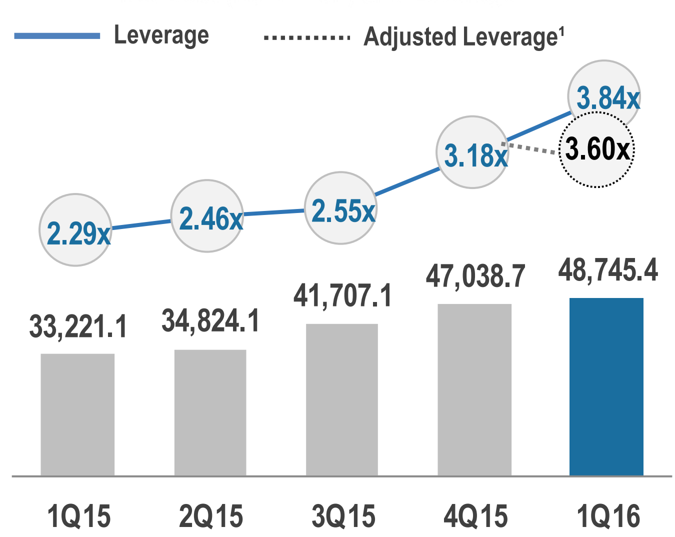
In 1Q16, JBS recorded a negative cash from operations of R$1,091.9 million and a negative free cash flow of R$1,978.9 million.

Indebtedness

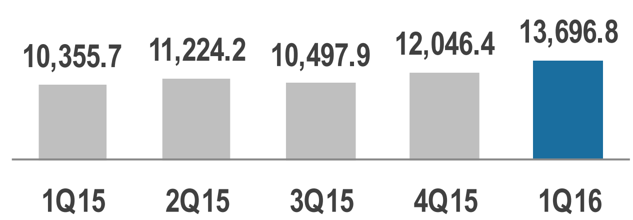
JBS ended 1Q16 with net debt of R$48,745.4 million and leverage of 3.84x. Including the proforma results of recent acquisitions, leverage was 3.60x.

R$ million	03/31/16	12/31/15	Var.%
Gross debt	**64,032.6**	**65,882.7**	**-2.8%**
(+) Short Term Debt	20,834.3	20,906.6	-0.3%
(+) Long Term Debt	43,198.3	44,976.1	-4.0%
(-) Cash and Equivalents	15,287.2	18,844.0	-18.9%
Net debt	**48,745.4**	**47,038.7**	**3.6%**
Leverage	**3.84x**	**3.18x**	
Adjusted Leverage[1]	**3.60x**	**2.91x**	

Net Debt (R$ Million) and Leverage



Net Debt (US$ million)



Total investment in acquisitions from 1Q15 to 1Q16: **R$21 billion**

Incremental EBITDA in the last 12 months: **~R$1.0 billion**

Note 1: Adjusted leverage including the proforma results of Anhambi, Moy Park, Tyson de Mexico and Cargill Pork.

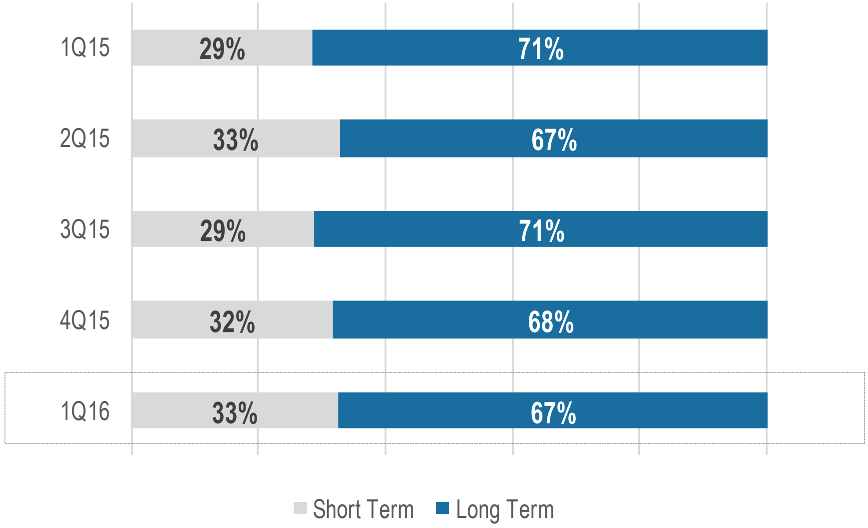
1Q16 Consolidated Results

Indebtedness (cont.)

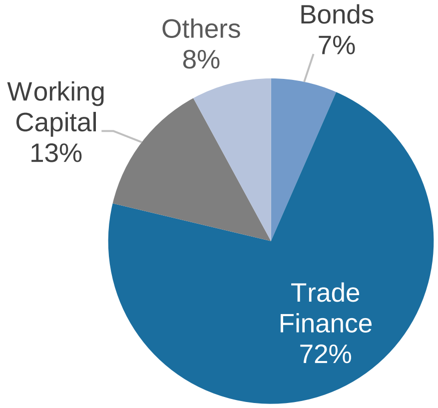
The Company ended the quarter with R$15,287.2 million in cash. Additionally, JBS USA has a US$1.265 billion fully available unencumbered line under its revolving credit facilities which, if added to the current cash position, represents 95% of short term debt.

The percentage of short-term debt (ST) in relation to total debt was 33% at the end of 1Q16, from which 72% are trade finance related to exports from JBS Brazilian subsidiaries.

Debt profile ST / LT

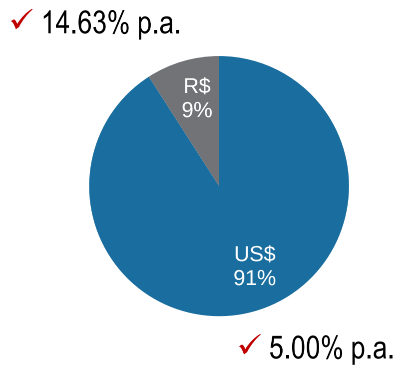


Breakdown of ST debt by type

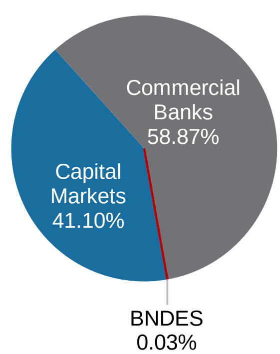


At the end of the period, 91% of JBS consolidated debt was denominated in U.S. dollars, with an average cost of 5.00% per annum. The proportion of debt denominated in BRL, 9% of the consolidated, carried an average cost of 14.63% per annum.

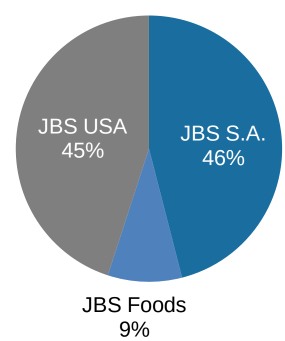
Breakdown by Currency & Average Cost



Breakdown by Source

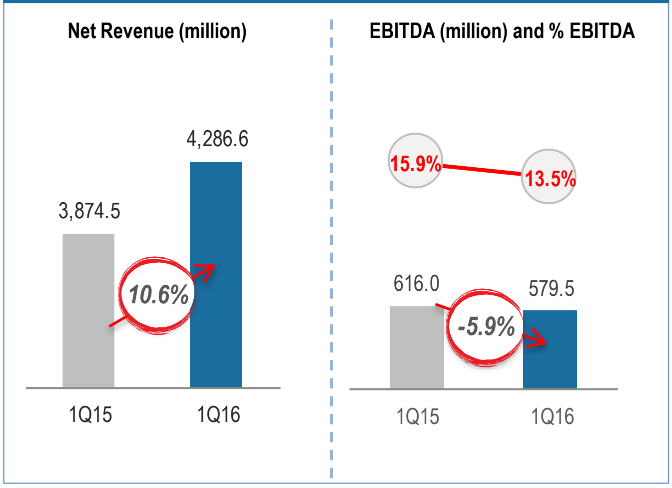


Breakdown by Company

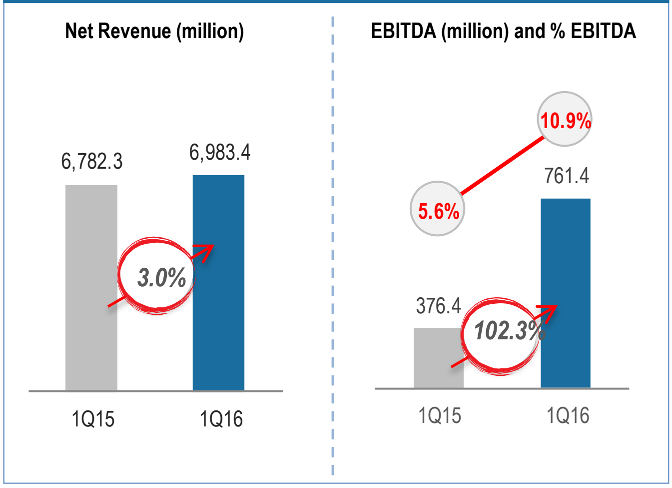


1Q16 Highlights by Business Units

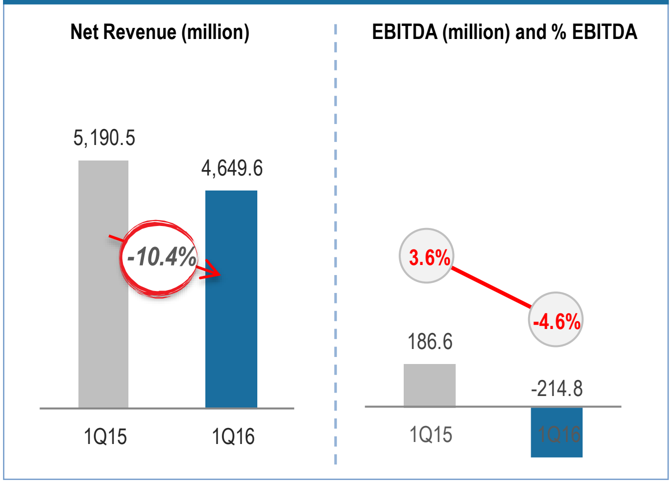
JBS Foods (R$)



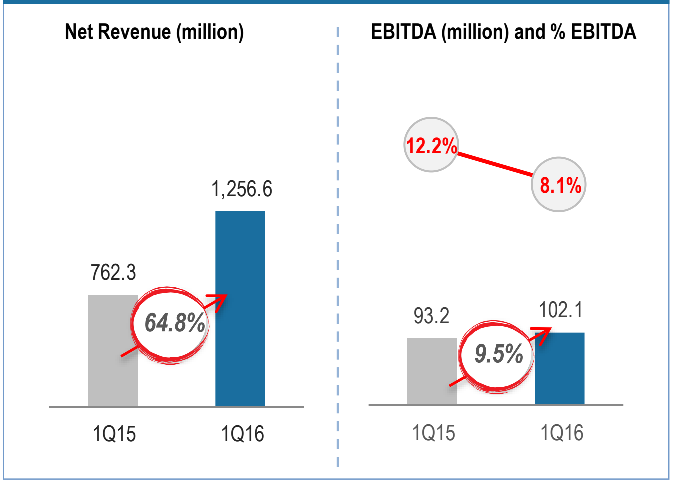
JBS Mercosul (R$)



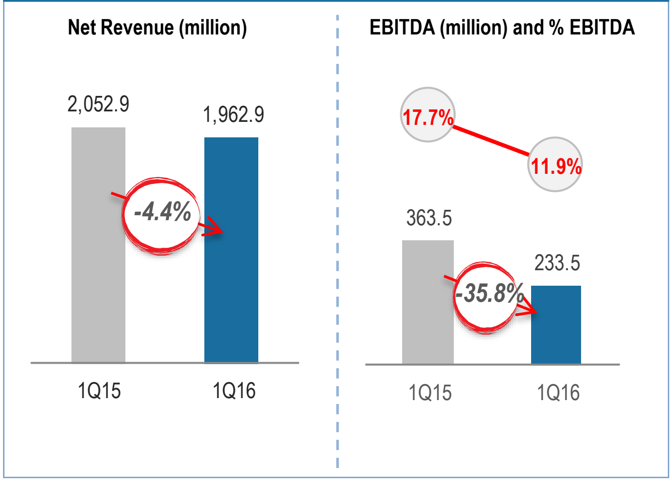
JBS USA Beef (US$)



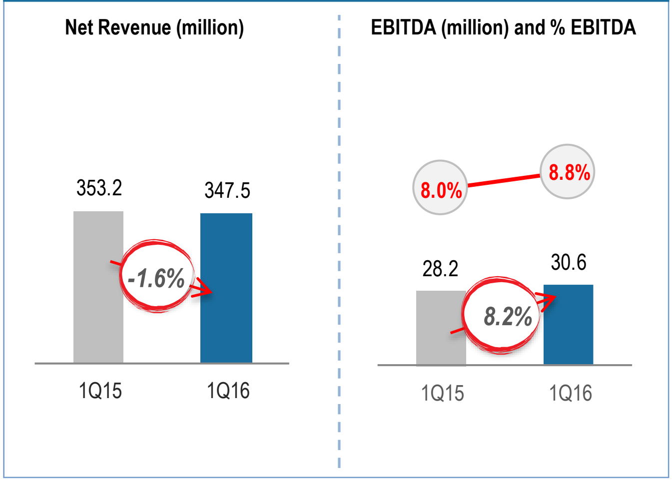
JBS USA Pork (US$)



JBS USA Chicken – PPC (US$)



JBS Europe - Moy Park (£ - pounds sterling)

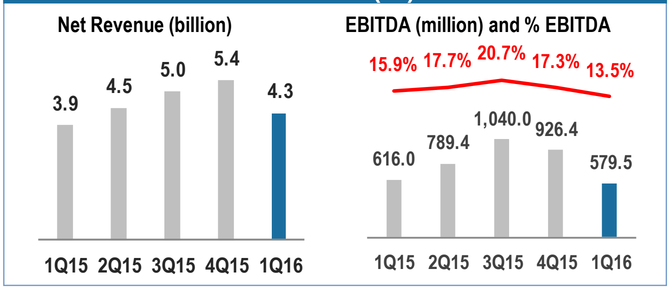


1Q16 Consolidated Results

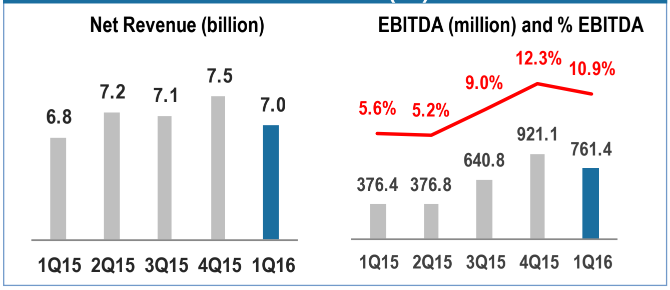
Analysis of the main financial indicators of JBS by Business Unit (in local currency)

Million		1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue						
JBS Foods	R$	4,286.6	5,368.8	-20.2%	3,874.5	10.6%
JBS Mercosul	R$	6,983.4	7,487.6	-6.7%	6,782.3	3.0%
JBS USA Beef	US$	4,649.6	5,250.7	-11.4%	5,190.5	-10.4%
JBS USA Pork	US$	1,256.6	1,087.7	15.5%	762.3	64.8%
JBS USA Chicken	US$	1,962.9	1,960.8	0.1%	2,052.9	-4.4%
JBS Europe	£	347.5	378.1	-8.1%	353.2	-1.6%
EBITDA						
JBS Foods	R$	579.5	926.4	-37.4%	616.0	-5.9%
JBS Mercosul	R$	761.4	921.1	-17.3%	376.4	102.3%
JBS USA Beef	US$	-214.8	-25.2	-	186.6	-
JBS USA Pork	US$	102.1	141.3	-27.7%	93.2	9.5%
JBS USA Chicken	US$	233.5	150.0	55.7%	363.5	-35.8%
JBS Europe	£	30.6	30.0	2.0%	28.2	8.2%
EBITDA Margin						
JBS Foods	%	13.5%	17.3%	-3.74 p.p.	15.9%	-2.38 p.p.
JBS Mercosul	%	10.9%	12.3%	-1.40 p.p.	5.6%	5.35 p.p.
JBS USA Beef	%	-4.6%	-0.5%	-4.14 p.p.	3.6%	-8.21 p.p.
JBS USA Pork	%	8.1%	13.0%	-4.87 p.p.	12.2%	-4.10 p.p.
JBS USA Chicken	%	11.9%	7.6%	4.25 p.p.	17.7%	-5.81 p.p.
JBS Europe	%	8.8%	7.9%	0.87 p.p.	8.0%	0.80 p.p.

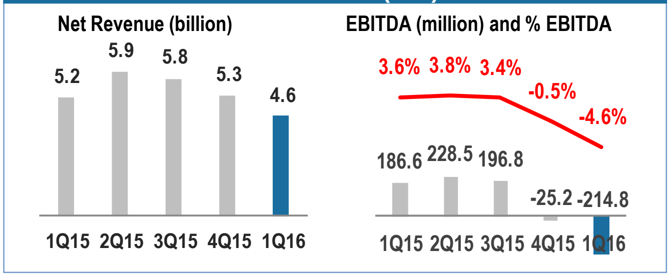
JBS Foods (R$)



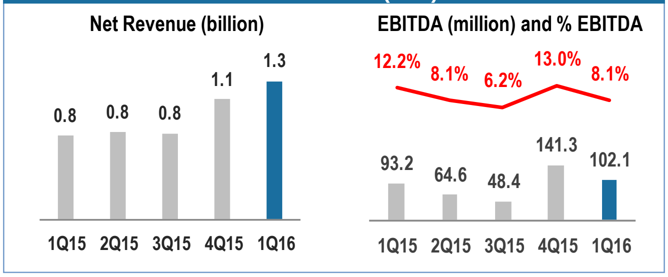
JBS Mercosul (R$)



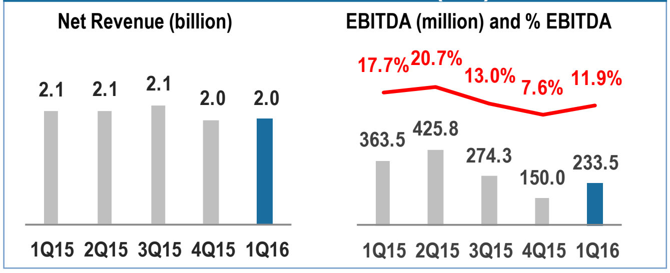
JBS USA Beef (US$)



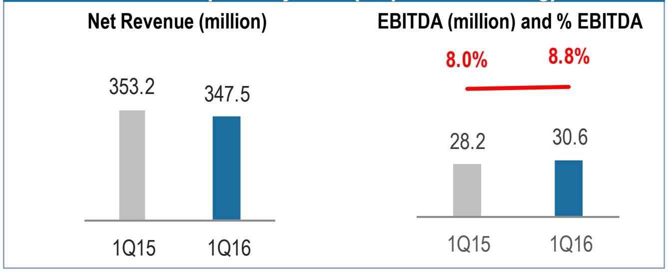
JBS USA Pork (US$)



JBS USA Chicken – PPC (US$)



JBS Europe - Moy Park (£ - pounds sterling)



1Q16 Results by Business Unit

JBS Foods

JBS Foods posted net sales of R$4,286.6 million for the quarter, which represents an increase of 10.6% in comparison with 1Q15, fueled by organic growth and the incorporation of acquired companies, resulting in an increase in poultry and pork volumes, combined with higher sales prices.

In the domestic market, net revenue grew by 9.3%, with a highlight to the fresh poultry segment, whose sales increased by 31.0 % compared to 1Q15, mainly due to an average sales price 27.8% higher than in the same period of last year. In processed and prepared products, net revenue grew by 11.8% y/y, with stable volumes and prices 11.4% higher than in 1Q15, partially reflecting the price increases implemented at the beginning of the year. During the quarter, JBS Foods continued to post market share growth in all product categories as measured by Nielsen, with a highlight to margarine and pizzas, whose market share in volume increased by 29.0% and 15.0%, respectively, between the last two readings. In the industrialized category, the largest in market value, the growth was 8.1%, while in frozen products the company's market share increased by 4,8%.

Revenues from exports increased by 11.9 % compared to 1Q15, positively impacted by exchange rate variances between the quarters, with a positive performance in all product categories, especially a volume growth of 50.1% in fresh pork and 7.3% in the average sales price in reais of fresh poultry, which accounts for approximately 88% of the export business unit. JBS Foods' main product destination regions were Asia and the Middle East.

EBITDA for the 1Q16 totaled R$579.5 million, a decrease of 5.9% in comparison to 1Q15, mainly due to higher grains and other inputs costs, partially offset by higher sales prices in all three product categories in the domestic market and in fresh poultry and processed products in export sales. EBITDA margin for the 1Q16 represented 13.5 % of the period's net revenue.

Highlights

R$ Million	1Q16		4Q15		Δ%	1Q15		Δ%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY
Net Revenue	**4,286.6**	***100.0%***	**5,368.8**	***100.0%***	**-20.2%**	**3,874.5**	***100.0%***	**10.6%**
COGS	(3,233.1)	*-75.4%*	(3,885.5)	*-72.4%*	-16.8%	(2,881.1)	*-74.4%*	12.2%
Gross Profit	1,053.5	*24.6%*	1,483.3	*27.6%*	-29.0%	993.4	*25.6%*	6.0%
EBITDA	**579.5**	**13.5%**	**926.4**	**17.3%**	-37.4%	**616.0**	**15.9%**	**-5.9%**

JBS Foods	1Q16	4Q15	Δ%	1Q15	Δ%
Birds Processed (thousand)	342,427.5	383,203.1	-10.6%	253,086.4	35.3%
Hogs processed (thousand)	1,270.5	1,271.2	0.0%	1,113.4	14.1%

1Q16 Results by Business Unit

JBS Foods

Breakdown of Net Revenue[1]

Domestic Market	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (million R$)					
Fresh Poultry	868.9	955.5	-9.1%	663.3	31.0%
Fresh Pork	86.6	107.3	-19.3%	111.2	-22.1%
Processed / Prepared Products	1,142.6	1,247.7	-8.4%	1,021.6	11.8%
Others	8.6	70.6	-87.9%	130.6	-93.4%
TOTAL	**2,106.7**	**2,381.1**	**-11.5%**	**1,926.6**	**9.3%**
Volume (thousand tons)					
Fresh Poultry	140.2	158.9	-11.8%	136.8	2.5%
Fresh Pork	12.1	15.1	-20.2%	15.6	-22.5%
Processed / Prepared Products	165.5	190.5	-13.1%	164.7	0.5%
Others	-	-	-	23.9	-
TOTAL	**317.7**	**364.6**	**-12.9%**	**340.9**	**-6.8%**
Average Price (R$/Kg)					
Fresh Poultry	6.20	6.01	3.1%	4.85	27.8%
Fresh Pork	7.17	7.08	1.2%	7.13	0.5%
Processed / Prepared Products	6.91	6.55	5.4%	6.20	11.4%
Others	-	-	-	5.47	-

Exports	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (million R$)					
Fresh Poultry	1,913.7	2,538.3	-24.6%	1,704.9	12.2%
Fresh Pork	158.2	310.5	-49.0%	128.2	23.4%
Processed / Prepared Products	108.1	139.0	-22.2%	86.5	25.0%
Others	-	-	-	28.3	-
TOTAL	**2,179.9**	**2,987.7**	**-27.0%**	**1,947.8**	**11.9%**
Volume (thousand tons)					
Fresh Poultry	318.5	378.3	-15.8%	304.5	4.6%
Fresh Pork	25.2	35.8	-29.4%	16.8	50.1%
Processed / Prepared Products	10.5	13.1	-19.3%	9.4	11.9%
Others	-	-	-	-	-
TOTAL	**354.2**	**427.2**	**-17.1%**	**330.8**	**7.1%**
Average Price (R$/Kg)					
Fresh Poultry	6.01	6.71	-10.4%	5.60	7.3%
Fresh Pork	6.27	8.68	-27.8%	7.62	-17.8%
Processed / Prepared Products	10.25	10.64	-3.6%	9.18	11.7%
Others	-	-	-	-	-

Note 1: certain categories were reclassified due to a change in the criteria of classification.

1Q16 Results by Business Unit

JBS Mercosul

JBS Mercosul had net sales of R$6,983.4 million, 3.0% higher than 1Q15, due to an increase of 34.1% in fresh beef prices in the domestic market and 36.2% in the external market, partially offset by the reduction in the volume sold in both markets. The number of livestock processed was 18.7% lower than the same period in 2015.

EBITDA at JBS Mercosul was R$761.4 million, an expansion of 102.3% over 1Q15, due to an improvement in the gross margin, boosted by an increase in exports, which were favored by the exchange rate in the period. EBITDA margin was 10.9%.

The main destinations of JBS Mercosul exports were Asia, South America, and Russia, with exports to China as the main highlight, which recorded an increase of 200% when compared with 1Q15.

Highlights

R$ Million	1Q16		4Q15		Δ%	1Q15		Δ%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY
Net Revenue	**6,983.4**	***100.0%***	**7,487.6**	***100.0%***	**-6.7%**	**6,782.3**	***100.0%***	**3.0%**
COGS	(5,147.1)	*-73.7%*	(5,631.3)	*-75.2%*	-8.6%	(5,455.2)	*-80.4%*	-5.6%
Gross Profit	1,836.3	*26.3%*	1,856.3	*24.8%*	-1.1%	1,327.1	*19.6%*	38.4%
EBITDA	**761.4**	**10.9%**	**921.1**	**12.3%**	**-17.3%**	**376.4**	**5.6%**	**102.3%**

JBS Mercosul	1Q16	4Q15	Δ%	1Q15	Δ%
Bovines processed (thousand)	1,859.9	1,845.3	0.8%	2,287.6	-18.7%

1Q16 Results by Business Unit

JBS Mercosul

Breakdown of Net Revenue

Domestic Market	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (million R$)					
Fresh and Chilled Products	3,021.1	2,968.1	1.8%	3,240.0	-6.8%
Processed Products	392.8	367.1	7.0%	371.1	5.9%
Others	369.7	312.4	18.3%	482.9	-23.4%
TOTAL	**3,783.7**	**3,647.7**	**3.7%**	**4,094.0**	**-7.6%**
Volume (thousand tons)					
Fresh and Chilled Products	241.7	232.5	4.0%	347.6	-30.5%
Processed Products	44.3	40.5	9.4%	43.6	1.7%
Others	156.8	156.8	0.1%	155.7	0.7%
TOTAL	**442.9**	**429.8**	**3.0%**	**547.0**	**-19.0%**
Average Price (R$/Kg)					
Fresh and Chilled Product	12.50	12.77	-2.1%	9.32	34.1%
Processed Items	8.86	9.05	-2.1%	8.51	4.1%
Others	2.36	1.99	18.6%	3.10	-23.9%

Exports	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (million R$)					
Fresh and Chilled Products	2,135.8	2,409.6	-11.4%	1,626.2	31.3%
Processed Products	269.2	236.3	13.9%	259.8	3.6%
Others	794.8	1,194.0	-33.4%	802.3	-0.9%
TOTAL	**3,199.7**	**3,839.9**	**-16.7%**	**2,688.3**	**19.0%**
Volume (thousand tons)					
Fresh and Chilled Products	141.6	165.8	-14.6%	146.8	-3.6%
Processed Products	16.8	13.4	25.4%	18.7	-10.3%
Others	33.7	80.7	-58.2%	44.6	-24.5%
TOTAL	**192.0**	**259.9**	**-26.1%**	**210.1**	**-8.6%**
Average Price (R$/Kg)					
Fresh and Chilled Beef	15.09	14.53	3.8%	11.08	36.2%
Processed Beef	16.06	17.68	-9.2%	13.91	15.5%
Others	23.59	14.80	59.4%	17.98	31.2%

1Q16 Results by Business Unit

JBS USA Beef (including Australia and Canada)

Net sales at this business unit totaled US$4,649.6 million, a decrease of 10.4% over 1Q15, due to a decline in prices in the domestic and international markets, impacted by the valuation of Australian dollar over American dollar. In the domestic market, volumes grew boosted by the consolidation of Primo's results in Australia.

EBITDA was US$214.8 million negative, compared with an EBITDA of US$186.6 million in the same quarter last year. EBITDA margin was -4.6%. The underperformance of this business unit was impacted by: (i) mark-to-market of the physical contracts of the forward acquisition of cattle in the US and in Canada, which suffered a relevant price reduction in the period; (ii) low availability of cattle for slaughter in Australia as a result of adverse climate conditions and (iii) increase in the value of the Australian dollar versus the American dollar.

Highlights (US GAAP)

US$ Million	1Q16		4Q15		Δ%	1Q15		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY
Net Revenue	**4,649.6**	***100.0%***	**5,250.7**	***100.0%***	**-11.4%**	**5,190.5**	***100.0%***	**-10.4%**
COGS	(4,854.4)	*-104.4%*	(5,288.0)	*-100.7%*	-8.2%	(5,005.7)	*-96.4%*	-3.0%
Gross Profit	(204.8)	*-4.4%*	(37.3)	*-0.7%*	449.1%	184.8	*3.6%*	-
EBITDA	**-214.8**	**-4.6%**	**-25.2**	**-0.5%**	**752.4%**	**186.6**	**3.6%**	**-**

JBS USA Beef (including AUS and CAN)	1Q16	4Q15	Δ%	1Q15	Δ%
Bovines processed (thousand)	2,138.1	2,374.2	-9.9%	2,206.4	-3.1%

Breakdown of Net Revenue

Domestic Market	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (US$ million)	3,426.6	3,899.9	-12.1%	3,818.3	-10.3%
Volume (tons)	943.7	1,020.9	-7.6%	849.4	11.1%
Average Price (US$/Kg)	3.63	3.82	-5.0%	4.50	-19.2%

Exports	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (US$ million)	1,223.1	1,350.8	-9.5%	1,372.2	-10.9%
Volume (tons)	297.2	332.4	-10.6%	294.9	0.8%
Average Price (US$/Kg)	4.12	4.06	1.3%	4.65	-11.5%

1Q16 Results by Business Unit

JBS USA Pork

JBS USA Pork business unit reported net sales of US$1,256.6 million in 1Q16, an increase of 64.8% compared with 1Q15, due to an increase in the number of hogs processed and, consequently, in the volume produced, as a result of the incorporation of the assets owned by Cargill Pork acquired in 2015, partially compensated by a decrease in sales prices.

EBITDA was US$102.1 million, 9.5% superior to same period last year, with an EBITDA margin of 8.1%. This quarter results were boosted by an increase in exports, principally to Asia and North America, coupled with the decrease in raw material prices in relation to 1Q15.

Highlights (US GAAP)

US$ Million	1Q16		4Q15		Δ%	1Q15		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY
Net Revenue	**1,256.6**	***100.0%***	**1,087.7**	***100.0%***	**15.5%**	**762.3**	***100.0%***	**64.8%**
COGS	(1,157.2)	*-92.1%*	(942.2)	*-86.6%*	22.8%	(668.2)	*-87.7%*	73.2%
Gross Profit	99.4	*7.9%*	145.5	*13.4%*	-31.7%	94.1	*12.3%*	5.6%
EBITDA[1]	**102.1**	**8.1%**	**141.3**	**13.0%**	**-27.7%**	**93.2**	**12.2%**	**9.5%**

JBS US Pork	1Q16	4Q15	Δ%	1Q15	Δ%
Hogs Processed (thousand)	5,880.9	5,353.3	9.9%	3,562.6	65.1%

Breakdown of Net Revenue

Domestic Market	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (US$ million)	1,103.6	941.6	17.2%	613.9	79.8%
Volume (thousand tons)	581.1	498.4	16.6%	301.2	93.0%
Average Price (US$/Kg)	1.90	1.89	0.5%	2.04	-6.8%

Exports	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (US$ million)	153.0	146.1	4.7%	148.5	3.0%
Volume (thousand tons)	80.1	76.0	5.4%	63.6	25.9%
Average Price (US$/Kg)	1.91	1.92	-0.6%	2.34	-18.2%

Note 1. Adjusted EBITDA excluding one-time expenses related to Cargil Pork acquisition.

1Q16 Results by Business Unit

JBS USA Chicken (PPC)

Pilgrim's Pride recorded net sales of US$1,962.9 million in 1Q16, a decrease of 4.4% in comparison with 1Q15, due to lower exported volumes in addition to a decrease in sales prices, both in the US and in the international market, partially compensated by a 39.3% increase in Mexican sales, due to organic growth and to the acquisition of assets in the region.

EBITDA was US$233.5 million, a decrease of 35.8% over the same period of 2015, due to a reduction in domestic and exports poultry prices, partially offset by lower feed and other operational costs in the US. In relation to 4Q15, EBITDA increased by 55.7%. EBITDA margin in 1Q16 was 11.9%.

Net income was US$118.4 million, with an EPS of US$0.46. Free cash generation was US$141.3 million. Leverage (net debt/EBITDA) was 0.40x at the end of 1Q16.

On April 27th, Pilgrim's announced the distribution of US$700.0 million in special cash dividends, equivalent to US$2.75 per PPC share, to be paid on May 18th, 2016.

PPC management announced that have begun work on converting one of its facilities to produce USDA-certified organic chicken, leveraging PPC's leadership in the growing ABF market, as well as strengthening its relationship with key customers. Additionally, during the quarter, the Company continued to see improvements in market conditions in Mexico, in addition to be on target in integrating the new assets and realizing announced synergies.

Highlights (US GAAP)

US$ Million	1Q16		4Q15		Δ%	1Q15		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY
Net Revenue	**1,962.9**	***100.0%***	**1,960.8**	***100.0%***	**0.1%**	**2,052.9**	***100.0%***	**-4.4%**
COGS	(1,725.4)	*-87.9%*	(1,800.1)	*-91.8%*	-4.2%	(1,675.8)	*-81.6%*	3.0%
Gross Profit	237.6	*12.1%*	160.7	*8.2%*	47.8%	377.1	*18.4%*	-37.0%
EBITDA	**233.5**	**11.9%**	**150.0**	**7.6%**	**55.7%**	**363.5**	**17.7%**	**-35.8%**

1Q16 Results by Business Unit

JBS Europe (Moy Park)

JBS Europe recorded net revenue of £347.5 million in 1Q16, a reduction of 1.6% over 1Q15, as a result of a decrease in the price of fresh poultry, in the domestic and export markets, in addition to the exiting of the UK corned beef business, partially offset by an increase in the volume sold in UK and Ireland.

EBITDA of this business unit was £30.6 million in the quarter, an increase of 8.2% compared with 1Q15, as a result of increased operating efficiencies across the business in the region, coupled with the focus on cost control, which compensated the lower prices of fresh poultry. EBITDA margin in 1Q16 was 8.8%.

The Company's management continue to invest in the assets in the region and are beginning to deliver the integration benefits of the wider JBS Group. With an experienced leadership team and a strong product portfolio, the management of the Company remains confident in the continued success and development of the business.

Highlights

£ Million	1Q16		4Q15		Δ%	1Q15		Δ%
	£	% NR	£	% NR	QoQ	£	% NR	YoY
Net Revenue	**347.5**	***100.0%***	**378.1**	***100.0%***	**-8.1%**	**353.2**	***100.0%***	**-1.6%**
COGS	(308.0)	*-88.6%*	(340.6)	*-90.1%*	-9.6%	(317.0)	*-89.8%*	-2.8%
Gross Profit	39.5	*11.4%*	37.5	*9.9%*	5.2%	36.2	*10.2%*	9.1%
EBITDA	**30.6**	**8.8%**	**30.0**	**7.9%**	**2.0%**	**28.2**	**8.0%**	**8.2%**

JBS Europe (Moy Park)	1Q16	4Q15	Δ%	1Q15	Δ%
Birds Processed (thousand)	66,940.5	66,999.3	-0.1%	61,373.3	9.1%

1Q16 Results by Business Unit

JBS Europe (Moy Park)

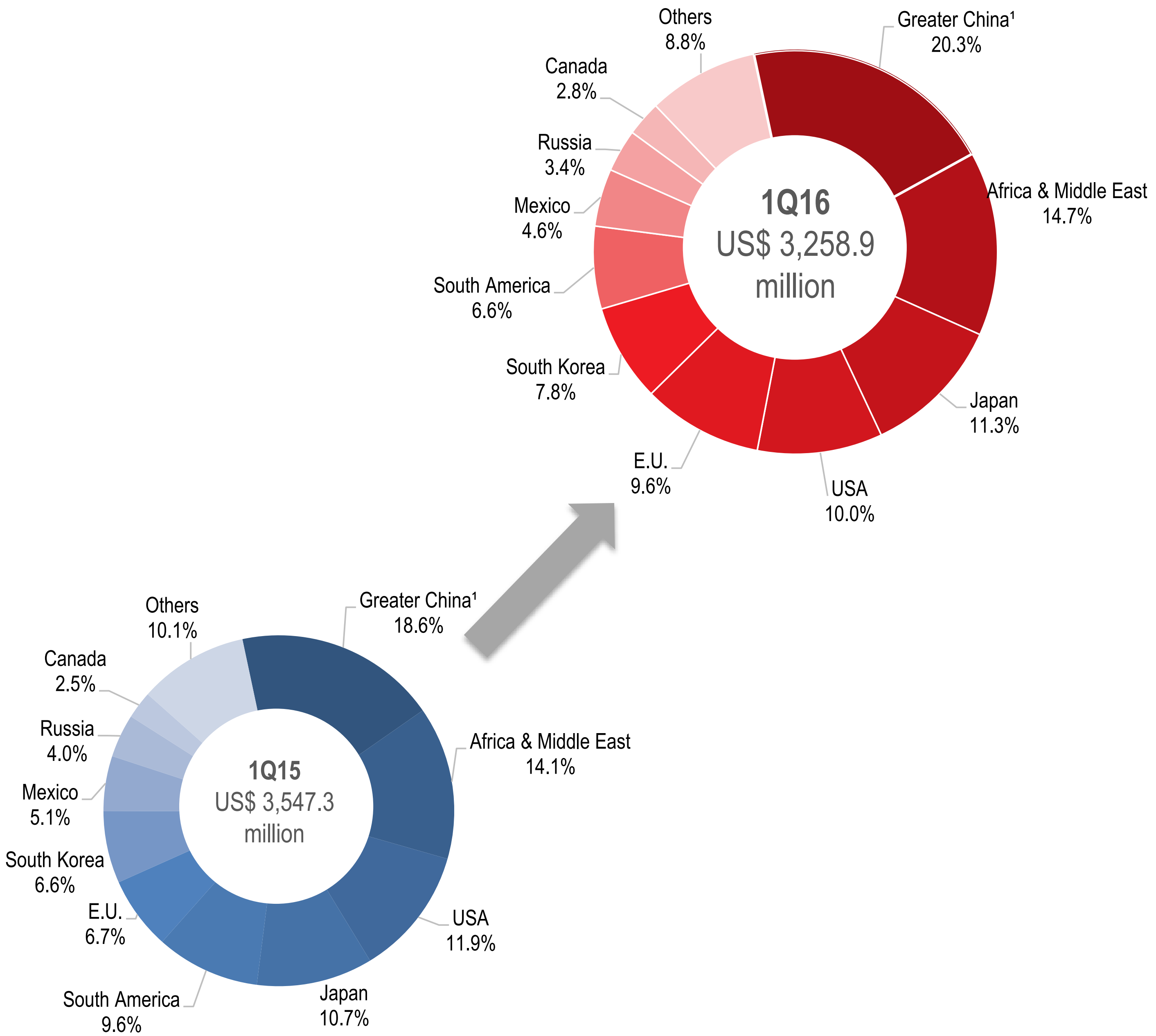
Breakdown of Net Revenue

Domestic Market	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (million £)					
Fresh Poultry	143.4	159.2	-9.9%	135.9	5.5%
Processed / Prepared Products	143.2	158.7	-9.8%	151.4	-5.4%
Others	21.8	22.0	-1.2%	25.9	-15.9%
TOTAL	**308.4**	**340.0**	**-9.3%**	**313.3**	**-1.6%**
Volume (thousand tons)					
Fresh Poultry	46.0	50.4	-8.9%	41.7	10.1%
Processed / Prepared Products	39.1	42.8	-8.5%	41.4	-5.6%
Others	51.3	52.5	-2.4%	50.7	1.0%
TOTAL	**136.3**	**145.7**	**-6.4%**	**133.9**	**1.8%**
Average Price (£/Kg)					
Fresh Poultry	3.12	3.16	-1.2%	3.26	-4.3%
Processed / Prepared Products	3.66	3.71	-1.4%	3.65	0.3%
Others	0.42	0.42	1.3%	0.51	-16.7%

Exports	1Q16	4Q15	Δ%	1Q15	Δ%
Net Revenue (million £)					
Fresh Poultry	8.1	7.9	2.1%	10.0	-19.2%
Processed / Prepared Products	20.2	18.9	6.8%	19.6	2.8%
Others	10.9	11.3	-4.0%	10.3	5.0%
TOTAL	**39.1**	**38.1**	**2.6%**	**40.0**	**-2.1%**
Volume (thousand tons)					
Fresh Poultry	2.6	2.4	7.5%	3.1	-17.0%
Processed / Prepared Products	7.0	7.1	-1.3%	7.4	-5.4%
Others	23.3	22.9	1.5%	25.4	-8.4%
TOTAL	**32.9**	**32.5**	**1.4%**	**35.9**	**-8.5%**
Average Price (£/Kg)					
Fresh Poultry	3.13	3.30	-5.1%	3.21	-2.7%
Processed / Prepared Products	2.88	2.66	8.2%	2.65	8.6%
Others	0.47	0.49	-5.5%	0.41	14.6%

Tables and Charts

Graph I - JBS Consolidated Exports Breakdown in 1Q15 and 1Q16



Note 1. Considers China and Hong Kong

Table I – 3Q15 Breakdown of Production Costs by Business Unit (%)

1Q16 (%)	Consolidated	JBS Mercosul	JBS Foods	USA Beef	USA Pork	USA Chicken	JBS Europe
Raw material (livestock)	70.4%	84.2%	73.0%	86.6%	75.0%	54.6%	48.9%
Processing (including ingredients and packaging)	17.2%	9.1%	14.6%	5.5%	12.9%	26.6%	34.3%
Labor Cost	12.4%	6.7%	12.4%	7.8%	12.1%	18.8%	16.7%

Indexes

Contact

Head Office

Avenida Marginal Direita do Tietê, 500
ZIP Code: 05118-100 – São Paulo – SP
Brasil
Phone.: (55 11) 3144-4000
www.jbs.com.br

Investor Relations

Phone.: (55 11) 3144-4224
E-mail: ir@jbs.com.br
www.jbs.com.br/ir

Disclaimer

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

JBS S.A.

Financial statements and Independent auditors' report

As of March 31, 2016 and 2015

Tel.: +55 11 3848 5880
Fax: + 55 11 3045 7363
www.bdobrazilrcs.com.br

Rua Major Quedinho 90
Consolação - São Paulo, SP - Brasil
01050-030

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

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the individual and consolidated interim financial information of **JBS S.A. ("Company")** contained within the Quarterly Financial Information – ITR, identified as Company and Consolidated, respectively, for the quarter ended on March 31, 2016, which comprise the individual and consolidated statement of financial position on March 31, 2016 and the related individual and consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as a summary of the significant accounting practices and other notes.

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

Scope of the review

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

Conclusion on the individual and consolidated interim financial information

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

Emphasis

Restatement of the individual and consolidated interim financial information

We draw attention to Note 2 to the individual and consolidated interim financial information, which describe the restatement of the individual and consolidated interim financial information of the Company due to the correction of errors and review of certain accounting practices related to the issues described in Note 2. This report replaces the original report issued on May 11, 2016. Our conclusion is not qualified in respect of this matter.

Other issues

Interim statements of added value

We have also reviewed the individual and consolidated interim statement of added value for the three-month period ended March 31, 2016, prepared under the responsibility of the Company's management, whose disclosure in the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Financial Information – ITR and considered as supplemental information by the International Financial Accounting Standards (IFRS), which do not require the disclosure of the Statement of Added Value. This statement was submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

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

São Paulo, August 05, 2016.

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

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

JBS S.A.

Balance sheets
(In thousands of Reais)

	Note	Company		Consolidated	
		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**9,239,453**	11,257,943	**15,287,228**	18,843,988
Trade accounts receivable	5	**2,615,297**	3,435,691	**9,788,546**	12,119,662
Inventories	6	**1,982,995**	2,128,993	**10,624,334**	11,109,744
Biological assets	7	-	-	**2,869,028**	2,873,447
Recoverable taxes	8	**1,453,415**	1,409,696	**3,208,628**	2,874,987
Derivatives assets	31	-	84,779	-	737,891
Prepaid expenses and others		**242,184**	298,476	**968,904**	1,250,319
TOTAL CURRENT ASSETS		**15,533,344**	**18,615,578**	**42,746,668**	**49,810,038**
NON-CURRENT ASSETS					
Biological assets	7	-	-	**1,045,170**	1,100,353
Recoverable taxes	8	**790,856**	789,505	**1,588,330**	1,558,612
Related parties receivables	9	**4,678,347**	4,897,835	**1,797,903**	1,968,043
Other non-current assets		**490,125**	478,827	**1,049,700**	1,026,702
Investments in associate, subsidiaries and joint ventures	10	**17,932,370**	19,534,850	**354,422**	354,134
Property, plant and equipment	11	**11,493,333**	11,693,038	**34,033,542**	35,381,110
Intangible assets	12	**470,856**	467,540	**6,338,505**	6,892,534
Goodwill		**9,085,970**	9,085,970	**23,333,960**	24,411,441
TOTAL NON-CURRENT ASSETS		**44,941,857**	**46,947,565**	**69,541,532**	**72,692,929**
TOTAL ASSETS		**60,475,201**	**65,563,143**	**112,288,200**	**122,502,967**

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

JBS S.A.

Balance sheets
(In thousands of Reais)

	Note	Company March 31, 2016	Company December 31, 2015	Consolidated March 31, 2016	Consolidated December 31, 2015
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	13	**2,054,507**	2,448,362	**10,027,004**	12,421,018
Loans and financings	14	**14,407,207**	14,791,919	**20,834,313**	20,906,613
Accrued income taxes and other taxes	16	**114,272**	102,665	**390,028**	843,919
Payroll and social charges	16	**434,664**	387,426	**2,477,496**	2,891,953
Dividends payable	17	**1,103,308**	1,103,308	**1,103,308**	1,103,308
Other financial liabilities	18	**315,010**	445,164	**685,023**	901,916
Derivatives liabilities	31	**1,892,768**	-	**1,723,631**	-
Other current liabilities		**854,908**	1,026,780	**892,847**	1,068,740
TOTAL CURRENT LIABILITIES		**21,176,644**	**20,305,624**	**38,133,650**	**40,137,467**
NON-CURRENT LIABILITIES					
Loans and financings	14	**14,758,893**	14,951,523	**43,198,302**	44,976,113
Accrued income taxes and other taxes	16	**106,513**	117,913	**281,140**	297,138
Payroll and social charges	16	-	-	**587,228**	597,699
Other financial liabilities	18	**36,300**	37,950	**242,118**	233,855
Deferred income taxes	19	**787,587**	1,893,861	**2,914,863**	4,310,495
Provisions	20	**202,789**	197,100	**1,303,305**	1,533,100
Other non-current liabilities		**26,364**	29,929	**714,032**	795,722
TOTAL NON-CURRENT LIABILITIES		**15,918,446**	**17,228,276**	**49,240,988**	**52,744,122**
EQUITY	21				
Share capital - common shares		**23,576,206**	23,576,206	**23,576,206**	23,576,206
Capital reserve		**(1,569,089)**	(791,230)	**(1,569,089)**	(791,230)
Revaluation reserve		**79,877**	81,066	**79,877**	81,066
Profit reserves		**4,754,482**	4,756,937	**4,754,482**	4,756,937
Accumulated other comprehensive income (loss)		**(721,392)**	406,264	**(721,392)**	406,264
Accumulated loss		**(2,739,973)**	-	**(2,739,973)**	-
Attributable to controlling interest		**23,380,111**	**28,029,243**	**23,380,111**	**28,029,243**
Attributable to non-controlling interest		-	-	**1,533,451**	**1,592,135**
TOTAL EQUITY		**23,380,111**	**28,029,243**	**24,913,562**	**29,621,378**
TOTAL LIABILITIES AND EQUITY		**60,475,201**	**65,563,143**	**112,288,200**	**122,502,967**

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

JBS S.A.

Statements of income (loss) for the three months period ended on March 31, 2016 and 2015
(In thousands of Reais)

		Company		Consolidated	
	Note	2016	2015	2016	2015
NET REVENUE	22	**6,839,758**	6,672,479	**43,911,939**	33,818,992
Cost of goods sold		**(5,098,763)**	(5,400,813)	**(39,148,148)**	(29,041,151)
GROSS PROFIT		**1,740,995**	**1,271,666**	**4,763,791**	**4,777,841**
General and administrative expense		**(443,464)**	(349,517)	**(1,227,613)**	(843,290)
Selling expense		**(746,764)**	(704,477)	**(2,678,493)**	(1,955,216)
Other income (expenses)	24	**1,479**	(3,955)	**104,703**	2,086
OPERATING EXPENSE		**(1,188,749)**	**(1,057,949)**	**(3,801,403)**	**(2,796,420)**
OPERATING PROFIT		**552,246**	**213,717**	**962,388**	**1,981,421**
Finance income	23	**2,017,774**	4,021,256	**2,100,015**	4,718,373
Finance expense	23	**(5,915,724)**	(3,923,303)	**(6,865,290)**	(4,634,511)
		(3,897,950)	**97,953**	**(4,765,275)**	**83,862**
Equity in earnings of associates, subsidiaries and joint ventures	10	**(501,732)**	1,200,592	**295**	24,130
NET INCOME (LOSS) BEFORE TAXES		**(3,847,436)**	**1,512,262**	**(3,802,592)**	**2,089,413**
Current income taxes	19	**466**	563	**(72,858)**	(840,154)
Deferred income taxes	19	**1,105,808**	(119,106)	**1,230,806**	278,826
		1,106,274	**(118,543)**	**1,157,948**	**(561,328)**
NET INCOME (LOSS)		**(2,741,162)**	**1,393,719**	**(2,644,644)**	**1,528,085**
ATTRIBUTABLE TO:					
Controlling interests				**(2,741,162)**	1,393,719
Noncontrolling interests				**96,518**	134,366
				(2,644,644)	**1,528,085**
Net income (loss) per shares (basic) - in reais	25	**(0.97)**	0.48	**(0.97)**	0.48
Net income (loss) per shares (diluted) - in reais	25	**(0.97)**	0.48	**(0.97)**	0.48

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

JBS S.A.

Statements of comprehensive income (loss) for three months period ended on March 31, 2016 and 2015
(In thousands of Reais)

		Company		Consolidated	
	Reference	2016	2015	2016	2015
Net income (loss)	**SCSE**	**(2,741,162)**	1,393,719	**(2,644,644)**	1,528,085
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	**SCSE**	**(1,127,656)**	1,270,923	**(1,280,571)**	1,697,191
Total of comprehensive income (loss)		**(3,868,818)**	**2,664,642**	**(3,925,215)**	**3,225,276**
Total of comprehensive income (loss) attributable to:					
Controlling interests		**(3,868,818)**	2,664,642	**(3,868,818)**	2,664,642
Noncontrolling interests		-	-	**(56,397)**	560,634
		(3,868,818)	**2,664,642**	**(3,925,215)**	**3,225,276**

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

JBS S.A.
Statements of changes in equity for the three months period ended on March 31, 2016 and 2015
(In thousands of Reais)

		Capital reserves					Profit reserves		Other comprehensive income					
	Capital stock	Premium on issue of shares	Capital transaction	Stocks option	Treasury shares	Revaluation reserve	Legal reserve	Statutory reserve	VAE (1)	ATA (2)	Retained earnings (loss)	Total	Non controlling interest	Total equity
DECEMBER 31, 2014	**21,506,247**	**212,793**	**90,338**	-	**(451,700)**	**87,877**	**191,855**	**4,069,960**	**101,658**	**(1,704,700)**	-	**24,104,328**	**1,768,702**	**25,873,030**
Net income	-	-	-	-	-	-	-	-	-	-	1,393,719	**1,393,719**	134,366	**1,528,085**
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(9,025)	1,279,948	-	**1,270,923**	426,268	**1,697,191**
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	**(9,025)**	**1,279,948**	**1,393,719**	**2,664,642**	**134,366**	**3,225,276**
Capital transaction	-	-	25,706	-	-	-	-	-	-	-	-	**25,706**	-	**25,706**
Purchase of treasury shares	-	-	-	-	(31,986)	-	-	-	-	-	-	**(31,986)**	-	**(31,986)**
Stock option exercise	-	2,668	-	-	-	-	-	-	-	-	-	**2,668**	-	**2,668**
Realization revaluation reserve	-	-	-	-	-	(1,093)	-	-	-	-	1,093	-	-	-
PPC dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outros	-	-	-	-	-	-	-	-	-	-	-	-	9,661	**9,661**
MARCH 31, 2015	**21,506,247**	**215,461**	**116,044**	-	**(483,686)**	**86,784**	**191,855**	**4,069,960**	**92,633**	**(424,752)**	**1,394,812**	**26,765,358**	**1,103,839**	**27,869,197**
DECEMBER 31, 2015	**23,576,206**	**211,879**	**(141,751)**	**42,213**	**(903,571)**	**81,066**	**423,861**	**4,333,076**	**205,576**	**200,688**	-	**28,029,243**	**1,592,135**	**29,621,378**
Loss	-	-	-	-	-	-	-	-	-	-	(2,741,162)	**(2,741,162)**	96,518	**(2,644,644)**
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(9,410)	(1,118,246)	-	**(1,127,656)**	(152,915)	**(1,280,571)**
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	**(9,410)**	**(1,118,246)**	**(2,741,162)**	**(3,868,818)**	**(56,397)**	**(3,925,215)**
Capital transaction	-	-	(4,324)	-	-	-	-	-	-	-	-	**(4,324)**	-	**(4,324)**
Purchase of treasury shares	-	-	-	-	(821,139)	-	-	-	-	-	-	**(821,139)**	-	**(821,139)**
Stock option exercise	-	-	-	3,311	-	-	-	-	-	-	-	**3,311**	-	**3,311**
Share-based compensation	-	-	-	41,838	-	-	-	-	-	-	-	**41,838**	(2,287)	**39,551**
Treasury stock incentive	-	-	-	(53,222)	55,677	-	-	(2,455)	-	-	-	-	-	-
Realization revaluation reserve	-	-	-	-	-	(1,189)	-	-	-	-	1,189	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MARCH 31, 2016	**23,576,206**	**211,879**	**(146,075)**	**34,140**	**(1,669,033)**	**79,877**	**423,861**	**4,330,621**	**196,166**	**(917,558)**	**(2,739,973)**	**23,380,111**	**1,533,451**	**24,913,562**

(1) Valuation adjustments to equity;
(2) Accumulated translation adjustments and exchange variation in subsidiaries.

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

JBS S.A.

Statements of cash flows for the three months period ended on March 31, 2016 and 2015
(In thousands of Reais)

	Company		Consolidated	
	2016	2015	2016	2015
Cash flow from operating activities				
Net income	(2,741,162)	1,393,719	(2,644,644)	1,528,085
Adjustments for:				
Depreciation and amortization	168,618	170,188	1,165,855	776,390
Allowance for doubtful accounts	7,286	-	27,047	(672)
Equity in earnings of associate, subsidiaries and joint-ventures	501,732	(1,200,592)	(295)	(24,130)
(Gain) loss on sale of assets	(933)	3,954	(60,458)	774
Taxes expense	(1,106,274)	118,543	(1,157,948)	561,328
Finance income (expense), net	3,897,950	(97,953)	4,765,275	(83,862)
Share-based compensation	41,838	-	39,551	-
Provisions	5,689	3,965	22,397	23,501
	774,744	391,824	2,156,780	2,781,414
Changes in:				
Trade accounts receivable	137,688	225,934	940,460	580,764
Inventories	132,869	366,046	(155,768)	(329,557)
Recoverable taxes	(44,295)	(36,995)	(403,515)	(129,691)
Other current and non-current assets	125,112	29,528	53,668	(128,830)
Related parties receivables	386,560	(1,332,615)	10,008	(625,053)
Biological assets	-	-	(474,324)	(235,774)
Trade accounts payable	(373,196)	(490,805)	(1,541,100)	(902,280)
Other current and non-current liabilities	(250,025)	(177,627)	(451,294)	285
Changes in operating activities	114,713	(1,416,534)	(2,021,865)	(1,770,136)
Interest and service fees paid	(341,323)	(505,196)	(784,278)	(821,302)
Interest received	366,774	174,160	246,040	229,400
Income tax paid	-	-	(688,617)	(528,617)
Net cash provided by (used in) operating activities	914,908	(1,355,746)	(1,091,939)	(109,241)
Cash flow from investing activities				
Purchases of property, plant and equipment	(70,152)	(297,569)	(840,083)	(719,291)
Sale of property, plant and equipment	-	-	83,120	25,641
Decrease (increase) in investments in subsidiaries	(2,347)	(30)	-	-
Acquisitions, net of cash acquired	-	-	(130,000)	(3,864,603)
Other	-	-	-	-
Net cash used in investing activities	(72,499)	(297,599)	(886,963)	(4,558,253)
Cash flow from financing activities				
Proceeds from loans and financings	4,863,539	1,674,162	10,203,716	10,695,945
Payments of loans and financings	(3,430,940)	(5,001,486)	(7,047,592)	(10,447,418)
Derivatives settled in cash	(3,475,670)	3,847,096	(3,356,263)	4,001,294
Dividends paid	-	(3)	-	-
Dividends paid to non-controlling interest	-	-	-	(1,235,158)
Stock option premium received upon exercise	3,311	1,428	3,311	2,668
Shares repurchased by subsidiary	-	-	(4,324)	25,706
Purchase of treasury shares	(821,139)	(31,986)	(821,139)	(31,986)
Net cash provided by (used in) financing activities	(2,860,899)	489,211	(1,022,292)	3,011,051
Effect of exchange variation on cash and cash equivalents	-	-	(555,566)	866,840
Net change in cash and cash equivalents	(2,018,490)	(1,164,134)	(3,556,760)	(789,603)
Cash and cash equivalents at the beginning of the year	11,257,943	9,503,923	18,843,988	14,910,427
Cash and cash equivalents at the end of the year	9,239,453	8,339,789	15,287,228	14,120,824

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

JBS S.A.

Economic value added for the three months period ended on March 31, 2016 and 2015
(In thousands of Reais)

	Company		Consolidated	
	2016	2015	2016	2015
Revenue				
Sales of goods and services	**7,169,284**	7,016,731	**44,581,162**	34,415,827
Other net income (expenses)	**2,670**	(1,374)	**84,255**	1,709
Allowance for doubtful accounts	**(7,286)**	-	**(27,047)**	672
	7,164,668	**7,015,357**	**44,638,370**	**34,418,208**
Goods				
Cost of services and goods sold	**(4,229,440)**	(4,585,329)	**(29,329,364)**	(21,812,900)
Materials, energy, services from third parties and others	**(1,154,563)**	(862,728)	**(6,959,143)**	(5,504,412)
	(5,384,003)	**(5,448,057)**	**(36,288,507)**	**(27,317,312)**
Gross added value	**1,780,665**	**1,567,300**	**8,349,863**	**7,100,896**
Depreciation and Amortization	**(168,618)**	(170,188)	**(1,165,855)**	(776,390)
Net added value generated	**1,612,047**	**1,397,112**	**7,184,008**	**6,324,506**
Net added value by transfer				
Equity in earnings of subsidiaries	**(501,732)**	1,200,592	**295**	24,130
Financial income	**4,288,635**	6,473,109	**4,344,029**	8,189,616
Others	**(6,055)**	(6,932)	**27,230**	(54,735)
NET ADDED VALUE TOTAL TO DISTRIBUTION	**5,392,895**	**9,063,881**	**11,555,562**	**14,483,517**
DISTRIBUTION OF ADDED VALUE				
Labor				
Salaries	**609,095**	570,822	**4,319,394**	2,872,245
Benefits	**49,209**	41,374	**796,678**	533,687
FGTS (Brazilian Labor Social Charge)	**23,775**	23,684	**57,349**	46,386
	682,079	**635,880**	**5,173,421**	**3,452,318**
Taxes and contribution				
Federal	**(1,048,473)**	243,128	**(939,913)**	819,324
State	**285,493**	402,188	**461,350**	529,926
Municipal	**5,056**	4,394	**11,868**	5,489
	(757,924)	**649,710**	**(466,695)**	**1,354,739**
Capital Remuneration from third parties				
Interests and exchange variation	**8,164,905**	6,345,706	**9,072,254**	7,991,230
Rents	**31,827**	20,588	**194,035**	97,737
Others	**13,170**	18,278	**227,191**	59,408
	8,209,902	**6,384,572**	**9,493,480**	**8,148,375**
Owned capital remuneration				
Net income (loss) attributable to controlling interest	**(2,741,162)**	1,393,719	**(2,741,162)**	1,393,719
Noncontrolling interest	-	-	**96,518**	134,366
	(2,741,162)	**1,393,719**	**(2,644,644)**	**1,528,085**
ADDED VALUE TOTAL DISTRIBUTED	**5,392,895**	**9,063,881**	**11,555,562**	**14,483,517**

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

(Expressed in thousands of reais)

1 Operating activities

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

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

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

Company

Description	Activities	Units	State
JBS	- Beef processing: slaughter, cold storage, industrialization and production of canned and beef by-products derived from its meat processing operations. - Leather industrialization, processing and commercialization. - Production and commercialization of steel cans, plastic resin, soap base mass for production, soap bar, biodiesel, glycerin, olein, fatty acid, collagen and wrapper derived from cattle tripe; management of industrial residue; purchase and sale of soybeans, tallow, palm oil, caustic soda, stearin, own transportation operations, pet food industrialization service, direct sales to customers of beef and related items by stores named "Mercado da Carne"; production, cogeneration and commercialization of electric power. - Distribution centers and harbors.	83	AC, AM, BA, CE, DF, ES, GO, MA, MG, MS, MT, PA, PE, PR, RJ, RO, RS, SC, SP, TO

Consolidated: Main activities in Brazil

Description	Activities	Units	State	Participation	March 31, 2016
JBS Foods (JBS Foods)	- Chicken and pork processing: raising, slaughtering and processing of broiler chickens and hogs; industrialization and commercialization of beef and food products; and production of pet food and concentrates. - Distribution centers and harbors.	51	BA, CE, DF, MG, MT, MS, PE, PR, RJ, RN, RS, SC e SP	Direct	100%
Meat Snacks Partners do Brasil Ltda (Meat Snacks)	- Beef Jerky production.	2	SP	Indirect	50%
Enersea Comercializadora de Energia Ltda. (Enersea)	- Commercialization of eletric power.	2	SC and SP	Direct	99.99%
JBS Confinamento Ltda. (JBS Confinamento)	- Providing services of fattening cattle.	5	SP, GO, MS, MT	Direct	100%
Brazservice Wet Leather S.A (Brazservice)	- Industrialization, processing and commercialization of wet blue leather.	1	MT	Direct	100%
Tannery do Brasil S.A (Tannery)	- Industrialization, processing and commercialization of wet blue leather.	1	MT	Direct	99.51%

Consolidated: Main activities out of Brazil

Description	Activities	Units	Country	Participation	March 31, 2016
JBS USA Holding Lux, S.à.r.l. (JBS USA)	- Beef, pork and lamb processing : slaughter, cold storage, industrialization and by-products derived; - Chicken processing: raising, slaughter, industrialization and commercialization of products derived from its processing operations; - Fattening cattle services; - Transportation services.	222	Australia, Canada, Luxembourg, Mexico and United States of America	Indirect	100%
JBS Argentina S.A. (JBS Argentina)	- Beef processing; and industrialization of canned goods, fat, pet foods and beef products.	3	Argentina	Indirect	100%
JBS Global UK, Friboi (JBS Global UK)	- Meat "in natura" trading and processing for sale throughout the European Union.	1	United Kingdom	Indirect	100%
JBS Toledo NV (Toledo)	- Trading operations for the european market; cooked frozen meat commercialization; logistic operations; warehousing; customization and new products development.	1	Belgium	Indirect	100%
JBS Paraguay S.A (JBS Paraguay)	- Beef processing.	2	Paraguay	Indirect	100%
Frigorífico Canelones S.A (Canelones)	- Beef processing.	1	Uruguay	Indirect	100%
Rigamonti Salumificio SpA (Rigamonti)	- Bresaola production and sale.	3	Italy	Direct	100%
Conceria Priante (Priante)	- Semi finished and finished leather industrialization and commercialization.	4	Italy	Direct	100%
JBS Leather International (Leather International)	- Wet blue, semi finished and finished leather industrialization and commercialization.	11	Argentina, British Virgin Islands, Germany, Hong Kong, Netherlands, Paraguay and Uruguay	Direct	100%

(Expressed in thousands of reais)

Description	Activities	Units	Country	Participation	March 31, 2016
Seara Holding Europe B.V. (Seara Holding)	- Animal protein products trading.	4	Netherlands	Indirect	100%
Moy Park Holdings (Europe) Limited (Moy Park)	- Production of fresh, high quality locally farmed poultry and convenience food products.	14	United Kingdom, France, Netherlands, Republic of Ireland.	Direct	100%

Subsequent event: On April 2016, it was concluded the majority stake acquisition. through the subsidiary JBS USA, of the company Scott Technology Limited ("Scott"), based in New Zealand, in the amount of approximately US$36 millions. Scott acts in the technology market, providing services to several different fields in the market, including meat processing.

2 Preparation and presentation of financial statements

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

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

Restatement of previously issued financial statements:

The Board of Directors, Audit Committee and the Company's current management team have concluded that the Company would restate its historical financial statements in respect of the three-months period ended on March 31, 2016, and for the same comparable period of March 31, 2015, and year ended on December 31, 2015. The management of JBS S.A. has assessed its accounting policies as well as the presentation and accounting for certain transactions in the financial statements and has concluded that it was necessary to restate previously issued financial statements for the correction of errors and certain other reclassifications in accordance with CPC 23/IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The March 31, 2016 and year ended on December 31, 2015 financial statements are being restated for the correction and reclassification of the following items

1. Correcting the accounting for contingent consideration at the date of the Moy Park acquisition as opposed to as a measurement period adjustment ;
2. Correcting the foreign currency translation (other comprehensive income) relating to goodwill arising in certain business combinations for goodwill that should have been denominated in the functional currency of a subsidiary ;
3. Correcting the presentation of items in the statements of cash flows, including cash flows related to interest, acquisitions of assets and businesses, derivatives, taxes, sales of investment securities, and share-based payments;
4. Correcting the presentation of non-controlling interests in statements of cash flow ;
5. Separately reclassifying presenting derivative assets, derivative liabilities, goodwill, payroll and social charges, on the statement of financial position, and;
6. Correcting the presentation of finance income and expense on the statements of income ;
7. Adding certain additional disclosures required by IFRS.

The Company emphasizes that these restatements have no effect on its previously reported net income, earnings per share, or liquidity and does not affect dividends as approved and distributed by resolution of the Company's shareholders at its Annual General Meeting.

The changes in assets and liabilities for the Company and Consolidated, for the three-months period ended on March 31, 2016 and year ended on December 31, 2015 are presented below. No statement of changes in equity has been presented, as the only adjustments are related to comprehensive income, which has been disclosed on its specific table below.

Company

	Previously Published		Adjustments		Restated	
ASSETS	**March 2016**	**Dec 2015**	**March 2016**	**Dec 2015**	**March 2016**	**Dec 2015**
ASSETS - CURRENT	**15,533,344**	**18,615,578**	-	-	**15,533,344**	**18,615,578**
Derivatives assets	-	-	-	***84,779***	-	84,779
Prepaid expenses and others	242,184	383,255	-	***(84,779)***	242,184	298,476
ASSETS - NON-CURRENT	**44,801,404**	**46,197,552**	***140,453***	***750,013***	**44,941,857**	**46,947,565**
Investments	17,791,917	18,784,837	***140,453***	***750,013***	17,932,370	19,534,850
Intangible	9,556,826	9,553,510	***(9,085,970)***	***(9,085,970)***	470,856	467,540
Goodwill	-	-	***9,085,970***	***9,085,970***	9,085,970	9,085,970
TOTAL OF ASSETS	**60,334,748**	**64,813,130**	***140,453***	***750,013***	**60,475,201**	**65,563,143**

(Expressed in thousands of reais)

LIABILITIES	Previously Published March 2016	Previously Published Dec 2015	Adjustments March 2016	Adjustments Dec 2015	Restated March 2016	Restated Dec 2015
LIABILITIES - CURRENT	**20,876,644**	**19,875,624**	***300,000***	***430,000***	**21,176,644**	**20,305,624**
Accrued income taxes and other taxes	-	-	***114,272***	***102,665***	114,272	102,665
Payroll and social charges	548,936	490,091	***(114,272)***	***(102,665)***	434,664	387,426
Other financial liabilities	15,010	15,164	***300,000***	***430,000***	315,010	445,164
Derivatives liabilities	-	-	***1,892,768***	-	1,892,768	-
Other current liabilities	2,747,676	-	***(1,892,768)***	-	854,908	-
LIABILITIES - NON-CURRENT	**15,918,446**	**17,228,276**	-	-	**15,918,446**	**17,228,276**
Accrued income taxes and other taxes	-	-	***106,513***	***117,913***	106,513	117,913
Payroll and social charges	106,513	117,913	***(106,513)***	***(117,913)***	-	-
EQUITY						
Accumulated other comprehensive income (loss)	(561,845)	86,251	***(159,547)***	***320,013***	(721,392)	406,264
TOTAL OF LIABILITIES AND EQUITY	**60,334,748**	**64,813,130**	***140,453***	***750,013***	**60,475,201**	**65,563,143**

INCOME STATEMENT	Previously Published March 2016	Previously Published March 2015	Adjustments March 2016	Adjustments March 2015	Restated March 2016	Restated March 2015
Finance income (expense), net	(3,897,950)	97,953	***3,897,950***	***(97,953)***	-	-
Finance income	-	-	***2,100,015***	***4,718,373***	2,100,015	4,718,373
Finance expense	-	-	***(6,865,290)***	***(4,634,511)***	(6,865,290)	(4,634,511)

OTHER COMPREHENSIVE INCOME	Previously Published March 2016	Previously Published March 2015	Adjustments March 2016	Adjustments March 2015	Restated March 2016	Restated March 2015
Foreign currency translation adjustments	(648,096)	1,172,176	***(479,560)***	***98,747***	(1,127,656)	1,270,923
Total of comprehensive income	**(3,389,258)**	**2,565,895**	***(479,560)***	***98,747***	**(3,868,818)**	**2,664,642**

CASH FLOWS	Previously Published March 2016	Previously Published March 2015	Adjustments March 2016	Adjustments March 2015	Restated March 2016	Restated March 2015
Taxes expense	(1,105,808)	119,106	***(466)***	***(563)***	(1,106,274)	118,543
Finance income (expense), net	(1,509,351)	3,809,487	***5,407,301***	***(3,907,440)***	3,897,950	(97,953)
Share-based compensation	-	-	***41,838***	-	41,838	-
Other current and non-current liabilities	1,768,894	(178,190)	***(2,018,919)***	***563***	(250,025)	(177,627)
Interest paid	-	-	***(341,323)***	***(505,196)***	(341,323)	(505,196)
Interest received	-	-	***366,774***	***174,160***	366,774	174,160
Operating activities	**(2,540,297)**	**2,882,730**	***3,455,205***	***(4,238,476)***	**914,908**	**(1,355,746)**
Purchases of property, plant and equipment	-	-	***(70,152)***	***(297,569)***	(70,152)	(297,569)
Additions to property, plant and equipment and intangible assets	(70,152)	(297,569)	***70,152***	***297,569***	-	-
Investing activities	**(72,499)**	**(297,599)**	-	-	**(72,499)**	**(297,599)**
Payments of loans and financings	(3,451,405)	(5,392,866)	***20,465***	***391,380***	(3,430,940)	(5,001,486)
Derivatives settled in cash	-	-	***(3,475,670)***	***3,847,096***	(3,475,670)	3,847,096
Financing activities	**594,306**	**(3,749,265)**	***(3,455,205)***	***4,238,476***	**(2,860,899)**	**489,211**

Consolidated:

ASSETS	Previously Published March 2016	Previously Published Dec 2015	Adjustments March 2016	Adjustments Dec 2015	Restated March 2016	Restated Dec 2015
ASSETS - CURRENT	**42,746,668**	**49,810,038**	-	-	**42,746,668**	**49,810,038**
Derivatives assets	-	-	-	***737,891***	-	737,891
Prepaid expenses and others	968,904	1,988,210	-	***(737,891)***	968,904	1,250,319
ASSETS - NON-CURRENT	**69,401,079**	**71,942,916**	***140,453***	***750,013***	**69,541,532**	**72,692,929**
Intangible	29,532,012	30,553,962	***(23,193,507)***	***(23,661,428)***	6,338,505	6,892,534
Goodwill	-	-	***23,333,960***	***24,411,441***	23,333,960	24,411,441
TOTAL OF ASSETS	**112,147,747**	**121,752,954**	***140,453***	***750,013***	**112,288,200**	**122,502,967**

LIABILITIES	Previously Published March 2016	Previously Published Dec 2015	Adjustments March 2016	Adjustments Dec 2015	Restated March 2016	Restated Dec 2015
LIABILITIES - CURRENT	**37,833,650**	**39,707,467**	***300,000***	***430,000***	**38,133,650**	**40,137,467**
Accrued income taxes and other taxes	-	-	***390,028***	***843,919***	390,028	843,919
Payroll and social charges	2,867,524	3,735,872	***(390,028)***	***(843,919)***	2,477,496	2,891,953
Other financial liabilities	385,023	471,916	***300,000***	***430,000***	685,023	901,916
Derivatives liabilities	-	-	-	-	-	-
Other current liabilities	2,616,478	1,068,740	***(1,723,631)***	-	892,847	1,068,740
LIABILITIES - NON-CURRENT	**49,240,988**	**52,744,122**	-	-	**49,240,988**	**52,744,122**
Accrued income taxes and other taxes	-	-	***281,140***	***297,138***	281,140	297,138
Payroll and social charges	868,368	894,837	***(281,140)***	***(297,138)***	587,228	597,699
Deferred income tax	2,914,863	4,310,495	-	-	2,914,863	4,310,495
EQUITY						
Accumulated other comprehensive income (loss)	(561,845)	86,251	***(159,547)***	***320,013***	(721,392)	406,264
TOTAL OF LIABILITIES AND EQUITY	**112,147,747**	**121,752,954**	***140,453***	***750,013***	**112,288,200**	**122,502,967**

INCOME STATEMENT	Previously Published March 2016	Previously Published March 2015	Previously Published March 2016	Previously Published March 2015	Previously Published March 2016	Previously Published March 2015
Finance income (expense), net	(4,765,275)	83,862	***4,765,275***	***(83,862)***	-	-
Finance income	-	-	***2,100,015***	***4,718,373***	2,100,015	4,718,373
Finance expense	-	-	***(6,865,290)***	***(4,634,511)***	(6,865,290)	(4,634,511)

OTHER COMPREHENSIVE INCOME	Previously Published March 2016	Previously Published March 2015	Previously Published March 2016	Previously Published March 2015	Previously Published March 2016	Previously Published March 2015
Foreign currency translation adjustments	(648,096)	1,172,176	***(632,475)***	***525,015***	(1,280,571)	1,697,191
Total of comprehensive income	**(3,292,740)**	**2,700,261**	***(632,475)***	***525,015***	**(3,925,215)**	**3,225,276**

CASH FLOWS	Previously Published March 2016	Previously Published March 2015	Previously Published March 2016	Previously Published March 2015	Previously Published March 2016	Previously Published March 2015
Taxes expense	(1,230,806)	(278,826)	***72,858***	***840,154***	(1,157,948)	561,328
Finance income (expense), net	(1,469,083)	4,451,601	***6,234,358***	***(4,535,463)***	4,765,275	(83,862)
Share-based compensation	-	-	***39,551***	-	39,551	-
Other current and non-current liabilities	643,412	(342,560)	***(1,094,706)***	***342,845***	(451,294)	285
Interest and service fees paid	-	-	***(784,278)***	***(821,302)***	(784,278)	(821,302)
Interest received	-	-	***246,040***	***229,400***	246,040	229,400
Income tax paid	-	-	***(688,617)***	***(528,617)***	(688,617)	(528,617)
Operating activities	**(4,446,748)**	**4,537,979**	***3,354,809***	***(4,647,220)***	**(1,091,939)**	**(109,241)**
Additions to property, plant and equipment and intangible assets	(761,477)	(705,150)	***(78,606)***	***(14,141)***	(840,083)	(719,291)
Sale of property, plant and equipment	-	-	***83,120***	***25,641***	83,120	25,641
Acquisitions, net of cash acquired	-	(3,905,196)	***(130,000)***	***40,593***	(130,000)	(3,864,603)
Investing activities	**(761,477)**	**(4,610,346)**	***(125,486)***	***52,093***	**(886,963)**	**(4,558,253)**
Payments of loans and financings	(7,174,533)	(11,085,810)	***126,941***	***638,392***	(7,047,592)	(10,447,418)
Derivatives settled in cash	-	-	***(3,356,263)***	***4,001,294***	(3,356,263)	4,001,294
Financing activities	**2,207,031**	**(1,584,076)**	***(3,229,323)***	***4,595,127***	**(1,022,292)**	**3,011,051**

a. Foreign currency translation

Functional and reporting currency

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

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

Financial statement translation of subsidiaries located abroad

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

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

b. Individual financial statements

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

c. Consolidated financial statements

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

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

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

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

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

d. Present value adjustment in assets and liabilities

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

e. Other current and noncurrent assets

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

f. Other current and noncurrent liabilities

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

g. Statement of income and revenue recognition

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

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

The expenses are recorded on the accrual basis.

h. New standards, amendments and interpretations

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

3 Business Combination

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

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

The estimated fair values of assets acquired and liabilities assumed are adjusted during the measurement period (which shall not exceed one year, from the date of acquisition), or additional assets and liabilities are recognized to reflect new information relating to facts and circumstances existing at the acquisition date which, if known, would have affected the amounts recognized on that date. The Company, and the acquiring subsidiaries as indicated, entered into the following business combinations during the year ending December 31, 2015:

(Expressed in thousands of reais)

Business combination details:

FAIR VALUE	Acquisitions in 2015 Seara Norte	Big Frango	FRS S/A	Societe Alimentos	Primo	Tyson México	Cargill Inc.	Moy Park [1]
ASSETS	**91,660**	**697,734**	**771,353**	**64**	**2,389,790**	**886,277**	**3,173,563**	**5,897,254**
Cash and cash equivalents	1,342	18,746	636	–	15,168	17,173	–	732,196
Trade accounts receivable	5,759	76,402	–	–	356,662	74,999	310,456	373,530
Inventories	10,615	32,077	1,078	–	365,959	103,944	271,365	490,479
Biological assets	5,019	42,483	–	–	–	107,437	637,558	311,434
Other current and non-current assets	11,513	143,906	53,151	64	51,674	11,340	6,566	375,842
Property, plant and equipment	57,295	227,802	495,155	–	1,048,631	489,441	1,036,000	1,449,205
Intangible	117	156,318	221,333	–	551,696	81,943	911,618	2,164,568
LIABILITIES AND EQUITY	**46,279**	**1,073,552**	**1,081,586**	**25,342**	**501,654**	**195,942**	**337,963**	**4,112,082**
Trade accounts payable	6,189	148,286	36,936	–	364,088	66,861	256,101	1,128,709
Loans and financings	12,509	553,345	–	–	–	–	–	1,877,720
Current and deferred taxes	15,639	74,433	206,291	–	4,556	99,119	–	680,560
Other current and noncurrent liabilities	11,942	297,488	838,359	25,342	133,010	29,962	81,862	429,573
Non-controlling interest	–	–	–	–	–	–	–	(4,480)
Net assets and liabilities	**45,381**	**(375,818)**	**(310,233)**	**(25,278)**	**1,888,136**	**690,335**	**2,835,600**	**1,785,172**
Acquisition price	71,987	30,000	437,016	–	3,834,603	1,176,093	5,494,446	5,602,378
Goodwill	**26,606**	**405,818**	**747,249**	**25,278**	**1,946,467**	**485,758**	**2,658,846**	**3,817,206**

[1] - Corresponds to the acquisition price , after working capital adjustment, and includes the contingent of R$430.000.

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

4 Cash and cash equivalents

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

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Cash and banks	**3,593,040**	6,244,789	**6,583,593**	10,776,155
CDB (bank certificates of deposit)	**3,425,424**	1,584,422	**6,152,406**	4,285,299
Investment funds	–	–	**330,240**	353,802
National treasury bill - Tesouro Selic	**2,220,989**	3,428,732	**2,220,989**	3,428,732
	9,239,453	**11,257,943**	**15,287,228**	**18,843,988**

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

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

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

(Expressed in thousands of reais)

5 Trade accounts receivable, net

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

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Current receivables	**2,315,528**	**3,107,119**	**8,339,922**	**9,950,459**
Overdue receivables:				
From 1 to 30 days	**208,344**	248,610	**1,014,317**	1,475,312
From 31 to 60 days	**52,436**	105,701	**168,084**	456,220
From 61 to 90 days	**45,552**	50,348	**156,051**	192,307
Above 90 days	**125,332**	54,230	**420,807**	355,789
Allowance for doubtful accounts	**(122,248)**	(114,962)	**(286,590)**	(266,733)
Present value adjustment	**(9,647)**	(15,355)	**(24,045)**	(43,692)
	299,769	**328,572**	**1,448,624**	**2,169,203**
	2,615,297	**3,435,691**	**9,788,546**	**12,119,662**

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

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Opening balance	**(114,962)**	**(88,585)**	**(266,733)**	**(192,367)**
Additions	**(7,286)**	(26,377)	**(30,395)**	(60,989)
Exchange variation	-	-	**7,733**	(16,888)
Write-offs	-	-	**2,805**	3,511
Closing balance	**(122,248)**	**(114,962)**	**(286,590)**	**(266,733)**

6 Inventories

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

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Finished products	**1,284,221**	1,365,859	**6,739,598**	6,786,778
Work in process	**399,470**	416,961	**1,005,241**	1,079,250
Raw materials	**149,068**	197,684	**1,218,448**	1,449,727
Warehouse spare parts	**150,236**	148,489	**1,661,047**	1,793,989
	1,982,995	**2,128,993**	**10,624,334**	**11,109,744**

7 Biological assets

Chicken and eggs:

Current (consumable) - Refers to broiler chickens in a maturing period of 30 to 48 days, kept in grown-out facilities systems until they are grown out for slaughter.

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

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

Cattle:

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

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

Hogs:

Current (consumable) - Refers to hogs in a maturing period of 170 to 190 days, kept in grow-out facilities systems until they are grown out for slaughter. In the United States, hogs under this category are reliably recognized at market value due to the existence of active markets. The gain or loss on change in fair value of biological assets is recognized in the income statement in the period in which it occurs, as a reduction of gross revenue. The operations in Brazil has no active market and the assets are carried at cost.

(Expressed in thousands of reais)

Noncurrent (bearer assets) - Refers to hogs that are intended for breeding which have a estimate useful life of 24 to 28 months. The fair value of noncurrent biological assets is substantially represented by its acquisition cost plus accumulated absorption costs. Thereby, they are maintained at cost and amortized according to an estimate useful life.

Lambs:

Current (consumable) - refers to lambs kept in feedlots until they are grown-out for slaughter. Assets are held at cost once there is no active market.

	Consolidated			
Current biological assets (consumable):	March 31, 2016		December 31, 2015	
	Amount	Quantity (thousands)	Amount	Quantity (thousands)
Evaluated by cost:				
Chicken and eggs	**1,619,067**	**561,371**	1,639,042	548,226
Hogs	**576,994**	**2,621**	530,848	2,542
Cattle	**24,638**	**6**	28,587	6
Lambs	**2,121**	**5**	23,628	29
	2,222,820	**564,003**	**2,222,105**	**550,803**
Evaluated by market value:				
Hogs	**618,021**	**1,813**	612,351	1,802
Cattle	**28,187**	**11**	38,991	16
	646,208	**1,824**	**651,342**	**1,818**
Total current:				
Chicken and eggs	**1,619,067**	**561,371**	1,639,042	548,226
Hogs	**1,195,015**	**4,434**	1,143,199	4,344
Cattle	**52,825**	**17**	67,578	22
Lambs	**2,121**	**5**	23,628	29
	2,869,028	**565,827**	**2,873,447**	**552,621**

	Consolidated			
Noncurrent biological assets (bearer assets):	March 31, 2016		December 31, 2015	
	Amount	Quantity (thousands)	Amount	Quantity (thousands)
Evaluated by cost:				
Mature chicken (in reproduction) and eggs	**399,824**	**19,019**	401,555	19,057
Immature chicken (in development) and eggs	**469,193**	**17,631**	510,077	16,499
Hogs	**176,153**	**384**	188,721	369
Total noncurrent:	**1,045,170**	**37,034**	**1,100,353**	**35,925**
Total of biological assets:	**3,914,198**	**602,861**	**3,973,800**	**588,546**

Changes in biological assets:	Current	Noncurrent
Current amount on December 31, 2015	**2,873,447**	**1,100,353**
Increase by reproduction (born) and costs absorptions	5,705,639	407,197
Increase by purchase	852,195	170,554
Fair value (mark to market)	14,939	-
Changes from current to noncurrent	205,296	(205,296)
Decrease by death	(4,302)	(6,498)
Reduction for slaughter, sale or consumption	(6,603,898)	(61,502)
Exchange rate variation	(174,288)	(58,658)
Amortization	-	(300,980)
Current amount on March 31, 2016	**2,869,028**	**1,045,170**

(Expressed in thousands of reais)

8 Recoverable taxes

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Value-added tax on sales and services (ICMS / IVA / VAT / GST)	**948,528**	935,612	**2,250,829**	2,212,951
Excise tax - IPI	**34,847**	35,401	**111,791**	111,932
Social contribution on billings - PIS and COFINS	**883,579**	891,230	**1,510,213**	1,517,128
Withholding income tax - IRRF/IRPJ	**343,683**	303,182	**794,076**	456,788
Reintegra	**19,670**	20,045	**50,396**	49,002
Other	**13,964**	13,731	**79,653**	85,798
	2,244,271	**2,199,201**	**4,796,958**	**4,433,599**
Current and Long-term breakdown:				
Current	**1,453,415**	1,409,696	**3,208,628**	2,874,987
Noncurrent	**790,856**	789,505	**1,588,330**	1,558,612
	2,244,271	**2,199,201**	**4,796,958**	**4,433,599**

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

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

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

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

9 Related parties transactions

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

				Balance sheet accounts		Effect on net income	
COMPANY	Currency	Maturity	Costs transfer (administrative and funding)	March 31, 2016	December 31, 2015	2016	2015
Direct subsidiaries							
JBS Confinamento	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**90,417**	68,491	**2,801**	2,052
JBS Embalagens Metálicas	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**123,255**	116,895	**6,280**	4,519
Brazservice	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**28,451**	19,443	**1,201**	967
JBS Holding Internacional	R$	-	-	**(28,810)**	–	–	–
Tannery	R$	09/01/2016	Corresponds to CDI + 1% p.m.	**44,704**	41,824	**2,269**	1,304
JBS Global Investments	US$	03/13/2017	-	**257,364**	677,439	–	1,469
Seara Alimentos	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**1,658,659**	1,380,125	**69,697**	(1,274)
JBS Holding GMBH	EUR	-	-	**228,044**	435,291	–	–
JBS Global Meat	R$	-	-	**52,328**	52,328	–	–
Enersea	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**(74)**	–	**133**	–
Indirect subsidiaries							
JBS Aves	R$	01/01/2018	Corresponds to CDI + 1% p.m.	**2,297,227**	2,181,770	**103,438**	33,294
Zenda	US$	-	-	**23,751**	25,897	**115**	–
Itaholb	EUR	-	-	**(96,969)**	(101,668)	–	–
JBS USA	US$	3/25/2016	Corresponds to Libor + 2.5% to 3% p.y.	–	–	–	(1,106)
				4,678,347	**4,897,835**	**185,934**	**41,225**

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

(Expressed in thousands of reais)

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

	Accounts receivable		Accounts payable		Purchases		Sale of products	
COMPANY	**March 31, 2016**	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**	**2016**	**2015**	**2016**	**2015**
Direct subsidiaries								
JBS Confinamento	**327**	380	**10,052**	26,753	**35,956**	37,947	**901**	988
Priante	**4,014**	34,889	**48**	76	-	-	**17,448**	31,512
Brazservice	**1,753**	426	**1,940**	2,603	**9,860**	22,129	**9,765**	14,289
Tannery	**126**	130	**89**	7	**86**	20,440	-	16,426
Seara Alimentos	**16,976**	13,651	**251,062**	273,125	**34,660**	13,817	**56,836**	43,966
JBS Leather Paraguay	-	-	-	-	-	1,882	-	-
Enersea	-	-	-	-	**22,323**	-	**17,159**	-
Rigamonti	-	-	**11**	11	-	-	-	514
Indirect subsidiaries								
JBS Global UK	**58,658**	63,036	**37**	41	-	-	**79,629**	65,324
JBS Argentina	-	-	**641**	-	**3,678**	4,190	-	-
Australia Meat	-	-	**287**	297	**2,531**	12,551	-	-
Toledo	**55,860**	75,832	-	-	-	-	**86,445**	34,837
JBS Aves	**1,237**	1,727	**370,515**	359,017	**63,875**	105,720	**17,943**	16,630
Weddel	**9,771**	8,378	-	-	-	-	**13,288**	333
Sampco	**54,468**	54,435	**3**	-	**20**	-	**89,854**	138,958
JBS Leather Europe	-	-	**2**	2	-	-	-	-
Meat Snacks Partners	**13,189**	2,443	**729**	251	**1,604**	434	**64,348**	51,235
Frigorífico Canelones	-	-	-	-	**1,283**	2,826	-	-
Trump Asia	**69,141**	74,602	**2,084**	-	**27**	84	**93,764**	38,095
JBS Paraguay	**345**	291	**2,380**	2,384	**16,784**	24,619	**576**	-
Zenda	**4,339**	6,013	**4,411**	1,145	**4,825**	230	**11,945**	8,244
Braslo Produtos de Carnes	**6,392**	10,761	-	-	-	-	**46,477**	45,977
Excelsior	**5**	13	-	-	-	-	**13**	13
JBS Chile	**956**	148	**11**	-	-	-	**1,246**	-
Seara Norte	**133**	-	-	-	-	-	**373**	-
JBS USA	**69**	-	**249**	-	-	-	**79**	-
Agrícola Jandelle	**645**	264	**18,074**	-	**21,092**	-	**3,295**	-
Avebom	**21**	23	**84,065**	87,441	-	-	-	-
Macedo	**844**	1,053	**996**	6,499	**2,463**	-	**2,992**	-
Sul Valle	**2**	4	**24,803**	24,908	-	-	**4**	-
Other related parties								
Vigor	**6,802**	7,499	**233,064**	293,857	**52,855**	16,105	**20,757**	14,956
J&F Floresta Agropecuária	-	6	-	5,354	**2,223**	38	-	131
Flora Produtos	**16,006**	6,565	**7**	7	**22**	7	**48,887**	14,407
Flora Distribuidora	**244**	18,562	**32**	51	**133**	145	**1,297**	42,974
Itambé	**130**	287	-	-	-	50,636	**567**	1,067
	322,453	**381,418**	**1,005,592**	**1,083,829**	**276,300**	**313,800**	**685,888**	**580,876**

The Company and its subsidiaries entered with Banco Original (Related party), an agreement in which Banco Original acquires credits held against certain clients in the domestic market. The assignments are done at marked value through a permanent transference to Banco Original of risks and benefits of all receivables. On March 31, 2016, the Company and its subsidiaries had transferred receivables which the outstanding amount totalized R$783,403. During the three months period ended on March 31, 2016, the Company and its subsidiaries incurred in financial costs related to this operation in the amount of R$33,258, recognized in the financial statements as financial expenses.

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

Consolidated - Credits with related parties

The consolidated amount of credits with related parties, of R$1,797,903 on March 31, 2016 (R$1,968,043 on December 31, 2015) arises from the use of the credit of up to US$675 million between the indirect subsidiary JBS Five Rivers (subsidiary of JBS USA) and J&F Oklahoma (subsidiary of J&F Investimentos S.A., which is not consolidated in the Company). This transaction bears interest of 3.4% and it is due in December 31, 2019. J&F Oklahoma uses this credit to purchase cattle, which are allocated in the feedlots of JBS Five Rivers for fattening until they are ready for slaughter.

J&F Oklahoma is part to other two commercial agreements with Company's subsidiaries: i. cattle supply and feeding agreement with JBS Five Rivers, where it takes the responsibility for the cattle from J&F Oklahoma and collects the medicinal and adding value costs, besides a daily fee of rent in line with market terms; ii. sales and purchase cattle agreement with JBS USA of at least 800,000 animals/year, starting from 2009 up to 2019. On June 2011, J&F Australia entered into a purchase and sale of cattle to JBS Australia, according to this agreement, J&F Australia should sell for JBS Australia and this one should buy at least 200,000 head of cattle from J&F Australia per year. On January 2013, J&F Canada entered into a purchase and sale of cattle to JBS Canada, according to this agreement, J&F Canada should sell for JBS Canada and this one should buy at least 50,000 head of cattle from J&F Canada per year.

Finally, JBS Five Rivers is the guarantor of a revolving credit facility raised with financial institutions by J&F Oklahoma. J&F Oklahoma credit line has availability of until US$1,4 billions and is guaranteed by the accounts receivable and inventories of J&F Oklahoma and also, by certain fixed assets, accounts receivable and inventories of JBS Five Rivers. Additionally, in case J&F Oklahoma event of default occurs under the revolving credit facility, and this event of default is not liquidated by J&F Oklahoma's holding which keeps a keep-well agreement with JBS Five Rivers, JBS Five Rivers will be responsible for to US$250 millions of secured loans.

(Expressed in thousands of reais)

Remuneration of key management

Company's management includes the Executive Board and the Board of Directors. The aggregate amount of compensation received by the members of Company's management for the services provided in their respective areas of business for the three months periods ended on March 31, 2016 and 2015 is the following:

	March 31, 2016		March 31, 2015	
Executive Board and Board of Directors	**Members**	**Value**	**Members**	**Value**
Fixed remuneration	**12**	**2,299**	12	2,254
	12	**2,299**	**12**	**2,254**

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

	March 31, 2016	March 31, 2015
Participation of results	**3,000**	2,500
Stock based compensation	**2,000**	2,500
	5,000	**5,000**

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

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

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

10 Investments in associate, subsidiaries and joint ventures

	Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Investments in subsidiaries, associates and joint ventures	**12,738,426**	13,710,740	**354,422**	354,134
Added value of assets in subsidiaries	**584,375**	664,702	–	–
Goodwill to expectation of future earnings (Note 12)	**4,609,569**	5,159,408	–	–
	17,932,370	**19,534,850**	**354,422**	**354,134**

Relevant information about investments in the three months period ended on March 31, 2016:

	Participation	Total assets	Share capital	Equity	Net revenue	Net income (loss)
In subsidiaries:						
JBS Embalagens Metálicas	99.00%	91,360	2	(37,113)	–	(5,539)
JBS Global Investments	100.00%	288,435	282,933	31,071	–	(18)
JBS Holding Internacional	100.00%	621,999	1,655,531	484,722	358,496	10,757
JBS Confinamento	100.00%	601,990	599,401	502,446	10,941	(3,445)
JBS Slovakia Holdings	100.00%	44,499	9,226	44,158	–	(301)
Conceria Priante	100.00%	429,242	15,567	21,529	40,017	(8,025)
JBS Holding GMBH	100.00%	2,796,442	142	1,291,795	323,406	(16,118)
JBS Global Luxembourg	100.00%	41,876,824	3,937,697	3,328,770	30,440,515	(513,594)
FG Holding III	100.00%	65	53	65	–	–
JBS Global Meat	100.00%	289,852	245,959	237,524	–	(1,598)
JBS Leather International	100.00%	1,278,615	79,153	(17,211)	274,796	(23,594)
Brazservice	100.00%	50,303	23,063	(7,408)	9,235	(3,354)
Seara Alimentos	100.00%	20,275,223	4,259,089	5,554,744	4,286,578	34,523
Tannery	99.51%	27,092	29,843	(21,024)	48	(2,848)
Moy Park	100.00%	5,171,305	14,198	1,726,988	1,944,582	31,515
Rigamonti	100.00%	229,348	9,244	14,099	88,188	266
Enersea	99.99%	513	1,275	475	62,940	(723)
In associates:						
Vigor Alimentos	19.43%	4,527,953	1,347,636	1,593,556	1,193,835	(13,050)
In joint ventures:						
Meat Snack Partners	50.00%	89,592	48,116	89,592	95,985	5,662

(Expressed in thousands of reais)

- **In the Company:**

	December 31, 2015	Addition (disposal)	Exchange rate variation	Equity in subsidiaries: Equity in subsidiaries	Equity in subsidiaries: Income statement	March 31, 2016
JBS Embalagens Metálicas	**(31,258)**	-	-	-	(5,484)	**(36,742)**
JBS Global Investments	**34,109**	-	(3,020)	-	(18)	**31,071**
JBS Holding Internacional	**577,354**	551	-	(103,940)	10,757	**484,722**
JBS Confinamento	**505,891**	-	-	-	(3,445)	**502,446**
JBS Slovakia Holdings	**47,535**	-	(2,180)	(896)	(301)	**44,158**
Conceria Priante	**30,490**	-	(936)	-	(8,025)	**21,529**
JBS Holding GMBH	**1,392,027**	-	(63,404)	(20,710)	(16,118)	**1,291,795**
JBS Global Luxembourg	**3,925,923**	600	(291,418)	207,259	(513,594)	**3,328,770**
FG Holding III	**65**	-	-	-	-	**65**
JBS Global Meat	**239,122**	-	-	-	(1,598)	**237,524**
Vigor Alimentos	**312,162**	-	-	-	(2,536)	**309,626**
JBS Leather International	**8,022**	-	1,024	(2,663)	(23,594)	**(17,211)**
Brazservice	**(4,054)**	-	-	-	(3,354)	**(7,408)**
Seara Alimentos	**5,337,249**	-	-	(87,035)	34,523	**5,284,737**
Tannery	**(18,087)**	-	-	-	(2,834)	**(20,921)**
Meat Snack Partners	**41,972**	-	(3,972)	3,965	2,831	**44,796**
Moy Park	**1,244,299**	-	(147,040)	10,138	35,216	**1,142,613**
Rigamonti	**14,520**	-	(687)	-	266	**14,099**
Enersea [1]	-	1,198	-	-	(723)	**475**
Subtotal	**13,657,341**	**2,349**	**(511,633)**	**6,118**	**(498,031)**	**12,656,144**
Accrual for loss on investments (*)	**53,399**					**82,282**
Total	**13,710,740**					**12,738,426**

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

Changes in the added value of assets in subsidiaries:

	December 31, 2015	Exchange rate variation	Equity in subsidiaries: Income statement	March 31, 2016
Added value of assets in subsidiaries	664,702	(76,626)	(3,701)	**584,375**

- **In the Consolidated:**

	December 31, 2015	Equity in subsidiaries: Equity in subsidiaries	Equity in subsidiaries: Income statement	March 31, 2016
Vigor Alimentos	**312,162**	-	(2,536)	**309,626**
Meat Snack Partners	**41,972**	(7)	2,831	**44,796**
Total	**354,134**	**(7)**	**295**	**354,422**

(1) - Enersea: Transfer of its investment from JBS Foods as a direct investment from the Company, for improved business management of cogeneration and commercialization of electric power.

Subsequent event:

• For purposes of simplifying the corporate structure, on April 2016 it was approved the incorporation of the companies JBS Holding Internacional, FG Holding III and Tannery, through the Company.

• On April 2016, Pilgrim's Pride - PPC - announced, through the indirect subsidiary JBS USA, the approval of the dividends payment in the amount of approximately US$700 millions.

(Expressed in thousands of reais)

11 Property, plant and equipment, net

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

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

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

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

				Net amount	
Company	**Useful lives**	**Cost**	**Accumulated depreciation**	**March 31, 2016**	**December 31, 2015**
Buildings	**10 to 50 years**	3,771,352	(706,696)	**3,064,656**	3,005,487
Land	**-**	1,387,161	-	**1,387,161**	1,266,507
Machinery and equipment	**10 to 25 years**	5,829,113	(1,959,383)	**3,869,730**	3,855,647
Facilities	**10 to 20 years**	1,693,555	(421,331)	**1,272,224**	1,266,555
Computer equipment	**3 to 5 years**	218,536	(145,228)	**73,308**	74,494
Vehicles	**5 to 10 years**	602,769	(195,768)	**407,001**	403,246
Construction in progress	**-**	1,358,830	-	**1,358,830**	1,763,871
Others	**5 to 10 years**	106,380	(45,957)	**60,423**	57,231
		14,967,696	**(3,474,363)**	**11,493,333**	**11,693,038**

				Net amount	
Consolidated	**Useful lives**	**Cost**	**Accumulated depreciation**	**March 31, 2016**	**December 31, 2015**
Buildings	**5 to 50 years**	15,213,838	(3,765,536)	**11,448,302**	11,751,395
Land	**-**	3,777,072	-	**3,777,072**	3,774,251
Machinery and equipment	**5 to 25 years**	21,693,613	(10,380,605)	**11,313,008**	11,609,603
Facilities	**5 to 20 years**	2,584,146	(795,453)	**1,788,693**	1,742,301
Computer equipment	**2 to 17 years**	708,210	(448,057)	**260,153**	281,114
Vehicles	**2 to 10 years**	1,028,411	(482,184)	**546,227**	554,466
Construction in progress	**-**	3,945,724	-	**3,945,724**	4,681,002
Others	**5 to 15 years**	1,665,578	(711,215)	**954,363**	986,978
		50,616,592	**(16,583,050)**	**34,033,542**	**35,381,110**

Changes in property, plant and equipment:

Company	**December 31, 2015**	**Additions net of transferences**	**Disposals**	**Depreciation**	**March 31, 2016**
Buildings	3,005,487	86,892	-	(27,723)	**3,064,656**
Land	1,266,507	120,654	-	-	**1,387,161**
Machinery and equipment	3,855,647	109,354	(1,537)	(93,734)	**3,869,730**
Facilities	1,266,555	27,719	-	(22,050)	**1,272,224**
Computer equipment	74,494	4,481	(12)	(5,655)	**73,308**
Vehicles	403,246	24,063	(3,728)	(16,580)	**407,001**
Construction in progress	1,763,871	(405,041)	-	-	**1,358,830**
Other	57,231	5,147	(208)	(1,747)	**60,423**
	11,693,038	**(26,731)**	**(5,485)**	**(167,489)**	**11,493,333**

(Expressed in thousands of reais)

Consolidated	December 31, 2015	Additions net of transferences [(1)]	Disposals	Depreciation	Exchange rate variation	March 31, 2016
Buildings	11,751,395	413,448	(4,457)	(151,120)	(560,964)	**11,448,302**
Land	3,774,251	134,326	-	-	(131,505)	**3,777,072**
Machinery and equipment	11,609,603	670,575	(6,962)	(504,364)	(455,844)	**11,313,008**
Facilities	1,742,301	91,678	(164)	(38,599)	(6,523)	**1,788,693**
Computer equipment	281,114	19,170	(890)	(24,312)	(14,929)	**260,153**
Vehicles	554,466	35,032	(5,254)	(27,530)	(10,487)	**546,227**
Construction in progress	4,681,002	(582,864)	-	-	(152,414)	**3,945,724**
Other	986,978	58,718	(4,935)	(35,050)	(51,348)	**954,363**
	35,381,110	**840,083**	**(22,662)**	**(780,975)**	**(1,384,014)**	**34,033,542**

[(1)] - The additions of R$840,083 are composed by several acquisitions and pulverized constructions in progress, however, they contemplate in the Company balances referring to beef processing facilities recently acquired awaiting physical inventory by a specialized company; R$313,650 in the subsidiary JBS USA, R$424,952 in the subsidiary Seara Alimentos and R$51,932 in the subsidiary Moy Park.

Interest capitalization - Borrowing costs

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

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Construction in progress	**1,244,359**	1,313,037	**3,659,930**	4,138,776
(+) capitalized borrowing costs	**114,471**	101,453	**285,794**	192,845
	1,358,830	**1,414,490**	**3,945,724**	**4,331,621**

Impairment test of assets

If the carrying amount of an asset is higher than its recoverable amount, an impairment provision it is recognised in order to adjust it to its estimated recoverable amount. The Company has evaluated at the year ended on December 31, 2015 to recover the carrying value of its tangible and intangible assets using the concept of "value in use", through discounted cash flow models. In the three months period ended on March 31, 2016, the Company's Management did not identify any events that indicate the need for interim impairment tests.

(Expressed in thousands of reais)

12 Intangible assets and goodwill

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

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

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

Goodwill based on expectation of future earnings

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

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

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

	Company			Consolidated		
		Net amount			Net amount	
	Useful life	March 31, 2016	December 31, 2015	Useful life	March 31, 2016	December 31, 2015
Goodwill	**Indefinite**	**9,085,970**	9,085,970	**Indefinite**	**23,333,960**	24,411,441
Trademarks	**Indefinite**	**452,604**	452,578	**Indefinite**	**3,685,182**	3,961,742
Trademarks	-	-	-	**2 to 20 years**	**43,774**	46,591
Softwares	**Until 5 years**	**18,252**	14,962	**2 to 5 years**	**91,876**	87,733
Water rights	-	-	-	**Until 17 years**	**120,167**	131,581
Client portfolio	-	-	-	**4 to 20 years**	**2,389,873**	2,657,261
Other	-	-	-	**2 to 15 years**	**7,633**	7,626
		9,556,826	**9,553,510**		**29,672,465**	**31,303,975**

Changes in intangible assets

Company	December 31, 2015	Additions	Amortization	March 31, 2016
Amortizing:				
Software	14,962	4,419	(1,129)	**18,252**
Non-amortizing:				
Goodwill	9,085,970	-	-	**9,085,970**
Trademarks	452,578	26	-	**452,604**
	9,553,510	**4,445**	**(1,129)**	**9,556,826**

Consolidated	December 31, 2015	Additions	Disposals	Amortization	Exchange rate variation and others	March 31, 2016
Amortizing:						
Trademarks	46,591	-	-	(2,796)	(21)	**43,774**
Softwares	87,733	10,831	(41)	(5,386)	(1,261)	**91,876**
Water and mineral rights	131,581	-	-	(43)	(11,371)	**120,167**
Client portfolio	2,657,261	-	-	(75,630)	(191,758)	**2,389,873**
Other	7,626	324	(39)	(45)	(233)	**7,633**
Non-amortizing:						
Goodwill	24,411,441	-	-	-	(1,077,481)	**23,333,960**
Trademarks	3,961,742	26			(276,586)	**3,685,182**
	31,303,975	**11,181**	**(80)**	**(83,900)**	**(1,558,711)**	**29,672,465**

(Expressed in thousands of reais)

Goodwill expectation on future earnings breakdown:

Acquirer	Acquired company	Year	Currency	Registered as	March 31, 2016 Local currency	March 31, 2016 R$ thousand	December 31, 2015 Local currency	December 31, 2015 R$ thousand
JBS	Bertin	2009	R$	Goodwill	9,069,926	**9,069,926**	9,069,926	9,069,926
JBS	Novaprom	2009	R$	Goodwill	16,044	**16,044**	16,044	16,044
JBS	Swift Foods Company	2007	R$	Investment	364,127	**1,295,891**	364,127	1,421,843
JBS	Columbus	2013	R$	Investment	18,068	**64,302**	18,068	70,552
JBS	Moy Park	2015	R$	Investment	616,554	**3,155,585**	616,554	3,568,676
JBS	Rigamonti	2015	R$	Investment	23,136	**93,791**	23,136	98,337
JBS	Seara Alimentos	2013	R$	Goodwill	1,309,382	**1,309,382**	1,309,382	1,309,382
JBS USA	Bertin USA	2008	USD	Goodwill	5,332	**18,976**	5,332	20,820
JBS USA	JBS USA Holding Lux	2008	USD	Goodwill	53,239	**189,472**	52,905	206,583
JBS USA	Five Rivers	2008	USD	Goodwill	162,422	**578,044**	162,422	634,225
JBS USA	Andrews Meat	2014	USD	Goodwill	18,450	**65,662**	17,832	69,630
JBS USA	Primo	2015	USD	Goodwill	587,275	**2,090,053**	567,604	2,216,380
JBS USA	Knox Skins	2015	USD	Goodwill	4,923	**17,520**	4,758	18,579
JBS USA	Tyson	2015	USD	Goodwill	161,578	**575,040**	156,565	611,355
JBS USA	Cargill	2015	USD	Goodwill	681,475	**2,425,301**	689,606	2,692,774
JBS Global Luxembourg	Toledo	2010	USD	Goodwill	5,647	**20,097**	5,647	22,050
JBS Leather Itália	Conceria Priante	2015	EUR	Goodwill	3,884	**15,745**	3,884	16,509
Cargill Alimentos	Seara Alimentos	2004	R$	Goodwill	11,111	**11,111**	11,111	11,111
Seara Alimentos	MBL	2008	R$	Goodwill	8,591	**8,591**	8,591	8,591
Seara Alimentos	Pena Branca	2008	R$	Goodwill	4,889	**4,889**	4,889	4,889
Seara Alimentos	Mas do Brasil	2008	R$	Goodwill	89,675	**89,675**	89,675	89,675
Seara Alimentos	Braslo	2008	R$	Goodwill	13,147	**13,147**	13,147	13,147
Seara Alimentos	Brusand	2008	R$	Goodwill	6,822	**6,822**	6,822	6,822
Seara Alimentos	Penasul	2008	R$	Goodwill	9,974	**9,974**	9,974	9,974
Seara Alimentos	Agrofrango	2008	R$	Goodwill	28,343	**28,343**	28,343	28,343
Seara Alimentos	Sul Valle Alimentos	2014	R$	Goodwill	2,035	**2,035**	2,035	2,035
Seara Alimentos	Massa Leve	2014	R$	Goodwill	196,920	**196,920**	196,920	196,920
Seara Alimentos	Excelsior	2014	R$	Goodwill	12,835	**12,835**	12,835	12,835
Seara Alimentos	Agrovêneto	2013	R$	Goodwill	33,618	**33,618**	33,618	33,618
Seara Alimentos	Agil	2013	R$	Goodwill	47	**47**	47	47
Seara Alimentos	Frinal	2014	R$	Goodwill	39,411	**39,411**	39,411	39,411
Seara Alimentos	Avebom	2014	R$	Goodwill	47,658	**47,658**	47,658	47,658
Seara Alimentos	Granja Eleven	2014	R$	Goodwill	2,874	**2,874**	2,874	2,874
Seara Alimentos	Novagro	2014	R$	Goodwill	24,180	**24,180**	24,180	24,180
Seara Alimentos	Macedo	2014	R$	Goodwill	14,430	**14,430**	14,430	14,430
Seara Alimentos	Big Frango	2015	R$	Goodwill	405,818	**405,818**	405,818	405,818
Seara Alimentos	Seara Alimentos Norte	2015	R$	Goodwill	26,606	**26,606**	26,606	26,606
Seara Alimentos	Societe Alimentos	2015	R$	Goodwill	25,278	**25,278**	25,278	25,278
Seara Alimentos	FRS	2015	R$	Goodwill	747,131	**747,131**	747,249	747,249
Parc Castell	Valores Catalanes	2008	R$	Goodwill	453,094	**453,094**	453,094	453,094
Brusand	Penasul UK	2008	USD	Goodwill	2,438	**8,677**	2,438	9,520
JBS Leather International	Capital Joy	2013	EUR	Goodwill	2,369	**9,604**	2,369	10,069
Trump Asia	Wonder Best	2010	USD	Goodwill	984	**3,502**	984	3,842
JBS Paraguay	IPFSA	2005	USD	Goodwill	2,391	**9,231**	2,391	9,332
Moy Park	Rose Energy	2010	GBP	Goodwill	1,125	**5,758**	1,125	6,512
Moy Park	Kitchen Range Foods Ltd	2008	GBP	Goodwill	17,950	**91,870**	17,950	103,896
					Total	**23,333,960**	**Total**	**24,411,441**

(Expressed in thousands of reais)

13 Trade accounts payable

Correspond to the amounts owed to suppliers in the ordinary course of business. If the payment period is equivalent to one year or less, suppliers are classified as current liabilities, otherwise the corresponding amount is classified as noncurrent liabilities. When applicable are added interest, monetary or exchange rate.

	Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Commodities	**570,160**	865,266	**3,066,921**	4,437,468
Materials and services	**381,795**	406,334	**6,564,043**	7,508,795
Finished products	**1,112,707**	1,200,174	**420,593**	523,789
Present value adjustment	**(10,155)**	(23,412)	**(24,553)**	(49,034)
	2,054,507	**2,448,362**	**10,027,004**	**12,421,018**

14 Loans and financing

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

(Expressed in thousands of reais)

Type	Company					Consolidated				
	Annual average rate	Current		Noncurrent		Annual average rate	Current		Noncurrent	
		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Foreign currency										
ACC - Adv. on exchange contracts	3.03%	**8,814,360**	9,117,554	-	-	2.99%	**9,866,262**	10,022,326	-	-
Prepayment	3.56%	**2,571,928**	2,319,206	**3,918,641**	2,883,897	4.19%	**4,657,960**	4,628,813	**4,854,133**	4,161,312
144-A	7.42%	**1,128,341**	1,304,101	**8,954,184**	9,826,060	7.42%	**1,128,341**	1,304,101	**8,954,184**	9,826,060
Credit note - import	-	-	-	-	-	2.77%	**143,743**	196,007	-	-
Credit note - export	8.58%	**37,109**	81,413	-	-	8.58%	**37,109**	81,413	-	-
FINIMP	2.94%	**307**	13	**912**	1,275	3.97%	**3,382**	151	**29,431**	14,278
		12,552,045	**12,822,287**	**12,873,737**	**12,711,232**		**15,836,797**	**16,232,811**	**13,837,748**	**14,001,650**
Local currency										
FINAME	6.77%	**84,126**	78,109	**213,251**	209,943	6.80%	**93,324**	90,056	**220,731**	217,962
JBS Mortgage	-	-	-	-	-	5.80%	**612**	660	**7,737**	8,665
US revolver	-	-	-	-	-	2.30%	**1,662**	2,038	**1,291,646**	-
Term loan JBS Lux 2018	-	-	-	-	-	3.80%	**38,155**	10,152	**1,446,266**	1,573,908
Term loan Five Rivers 2019	-	-	-	-	-	2.70%	**18,556**	20,313	**314,418**	349,749
Notes 8,25% JBS Lux 2020	-	-	-	-	-	8.25%	**31,941**	92,079	**2,458,029**	2,694,562
Notes 7,25% JBS Lux 2021	-	-	-	-	-	7.25%	**95,610**	24,417	**4,035,483**	4,424,697
Notes 5,875% JBS Lux 2024	-	-	-	-	-	5.88%	**22,652**	77,905	**2,649,323**	2,906,151
Notes 5,75% JBS Lux 2025	-	-	-	-	-	5.75%	**52,184**	7,298	**3,175,001**	3,482,758
Notes 5,75% PPC 2025	-	-	-	-	-	5.75%	**3,694**	32,121	**1,763,677**	1,934,614
PPC Term Loan	-	-	-	-	-	1.73%	**929**	1,050	**1,745,569**	1,912,138
Plainwell Bond	-	-	-	-	-	-	-	8,391	-	24,042
Marshaltown	-	-	-	-	-	2.34%	**61**	66	**34,458**	37,709
Working capital - Brazilian Reais	16.62%	**769,767**	841,708	**181,336**	327,882	16.56%	**772,814**	848,404	**183,722**	330,900
Working capital - US Dollars	-	-	-	-	-	4.11%	**712,118**	417,684	**184,173**	131,787
Working capital - Euros	2.70%	**381**	1,162	**102,572**	98,604	2.42%	**221,441**	235,049	**111,600**	107,035
Working capital - Argentine pesos	-	-	-	-	-	37.00%	**7,667**	2,837	-	-
Credit note - export	16.53%	**986,858**	1,038,976	**1,317,930**	1,533,382	16.55%	**1,460,132**	1,597,890	**1,984,920**	2,299,818
Credit note - import	-	-	-	-	-	2.70%	**328,690**	351,746	-	-
FCO - Middle West Fund	-	-	-	-	-	10.21%	**1,876**	1,879	**3,088**	3,548
CDC - Direct credit to consumers	1.27%	**2,979**	2,114	**5,669**	2,195	1.27%	**2,979**	2,114	**5,669**	2,195
FINEP	7.69%	**11,051**	7,563	**64,398**	68,285	7.06%	**15,029**	11,542	**75,921**	80,796
ACC - Adv. on exchange contracts	-	-	-	-	-	3.56%	**1,854**	1,308	-	-
Rural - Credit note	-	-	-	-	-	8.52%	**655,433**	509,288	-	-
Term loan JBS Lux 2020	-	-	-	-	-	3.80%	**39,550**	34,073	**1,705,368**	1,874,995
CCB - BNDES	-	-	-	-	-	8.91%	**7,210**	22,679	**13,450**	18,912
Moy Park Notes 2021	-	-	-	-	-	6.25%	**33,216**	10,436	**1,506,369**	1,701,973
JBS Lux Term Loan 2022	-	-	-	-	-	4.00%	**45,920**	40,872	**4,163,988**	4,579,561
ANZ Credit line	-	-	-	-	-	3.00%	**133,338**	-	-	-
Canadian credit facility - revolving credit facility	-	-	-	-	-	4.50%	**452**	472	**237,347**	230,426
Canadian credit facilty term loan	-	-	-	-	-	3.65%	**2,626**	2,745	**36,180**	38,810
Canadian bank facility	-	-	-	-	-	3.50%	**2,609**	13,058	-	-
Andrews Meat secured facility	-	-	-	-	-	3.30%	**32,140**	34,073	-	-
Mexican credit facility	-	-	-	-	-	5.00%	**77,075**	112,447	-	-
Others	-	-	-	-	-	2.00%	**83,967**	56,660	**6,421**	6,752
		1,855,162	**1,969,632**	**1,885,156**	**2,240,291**		**4,997,516**	**4,673,802**	**29,360,554**	**30,974,463**
		14,407,207	**14,791,919**	**14,758,893**	**14,951,523**		**20,834,313**	**20,906,613**	**43,198,302**	**44,976,113**

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

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

(Expressed in thousands of reais)

	Company		Consolidated	
Maturity	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
2017	**2,191,753**	3,023,937	**3,108,786**	4,308,593
2018	**1,456,630**	1,431,417	**4,087,188**	4,275,200
2019	**406,353**	349,249	**2,175,135**	856,773
2020	**4,081,939**	4,065,598	**10,028,443**	10,578,552
2021	**372,012**	16,942	**5,957,527**	6,191,477
Maturities thereafter 2021	**6,250,206**	6,064,380	**17,841,223**	18,765,518
	14,758,893	**14,951,523**	**43,198,302**	**44,976,113**

14.1 Guarantees and contractual restrictions ("covenants")

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

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

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

(Expressed in thousands of reais)

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

(Expressed in thousands of reais)

Moy Park: Notes 2021	- Moy Park (Newco) Limited; - Moy Park Limited; - O'Kane Poultry Limited; - Any significant subsidiary (as defined in the indenture).	Customary negative covenants that may limit the Moy Park's ability and the ability of certain subsidiaries to, among other things: - incur additional indebtedness unless the net debt/EBITDA ratio is lower than 3.5/1.0 and the net senior debt/EBITDA is lower than 3.0/1.0. - create liens; - sell or dispose of assets; - enter into certain transactions with affiliates; - dissolve, consolidate, merge or acquire the business or assets of other entities; - enter into sale/leaseback transactions; - make certain investments; - undergo changes of control without making an offer to purchase the Notes; and - declare or pay any dividends or make any distributions related to securities issued by Moy Park, if (i) it is not in default in relation to the Notes; (ii) Moy Park can incur at least GBP1.00 of debt under the terms of the net debt/EBITDA ratio test and the net senior debt/EBITDA ratio test established in the indenture of the Notes; and (iii) the total value to be paid does not exceed a. 50% of the amount of the net income accrued on a cumulative basis during the period from the issue date, taken as one accounting period, or if the aggregate net income is a loss, minus 100% of the amount of the loss, plus b. 100% of the net cash proceeds received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes, plus 100% of the fair market value of property other than cash received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes, plus c. the amount of certain guarantee unconditionally released in full if such guarantee was previously treated as restricted payment, plus the amount of an investment made in a person that becomes a restricted subsidiary, plus d. the amount by which indebtedness is reduced upon the conversion or exchange of any such indebtedness for capital stock, plus e. the amount equal to the net reduction of investments made by the Moy Park or any restricted subsidiary in any person.	The indentures of Notes contain customary events of default [1]. In case any event of default occurs, the trustee or the holders of at least 25% of the notes principal amount at the time may state to pay immediately the principal and accrued interest on the notes.

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

15 Operating and Finance leases

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

a. Operating Leases (recognized as expenses):

In the Company

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

In the Consolidated

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

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

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

	Company	Consolidated
For the years ending December 31:		
2016	**22,352**	**256,529**
2017	**18,729**	**291,374**
2018	**14,048**	**234,986**
2019	**14,016**	**319,337**
Thereafter 2020	**55,591**	**257,415**
Total	**124,736**	**1,359,641**

b. Finance Leases (Recognized as an asset):

In the consolidated

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

	Annual Depreciation Rates	Cost	Accumulated Depreciation	March 31, 2016	December 31, 2015
Wastewater treatment facility (Others)	13%	133,480	(48,472)	**85,008**	96,089
Lease agreements (Vehicles/Machinery and equipment)	10%	222,520	(115,229)	**107,291**	130,168
Total		**356,000**	**(163,701)**	**192,299**	**226,257**

(Expressed in thousands of reais)

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

	Consolidated		
	Present Value	Adjustment to present value	Future payments
For the years ending December 31:			
2016	**8,509**	**456**	**8,965**
2017	**41,515**	**306**	**41,821**
2018	**23,881**	**(882)**	**22,999**
2019	**24,355**	**(1,774)**	**22,581**
Thereafter 2020	**62,378**	**(1,808)**	**60,570**
Total	**160,638**	**(3,702)**	**156,936**

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

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Accrued income taxes and other taxes				
Accrued income taxes	-	-	**57,786**	477,601
Taxes in installments	**147,770**	159,213	**228,179**	233,206
Others	**73,015**	61,365	**385,203**	430,250
	220,785	**220,578**	**671,168**	**1,141,057**
Breakdown:				
Current liabilities	**114,272**	102,665	**390,028**	843,919
Non-current liabilities	**106,513**	117,913	**281,140**	297,138
	220,785	**220,578**	**671,168**	**1,141,057**
Payroll and social charges				
Salaries and related social charges	**223,903**	210,880	**1,038,185**	1,130,720
Payroll accruals and related social charges	**197,940**	165,738	**1,904,180**	2,198,232
Others	**12,821**	10,808	**122,359**	160,700
	434,664	**387,426**	**3,064,724**	**3,489,652**
Breakdown:				
Current liabilities	**434,664**	387,426	**2,477,496**	2,891,953
Non-current liabilities	-	-	**587,228**	597,699
	434,664	**387,426**	**3,064,724**	**3,489,652**

Decree 8,426/2015 - PIS/COFINS over financial income: In July 2015, the Company and its subsidiaries filed an injunction to suspend the enforceability of PIS and COFINS debts over financial income. The Decree 8,426/2015 reestablished the levy of PIS and COFINS on financial revenues obtained by companies subject to the PIS and COFINS non-cumulative regime, at the rates of 4.65%. The Company has recorded under Income taxes, payroll, social charges and tax obligation the amount of R$34,075 in the Company and R$38,510 on the consolidated regarding to PIS/COFINS over financial income.

17 Declared dividends

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

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Declared dividends	**1,103,308**	1,103,308	**1,103,308**	1,103,308
	1,103,308	**1,103,308**	**1,103,308**	**1,103,308**

	March 31, 2016	December 31, 2015
Declared dividends on 2012 - Residual	**230**	230
Declared dividends on 2013 - Residual	**251**	251
Declared dividends on 2014 - Residual	**800**	800
Declared dividends on 2015	**1,102,027**	1,102,027
	1,103,308	**1,103,308**

(Expressed in thousands of reais)

18 Other financial liabilities

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

Company	Description of the acquisitions	Short term		Long term	
		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
JBS	- Properties and other industrial complexes.	**15,010**	15,164	**36,300**	37,950
	- Company Moy Park.	**300,000**	430,000	-	-
JBS Foods	- Property and other industrial complexes Ana Rech.	**49,022**	49,041	**40,000**	52,000
	- Assets from Seara.	**38,264**	37,185	**63,329**	74,164
	- Slaughtering pigs and processed products plant in Carambeí-PR.	**89,977**	87,384	-	-
	- Company Agrovêneto.	-	-	**28,771**	29,342
	- Company Frinal.	-	-	**12,574**	12,178
	- Company Avebom.	-	-	**11,452**	11,453
	- Company Sul Valle.	**1,285**	4,000	-	-
	- Company Novagro.	**8,052**	7,807	**10,353**	10,036
	- Properties from the company Céu Azul.	**85**	85	-	-
	- Company Seara Alimentos Norte Ltda.	**21,600**	27,250	**6,733**	6,732
	- Properties from the company Agrodanieli.	-	59,500	-	-
	- Properties from the company Rigor.	**142,317**	180,000	-	-
	- Properties from the company Gallus.	**1,800**	4,500	-	-
	- Acquisition of Jundiaí plant.	**15,802**	-	**31,400**	-
	- Acquisition of Mato Casteliano plant.	**1,809**	-	**1,206**	-
	Total	**685,023**	**901,916**	**242,118**	**233,855**

19 Income taxes

Current taxes

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

Deferred taxes

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

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

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

a. Reconciliation of income tax expense:

	Company		Consolidated	
	2016	2015	2016	2015
Profit (loss) before income taxes (PBT)	**(3,847,436)**	**1,512,262**	**(3,802,592)**	**2,089,413**
Nominal rate	**(34)%**	**(34)%**	**(34)%**	**(34)%**
Expected tax expense	**1,308,128**	(514,169)	**1,292,881**	(710,400)
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	**(170,589)**	408,201	**100**	8,204
Prior year losses carryforwards	-	-	-	291,149
Domestic production activities deduction - USA	-	-	**17,657**	-
Difference on tax rates for foreign subsidiaries	-	-	**(43,137)**	(182,522)
Stock option plan	**(14,225)**	-	**(14,225)**	
Others permanent differences	**(17,040)**	(12,575)	**(95,328)**	32,241
Current and deferred income tax (expense) benefit	**1,106,274**	**(118,543)**	**1,157,948**	**(561,328)**
Current income tax	**466**	563	**(72,858)**	(840,154)
Deferred income tax	**1,105,808**	(119,106)	**1,230,806**	278,826
	1,106,274	**(118,543)**	**1,157,948**	**(561,328)**
% IT/PBT	**28.75 %**	**(7.84)%**	**30.45 %**	**(26.87)%**

(Expressed in thousands of reais)

	Company		Consolidated	
	2016	2015	2016	2015
Adjustments to reconcile taxable income [(1)]:				
Goodwill amortization - deferred	-	131,020	**31,855**	131,020
Prior years loss carryfowards - deferred	-	-	-	(304,260)
Income tax on realization of revaluation reserve	**(466)**	(563)	**(466)**	(563)
Current and deferred income tax (expense) benefit - ADJUSTED	**1,105,808**	**11,914**	**1,189,337**	**(735,131)**
Effective rate	**28.74%**	**0.79%**	**31.28%**	**(35.18)%**

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

b. Composition of deferred income tax and social contribution

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
ASSETS	**1,481,113**	**375,305**	**3,248,871**	**2,029,759**
. Tax losses and negative basis of social contribution	**1,358,767**	**251,623**	**2,126,829**	**952,655**
. Temporary differences:				
Provisions	**68,948**	67,014	**213,064**	274,569
Allowance for doubtful accounts	**36,834**	34,357	**54,353**	42,874
Tax credit carryforwards	-	-	**38,077**	78,647
Other temporary differences	**16,564**	22,311	**816,548**	681,014
LIABILITIES	**2,268,700**	**2,269,166**	**6,163,734**	**6,340,254**
. Goodwill amortization	**1,916,521**	**1,916,521**	**2,047,294**	**2,009,562**
. Temporary differences:				
Long lived assets	-	-	**2,941,556**	2,918,094
Market inventory valuation for absorption	-	-	**167,802**	197,099
Release of revalution reserve	**278,062**	278,528	**794,264**	943,615
Other temporary differences	**74,117**	74,117	**212,818**	271,884
Total net deferred tax liabilities	**787,587**	**1,893,861**	**2,914,863**	**4,310,495**

	Company	Consolidated
Current amount on December 31, 2015	**(1,893,861)**	**(4,310,495)**
Gain or loss of deferred income taxes	1,105,808	1,230,806
Foreign exchange rate	-	105,075
Others	466	59,751
Current amount on March 31, 2016	**(787,587)**	**(2,914,863)**

20 Provisions

Contingent liabilities are accrued when losses are probable and the amounts can be estimated reliably. Contingent liabilities classified as possible are only disclosed in the notes and contingent liabilities classified as remote are neither accrued nor disclosed. JBS and its subsidiaries are part of several lawsuits arising from its normal business course, for which provisions were recognized based on the estimative of its legal advisors. The main information related to these procedures on March 31, 2016 are as follows:

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Labor	**77,522**	74,000	**369,306**	408,963
Civil	**10,709**	9,916	**272,418**	280,383
Tax and Social Security	**114,558**	113,184	**661,581**	843,754
Total	**202,789**	**197,100**	**1,303,305**	**1,533,100**

(Expressed in thousands of reais)

Changes in provisions

	Company		
	December 31, 2015	**Additions**	**March 31, 2016**
Labor	74,000	3,522	**77,522**
Civil	9,916	793	**10,709**
Tax and Social Security	113,184	1,374	**114,558**
Total	**197,100**	**5,689**	**202,789**

	Consolidated				
	December 31, 2015	**Additions**	**Reversals**	**Exchange rate variation**	**March 31, 2016**
Labor	408,963	7,346	(45,187)	(1,816)	**369,306**
Civil	280,383	2,165	(9,074)	(1,056)	**272,418**
Tax and Social Security	843,754	1,385	(183,017)	(541)	**661,581**
Total	**1,533,100**	**10,896**	**(237,278)**	**(3,413)**	**1,303,305**

In the Company:

Tax Proceedings

a. ICMS - Value Added Tax (Imposto sobre Operações Relativas à Circulação de Mercadorias e sobre a Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação): The Tax Authority of the State of São Paulo (Secretaria da Fazenda do Estado de São Paulo) filed 220 administrative proceedings against JBS, under which the Tax Authority challenges the amount of the Company's ICMS tax credits arising from the purchase of cattle and meat transfer by the Company in other Brazilian states. The Tax Authority of the State of São Paulo claims that the tax incentives should be approved by Confaz , and are known as a "Tax War". The Tax Authority of the State of São Paulo does not recognize the Company's ICMS tax credits up to the amount of the ICMS tax guaranteed in such other states. JBS estimates that the claims under these administrative proceedings amount to R$1,859,670 on March 31, 2016. In addition to presenting its defense in such administrative proceedings, the Company has filed legal proceedings seeking the payment of damages from such other states if the Tax Authority of the State of São Paulo prevails in these administrative proceedings. Management believes, based on the advice of its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision has been made, considering as a remote loss.

b. Social contributions — Rural Workers' Assistance Fund (FUNRURAL): Social Contributions – On January 2001, JBS filed an injunction to suspend the collectability retention and transfer the Rural Workers' Assistance Fund - NOVO FUNRURAL). This sentence was reformulated by the Federal Regional Court of 3rd region. The Company filed an extraordinary appeal, which was halted on the basis of Article 543-B, § 1 of the Code of Civil Procedure, until the final decision of the Supreme Court on the matter. To avoid the institution to lose the right to require the contribution to the New Funrural, INSS released tax notifications, in a total of 21 infringement notices, in the amount of R$1,356,488. JBS has presented its defense in those administrative proceedings, informing that it does not collect the amount due to a favorable court ruling, considering that there is no final decision of the writ of mandamus mentioned. This matter was the subject of decisions favorable to the taxpayer, issued by the Supreme Court - STF for companies whose activities are similar to JBS's activity in the trials of Extraordinary Appeals number 363.852/MG and 596.177/RS. Currently, JBS does not make any rebate or payment. If a discount is made for commercial reasons, JBS will deposit it in court and, fulfill a court order. Based on the opinion of legal advisers and based on case law in favor of the Supreme Court in a similar case, management believes that its fundamentals will prevail and no provision was recorded for that contingency. The probability of loss is considered remote.

c. Other tax and social security procedures: JBS is part in additional 1,094 tax and social security proceedings, in which the individual contingencies are not relevant for its context. We highlight that the ones with probable loss risk have accruals in the amount of R$114,558 on March 31, 2016.

Labor Proceedings

As of March 31, 2016 JBS was part to 16,315 labor proceedings, involving total value of R$2,236,755. Based on the opinion of the Company's external legal counsel, JBS recognized a provision in the amount of R$77,522 for losses arising from such proceedings, already including payable social charges by the employee and JBS. Most of these lawsuits were filed by former employees of JBS seeking overtime payments and payments relating to their exposure to health hazards, working hours, supposed working accidents and bonus for health risk activities.

Civil Proceedings

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

b. Trademark Infringement: Also due to the barrier in Araputanga / MT, the seller distributed in the City of Araputanga / MT, filed a lawsuit for improper use of trademark, under the premise that Friboi Ltda. was using the mark Frigoara without its authorization. The amounts of the claim were based upon a report presented by Frigorífico Araputanga S.A. to the trial court, which appraised the value of the trademark "Frigoara" at R$315,000, seeking damages in the amount of R$100,000 and punitive damages in the amount of R$26,938. In its preliminary defense, JBS argued there is other lawsuit that is already under discussion claiming defense subject (the subject of this mentioned lawsuit contains the subject of the lawsuit here in described) in view that the claims are related to the main suit. On the merits, it was demonstrated that the mark was used only in a given period, upon contractual authorization and in response to a request from Frigoara which had been required to prove to SUDAM that the investments were being duly used and to obtain the Consent or the Certificate of Implemented Undertaking. In the defense, the amount of any damages under the lawsuit should be limited to a percentage of products sold by the Company under the trademark "Frigoara," pursuant to article 208 of the Industrial Property Law. Almost all of the products manufactured by the Company were marketed under the trademark "Friboi." The only product marketed by JBS under the trademark "Frigoara" was minced meat, in limited amounts. The Company believes that the economic risk is low, therefore the amount of R$600 has been accrued on March 31, 2016.

c. Other civil proceedings: On March 31, 2016, JBS was part of 758 civil proceedings. In the opinion of the Management and its legal advisers, the expected loss of R$10,109, has been accrued.

Other proceedings

On March 31, 2016, JBS had other ongoing tax proceedings, on the approximately amount of R$302,130, whose materialization, according to the evaluation of legal advisors, it is possible to loss, but not probable, for which the Company's management does not consider necessary to set an accrual for possible loss.

(Expressed in thousands of reais)

In subsidiary Seara Alimentos:

Labor Proceedings

As of March 31, 2016, Seara Alimentos subsidiaries were part of 18,138 labor proceedings, involving the total amount of R$1,415,787. Based on the opinion of the Company's external legal council, an accrual in the amount of R$278,926 for losses arising from such proceedings, already including payable social charges by the employee and Seara Alimentos. Most of these lawsuits are related to actions that deal with seeking damages for occupational disease, physical and esthetical damage, seeking overtime payments, payments relating to their exposure to health hazards, commuting time, interval for thermal recovery, seeking damages by accidents and exchanging uniform.

Civil proceedings

As of March 31, 2016, Seara Alimentos subsidiaries were part of 2,097 civil and administrative proceedings, involving the total amount of R$390,707. Based on the opinion of the Company's external legal council, the company's management recognized an accrual in the amount of R$249,668 for losses arising from such proceedings. Most of the lawsuits are related to indemnity for collective seeking damages, seeking damages for improper protest, repairing damages for termination of partner poultry or pigs integration, cancellation of industry or trade mark complaints and consumer contracts - product quality.

Tax Proceedings

Seara Alimentos and its subsidiaries are part of 475 tax and social security proceedings, in which the individual contingencies are not relevant for its context. We highlight that the ones with probable loss risk have contingencies, in the amount of R$541,112 on March 31, 2016.

21 Equity

a. Share capital: Share capital on March 31, 2016 is R$23,576,206, represented by 2,856,857,505 ordinary shares, without nominal value. Share capital is presented with a net effect in the balance sheet in the amount of expenses of R$54,865, which are expenses from 2010 in the amount of R$37,477 related transaction costs for securing resources to Initial Public Offering, and expenses in the amount of R$17,388 related to the debentures issuance for the period of 2011. The Company is authorized to increase its capital by an additional 1,375,853,183 ordinary nominative shares. According with the social statute the Board of Directors shall determine the number, price, payment term and other conditions of the issuance of shares. The Company may grant options to purchase shares to directors, employees or persons who will provide services, or the directors, employees or person providing services companies under its control, excluding the preemptive rights of shareholders in issuing and exercise of stock options.

b. Capital reserves:

b1. Goodwill in shares issuance: derived from the IPO in 2007;

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

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

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

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

Below is the summary of the operations with maturity for the three months period ended on March 31, 2016:

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

b2. Stock option grant plan:

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

The fair value of employees services, received in exchange from the granting of options, is recognized as expense offsetting from capital reserve. The total amount of the expense is recognized during the period in which the right is acquired being determined by reference to the fair value of the options granted, excluding the impact of any vesting conditions based in the service and performance that are not from the market. The quantity of options that each beneficiary is entitled was calculated based on the average share price of the last three months from the grant date. The stock option grant plan has maximum maturity of ten years, varying according to each individual contract. All options must be settled by the physical delivery of shares.

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

(Expressed in thousands of reais)

Grants						Fair value assumptions			
Year	Quantity of options	Fair value of the option	Exercise price in R$	Expected exercise term	Open options	Risk free interest rate	Volatility	Price of the share in the grant date	Dividend Yield
2014	2,396,051	R$7.58 to R$9.99	0.00001	3 to 5 years	781,157	10.98% to 12.16%	42.16%	R$7.80 to R$10.10	1.05%
2015	1,916,859	R$15.36 to R$15.58	0.00001	3 years	1,223,202	13.25% to 13.68%	55.69%	R$15.66	0.72%
2016	3,350,000	R$11.12	0.00001	-	-	14.16%	76.49%	R$11.12	4.45%

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

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

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

In 2016, the expense with options plan totally R$41,838 recorded in the result under the caption "General and administrative expenses", with the respective offsetting in "Capital Reserve".

b4. Treasury shares:

Below is presented the changes on treasury shares:

	Quantity	R$ thousand
Opening balance	**63,950,500**	**903,571**
Purchase of treasury shares	79,555,300	821,139
Treasury shares used in stock option plan	(4,623,214)	(55,677)
Closing balance	**138,882,586**	**1,669,033**

b5. Capital transaction: see preparation an presentation of financial statements.

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

d. Profit reserves:

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

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

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

22 Net revenue

	Company		Consolidated	
	2016	2015	2016	2015
GROSS SALE REVENUE				
Sales of products				
Domestic sales	**4,406,761**	4,832,380	**32,876,595**	25,023,998
Export sales	**3,059,277**	2,492,218	**12,742,102**	10,157,359
	7,466,038	**7,324,598**	**45,618,697**	**35,181,357**
SALES DEDUCTION				
Returns and discounts	**(296,754)**	(307,867)	**(1,037,535)**	(765,530)
Sales taxes	**(329,526)**	(344,252)	**(669,223)**	(596,835)
	(626,280)	**(652,119)**	**(1,706,758)**	**(1,362,365)**
NET REVENUE	**6,839,758**	**6,672,479**	**43,911,939**	**33,818,992**

(Expressed in thousands of reais)

23 Finance income (expense)

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

	Company		Consolidated	
	2016	2015	2016	2015
Exchange rate variation	1,651,000	(3,385,024)	1,853,975	(3,756,983)
Settlement and fair value adjustments on derivatives	(5,453,217)	3,847,096	(5,823,061)	4,488,973
Interest expense	(441,378)	(508,830)	(1,000,460)	(825,577)
Interest income	366,774	174,160	246,040	229,400
Taxes, contribution, tariff and others	(21,129)	(29,449)	(41,769)	(51,951)
	(3,897,950)	97,953	(4,765,275)	83,862

24 Other income (expenses)

Other income for the three months period ended on March 31, 2016, in the amount of R$104,703 relates mainly to: in the Company, sale gains of fixed assets and, others with less representativeness; and, in the consolidated, it is mainly related to JBS USA's lamb plant sale.

25 Earnings per share

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

	2016	2015
Net income attributable to shareholders	(2,741,162)	1,393,719
Weighted average common shares outstanding	2,944,426	2,943,644
Weighted average – treasury shares	(120,301)	(54,958)
Weighted average - common shares outstanding (basic)	2,824,125	2,888,686
Basic earnings per share - R$	(0.97)	0.48

Diluted: Calculated by dividing net income of the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for the effects of all dilutive potential common shares, adjusted for own shares held. From May 2015, the Company has only one category of potential common shares that would cause dilution: the option of purchasing stocks.

	2016	2015
Net income attributable to shareholders	(2,741,162)	1,393,719
Weighted average common shares outstanding (basic)	2,824,125	2,943,644
Dilutive effect of outstanding stock options	3,735	-
Weighted average number of ordinary shares (diluted)	2,827,860	2,943,644
Diluted earnings per share- R$	(0.97)	0.48

26 Defined Benefit and Contribution Plans

Defined Contribution Plans

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

Defined Benefit Plans

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

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

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

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

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

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

Seara Alimentos Plans

Seara Alimentos and its subsidiary Braslo offer to their employees supplementary plans of medical assistance. The technical report used to calculate the necessity of new provisions is held annually, given that the last one was held on December 31, 2015, therefore no change is needed in the period. On March 31, 2016, this liability is registered in the amount of R$11,728.

JBS USA Plans

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

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

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

Bertin USA Plans

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

Bertin USA also provides certain health care and life insurance benefits for certain retired and terminated employees based on contractual obligations incurred by the previous owners. Bertin USA elected immediate recognition of the unfunded accumulated postretirement benefit obligation. The postretirement payments are funded in monthly installments.

JBS Canada Plans

JBS Canada participates in the Canada Pension Plan (the "CPP"), a government provided pension plan required for all employees aged 18 to 70 who are not recipients of any retirement or disability pension under the CPP, who do not participate in the Quebec Pension Plan and whose earnings exceed the year's basic exemption of CAD$3.500 (R$9,606). The contribution rate is equal to 9.9% of the employment earnings in excess of the basic exemption up to the maximum pensionable earnings. The employee and the employer must each pay half of the contribution.

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

Pilgrim's Pride Plans - PPC

PPC sponsors programs that provide retirement benefits to most of their employees. These programs include qualified defined benefit pension plans, non-qualified defined benefit retirement plans, a defined benefit postretirement life insurance plan and defined contribution retirement savings plans. Under all of PPC's retirement plans, the expenses were US$1.6 million (R$3,704) and US$4.5 million (R$12,558) for the three months period ended March 31, 2016 and March 31, 2015, respectively.

Qualified Defined Benefit Pension Plan

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

Nonqualified Defined Benefit Retirement Plans

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

Defined Benefit Postretirement Life Insurance Plan

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

(Expressed in thousands of reais)

Defined Benefit Plans Obligations and Assets

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

	March 31, 2016		March 31, 2015	
Change in projected benefit obligation	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Projected benefit obligation, beginning of the period	**590,607**	**5,950**	**610,806**	**5,316**
Interest cost	**4,967**	**43**	6,217	55
Actuarial losses (gains)	**15,720**	**182**	22,183	122
Benefits paid	**(8,417)**	**(125)**	(4,745)	(103)
Curtailments and settlements	-	-	(38,320)	-
Projected benefit obligation, end of the period	**602,877**	**6,050**	**596,141**	**5,390**

	March 31, 2016		March 31, 2015	
Change in plan assets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Fair value of plan assets, beginning of the period	**345,025**	-	**364,275**	-
Actual return on plan assets	**(19,382)**	-	6,612	-
Employees contributions	**9,043**	**125**	6,034	103
Benefits paid	**(8,417)**	**(125)**	(4,745)	(103)
Curtailments and settlements	-	-	(38,320)	-
Fair value of plan assets, end of the period	**326,269**	-	**333,856**	-

	March 31, 2016		December 31, 2015	
Funded status	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Unfunded benefit obligation	**(276,608)**	**(6,050)**	(269,451)	(6,529)

	March 31, 2016		December 31, 2015	
Amounts recognized in the Balance Sheets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Current payroll, taxes and social charges	**(38,344)**	**(495)**	(42,090)	(539)
Noncurrent payroll, taxes and social charges	**(238,264)**	**(5,555)**	(227,361)	(5,990)
Net amount recognized	**(276,608)**	**(6,050)**	**(269,451)**	**(6,529)**

	March 31, 2016		December 31, 2015	
Amounts recognized in the Income Statement	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Net actuarial loss (gain)	**142,523**	**78**	**113,337**	**(113)**

The accumulated benefit obligation for the defined benefit pension plans was US$169.4 million (R$601,454) and US$166 million (R$648,197) at March 31, 2016 and December 31, 2015, respectively. Each of PPC's defined benefit pension plans had accumulated benefit obligations that exceeded the fair value of plan assets at March 31, 2016 and December 31, 2015.

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

	March 31, 2016		March 31, 2015	
Net Periodic Benefit Cost	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Interest cost	**5,171**	**44**	6,084	53
Estimated return on plan assets	**(4,867)**	-	(5,246)	-
Settlement loss	-	-	9,613	-
Amortization of net loss	**570**	-	562	-
Net cost	**874**	**44**	**11,013**	**53**

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

	March 31, 2016		December 31, 2015	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Benefit obligation at end of the period:				
Discount rate	**4.18%**	**3.55%**	4.47%	4.47%

	March 31, 2016		March 31, 2015	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Net pension and other postretirement costs:				
Discount rate	**4.47%**	**4.47%**	4.22%	4.22%
Expected return on plan assets	**5.50%**	**NA**	6.00%	NA

(Expressed in thousands of reais)

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

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

	March 31, 2016	December 31, 2015
Equity securities	**64%**	64%
Fixed income securities	**36%**	36%
Total assets	**100%**	**100%**

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

The fair value measurements of plan assets fell into the following levels of the fair value hierarchy on March 31, 2016 and December 31, 2015:

	March 31, 2016			December 31, 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and money market funds	**448**	-	**448**	574	-	**574**
Equity securities	-	**208,520**	**208,520**	-	241,832	**241,832**
Debt securities	-	**117,301**	**117,301**	-	136,153	**136,153**
Total assets	**448**	**325,821**	**326,269**	**574**	**377,985**	**378,559**

The valuation of plan assets in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for substantially the full term of the financial instrument. Level 2 securities primarily include equity and fixed income securities funds.

Benefit Payments

The following table reflects the benefits as of March 31, 2016 expected to be paid through 2025 from PPC's pension and other postretirement plans. Because PPC's pension plans are primarily funded plans, the anticipated benefits with respect to these plans will come primarily from the trusts established for these plans. Because PPC's other postretirement plans are unfunded, the anticipated benefits with respect to these plans will come from their own assets.

For the years ending on:	Pension Benefits	Other Benefits
2016	**37,913**	**370**
2017	**41,497**	**495**
2018	**40,593**	**498**
2019	**39,372**	**495**
2020	**39,415**	**491**
Thereafter	**177,215**	**2,288**
Total	**376,005**	**4,637**

PPC anticipates contributing US$9.4 million (R$32,030) and US$100 thousand (R$356), as required by funding regulations or laws, to their pension and other postretirement plans, respectively, during the remainder of 2016.

Unrecognized benefit amounts in other comprehensive income

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

	March 31, 2016		March 31, 2015	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial loss (gain), beginning of the period	**103,297**	**(104)**	111,561	(247)
Amortization	**(548)**	-	(542)	-
Settlement adjustments	-	-	(9,823)	-
Liability gain (loss)	**15,721**	**182**	22,181	125
Asset gain (loss)	**24,053**	-	(1,248)	-
Net actuarial loss (gain), end of the period	**142,523**	**78**	**122,129**	**(122)**

PPC expects to recognize in net pension cost throughout the remainder of 2016 an actuarial loss of US$500 thousand (R$1,852) that was recorded in other comprehensive income adjustments at March 31, 2016.

Remeasurement

PPC remeasures both plan assets and obligations on a quarterly basis.

Defined Contribution Plans

PPC sponsors two defined contribution retirement savings plans named the Pilgrim's Pride Retirement Savings Plan (the "RS Plan") and the To-Ricos Employee Savings and Retirement Plan (the "To-Ricos Plan"). The RS Plan is an IRC Section 401(k) salary deferral plan maintained for certain eligible US employees. Under the RS Plan, eligible US employees may voluntarily contribute a percentage of their compensation. PPC matches up to 30% of the first 2.14% to 6% of salary based on the salary deferral and compensation levels up to US$245 thousand (R$872). The To-Ricos Plan is an IRC Section 1165 (e) salary deferral plan maintained for certain eligible Puerto Rico employees. Under the To-Ricos Plan, eligible employees may voluntarily contribute a percentage of their compensation and there are various company matching provisions. PPC also maintains three postretirement plans for eligible Mexico employees, as required by Mexico law, which primarily cover termination benefits.

(Expressed in thousands of reais)

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

PPC Incentive Compensation

PPC sponsors a short-term incentive plan that provides the grant of either cash or share-based bonus awards payable upon achievement of specified performance goals (the “STIP”). Full-time, salaried exempt employees of PPC and its affiliates who are selected by the administering committee are eligible to participate in the STIP. PPC has accrued US$2.8 million (R$7,408) in costs related to the STIP at March 31, 2016 related to cash bonus awards that could potentially be awarded during the remainder of 2016 and 2017.

PPC also sponsors a performance-based, omnibus long-term incentive plan that provides for the grant of a broad range of long-term equity-based and cash-based awards to PPC’s officers and other employees, members of the Board and any consultants (the “LTIP”). The equity-based awards that may be granted under the LTIP include “incentive stock options,” within the meaning of the IRC, nonqualified stock options, stock appreciation rights, restricted stock awards ("RSAs") and restricted stock units ("RSUs"). At March 31, 2016, PPC had reserved approximately 5.3 million shares of common stock for future issuance under the LTIP.

The following awards existed at March 31, 2016:

Award Type	Benefit Plan	Award Quantity	Grant Date	Grant Date Fair Value per Award [i]	Vesting condition	Vesting date	Estimate Forfeiture Rate	Awards Forfeited to Date	Settlement Method
RSU	LTIP	462,518	02/19/14	59	Service	12/31/16	13.49%	240,991	Stock
RSU	LTIP	269,662	03/03/14	61	Performance / Service	12/31/17	12.34%	104,536	Stock
RSU	LTIP	158,226	02/26/15	98	Performance / Service	12/31/18	(ii)	70,242	Stock

[i] The fair value of each RSA and RSU granted represents the closing price of PPC’s common stock on the respective grant date and vesting date.
[ii] Performance conditions associated with these awards were not satisfied. Therefore, 100% of the awards were forfeited.

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

	March 31, 2016	March 31, 2015
Share-based compensation costs:		
Costs of goods sold	**367**	355
Selling, general and administrative expenses	**2,893**	2,147
Total	**3,260**	**2,502**
Income tax benefit	**952**	**763**

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

	March 31, 2016		March 31, 2015	
	Number	Weighted Average Grant Date Fair Value	Number	Weighted Average Grant Date Fair Value
RSAs:				
Outstanding at beginning of the period	-	-	30	27.38
Vested	-	-	(15)	27.38
Outstanding at end of the period	-	-	**15**	**8.72**
RSUs:				
Outstanding at beginning of the period	**774**	**69.56**	1,120	37.58
Granted	-	-	428	65.93
Forfeited	**(148)**	**99.34**	-	-
Outstanding at end of the period	**626**	**18.78**	**1,548**	**18.80**

No awards vested during the three months period ended on March 31, 2016. The total fair value of awards vested during the three months period ended March 31, 2015 was US$22.4 million (R$71,859).

At March 31, 2016, the total unrecognized compensation cost related to all nonvested awards was US$5 million (R$18,520). That cost is expected to be recognized over a weighted average period of 2 years.

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

(Expressed in thousands of reais)

27 Deferred revenue

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

To provide the customer with security, in the unlikely event JBS USA was to default on its commitment, the payment is evidenced by the Supply Agreement which bears interest at the three-month LIBOR plus 2.0%. The interest rate at March 31, 2016 was 2.6%. In the event of default, the Supply Agreement provides for a conversion into shares of common stock of JBS Holding Lux based on a formula stipulated in the Supply Agreement. Assuming default had occurred on March 31, 2016, the conversion right under the Supply Agreement would have equaled 2.96% of the outstanding common stock, or 2.96 shares. The Supply Agreement contains affirmative and negative covenants which require JBS USA to, among other things: maintain defined market share; maintain certain tangible net worth levels; and comply in all material respects with the Supply Agreement. JBS USA was in compliance with all covenants as of March 31, 2016.

During the second quarter of 2012, the customer ceased taking product from JBS USA and, since the Supply Agreement makes no provision for an alternate form of calculating the repayment of the unamortized balance, JBS USA continues to accrue interest on the unamortized balance. JBS USA is in discussions with the customer; however, no agreement has been reached. The unamortized balance at both March 31, 2016 and December 31, 2015 was approximately US$100.8 million, being R$355,890 and R$393,604, respectively. At March 31, 2016 and December 31, 2015, JBS USA had accrued interest of US$9.7 million (R$32,030) and US$9 million (R$35,143), respectively. At March 31, 2016 and December 31, 2015, other deferred revenue was US$9.3 million (R$32,030) and US$9.9 million (R$38,658), respectively.

28 Operating segments

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

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

Beef segment consists on beef processing: slaughter, cold storage, industrialization and production of canned and beef by-products derived from its meat processing operations located in Brazil, United States of America, Canada, Australia, Argentina, Uruguay, Paraguay, the latter three with consolidated analyzes, as well as in United States of America, Australia, Canada and Mexico.

Chicken segment consists on chicken processing: breeding, slaughter, industrialization and commercialization of products derived from its operations, whose productive units are located in United States of America, Mexico and Brazil, attending restaurant chains, food processors, distributors, supermarkets, wholesale and other retail distributors, in addition to exporting to the Eastern Europe (including Russia), the Eastern Hemisphere (including China), Mexico and other international markets.

Pork segment consists on pork processing: breeding, slaughter, cold storage, industrialization and by-products derived. It operates in Brazil and Unites States of America, attending the internal and the foreign market. The products also include specific industrial standards cuts, refrigerated.

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

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

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

The information per businesses operational segment, analyzed by the Executive Board of Officers, and related to the quarters ended on March 31, 2016 and 2015, are as following:

Segments presented by product modality:

	Net revenue		Net operating income		Depreciation	
	2016	2015	2016	2015	2016	2015
Segments						
Beef	**24,537,226**	20,936,657	**(664,468)**	246,329	**308,500**	246,925
Chicken	**11,444,533**	8,315,506	**947,425**	1,231,253	**630,762**	404,239
Pork	**5,158,014**	2,422,228	**285,233**	244,547	**102,152**	41,365
Others	**2,772,166**	2,144,601	**403,148**	259,275	**124,441**	83,861
Total	**43,911,939**	**33,818,992**	**971,338**	**1,981,404**	**1,165,855**	**776,390**

Total of assets by product modality:

	March 31, 2016	December 31, 2015
Total assets		
Beef	**56,896,916**	66,132,131
Chicken	**29,325,009**	30,391,861
Pork	**10,764,122**	13,647,227
Others	**15,302,153**	12,331,748
Total	**112,288,200**	**122,502,967**

(Expressed in thousands of reais)

Segments presented by geographic area:

	Net revenue		Net operating income		Depreciation	
	2016	2015	2016	2015	2016	2015
Segments						
United States of America	**30,089,824**	22,637,483	**(56,288)**	1,368,068	**677,760**	422,137
South America	**11,269,981**	10,656,766	**952,981**	640,808	**387,947**	351,604
Others	**2,552,134**	524,743	**74,645**	(27,472)	**100,148**	2,649
Total	**43,911,939**	**33,818,992**	**971,338**	**1,981,404**	**1,165,855**	**776,390**

Total of assets by geographic area:

	March 31, 2016	December 31, 2015
Total assets		
United States of America	**39,920,845**	45,812,569
South America	**64,385,934**	68,234,984
Others	**7,981,421**	8,455,414
Total	**112,288,200**	**122,502,967**

29 Expenses by nature

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

	Company		Consolidated	
Classification by nature	2016	2015	2016	2015
Depreciation and amortization	**(168,618)**	(170,188)	**(1,165,855)**	(776,390)
Personnel expense	**(623,045)**	(635,880)	**(5,114,386)**	(3,452,318)
Raw material use and consumption materials	**(5,456,161)**	(5,448,057)	**(36,360,660)**	(27,317,312)
Taxes, fees and contributions	**771,049**	(649,710)	**479,820**	(1,354,739)
Third party capital remuneration	**(8,209,900)**	(6,384,572)	**(9,493,475)**	(8,148,375)
Other income (expense), net	**3,501,216**	6,927,598	**3,939,733**	9,295,425
	(10,185,459)	**(6,360,809)**	**(47,714,823)**	**(31,753,709)**

	Company		Consolidated	
Classification by function	2016	2015	2016	2015
Cost of goods sold	**(5,098,763)**	(5,400,813)	**(39,148,148)**	(29,041,151)
Selling expenses	**(746,764)**	(704,477)	**(2,678,493)**	(1,955,216)
General and administrative expenses	**(443,464)**	(349,517)	**(1,227,613)**	(843,290)
Financial expense, net	**(3,897,950)**	97,953	**(4,765,275)**	83,862
Other operational income (expense), net	**1,482**	(3,955)	**104,706**	2,086
	(10,185,459)	**(6,360,809)**	**(47,714,823)**	**(31,753,709)**

30 Insurance coverage

As of March 31, 2016, in the Company, the maximum individual limit for coverage was R$150,000. This coverage includes all types of casualties.

Regarding the subsidiary JBS Argentina, located in the Republic of Argentina, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2016 was of US$35 million (equivalent to R$124,562).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2016 was of US$500 million (equivalent to R$1,779,450).

Regarding the subsidiary Seara Alimentos, located in Brazil, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2016 was of R$150,000.

Regarding the subsidiary Moy Park, located in the United Kingdom, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2016 was of GBP275 million (equivalent to R$1,407,478).

31 Risk management and financial instruments

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

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

Loans granted and receivables: Loans granted and receivables are financial assets with fixed or estimated payment amounts that are not quoted in an active market. Such assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, decreased by any loss on the impairment.

(Expressed in thousands of reais)

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

Liabilities at amortized costs: The Company recognizes debt securities and subordinated debt on the date on which they originated. All other financial liabilities (including liabilities designated at fair value recorded in income) are initially recognized on the trade date on which the Company becomes a party to the contractual provisions of the instrument. The Company writes-off a financial liability when its contractual obligations are canceled or expired.

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

Financial instruments:

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

		Company		Consolidated	
	Notes	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Assets					
Fair value through profit or loss					
Financial investments	4	**5,646,413**	5,013,154	**8,703,635**	8,067,833
Receivables derivatives, net		-	84,779	-	737,891
Loans and receivables					
Cash and banks	4	**3,593,040**	6,244,789	**6,583,593**	10,776,155
Trade accounts receivable	5	**2,615,297**	3,435,691	**9,788,546**	12,119,662
Credits with related parties	9	**4,804,200**	4,999,503	**1,797,903**	1,968,043
Total		**16,658,950**	**19,777,916**	**26,873,677**	**33,669,584**
Liabilities					
Liabilities at amortized cost					
Loans and financings	14	**(29,166,100)**	(29,743,442)	**(64,032,615)**	(65,882,726)
Trade accounts payable	13	**(2,054,507)**	(2,448,362)	**(10,027,004)**	(12,421,018)
Debits with related parties	9	**(125,853)**	(101,668)	-	-
Other financial liabilities	18	**(51,310)**	(53,114)	**(627,141)**	(705,771)
Fair value through profit or loss					
Payables derivatives, net		**(1,892,768)**	-	**(1,723,631)**	-
Contingent consideration - Other financial liabilities		**(300,000)**	(430,000)	**(300,000)**	(430,000)
Total		**(33,590,538)**	**(32,776,586)**	**(76,710,391)**	**(79,439,515)**

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

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

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

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

	Company									
	Current assets						Current liabilities			
	Other investments		CDB		Receivables derivatives		Payables derivatives		Moy Park contingent liability	
	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015
Level 1	**2,220,989**	3,428,732	-	-	-	-	-	-	-	-
Level 2	-	-	**3,425,424**	1,584,422	-	84,779	**(1,892,768)**	-	**(300,000)**	(430,000)
Level 3	-	-	-	-	-	-	-	-	-	-

(Expressed in thousands of reais)

	Consolidated									
	Current assets						Current liabilities			
	Other investments		CDB		Receivables derivatives		Payables derivatives		Moy Park contingent liability	
	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015
Level 1	**2,551,229**	3,782,534	–	–	–	–	–	–	–	–
Level 2	–	–	**6,152,406**	4,285,299	–	737,891	**(1,723,631)**	–	**(300,000)**	(430,000)
Level 3	–	–	–	–	–	–	–	–	–	–

b. Fair value of loans and financings:

The fair value of loans and financings is made only for the issued Notes under the rules 144-A and Reg. S, due to the fact of these notes are the only securities loans and financings that have liquidity and are negotiated in the secondary market. For this calculation, the Company uses the closing sale price of these securities informed by a financial newswire in March 31, 2016 and December 31, 2015. Except the referred item all financial instruments present its book value equal to the fair value.

Following, are the details of the estimated fair value of loans and financings:

	Company						Consolidated					
	March 31, 2016			December 31, 2015			March 31, 2016			December 31, 2015		
Description	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal
JBS S.A. Notes 2016	**439,506**	**102.75**	**451,592**	513,583	103.00	528,990	**439,506**	**102.75**	**451,592**	513,583	103.00	528,990
Bertin Notes 2016	**420,787**	**103.22**	**434,336**	572,951	104.00	595,869	**420,787**	**103.22**	**434,336**	572,951	104.00	595,869
JBS S.A Notes 2020	**3,558,900**	**99.36**	**3,536,123**	3,904,800	97.00	3,787,656	**3,558,900**	**99.36**	**3,536,123**	3,904,800	97.00	3,787,656
JBS S.A Notes 2023	**2,758,148**	**87.88**	**2,423,860**	3,026,220	88.00	2,663,074	**2,758,148**	**87.88**	**2,423,860**	3,026,220	88.00	2,663,074
JBS S.A. Notes 2024	**2,669,175**	**92.75**	**2,475,660**	2,928,600	91.63	2,683,476	**2,669,175**	**92.75**	**2,475,660**	2,928,600	91.63	2,683,476
JBS Lux Notes 2020	–	–	–	–	–	–	**2,491,230**	**101.75**	**2,534,827**	2,733,360	100.00	2,733,360
JBS Lux Notes 2021	–	–	–	–	–	–	**4,092,735**	**99.40**	**4,068,179**	4,490,520	98.35	4,416,426
JBS Lux Notes 2024	–	–	–	–	–	–	**2,669,175**	**91.50**	**2,442,295**	2,928,600	89.50	2,621,097
JBS Lux Notes 2025	–	–	–	–	–	–	**3,203,010**	**88.00**	**2,818,649**	3,514,320	86.50	3,039,887
PPC Notes 2025	–	–	–	–	–	–	**1,779,450**	**100.88**	**1,795,109**	1,952,400	97.75	1,908,471
Moy Park	–	–	–	–	–	–	**1,535,430**	**102.12**	**1,567,981**	1,736,430	102.40	1,778,104
	9,846,516		**9,321,571**	**10,946,154**		**10,259,065**	**25,617,546**		**24,548,611**	**28,301,784**		**26,756,410**

Gains (losses) by category of financial instrument:	Company		Consolidated	
	2016	2015	2016	2015
Fair value through profit or loss	**(5,400,520)**	4,178,445	**(6,153,518)**	4,920,258
Loans and receivables	**(504,666)**	426,410	**(626,395)**	474,267
Liabilities at amortized cost	**2,028,365**	(4,477,453)	**2,056,407**	(5,258,712)
Total	**(3,876,821)**	**127,402**	**(4,723,506)**	**135,813**

Risk management:

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

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

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

a. Market Risk:

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

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

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

(Expressed in thousands of reais)

a.1. Interest rate risk

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

The Board understands that quantitative figures regarding the exposure to interest rate risks of the Company on March 31, 2016 and December 31, 2015 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

	Company		Consolidated	
Net liabilities and assets exposure to the CDI rate:	**March 31, 2016**	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
NCE / Compror / Others	**(3,255,891)**	(3,741,948)	**(4,396,208)**	(5,067,298)
Related parties	**4,242,639**	3,808,548	–	–
CDB-DI	**3,425,424**	1,584,422	**3,828,970**	1,976,791
National treasury bill	**2,220,989**	3,428,732	**2,220,989**	3,428,732
Total	**6,633,161**	**5,079,754**	**1,653,751**	**338,225**
Liabilities exposure to the EURIBOR rate:				
Working Capital - Euro	**(102,953)**	(99,766)	**(102,953)**	(99,766)
Finimp	**(1,219)**	–	**(9,037)**	–
Total	**(104,172)**	**(99,766)**	**(111,990)**	**(99,766)**
Liabilities exposure to the LIBOR rate:				
Working Capital - USD	–	–	**(390,500)**	(208,817)
Pre-payment	**(6,490,569)**	(5,203,103)	**(10,072,098)**	(9,633,688)
Others	–	–	**(28,779)**	(4,683)
Total	**(6,490,569)**	**(5,203,103)**	**(10,491,377)**	**(9,847,188)**
Liabilities exposure to TJLP rate:				
FINAME	**(297,377)**	(288,052)	**(303,671)**	(306,529)
CDC	–	–	–	–
Total	**(297,377)**	**(288,052)**	**(303,671)**	**(306,529)**
Liabilities exposure to UMBNDES:				
CCB - BNDES	–	–	**(14,340)**	(41,591)
Total	–	–	**(14,340)**	**(41,591)**

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

Sensitivity analysis:

			Scenario (I) VaR 99% I.C. 1 day			Scenario (II) Interest rate variation - 25%			Scenario (III) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Contracts exposure	**Risk**	**Current scenario**	**Rate**	**Company**	**Consolidated**	**Rate**	**Company**	**Consolidated**	**Rate**	**Company**	**Consolidated**
CDI	Decrease	14.1300%	14.0250%	(6,965)	(1,736)	10.5975%	(234,316)	(58,419)	7.0650%	(468,633)	(116,838)
Euribor	Increase	(0.0050)%	(0.0050)%	–	–	(0.0038)%	(1)	(1)	(0.0025)%	(3)	(3)
Libor	Increase	1.2104%	1.2107%	(19)	(31)	1.5130%	(19,640)	(31,747)	1.8156%	(39,281)	(63,494)
TJLP	Increase	7.5000%	7.5025%	(7)	(8)	9.3750%	(5,576)	(5,694)	11.2500%	(11,152)	(11,388)
UMBNDES	Increase	0.0705	0.0727	–	(441)	0.0881	–	(3,585)	0.1057	–	(7,170)
				(6,991)	**(2,216)**		**(259,533)**	**(99,446)**		**(519,069)**	**(198,893)**

a.2. Exchange rate risk:

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

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

The Board understands that quantitative figures regarding the foreign currency exposure risk of the Company on March 31, 2016 and December 31, 2015 are presented below, in accordance with the Financial and Commodities Risk Management Policy. However, it should be mentioned that during the period there were representative movement due to hedging operations at the exchange as a result of financial and commercial operations.

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

(Expressed in thousands of reais)

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	**1,714,783**	2,918,919	**1,819,944**	3,589,259
Trade accounts receivable	**1,736,098**	1,746,646	**2,787,260**	3,107,239
Sales orders	**980,777**	882,509	**2,227,677**	2,650,165
Trade accounts payable	**(97,107)**	(132,874)	**(148,242)**	(223,876)
Purchase orders	-	-	**(841,865)**	(469,607)
Subtotal	**4,334,551**	**5,415,200**	**5,844,774**	**8,653,180**
FINANCIAL				
Related parties transaction (net)	**281,115**	703,336	**(1,271,067)**	81,055
Net debt in foreing subsidiaries	**(22,980,931)**	(23,325,674)	**(22,980,931)**	(23,325,674)
Loans and financings	**(25,425,782)**	(25,533,519)	**(29,383,766)**	(29,668,891)
Subtotal	**(48,125,598)**	**(48,155,857)**	**(53,635,764)**	**(52,913,510)**
Total exposure	**(43,791,047)**	**(42,740,657)**	**(47,790,990)**	**(44,260,330)**
DERIVATIVES				
Future contracts	**16,444,788**	22,441,081	**18,056,080**	23,557,854
Non Deliverable Forwards (NDF´s)	**21,867,661**	21,777,070	**23,626,936**	23,668,231
Swap (Assets)	-	-	**1,424,507**	1,601,944
Swap (Liabilities)	-	-	**(1,108,130)**	(1,180,226)
Overdue balance at ptax rate in 31.03 (*)	**(8,363,415)**	-	**(8,363,415)**	-
Total derivatives	**29,949,034**	**44,218,151**	**33,635,978**	**47,647,803**
NET EXPOSURE	**(13,842,013)**	**1,477,494**	**(14,155,012)**	**3,387,473**

(*) The Company understands that quantitative movements in hedging contracts for foreign currency exposure risk on March 31, 2016 are in accordance with the Financial and Commodities Risk Management Policy. However, it should be mentioned that during the period there were representative movement in hedging operations for foreign currency exposure as a result of financial and commercial operations and strategic repositioning following the Risk Management Policy parameters with emphasis on the position of future contracts of BM&F and NDFs of American dollar (US$) equivalent to R$8,363,415, due April 1st 2016, that were not renewed for subsequent period.

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	3.5589	3.4568	(98,004)	(141,331)	2.6692	(854,007)	(1,231,552)	1.7795	(1,708,015)	(2,463,105)
Financial	Depreciation	3.5589	3.4568	721,366	879,445	2.6692	6,285,990	7,663,493	1.7795	12,571,980	15,326,985
Hedge derivatives	Appreciation	3.5589	3.4568	(859,197)	(964,970)	2.6692	(7,487,048)	(8,408,758)	1.7795	(14,974,096)	(16,817,516)
				(235,835)	**(226,856)**		**(2,055,065)**	**(1,976,817)**		**(4,110,131)**	**(3,953,636)**

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on equity			Effect on equity			Effect on equity	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Net debt in foreing subsidiaries	Depreciation	3.5589	3.4568	632,943	632,943	2.6692	5,515,472	5,515,472	1.7795	11,030,943	11,030,943
				632,943	**632,943**		**5,515,472**	**5,515,472**		**11,030,943**	**11,030,943**

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

Derivatives financial instruments breakdown:

			Company					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	American dollar	Short	**39,610**	**(7,048,401)**	**91,406**	35,015	6,836,329	-
	DDI	Long	**132,025**	**23,493,189**	**(280,900)**	79,926	15,604,752	-

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	American dollar	Short	**30,555**	**(5,437,109)**	**77,838**	40,735	7,953,102	37,540
	DDI	Long	**132,025**	**23,493,189**	**(280,901)**	79,926	15,604,752	-

(Expressed in thousands of reais)

			Company					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R$)	Fair value	Notional (USD)	Notional (R$)	Fair value
Non Deliverable Forwards	American dollar	Long	**6,144,500**	**21,867,661**	**(1,703,907)**	5,577,000	21,777,070	91,169

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R$)	Fair value	Notional (USD)	Notional (R$)	Fair value
Non Deliverable Forwards	American dollar	Long	**6,638,831**	**23,626,936**	**(1,839,965)**	6,061,317	23,668,231	63,184

			Consolidated									
			March 31, 2016					December 31, 2015				
Instrument	Initial date	Expiry date	Notional (USD)	Notional (R$)	Fair value (assets) R$	Fair value (liabilities) R$	Fair value	Notional (USD)	Notional (R$)	Fair value (assets) R$	Fair value (liabilities) R$	Fair value
Swap	05.20.14	10.29.18	**50,000**	**177,945**	**189,535**	**(127,254)**	**62,281**	50,000	195,240	204,885	(124,727)	80,158
	11.27.13	10.23.18	**100,000**	**355,890**	**283,221**	**(194,912)**	**88,309**	100,000	390,480	306,317	(190,483)	115,834
	04.10.14	10.15.18	**149,800**	**533,123**	**468,320**	**(302,062)**	**166,258**	149,800	584,939	560,064	(333,910)	226,154
	09.08.15	09.08.16	**135,000**	**480,452**	**483,431**	**(483,902)**	**(471)**	135,000	527,148	530,678	(531,106)	(428)

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

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	**856**	571	**1,899**	14,515
Trade accounts receivable	**6,549**	3,424	**23,756**	32,124
Trade accounts payable	**-**	-	**(516)**	(566)
Subtotal	**7,405**	**3,995**	**25,139**	**46,073**
Total exposure	**7,405**	**3,995**	**25,139**	**46,073**
DERIVATIVES				
Future contracts	**(4,446)**	(5,071)	**(4,446)**	(5,071)
Non Deliverable Forwards (NDF´s)	**-**	-	**(37,063)**	(54,058)
Total derivatives	**(4,446)**	**(5,071)**	**(41,509)**	**(59,129)**
NET EXPOSURE	**2,959**	**(1,076)**	**(16,370)**	**(13,056)**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	2.7446	2.8205	205	695	3.4308	1,851	6,285	4.1169	3,703	12,570
Hedge derivatives	Depreciation	2.7446	2.8205	(123)	(1,148)	3.4308	(1,112)	(10,378)	4.1169	(2,223)	(20,755)
				82	**(453)**		**739**	**(4,093)**		**1,480**	**(8,185)**

Derivatives financial instruments breakdown:

			Company					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Canadian dollar	Short	**27**	**(4,446)**	**33**	30	(5,071)	-

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Canadian dollar	Short	**27**	**(4,446)**	**32**	30	(5,071)	-

(Expressed in thousands of reais)

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Notional (CAD)	Notional (R$)	Fair value	Notional (CAD)	Notional (R$)	Fair value
Non Deliverable Forwards	Canadian dollar	Short	**(13,504)**	**(37,063)**	**(46)**	(19,189)	(54,057)	1,281

a.2.3 EXPOSURE in € (EURO):

	Company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
OPERATING				
Cash and cash equivalents	**18,992**	48,686	**20,970**	56,509
Trade accounts receivable	**106,538**	129,828	**411,495**	412,257
Sales orders	-	-	**258,002**	345,473
Trade accounts payable	**(40,579)**	(128,288)	**(53,109)**	(138,741)
Purchase orders	-	-	**(34,823)**	(20,419)
Subtotal	**84,951**	**50,226**	**602,535**	**655,079**
FINANCIAL				
Related parties transaction (net)	**131,075**	**333,623**	**131,075**	333,623
Loans and financings	-	-	**(7,818)**	-
Subtotal	**131,075**	**333,623**	**123,257**	**333,623**
Total exposure	**216,026**	**383,849**	**725,792**	**988,702**
DERIVATIVES				
Future contracts	**(39,526)**	(61,631)	**(533,088)**	(660,937)
Non Deliverable Forwards (NDF´s)	-	-	**45,939**	50,274
Total derivatives	**(39,526)**	**(61,631)**	**(487,149)**	**(610,663)**
NET EXPOSURE	**176,500**	**322,218**	**238,643**	**378,039**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	4.0539	3.9266	(2,668)	(18,921)	3.0404	(21,238)	(150,637)	2.027	(42,474)	(301,260)
Financial	Appreciation	4.0539	3.9266	(4,116)	(3,870)	3.0404	(32,770)	(30,815)	2.027	(65,536)	(61,627)
Hedge derivatives	Depreciation	4.0539	3.9266	1,241	15,297	3.0404	9,882	121,790	2.027	19,763	243,568
				(5,543)	**(7,494)**		**(44,126)**	**(59,662)**		**(88,247)**	**(119,319)**

Derivatives financial instruments breakdown:

			Company					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Euro	Short	**195**	**(39,526)**	**112**	290	(61,631)	-

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Euro	Short	**2,630**	**(533,088)**	**1,515**	3,110	(660,937)	(10,552)

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Notional (EUR)	Notional (R$)	Fair value	Notional (EUR)	Notional (R$)	Fair value
Non Deliverable Forwards	Euro	Long	**11,332**	**45,939**	**25**	11,828	50,274	55

(Expressed in thousands of reais)

a.2.4 EXPOSURE in £ (British Pound):

	Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
OPERATING				
Trade accounts receivable	**51,286**	51,546	**90,280**	75,998
Sales orders	-	-	**11,605**	4,821
Trade accounts payable	**(37)**	(41)	**(37)**	(41)
Subtotal	**51,249**	**51,505**	**101,848**	**80,778**
Total exposure	**51,249**	**51,505**	**101,848**	**80,778**
DERIVATIVES				
Future contracts	**(49,083)**	(38,491)	**(49,083)**	(38,491)
Non Deliverable Forwards (NDF´s)	-	-	**(61,284)**	(50,001)
Total derivatives	**(49,083)**	**(38,491)**	**(110,367)**	**(88,492)**
NET EXPOSURE	**2,166**	**13,014**	**(8,519)**	**(7,714)**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	**Risk**	**Current exchange rate**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**
Operating	Appreciation	5.1181	5.2614	1,435	2,852	6.3976	12,812	25,462	7.6772	25,625	50,925
Hedge derivatives	Depreciation	5.1181	5.2614	(1,374)	(3,090)	6.3976	(12,271)	(27,591)	7.6772	(24,542)	(55,185)
				61	**(238)**		**541**	**(2,129)**		**1,083**	**(4,260)**

Derivatives financial instruments breakdown:

			Company					
			March 31, 2016			December 31, 2015		
Instrument	**Risk factor**	**Nature**	**Quantity**	**Notional**	**Fair value**	**Quantity**	**Notional**	**Fair value**
Future Contracts BM&F	British pound	Short	**274**	**(49,083)**	**427**	190	(38,491)	-

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	**Risk factor**	**Nature**	**Quantity**	**Notional**	**Fair value**	**Quantity**	**Notional**	**Fair value**
Future Contracts BM&F	British pound	Short	**274**	**(49,083)**	**427**	190	(38,491)	-

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	**Risk factor**	**Nature**	**Notional (GBP)**	**Notional (R$)**	**Fair value**	**Notional (GBP)**	**Notional (R$)**	**Fair value**
Non Deliverable Forwards	British pound	Short	**(11,974)**	**(61,284)**	**(367)**	(8,639)	(50,003)	(238)

a.2.5 EXPOSURE in ¥ (Japanese Yen):

	Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
OPERATING				
Cash and cash equivalents	-	-	**1,801**	5,650
Trade accounts receivable	-	-	**19,410**	23,472
Sales orders	-	-	**729**	1,354
Subtotal	-	-	**21,940**	**30,476**
Total exposure	-	-	**21,940**	**30,476**
DERIVATIVES				
Non Deliverable Forwards (NDF´s)	-	-	**(95,468)**	(85,226)
Total derivatives	-	-	**(95,468)**	**(85,226)**
NET EXPOSURE	-	-	**(73,528)**	**(54,750)**

(Expressed in thousands of reais)

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	**Risk**	**Current exchange rate**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**
Operating	Appreciation	0.0317	0.0328	-	761	0.0396	-	5,468	0.0476	-	11,005
Hedge derivatives	Depreciation	0.0317	0.0328	-	(3,313)	0.0396	-	(23,792)	0.0476	-	(47,885)
				-	**(2,552)**		-	**(18,324)**		-	**(36,880)**

Derivatives financial instruments breakdown:

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	**Risk factor**	**Nature**	**Notional (JPY)**	**Notional (R$)**	**Fair value**	**Notional (JPY)**	**Notional (R$)**	**Fair value**
Non Deliverable Forwards	Japanese Yen	Short	**(3,015,398)**	**(95,468)**	**242**	(2,628,004)	(85,226)	(230)

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

	Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
OPERATING				
Cash and cash equivalents	-	-	**719**	6,423
Trade accounts receivable	-	-	**1,018**	4,983
Trade accounts payable	-	-	**(189)**	(394)
Subtotal	-	-	**1,548**	**11,012**
Total exposure	-	-	**1,548**	**11,012**
DERIVATIVES				
Non Deliverable Forwards (NDF´s)	-	-	**(7,648)**	(7,540)
Total derivatives	-	-	**(7,648)**	**(7,540)**
NET EXPOSURE	-	-	**(6,100)**	**3,472**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	**Risk**	**Current exchange rate**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**
Operating	Appreciation	2.4656	2.5403	-	47	3.0820	-	387	3.6984	-	774
Hedge derivatives	Depreciation	2.4656	2.5403	-	(232)	3.0820	-	(1,912)	3.6984	-	(3,824)
				-	**(185)**		-	**(1,525)**		-	**(3,050)**

Derivatives financial instruments breakdown:

			Consolidated					
			March 31, 2016			December 31, 2015		
Instrument	**Risk factor**	**Nature**	**Notional (NZD)**	**Notional (R$)**	**Fair value**	**Notional (NZD)**	**Notional (R$)**	**Fair value**
Non Deliverable Forwards	New Zealand dollar	Short	**(3,102)**	**(7,648)**	**75**	(2,822)	(7,541)	(1,109)

a.2.7 EXPOSURE in CHF (Suiss Franc):

	Company		Consolidated	
	March 31, 2016	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
OPERATING				
Trade accounts payable	**(8,195)**	-	**(8,195)**	-
Subtotal	**(8,195)**	-	**(8,195)**	-
Total exposure	**(8,195)**	-	**(8,195)**	-
NET EXPOSURE	**(8,195)**	-	**(8,195)**	-

(Expressed in thousands of reais)

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	3.7153	3.8389	(273)	(273)	4.6441	(2,049)	(2,049)	5.573	(4,098)	(4,098)
				(273)	**(273)**		**(2,049)**	**(2,049)**		**(4,098)**	**(4,098)**

b. Commodity price risk

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

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

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

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

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

The Company understands that quantitative figures regarding the exposure risk on the cattle's arroba price changes of the Company on March 31, 2016 and December 31, 2015 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

EXPOSURE in Commodities (Cattle)	March 31, 2016	December 31, 2015
Firm Contracts of cattle purchase	**322,666**	48,068
Subtotal	**322,666**	**48,068**
DERIVATIVES		
Future contracts	**(184,332)**	(11,912)
Subtotal	**(184,332)**	**(11,912)**
TOTAL EXPOSURE	**138,334**	**36,156**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) @ Variation - 25%		Scenario (ii) @ Variation - 50%	
				Effect on income		Effect on income		Effect on income
Exposure	Risk	Current price	Price	Company	Price	Company	Price	Company
Operational	Cattle arroba depreciation	161.70	159.46	(4,468)	121.28	(80,667)	80.85	(161,333)
Hedging derivatives of cattle	Cattle arroba appreciation	161.70	159.46	2,552	121.28	46,083	80.85	92,166
				(1,916)		**(34,584)**		**(69,167)**

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

Derivatives financial instruments breakdown:

			March 31, 2016			December 31, 2015		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	Cattle	Short	**3,443**	**(184,332)**	**63**	241	(11,912)	(9)

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

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

(Expressed in thousands of reais)

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

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

Management understands that quantitative figures regarding the exposure risk on the corn's sacks price changes of JBS Foods on March 31, 2016 and December 31, 2015 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

	JBS Foods	
EXPOSURE in Commodities (Corn)	**March 31, 2016**	**December 31, 2015**
OPERATING		
Purchase orders	**802,639**	469,607
Subtotal	**802,639**	**469,607**
DERIVATIVES		
Non Deliverable Forwards (NDF´s)	**40,569**	-
Subtotal	**40,569**	-
TOTAL EXPOSURE	**843,208**	**469,607**

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
				Effect on income		Effect on income		Effect on income
Exposure	Risk	Current price	Price	JBS Foods	Price	JBS Foods	Price	JBS Foods
Operational	Depreciation of corn price	49.68	48.70	(15,833)	37.26	(200,660)	24.84	(401,320)
Hedging derivatives	Depreciation of corn price	49.68	48.70	(800)	37.26	(10,142)	24.84	(20,285)
				(16,633)		(210,802)		(421,605)

Derivatives financial instruments breakdown:

			March 31, 2016			December 31, 2015		
Instrument	**Risk factor**	**Nature**	**Quantity**	**Notional**	**Fair value**	**Quantity**	**Notional**	**Fair value**
Future Contracts BM&F	Corn	Long	**2,567**	**40,569**	**(1,409)**	-	-	-

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

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

	JBS USA	
EXPOSURE in Commodities	**March 31, 2016**	**December 31, 2015**
OPERATIONAL		
Forwards - commodities	**8,660,580**	5,294,296
Subtotal	**8,660,580**	**5,294,296**
DERIVATIVES		
Future and option commodity contracts	**582,944**	9,692,155
Subtotal	**582,944**	**9,692,155**
TOTAL EXPOSURE	**9,243,524**	**14,986,451**

Sensitivity analysis:

		Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
			Effect on income		Effect on income		Effect on income
Exposure	Risk	Price	JBS USA	Price	JBS USA	Price	JBS USA
Operating	Commodities price depreciation	(1.10)%	(95,266)	(25.00)%	(2,165,145)	(50.00)%	(4,330,290)
Hedging derivatives	Commodities price depreciation	(1.10)%	(6,412)	(25.00)%	(145,736)	(50.00)%	(291,472)
			(101,678)		(2,310,881)		(4,621,762)

(Expressed in thousands of reais)

Derivatives financial instruments breakdown:

			March 31, 2016			December 31, 2015		
Instrument	**Risk factor**	**Nature**	**Notional (USD)**	**Notional (R$)**	**Fair value**	**Notional (USD)**	**Notional (R$)**	**Fair value**
Non Deliverable Forwards	Commodities	Long	**163,799**	**582,944**	**2,463**	2,482,113	9,692,155	232,632

c. Credit risk

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

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

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

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

Observations:

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

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

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

		Company		Consolidated	
	Note	**March 31, 2016**	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Assets					
Cash and cash equivalents	4	**9,239,453**	11,257,943	**15,287,228**	18,843,988
Trade accounts receivable	5	**2,615,297**	3,435,691	**9,788,546**	12,119,662
Credits with related parties	9	**4,804,200**	4,999,503	**1,797,903**	1,968,043
		16,658,950	**19,693,137**	**26,873,677**	**32,931,693**

d. Liquidity risk

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

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

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

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

The index of liquidity and leverage consolidated are shown below:

	Consolidated	
	March 31, 2016	**December 31, 2015**
Cash and cash equivalents	**15,287,228**	18,843,988
Loans and financings - Current	**(20,834,313)**	(20,906,613)
Acid test ratio	**0.73**	0.9
Leverage indicator (*)	**3,8x**	**3,1x**

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

(Expressed in thousands of reais)

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

	Company									
	March 31, 2016					December 31, 2015				
	Less than1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total	Less than1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total
Trade accounts payable	2,054,507	_	_	_	2,054,507	2,448,362	_	_	_	2,448,362
Debits w/ related parties	_	_	_	125,853	125,853	_	_	_	101,668	101,668
Loans and financings	14,407,207	2,555,911	5,673,767	6,529,215	29,166,100	14,791,919	4,455,354	4,414,847	6,081,322	29,743,442
Derivatives financing liabilities (assets)	1,892,768	_	_	_	1,892,768	(84,779)	_	_	_	(84,779)
Payables related to facilities acquisitions	315,010	_	_	36,300	351,310	445,164	_	_	37,950	483,114

	Consolidated									
	March 31, 2016					December 31, 2015				
	Less than1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total	Less than1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Total
Trade accounts payable	10,027,004	_	_	_	10,027,004	12,421,018	_	_	_	12,421,018
Loans and financings	20,834,313	4,130,583	16,758,351	22,309,368	64,032,615	20,906,613	8,583,793	11,435,325	24,956,995	65,882,726
Derivatives financing liabilities (assets)	2,040,479	(316,848)	_	_	1,723,631	(315,745)	_	(422,146)	_	(737,891)
Payables related to facilities acquisitions	685,023	205,818	_	36,300	927,141	901,916	129,194	66,711	37,950	1,135,771

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2016 is R$2,090,781 (R$3,444,021 at December 31, 2015). This guarantee is superior to the need presented for these operations.

The indirect subsidiary JBS USA and its subsidiaries, has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2016 is R$355,890 (R$265,917 at December 31, 2015). This guarantee is superior to the need presented for these operations.

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

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

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(Expressed in thousands of reais)

32 Approval of the interim financial statements

The approval of these quarterly interim financial statements was given at the Board of Directors' meeting held on May 11, 2016 and were approved to be restated at August 5, 2016.

BOARD OF DIRECTORS

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

FISCAL COUNCIL REPORT

The Fiscal Council reviewed the quarterly interim financial statements of the Company for the three months period ended on March 31, 2016.

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

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

FISCAL COUNCIL

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

AUDIT COMMITTEE

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

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

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

(i) They reviewed, discussed and agreed with the views expressed in the review report of the independent auditors on the quarterly interim financial statements for the three months period ended on March 31, 2016, and

(ii) They reviewed, discussed and agreed with the quarterly interim financial statements for the three months period ended on March 31, 2016.

EXECUTIVE BOARD

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

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

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