1Q17 Results

JBS Reports 1Q17 Net Revenue of R$37.6 billion and Net Income of R$353.0 million

JBS ended 1Q17 with net revenue of R$37.6 billion. Net income was R$353.0 million, representing an EPS of R$0.12.

Gross profit was R$4.4 billion, with gross margin increasing from 10.8% in 1Q16 to 11.8% in 1Q17. EBITDA was R$2.1 billion, stable in comparison with 1Q16, with EBITDA margin increasing from 4.9% to 5.7%.

"We started 2017 performing well in our international business units, boosted by strong demand in the markets where we operate. Our operations in South America, on the other hand, continued to face a challenging scenario, mainly due to the strong appreciation of the real against the US dollar, which was R$3.91 in 1Q16 and R$3.14 in 1Q17, impacting the profitability of our exports from Brazil.", stated Wesley Batista, Global CEO of JBS.

"Our global production platform, product diversification, continuous investments in innovation and constant focus on cost control and efficiency, allowed us to mitigate the effects from a challenging scenario in South America with good results from our international operations.", added Wesley Batista.

1Q17 Highlights

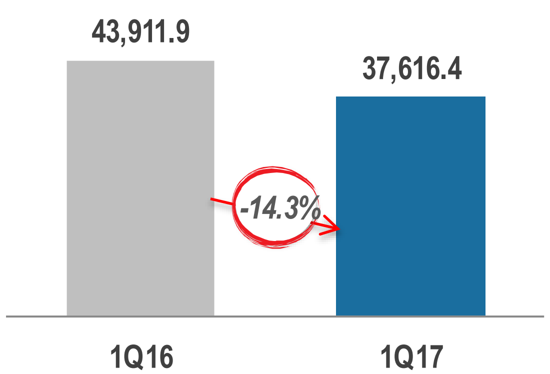
Net revenue in 1Q17 was **R$37.6 billion,** a decrease of 14.3% compared with 1Q16.

Gross profit in 1Q17 was **R$4.4 billion.** Gross margin **increased** from 10.8% in 1Q16 to **11.8% in 1Q17**.

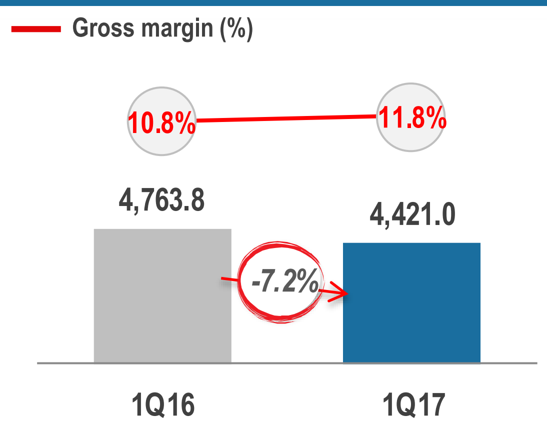
EBITDA in 1Q17 was **R$2.1 billion. EBITDA margin increased** from 4.9% in 1Q16 to **5.7% in 1Q17.**

JBS posted **net income of R$353.0 million** in 1Q17, which represents an **EPS of R$0.12.**

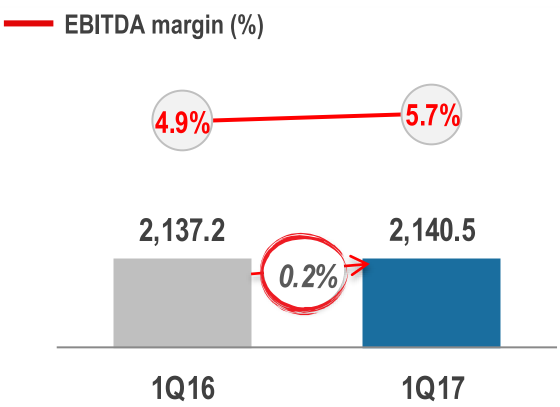
Net Revenue (R$ Million)



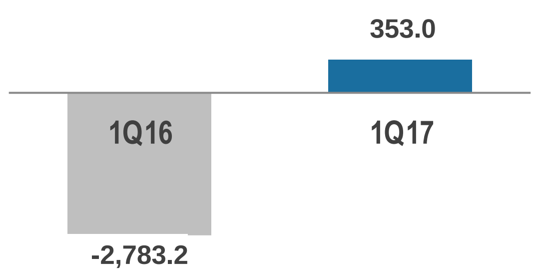
Gross Profit (R$ Million)



EBITDA (R$ Million)



Net Income (R$ Million)



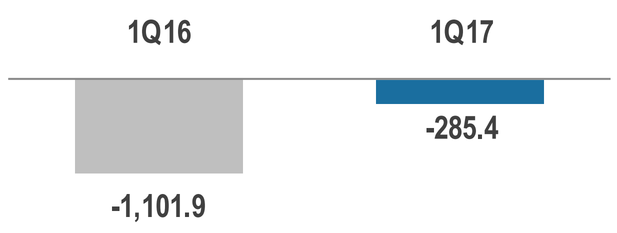
1Q17 Highlights

In 1Q17, **net cash <u>used in</u> operating activities** was **R$285.4 million.**

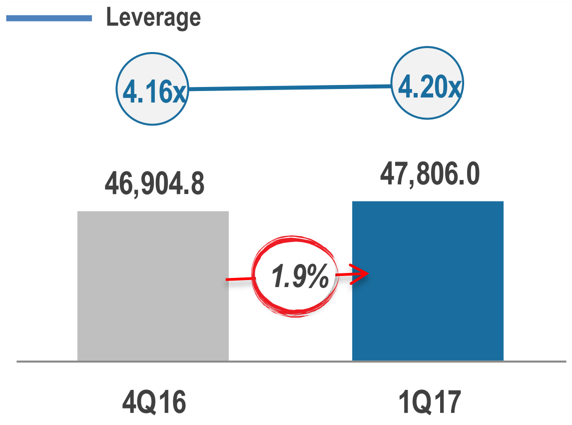
JBS ended 1Q17 with **net debt of R$47.8 billion.**

Leverage at the end of the quarter including LTM results of GNP was **4.20x.**

Net Operating Cash Flow (R$ Million)



Net Debt (R$ Million) and Leverage



JBS

1Q17 Consolidated Results

Consolidated analysis of the main operational indicators of JBS

	1Q17		4Q16		Δ%	1Q16		Δ%
R$ Million	**R$ MM**	**% ROL**	**R$ MM**	**% ROL**	**1Q17 vs 4Q16**	**R$ MM**	**% ROL**	**1Q17 vs 1Q16**
Net Revenue	**37.616,4**	***100,0%***	**41.630,6**	***100,0%***	**-9,6%**	**43.911,9**	***100,0%***	**-14,3%**
Cost of Goods Sold	**(33.195,4)**	*-88,2%*	(35.694,2)	*-85,7%*	-7,0%	(39.148,1)	*-89,2%*	-15,2%
Gross Profit	**4.421,0**	***11,8%***	**5.936,3**	***14,3%***	**-25,5%**	**4.763,8**	***10,8%***	**-7,2%**
Selling Expenses	(2.069,5)	*-5,5%*	(2.461,0)	*-5,9%*	-15,9%	(2.678,5)	*-6,1%*	-22,7%
General and Adm. Expenses	(1.323,8)	*-3,5%*	(1.561,4)	*-3,8%*	-15,2%	(1.270,8)	*-2,9%*	4,2%
Net Financial Income (expense)	(410,8)	*-1,1%*	(939,8)	*-2,3%*	-56,3%	(4.765,3)	*-10,9%*	-91,4%
Equity in earnings of subsidiaries	1,8	*0,0%*	3,5	*0,0%*	-48,8%	0,3	*0,0%*	515,3%
Other Income (expense)	21,9	*0,1%*	(19,2)	*0,0%*	-	104,7	*0,2%*	-79,0%
Operating Income	**640,7**	***1,7%***	**958,5**	***2,3%***	**-33,2%**	**(3.845,8)**	***-8,8%***	**-**
Income and social contribution taxes	(223,8)	*-0,6%*	(250,5)	*-0,6%*	-10,6%	1.159,1	*2,6%*	-
Minority interest	(63,9)	*-0,2%*	(45,3)	*-0,1%*	41,1%	(96,5)	*-0,2%*	-33,8%
Net Income (Loss)	**353,0**	***0,9%***	**662,8**	***1,6%***	**-46,7%**	**(2.783,2)**	***-6,3%***	**-**
Adjusted EBITDA	**2.140,5**	***5,7%***	**3.112,9**	***7,5%***	**-31,2%**	**2.137,2**	***4,9%***	**0,2%**
Earnings per Share	**0,12**		**0,14**		**-14,3%**	**n.a.**		**-**

Net Revenue

JBS consolidated net revenue in 1Q17 totaled R$37,616.4 million, a decrease of 14.3% in relation to 1Q16, due to a net revenue reduction at Seara and JBS Mercosul of 4.7% and 11.1%, respectively, in addition to the appreciation of the real against the US dollar, from R$3.91 in 1Q16 to R$3.14 in 1Q17.

In 1Q17 approximately 74% of JBS global sales came from markets where the company operates and 26% from exports.

EBITDA

JBS EBITDA for the quarter was R$2,140.5 million, stable compared with 1Q16. EBITDA margin was 5.7%.

R$ Million	1Q17	4Q16	Δ%	1Q16	Δ%
Net income for the period (including minority interest)	**416,9**	**708,1**	**-41,1%**	**(2.686,7)**	**-**
Financial income (expense), net	410,8	939,8	-56,3%	4.765,3	-91,4%
Current and deferred income taxes	223,8	250,5	-10,6%	(1.159,1)	-
Depreciation and amortization	1.056,2	1.153,6	-8,4%	1.165,9	-9,4%
Equity in subsidiaries	(1,8)	(3,5)	-48,8%	(0,3)	515,3%
Other income / expenses	0,0	32,9	-	8,9	-99,5%
Investigation impacts due to the leniency agreement	34,6	31,6	9,4%	43,2	-20,1%
(=) Adjusted EBITDA	**2.140,5**	**3.112,9**	**-31,2%**	**2.137,2**	**0,2%**

Seara Pilgrim's Moy park Doriana 1855 Primo Swift Friboi

1Q17 Consolidated Results

Net Financial Results

JBS registered net financial expense of R$410.8 million in 1Q17. Net result from FX variation and the fair value of adjustments on derivatives was positive R$441.1 million. Interest expense was R$909.3 million, while interest income was R$73.2 million. Taxes, contributions, tariffs and others resulted in an expense of R$15.8 million.

Net Income

JBS recorded net income of R$353.0 million in 1Q17, reverting the negative results from the same period last year, which represents an EPS of R$0.12.

Cash Flow used in Operational Activities

In 1Q17, net cash used in operating activities was R$285.4 million.

Cash Flow used in Investing Activities

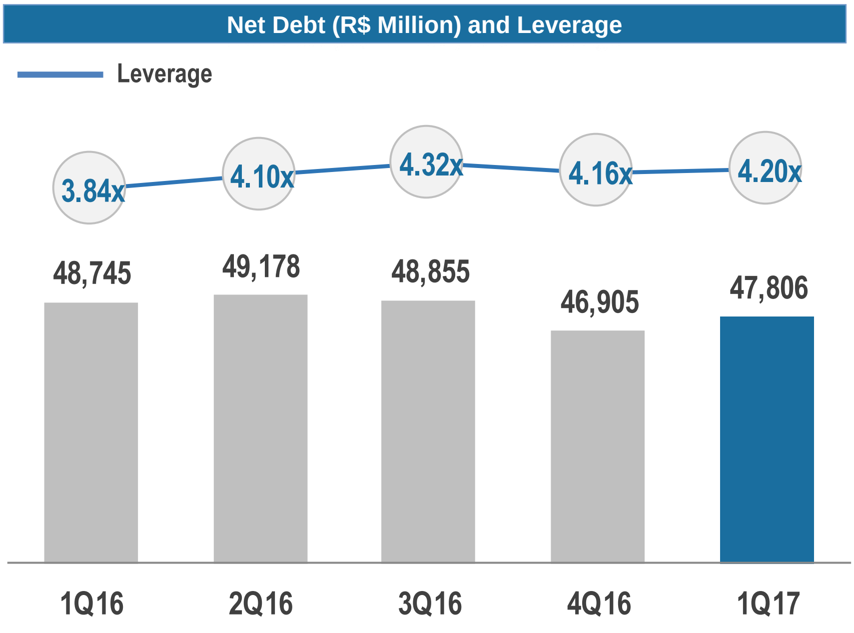
In 1Q17, total cash flow used in investing activities was R$1,742.8 million, of which R$1,125.1 million was related to the acquisition of GNP.

1Q17 Consolidated Results

Indebtedness

JBS ended 1Q17 with net debt of R$47,806.0 million. Leverage considering LTM results from GNP was 4.20x.

R$ million	03/31/17	12/31/16	Var.%
Gross debt	**58,550.3**	**56,260.4**	**4.1%**
(+) Short Term Debt	17,872.9	18,148.8	-1.5%
(+) Long Term Debt	40,677.4	38,111.6	6.7%
(-) Cash and Equivalents	10,744.3	9,355.6	14.8%
Net debt	**47,806.0**	**46,904.8**	**1.9%**
Leverage	**4.20x**	**4.16x**	



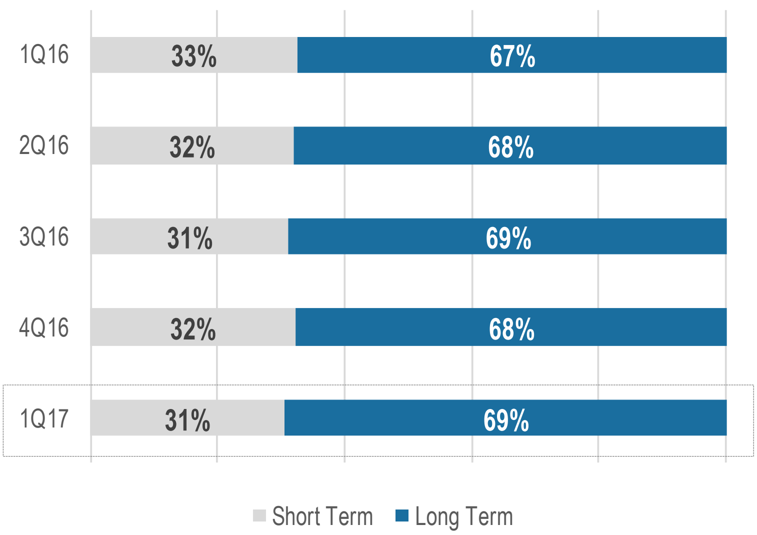
1Q17 Consolidated Results

Indebtedness (cont.)

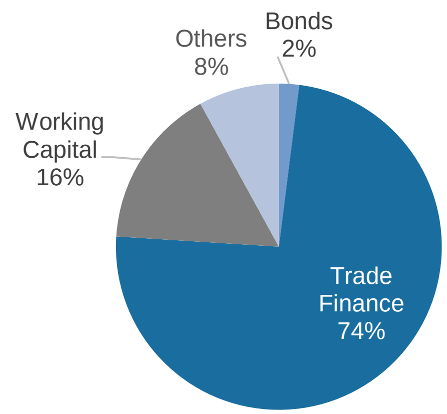
The Company ended the quarter with R$10,744.3 million in cash. Additionally, JBS USA has a US$1,384.0 million fully available unencumbered line under revolving credit facilities equivalent to R$4,385.1 million at the exchange rate of the end of the quarter.

At the end of 1Q17, short-term debt (ST) in relation to total debt was 31%, of which 74% is trade finance related to exports from the JBS Brazilian businesses.

Debt profile ST / LT



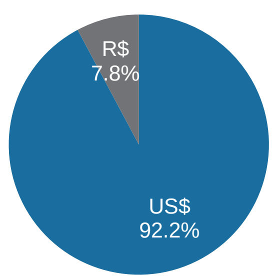
Breakdown of ST debt by type



At the end of the period, 92.2% of JBS consolidated debt was denominated in U.S. dollars, with an average cost of 5.11% per annum. The proportion of debt denominated in BRL was 7.8% of the consolidated debt, which had an average cost of 12.45% per annum.

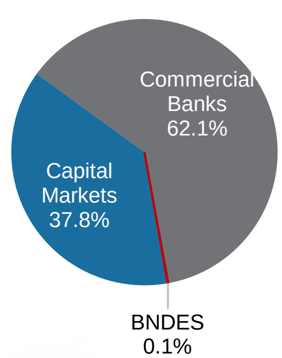
Breakdown by Currency & Average Cost

✓ 12.45% p.a.

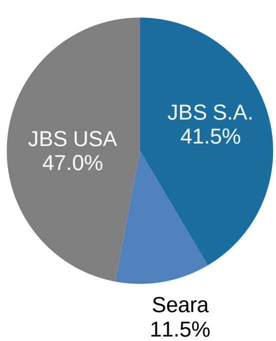


✓ 5.11% p.a.

Breakdown by Source



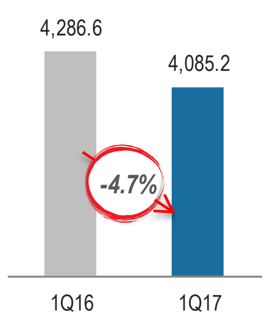
Breakdown by Company



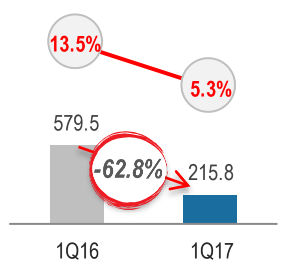
1Q17 Highlights by Business Units

Seara (R$)

Net Revenue (million)

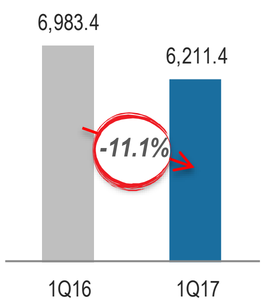


EBITDA (million) and % EBITDA

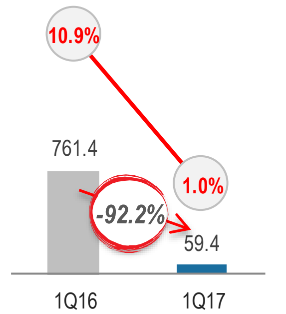


JBS Mercosul (R$)

Net Revenue (million)

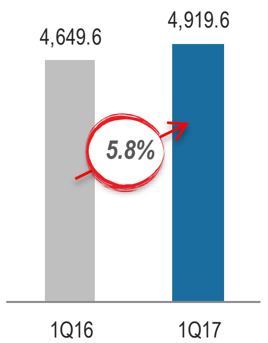


EBITDA (million) and % EBITDA

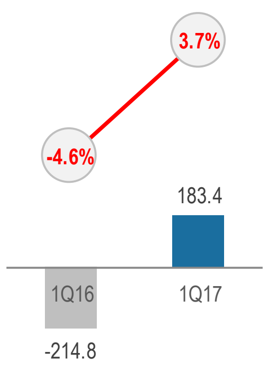


JBS USA Beef (US$)

Net Revenue (million)

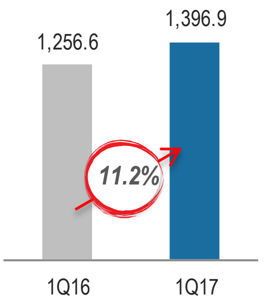


EBITDA (million) and % EBITDA

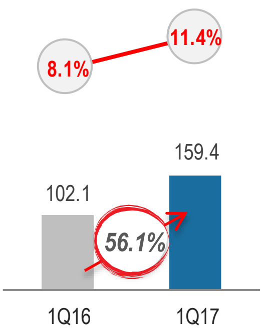


JBS USA Pork (US$)

Net Revenue (million)

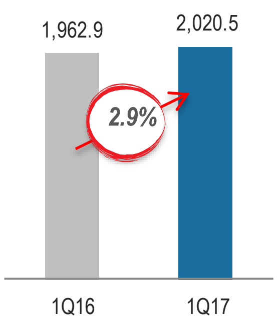


EBITDA (million) and % EBITDA

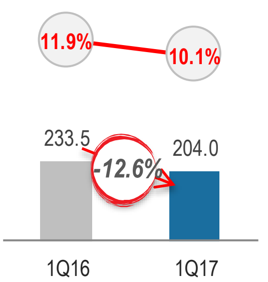


JBS USA Chicken – PPC (US$)

Net Revenue (million)

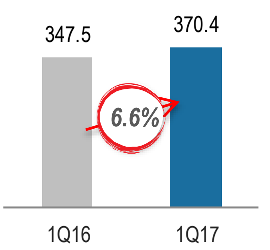


EBITDA (million) and % EBITDA

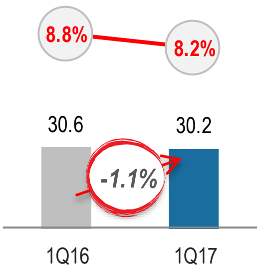


JBS Europe - Moy Park (£ - pounds sterling)

Net Revenue (million)



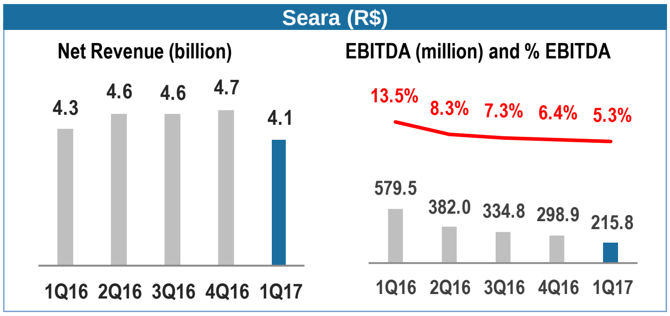
EBITDA (million) and % EBITDA

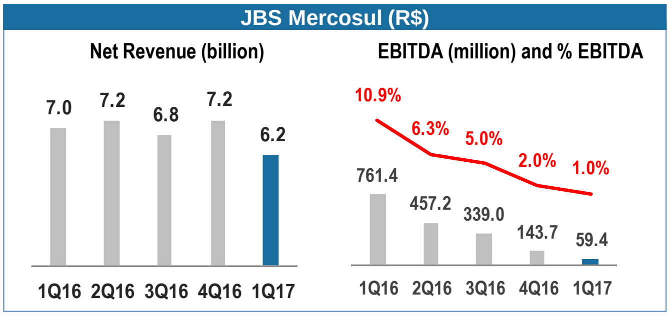


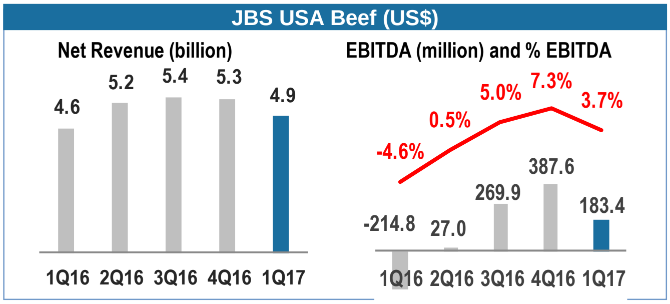
1Q17 Consolidated Results

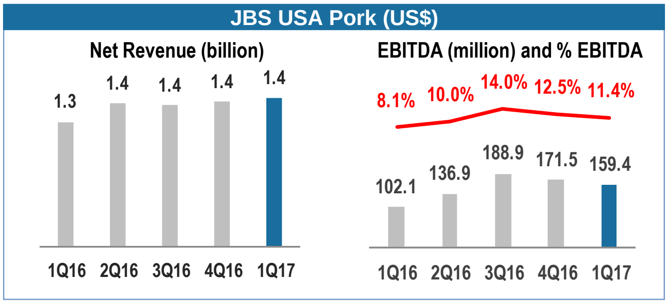
Analysis of the main financial indicators of JBS by Business Unit (in local currency)

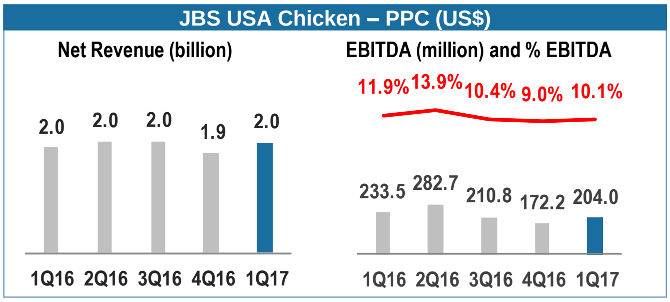
Million		1Q17	4Q16	Δ%	1Q16	Δ%
Net Revenue						
Seara	R$	4,085.2	4,683.5	-12.8%	4,286.6	-4.7%
JBS Mercosul	R$	6,211.4	7,227.6	-14.1%	6,983.4	-11.1%
JBS USA Beef	US$	4,919.6	5,333.0	-7.8%	4,649.6	5.8%
JBS USA Pork	US$	1,396.9	1,373.0	1.7%	1,256.6	11.2%
JBS USA Chicken	US$	2,020.5	1,908.2	5.9%	1,962.9	2.9%
JBS Europe	£	370.4	372.3	-0.5%	347.5	6.6%
EBITDA						
Seara	R$	215.8	298.9	-27.8%	579.5	-62.8%
JBS Mercosul	R$	59.4	143.7	-58.7%	761.4	-92.2%
JBS USA Beef	US$	183.4	387.6	-52.7%	-214.8	-
JBS USA Pork	US$	159.4	171.5	-7.1%	102.1	56.1%
JBS USA Chicken	US$	204.0	172.2	18.4%	233.5	-12.6%
JBS Europe	£	30.2	36.5	-17.2%	30.6	-1.1%
EBITDA Margin						
Seara	%	5.3%	6.4%	-1.10 p.p.	13.5%	-8.24 p.p.
JBS Mercosul	%	1.0%	2.0%	-1.03 p.p.	10.9%	-9.95 p.p.
JBS USA Beef	%	3.7%	7.3%	-3.54 p.p.	-4.6%	8.35 p.p.
JBS USA Pork	%	11.4%	12.5%	-1.08 p.p.	8.1%	3.29 p.p.
JBS USA Chicken	%	10.1%	9.0%	1.07 p.p.	11.9%	-1.80 p.p.
JBS Europe	%	8.2%	9.8%	-1.64 p.p.	8.8%	-0.63 p.p.

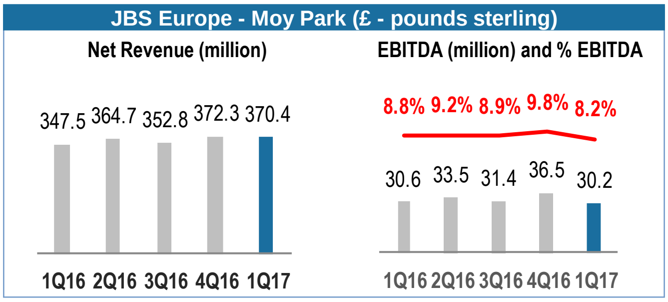












1Q17 Results by Business Unit

Seara

Seara posted net sales of R$4,085.2 million in 1Q17, a reduction of 4.7% over 1Q16 due to an appreciation of 24.4% of the Real against the US dollar during this period.

In the domestic market, volumes grew in comparison with 1Q16 in all segments, specially in the Prepared Foods category (+11.5%). Average sales prices were lower due to trade down movements by consumers and a change in the mix of categories. At the end of this quarter, Seara reached a base of 152,000 customers in the domestic market, an increase of 3,000 this year, which supports its execution strategy and consumer preference. Exports, on the other hand, aligned with market conditions, saw a 5.0% volume decline and lower prices due to the appreciation of the real in the quarter.

Seara EBITDA in 1Q17 was R$215.8 million, a reduction of 62.8% in relation to 1Q16, mainly due to the impact of the real appreciation. EBITDA margin was 5.3%.

Highlights

R$ Million	1Q17		4Q16		∆%	1Q16		∆%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY
Net Revenue	**4,085.2**	***100.0%***	**4,683.5**	***100.0%***	**-12.8%**	**4,286.6**	***100.0%***	**-4.7%**
COGS	(3,479.1)	*-85.2%*	(3,981.9)	*-85.0%*	-12.6%	(3,233.1)	*-75.4%*	7.6%
Gross Profit	606.1	*14.8%*	701.5	*15.0%*	-13.6%	1,053.5	*24.6%*	-42.5%
EBITDA	**215.8**	**5.3%**	**298.9**	**6.4%**	-27.8%	**579.5**	**13.5%**	**-62.8%**

1Q17 Results by Business Unit

JBS Mercosul

Net revenue from JBS Mercosul was R$6,211.4 million, a decrease of 11.1% compared with 1Q16. This reduction reflects a decrease of 4.7% in sales prices in the domestic market and 16.4% in the export market, with the latter being impacted by the exchange rate variation, which was R$3.91 in 1Q16 and R$3.14 in 1Q17.

The reduction in net revenue, coupled with an increase of 2.5% in COGS, pressured gross margin, which was 26.3% in 1Q16 and decreased to 15.1% in 1Q17. Additionally, exchange rate variation in the period impacted the exports profitability and resulted in a 17.2% decrease in export revenues. All factors combined led to an EBITDA reduction of 92.9% compared with 1Q16, decreasing from R$761.4 million with margin of 10.9% in 1Q16 to R$59.4 million with margin of 1.0% in 1Q17.

Highlights

R$ Million	1Q17		4Q16		Δ%	1Q16		Δ%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY
Net Revenue	**6,211.4**	***100.0%***	**7,227.6**	***100.0%***	**-14.1%**	**6,983.4**	***100.0%***	**-11.1%**
COGS	(5,276.0)	*-84.9%*	(5,923.3)	*-82.0%*	-10.9%	(5,147.1)	*-73.7%*	2.5%
Gross Profit	935.4	*15.1%*	1,304.3	*18.0%*	-28.3%	1,836.3	*26.3%*	-49.1%
EBITDA	**59.4**	**1.0%**	**143.7**	**2.0%**	**-58.7%**	**761.4**	**10.9%**	**-92.2%**

1Q17 Results by Business Unit

JBS USA Beef (including Australia and Canada)

Net revenue totaled US$4,919.6 million in 1Q17, an increase of 5.8% over 1Q16, due to an increase in sales volumes in both markets, domestic and international.

A greater cattle availability during this quarter favored a reduction in cost per head greater than the decrease in beef prices. Domestic demand increased in the period, boosted by more competitive prices and promotional initiatives at large retail chains. Beef exports also grew more than 25% in the period, positively impacting results of the North American operation.

In Australia, exports continued to be impacted by low cattle availability, however, the Company posted an increase in prices in the domestic market as a result of operations and brand investments at Primo and Andrews Meats.

As a result, this business unit registered an EBITDA of US$183.4 million in 1Q17, a reversal of the negative results from the same period last year. EBITDA margin was 3.7%.

Highlights (US GAAP)

US$ Million	1Q17		4Q16		∆%	1Q16		∆%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY
Net Revenue	**4,919.6**	***100.0%***	**5,333.0**	***100.0%***	**-7.8%**	**4,649.6**	***100.0%***	**5.8%**
COGS	(4,725.7)	*-96.1%*	(4,931.9)	*-92.5%*	-4.2%	(4,854.4)	*-104.4%*	-2.7%
Gross Profit	193.9	*3.9%*	401.1	*7.5%*	-51.7%	(204.8)	*-4.4%*	-
EBITDA	**183.4**	**3.7%**	**387.6**	**7.3%**	**-52.7%**	**-214.8**	**-4.6%**	**-**

1Q17 Results by Business Unit

JBS USA Pork

JBS USA Pork posted net revenue of US$1,396.9 million for the quarter, an increase of 11.2% compared with 1Q16, mainly due to an increase in animals processed during the period, coupled with higher sales prices in both markets, domestic and international.

EBITDA was US$159.4 million, a 56.1% increase over the same period of last year. Higher demand for pork meat both domestically and internationally, greater hog availability in the U.S., as well as continuous improvements in production, product mix and customer relationships served as the backdrop for this quarter's results. EBITDA margin was 11.4%.

On May, 2nd, the Company announced the conclusion of the Plumrose USA acquisition, which, with its five prepared foods plants and highly recognized brands, will contribute to JBS' expansion in the value added and convenience product segment in the US. Plumrose's annual net revenue is approximately US$500 million and the acquisition was valued at US$230 million.

Highlights (US GAAP)

US$ Million	1Q17		4Q16		∆%	1Q16		∆%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY
Net Revenue	**1,396.9**	***100.0%***	**1,373.0**	***100.0%***	**1.7%**	**1,256.6**	***100.0%***	**11.2%**
COGS	(1,231.9)	*-88.2%*	(1,197.2)	*-87.2%*	2.9%	(1,157.2)	*-92.1%*	6.5%
Gross Profit	165.0	*11.8%*	175.8	*12.8%*	-6.2%	99.4	*7.9%*	66.0%
EBITDA	**159.4**	**11.4%**	**171.5**	**12.5%**	**-7.1%**	**102.1**	**8.1%**	**56.1%**

1Q17 Results by Business Unit

JBS USA Chicken (PPC)

Pilgrim's Pride (PPC) posted net revenues of US$2,020.5 million in 1Q17, an increase of 2.9% in comparison with 1Q16. Net revenues from US operations increased by 4.0% over 1Q16, mainly from the inclusion of net revenues from GNP, which was acquired in January, as well as higher poultry sales prices. In Mexico, net sales decreased by 2.9% due to FX effect during the period.

EBITDA totaled US$204.0 million, 12.6% lower than the same period of last year, impacted by costs and G&A expenses related to GNP's assets in the US, and higher marketing expenses associated to the launching of new prepared food products in the US and Mexico, partially offset by 5.2% lower operational costs in Mexico. EBITDA margin in 1Q17 was 10.1%.

PPC's net income was US$93.3 million, with an EPS of US$0.38. Operational cash generation was US$61.5 million.

GNP integration is on track with additional US$10.0 million synergies already identified, increasing total annualized run-rate to $30 million, up from $20 million.

Highlights (US GAAP)

US$ Million	1Q17		4Q16		Δ%	1Q16		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY
Net Revenue	**2,020.5**	***100.0%***	**1,908.2**	***100.0%***	**5.9%**	**1,962.9**	***100.0%***	**2.9%**
COGS	(1,805.3)	*-89.3%*	(1,727.7)	*-90.5%*	4.5%	(1,725.4)	*-87.9%*	4.6%
Gross Profit	215.2	*10.7%*	180.5	*9.5%*	19.3%	237.6	*12.1%*	-9.4%
EBITDA	**204.0**	**10.1%**	**172.2**	**9.0%**	**18.4%**	**233.5**	**11.9%**	**-12.6%**

1Q17 Results by Business Unit

JBS Europe (Moy Park)

JBS Europe's net revenue totaled £370.4 million in 1Q17, 6.6% higher when compared to 1Q16, mainly from a 24.9% increase in fresh poultry domestic volumes, partially offset by lower sales prices in the same segment.

EBITDA for the quarter was £30.2 million, practically stable over the £30.6 million EBITDA posted for 1Q16, with the £0.4 million reduction being mainly related to non-recurring SOX compliance costs. Excluding this effect, performance in relation to 1Q16 would have been positive, thanks to strong operational performance and volume growth.

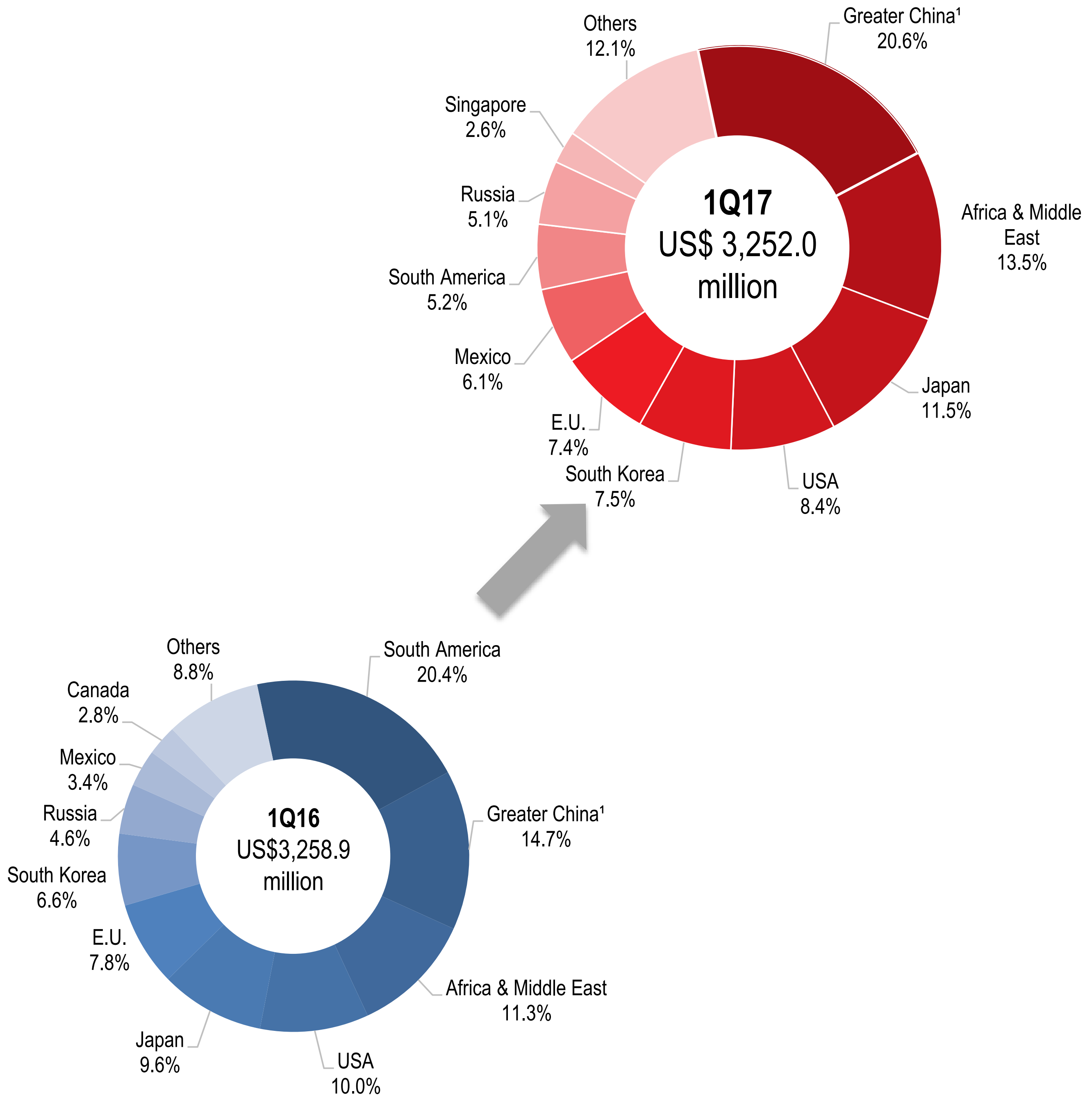
Moy Park recorded volume and revenue growth in 1Q17, mainly due to a positive performance of the fresh poultry segment, thanks to a larger operational capacity. Management remains focused on cost control, strong customer relationships and on its culture of constant innovation providing a secure platform for future performance.

Highlights

£ Million	1Q17		4Q16		Δ%	1Q16		Δ%
	£	% NR	£	% NR	QoQ	£	% NR	YoY
Net Revenue	**370.4**	***100.0%***	**372.3**	***100.0%***	**-0.5%**	**347.5**	***100.0%***	**6.6%**
COGS	(328.4)	*-88.7%*	(325.2)	*-87.3%*	1.0%	(307.5)	*-88.5%*	6.8%
Gross Profit	42.0	*11.3%*	47.2	*12.7%*	-11.0%	40.0	*11.5%*	5.0%
EBITDA	**30.2**	**8.2%**	**36.5**	**9.8%**	**-17.2%**	**30.6**	**8.8%**	**-1.1%**

Tables and Charts

Graph I - JBS Consolidated Exports Breakdown in 1Q16 and 1Q17



Note 1. Considers China and Hong Kong

Table I – 1Q17 Breakdown of Production Costs by Business Unit (%)

1Q17 (%)	Consolidated	JBS Mercosul	Seara	USA Beef	USA Pork	USA Chicken	JBS Europe
Raw material (livestock)	76.6%	85.6%	69.3%	84.5%	75.4%	52.1%	52.5%
Processing (including ingredients and packaging)	12.2%	8.1%	19.5%	5.6%	12.5%	28.7%	31.4%
Labor Cost	11.3%	6.4%	11.2%	9.9%	12.1%	19.2%	16.0%

Indexes

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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.

Condensed financial statements and Independent auditors' report

As of March 31, 2017 and 2016

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INDEPENDENT AUDITOR'S 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 accompanying individual and consolidated interim financial information of JBS S.A. ("Company"), included in the Quarterly Financial Information – ITR, identified as Company and Consolidated, respectively, for the quarter ended March 31, 2017, which comprise the, individual and consolidated, balance sheet as at March 31, 2017 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.

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

Scope of review

We conducted our review in accordance with Brazilian and International 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.

Basis for qualified conclusion on the individual and consolidated interim financial information

Plea Bargain Agreement, Leniency Deal and Independent Investigation

As described in Note 2 to the individual and consolidated financial statements, in May 2017, some executives and former executives of the Group J&F Investimentos S.A. (J&F), entered into Plea Bargain Agreements with the Attorney General's Office (PGR), later blessed by the Supreme Court of Brazil (STF). The agreements establish, among other things, cooperation with the Federal Public Prosecution Office (MPF) relating to all facts reported to that authority. Also, in June 2017, J&F entered into a Leniency Deal with MPF. On August 24, 2017, MPF 5th Chamber blessed the Leniency Deal entered into and on October 11, 2017 the federal regular judge of the 10th Federal Court of Distrito Federal, on a justification hearing, also approved in court the mentioned deal. The Deal refers to the operations "Cui Bono", "Carne Fraca," "Sepsis" and "Greenfield". On September 6, 2017 the Company joined the Leniency Deal, therefore avoiding the financial impacts of the Deal fully assumed by J&F.

The conduction of an internal investigation on the facts reported in the Plea Bargain Agreements related to the Company is one of the obligations established in the Leniency Deal. The Independent Supervision Committee of the Leniency Deal has, among other functions, the responsibility of approving the service providers conducting the internal investigations at the Company, as well as adjusting the respective work plans. The expert professionals carrying out the investigations and respective work plans are both subject to validation by the Independent Supervision Committee. The expert professionals started the investigation process in september 2017, and they are external and independent from the Company. So far, those professionals have extracted and processed data, including an evaluation of the information of the people signing the representation letter made available to the independent auditor, and we are not aware of any irregular points or that required further analysis.

As mentioned in Note 2.2 to the financial statements, the Cooperation Agreements were analyzed and their effects recorded in the individual and consolidated financial statements and in the comparative financial information.

In addition to the matters previously referred to, we highlight the following issues pending solution, and not fully under control of the Company, whose possible effects may result in significant changes to the individual and consolidated financial statements, as well as to the comparative financial information, including aspects related to insufficient disclosure of certain information in the notes:

- There is complementary information presented by J&F to MPF, established in the Plea Bargain Agreement and in the Leniency Deal, not yet made public;

- The independent investigation required in the Leniency Deal with MPF was started and is monitored by the Independent Supervision Committee;

- An independent investigation in the international operations of the Company is also underway;

- Because of its decision to join the Leniency Deal between J&F and MPF previously mentioned, the Company has no ongoing negotiations of deals with other Federal, State or Municipal authorities or entities, in relation to similar deals with those bodies related to the existence of other responsibilities or obligations not previously assumed, except for the States of Rondônia and Mato Grosso do Sul, already disclosed in the notes to the financial statements.

Therefore, although it is expected that the Company will not have any significant effects to its individual and consolidated interim financial statements, seeing the limitations referred to above, we are not able to assure, until this date, that no significant effects will exist, including tax ones.

Independent review of Seara Alimentos Ltda.

Other independent auditors conducted the review of the financial statements of the controlled company Seara Alimentos Ltda., who issued an unqualified review report on May 11, 2018. However, due to the investigation process conducted by public authorities on the operations called “Carne Fraca”, Tendão de Aquiles and Bullish” and its respective unfolding, the Company’s Board of Directors approved the hiring of a specialized independent company to conduct the internal investigation and the Independent Commission to manage and overlook these works of ongoing investigation, there is a scope limitation and possible unknown effects to the interim financial information of the facts relating that controlled company and of the whole context here previously mentioned and reported on the Plea Bargain Agreement and Leniency Deal entered into by J&F and MPF. Consequently, these financial statements and comparative financial information of that controlled company may be subject to changes after the conclusion of the independent investigations, whose effects could not be evaluated until the present date.

Qualified conclusion on the individual and consolidated interim financial information

Based on our review, except for the unknown effects described in the "Basis for qualified conclusion", nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the Quarterly Financial information - ITR referred to above is 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 CVM.

Other issues

Emphasis

Restatement of interim financial information

As at April 6, 2017, we issued an unqualified audit report on the individual and consolidated financial statements of 2016, which are now restated. As described in Note 3.c to the financial statements, the disclosure and amounts corresponding to the financial statements of the year ended December 31, 2016 and beginning balance of January 1, 2016 were amended and restated to reflect the correction of errors stemming from irregularities found in the Company, as well as improvement in disclosure in notes to the statements, aiming comparability and consistency of accounting information.

This report replaces the previous version issued on 22 December 2017, unqualified on the individual and consolidated interim financial information as of March 31, 2017, which have been restated. As described on the note n° 3.c the individual and consolidated interim financial information, the disclosures and corresponding figures of the quarterly financial information of the quarter ended March 31, 2016 and 2017, were amended and restated to reflect the correction of errors stemming from irregularities found in the Company, as well as improvement in disclosure in notes to the statements, aiming comparability and consistency of accounting information. This matter does not modify our conclusion on this Quarterly Information.

Agreements to maintain credit lines

We draw attention to Note 1.b2 to the Quarterly Information addressing stabilization agreements entered into with financial institutions and other contractual arrangements with covenants. Non-compliance with such agreements may have a significant impact on the Company's operating activities. This matter does not modify our conclusion on this Quarterly Information.

Relevant legal and investigative procedures

We draw attention to Note 17.b to the Quarterly Information addressing the several administrative, criminal and court proceedings against the Company in the context of CVM. An unfavorable outcome for these proceedings may have impacts on the Company. This matter does not modify our conclusion on this Quarterly Information.

Other matters

Interim statements of value added

We were also engaged to review the interim statements of value added (DVA) for the three-month period ended March 31, 2017, prepared by the Company's Management, whose disclosure in the interim financial information is required in accordance with the standards issued by CVM applicable to the preparation of the Quarterly Information and considered as supplemental information by the IFRS, which do not require the disclosure of the Statement of Value Added. These financial information were submitted to the same review procedures described above and, based on our review, except for unknown effects of the matter mentioned in the section "Basis for the qualified conclusion on the individual and consolidated interim financial information," the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in this Technical Pronouncement and are consistent with the individual and consolidated interim financial statements taken as a whole.

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

São Paulo, 28 March 2018

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

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

JBS S.A.

Statements of financial position
In thousands of Brazilian Reais - R$

	Note	Company			Consolidated		
		March 31, 2017	December 31, 2016	January 1, 2016	March 31, 2017	December 31, 2016	January 1, 2016
ASSETS			Restated	Restated		Restated	Restated
CURRENT ASSETS							
Cash and cash equivalents	4	**5,636,370**	4,712,796	11,257,943	**10,744,308**	9,355,622	18,843,988
Trade accounts receivable	5	**1,887,853**	2,767,655	3,435,691	**8,085,940**	9,589,185	12,119,662
Inventories	6	**1,901,013**	1,673,501	2,128,993	**10,386,576**	9,608,474	11,109,744
Biological assets	7	-	-	-	**2,672,662**	2,673,113	2,873,447
Recoverable taxes	8	**698,885**	698,885	1,409,696	**1,732,118**	1,677,791	2,874,987
Derivative assets	23	**590**	-	84,779	**43,163**	38,250	737,891
Other current assets		**342,362**	369,246	298,476	**930,426**	977,370	1,250,319
TOTAL CURRENT ASSETS		**10,467,073**	**10,222,083**	**18,615,578**	**34,595,193**	**33,919,805**	**49,810,038**
NON-CURRENT ASSETS							
Biological assets	8	-	-	-	**984,055**	977,040	1,100,353
Recoverable taxes	9	**2,958,316**	2,948,627	789,505	**4,678,773**	4,718,535	1,558,612
Related party receivables	10	**2,672,085**	5,231,553	4,897,835	**1,135,006**	1,315,526	1,968,043
Investments in associates, subsidiaries and joint ventures	10	**16,782,051**	16,334,231	19,534,850	**364,441**	362,627	354,134
Property, plant and equipment	11	**11,445,521**	11,475,628	11,693,038	**33,577,814**	33,110,891	35,381,110
Deferred income taxes		-	-	-	**501,301**	454,117	-
Intangible assets	12	**47,985**	46,494	467,540	**5,194,017**	5,012,095	6,892,534
Goodwill	14	**9,085,970**	9,085,970	9,085,970	**22,094,804**	21,916,694	24,411,441
Other non-current assets		**453,320**	455,627	478,827	**1,065,497**	1,028,433	1,026,702
TOTAL NON-CURRENT ASSETS		**43,445,248**	**45,578,130**	**46,947,565**	**69,595,708**	**68,895,958**	**72,692,929**
TOTAL ASSETS		**53,912,321**	**55,800,213**	**65,563,143**	**104,190,901**	**102,815,763**	**122,502,967**

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

JBS S.A.

Statements of financial position
In thousands of Brazilian Reais - R$

	Note	Company			Consolidated		
		March 31, 2017	December 31, 2016	January 1, 2016	March 31, 2017	December 31, 2016	January 1, 2016
			Restated	Restated		Restated	Restated
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Trade accounts payable		**1,529,075**	2,050,265	2,448,362	**9,651,414**	10,716,987	12,421,018
Loans and financing	15	**10,665,667**	12,281,028	14,791,919	**17,872,941**	18,148,818	20,906,613
Accrued income taxes and other taxes		**167,249**	165,030	102,665	**452,559**	500,930	843,919
Accrued payroll and social charges		**396,420**	412,296	387,426	**2,317,482**	2,595,381	2,891,953
Dividends payable		**90,458**	90,503	1,103,308	**90,458**	90,503	1,103,308
Other financial liabilities		**7,659**	7,659	445,164	**152,701**	161,114	901,916
Derivative liabilities	23	-	-	-	**177,093**	133,125	-
Other current liabilities		**714,935**	684,898	1,026,780	**834,603**	1,001,766	1,068,740
TOTAL CURRENT LIABILITIES		**13,571,463**	**15,691,679**	**20,305,624**	**31,549,251**	**33,348,624**	**40,137,467**
NON-CURRENT LIABILITIES							
Loans and financing	15	**13,651,216**	14,021,384	14,951,523	**40,677,350**	38,111,596	44,976,113
Accrued income taxes and other taxes		**60,329**	71,841	117,913	**215,146**	228,752	297,138
Accrued payroll and social charges		-	-	-	**416,394**	437,218	597,699
Other financial liabilities		**29,777**	31,427	37,950	**78,777**	102,145	233,855
Deferred income taxes		**1,997,338**	1,870,461	1,831,973	**3,885,475**	3,763,048	4,248,607
Provisions	17	**1,733,681**	1,684,814	1,513,953	**2,783,965**	2,707,646	2,849,953
Other non-current liabilities		**50,455**	54,657	29,928	**598,012**	599,482	795,722
TOTAL NON-CURRENT LIABILITIES		**17,522,796**	**17,734,584**	**18,483,240**	**48,655,119**	**45,949,887**	**53,999,087**
EQUITY	18						
Share capital - common shares		**23,576,206**	23,576,206	23,576,206	**23,576,206**	23,576,206	23,576,206
Capital reserve		**(134,549)**	(1,743,893)	(791,230)	**(134,549)**	(1,743,893)	(791,230)
Other reserves		**71,612**	73,516	81,066	**71,612**	73,516	81,066
Profit reserves		**2,060,650**	3,648,562	3,501,973	**2,060,650**	3,648,562	3,501,972
Accumulated other comprehensive income (loss)		**(3,110,808)**	(3,180,441)	406,264	**(3,110,808)**	(3,180,441)	406,264
Retained earnings		**354,951**	-	-	**354,951**	-	-
Attributable to company shareholders		**22,818,062**	**22,373,950**	**26,774,279**	**22,818,062**	**22,373,950**	**26,774,278**
Attributable to non-controlling interest		-	-	-	**1,168,469**	1,143,302	1,592,135
TOTAL EQUITY		**22,818,062**	**22,373,950**	**26,774,279**	**23,986,531**	**23,517,252**	**28,366,413**
TOTAL LIABILITIES AND EQUITY		**53,912,321**	**55,800,213**	**65,563,143**	**104,190,901**	**102,815,763**	**122,502,967**

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

JBS S.A.

Statements of income (loss) for the three month periods ended March 31, 2017 and 2016
In thousands of Brazilian Reais - R$

	Note	Company 2017	Company 2016 Restated	Consolidated 2017	Consolidated 2016 Restated
NET REVENUE	19	**6,030,384**	**6,839,758**	**37,616,352**	**43,911,939**
Cost of sales		**(5,175,930)**	(5,098,763)	**(33,195,380)**	(39,148,148)
GROSS PROFIT		**854,454**	**1,740,995**	**4,420,972**	**4,763,791**
General and administrative expenses		**(552,408)**	(486,700)	**(1,323,763)**	(1,270,849)
Selling expense		**(479,198)**	(746,764)	**(2,069,466)**	(2,678,493)
Other expense		-	-	**(7,774)**	-
Other income		**1,501**	1,479	**29,722**	104,703
OPERATING EXPENSE		**(1,030,105)**	**(1,231,985)**	**(3,371,281)**	**(3,844,639)**
OPERATING PROFIT		**(175,651)**	**509,010**	**1,049,691**	**919,152**
Finance income	20	**760,035**	2,017,774	**525,505**	2,100,015
Finance expense	20	**(414,053)**	(5,915,724)	**(936,269)**	(6,865,290)
		345,982	**(3,897,950)**	**(410,764)**	**(4,765,275)**
Share of profit of equity-accounted investees, net of tax	11	**309,593**	(501,732)	**1,815**	295
PROFIT (LOSS) BEFORE TAXES		**479,924**	**(3,890,672)**	**640,742**	**(3,845,828)**
Current income taxes	16	**731**	466	**(132,147)**	(72,858)
Deferred income taxes	16	**(127,608)**	1,107,006	**(91,663)**	1,232,004
		(126,877)	**1,107,472**	**(223,810)**	**1,159,146**
NET INCOME (LOSS)		**353,047**	**(2,783,200)**	**416,932**	**(2,686,682)**
ATTRIBUTABLE TO:					
Company shareholders				**353,047**	(2,783,200)
Non-controlling interest				**63,885**	96,518
				416,932	**(2,686,682)**
Basic earnings per share - common shares (R$)	21	**0.12**	(0.97)	**0.12**	(0.97)
Diluted earnings per share - common shares (R$)	21	**0.12**	(0.97)	**0.12**	(0.97)

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

JBS S.A.

Statements of comprehensive income for the three month period ended March 31, 2017 and 2016
In thousands of Brazilian Reais - R$

	Reference	Company 2017	Company 2016 Restated	Consolidated 2017	Consolidated 2016 Restated
Net income (loss)	**IS**	**353,047**	(2,783,200)	**416,932**	(2,686,682)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	**SCSE**	**69,633**	(1,127,656)	**43,581**	(1,280,571)
Total other comprehensive income (loss)		**69,633**	**(1,127,656)**	**43,581**	**(1,280,571)**
Comprehensive income (loss)		**422,680**	**(3,910,856)**	**460,513**	**(3,967,253)**
Total comprehensive income (loss) attributable to:					
Company shareholders	**SCSE**	**422,680**	(3,910,856)	**422,680**	(3,910,856)
Non-controlling interest	**SCSE**	-	-	**37,833**	(56,397)
		422,680	**(3,910,856)**	**460,513**	**(3,967,253)**

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

JBS S.A.
Statements of changes in equity for the three month period ended March 31, 2017 and 2016
In thousands of Brazilian Reais - R$

	Note	Share capital	Capital reserves: Premium on issue of shares	Capital reserves: Capital transaction [1]	Capital reserves: Stocks option	Capital reserves: Treasury shares	Other reserves	Profit reserves: Legal	Profit reserves: Investments statutory	Other comprehensive income: VAE [2]	Other comprehensive income: ATA [3]	Retained earnings (loss)	Total	Non-controlling interest	Total equity
DECEMBER 31, 2015 - Previously disclosed		**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**
Adjustments from prior periods		-	-	-	-	-	-	-	(1,254,965)	-	-	-	**(1,254,965)**	-	**(1,254,965)**
JANUARY 1, 2016 - Restated		23,576,206	211,879	(141,751)	42,213	(903,571)	81,066	423,861	3,078,111	205,576	200,688	-	**26,774,278**	1,592,135	**28,366,413**
Net income (loss)		-	-	-	-	-	-	-	-	-	-	(2,783,200)	**(2,783,200)**	96,518	**(2,686,682)**
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)**	**(2,783,200)**	**(3,910,856)**	**(56,397)**	**(3,967,253)**
Purchase of treasury shares	18	-	-	-	-	(821,139)	-	-	-	-	-	-	**(821,139)**	-	**(821,139)**
Stock option exercise	18	-	-	-	3,311	-	-	-	-	-	-	-	**3,311**	-	**3,311**
Share-based compensation	18	-	-	-	41,838	-	-	-	-	-	-	-	**41,838**	(2,287)	**39,551**
Treasury shares used in stock option plan	18	-	-	-	(53,222)	55,677	-	-	(2,455)	-	-	-	-	-	-
Realization other reserves	18	-	-	-	-	-	(1,189)	-	-	-	-	1,189	-	-	-
Others		-	-	(4,324)	-	-	-	-	-	-	-	-	**(4,324)**	-	**(4,324)**
MARCH 31, 2016		**23,576,206**	**211,879**	**(146,075)**	**34,140**	**(1,669,033)**	**79,877**	**423,861**	**3,075,656**	**196,166**	**(917,558)**	**(2,782,011)**	**22,083,108**	**1,533,451**	**23,616,559**
DECEMBER 31, 2016 - Restated		**23,576,206**	**211,879**	**(404,683)**	**74,421**	**(1,625,510)**	**73,516**	**442,661**	**3,205,901**	**197,069**	**(3,377,510)**	-	**22,373,950**	**1,143,302**	**23,517,252**
Net income		-	-	-	-	-	-	-	-	-	-	353,047	**353,047**	63,885	**416,932**
Comprehensive income (loss)		-	-	-	-	-	-	-	-	(3,894)	73,527	-	**69,633**	(26,052)	**43,581**
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	**(3,894)**	**73,527**	**353,047**	**422,680**	**37,833**	**460,513**
Cancellation treasury shares	18	-	-	-	-	1,539,573	-	-	(1,539,573)	-	-	-	-	-	-
Share-based compensation	18	-	-	28,615	25,008	-	-	-	-	-	-	-	**53,623**	977	**54,600**
Treasury shares used in stock option plan	18	-	-	-	(37,598)	85,937	-	-	(48,339)	-	-	-	-	-	-
Realization other reserves	18	-	-	-	-	-	(1,904)	-	-	-	-	1,904	-	-	-
PPC share repurchase		-	-	(32,191)	-	-	-	-	-	-	-	-	**(32,191)**	(13,634)	**(45,825)**
Scott dividend to non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	(9)	**(9)**
Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
MARCH 31, 2017		**23,576,206**	**211,879**	**(408,259)**	**61,831**	-	**71,612**	**442,661**	**1,617,989**	**193,175**	**(3,303,983)**	**354,951**	**22,818,062**	**1,168,469**	**23,986,531**

[1] Refers to changes in the equity of investees arising from PPC's share repurchase and share-based compensation.
[2] Valuation adjustments to equity;
[3] Accumulated translation adjustments and exchange variation in subsidiaries.

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

JBS S.A.
Statements of cash flows for the three month period ended March 31, 2017 and 2016
In thousands of Brazilian Reais - R$

		Company		Consolidated	
	Notes	2017	2016	2017	2016
			Restated		Restated
Cash flows from operating activities					
Net income (loss)		353,047	(2,783,200)	416,932	(2,686,682)
Adjustments for:					
Depreciation and amortization	7, 11 and 12	179,296	168,618	1,056,219	1,165,855
Allowance for doubtful accounts	6	5,091	7,286	8,848	27,047
Share of profit of equity-accounted investees	11	(309,593)	501,732	(1,815)	(295)
(Gain) loss on assets sales		(1,411)	(933)	5,599	(60,458)
Tax expense	16	126,877	(1,107,472)	223,810	(1,159,146)
Finance expense (income), net	20	(345,982)	3,897,950	410,764	4,765,275
Share-based compensation	18	25,008	41,838	54,600	39,551
Provisions	17	14,316	5,689	42,445	22,397
Investigation impacts due to the leniency agreement	2	34,551	43,236	34,551	43,236
		81,200	774,744	2,251,953	2,156,780
Changes in assets and liabilities:					
Trade accounts receivable		732,714	137,688	1,048,901	940,460
Inventories		(227,512)	132,869	(799,050)	(155,768)
Recoverable taxes		(9,690)	(44,295)	1,482	(403,515)
Other current and non-current assets		26,529	125,112	(131,485)	53,668
Biological assets		-	-	(257,506)	(474,324)
Trade accounts payable		(513,822)	(373,196)	(978,383)	(1,541,100)
Other current and non-current liabilities		(28,011)	(238,582)	(539,986)	(439,851)
Changes in operating assets and liabilities		(31,693)	(271,847)	(1,667,928)	(2,031,873)
Interest paid		(345,109)	(341,323)	(806,613)	(784,278)
Interest received	20	254,667	366,774	73,168	246,040
Income taxes paid		-	-	(136,017)	(688,617)
Net cash provided by (used in) operating activities		(40,935)	528,348	(285,437)	(1,101,948)
Cash flow from investing activities					
Purchases of property, plant and equipment	12	(157,493)	(70,152)	(788,347)	(840,083)
Purchases of intangible assets	13	(3,437)	-	(5,412)	-
Proceeds from sale of property, plant and equipment	12	11,661	-	22,635	83,120
Additional investments in associates, joint-ventures and subsidiaries	11	-	(2,347)	-	-
Acquisitions, net of cash acquired	4	-	-	(1,125,088)	(130,000)
Dividends received from associates and joint-ventures	11	78,291	-	-	-
Related party transactions	10	2,053,138	386,560	153,462	10,008
Net cash provided by (used in) investing activities		1,982,160	314,061	(1,742,750)	(876,955)
Cash flow from financing activities					
Proceeds from loans and financings		1,899,352	4,863,539	16,035,327	10,203,716
Payments of loans and financings		(2,900,952)	(3,430,940)	(12,603,146)	(7,047,592)
Derivatives received	23	-	-	88,204	-
Settlement of derivative instruments	23	(4,015)	(3,475,670)	(24,019)	(3,356,263)
Stock option premium received upon exercise		-	3,311	-	3,311
PPC share repurchase		-	-	(45,825)	(4,324)
Purchase of treasury shares	18	-	(821,139)	-	(821,139)
Others		-	-	(9)	-
Net cash provided by (used in) financing activities		(1,005,615)	(2,860,899)	3,450,532	(1,022,291)
Effect of exchange rate changes on cash and cash equivalents		(12,036)	-	(33,659)	(555,566)
Net change in cash and cash equivalents		923,574	(2,018,490)	1,388,686	(3,556,760)
Cash and cash equivalents beginning of period		4,712,796	11,257,943	9,355,622	18,843,988
Cash and cash equivalents at the end of period		5,636,370	9,239,453	10,744,308	15,287,228

Non-cash transactions:

		Company		Consolidated	
	Notes	2017	2016	2017	2016
Increase in subsidiaries' investments through assumption of credit	11	111,986	-	-	-
Negative investment transference		38,474	28,885	-	-
Treasury shares cancellation	18	1,539,573	-	1,539,573	-
Payments of loans through settlement of related parties		394,612	-	-	-
Acquisition of BF Frango PP&E through assumption of debt		-	-	(224,842)	-

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

JBS S.A.

Economic value added for the three month period ended March 31, 2017 and 2016
In thousands of Brazilian Reais - R$

	Company		Consolidated	
	2017	2016	2017	2016
		Restated		Restated
Revenue				
Sales of goods and services	**6,168,156**	7,169,284	**38,098,824**	44,581,162
Other income	**3,119**	2,670	**3,618**	84,255
Allowance for doubtful accounts	**(5,091)**	(7,286)	**(8,848)**	(27,047)
	6,166,184	**7,164,668**	**38,093,594**	**44,638,370**
Goods				
Cost of services and goods sold	**(4,538,518)**	(4,229,440)	**(24,554,087)**	(29,329,364)
Materials, energy, services from third parties and others	**(815,657)**	(1,154,563)	**(6,034,774)**	(6,959,143)
	(5,354,175)	**(5,384,003)**	**(30,588,861)**	**(36,288,507)**
Gross added value	**812,009**	**1,780,665**	**7,504,733**	**8,349,863**
Depreciation and Amortization	**(179,296)**	(168,618)	**(1,056,219)**	(1,165,855)
Net added value generated	**632,713**	**1,612,047**	**6,448,514**	**7,184,008**
Net added value by transfer				
Share of profit of equity-accounted investees, net of tax	**309,593**	(501,732)	**1,815**	295
Financial income	**760,035**	4,288,635	**525,505**	4,344,029
Others	**(5,425)**	(6,055)	**15,564**	27,230
NET ADDED VALUE TOTAL TO DISTRIBUTION	**1,696,916**	**5,392,895**	**6,991,398**	**11,555,562**
DISTRIBUTION OF ADDED VALUE				
Labor				
Salaries	**464,579**	609,095	**3,758,395**	4,319,394
Benefits	**58,552**	49,209	**671,365**	796,678
FGTS (Brazilian Labor Social Charge)	**28,377**	23,775	**61,872**	57,349
	551,508	**682,079**	**4,491,632**	**5,173,421**
Taxes and contribution				
Federal	**188,685**	(1,006,435)	**443,380**	(897,875)
State	**131,546**	285,493	**311,953**	461,350
Municipal	**4,803**	5,056	**9,354**	11,868
	325,034	**(715,886)**	**764,687**	**(424,657)**
Capital Remuneration from third parties				
Interests and exchange variation	**406,087**	8,164,905	**920,728**	9,072,254
Rents	**53,929**	31,827	**200,883**	194,035
Others	**7,311**	13,170	**196,536**	227,191
	467,327	**8,209,902**	**1,318,147**	**9,493,480**
Owned capital remuneration				
Net income attributable to company shareholders	**353,047**	(2,783,200)	**353,047**	(2,783,200)
Non-controlling interest	-	-	**63,885**	96,518
	353,047	**(2,783,200)**	**416,932**	**(2,686,682)**
ADDED VALUE TOTAL DISTRIBUTED	**1,696,916**	**5,392,895**	**6,991,398**	**11,555,562**

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

1 Operating activities

JBS S.A ("JBS" or the "Company"), is a company listed on the "Novo Mercado" segment of the São Paulo Stock Exchange (BM&FBOVESPA S.A. - *Bolsa de Valores, Mercadorias & Futuros*) under the ticker symbol "JBSS3". JBS also trades it's American Depository Receipts over-the-counter under the symbol "JBSAY". The Company's registered office is Avenida Marginal Direita do Tietê, 500, Vila Jaguara, São Paulo, Brazil.

The issuance of these interim condensed consolidated financial statements was authorized by the Board of Directors on March 28th, 2018 and were approved to be restated at March 28, 2018.

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

The interim condensed financial statements presented herein include the Company's individual operations in Brazil as well as the activities of its subsidiaries.

a. Main operating events that occurred during the period:

a1. Acquisition of GNP Group:

In January 2017, the Company´s indirect subsidiary PPC (Pilgrim's Pride Corporation), acquired 100% of the membership interest of JFC LLC and subsidiaries (together, GNP), as described in Note 4, Business Combination.

a2. Cancellation of treasury shares:

In February 2017, the Board of Directors approved a new share buyback program and the cancellation of 128,110,093 shares held as treasury shares, in accordance with note 18.

a3. Refinancing of loans:

Also in February 2017, the Company's indirect subsidiary, JBS USA Lux S.A., has entered into an agreement to raise R$ 9 billion (US$2.8 billion) through a Senior Secured Term Loan B Facility ("Term Loan"), due in October 30, 2022. We used a portion of the proceeds from the new term loan to repay in full our R$1.3 billion (US$408 million) JBS Lux term loan maturing in 2018, our R$1.6 billion (US$486 million) JBS Lux term loan maturing in 2020 and our R$3.8 billion (US$1.19 billion) JBS Lux term loan maturing in 2022. The remaining original issue discount of R$29,613 (US$9,4 million) was expensed and is included in interest expense, see Note 20 Finance income (expense), net.

a4. Acquisition of Plumrose:

In March 2017, the Company's indirect subsidiary JBS USA Lux S.A., entered into a Share Purchase Agreement with Danish Crown A/S (Danish Crown), which established the terms and conditions for the acquisition of Plumrose USA (Plumrose) in USA. The operation was approved by the both Boards of Directors of Danish Crown and JBS and is subject to the usual approvals, including approval by the competition authorities of the United States of America, as described in Note 4, Business Combination. This acquisition was concluded in May 1, 2017.

b. Subsequent event:

b1. Divestment program

As announced to he market through a material fact in June 20, 2017, the Company implemented a divestment program, which consisted in the sale of assets to further strengthen the Company's financial position.

In July 14, 2017, the Company through its indirect subsidiary, JBS Food Canada Inc. (JBS Canada), entered in an agreement to sell its cattle hotelling operations and an adjacent farm, located in Brooks (Alberta), Canada, to MCF Holdings (MCF) for the amount of CAD 50,000 (approximately US$40,000). Under terms of the agreement, MCF will continue to supply cattle to the JBS Canada beef processing facility in Brooks. The transaction was completed in October 30, 2017.

In July 31, 2017 the Company, as part of the divestment program, the Company sold its subsidiaries with beef operations in Uruguay, Paraguay and Argentina, to the Minerva Group for the amount of US$300,000 (R$992,460), plus a working capital adjustment of approximately US$23,000 (R$71,000). The transaction was concluded in August 2017, and resulted in a loss of R$109,568, which R$452,297 refer to Other comprehensive income (exchange variation loss). The Company recognized this amount under the caption "Other operating expenses".

In August 3, 2017, the Company entered in a agreement to sell the totality of its 19.43% shareholding interest in Vigor Alimentos S.A. ("Vigor") to Lala Group, S.A.B. de C.V. ("LALA Group"), for approximately R$1.1 billion (enterprise value). In October 26, 2017, the Company concluded Vigor's sale and received approximately R$785,858 during the year ended in December 31, 2017, and will receive, starting in 2018, the amount of R$62,009, according to certain events established in the sale and purchase agreement. The amount yet to receive is recognized under the caption "other non-current assets". The transaction generated a gain in the amount of R$330,520 and it was recognized under the caption "Other operating income" in the Company.

In September 11, 2017, the Company entered in an agreement to sell the totality of its equity interest in Moy Park to the subsidiary Pilgrim's Pride Corporation ("PPC"), a indirect subsidiary, by approximately GBP 792,500 (R$3.3 billion). The transaction was unanimously approved by a Special Committee of PPC's Board of Directors.This transaction was recognized as a "Common control transaction", which impacts are aforementioned as reference [(3)].

In January 17, 2018, JBS USA entered into an agreement to sell the totality of Five Rivers Cattle Feeding's feedlot operations in the U.S. ("Five Rivers U.S.") to affiliates of Pinnacle Asset Management, L.P. ("Pinnacle-Arcadia"), for approximately US$200.000, including the market value of silage and grain inventories at closing, and subject to adjustments by working capital variation also at closing ("Transaction"). Coupled with the acquisition of Five Rivers U.S.'s shares, the buyer will sign a long-term contract to supply cattle to JBS in North America. As announced to the market as a Material Fact in March 16, 2018, the sale was concluded.

JBS USA has also committed to sell other assets such as industrial complexes in Alabama - USA, Dublin - Ireland, which don't fit anymore in JBS USA's operations.

b2. Agreements for the Preservation of Credit Lines

As announced to the market in July 25, 2017, the Company together with its Brazilian operating subsidiaries and global leather division ("JBS Brazil"), entered in an Agreements for the Preservation of Credit Lines (the "Agreements") with certain financial institutions in Brazil and abroad.

During the stabilization period, JBS Brazil will pay in full the interest incurred under the terms of the original contracts, as well as four installments of 2.5% of the principal amount of the indebtedness in question, with the first one to take place upon initiation of the agreement and the remaining in 90, 180 and 270 days, respectively. Simultaneously with negotiations with various creditor financial institutions with respect to the stabilization period, JBS Brazil has also entered into an agreement with the Itaú Unibanco Group that provides for the renegotiation of indebtedness in the approximate amount of R$1.2 billion, such that 40% of the total indebtedness will be paid as originally contracted and the remaining 60% will be renewed, under their original conditions, for 12 months from the originally stipulated maturities.

In the Agreements, JBS Brazil entered into the following agreements to as security to the Stabilization Agreement: i. Private Instrument for the Fiduciary Assignment of Credit Rights in Guarantee and Other Covenants, for fiduciary assignment of all credit rights derived from internal market operations; ii. Private Instrument for Fiduciary Transfer of Inventory and Biological Asset in Guarantee and Other Covenants, for fiduciary transfer of all inventories and biological assets; and (c) security agreements governed by the laws of the State of New York, the Netherlands, the Cayman Islands, Germany and the United Kingdom to provide security for receivables arising from foreign market transactions, and inventories and biological assets located in those jurisdictions, as applicable.

The Company amortized the first, second and third installments of 2.5% of the principal amount of the debts as set in the Agreements, and other payments of interest incurred under the original agreements. Extraordinarily, it made the settlement of debts when received the funds from the divestment plan.

In the quarter ended March 31, 2017, the Company's quick ratio was 4,2 x the EBITDA, meeting the Agreements requirements.

In February 15, 2018, the subsidiary JBS USA closed its offering of US$900 million aggregate principal amount of 6.75% senior notes due 2028. The proceeds from this offering will be used for general corporate purposes.

b3. Adherence to the Special Tax Regularization Program (PERT)

The Company, as announced to the market in November 7, 2017, based on the Provisional Measure nº 783 dated May 31, 2017, converted into Law 13,496 of October 24, 2017, regulated by the Normative Ruling nº 1,711 of the Brazilian Federal Revenue (“RFB”) from June 16 2017 and n° 1733 of August 31 2017, and by the Ordinance nº 690 from the Attorney General of the National Treasury (“PGFN”) of June 29 2017, it has adhered to the Special Tax Regularization Program (“PERT”) regarding tax liabilities related to PIS, COFINS and Income Tax/Social Contribution, registered or not registered in the Federal Debt Roster.

The nominal value of the debit included in PERT totals approximately R$4.2 billion, including reductions foreseen in the respective Provisional Measures, of which (i) 20% of the total gross amount will be paid in monthly installments until December 2017, totaling R$1.1 billion; (ii) amounts related to the RFB, totaling R$1.6 billion, will be paid using tax credits from the Company and other companies within the same economic group, which generated discount of R$76 million; and (iii) amounts related to PGFN, totaling R$1.5 billion, will be settled in 145 consecutive monthly installments, starting January 2018. Installment amounts include an 80% reduction in default interest, 50% in default fines and 100% in legal charges and will be adjusted by the SELIC rate.

Considering the net effect between the debits included on PERT, including the reductions and the provisions already established, the Company recorded a negative impact in the net income for the third quarter of R$2.3 billion, in which i) R$1.8 billion as expenses recognized under the caption "Administrative expenses"; ii) R$0.9 billion as expenses in the financial result; and, iii) R$435 million as deferred tax revenue for the constitution of unrecorded tax losses from prior period.

The effects related to PERT were recognized in the nine month period ended on September 30, 2017, since the definition of adhesion and debits to be included had already been taken at that time, and the amounts were already known and measured reliably, Management at September 30, 2017 was only waiting for the conversion of the Provisional Measure into Law, which occurred on October 24, 2017. PERT was recorded and segregated between administrative expenses (principal and fines) and financial result (interest), since these tax discussions were related to prior years and there is no benefit to readers in evaluate its recognition segregate in other lines in the statements of income.

b4. Senior unsecured notes offering

In February 15, 2018, the subsidiary JBS USA closed its offering of US$900 million aggregate principal amount of 6.75% senior notes due 2028. The proceeds from this offering will be used for general corporate purposes.

2 Plea bargain agreement, Leniency agreement and the impacts in the financial statements

As is public knowledge, in May 2017 certain executives and former executives of J&F Investimentos S.A. (“J&F”), the holder of a group of companies that belong to the “J&F Group,” took over certain obligations in the Plea Bargain Agreement with the District Attorney General's Office ("PGR"), focusing on meeting the public interest, specially the further development of investigations around illegal events.

In June 2017, J&F entered in a Leniency Agreement (“Agreement”) with the Federal Public Prosecutor’s Office (“MPF”) which was approved by the MPF's 5ª Chamber in August 24, 2017.

In the Agreement, J&F commits on behalf of itself and its subsidiaries to cooperate voluntarily with the Government, carry out internal investigations, and provide proof to ensure the materiality and origin of the actions committed and confessed. J&F has also agreed to reimburse damages and losses from the events related to the Plea bargain Agreement in the amount of R$10,3 billion over the next 25 years. The first R$50.000 will be paid in 5 installments due every six months, beginning in December 2017, with an additional 22 annual installments beginning in December 2020. The Company and its Brazilian subsidiaries entered the Agreement in September 6, 2017.

As a result of its adherence to the Leniency Agreement mentioned above between J&F and MPF in the scope of the national territory (Brazil) for maintaining market transactions and having investments in companies based in other countries, it is only maintaining contact and providing information to the United States Department of Justice (DoJ) regarding the progress of independent investigations being conducted in JBS USA and its relevant subsidiaries. Regarding the other foreign authorities in other countries, the Company and its subsidiaries do not maintain any negotiations. According to JBS USA's financial statements ended December 31, 2017, which are reviewed by independent auditors and which have an audit report dated February 19, 2017 updated with subsequent events until the date of the issuance of this financial statement, there is no mention of other facts or events about the ongoing independent investigations held besides those already described above.

The Company and its subsidiaries are in compliance with the Agreement's guidelines and are implementing a compliance program, consisting of internal policies and procedures related to anticorruption, as well the improvement of the ethical code, implementation of a complaints channel, training staff, investigative procedures, and other disciplinary measures. Such actions and the timeline thereof are aligned with the Agreements. Further information of Governance Measures and the Compliance Program will be described below:

2.1 Internal investigations

Conducting an internal investigation related to the facts presented in the plea bargain agreement involving the Company is one of the obligations set in the Agreement. Therefore, J&F hired for the Company and its subsidiaries an independent law firm and forensic specialists (“Legal Advisors”), which during the third quarter of 2017, initiated an independent internal investigation related to the events described above.

Also, according to one of the obligations imposed by the Agreement, an Independent Supervision Committee ("Committee") was created and one its main responsibility was to approve the hiring of the Legal Advisors, who report directly to the Committee, including the scope and plans of the work done.

The independent Internal investigations follow international best practices and are still in progress, but based on the finalized steps, the Company's Management has concluded the impacts on its financial statements, as presented below.

2.2 Accounting impacts

In the annual financial statements as of December 31, 2016 and in the interim financial statements as of March 31, 2017, except by the executives and directors who entered in the plea bargain agreement, the other members of the Company's Management were not aware of the plea bargain agreement and the possible effects on the disclosed financial statements; therefore, there is no mention of the facts in previous financial statements.

The Company's Management identified that certain payments made using funds from JBS, were recognized as expenses in the income statement of each period; and that, except the official donations, were considered as deductible in the income tax (IRPJ) calculation basis and were taxes at zero rate of withholding income taxes (IRRF).

Therefore, the Company's Management determined that all the expenses paid without any evidence of service provided, supplies purchase and donations to political parties should be excluded in the income tax calculation of each period which were considered as deductible, as well any other taxes that such payments are subject to. For these items, withholding income tax effect were also considered, including fines and interest incurred at that period.

As a result from the internal assessments, the Company adjusted the years ended 2012 to 2017 in the amount of R$1,496,960, being segregated i) R$246,137 referring to 2012; ii) R$27,330 referring to 2013; iii) R$775,279 referring to 2014; iv) R$268,107 referring to 2015; v) R$145,555 referring to 2016; vi) R$34,552 referring to 2017, recognized under the caption "Provisions - Tax and social security", as described in footnote 17.

Thus, the financial statements from 2016, as well as the financial statements from the first, second and third quarter of 2017, are being restated due to the relevance of such impacts as described in footnote 3, item c.

2.3 Other investigative and judicial related procedures

The investigative and judicial procedures related to J&F's plea bargain agreement involving the Company, its executives and its subsidiaries are described in footnote 17 - Provisions.

2.4 Governance Measures

The Company continues to develop its program to improve governance policies. Among them, we point out certain measures implemented during the last quarter:

The Board of Directors approved the new structure and composition of the Advisory Committees, minding the Board of Directors composition and the Company's current scenario. The structure approved by the Board of Directors (a) extinguished the Executive Committee; and (b) kept the composition of the other Committees, as follows:

(i) the Audit Committee is composed of Sérgio Roberto Waldrich (Chairman), Paulo Sérgio Dortas and Gilberto Meirelles Xandó Batista, with Marlos Franco de Oliveira as secretary;
(ii) the Sustainability Committee is composed of Norberto Fatio (Chairman), Renato Mauro de Menezes Costa, Renata Bezerra Cavalcanti, Gilberto Tomazoni and Joanita Maestri Karoleski, with Márcio Nappo as secretary;
(iii) the Financial and Risk Management Committee is composed of Wesley Mendonça Batista Filho (Chairman) and Gilberto Meirelles Xandó Batista, and one of the members will be appointed by BNDESPAR according to the Shareholders Agreement, with Rafael Harada as secretary;
(iv) the Governance Committee is composed of Jeremiah O'Callaghan (Chairman) and Verônica Peixoto Coelho, with José Marcelo Martins Proença as secretary; and
(v) the Related Party Committee is composed of Sérgio Roberto Waldrich (Chairman), Paulo Sérgio Dortas and José Gerardo Grossi, with Daniel Pereira de Almeida Araujo as secretary.

Besides all the actions aforementioned, the Board of Directors approved all internal regulations of all Advisory Committees.

The Board of Directors kept the current composition: Jeremiah O'Callaghan (Chairman), José Batista Sobrinho (Vice-Chairman), Wesley Mendonça Batista Filho, Aguinaldo Gomes Ramos Filho, Gilberto Meirelles Xandó Baptista, José Gerardo Grossi, Sérgio Roberto Waldrich, Cledorvino Belini and Roberto Penteado de Camargo Ticoulat, maintaining four independent members, accordingly to the Novo Mercado regulations as defined per art. 16, §3º, of the Bylaws.

2.5 Compliance Program

The Company, following the "Always Do the Right Thing" program launched in July 2017, has developed several Compliance initiatives during the year. The department restructured itself, hired new staff, and now reports directly to the Board of Directors.

In the end of September, all directors in Brazil completed training which contained subjects such as anticorruption, money laundering prevention, anticompetitive practices, conflict of interests, and others. At management level, 300 managers from productive units were trained on the same topics.

Besides the actions aforementioned, third party Due Diligence (reputation analysis), was improved and more than 150 suppliers were subjected to compliance analysis before being registered in the Company's systems. Currently, there is a project ongoing with an advisory firm to review this methodology and automate this analysis, aiming to include a larger group of suppliers that will go through this process.

In December 2017, a complaints channel was launched, named "JBS Ethics Line". The tool was outsourced and works 24 hours per day, 7 days a week, in Portuguese, English and Spanish. Along with the tool's launch, new Ethics Committees were created in each business segment in Brazil, which are responsible for monitoring the compliance program and the results reported by the complaints channel.

3 Basis of preparation

The interim condensed financial statements (consolidated and individual) have been prepared in accordance with IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The information does not meet all disclosure requirements for the presentation of full annual financial statements and thus should be read in conjunction with the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended December 31, 2016. To avoid duplication of disclosures which are included in the annual financial statements, the following notes were not subject to full filling:

i. Operating activities (Note 1)
ii. Business combination (Note 3)
iii. Property, plant and equipment (Note 11)
iv. Intangible assets (Note 12)
v. Goodwill (Note 13)
vi. Trade accounts payable (Note 14)
vii. Loans and financing (Note 15)
viii. Operating and finance leases (Note 16)
ix. Accrued income and other taxes (Note 17)
x. Accrued payroll and social charges (Note 18)
xi. Dividends payable (Note 19)
xii. Other financial liabilities (Note 20)
xiii. Expense by nature (Note 28)

xiv. Risk management and financial instruments (Note 30)

a. Changes in the format of financial statements

The Company's financial statements are presented in accordance with the technical guidance OCPC 07, which addresses the basic requirements for elaboration and disclosure that should be observed when disclosing the financial accounting reports, especially those contained in the accompanying notes. In summary, it suggests a disclosure in light of the relevance of the information, considering qualitative, quantitative characteristics and risks for the entity.

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

There were no significant changes in the accounting policies, judgments and estimates of the interim condensed consolidated financial statements for the three months period ended March 31, 2017, as well as in the calculation methods used in relation to those presented in the financial statements for the year ended December 31, 2016.

b. Functional and representation currency

These interim condensed consolidated and individual financial statements are presented in Brazilian Reais (R$), which is the Company's presentation and functional currency. All financial information is presented in thousands of Reais, except when otherwise indicated.

c. Restatement of previously issued financial statements interim

The Company is restating the current period as well comparative information, due to the events occurred and described in footnote 2, in accordance with CPC 23/IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The following adjustments were made in the financial statements:

Company

LIABILITIES AND EQUITY	Previously disclosed			Adjustments			Ref	Restated		
	March 31, 2017	December 31, 2016	January 1, 2016	March 31, 2017	December 31, 2016	January 1, 2016		March 31, 2017	December 31, 2016	January 1, 2016
LIABILITIES - NON-CURRENT	**16,056,177**	**16,337,209**	**17,228,276**	**1,466,619**	**1,397,375**	**1,254,965**		**17,522,796**	**17,734,584**	**18,483,241**
Deferred income taxes	2,027,677	1,935,493	1,893,861	**(30,339)**	**(65,032)**	**(61,888)**	*(b)*	1,997,338	1,870,461	1,831,973
Provisions	236,723	222,407	197,100	**1,496,958**	**1,462,407**	**1,316,853**	*(a)*	1,733,681	1,684,814	1,513,953
EQUITY										
Profit reserve	3,458,025	5,045,937	4,756,937	**(1,397,375)**	**(1,397,375)**	**(1,254,965)**	*(c)*	2,060,650	3,648,562	3,501,972
TOTAL LIABILITIES AND EQUITY	**53,912,321**	**55,800,213**	**65,563,143**	-	-	-		**53,912,321**	**55,800,213**	**65,563,143**

INCOME STATEMENT	Previously disclosed		Adjustments		Ref	Restated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016		March 31, 2017	March 31, 2016
General and administrative expenses	(517,857)	(443,464)	***(34,551)***	***(43,236)***	*(a)*	(552,408)	(486,700)
Deferred income taxes	(92,915)	1,105,808	***(34,693)***	***1,198***	*(b)*	(127,608)	1,107,006

CASH FLOW	Previously disclosed		Adjustments		Ref	Restated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016		March 31, 2017	March 31, 2016
Net income	422,291	(2,741,162)	***(69,244)***	***(42,038)***	*(c)*	353,047	(2,783,200)
Tax expenses	92,184	(1,106,274)	***34,693***	***(1,198)***	*(b)*	126,877	(1,107,472)
Investigation impacts due to the leniency agreement	-	-	***34,551***	***43,236***	*(a)*	34,551	43,236
Net cash provided by operating activities	**(40,935)**	**528,348**	-	-		**(40,935)**	**528,348**

ECONOMIC VALUE ADDED STATEMENT	Previously disclosed		Adjustments		Ref	Restated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016		March 31, 2017	March 31, 2016
Federals	119,441	(1,048,473)	***69,244***	***42,038***	*(c)*	188,685	(1,006,435)
Net income (loss) attributable to company shareholders	422,291	(2,741,162)	***(69,244)***	***(42,038)***	*(c)*	353,047	(2,783,200)
ADDED VALUE TOTAL DISTRIBUTED	**1,696,916**	**5,392,895**	-	-		**1,696,916**	**5,392,895**

(Expressed in thousands of Brazilian reais)

Consolidated

LIABILITIES AND EQUITY	Previously disclosed			Adjustments			Ref	Restated		
	March 31, 2017	December 31, 2016	January 1, 2016	March 31, 2017	December 31, 2016	January 1, 2016		March 31, 2017	December 31, 2016	January 1, 2016
LIABILITIES - NON-CURRENT	***16,056,177***	***16,337,209***	***17,228,276***	***1,466,619***	***1,397,375***	***1,254,965***		***48,655,119***	***45,949,887***	***53,999,087***
Deferred income taxes	3,915,815	3,828,080	4,310,495	*(30,340)*	*(65,033)*	*(61,888)*	*(b)*	3,885,475	3,763,047	4,248,607
Provisions	1,287,006	1,245,239	1,533,100	*1,496,959*	*1,462,408*	*1,316,853*	*(a)*	2,783,965	2,707,647	2,849,953
EQUITY										
Profit reserve	3,458,025	5,045,937	4,756,937	*(1,397,375)*	*(1,397,375)*	*(1,254,965)*	*(c)*	2,060,650	3,648,562	3,501,972
TOTAL LIABILITIES AND EQUITY	**104,190,901**	**102,815,763**	**122,502,967**	-	-	-		**104,190,901**	**102,815,763**	**122,502,967**

INCOME STATEMENT	Previously disclosed		Adjustments		Ref	Restated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016		March 31, 2017	March 31, 2016
General and administrative expenses	(1,289,212)	(1,227,613)	*(34,551)*	*(43,236)*	*(a)*	**(1,323,763)**	**(1,270,849)**
Deferred income taxes	(56,970)	1,230,806	*(34,693)*	*1,198*	*(b)*	**(91,663)**	**1,232,004**

CASH FLOW	Previously disclosed		Adjustments		Ref	Restated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016		March 31, 2017	March 31, 2016
Net income	486,176	(2,644,644)	*(69,244)*	*(42,038)*	*(c)*	**416,932**	**(2,686,682)**
Tax expenses	189,117	(1,157,948)	*34,693*	*(1,198)*	*(b)*	**223,810**	**(1,159,146)**
Investigation impacts due to the leniency agreement	-	-	*34,551*	*43,236*	*(a)*	**34,551**	**43,236**
Net cash provided by operating activities	**(285,437)**	**(1,101,948)**	-	-		**(285,437)**	**(1,101,948)**

ECONOMIC VALUE ADDED STATEMENT	Previously disclosed		Adjustments		Ref	Restated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016		March 31, 2017	March 31, 2016
Federals	119,441	(1,048,473)	*69,244*	*42,038*	*(c)*	**188,685**	**(1,006,435)**
Net income (loss) attributable to company shareholders	422,291	(2,741,162)	*(69,244)*	*(42,038)*	*(c)*	**353,047**	**(2,783,200)**
ADDED VALUE TOTAL DISTRIBUTED	**1,696,916**	**5,392,895**	-	-		**1,696,916**	**5,392,895**

(a) Income tax and withholding income tax accruals, calculated based on expenses paid without service rendering, supplies purchase and donations to political parties plus interest and fines from the effective date of payment of such expenses.

(b) Refers to the temporary differences arising from the accounting impacts aforementioned in item (a(

(c) Refers to the offset entry of the adjustments aforementioned in items (a) and (b).

Based on the guidance of the Company's legal advisors, the income tax and withholding tax accruals are recognized under the caption "Provisions - Tax and social security" as a contingency provision, classified as a probable loss.

4 Business Combination

In January, 2017, the Company's indirect subsidiary PPC, acquired 100.0% of the membership interest of JFC, LLC and its subsidiaries (together, “GNP”) for a cash purchase of R$1,1 billion (US$357 million), subject to customary working capital adjustments. GNP is a vertically integrated poultry business based in the state of Minnesota, United States of America. The acquired business has a production capacity of 2.1 million birds per five-day work week in its three plants and further strengthens the Company’s strategic position in the U.S chicken market.The goodwill generated in this business acquisition is eligible to be deducted for tax purposes in the United States of America.

The assets acquired and liabilities assumed in the significant business combinations noted above were measured at their fair values as set forth below:

(Expressed in thousands of Brazilian reais)

FAIR VALUE	GNP
Cash and cash equivalents	31
Trade accounts receivable	57,703
Inventories	96,906
Biological assets	79,641
Other assets	12,957
Property, plant and equipment	422,955
Intangible assets	268,014
ASSETS	**938,207**
Trade accounts payable	82,831
Other liabilities	42,102
LIABILITIES	**124,933**
Net assets and liabilities	**813,274**
Acquisition price [(1)]	1,117,127
Goodwill	**303,853**

[(1)] The GNP acquisition price includes a R$7.9 million (US$2.5 million) receivable from the seller for additional working capital adjustments.

The individual net revenue and net income from the acquisition date through each period end for all business combinations are presented below:

	2017	
Company	**Net revenue**	**Net income**
GNP	306,547	14,467

Plumrose:

In March, 2017, the Company's indirect subsidiary, JBS USA Lux S.A entered into an agreement to acquire Plumrose USA ("Plumrose") from Danish Crown A/S for a cash purchase price of R$727,191 million (US$230 million) subject to customary working capital adjustments. Plumrose is a US-based bacon, ham and deli meat business that provides branded, cooked and prepared foods. Plumrose operates five prepared foods facilities and two distribution centers offering branded, prepared foods directly to consumers. The acquisition expands the Company's presence in the prepared foods and branded product categories and it was closed in May 1, 2017.

5 Cash and cash equivalents

	Company		Consolidated	
	March 31, 2017	**December 31, 2016**	**March 31, 2017**	**December 31, 2016**
Cash on hand and at banks	**2,321,204**	2,024,404	**4,867,761**	5,608,922
CDB (bank certificates of deposit)	**3,315,166**	2,688,392	**5,876,547**	3,746,700
	5,636,370	**4,712,796**	**10,744,308**	**9,355,622**

(Expressed in thousands of Brazilian reais)

6 Trade accounts receivable

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Current receivables	1,736,679	2,438,141	6,968,669	8,415,098
Overdue receivables:				
From 1 to 30 days	140,323	167,629	923,456	791,597
From 31 to 60 days	36,732	179,443	112,642	270,548
From 61 to 90 days	17,613	31,686	80,869	97,132
Above 90 days	80,683	75,693	250,879	267,754
Allowance for doubtful accounts	(119,859)	(119,859)	(244,644)	(238,084)
Present value adjustment	(4,318)	(5,078)	(5,931)	(14,860)
	151,174	329,514	1,117,271	1,174,087
	1,887,853	2,767,655	8,085,940	9,589,185

7 Inventories

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Finished products	1,198,452	953,077	6,397,192	5,741,792
Work in process	376,781	379,173	867,586	810,131
Raw materials	146,731	166,132	1,367,388	1,376,927
Warehouse spare parts	179,049	175,119	1,754,410	1,679,624
	1,901,013	1,673,501	10,386,576	9,608,474

8 Biological assets

	Consolidated	
Changes in biological assets:	Current	Non-current
Balance at December 31, 2016	2,673,113	977,040
Increase by reproduction (born) and cost to reach maturity	5,352,078	405,779
Reduction for slaughter, sale or consumption	(6,188,536)	(39,218)
Increase by purchase	599,255	114,699
Decrease by death	(2,291)	(4,586)
Fair value adjustments, net	20,324	-
Changes from non-current to current	202,742	(202,742)
Exchange rate variation	(30,343)	(16,488)
Amortization	-	(283,750)
Effect from acquired companies	46,320	33,321
Balance at March 31, 2017	2,672,662	984,055

9 Recoverable taxes

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Value-added tax on sales and services - ICMS/IVA/VAT/GST	1,028,952	1,020,792	2,464,428	2,462,189
Excise tax - IPI	39,128	36,883	116,245	113,981
Social contribution on billings - PIS and COFINS	1,213,566	1,193,325	1,992,534	1,972,962
Withholding income tax - IRRF/IRPJ	1,334,619	1,363,354	1,698,424	1,722,394
Reintegra	23,752	15,557	59,025	50,535
Other	17,184	17,601	80,235	74,265
	3,657,201	3,647,512	6,410,891	6,396,326
Current	698,885	698,885	1,732,118	1,677,791
Non-current	2,958,316	2,948,627	4,678,773	4,718,535
	3,657,201	3,647,512	6,410,891	6,396,326

(Expressed in thousands of Brazilian reais)

10 Related parties transactions

The following table includes balances and net effect on income of intercompany financing transactions between the Company and its subsidiaries:

				Statement of financial position accounts		Effect on net income	
COMPANY	Currency	Maturity	Costs transfer (administrative and funding)	March 31, 2017	December 31, 2016	2017	2016
Direct subsidiaries							
Seara Alimentos (1)	R$	01/01/2018	Corresponds to CDI + 1% p.m.	774,650	3,120,338	109,930	69,697
JBS Embalagens Metálicas	R$	01/01/2018	Corresponds to CDI + 1% p.m.	152,683	145,109	7,574	6,280
Brazservice	R$	01/01/2018	Corresponds to CDI + 1% p.m.	85,696	79,883	4,368	1,201
JBS Confinamento	R$	01/01/2018	Corresponds to CDI + 1% p.m.	19,368	128,899	4,570	2,801
Midtown Participações (2)	R$	-	-	4,473	-	-	-
Tannery	R$	09/01/2016	Corresponds to CDI + 1% p.m.	-	-	-	2,269
Enersea	R$	01/01/2018	Corresponds to CDI + 1% p.m.	-	-	(293)	133
JBS HU	US$	02/28/2018	2,25% p.y.	(2,780)	(2,827)	(31)	-
JBS Global Investments (2)	US$	03/13/2019	-	(6,423)	(28,443)	-	-
Indirect subsidiaries							
JBS Aves	R$	01/01/2018	Corresponds to CDI + 1% p.m.	1,736,603	1,882,114	94,300	103,438
Zenda	US$	09/11/2017	2,5% p.y.	21,131	21,601	129	115
Frigorifico Canelones	US$	05/08/2017	3,5% p.y.	(32,238)	(32,876)	(274)	-
JBS Handels GmbH (2)	EUR	-	-	(81,078)	(82,245)	-	-
				2,672,085	5,231,553	220,273	185,934

(1) Seara Alimentos - Decrease is due to settlement in cash. Seara entered into a credit facility agreement with JBS USA Lux. This transaction is eliminated in the consolidation.

(2) Midtown Particpações, JBS Global Investments and JBS Handels GmbH - Refers to working capital funding. Settlement in the future shall be through a capital reduction and/or dividends distribution.

The disclosure of significant related parties transactions is in accordance with the criteria established by the Management of presenting individually transactions amounts equal or higher than 2% of the total of these transactions (Sale of products, purchases, accounts receivable and accounts payable). This analysis is performed for each related party. If any related party has not meet this criteria in the past and in the current period they do, the comparative balance will be disclosed.

	Accounts receivable		Accounts payable		Purchases/Services rendered		Sale of products/Services rendered	
COMPANY	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	2017	2016	2017	2016
Direct subsidiaries								
JBS Confinamento	101	340	1,453	139,727	20,848	35,956	120	901
Priante	11,229	14,061	-	162	-	-	6,091	17,448
Brazservice	3,103	1,906	3,290	-	16,254	9,860	22,293	9,765
Tannery	-	-	-	128,800	-	86	-	-
Seara Alimentos	11,832	13,972	37,057	508	35,180	34,660	78,810	56,836
Enersea	113	-	-	89	32,991	22,323	19,817	17,159
Indirect subsidiaries								
JBS Global UK	27,514	33,716	-	12,518	-	-	35,010	79,629
Toledo	16,561	23,089	-	-	-	-	51,497	86,445
JBS Aves	1,871	1,573	86,746	2	22,563	63,875	5,119	17,943
Weddel	9,631	3,151	-	36	-	-	12,051	13,288
Sampco	48,799	57,701	-	-	-	20	65,133	89,854
Meat Snacks Partners	15,363	2,933	1	-	88	1,604	45,683	64,348
Capital Joy	-	-	-	2,447	-	-	-	-
Trump Asia	29,971	33,182	189	-	211	27	98,536	93,764
JBS Paraguay	540	514	4,627	3,355	23,129	16,784	646	576
Zenda	10,333	12,071	56	-	56	4,825	9,986	11,945
Braslo Produtos de Carnes	13,399	13,590	-	-	-	-	54,217	46,477
JBS USA	16,740	3,391	-	1,651	5	-	19,156	79
Agrícola Jandelle	1,095	1,455	45,531	42,674	24,533	21,092	1,301	3,295
Sul Valle	-	-	-	356	-	-	-	4
Moy Park	5,959	-	-	745	-	1,283	5,959	-
Swift Beef Company	-	556	-	336	-	-	-	2,447
Other related parties								
Vigor	314	203	25,383	-	25,786	52,855	17	20,757
JBJ Agropecuária	361	282	19,820	113	54,861	21,061	775	654
Flora Produtos	6,304	6,096	5	-	7	22	28,613	48,887
Dan Vigor Indústria e Com.	8,192	9,744	4,525	380	4,525	-	26,965	-
J&F Incorporação de empr. Imob.	-	-	-	48,015	-	-	-	-
	239,325	233,526	228,683	381,914	261,037	286,333	587,795	682,501

(Expressed in thousands of Brazilian reais)

Financial transactions recognized in the Company

The Company and a few of its subsidiaries entered into an agreement in which Banco Original (Related party) acquires trade accounts receivables held against certain of the Company's customers in the Brazilian market. The assignments are done at market value through a permanent transfer to Banco Original of the risks and benefits of all trade accounts receivable. At March 31, 2017 and December 31, 2016, the unpaid balance of transferred receivables was R$793,804 and R$765,585 in the Company, and R$1,276,949 and R$1,446,934 in the Consolidated, respectively. During the three month periods ended March 31, 2017 and 2016, JBS incurred financial costs related to this operation in the amount of R$23,312 and R$19,381 in the Company, and R$41,302 and R$33,258 in the Consolidated, respectively, recognized in the consolidated financial statements as financial expenses.

Additionally at March 31, 2017 and December 31, 2016, the Company holds investments with Banco Original, in the amount of R$76,941 and R$62,062 in the Company and R$144,845 and R$134,290 in the Consolidated, recognized under the caption "Cash and cash equivalents", respectively. These cash investments, bank certificates of deposit - CDB and equivalents, have similar earnings to CDI (Depósito Interbancário). For the three month period ended March 31, 2017 and 2016, the Company earned interest from these investments in the amount of R$1,907 and R$2,419 in the Company, and R$3,235 and R$3,296 in the Consolidated, recognized in the consolidated financial statements under the caption "Finance income", respectively.

Included in loans and financings are R$35,607 and R$16,873 at March 31, 2017 and December 31, 2016, respectively, of bank notes issued by BNDES (Brazilian Development Bank) to two of the Company's subsidiaries, Seara Alimentos and Macedo. Outstanding borrowings under these notes bear interest at an average rate of 3.67% at March 31, 2017, which is payable on a monthly basis. The notes are due in 2017 and 2019 and may be pre-paid at any time without penalty.

Receivables from related parties consist of the following

	March 31, 2017	December 31, 2016
J&F Oklahoma	**1,135,006**	1,315,526

This amount represents the result of the use of a credit facility between the indirect subsidiary JBS Five Rivers (subsidiary of JBS USA) and J&F Oklahoma (subsidiary of J&F Investimentos S.A., which is not consolidated in the Company). The credit facility provides J&F Oklahoma with the ability to borrow up to R$2 billion (US$675 million) from JBS Five Rivers for the purchase of cattle to be kept in the JBS Five Rivers feed yards until ready for slaughter. Outstanding borrowings under this credit facility bear interest at 3.4%, which is payable on a quarterly basis, or at the time of any repayment of principal and the credit facility matures December 31, 2019.

Further, JBS Five Rivers is the guarantor of a J&F Oklahoma revolving credit facility with financial institutions. The J&F Oklahoma credit line has total availability of R$4 billion (US$1.4 billion) and is guaranteed by the accounts receivable and inventories of J&F Oklahoma and also, by certain fixed assets, accounts receivable and inventories of JBS Five Rivers up to a value of US$250 million. Additionally, in the case of a J&F Oklahoma default under the revolving credit facility, and where the event of default is not covered by J&F Oklahoma's collateral or a guarantee by J&F Oklahoma's parent, JBS Five Rivers will be responsible for up to R$792 million (US$250 million) of the secured loans. No consideration was received for this guarantee and the fair value is insignificant.

Commercial transactions

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

a. cattle supply and feeding agreement: where JBS provides cattle fattening services to J&F and J&F pays JBS for the medicinal and feeding costs, including a daily yardage charge in line with market terms. Under the agreements, J&F has agreed to maintain sufficient cattle on JBS-owned feedlots so they remain 75% full in the U.S., 80% full in Australia and 75% full in Canada. Risk of loss of the cattle remains with J&F;
b. sale and purchase cattle agreement, whereby JBS is required to purchase from J&F a certain volume of animals per year. The minimum purchase commitments under those agreements are: i) JBS USA commitment of at least 800,000 animals/year, with a term lasting from 2009 through 2019, ii) JBS Australia commitment of at least 200,000 animals/year, with a term lasting from 2011 through 2019, and iii) JBS Canada commitment of at least 50,000 animals/year, with a term lasting from 2013 through 2019. The cattle sale and purchase agreements also contain provisions to share in gains and losses incurred by J&F on its sale of cattle to JBS; and;
c. incentive agreement whereby J&F Oklahoma pays JBS Five Rivers an annual amount based upon J&F Oklahoma's financial performance arising from the sale of cattle fed and raised by JBS Five Rivers.

During the three month periods ended March 31, 2017 and 2016, the amounts received under the cattle supply and feeding agreements were R$603 million (US$191.8 million) and R$879 million (US$224.9 million) respectively, and amounts paid under the cattle sale and purchase agreements were R$2 billion (US$722.9 million) and R$3 billion (US$842.5 million), respectively.

No expense for doubtful accounts or bad debts relating to related-party transactions were recorded during the three month periods ended March 31, 2017 and 2016.

Remuneration of key management

The Company's key management is comprised of its Executive Officers. The aggregate amount of compensation received by the Company's key management during the three month periods ended March 31, 2017 and 2016 is the following:

	2017	2016
Salaries and wages	**2,400**	2,299
Variable cash compensation	**2,125**	3,000
Share-based compensation (*)	**2,500**	2,000
	7,025	**7,299**

(*) Refers to shares granted during the year of 2016;

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

Except for those described above, the other members of the Executive or Management Board are not party to 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.

(Expressed in thousands of Brazilian reais)

11 Investments in associates, subsidiaries and joint ventures

In the Company:

	December 31, 2016	Addition (disposal)	Exchange rate variation	Changes in the Equity of investees	Proportionate share of income (loss)	March 31, 2017
JBS Embalagens Metálicas	(58,211)	–	–	–	(7,218)	(65,429)
JBS Global Investments [1]	28,443	(21,228)	(792)	–	–	6,423
JBS Confinamento [2]	469,362	111,986	–	–	(9,381)	571,967
JBS Slovakia Holdings [1]	21,173	(20,829)	(300)	(2)	(25)	17
Conceria Priante	9,453	–	(163)	–	(2,326)	6,964
JBS Holding GMBH	593,381	–	(8,295)	(6,383)	10,200	588,903
JBS Global Luxembourg [1]	5,564,272	(36,234)	(150,245)	289,198	632,387	6,299,378
Vigor Alimentos	307,065	–	–	–	244	307,309
JBS Leather International	(86,426)	–	2,322	821	(12,847)	(96,130)
Brazservice	(32,171)	–	–	–	(6,008)	(38,179)
Seara Alimentos	4,620,972	–	–	1,219	(286,536)	4,335,655
Meat Snack Partners	55,562	–	(1,534)	1,533	1,571	57,132
Granite Holdings [3]	3,912,517	–	(61,147)	(107)	19,986	3,871,249
Rigamonti	95,731	–	(1,325)	–	2,756	97,162
Enersea	215	–	–	–	151	366
JBS Argentina	309,083	–	502	–	(3,732)	305,853
JBS Mendoza	253	–	–	–	(13)	240
JBS HU Liquidity Management	17,460	–	(485)	–	(35)	16,940
Midtown Participações	285,063	–	–	–	(12,949)	272,114
Beef Snacks Brasil	44,226	–	–	–	153	44,379
JBS Foods International	(49,450)	–	1,240	–	(16,785)	(64,995)
Subtotal	**16,107,973**	**33,695**	**(220,222)**	**286,279**	**309,593**	**16,517,318**
Accrual for loss on investments (*)	226,258					264,733
Total	**16,334,231**					**16,782,051**

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

(1) Dividends paid out to the Company.
(2) Capital contribution through assumption of debt.
(3) The subsidiary Moy Park Lux S.à.r.l. changed its company name to Granite Holdings S.à.r.l.

- **In the Consolidated:**

	December 31, 2016	Changes in the Equity of investees	Proportionate share of income	March 31, 2017
Vigor Alimentos	307,065	–	244	307,309
Meat Snack Partners	55,562	(1)	1,571	57,132
Total	**362,627**	**(1)**	**1,815**	**364,441**

(Expressed in thousands of Brazilian reais)

12 Property, plant and equipment

Changes in property, plant and equipment:

Company	December 31, 2016 *	Additions net of transferences [2]	Disposals	Depreciation	March 31, 2017
Buildings	3,088,757	103,535	–	(29,116)	**3,163,176**
Land	1,384,826	30,413	–	–	**1,415,239**
Machinery and equipment	3,814,323	87,383	–	(96,023)	**3,805,683**
Facilities	1,353,973	83,262	–	(24,410)	**1,412,825**
Computer equipment	66,333	18,191	(18)	(6,882)	**77,624**
Vehicles	404,214	1,940	(10,110)	(15,845)	**380,199**
Construction in progress	1,305,863	(174,309)	(83)	–	**1,131,471**
Other	57,339	7,078	(39)	(5,074)	**59,304**
	11,475,628	**157,493**	**(10,250)**	**(177,350)**	**11,445,521**

Consolidated	December 31, 2016 *	Acquired in business combination [1]	Additions net of transferences [2]	Disposals	Depreciation	Exchange rate variation	March 31, 2017
Buildings	11,104,201	183,642	352,973	–	(146,164)	(92,747)	**11,401,905**
Land	3,943,307	16,536	47,044	(3,222)	–	(19,831)	**3,983,834**
Machinery and equipment	10,915,981	190,744	519,310	(7,446)	(431,896)	(82,874)	**11,103,819**
Facilities	1,925,053	–	101,781	(47)	(43,018)	(886)	**1,982,883**
Computer equipment	253,499	–	31,867	–	(24,338)	(2,878)	**258,150**
Vehicles	490,393	2,717	9,335	(10,802)	(23,389)	(1,178)	**467,076**
Construction in progress	3,754,943	10,898	(84,454)	(1,083)	–	(29,740)	**3,650,564**
Other	723,514	18,418	35,334	(5,767)	(28,147)	(13,769)	**729,583**
	33,110,891	**422,955**	**1,013,190**	**(28,367)**	**(696,952)**	**(243,903)**	**33,577,814**

***** The Company reassessed its allocation between property, plant and equipment lines, and due to the low significance of the balances, decided to adjust the initial balance of December 31, 2016.

[1] - Refers to balances arising from GNP's acquisition.
[2] - Additions for each category includes transfer from construction in progress during the period.

For the three month periods ended March 31, 2017 the amount of capitalized interest added to construction in progress and included in additions was R$12,957 in the Company and in the Consolidated was R$27,957.

13 Intangible assets

Changes in intangible assets:

Company	December 31, 2016	Additions	Amortization	March 31, 2017
Amortizing:				
Software	23,494	1,634	(1,946)	**23,182**
Non-amortizing:				
Trademarks	23,000	1,803	–	**24,803**
	46,494	**3,437**	**(1,946)**	**47,985**

Consolidated	December 31, 2016	Acquired in business combination [1]	Additions	Business combination adjustment [2]	Disposal	Amortization	Exchange rate variation and others	March 31, 2017
Amortizing:								
Trademark	55,937	–	–	25,322	–	(2,480)	(2,382)	**76,397**
Software	83,915	302	3,609	–	(1)	(6,259)	(178)	**81,388**
Customer relationships	1,947,753	51,158	–	–	–	(66,505)	(35,039)	**1,897,367**
Others	6,782	1,604	–	–	(13)	(273)	(187)	**7,913**
Non-amortizing:								
Trademarks	2,809,178	214,950	1,803	9,331	–	–	(10,263)	**3,024,999**
Water rights	108,530	–	–	–	–	–	(2,577)	**105,953**
	5,012,095	**268,014**	**5,412**	**34,653**	**(14)**	**(75,517)**	**(50,626)**	**5,194,017**

[1] - Refers to balances arising from GNP's acquisition.
[2] - Refers to adjustments in the Scott Technology's acquisitions based upon final fair value assessments. These adjustments are comprised of changes in fair value of property, plant and equipment, goodwill and deferred tax liability. Due to materiality, these adjustments have not been retrospectively applied.

(Expressed in thousands of Brazilian reais)

14 Goodwill

Changes in goodwill:

Balance as of December 31, 2016	**21,916,694**
Acquired in business combination [1]	303,854
Business combination adjustments [2]	(23,786)
Exchange rate variation and others	(101,958)
Balance as of March 31, 2017	**22,094,804**

[1] - Refers to balances arising from GNP's acquisition.
[2] - Refers to adjustments in the Scott Technology's acquisitions based upon final fair value assessments. These adjustments are comprised of changes in fair value of trademarks, goodwill and deferred tax liability. Due to materiality, these adjustments have not been retrospectively applied.

CGU Groups	March 31, 2017	December 31, 2016
Brazil Beef	**9,069,926**	9,069,926
Australia Smallgoods	**1,172,942**	1,136,008
Moy Park	**2,525,292**	2,565,653
USA Pork	**2,200,558**	2,217,831
Seara	**3,541,557**	3,541,676
Other CGUs without significant goodwill	**3,584,529**	3,385,600
Total	**22,094,804**	**21,916,694**

CGU groups containing goodwill are tested for impairment annually. For the three months period ended March 31, 2017 there were no events or circumstances that indicate that the recoverable amount may be less than the carrying amount.

15 Loans and financing

	Company							
					Current		Non-current	
Type	Average annual interest rate	Currency	Index on variable rate loans	Maturities-non-current debt	Mar 31, 2017	Dec 31, 2016	Mar 31, 2017	Dec 31, 2016
Foreign currency								
ACC - Advances on exchange contracts	**4.63%**	**USD**	-	*	**5,371,812**	6,826,491	**–**	–
Prepayment	**4.51%**	**USD**	**Libor**	**2018 - 23**	**4,105,919**	3,967,161	**4,367,094**	4,484,527
144-A	**7.14%**	**USD**	-	**2020 - 24**	**126,065**	150,699	**7,974,256**	8,201,753
Working capital - Euros	**2.43%**	**EUR**	**Euribor**	**2023**	**15,260**	859	**55,501**	78,898
FINIMP	**2.56%**	**EUR**	**Euribor**	**2018**	**510**	526	**254**	516
					9,619,566	**10,945,736**	**12,397,105**	**12,765,694**
Local currency								
Credit note - export	**14.50%**	**BRL**	**CDI**	**2018 - 20**	**704,462**	798,823	**1,000,866**	1,006,938
Working capital - Brazilian Reais	**14.15%**	**BRL**	**CDI e TJLP**	**2018 - 20**	**244,034**	432,869	**15,635**	14,637
FINAME	**7.58%**	**BRL**	**TJLP**	**2018 - 25**	**70,276**	77,374	**126,442**	146,981
FINEP	**5.50%**	**BRL**	-	**2018 - 25**	**22,042**	21,855	**97,829**	75,146
CDC - Direct credit to consumers	**19.53%**	**BRL**	-	**2018 - 22**	**5,287**	4,371	**13,339**	11,988
					1,046,101	**1,335,292**	**1,254,111**	**1,255,690**
					10,665,667	**12,281,028**	**13,651,216**	**14,021,384**

(Expressed in thousands of Brazilian reais)

	Consolidated							
					Current		Non-current	
Type	Average annual interest rate	Currency	Indexer	Payment terms / non-current debt	Mar 31, 2017	Dec 31, 2016	Mar 31, 2017	Dec 31, 2016
Foreign currency								
ACC - Advances on exchange contracts	4.35%	USD	-	*	7,304,181	7,753,838	-	-
Prepayment	5.12%	USD	Libor	2018 - 23	5,940,586	5,803,330	5,152,348	4,992,782
144-A	7.14%	USD	-	2020 - 24	126,065	150,699	7,974,256	8,201,753
Credit note – import	4.08%	USD	Libor	*	94,655	98,314	-	-
FINIMP	4.50%	USD and EUR	Libor and Euribor	2018 - 19	14,409	10,684	11,420	19,031
Working capital - Euros	2.43%	EUR	Euribor	2023	15,260	859	55,501	78,898
					13,495,156	13,817,724	13,193,525	13,292,464
Local currency								
FINAME	7.13%	BRL	TJLP	2018 - 25	72,857	80,103	161,655	153,610
FINEP	5.37%	BRL	-	2018 - 25	25,976	25,828	105,401	83,706
JBS Mortgage	5.80%	USD	-	2020	573	583	6,318	6,649
Senior Secured Credit Facility JBS Lux	4.00%	USD	Libor	2019	377	375	-	-
Term loan JBS Lux 2018	-	-	-	-	-	3,891	-	1,321,490
Term loan JBS Lux 2020	-	-	-	-	-	18,437	-	1,551,996
Term loan JBS Lux 2022	3.30%	USD	ABR and Libor	2022	108,977	55,929	8,731,344	3,790,428
Term loan Five Rivers 2019	3.30%	USD	Libor	2019	16,507	16,954	264,428	275,984
Notes 6,25% Moy Park 2021	6.25%	GBP	-	2021	25,784	7,278	1,173,682	1,191,331
Notes 8,25% JBS Lux 2020	8.25%	USD	-	2020	28,462	75,807	2,195,999	2,256,901
Notes 7,25% JBS Lux 2021	7.25%	USD	-	2021	85,119	18,870	3,602,420	3,703,058
Notes 5,875% JBS Lux 2024	5.88%	USD	-	2024	27,923	64,224	2,360,778	2,427,814
Notes 5,75% JBS Lux 2025	5.75%	USD	-	2025	46,458	5,153	2,829,305	2,909,617
Notes 5,75% PPC 2025	5.75%	USD	-	2025	3,035	26,288	1,571,710	1,616,308
PPC Term loan	2.00%	USD	Libor	2020	694	636	1,584,200	1,604,572
PPC revolving credit facility	-	USD	Libor	2020	2,456	-	975,002	-
Marshaltown	2.34%	USD	-	2018	54	52	30,787	31,633
Working capital - Brazilian Reais	13.71%	BRL	CDI, TJLP and TR	2018 - 21	246,548	435,540	29,980	16,384
Working capital - US Dollars	4.60%	USD	Libor	2020 - 24	391,382	362,725	126,736	132,808
Working capital - Euros	1.94%	EUR	Euribor	2019 - 23	183,665	176,187	14,231	14,563
Working capital - Argentine pesos	3.77%	ARS	-	*	91,730	74,521	-	-
Credit note – export	15.31%	BRL	CDI	2018 - 20	1,388,747	1,368,804	1,277,901	1,317,098
Credit note – import	3.85%	USD and EUR	Libor and Euribor	*	349,126	315,495	-	-
FCO - Middle West Fund	10.14%	BRL	-	2018	1,863	1,865	1,248	1,708
CDC - Direct credit to consumers	19.53%	BRL	-	2018 - 22	5,287	4,371	13,339	11,988
CCB - BNDES	3.67%	BRL	UM BNDES	2018 - 19	6,939	10,781	28,668	6,092
ACC - Advances on exchange contracts	3.54%	USD	Libor	*	1,600	922	-	-
Rural - Credit note	10.62%	BRL	-	*	1,152,668	1,137,628	-	-
Canadian credit facility & revolving credit facility	5.00%	CAD and USD	CDOR, RBC and Libor	2018	127	-	230,881	244,902
Canadian credit facility - term loan	3.65%	CAD	-	2018	2,398	2,415	29,583	30,678
Canadian bank facility	3.50%	CAD	-	-	14,819	8,076	-	-
Andrews Meat secured facility	2.80%	AUD	BBSY	*	31,450	-	-	-
Mexico credit facility	7.10%	MEX$	TIEE	2019	653	46	136,080	75,950
Other	1.75%	GBP, EUR and AUD	Euribor and Libor	2018 - 19	63,531	31,310	2,149	41,864
					4,377,785	4,331,094	27,483,825	24,819,132
					17,872,941	18,148,818	40,677,350	38,111,596

* Balances classified as current which have their maturities between April 1, 2017 and March 31, 2018.

(Expressed in thousands of Brazilian reais)

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

	March 31, 2017	
Maturity	**Company**	**Consolidated**
2018	**1,505,216**	**2,649,803**
2019	**627,358**	**1,419,372**
2020	**4,255,100**	**9,239,253**
2021	**831,822**	**5,703,464**
2022	**807,583**	**9,240,127**
Maturities thereafter	**5,624,137**	**12,425,331**
	13,651,216	**40,677,350**

15.1 Guarantees and contractual restrictions ("covenants")

The Company was in compliance with all of its debt covenant restrictions at March 31, 2017.

16 Income taxes

Reconciliation of income tax and social contribution expense:

	Company		Consolidated	
	2017	**2016**	**2017**	**2016**
		Restated		**Restated**
Profit (loss) before income taxes (PBT)	**479,924**	**(3,890,672)**	**640,742**	**(3,845,828)**
Nominal rate	**(34)%**	**(34)%**	**(34)%**	**(34)%**
Expected tax benefit (expense)	**(163,174)**	1,322,828	**(217,852)**	1,307,582
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	**105,261**	(170,589)	**(1,095)**	100
Domestic production activities deduction	-	-	**32,210**	17,657
Foreign rate differential	-	-	**26,281**	(43,137)
Adjustments on financial statements - Foreign subsidiaries	-	-	**(31,380)**	(296,655)
Unrecognized tax benefit	-	-	**(40,700)**	(58,134)
Stock option plan	**(8,503)**	(14,225)	**(16,996)**	(14,225)
Non-taxable interest - Foreign subsidiaries	-	-	**81,752**	194,055
Other permanent differences	**(60,461)**	(30,542)	**(56,030)**	51,903
Current and deferred income tax (expense) benefit	**(126,877)**	**1,107,472**	**(223,810)**	**1,159,146**
Current income tax	**731**	466	**(132,147)**	(72,858)
Deferred income tax	**(127,608)**	1,107,006	**(91,663)**	1,232,004
	(126,877)	**1,107,472**	**(223,810)**	**1,159,146**
Effective income tax rate	**(26.44)%**	**28.46 %**	**(34.93)%**	**30.14 %**

	Company		Consolidated	
	2017	**2016**	**2017**	**2016**
		Restated		**Restated**
Adjustments to reconcile taxable income (1)				
Goodwill amortization - deferred	**137,700**	-	**140,130**	31,855
Prior years loss carryfowards - deferred tax asset	**3,804**	(1,107,144)	**(65,439)**	(1,169,390)
Unrecognized deferred tax benefit	-	-	**40,700**	58,134
Income tax on realization of other reserves	**(731)**	(466)	**(7,901)**	(466)
Current and deferred income tax (expense) benefit - ADJUSTED	**13,896**	**(138)**	**(116,320)**	**79,279**
Effective income tax rate	**2.90%**	-	**(18.15)%**	**2.06%**

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

(Expressed in thousands of Brazilian reais)

17 Provisions

The Company and its subsidiaries are party to several lawsuits arising in the ordinary course of business for which provisions are recognized based on estimated costs determined by management as follows:

	Company					
	March 31, 2017		December 31, 2016		January 1, 2016	
	Quantity	R$	Quantity	R$	Quantity	R$
				Restated		Restated
Labor	**14,852**	**107,136**	16,345	92,485	14,749	74,000
Civil	**912**	**8,613**	820	9,945	775	9,916
Tax and Social Security	**1,231**	**1,617,932**	1,285	1,582,384	1,300	1,430,037
Total	**16,995**	**1,733,681**	**18,450**	**1,684,814**	**16,824**	**1,513,953**

	Consolidated					
	March 31, 2017		December 31, 2016		January 1, 2016	
	Quantity	R$	Quantity	R$	Quantity	R$
				Restated		Restated
Labor	**33,800**	**374,445**	34,146	346,546	32,203	408,963
Civil	**3,849**	**280,413**	3,352	275,947	2,920	280,383
Tax and Social Security	**1,851**	**2,129,107**	1,861	2,085,153	1,810	2,160,607
Total	**39,500**	**2,783,965**	**39,359**	**2,707,646**	**36,933**	**2,849,953**

The 2016 balances were restated, as described in footnote 2 - Plea bargain agreement.

Changes in provisions

	Company			
	December 31, 2016	Additions/ Disposals	Payments or changes in estimates	March 31, 2017
	Restated			
Labor	92,485	65,107	(50,456)	**107,136**
Civil	9,945	(1,236)	(96)	**8,613**
Tax and Social Security	1,582,384	37,203	(1,655)	**1,617,932**
Total	**1,684,814**	**101,074**	**(52,207)**	**1,733,681**

	Consolidated				
	December 31, 2016	Additions/ Disposals	Payments or changes in estimates	Exchange rate variation	March 31, 2017
	Restated				
Labor	346,546	101,481	(73,552)	(30)	**374,445**
Civil	275,947	8,823	(4,357)	-	**280,413**
Tax and Social Security	2,085,153	50,310	(6,201)	(155)	**2,129,107**
Total	**2,707,646**	**160,614**	**(84,110)**	**(185)**	**2,783,965**

a. Tax and Social Security Proceedings

a1. Plea bargain agreement impacts

The Company received in December 2017 an infraction fine referring to the year 2012, based in information provided in the appendixes of the plea bargain agreements, as described in footnote 2 - Plea bargain agreement, Leniency agreement and the impacts in the financial statements.

With the Leniency agreement adherence, the Company decided to implement the integrity program and internal independent investigations, also elaborating internal assessments about the reported events and their impacts in the financial statements, which include the matters from the 2012 infraction fines. The assessments were elaborated to all years impacted which is based on expenses paid without service rendering and supplies purchase, their impacts in withholding taxes and the deductibility of these expenses, plus interest and fines.

Based on the internal assessments, the Company identified in December 31, 2017 (referring to the years of 2012 to 2017) an estimated loss of approximately R$1.496.960 (R$1.462.407 in December 31, 2016), recognized as tax and social security contingencies.

b. Legal and investigative relevant procedures

The Company and/or its subsidiaries are investigated in several investigative procedures initiated or relevant outcomes due to events described in footnote 2 - Plea bargain agreement, Leniency agreement and the impacts in the financial statements, as demonstrated below:

b1. Criminal procedures:

In criminal investigations and proceedings, legal entities do not suffer any criminal penalties arising from the events committed by its executives and/or representatives, who are subject to law penalties (including deprivation of liberty), in case of any proof of effective participation in illegal facts involving the Company and/or its subsidiaries.

- Bullish operation (police inquiry) and Criminal Investigative Procedure/RJ: Investigation to determine alledged irregularities in the investments made in JBS by BNDESPar, due to the "findings" mentioned in the TCU's (Tribunal de Contas da União) decision in 2015; from this operation, a series of precautionary actions were originated, among others, the search and seizure of documents from the Company or that could have sensitive information to the Company, as well as blocking the assets of the Company's controllers and their relatives, later than following a judicial decision to release all assets that were blocked.

- Weak Flesh operation (police inquiry): Suspicion of improper payments made to federal agents from SIF (Serviço de Inspeção Federal); the criminal investigations and prosecutions examine corruption in several companies which are part of the agricultural/farming segment (cold storage). Regarding the Company, the conduct of employees and former employees are being investigated, who are related to 1 unit in the State of Paraná.

- Lama Asfáltica operation (police inquiry): Suspicion of improper payments made to get tax incentives in the state of Mato Grosso do Sul; this inquiry investigates companies cartelisation who are part of the construction segment, which committed fraud in bidding processes and corruption of public servers. Regarding the Company, the Federal Police declares to have found evidence of improper payments to public servers from the state of Mato Grosso do Sul in exchange of tax incentives granted to the Company in that place.

- Tendão de Aquiles operation (criminal proceeding) in the 6th Federal Criminal Court of São Paulo: Suspicion of insider trading actions and market manipulation the former executives at the time of the events (who are in the condition of defendants in the process), due to transactions carried out to purchase dollars and treasury shares, using privileged information (plea bargain agreements).

b2. Parliamentary Inquiry Commission (CPI):

- Senate CPI - Social Security: Suited to investigate the social security accounting, clarifying accurately income and expenses of the system, as well misappropriation of funds;

- MS (Mato Grosso do Sul) Legislative Assembly CPI - Tax irregularities from the state of MS: The CPI was created to investigate the report made by JBS executives to assess irregularities involving improper tax benefits given by the state of Mato Grosso do Sul;

- CPMI (mixed) from the Senate and the Deputy Chamber: The CPI was created to investigate all investments made by BNDES in JBS S.A.

b3. Class actions:

- Class action - 5007526-48.2017.4.03.6100: Alleged irregularity in foreign exchange operations and purchase of treasury shares using insider information and financial operations with BNDES.
5ª Vara Cível Federal de São Paulo
Plaintiffs: Hugo Fizler Chaves Neto and Cristiane Sousa da Silva.
In July 18, 2017, a judgment of termination of the process was issued without merit resolution, against which an appeal was lodged by the authors.

- Class action - 1001502-51.2017.4.01.3700: Alleged irregularities in financings through loans acquired with the Banco Nacional do Desenvolvimento Econômico e Social - BNDES.
3ª Vara Cível Federal de São Luis do Maranhão
Plaintiff: Aristoteles Duarte Ribeiro
In December 15, 2017, a decision was issued recognizing the prevention of the 9th Federal Court of the Judiciary Section of São Paulo determining the redistribution of the deed.

- Class action - 5007521-26.2017.4.03.6100: Alleged irregularities in granting financial support (financings) and unfair favorings provided by BNDESPar to the economic group.
9ª Vara Cível Federal de São Paulo
Plaintiffs: Walter do Amaral, Paulo Roberto do Amaral and Marcos Rodrigues da Cunha
On December 14, 2017, a judgment of termination of process was issued without merit resolution.

- Class action - 5203744-56.2017.8.09.0051: Question the State Law nº 18.459/14, changed by the State Law nº 18.709/14, that created the Tax Incentive Program for Companies in the Goiás State (REGULARIZA).
3ª Vara da Fazenda Pública Estadual de Goiânia/GO
Plaintiff: Ronaldo Ramos Caiado
An appeal was presented to the authorities, remaining outstanding the Federal Public Prosecutor’s Office opinion.

- **Class action - 1019930-11.2017.4.01.3400**: Alleged irregularities in foreign exchange transactions and purchase of shares using privileged information and financial transactions with BNDES.
14ª Vara Cível Federal do Distrito Federal
Plaintiff: Roberto Casali Júnior

- Class action - 820215-58.2017.8.12.0001: Aims the declaration of nullity of the Special Regime Agreement Agreement (TARES) n. 1028/2014 and 1103/2016, as well as the unavailability of assets of the defendants up to the amount equivalent to the losses suffered by the State.
1ª Vara de Direitos Difusos, Coletivos e Individuais da Comarca de Campo Grande
Plaintiff: Danny Fabricio Cabral Gomes e Soraya Thronicke
In November 17, 2017, a suspensive effect was granted to the Instrument of Appeal to determine the suspension of the blocks carried out. Awaiting a final judgment of the aforementioned offense.

b4. Corporate lawsuits:

- Precautionary court action - 5013681-67.2017.4.03.6100: Preventing the Controlling Shareholder (FB Participações), Banco Original and Banco Original Agronegócio to vote in the Shareholders' Meeting on September 1, 2017, on the measures to be taken by the Company as a result of the illegal actions acknowledged in the plea bargain agreement and Leniency Agreement, in particular on the adoption of the measures inserted in articles 159 and 246 of the law of joint stock companies (Lei das sociedades por ações - Leis das SA's), as well as, in relation to the indemnity agreement, items "ii 'and" v " Notice of Convocation, due to alleged conflict of interest.
8ª Vara Cível Federal de São Paulo
Plaintiffs: BNDES Participações S.A. (BNDESPAR) and Caixa Econômica Federal
Defendants: JBS S.A., FB Participações S.A., Banco Original S.A. and Banco Original Agronegócio S.A.

- Request for Emergency Guardianship - 085443-97.2017.8.26.0100: To determine the defendants or any of the persons appointed by them to occupy the seats on the general meeting table that refrain from impeding, delaying or in any way disturbing the possibility for shareholders to discuss and resolve on the measure set forth in art. 120 of the law of joint stock companies (Lei das sociedades por ações - Leis das SA's), if it is raised at the general meeting of the JBS, making it possible to vote immediately after the matter is raised; and / or to determine that, in the scope of the votes of art. 120 of the Brazilian Corporate Law and other measures to be discussed in the context of item "ii" of the agenda, the Controllers are strictly prohibited from participating in the deliberations, pursuant to art. 115, paragraph 1, of the law of joint stock companies (Lei das sociedades por ações - Leis das SA's)
2ª Vara de Falências, Recuperações Judiciais e Conflitos Relacionados à Arbitragem da Comarca da Capital do Estado de São Paulo
Author: José Aurélio Val Porto de Sá Júnior.
Defendants: JBS S.A.; Tarek Mohamed Noshy Nasr Mohamed Faraht; José Batista Sobrinho; FB Participações S.A.; Banco Original S.A., Banco Original do Agronegócio S.A.
In August 31, 2017, a judgment of termination of the process was issued without merit resolution, against which an appeal was lodged by the author.

- Lawsuit for the exhibition of documents with urgent request for protection and evidence - 1086689-31.2017.8.26.0100: Access to the settlement certificate of the book of Registered Shares with the names of all shareholders and the number of their shares.
2ª Vara de Falências, Recuperações Judiciais e Conflitos Relacionados à Arbitragem da Comarca da Capital do Estado de São Paulo.
Plaintiffs: José Aurélio Val Porto de Sá Júnior and Associação dos Investidores Minoritários AIDMIN
Defendant: JBS S.A.

(Expressed in thousands of Brazilian reais)

In September 13, 2017, a judgment of termination of the process was issued without merit resolution, which an appeal was presented by the plaintiffs against the resolution.

- Arbitration 93/17: Lawsuit for loss and damaged suffered by the Company.
Câmara de Arbitragem do Mercado - CAM BM&F BOVESPA
Plaintiffs: José Aurélio Val Porto de Sá Júnior and Associação dos Investidores Minoritários AIDMIN
Defendants: FB Participações S.A.; Banco Original S.A.; Banco Original do Agronegócio S.A.; J&F Investimentos S.A.; ZMF Participações Ltda.; WWMB Participações Ltda.; JJMB Participações Ltda.; J&F Participações Ltda; Pinheiros Fundo de Investimentos em Participações; Wesley Mendonça Batista; Joesley Mendonça Batista; JBS S.A.

- Arbitration 94/17: Petitioner right to vote in the Shareholder's Meeting of JBS S.A., scheduled for September 1, 2017, which is suspended by court order.
Câmara de Arbitragem do Mercado - CAM BM&F BOVESPA
Plaintiffs: FB Participações S.A., Banco Original S.A. and Banco Original Agronegócio S.A.
Defendants: BNDES Participações S.A. - BNDESPar, Caixa Econômica Federal e JBS S.A.

In addition, there are two Administrative Sanctioning Procedures underway in the CVM, in which members and former members of the Company's management are accused of alleged infractions of the capital market regulation regarding the disclosure of information.

The Company also informs non-sanctioning administrative proceedings in process at the CVM, in which issues related to the Company are analyzed.

On December 8, 2017, a Sanctioning Administrative Procedure 5388/2017 was instituted, in order to ascertain the possible liability of i) Company, for allegedly being a beneficiary of purchases of US dollar derivative contracts using unfair practices, in violation of CVM Instruction No. 8/1979, II, d, from May 5 to 17, 2017; and, ii) subsidiary Seara Alimentos Ltda., for allegedly being a beneficiary of purchases of US dollar derivative contracts using unfair practices, in violation of CVM Instruction 8/1979, II, d, on May 10, 2017 In addition, other related parties of the Company are part of said Administrative Process.

18 Equity

a. Share capital: There were no changes on the balances at March 31, 2017.

b. Share-based compensation:

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

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

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

Grants					Fair value assumptions			
Program	Quantity of options	Fair value of the option	Exercise price in R$	Expected exercise term	Risk free interest rate	Volatility	Share price on the grant date	Dividend Yield
May-14	2,196,051	R$ 7.58 to R$ 7.74	0.00001	1 to 3 years	10.98% to 12.16%	42.16%	7.80	1.05%
Sep-14	200,000	R$ 9.59 to R$ 9.99	0.00001	1 to 5 years	11.05% to 11.25%	42.16%	10.10	1.05%
May-15	1,916,859	R$ 15.36 to R$ 15.58	0.00001	1 to 3 years	13.25% to 13.68%	55.69%	15.66	0.72%
Mar-16	3,350,000	R$ 11.55	0.00001	Immediate vesting	-	-	12.12	-
April-16	695,088	R$ 5.46 to R$ 5.63	7.50000	6 to 9 years	13.81% to 13.90%	60.81%	10.79	4.45%
April-16	2,477,651	R$ 9.85 to R$ 10.75	0.00003	1 to 3 years	13.54% to 13.78%	69.19%	11.12	4.45%
Jun-16	3,259,890	R$ 9.20 to R$ 10.05	0.000005	1 to 3 years	12.66% to 13.60%	65.98%	11.12	4.45%
Nov-16	3,350,000	R$ 11.27	0.0000003	Immediate vesting	-	-	11.27	-
Nov-16	195,000	R$ 9.81 to R$ 10.49	0.000015	2 to 5 years	11.42% to 11.60%	50.30%	11.27	3.35%
Jan-17	3,700,979	R$ 11.90	0.010000	Immediate vesting	-	-	11.90	-
Total	**21,341,518**							

March 31, 2017				
Program	Grant	Vesting terms	Options outstanding	Remaining contractual life (years)
Sep-14	01.09.14	1/5 per year with final maturity in Sep 1,2019	120,000	2.50
May-15	01.05.15	1/3 per year with final maturity in May 1,2018	486,820	0.83
April-16	01.04.16	1/3 per year with first maturity in April 1, 2022 and final maturity in April 1, 2024	695,088	6.83
April-16	01.04.16	1/3 per year with final maturity in April 1, 2019	1,310,760	1.83
Jun-16	01.06.16	1/3 per year with final maturity in June 1, 2019	2,098,320	1.83
Nov-16	01.11.16	1/3 per year with first maturity in January 1, 2019 and final maturity in January 1, 2021	195,000	3.83
			4,905,988	

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

(Expressed in thousands of Brazilian reais)

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

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

The outstanding options changes and average exercise price per share are demonstrated, as follows:

	March 31, 2017		
	Quantity of options	Average exercise price per share	
Opening balance	**8,355,957**	**R$**	**11.80**
Granted	3,700,989	R$	11.90
Exercised	(7,150,958)	R$	11.93
Cancelled	-		-
Closing balance	**4,905,988**	**R$**	**10.32**

During the three month periods ended March 31, 2017 and 2016 the expense with options plan totaled R$54,600 and R$39,551, respectively, recorded in the results under the caption "General and administrative expenses", with the respective offset in "Capital Reserves".

c. Treasury shares:

	March 31, 2017	
	Quantity	R$ thousand
Opening balance	**135,261,051**	**1,625,510**
Treasury shares used in stock option plan	(7,150,958)	(85,937)
Cancellation of treasury shares	(128,110,093)	(1,539,573)
Closing balance	-	-

19 Net revenue

	Company		Consolidated	
	2017	2016	2017	2016
GROSS REVENUE				
Sales of products				
Domestic sales	**4,300,644**	4,406,761	**28,750,858**	32,876,595
Foreign sales	**2,087,504**	3,059,277	**10,220,788**	12,742,102
	6,388,148	**7,466,038**	**38,971,646**	**45,618,697**
SALES DEDUCTION				
Returns and discounts	**(219,992)**	(296,754)	**(872,822)**	(1,037,535)
Sales taxes	**(137,772)**	(329,526)	**(482,472)**	(669,223)
	(357,764)	**(626,280)**	**(1,355,294)**	**(1,706,758)**
NET REVENUE	**6,030,384**	**6,839,758**	**37,616,352**	**43,911,939**

20 Finance income (expense)

	Company		Consolidated	
	2017	2016	2017	2016
Exchange rate variation	**505,368**	1,651,000	**452,337**	1,853,975
Fair value adjustments on derivatives	**(6,090)**	(5,453,217)	**(11,216)**	(5,823,061)
Interest expense	**(400,018)**	(441,378)	**(909,270)**	(1,000,460)
Interest income	**254,667**	366,774	**73,168**	246,040
Taxes, contribution, tariff and others	**(7,945)**	(21,129)	**(15,783)**	(41,769)
	345,982	**(3,897,950)**	**(410,764)**	**(4,765,275)**
Finance income	**760,035**	2,017,774	**525,505**	2,100,015
Finance expense	**(414,053)**	(5,915,724)	**(936,269)**	(6,865,290)
	345,982	**(3,897,950)**	**(410,764)**	**(4,765,275)**

21 Earnings per share

Basic: Earnings (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding common shares purchased and held as treasury shares (shares in thousands).

	2017	2016
		Restated
Net income (loss) attributable to shareholders	**353,047**	**(2,783,200)**
Weighted average common shares outstanding	**2,856,858**	2,944,426
Weighted average - treasury shares	**(12,477)**	(120,301)
Weighted average - common shares outstanding (basic)	**2,844,381**	**2,824,125**
Basic earnings (loss) per share - (R$)	**0.12**	**(0.97)**

Diluted: Diluted earnings (loss) per share is calculated by dividing net income (loss) of the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, adjusted for the effects of all potential common shares that are dilutive and adjusted for treasury shares held. From May 2015, the Company has only one category of potential common shares that would cause dilution: outstanding options to purchase shares (shares in thousands).

	2017	2016
		Restated
Net income (loss) attributable to shareholders	**353,047**	**(2,783,200)**
Weighted average common shares outstanding (basic)	**2,844,381**	2,824,125
Dilutive effect of conversion of outstanding stock options	**14,814**	-
Weighted average - common shares outstanding (diluted)	**2,859,195**	**2,824,125**
Diluted earnings (loss) per shares - (R$)	**0.12**	**(0.97)**

For the three month periods ended March 31, 2017, 4,905,988 shares related to outstanding stock options have been excluded from the calculation of diluted weighted average common shares outstanding as the effect would be anti-dilutive.

(Expressed in thousands of Brazilian reais)

22 Operating segments and geographic reporting

Segments presented by product:

	Net revenue		Operating income [1]		Depreciation	
	For the three month period ended March 31,		For the three month period ended March 31,		For the three month period ended March 31,	
	2017	2016	2017	2016	2017	2016
				Restated		
Segments						
Beef	**21,108,699**	24,537,226	**90,985**	(664,468)	**291,274**	308,500
Chicken	**9,394,574**	11,444,533	**485,169**	947,425	**554,284**	630,762
Pork	**4,762,917**	5,158,014	**460,864**	285,233	**85,050**	102,152
Others	**2,350,162**	2,772,166	**47,272**	403,148	**125,611**	124,441
Total	**37,616,352**	**43,911,939**	**1,084,290**	**971,338**	**1,056,219**	**1,165,855**

Total assets by product:

	March 31, 2017	December 31, 2016
Total assets		
Beef	**48,577,975**	48,364,038
Chicken	**29,744,721**	29,625,745
Pork	**10,163,178**	10,584,684
Others	**15,705,027**	14,241,296
Total	**104,190,901**	**102,815,763**

Below is net revenue, operating income and depreciation and amortization based on geography, presented for supplemental information.

Geographic reporting

	Net revenue		Operating income [1]		Depreciation	
	For the three month period ended March 31,		For the three month period ended March 31,		For the three month period ended March 31,	
	2017	2016	2017	2016	2017	2016
				Restated		
United States of America	**25,458,056**	30,089,824	**1,218,800**	(56,288)	**542,470**	677,760
South America	**10,296,616**	11,269,981	**(169,298)**	952,981	**444,475**	387,947
Others	**1,861,680**	2,552,134	**34,788**	74,645	**69,274**	100,148
Total	**37,616,352**	**43,911,939**	**1,084,290**	**971,338**	**1,056,219**	**1,165,855**

Total assets by geographic area:

	March 31, 2017	December 31, 2016
Total assets		
United States of America	**41,251,103**	38,581,759
South America	**56,926,409**	58,102,290
Others	**6,013,389**	6,131,714
Total	**104,190,901**	**102,815,763**

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

	Operating income	
	2017	2016
	For the three month period ended March 31,	
		Restated
Net income (loss)	**416,932**	(2,686,682)
Income tax and social contribution - current and deferred	**223,810**	(1,159,146)
Finance (income) expense, net	**410,764**	4,765,275
Share of profit of equity-accounted investees, net of tax	**(1,815)**	(295)
Restructuring, reorganization and other expenses	**47**	8,950
Impacts from the leniency agreement	**34,552**	43,236
	1,084,290	**971,338**

(Expressed in thousands of Brazilian reais)

23 Risk management and financial instruments

Financial instruments:

Financial instruments are recognized in the condensed consolidated financial statements as follows:

		Company		Consolidated	
	Notes	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Assets					
Fair value through profit or loss					
Financial investments and national treasury bill	5	**3,315,166**	2,688,392	**5,876,547**	3,746,700
Derivative assets	23	**590**	–	**43,163**	38,250
Loans and receivables at amortized cost					
Cash at banks	5	**2,321,204**	2,024,404	**4,867,761**	5,608,922
Trade accounts receivable	6	**1,887,853**	2,767,655	**8,085,940**	9,589,185
Related parties receivables	10	**2,794,604**	5,377,944	**1,135,006**	1,315,526
Total		**10,319,417**	**12,858,395**	**20,008,417**	**20,298,583**
Liabilities					
Liabilities at amortized cost					
Loans and financing	15	**(24,316,883)**	(26,302,412)	**(58,550,291)**	(56,260,414)
Trade accounts payable		**(1,529,075)**	(2,050,265)	**(9,651,414)**	(10,716,987)
Debits with related parties	10	**(122,519)**	(146,391)	–	–
Other financial liabilities		**(37,436)**	(39,086)	**(231,478)**	(263,259)
Fair value through profit or loss					
Derivative liabilities	23	–	–	**(177,093)**	(133,125)
Total		**(26,005,913)**	**(28,538,154)**	**(68,610,276)**	**(67,373,785)**

During this period there has been no reclassification between categories shown in the table above.

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

	Company					
	Current assets					
	National treasury bill		Financial investments		Derivative assets	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Level 1	**49,513**	34,027	–	–	–	–
Level 2	–	–	**3,265,653**	2,654,365	**590**	–

	Consolidated							
	Current assets						Current liabilities	
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Level 1	**49,513**	34,027	–	–	–	–	–	–
Level 2	–	–	**5,827,034**	3,712,673	**43,163**	38,250	**(177,093)**	(133,125)

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

	Company						Consolidated					
	March 31, 2017			December 31, 2016			March 31, 2017			December 31, 2016		
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 2020	**3,168,400**	**104.61**	**3,314,463**	3,259,100	106.51	3,471,267	**3,168,400**	**104.61**	**3,314,463**	3,259,100	106.51	3,471,267
JBS S.A Notes 2023	**2,455,510**	**100.70**	**2,472,699**	2,525,803	100.97	2,550,303	**2,455,510**	**100.70**	**2,472,699**	2,525,803	100.97	2,550,303
JBS S.A Notes 2024	**2,376,300**	**104.29**	**2,478,243**	2,444,325	105.40	2,576,319	**2,376,300**	**104.29**	**2,478,243**	2,444,325	105.40	2,576,319
JBS Lux Notes 2020	–	–	–	–	–	–	**2,217,880**	**104.75**	**2,323,229**	2,281,370	106.38	2,426,921
JBS Lux Notes 2021	–	–	–	–	–	–	**3,643,660**	**102.30**	**3,727,464**	3,747,965	104.25	3,907,254
JBS Lux Notes 2024	–	–	–	–	–	–	**2,376,300**	**101.13**	**2,403,152**	2,444,325	102.25	2,499,322
JBS Lux Notes 2025	–	–	–	–	–	–	**2,851,560**	**98.98**	**2,822,474**	2,933,190	101.89	2,988,627
PPC Notes 2025	–	–	–	–	–	–	**1,584,200**	**102.05**	**1,616,676**	1,629,550	100.68	1,640,631
Moy Park	–	–	–	–	–	–	**1,191,870**	**103.44**	**1,232,870**	1,210,920	105.40	1,276,310
	8,000,210		**8,265,405**	**8,229,228**		**8,597,889**	**21,865,680**		**22,391,270**	**22,476,548**		**23,336,954**

Risk management:

The Company during the regular course of its operations is exposed to a variety of financial risks that include the effects of changes in market prices, (including foreign exchange, interest rate risk and commodity price risk), credit risk and liquidity risk. Such risks are fully disclosed in the financials statements at December 31, 2016. There were no changes in the nature of these risks in the current period.

Below is presented the risks related to fluctuation of US Dollars (US$) and Euro (€), given the relevance of these currencies in the Company's operations, and the analysis of stress scenarios and Value at Risk (VaR) to measure the total exposure as well as the cash flow risk with the BM&FBovespa and the Chicago Mercantile Exchange.

EXPOSURE to the US Dollar (amounts in thousands of R$):

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
OPERATING				
Cash and cash equivalents	**884,488**	395,439	**1,722,728**	1,808,879
Trade accounts receivable	**1,319,636**	2,470,015	**2,750,080**	3,767,808
Sales orders	**1,037,020**	1,061,918	**2,321,622**	1,941,230
Trade accounts payable	**(159,317)**	(142,403)	**(261,507)**	(214,131)
Purchase orders	-	-	**(47,923)**	(32,733)
Subtotal	**3,081,827**	**3,784,969**	**6,485,000**	**7,271,053**
FINANCIAL				
Related parties transaction (net)	**(20,311)**	(42,545)	**(1,951,828)**	(2,050,335)
Net debt in foreign subsidiaries	**(21,632,650)**	(20,493,716)	**(21,632,650)**	(20,493,716)
Loans and financing	**(21,945,910)**	(23,631,673)	**(26,551,039)**	(26,927,290)
Subtotal	**(43,598,871)**	**(44,167,934)**	**(50,135,517)**	**(49,471,341)**
Total exposure	**(40,517,044)**	**(40,382,965)**	**(43,650,517)**	**(42,200,288)**
DERIVATIVES				
Non Deliverable Forwards (NDF´s)	-	-	**3,282**	-
Deliverable Forwards (DF´s)	-	-	**93,287**	162,248
Total derivatives	-	-	**96,569**	**162,248**
NET EXPOSURE IN R$	**(40,517,044)**	**(40,382,965)**	**(43,553,948)**	**(42,038,040)**

Sensitivity analysis at March 31, 2017 (exchange rates are Brazilian Reais to US Dollar):

			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	3.1684	3.2351	64,877	136,520	3.9605	770,457	1,621,250	4.7526	1,540,914	3,242,500
Financial	Depreciation	3.1684	3.2351	(462,425)	(600,032)	3.9605	(5,491,555)	(7,125,716)	4.7526	(10,983,111)	(14,251,434)
Derivatives	Appreciation	3.1684	3.2351	-	2,033	3.9605	-	24,142	4.7526	-	48,285
				(397,548)	**(461,479)**		**(4,721,098)**	**(5,480,324)**		**(9,442,197)**	**(10,960,649)**

			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 foreign subsidiaries	Depreciation	3.1684	3.2351	(455,403)	(455,403)	3.9605	(5,408,163)	(5,408,163)	4.7526	(10,816,325)	(10,816,325)
				(455,403)	**(455,403)**		**(5,408,163)**	**(5,408,163)**		**(10,816,325)**	**(10,816,325)**

The Company includes the net debt of foreign subsidiaries in the disclosure of economic hedging exposure. Although these debts do not generate foreign exchange gains or losses because the debt is denominated in the functional currency of each country, these debt instruments are translated to Brazilian Reais in consolidation and are therefore affected by exchange rate variation, which impacts the Company's consolidated leverage ratios.

Derivatives financial instruments breakdown:

			Company			Consolidated		
			March 31, 2017			December 31, 2016		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts BM&F	American dollar	-	-	-	**590**	-	-	-

			Consolidated					
			March 31, 2017			December 31, 2016		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R$)	Fair value	Notional (USD)	Notional (R$)	Fair value
Deliverable Forwards	American dollar	Long	**29,443**	**93,287**	**(472)**	49,783	162,248	2,933

EXPOSURE in EURO (amounts in thousands of R$):

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
OPERATING				
Cash and cash equivalents	**55,962**	24,716	**85,403**	38,726
Trade accounts receivable	**101,456**	235,103	**197,123**	336,522
Sales orders	**165,569**	188,615	**340,861**	363,405
Trade accounts payable	**(47,589)**	(36,694)	**(63,683)**	(55,700)
Purchase orders	–	–	**(13,137)**	(21,221)
Subtotal	**275,398**	**411,740**	**546,567**	**661,732**
FINANCIAL				
Related parties transaction (net)	**(81,078)**	(82,245)	**(81,014)**	(85,664)
Loans and financings	–	–	**(6,536)**	(6,675)
Subtotal	**(81,078)**	**(82,245)**	**(87,550)**	**(92,339)**
Total exposure	**194,320**	**329,495**	**459,017**	**569,393**
DERIVATIVES				
Deliverable Forwards (DF´s)	–	–	**49,925**	53,032
Non Deliverable Forwards (NDF´s)	–	–	**(19,531)**	9,360
Total derivatives	–	–	**30,394**	**62,392**
NET EXPOSURE IN R$	**194,320**	**329,495**	**489,411**	**631,785**

Sensitivity analysis at March 31, 2017 (exchange rates are Brazilian Reais to Euro):

			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	3.3896	3.3117	(6,329)	(12,561)	2.5422	(68,850)	(136,642)	1.6948	(137,699)	(273,284)
Financial	Depreciation	3.3896	3.3117	1,863	2,012	2.5422	20,270	21,888	1.6948	40,539	43,775
Derivatives	Appreciation	3.3896	3.3117	–	(699)	2.5422	–	(7,599)	1.6948	–	(15,197)
				(4,466)	**(11,248)**		**(48,580)**	**(122,353)**		**(97,160)**	**(244,706)**

Derivatives financial instruments breakdown:

			Consolidated					
			March 31, 2017			December 31, 2016		
Instrument	**Risk factor**	**Nature**	**Notional (EUR)**	**Notional (R$)**	**Fair value**	**Notional (EUR)**	**Notional (R$)**	**Fair value**
Deliverable Forwards	Euro	Long	**14,729**	**49,925**	**(2,085)**	15,423	53,032	(2,027)

			Consolidated					
			March 31, 2017			December 31, 2016		
Instrument	**Risk factor**	**Nature**	**Notional (EUR)**	**Notional (R$)**	**Fair value**	**Notional (EUR)**	**Notional (R$)**	**Fair value**
Non Deliverable Forwards	Euro	Short	**(5,762)**	**(19,531)**	**145**	2,698	9,360	1,187

a. Commodity price risk

The Risk Management Department is responsible for mapping the exposures to commodity prices of the Company and proposing strategies to the Risk Management Committee in order to mitigate such exposures. There were no significant changes to the Company's exposure in Commodity price risk in the current period in relation to December 31, 2016.

b. Liquidity risk

The table below shows the contractual obligation amounts from financial liabilities of the Company and its subsidiaries according to their maturities:

	Company									
	March 31, 2017					December 31, 2016				
	Less than1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total	Less than1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total
Trade accounts payable	**1,529,075**	–	–	–	**1,529,075**	2,050,265	–	–	–	**2,050,265**
Debits w/ related parties	–	–	–	**122,519**	**122,519**	–	–	–	146,391	**146,391**
Loans and financings	**10,665,667**	**2,132,574**	**5,086,922**	**6,431,720**	**24,316,883**	12,281,028	2,255,450	5,090,070	6,675,864	**26,302,412**
Estimated interest on loans and financing [1]	**1,141,071**	**1,598,780**	**960,020**	**517,748**	**4,217,619**	1,324,128	1,690,250	1,033,864	755,681	**4,803,923**
Other financial liabilities	**7,659**	**13,200**	**13,200**	**3,377**	**37,436**	7,659	13,200	13,200	5,027	**39,086**

(Expressed in thousands of Brazilian reais)

	Consolidated									
	March 31, 2017					December 31, 2016				
	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total	Less than1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total
Trade accounts payable	9,651,414	–	–	–	9,651,414	10,716,987	–	–	–	10,716,987
Loans and financings	17,872,941	4,069,175	14,942,717	21,665,458	58,550,291	18,148,818	5,303,832	15,496,959	17,310,805	56,260,414
Estimated interest on loans and financing (1)	2,765,974	4,215,073	2,815,888	1,824,769	11,621,704	2,871,135	4,169,362	2,806,562	2,166,602	12,013,661
Derivatives financing liabilities (assets)	177,093	–	–	–	177,093	133,125	–	–	–	133,125
Other financial liabilities	152,701	62,200	13,200	3,377	231,478	161,114	83,918	13,200	5,027	263,259

(1) Includes interest on all loans and financing outstanding. Payments are estimated for variable rate debt based on effective interest rates at March 31, 2017 and December 31, 2016. Payments in foreign currencies are estimated using the March 31, 2017 and December 31, 2016 exchange rates.

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2017 is R$48,700 (R$33,630 at December 31, 2016). 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, 2017 is R$280,403 (R$254,862 at December 31, 2016). This guarantee is larger than its collateral.

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 Brazilian reais)

24 Approval of the financial statements

BOARD OF DIRECTORS

Chairman:	Jeremiah O'Callaghan
Vice-Chairman:	José Batista Sobrinho
Board Member:	Aguinaldo Gomes Ramos Filho
Board Member:	Gilberto Meirelles Xandó Baptista
Board Member:	Wesley Mendonça Batista Filho
Independent Board Member:	José Gerardo Grossi
Independent Board Member:	Sérgio Roberto Waldrich
Independent Board Member:	Cledorvino Belini
Independent Board Member:	Roberto Penteado de Camargo Ticoulat

FISCAL COUNCIL REPORT

The Fiscal Council reviewed the quarterly interim condensed financial statements of the Company for the three month period ended March 31, 2017.

Our review included: a. analysis of the quarterly condensed 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 condensed 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:	Adrian Lima da Hora
Council Member:	José Paulo da Silva Filho
Council Member:	Demetrius Nichele Macei
Council Member:	Francisco Vicente Santana Silva Telles

AUDIT COMMITTEE

Chairman:	Sérgio Roberto Waldrich
Committee Member:	Gilberto Meirelles Xandó Baptista
Committee Member:	Paulo Sérgio Dortas

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

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

(i) They reviewed, discussed and agreed with the views expressed in the review report of the independent auditors on the consolidated financial statements for the three month period ended March 31, 2017, and

(ii) They reviewed, discussed and agreed with the consolidated financial statements for the three month period ended March 31, 2017.

STATUTORY BOARD

Chief Executive Officer:	José Batista Sobrinho
Administrative and Control Officer:	Eliseo Santiago Perez Fernandez
Investor Relations Officer:	Jeremiah Alphonsus O'Callaghan
Officer:	Wesley Mendonça Batista Filho

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

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