



São Paulo, August 14, 2019  
JBS S.A. (B3: JBSS3; OTCQX: JBSAY)

## 2Q19 RESULTS

**Record EBITDA of R\$5.1 billion with 10% margin**  
**Free cash flow of R\$3.7 billion**  
**and Net income of R\$2.2 billion**

- In 2Q19, net revenue was R\$50.8 billion, a 12.5% increase over 2Q18.
- Gross profit totaled R\$7.9 billion, 13.6% higher than 2Q18, with gross margin of 15.6%.
- Record EBITDA of R\$5.1 billion, 20.3% higher than 2Q18, with EBITDA margin of 10.0%.
- Net income for the quarter was R\$2.2 billion, with an EPS of R\$0.82. Year-to-date, net income was R\$3.3 billion, with an EPS of R\$1.23.
- Cash flow from operating activities was R\$5.2 billion, while free cash flow was R\$3.7 billion.
- Leverage decreased to 2.81x in US\$ and 2.78x in Reais, due to a strong cash generation and a reduction in net debt.
- Total liquidity of R\$13.6 billion, including lines under revolving credit facilities, 4.5x higher than short-term debt.
- Average debt maturity was extended to 7.0 years, considering payments made after the closing of 2Q19.

# A MESSAGE FROM THE CEO

Two years after defining our priorities focused on operational efficiency, organic growth, investment in innovation and quality, deleveraging and a robust global compliance program, we are delighted to announce record results that reflect the success of our strategy, the Company's operational excellence, and the execution capacity of our team.

Considering our main financial results, we highlight a net revenue of R\$50.8 billion, which grew by 12.5%, and a record EBITDA of R\$5.1 billion, 20.3% higher than the previous year, with an EBITDA margin of 10.0%. Additionally, net income reached R\$2.2 billion for the quarter and R\$3.3 billion on a year-to-date basis.

Over the last four months, we continued to advance on improving our debt profile. New issues totaled US\$6.1 billion, which included bonds and a term loan in the international market, with maturities up to 10 years. Our main objectives are to extend the debt profile, which increased from 4.3 years to 7 years, and to prepay shorter, more expensive debt. During the quarter, we also reduced total net debt by US\$823 million, due to a strong cash generation from our businesses, and ended the period with a 2.8x leverage ratio and a total liquidity of US\$3.6 billion.

In North America and Australia, our beef operations remain strong, sustained by local demand and gains in export volumes. Pilgrim's Pride announced a US\$349 million EBITDA for the quarter, an increase of 24% year-over-year, reflecting a more balanced supply demand scenario. In the pork segment, despite higher raw material costs and increased supply of pork, EBITDA margin was 8.2%, improving in relation to the 2Q18.

In Brazil, Seara posted an 11.1% EBITDA margin given price increases in processed foods locally, as well as higher prices and volumes in the export market. This trend was also seen in our beef operation, which has been experiencing positive international results with increased volumes and sales prices.

JBS is in an excellent moment to accelerate its growth. The global protein market grows at a rate of 2% p.a., supported by an increase in population and income per capita primarily in Asia.

In previous quarters, we have already seen significant growth in protein consumption in Asia, and the event of African Swine Fever in many countries is contributing towards increased export flows and opens opportunities to accelerate the growth of our value-added businesses. As leaders in this industry, we aim to anticipate trends and new possibilities, investing in innovation and value added products. Recently, we launched three options of flexitarian sausages and products that combine meats and vegetables at our Primo brand in Australia, the market leader in the region. At Seara, we have launched the Incredible Burger, our first product made with vegetable protein, already available in the retail and foodservice channels. With all the liability management efforts, we are in a very comfortable position to analyze potential growth opportunities that present synergies with our businesses and drive sustainable development, by leveraging our value added and brand strategy, without compromising our debt and leverage objectives. Lastly, we continue with our plans to implement a capital structure that fully reflects the Company's business, while at the same time represents an important way to unlock value.

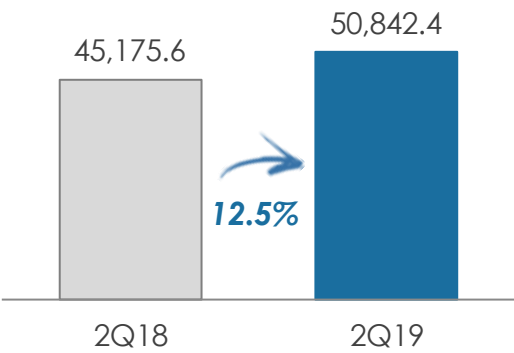
All of this is only possible thanks to the extraordinary contribution of our team with over 230,000 team members around the world. It is with them that we celebrate this result and it is precisely because of them that we are confident that, supported by a clear strategy and operational excellence, we will continue to grow sustainably and generate value for our team members, suppliers, customers, shareholders and all who do business with us.



**Gilberto Tomazoni**  
**Presidente e CEO**  
**Global da JBS**

# 2Q19 FINANCIAL HIGHLIGHTS

## NET REVENUE



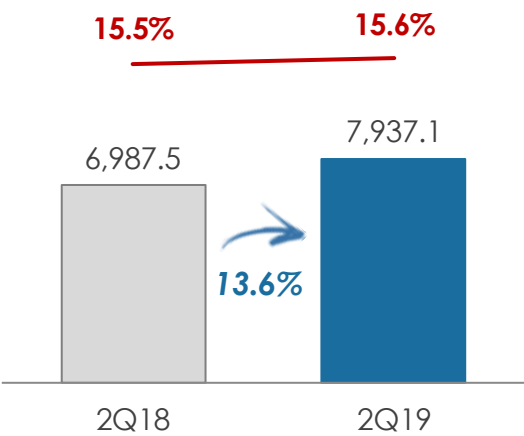
**R\$50.8Bn**

A 12.5% increase compared with 2Q18

## GROSS PROFIT

**R\$7.9Bn**

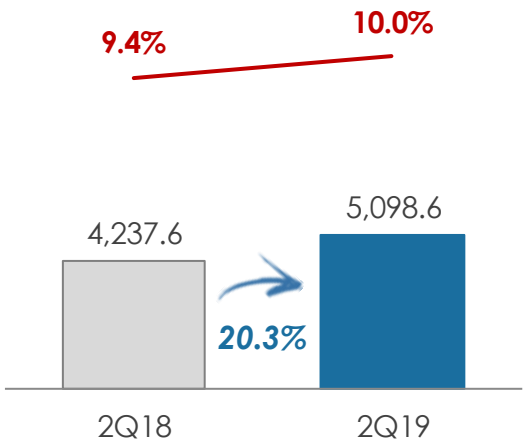
Increase in gross profit of 13.6% compared with 2Q18



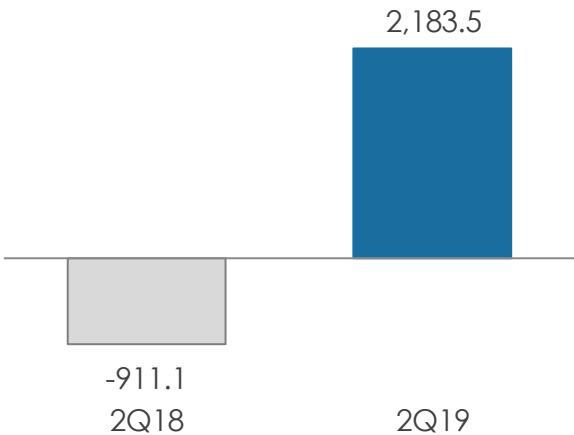
## EBITDA

**R\$5.1Bn**

Increase in EBITDA margin from 9.4% in 2Q18 to 10.0% in 2Q19



## NET INCOME



Net Income in 2Q19 was

**R\$2.2Bn**

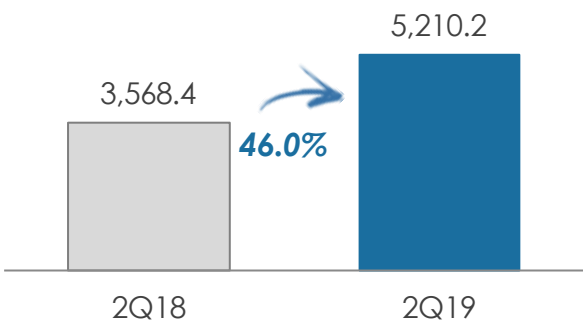
EPS was

**R\$0.82**

# 2Q19 FINANCIAL HIGHLIGHTS

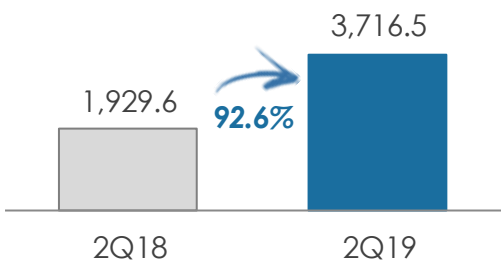
CASH FLOW FROM  
OPERATING ACTIVITIES

R\$5.2Bn

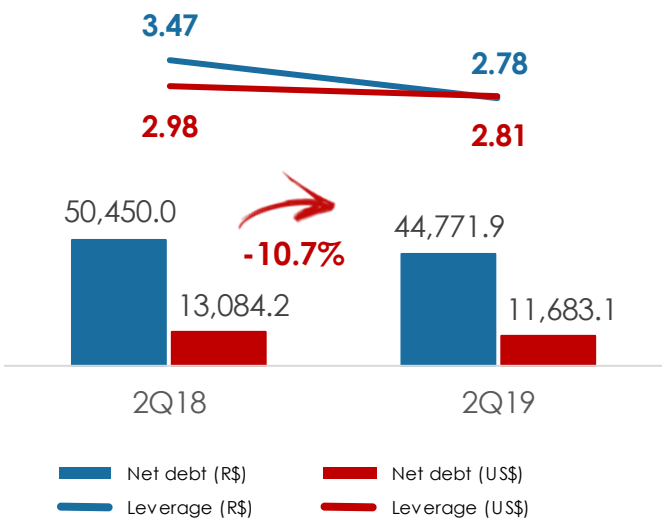


FREE CASH FLOW

R\$3.7Bn



## NET DEBT AND LEVERAGE



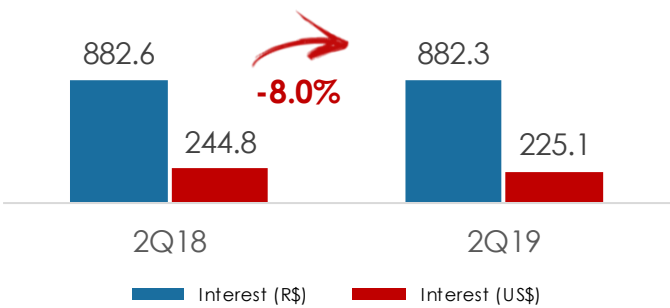
Leverage in US\$ at the end of 2Q19 was

2.81x

Leverage in R\$ at the end of 2Q19 was

2.78x

## NET DEBT FINANCIAL EXPENSE



In 2Q19, interest in US\$ from net debt reduced by

U\$19.7Mn

# 2Q19 CONSOLIDATED RESULTS

## JBS Consolidated Income Statement

R\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	R\$	% NR	R\$	% NR	2Q19 vs 1Q19	R\$	% NR	2Q19 vs 2Q18	R\$	% NR
<b>Net Revenue</b>	<b>50,842.4</b>	<b>100.0%</b>	<b>44,370.3</b>	<b>100.0%</b>	<b>14.6%</b>	<b>45,175.6</b>	<b>100.0%</b>	<b>12.5%</b>	<b>191,934.2</b>	<b>100.0%</b>
Cost of Goods Sold	(42,905.2)	-84.4%	(38,533.8)	-86.8%	11.3%	(38,188.1)	-84.5%	12.4%	(163,960.0)	-85.4%
<b>Gross Profit</b>	<b>7,937.1</b>	<b>15.6%</b>	<b>5,836.5</b>	<b>13.2%</b>	<b>36.0%</b>	<b>6,987.5</b>	<b>15.5%</b>	<b>13.6%</b>	<b>27,974.2</b>	<b>14.6%</b>
Selling Expenses	(2,810.5)	-5.5%	(2,592.2)	-5.8%	8.4%	(2,522.0)	-5.6%	11.4%	(10,978.0)	-5.7%
General and Adm. Expenses	(1,638.0)	-3.2%	(1,560.4)	-3.5%	5.0%	(1,516.1)	-3.4%	8.0%	(9,056.8)	-4.7%
Net Financial Income (expense)	(697.6)	-1.4%	(1,326.7)	-3.0%	-47.4%	(4,718.1)	-10.4%	-85.2%	(4,480.3)	-2.3%
Equity in earnings of subsidiaries	7.0	0.0%	7.4	0.0%	-5.3%	9.1	0.0%	-23.4%	24.7	0.0%
Other Income (expense)	(2.7)	0.0%	19.7	0.0%	-	(25.9)	-0.1%	-89.6%	(84.9)	0.0%
<b>Profit (loss) before taxes</b>	<b>2,795.4</b>	<b>5.5%</b>	<b>384.3</b>	<b>0.9%</b>	<b>627.4%</b>	<b>(1,785.5)</b>	<b>-4.0%</b>	<b>-</b>	<b>3,399.0</b>	<b>1.8%</b>
Income and social contribution taxes	(466.4)	-0.9%	784.2	1.8%	-	958.6	2.1%	-	547.2	0.3%
Minority interest	(145.5)	-0.3%	(75.7)	-0.2%	92.2%	(84.2)	-0.2%	72.8%	(240.2)	-0.1%
<b>Net Income (Loss)</b>	<b>2,183.5</b>	<b>4.3%</b>	<b>1,092.7</b>	<b>2.5%</b>	<b>99.8%</b>	<b>(911.1)</b>	<b>-2.0%</b>	<b>-</b>	<b>3,706.0</b>	<b>1.9%</b>
<b>EBITDA</b>	<b>5,098.6</b>	<b>10.0%</b>	<b>3,191.3</b>	<b>7.2%</b>	<b>59.8%</b>	<b>4,237.6</b>	<b>9.4%</b>	<b>20.3%</b>	<b>16,113.6</b>	<b>8.4%</b>
<b>Earnings per Share</b>	<b>0.82</b>		<b>0.41</b>		<b>100.0%</b>	<b>n.a.</b>		<b>-</b>	<b>1.39</b>	

## Net Revenue

JBS' consolidated net revenue was R\$50,842.4 million, which represents an increase of 12.5% compared to 2Q18, with all business units posting revenue growth in BRL.

For the quarter, approximately 75% of JBS global sales came from markets in which the Company operates and 25% came from exports.

## EBITDA

EBITDA was R\$5,098.6 million, an increase of 20.3% in comparison with 2Q18, being the largest EBITDA ever record by JBS. EBITDA margin for the quarter was 10%. This includes an impact of R\$346.0 million as a result of the adoption of IFRS 16 from 1Q19 onwards.

R\$ Million	2Q19	1Q19	Δ%	2Q18	Δ%	LTM 2Q19
<b>Net income for the period (including minority interest)</b>	<b>2,328.9</b>	<b>1,168.4</b>	<b>99.3%</b>	<b>(826.9)</b>	<b>-</b>	<b>3,946.2</b>
Financial income (expense), net	697.6	1,326.7	-47.4%	4,718.1	-85.2%	4,480.3
Current and deferred income taxes	466.4	(784.2)	-	(958.6)	-	(547.2)
Depreciation and amortization	1,580.6	1,479.6	6.8%	1,175.9	34.4%	5,562.6
Equity in subsidiaries	(7.0)	(7.4)	-5.3%	(9.1)	-23.4%	(24.7)
Results from divestment program	0.0	0.0	-	0.0	-	6.7
Tax payable in installments	0.0	0.0	-	0.0	-	2,453.6
Impairment of taxes	0.0	0.0	-	0.0	-	77.8
Goodwill on the acquisition of tax credits	0.0	0.0	-	0.0	-	(54.6)
Other income / expenses	26.1	2.3	1027.1%	14.9	74.8%	140.7
Truckers strike impact	0.0	0.0	-	112.9	-	0.0
Investigation impacts due to the leniency agreement	5.9	5.8	1.8%	10.5	-43.3%	72.2
<b>(=) EBITDA</b>	<b>5,098.6</b>	<b>3,191.3</b>	<b>59.8%</b>	<b>4,237.6</b>	<b>20.3%</b>	<b>16,113.6</b>

# 2Q19 CONSOLIDATED RESULTS

## Net Financial Results

In 2Q19, interest expenses from net debt was R\$882.3 million, which in USD corresponds to US\$225.1 million and represents a reduction of US\$19.7 million (-8.0%) over 2Q18.

R\$ Million	2Q19	1Q19	Δ%	2Q18	Δ%
Exchange rate variation	454.5	(171.9)	-	(3,909.3)	-
Fair value adjustments on derivatives	(75.0)	(144.6)	-48.1%	151.0	-
Interest expense	(1,101.0)	(1,075.5)	2.4%	(1,003.8)	9.7%
Interest expenses from loans and financings	(922.5)	(832.7)	10.8%	(936.3)	-1.5%
Interest income	103.9	92.7	12.0%	64.3	61.6%
Interest income from investments	40.2	34.5	16.5%	53.6	-25.1%
Taxes, contribution, fees and others	(80.1)	(27.4)	192.1%	(20.3)	294.6%
<b>Finance income (expense)</b>	<b>(657.4)</b>	<b>(1,292.2)</b>	<b>-49.1%</b>	<b>(4,664.5)</b>	<b>-85.9%</b>

## Net Income

JBS reported net income of R\$2,183.5 million, which represents an EPS of R\$0.82.

## Cash Flow from Operating Activities and Free Cash Flow

The Company generated R\$5,210.2 million in cash from operating activities, which represents a growth of 46% compared with 2Q18.

Free cash flow (after investments) was R\$3,716.5 million, an increase of 92.6% over 2Q18.

## Net Cash Used in Investing Activities

Total cash used by JBS in investing activities was R\$712.5 million, while CAPEX was R\$998.5 million.

## Indebtedness

JBS ended 2Q19 with R\$6,292.1 million in cash. Additionally, JBS USA has a US\$1,919.4 million fully available unencumbered line under revolving credit facilities, equivalent to R\$7,355.5 million, at the end of quarter exchange rate, assuring JBS with a total liquidity of R\$13,647.6 million, approximately 4.5x higher than short term debt.

Net debt in BRL decreased from R\$50,450.0 million in 2Q18 to R\$44,771.9 million in 2Q19 due to a strong cash generation, while leverage reduced to 2.78x from 3.47x in the same period. In US\$, net debt decreased by US\$1,401.1 million, from US\$13,084.2 million in 2Q18 to US\$11,683.1 million in 2Q19 and leverage reduced to 2.81x, compared to 2.98x in 2Q18.



# 2Q19 CONSOLIDATED RESULTS

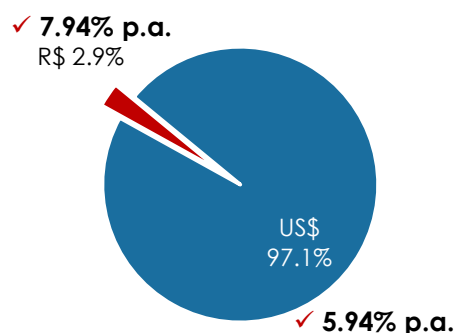
## Indebtedness (cont.)

Liability management is a constant exercise at JBS and for the last four months a total of US\$4.2 billion in bonds were issued in the international market with a maturity of up to 10 years, in addition to a US\$1.9 billion term loan.

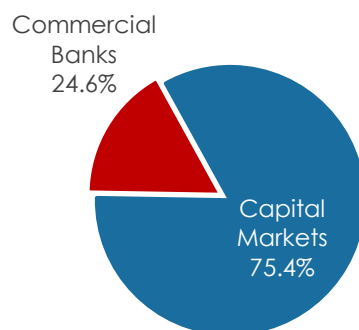
This liability management aims to improve debt allocation across business units, extend maturity with more attractive yields and anticipate the payment of shorter-term debt with higher costs. As a result, JBS' average debt profile increased from 4.3 years at the end of 1Q19 to 7 years, considering payments made after the closing of this quarter.

	R\$ Million			US\$ Million		
	2Q19	2Q18	Var.%	2Q19	2Q18	Var.%
<b>Gross Debt</b>	<b>51,064.0</b>	<b>63,562.1</b>	<b>-19.7%</b>	<b>13,325.0</b>	<b>16,484.8</b>	<b>-19.2%</b>
(+) Short Term Debt	3,020.9	4,244.6	-28.8%	788.3	1,100.8	-28.4%
% of the Gross Debt	5.9%	6.7%		5.9%	6.7%	
(+) Long Term Debt	48,043.1	59,317.5	-19.0%	12,536.7	15,384.0	-18.5%
% of the Gross Debt	94.1%	93.3%		94.1%	93.3%	
(-) Cash and Equivalents	6,292.1	13,112.1	-52.0%	1,641.9	3,400.6	-51.7%
<b>Net Debt</b>	<b>44,771.9</b>	<b>50,450.0</b>	<b>-11.3%</b>	<b>11,683.1</b>	<b>13,084.2</b>	<b>-10.7%</b>
Leverage	<b>2.78x</b>	<b>3.47x</b>		<b>2.81x</b>	<b>2.98x</b>	

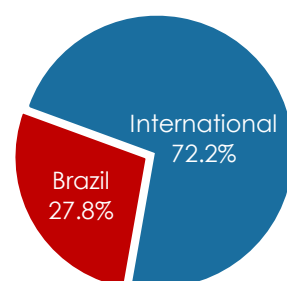
### Currency & Cost Breakdown



### Source Breakdown



### Region Breakdown



## Subsequent Events

In August, 2019, JBS expects to conclude the payment of approximately R\$4.8 billion (US\$1.25 billion) related to the amortization of part of the debt covered by the Normalization Agreement entered with certain financial institutions.

Of this total, R\$2.8 billion (US\$750 million) came from the issuance of bonds in the international market, as announced in a Notice to the Market on July 23<sup>rd</sup>, 2019, and R\$1.9 billion (US\$500 million) came from free cash flow generation, of which R\$750.7 million (US\$200 million) was announced on July 22<sup>nd</sup>, 2019 and R\$1.1 billion (US\$300 million) should be paid during the month of August.

# 2Q19 BUSINESS UNITS

## Business Units – IFRS R\$

Million		2Q19	1Q19	Δ%	2Q18	Δ%	LTM 2Q19
<b>Net Revenue</b>							
Seara	R\$	5,081.4	4,197.3	21.1%	4,088.7	24.3%	18,885.5
JBS Brazil	R\$	7,172.3	6,764.2	6.0%	6,236.7	15.0%	28,978.4
JBS USA Beef	R\$	22,093.8	18,886.1	17.0%	20,182.1	9.5%	83,027.9
JBS USA Pork	R\$	6,111.0	5,035.7	21.4%	5,154.2	18.6%	22,011.1
Pilgrim's Pride	R\$	11,126.8	10,259.1	8.5%	10,213.5	8.9%	42,157.1
Others	R\$	655.8	591.9	10.8%	633.8	3.5%	2,490.2
Eliminations	R\$	-1,398.6	-1,364.0	2.5%	-1,333.4	4.9%	-5,616.0
<b>Total</b>	<b>R\$</b>	<b>50,842.4</b>	<b>44,370.3</b>	<b>14.6%</b>	<b>45,175.6</b>	<b>12.5%</b>	<b>191,934.2</b>
<b>EBITDA</b>							
Seara	R\$	563.4	278.0	102.6%	226.7	148.5%	1,827.8
JBS Brazil	R\$	335.8	195.0	72.2%	350.0	-4.1%	1,530.4
JBS USA Beef	R\$	2,023.6	986.6	105.1%	2,080.6	-2.7%	6,217.5
JBS USA Pork	R\$	416.7	588.5	-29.2%	427.6	-2.5%	2,135.6
Pilgrim's Pride	R\$	1,750.6	1,122.5	56.0%	1,143.1	53.1%	4,386.9
Others	R\$	11.2	22.9	-50.9%	9.5	18.3%	20.2
Eliminations	R\$	-2.7	-2.1	30.2%	0.0	-	-4.8
<b>Total</b>	<b>R\$</b>	<b>5,098.6</b>	<b>3,191.3</b>	<b>59.8%</b>	<b>4,237.6</b>	<b>20.3%</b>	<b>16,113.6</b>
<b>EBITDA Margin</b>							
Seara	%	11.1%	6.6%	4.5 p.p.	5.5%	5.5 p.p.	9.7%
JBS Brazil	%	4.7%	2.9%	1.8 p.p.	5.6%	-0.9 p.p.	5.3%
JBS USA Beef	%	9.2%	5.2%	3.9 p.p.	10.3%	-1.2 p.p.	7.5%
JBS USA Pork	%	6.8%	11.7%	-4.9 p.p.	8.3%	-1.5 p.p.	9.7%
Pilgrim's Pride	%	15.7%	10.9%	4.8 p.p.	11.2%	4.5 p.p.	10.4%
Others	%	1.7%	3.9%	-2.2 p.p.	1.5%	0.2 p.p.	0.8%
<b>Total</b>	<b>%</b>	<b>10.0%</b>	<b>7.2%</b>	<b>2.8 p.p.</b>	<b>9.4%</b>	<b>0.6 p.p.</b>	<b>8.4%</b>

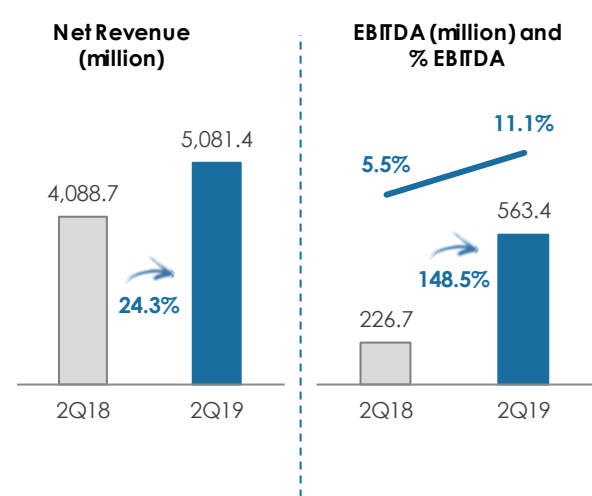
## International Business Units – USGAAP

Million		2Q19	1Q19	Δ%	2Q18	Δ%	LTM 2Q19
<b>Net Revenue</b>							
JBS USA Beef	US\$	5,637.9	5,008.8	12.6%	5,597.5	0.7%	21,471.8
JBS USA Pork	US\$	1,559.4	1,335.5	16.8%	1,429.5	9.1%	5,692.2
Pilgrim's Pride	US\$	2,843.1	2,724.7	4.3%	2,836.7	0.2%	10,922.2
<b>EBITDA</b>							
JBS USA Beef	US\$	503.1	251.4	100.1%	570.1	-11.8%	1,594.9
JBS USA Pork	US\$	127.2	105.4	20.7%	103.4	23.0%	488.3
Pilgrim's Pride	US\$	349.3	204.4	70.9%	282.5	23.6%	820.8
<b>EBITDA Margin</b>							
JBS USA Beef	%	8.9%	5.0%	3.9 p.p.	10.2%	-1.3 p.p.	7.4%
JBS USA Pork	%	8.2%	7.9%	0.3 p.p.	7.2%	0.9 p.p.	8.6%
Pilgrim's Pride	%	12.3%	7.5%	4.8 p.p.	10.0%	2.3 p.p.	7.5%

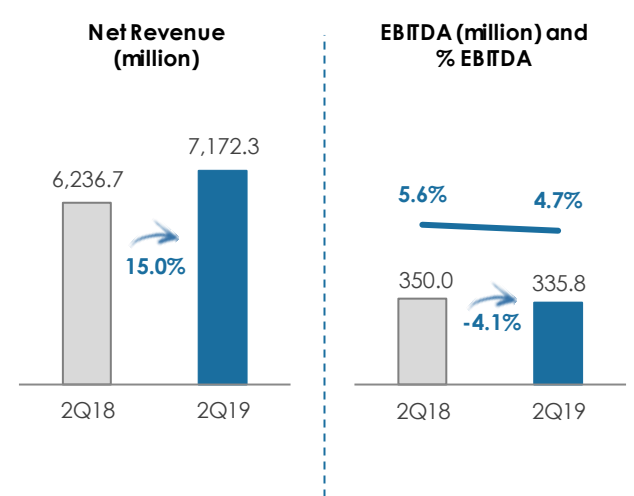


# 2Q19 BUSINESS UNITS

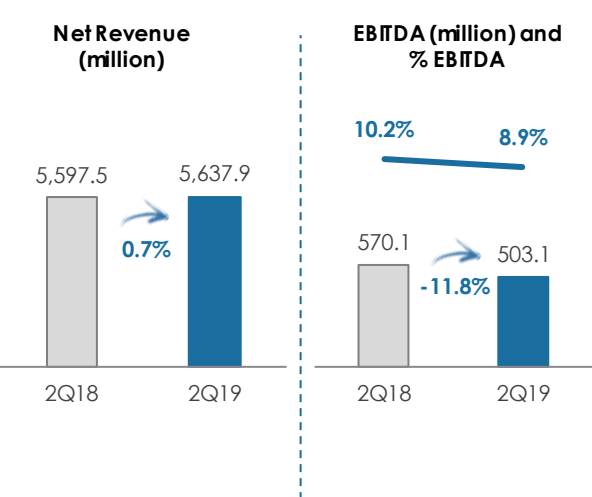
## Seara (R\$)



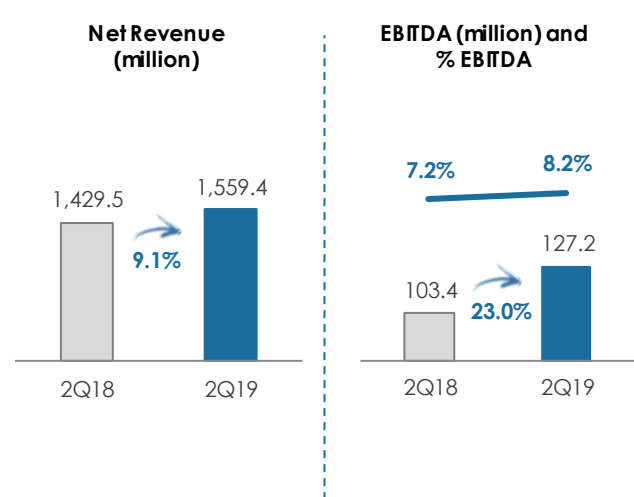
## JBS Brazil (R\$)



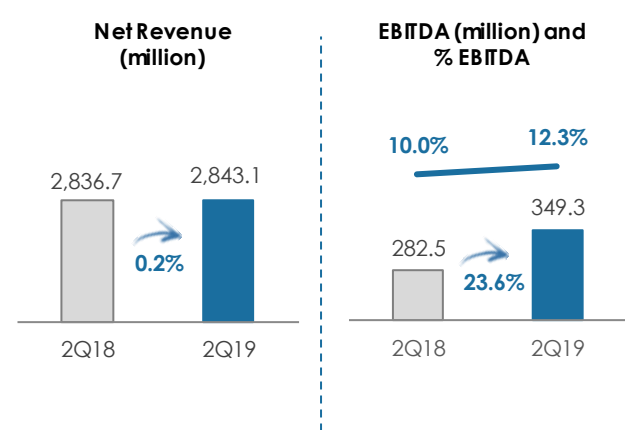
## JBS USA Beef (US\$)



## JBS USA Pork (US\$)



## Pilgrim's Pride (US\$)



Note: JBS USA Beef, JBS USA Pork and PPC in USGAAP.

# 2Q19 BUSINESS UNITS

## Seara

For the 2Q19, net revenue for Seara totaled R\$5.1 billion, 24.3% higher than 2Q18, as a result of a 18.3% increase in average sales prices and 5.6% in total volume.

In the domestic market, net revenue grew by 21.4%, totaling R\$2.6 billion, driven by a 25.0% growth in average prices when compared to the 2Q18. Domestic volumes decreased by 2.9%, as a consequence of higher exports.

In the export market, net revenue reached R\$2.5 billion, 28.9% higher than the 2Q18, as a result of a 11.6% increase in average prices and 15.6% higher volumes. Exports were higher in markets such as the Middle East, Africa, Europe and Asia, specially China, reflecting the current outbreak of African Swine Fever resulting in a reduction in local production.

Considering this scenario of particularly strong export demand, EBITDA for the quarter totaled R\$563.4 million, with an 11.1% margin, compared to R\$226.7 million in 2Q18.

Seara continues to differentiate itself through innovation and focus on new consumer trends. During the quarter, new products were launched in the healthy and practicality segments, such as the Seara *Nature*® line, made only with premium meats and no artificial ingredients; the Seara *Rotisserie Fit*® a line of chilled, ready-to-eat meals, prepared only with fresh ingredients that are low in calories and sodium, without any additives; the Seara *Organico*® and the *Incrível Burger Seara Gourmet*®, made with 100% vegetable protein.

## Main Highlights

R\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	R\$	% NR	R\$	% NR	QoQ	R\$	% NR	YoY	R\$	% NR
<b>Net Revenue</b>	<b>5,081.4</b>	<b>100.0%</b>	<b>4,197.3</b>	<b>100.0%</b>	<b>21.1%</b>	<b>4,088.7</b>	<b>100.0%</b>	<b>24.3%</b>	<b>18,885.5</b>	<b>100.0%</b>
Cost of Goods Sold	(4,059.5)	-79.9%	(3,523.9)	-84.0%	15.2%	(3,561.1)	-87.1%	14.0%	(15,385.8)	-81.5%
Gross Profit	1,021.8	20.1%	673.4	16.0%	51.7%	527.6	12.9%	93.7%	3,499.7	18.5%
<b>EBITDA</b>	<b>563.4</b>	<b>11.1%</b>	<b>278.0</b>	<b>6.6%</b>	<b>102.6%</b>	<b>226.7</b>	<b>5.5%</b>	<b>148.5%</b>	<b>1,827.8</b>	<b>9.7%</b>

# 2Q19 BUSINESS UNITS

## JBS Brazil (including Leather and Related Businesses)

In 2Q19, JBS Brazil net revenue was R\$7.2 billion, an increase of 15.0% in relation to 2Q18, with the processed volumes increasing by 12.2% in the period.

In the domestic market, net revenue was R\$4.2 billion, a 17.1% increase when compared to 2Q18, with a 15.2% growth in volume and 1.6% in prices.

In the export market, which represented 41% of this unit's sales, net revenue grew by 12.1%, reaching R\$2.9 billion, due to an increase of 6.5% in volume and 5.3% in prices. Despite the temporary suspension of Brazilian beef exports to China, sales to this region grew 32% when compared to 2Q18.

EBITDA for the quarter was R\$335.8 million, a reduction of 4.1% in relation to 2Q18, and a recovery of 72.2% when compared to the 1Q19. EBITDA margin in the quarter was 4.7%.

JBS Brazil continues to focus on the growth of market share of its brands Maturatta®, Friboi Reserva® and 1953® in Brazil; on improving exports to more profitable markets and on continuous operational excellence.

## Main Highlights

R\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	R\$	% NR	R\$	% NR	QoQ	R\$	% NR	YoY	R\$	% NR
<b>Net Revenue</b>	<b>7,172.3</b>	<b>100.0%</b>	<b>6,764.2</b>	<b>100.0%</b>	<b>6.0%</b>	<b>6,236.7</b>	<b>100.0%</b>	<b>15.0%</b>	<b>28,978.4</b>	<b>100.0%</b>
Cost of Goods Sold	(5,855.6)	-81.6%	(5,701.5)	-84.3%	2.7%	(4,975.1)	-79.8%	17.7%	(23,660.1)	-81.6%
Gross Profit	1,316.6	18.4%	1,062.7	15.7%	23.9%	1,261.6	20.2%	4.4%	5,318.3	18.4%
<b>EBITDA</b>	<b>335.8</b>	<b>4.7%</b>	<b>195.0</b>	<b>2.9%</b>	<b>72.2%</b>	<b>350.0</b>	<b>5.6%</b>	<b>-4.1%</b>	<b>1,530.4</b>	<b>5.3%</b>

# 2Q19 BUSINESS UNITS

## JBS USA Beef (including Australia and Canada)

Considering results in IFRS and BRL, JBS USA Beef posted net revenue of R\$22.1 billion in 2Q19, an increase of 9.5% in relation to 2Q18, and an EBITDA of R\$2.0 billion with a margin of 9.2% . These results include a 8% impact of average FX rate (BRL vs USD), which was R\$3.61 in 2Q18 and R\$3.92 in 2Q19.

In US GAAP and US\$, JBS USA Beef net revenue totaled US\$5.6 billion in 2Q19, slightly above 2Q18, reflecting an increase of 5.3% in volume sold, offset by a 4.3% reduction in average prices, which was also impacted by a 8.4% depreciation in the Aussie Dollar during the period.

EBITDA in US GAAP was US\$503.1 million, 11.8% lower than same period last year, impacted by lower US exports and by the maintenance of cattle prices in higher levels during the first half of the quarter, as a result of climate conditions. Nevertheless, EBITDA margin was robust at 8.9%.

Operations in North America continued to deliver strong margins. In the domestic market, despite the delayed start of the grilling season due to atypical weather conditions for this period, demand for beef in 2Q19 remained strong, boosting sales notably in the second half of the quarter. The US market remained robust, with historically low unemployment rates, which positively contributes to a stronger demand for JBS products. The Company believes that the fundamentals for the beef industry continue to be solid and should remain so in the coming quarters.

In Australia, the main highlight was the increase in beef and lamb exports directly to China, which grew 68% in volumes and 85% in sales year-to-date when compared to 1H18. Primo Foods, JBS' prepared food business in the country, continues to lead the market in its main product categories, adding important results to JBS USA Beef. For the quarter, volumes for Primo increased 6.6% over last year.

### Main Highlights (IFRS - R\$)

R\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	R\$	% NR	R\$	% NR		R\$	% NR		R\$	% NR
<b>Net Revenue</b>	<b>22,093.8</b>	<b>100.0%</b>	<b>18,886.1</b>	<b>100.0%</b>	<b>17.0%</b>	<b>20,182.1</b>	<b>100.0%</b>	<b>9.5%</b>	<b>83,027.9</b>	<b>100.0%</b>
Cost of Goods Sold	(19,256.8)	-87.2%	(17,127.6)	-90.7%	12.4%	(17,298.8)	-85.7%	11.3%	(73,196.4)	-88.2%
Gross Profit	2,837.1	12.8%	1,758.6	9.3%	61.3%	2,883.3	14.3%	-1.6%	9,831.6	11.8%
<b>EBITDA</b>	<b>2,023.6</b>	<b>9.2%</b>	<b>986.6</b>	<b>5.2%</b>	<b>105.1%</b>	<b>2,080.6</b>	<b>10.3%</b>	<b>-2.7%</b>	<b>6,217.5</b>	<b>7.5%</b>

### Main Highlights (US GAAP - US\$)<sup>1</sup>

US\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	US\$	% NR	US\$	% NR		US\$	% NR		US\$	% NR
<b>Net Revenue</b>	<b>5,637.9</b>	<b>100.0%</b>	<b>5,008.8</b>	<b>100.0%</b>	<b>12.6%</b>	<b>5,597.5</b>	<b>100.0%</b>	<b>0.7%</b>	<b>21,471.8</b>	<b>100.0%</b>
Cost of Goods Sold	(5,114.2)	-90.7%	(4,721.1)	-94.3%	8.3%	(5,006.9)	-89.4%	2.1%	(19,737.3)	-91.9%
Gross Profit	523.7	9.3%	287.7	5.7%	82.0%	590.6	10.6%	-11.3%	1,734.5	8.1%
<b>EBITDA</b>	<b>503.1</b>	<b>8.9%</b>	<b>251.4</b>	<b>5.0%</b>	<b>100.1%</b>	<b>570.1</b>	<b>10.2%</b>	<b>-11.8%</b>	<b>1,594.9</b>	<b>7.4%</b>

<sup>1</sup>The difference in JBS USA Beef EBITDA in IFRS and USGAAP, in addition to the FX, is attributed to the adoption of IFRS 16 from 1Q19 onwards and different accounting criteria in relation to inventories: in IFRS they are measured through the average cost while in USGAAP they are marked-to-market.

# 2Q19 BUSINESS UNITS

## JBS USA Pork

Considering results in IFRS and BRL, JBS USA Pork posted net revenues of R\$6.1 billion in 2Q19, an increase of 18.6% in relation to 2Q18, and an EBITDA of R\$416.7 million with a 6.8% margin. These results include an 8.0% impact of average FX rate (BRL vs USD), which was R\$3.61 in 2Q18 and R\$3.92 in 2Q19.

In US GAAP and US\$, JBS USA Pork reported net revenue of US\$1.6 billion, an increase of 9.1% in relation to 2Q18. This result is mainly due to a 10.4% growth in average prices, with stable volumes. For the period, this business unit delivered a significant EBITDA margin of 8.2%, compared with 7.2% in 2Q18.

Despite the growing supply of pork in the US market, which has a direct impact on wholesale prices, JBS USA Pork has been able to differentiate itself from its competitors due to its outstanding operational performance and to its ability to transform primary products into higher value added products, earning sales premiums and increasing margins.

During the first five months of the year, US exports were below 2018 levels. However, in June exports grew by 9.3% when compared to the same month of last year, which signals a recovery, considering an expected increase in imports by China and Mexico. JBS management continues to closely monitor the evolution of African Swine Fever impacts in Asia and Europe, aiming to anticipate events that may benefit its business.

With a strong sales growth, 15% increase over 2Q18, Plumrose continues expanding its presence in the prepared foods segment, with its own brand and innovative products. Additionally, the Company will continue to invest in increasing its production capacity.

### Main Highlight (IFRS - R\$)

R\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	R\$	% NR	R\$	% NR		R\$	% NR		R\$	% NR
<b>Net Revenue</b>	<b>6,111.0</b>	<b>100.0%</b>	<b>5,035.7</b>	<b>100.0%</b>	<b>21.4%</b>	<b>5,154.2</b>	<b>100.0%</b>	<b>18.6%</b>	<b>22,011.1</b>	<b>100.0%</b>
Cost of Goods Sold	(5,408.4)	-88.5%	(4,116.7)	-81.8%	31.4%	(4,387.3)	-85.1%	23.3%	(18,462.0)	-83.9%
Gross Profit	702.6	11.5%	919.0	18.2%	-23.5%	766.9	14.9%	-8.4%	3,549.1	16.1%
<b>EBITDA</b>	<b>416.7</b>	<b>6.8%</b>	<b>588.5</b>	<b>11.7%</b>	<b>-29.2%</b>	<b>427.6</b>	<b>8.3%</b>	<b>-2.5%</b>	<b>2,135.6</b>	<b>9.7%</b>

### Main Highlight (US GAAP - US\$)<sup>1</sup>

US\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	US\$	% NR	US\$	% NR		US\$	% NR		US\$	% NR
<b>Net Revenue</b>	<b>1,559.4</b>	<b>100.0%</b>	<b>1,335.5</b>	<b>100.0%</b>	<b>16.8%</b>	<b>1,429.5</b>	<b>100.0%</b>	<b>9.1%</b>	<b>5,692.2</b>	<b>100.0%</b>
Cost of Goods Sold	(1,437.1)	-92.2%	(1,224.4)	-91.7%	17.4%	(1,323.6)	-92.6%	8.6%	(5,199.6)	-91.3%
Gross Profit	122.3	7.8%	111.1	8.3%	10.1%	105.9	7.4%	15.5%	492.6	8.7%
<b>EBITDA</b>	<b>127.2</b>	<b>8.2%</b>	<b>105.4</b>	<b>7.9%</b>	<b>20.7%</b>	<b>103.4</b>	<b>7.2%</b>	<b>23.0%</b>	<b>488.3</b>	<b>8.6%</b>

<sup>1</sup>The difference in JBS USA Pork EBITDA in IFRS and USGAAP, in addition to the FX, is attributed to the adoption of IFRS 16 from 1Q19 onwards and different accounting criteria in relation to inventories: in IFRS they are measured through the average cost while in USGAAP they are marked-to-market.

# 2Q19 BUSINESS UNITS

## Pilgrim's Pride Corporation - "PPC"

Considering results in IFRS and BRL, for the 2Q19 PPC posted net revenue of R\$11.1 billion, an 8.9% growth in comparison to 2Q18, and an EBITDA of R\$1.8 billion, 53.1% higher than the same quarter of last year, with an EBITDA margin of 15.7%. These results include an 8.0% impact of the average FX rate (BRL vs USD), which was R\$3.61 in 2Q18 and R\$3.92 in 2Q19.

In US GAAP and US\$, net revenue totaled US\$2.8 billion, stable in relation to 2Q18, and EBITDA was US\$349.3 million, 23.6% higher than the same period of last year, while EBITDA margin was 12.3%.

In the US, net revenue increased by 0.9%, due to 1.7% higher volumes, partially offset by a reduction of 0.7% in prices, as a result of sales mix. Additionally, PPC posted a significant operational recovery in the country, reflecting higher market featuring and promotional activity of chicken in retail and food service, supporting better demand in the commodity segment, combined with its U.S. portfolio, which continues to deliver strong results in high value added segments.

In Mexico, revenue increased 4.3%, mainly due to 5.9% higher average prices, coupled with a 1.6% positive impact in FX conversion, partially offset by a 3.2% reduction in volumes. During the quarter, the reduction of chicken supply alongside the growth of demand coupled with less competition of other proteins, contributed to better pricing of chicken cuts and consequently to a stronger operational performance of PPC in the region. Additionally, the use of Pilgrim's premium brand is producing strong results while significant growth in prepared foods remains.

In Europe, revenue decreased by 4.8%, as a result of a 7.3% reduction in volume sold, coupled with a negative 5.6% impact in FX conversion, partially offset by an increase of 8.0% in average prices. However, operational performance was higher than 2Q18, as a result of the Company's efforts to mitigate the impacts of recent input cost challenges through the implementation of a Key Customer strategy, which has enhanced PPC's ability to reflect input cost changes through adjustments to its sales prices.

### Main Highlights (IFRS - R\$)

R\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	R\$	% NR	R\$	% NR		R\$	% NR		R\$	% NR
<b>Net Revenue</b>	<b>11,126.8</b>	<b>100.0%</b>	<b>10,259.1</b>	<b>100.0%</b>	<b>8.5%</b>	<b>10,213.5</b>	<b>100.0%</b>	<b>8.9%</b>	<b>42,157.1</b>	<b>100.0%</b>
Cost of Goods Sold	(9,152.3)	-82.3%	(8,908.6)	-86.8%	2.7%	(8,747.8)	-85.7%	4.6%	(36,641.7)	-86.9%
Gross Profit	1,974.5	17.7%	1,350.5	13.2%	46.2%	1,465.6	14.3%	34.7%	5,515.4	13.1%
<b>EBITDA</b>	<b>1,750.6</b>	<b>15.7%</b>	<b>1,122.5</b>	<b>10.9%</b>	<b>56.0%</b>	<b>1,143.1</b>	<b>11.2%</b>	<b>53.1%</b>	<b>4,386.9</b>	<b>10.4%</b>

### Main Highlights (US GAAP - US\$)<sup>1</sup>

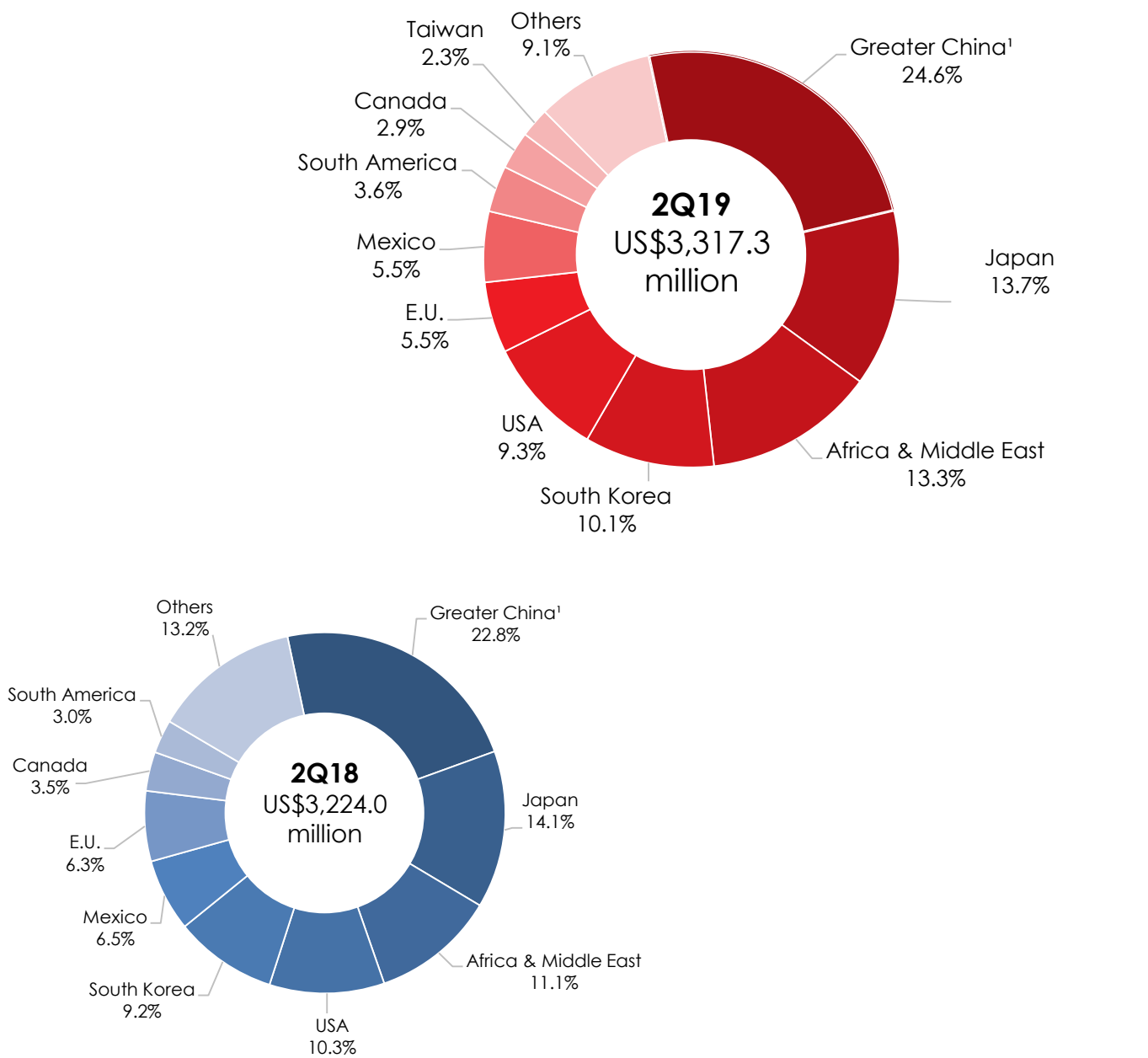
US\$ Million	2Q19		1Q19		Δ%	2Q18		Δ%	LTM 2Q19	
	US\$	% NR	US\$	% NR		US\$	% NR		US\$	% NR
<b>Net Revenue</b>	<b>2,843.1</b>	<b>100.0%</b>	<b>2,724.7</b>	<b>100.0%</b>	<b>4.3%</b>	<b>2,836.7</b>	<b>100.0%</b>	<b>0.2%</b>	<b>10,922.2</b>	<b>100.0%</b>
Cost of Goods Sold	(2,475.2)	-87.1%	(2,505.7)	-92.0%	-1.2%	(2,562.5)	-90.3%	-3.4%	(10,053.8)	-92.0%
Gross Profit	367.9	12.9%	218.9	8.0%	68.0%	274.2	9.7%	34.1%	868.4	8.0%
<b>EBITDA</b>	<b>349.3</b>	<b>12.3%</b>	<b>204.4</b>	<b>7.5%</b>	<b>70.9%</b>	<b>282.5</b>	<b>10.0%</b>	<b>23.6%</b>	<b>820.8</b>	<b>7.5%</b>

<sup>1</sup>The difference in PPC's EBITDA in IFRS and USGAAP, in addition to the FX, is attributed to the adoption of IFRS 16 from 1Q19 onwards and to different accounting criteria in relation to breeding flock amortization: in IFRS, amortization of the breeding flock, due to its long term nature, is considered as an expense that can be adjusted in EBITDA, while in USGAAP amortization of the breeding flock is accounted as cost of goods sold and not adjustable in EBITDA.



# TABLES AND CHARTS

JBS Consolidated Exports Breakdown 2Q19 and 2Q18



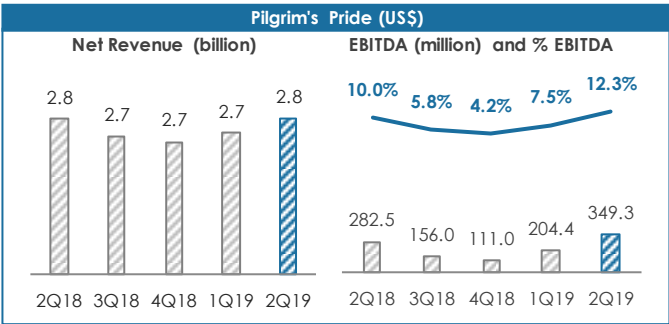
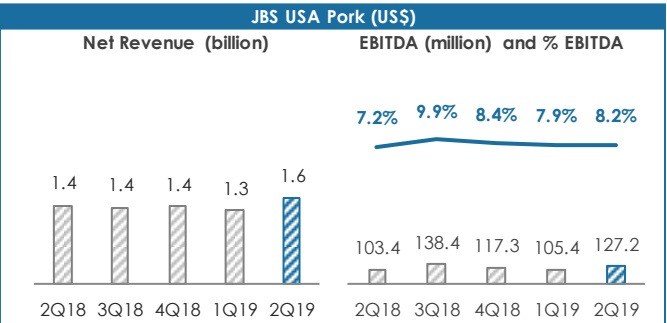
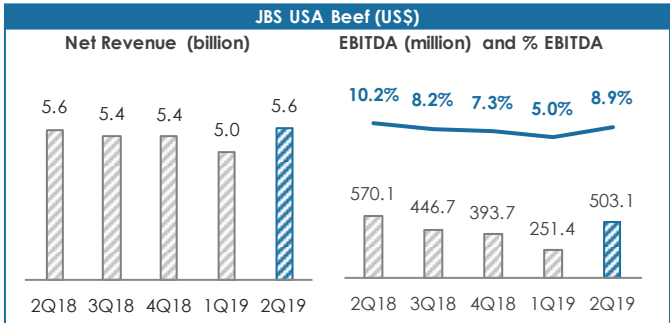
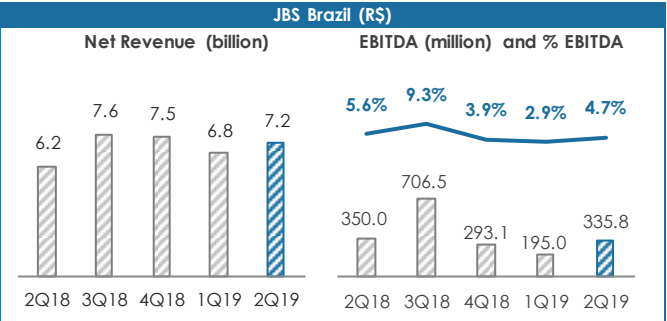
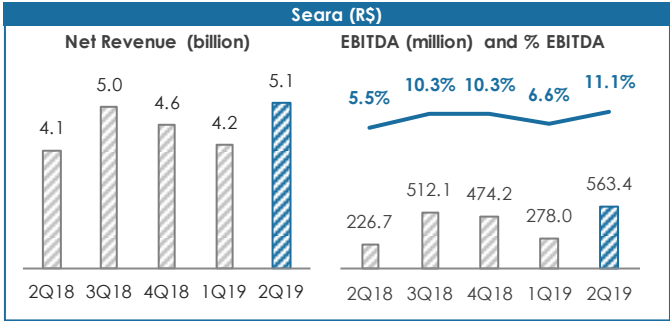
<sup>1</sup>Considers China and Hong Kong

2Q19 Breakdown of Production Costs by Business Unit (%)

2Q19 (%)	Consolidated	JBS Brazil	Seara	USA Beef	USA Pork	PPC
Raw material (livestock)	77.0%	86.8%	65.7%	84.8%	78.1%	52.5%
Processing (including ingredients and packaging)	11.8%	6.8%	21.5%	6.4%	11.3%	26.5%
Labor Cost	11.2%	6.4%	12.8%	8.7%	10.6%	21.0%

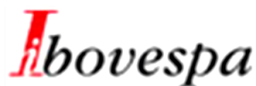
# TABLES AND CHARTS

## Business Units - local GAAP and currency



# ADDITIONAL INFORMATION

## Indexes



## Contact



### Head Office

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

### Investor Relations

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

# 2Q19 RESULTS

In thousands of Brazilian Reals - R\$

	Company		Consolidated	
	06/30/19	12/31/16	06/30/19	12/31/16
<b>Current Assets</b>				
Cash and cash equivalents	1,233,192	1,764,193	6,292,089	8,935,779
Trade accounts receivable	1,557,109	2,729,066	8,787,374	9,657,010
Inventories	2,412,555	2,005,010	12,619,810	11,311,734
Biological assets	-	-	3,183,455	3,190,953
Recoverable taxes	487,185	1,146,685	1,755,437	2,210,038
Derivative assets	2,058	6,303	494,835	52,797
Related party receivables	-	-	278,586	701,281
Other current assets	209,555	163,505	790,293	839,957
<b>TOTAL CURRENT ASSETS</b>	<b>5,901,654</b>	<b>7,814,762</b>	<b>34,201,879</b>	<b>36,899,549</b>
<b>Non-Current Assets</b>				
Biological assets	-	-	1,190,873	1,168,454
Recoverable taxes	6,824,146	6,737,234	9,078,792	9,073,340
Related party receivables	700,283	828,802	-	-
Deferred income taxes	-	-	1,726,230	1,159,445
Investments in subsidiaries and joint ventures	27,910,620	24,989,925	87,368	84,967
Property, plant and equipment	11,123,592	11,186,287	34,948,624	35,109,179
Right of use asset	198,352	-	3,971,035	-
Intangible assets	85,912	89,806	5,615,850	5,819,296
Goodwill	9,085,970	9,085,970	23,739,693	23,775,575
Other non-current assets	534,046	550,639	1,023,566	1,056,026
<b>TOTAL NON-CURRENT ASSETS</b>	<b>56,462,921</b>	<b>53,468,663</b>	<b>81,382,031</b>	<b>77,246,282</b>
<b>TOTAL ASSETS</b>	<b>62,364,575</b>	<b>61,283,425</b>	<b>115,583,910</b>	<b>114,145,831</b>

# 2Q19 RESULTS

In thousands of Brazilian Reals - R\$		Company		Consolidated	
Current Liabilities		06/30/19	12/31/16	06/30/19	12/31/16
Trade accounts payable		2,180,091	2,282,370	11,423,999	12,165,387
Supply chain finance		230,404	50,885	1,562,425	910,228
Loans and financing		1,694,359	1,868,061	3,020,921	2,922,635
Income taxes		-	-	179,927	202,665
Accrued income taxes and other taxes		287,125	299,480	521,671	525,521
Accrued payroll and social charges		775,674	771,936	3,334,364	3,508,585
Lease provision		22,591	-	859,836	-
Dividends payable		582	6,566	610	6,566
Other financial liabilities		22,193	24,017	49,064	45,537
Derivative liabilities		118,821	23,602	324,292	210,015
Other current liabilities		786,985	897,419	1,760,883	1,104,577
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,118,825</b>	<b>6,224,336</b>	<b>23,037,992</b>	<b>21,601,716</b>
Non-Current Liabilities					
Loans and financing		10,539,126	13,674,207	48,043,087	53,230,893
Accrued income taxes and other taxes		695,207	704,382	895,169	842,268
Accrued payroll and social charges		3,103,147	3,167,443	3,649,013	3,740,541
Lease provision		179,034	-	3,167,913	-
Other financial liabilities		14,850	18,227	120,047	23,676
Deferred income taxes		1,557,556	1,853,179	2,771,515	3,483,539
Provisions		1,504,034	1,946,122	2,302,849	2,696,645
Related party payables		10,013,995	8,033,436	-	-
Other non-current liabilities		10,022	15,097	477,554	580,344
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>27,616,971</b>	<b>29,412,093</b>	<b>61,427,147</b>	<b>64,597,906</b>
Equity					
Share capital - common shares		23,576,206	23,576,206	23,576,206	23,576,206
Capital reserve		(255,169)	(255,699)	(255,169)	(255,699)
Other reserves		56,882	62,480	56,882	62,480
Profit reserves		1,887,776	1,869,306	1,887,776	1,869,306
Accumulated other comprehensive income		81,258	394,703	81,258	394,703
Retained earnings		3,281,826	-	3,281,826	-
<b>Attributable to company shareholders</b>		<b>28,628,779</b>	<b>25,646,996</b>	<b>28,628,779</b>	<b>25,646,996</b>
<b>Attributable to non-controlling interest</b>		<b>-</b>	<b>-</b>	<b>2,489,992</b>	<b>2,299,213</b>
<b>TOTAL EQUITY</b>		<b>28,628,779</b>	<b>25,646,996</b>	<b>31,118,771</b>	<b>27,946,209</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>62,364,575</b>	<b>61,283,425</b>	<b>115,583,910</b>	<b>114,145,831</b>

# 2Q19 RESULTS

Statements of income for the three month period ended June 30, 2019 and 2018

In thousands of Brazilian Reais - R\$

	Company		Consolidated	
	2019	2018	2019	2018
<b>NET REVENUE</b>	7,116,943	6,192,992	50,842,357	45,175,555
Cost of sales	(5,801,991)	(4,921,614)	(42,905,210)	(38,188,090)
<b>GROSS PROFIT</b>	<b>1,314,952</b>	<b>1,271,378</b>	<b>7,937,147</b>	<b>6,987,465</b>
General and administrative expenses	(631,337)	(617,172)	(1,638,003)	(1,516,106)
Selling expenses	(535,365)	(494,480)	(2,810,492)	(2,522,018)
Other expenses	(15,853)	(161)	(51,714)	(63,432)
Other income	1,654	338	49,020	37,534
<b>OPERATING EXPENSE</b>	<b>(1,180,901)</b>	<b>(1,111,475)</b>	<b>(4,451,189)</b>	<b>(4,064,022)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>134,051</b>	<b>159,903</b>	<b>3,485,958</b>	<b>2,923,443</b>
Finance income	356,666	291,293	558,408	215,331
Finance expense	(650,117)	(3,250,633)	(1,256,011)	(4,933,449)
	<b>(293,451)</b>	<b>(2,959,340)</b>	<b>(697,603)</b>	<b>(4,718,118)</b>
Share of profit of equity-accounted investees, net of tax	2,299,716	925,360	7,004	9,144
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>2,140,316</b>	<b>(1,874,077)</b>	<b>2,795,359</b>	<b>(1,785,531)</b>
Current income taxes	-	710	(726,381)	(591,678)
Deferred income taxes	43,164	962,290	259,968	1,550,316
	<b>43,164</b>	<b>963,000</b>	<b>(466,413)</b>	<b>958,638</b>
<b>NET INCOME (LOSS)</b>	<b>2,183,480</b>	<b>(911,077)</b>	<b>2,328,946</b>	<b>(826,893)</b>
<b>ATTRIBUTABLE TO:</b>				
Company shareholders			2,183,480	(911,077)
Non-controlling interest			145,466	84,184
			<b>2,328,946</b>	<b>(826,893)</b>
<b>Basic earnings per share - common shares (R\$)</b>	<b>0.82</b>	(0.34)	<b>0.82</b>	(0.34)
<b>Diluted earnings per share - common shares (R\$)</b>	<b>0.82</b>	(0.34)	<b>0.82</b>	(0.34)



# 2Q19 RESULTS

## Statements of cash flows for the three months period ended June 30

In thousands of Brazilian Reais - R\$

	Company		Consolidated	
Cash flow from operating activities	2019	2018	2019	2018
<b>Net income (loss)</b>	<b>2,183,480</b>	<b>(911,077)</b>	<b>2,328,946</b>	<b>(826,893)</b>
Adjustments for:				
Depreciation and amortization	196,572	194,333	1,580,610	1,175,850
Allowance for doubtful accounts	(11,704)	68,356	(11,009)	85,700
Share of profit of equity-accounted investees	(2,299,716)	(925,360)	(7,004)	(9,144)
(Gain) loss on assets sales	14,200	(179)	9,367	12,314
Taxes expense	(43,164)	(963,000)	466,413	(958,638)
Finance expense (income), net	293,451	2,959,340	697,603	4,718,118
Share-based compensation	2,550	8,764	21,403	26,238
Provisions	77,572	21,985	118,165	66,897
Impairment	-	-	-	368
(Gain) loss with the divestment program	-	-	-	1,078
Obsolete inventory accrual	1,178	-	24,325	(93)
Fair value (market to market) of biological assets	-	-	185,073	(110,122)
Impacts from the leniency agreement	5,945	10,494	5,945	10,494
	<b>420,364</b>	<b>463,656</b>	<b>5,419,837</b>	<b>4,192,167</b>
<b>Changes in assets and liabilities:</b>				
Trade accounts receivable	493,688	454,154	110,251	654,773
Inventories	(164,986)	(114,965)	(111,258)	(339,085)
Recoverable taxes	4,220	(164,141)	68,105	(220,870)
Other current and non-current assets	(46,063)	(24,616)	78,035	41,321
Biological assets	-	-	(337,922)	(316,058)
Trade accounts payable and supply chain finance	122,186	(133,538)	670,225	434,065
Tax payable in installments	(113,879)	(80,129)	(114,159)	(79,782)
Other current and non-current liabilities	(18,404)	(6,905)	413,703	115,585
Income taxes paid	-	-	(986,658)	(913,703)
<b>Changes in operating assets and liabilities</b>	<b>276,762</b>	<b>(70,140)</b>	<b>(209,678)</b>	<b>(623,754)</b>
<b>Cash provided by (used in) operating activities</b>	<b>697,126</b>	<b>393,516</b>	<b>5,210,159</b>	<b>3,568,413</b>
Interest paid	(295,223)	(439,306)	(845,463)	(1,204,489)
Interest received	40,524	128,969	64,378	129,208
<b>Cash net of interest provided by (used in) operating activities</b>	<b>442,427</b>	<b>83,179</b>	<b>4,429,074</b>	<b>2,493,132</b>
<b>Cash flow from investing activities</b>				
Purchases of property, plant and equipment	(241,608)	(85,239)	(998,471)	(608,314)
Purchases of intangible assets	(7,219)	(3,705)	(7,500)	(3,907)
Proceeds from sale of property, plant and equipment	27,963	24,687	60,077	49,583
Additional investments in joint-ventures and subsidiaries	(197,714)	-	-	-
Acquisitions, net of cash acquired	-	-	(4,486)	(45,066)
Assets held for sale, net of cash	-	2,838	-	-
Dividends and liquidation funds received	6,000	6,548	6,000	3,000
Related party transactions	2,940,279	663,280	231,844	32,031
Other	-	163	-	9,174
<b>Cash provided by (used in) investing activities</b>	<b>2,527,701</b>	<b>608,572</b>	<b>(712,536)</b>	<b>(563,499)</b>
<b>Cash flow from financing activities</b>				
Proceeds from loans and financings	2,883,375	-	19,613,681	2,170,210
Payments of loans and financings	(5,921,305)	(655,774)	(23,988,151)	(3,150,876)
Derivatives instruments received/settled	33,337	34,323	41,149	(7,272)
Dividends paid	(5,983)	(126,863)	(5,983)	(126,863)
Dividends paid to non-controlling interest	-	-	(3,884)	(3,104)
PPC share repurchase	-	-	(11,357)	-
Payments of lease	(11,756)	-	(320,401)	-
Others	-	-	(8,782)	2,610
<b>Cash used in financing activities</b>	<b>(3,022,332)</b>	<b>(748,314)</b>	<b>(4,683,728)</b>	<b>(1,115,295)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(40,941)</b>	<b>100,499</b>	<b>(153,871)</b>	<b>1,464,589</b>
Net change in cash and cash equivalents	(93,145)	43,936	(1,121,061)	2,278,927
Cash and cash equivalents at the beginning of period	1,326,337	1,023,305	7,413,150	10,833,147
<b>Cash and cash equivalents at the end of period</b>	<b>1,233,192</b>	<b>1,067,241</b>	<b>6,292,089</b>	<b>13,112,074</b>

# DISCLAIMER

*We make statements about future events that are subject to risks and uncertainties. Such statements are based on the beliefs and assumptions of our Management and information to which the Company currently has access. Statements about future events include information about our current intentions, beliefs or expectations, as well as those of the members of the Company's Board of Directors and Officers.*

*Disclaimers with respect to forward-looking statements and information also include information on possible or presumed operating results, as well as statements that are preceded, followed or that include the words "believe," "may," "will," "continue," "expects," "predicts," "intends," "plans," "estimates," or similar expressions.*

*Forward-looking statements and information are not guarantees of performance. They involve risks, uncertainties and assumptions because they refer to future events, depending, therefore, on circumstances that may or may not occur. Future results and shareholder value creation may differ materially from those expressed or implied by the forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict.*



**JBS S.A.**

**Condensed financial statements and Independent auditors'  
report**

As of June 30, 2019 and 2018



<b>Index</b>	<b>Page</b>
Independent auditor's review report on the financial information	3
Statement of financial position - Assets	6
Statement of financial position - Liabilities and equity	7
Statements of income for the six month period ended June 30, 2019 and 2018	8
Statements of income for the three month period ended June 30, 2019 and 2018	9
Statement of comprehensive income for the six month period ended June 30, 2019 and 2018	10
Statement of comprehensive income for three month period ended June 30, 2019 and 2018	11
Statements of changes in equity for the six month period ended June 30, 2019 and 2018	12
Statements of cash flows for the six month period ended June 30, 2019 and 2018	13
Economic value added for the six month period ended June 30, 2019 and 2018	14
Note 1 - Operating activities	15
Note 2 - Plea bargain agreement, Leniency agreement and the impacts in the financial statements	15
Note 3 - Elaboration and presentation of financial statements	16
Note 4 - Cash and cash equivalents	17
Note 5 - Trade accounts receivable, net	17
Note 6 - Inventories	17
Note 7 - Biological assets	17
Note 8 - Recoverable taxes	18
Note 9 - Related parties transactions	18
Note 10 - Income taxes - Nominal and effective tax rate reconciliation	20
Note 11 - Investments in subsidiaries and joint ventures	22
Note 12 - Property, plant and equipment	23
Note 13 - Leases	23
Note 14 - Intangible assets	24
Note 15 - Goodwill	25
Note 16 - Loans and financing	25
Note 17 - Accrued income and other taxes	27
Note 18 - Accrued payroll and social charges	27
Note 19 - Provisions	27
Note 20 - Equity	28
Note 21 - Net revenue	29
Note 22 - Financial income (expense), net	29
Note 23 - Earnings per share	30
Note 24 - Operating segments and geographic reporting	30
Note 25 - Expenses by nature	32
Note 26 - Risk management and financial instruments	33
Signatures	39

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

# Independent auditor's report on review of the interim financial information

---

**Grant Thornton**  
**Auditores Independentes**

Av. Eng. Luís Carlos Berrini, 105 - 12º andar  
Itaim Bibi, São Paulo (SP) Brasil

T +55 11 3886-5100

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

## Introduction

We have reviewed the individual and consolidated Interim Financial Information of JBS S.A. ("Company" or "JBS"), identified as Company and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2019, which comprises the balance sheet as at June 30, 2019 and the related statement of profit and loss and the statement of comprehensive income (loss) for the three and six-month periods then ended; and the statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

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

## Scope of review

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

## Conclusion on the individual and consolidated interim financial information

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

## Emphasis of matter

### Investigations and judicial procedures in progress

We draw attention to Note 2 to the individual and consolidated financial information, which discusses the plea bargain agreements, leniency agreement and other proceedings in progress, including those under discussion at the Brazilian Securities and Exchange Commission ("CVM"). During 2017, certain executives and former executives of J&F Investimentos S.A. group ("J&F") entered into Plea Bargain Agreements ("Plea Bargain") with the Attorney General's Office ("PGR"), which were subsequently ratified by the Superior Court of Justice ("STF"). Among other provisions, such agreements require the defendants to cooperate with the Federal Prosecution Office ("MPF") regarding all facts reported to that authority, which were ratified by the MPF at the 5th Court. In September 2017, the Company and its subsidiaries executed an instrument of adherence to the Leniency Agreement, to protect them against the financial impacts arising from such Agreement, which will be fully assumed by J&F.

Therefore, as determined by the Agreement, in September 2017, an internal investigation led by the Independent Oversight Committee ("Committee" or "CSI") was initiated, with the assistance of specialized external and independent professionals, of the facts related to the Company, both in Brazil and abroad, as reported under the Plea Bargain, which, in addition to the Operations mentioned in the above-mentioned Agreement, also includes Operations "Cui Bono", "Carne Fraca", "Sepsis", "Greenfield", "Bullish", "Tendão de Aquiles", "Lama Asfáltica", and "Porteira Aberta". In this context, the Company determined and included in its records and in its financial statements for the year ended December 31, 2017 certain estimates on the related accounting impacts of provisions, including on tax aspects, known through that date and, for the year ended December 31, 2018 and quarter ended June 30, 2019, the Company's (and its subsidiaries') Management did not identify new facts and/or new significant impacts in relation to those already known and described in the respective explanatory notes.

The risks and uncertainty involved in processes of this nature, besides the investigations in progress on processes already initiated, and other processes still in the evidence-gathering stage, might result in impacts on the financial information, if any, including on disclosure aspects, and may eventually change the assumptions adopted in recognizing the abovementioned provision relating to payments without actual provision of services and their respective tax effects and the deductibility of such expenses, including interest and fine. Our conclusion is not qualified regarding this matter.

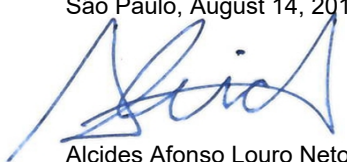


## Other matters

### Interim statements of value added

We have also reviewed the individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2019, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) and considered supplemental information by IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

São Paulo, August 14, 2019



Alcides Afonso Louro Neto  
Assurance Partner

Grant Thornton Auditores Independentes

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

		Company		Consolidated	
	Note	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	1,233,192	1,764,193	6,292,089	8,935,779
Trade accounts receivable	5	1,557,109	2,729,066	8,787,374	9,657,010
Inventories	6	2,412,555	2,005,010	12,619,810	11,311,734
Biological assets	7	-	-	3,183,455	3,190,953
Recoverable taxes	8	487,185	1,146,685	1,755,437	2,210,038
Derivative assets	26	2,058	6,303	494,835	52,797
Related party receivables	9	-	-	278,586	701,281
Other current assets		209,555	163,505	790,293	839,957
TOTAL CURRENT ASSETS		5,901,654	7,814,762	34,201,879	36,899,549
NON-CURRENT ASSETS					
Biological assets	7	-	-	1,190,873	1,168,454
Recoverable taxes	8	6,824,146	6,737,234	9,078,792	9,073,340
Related party receivables	9	700,283	828,802	-	-
Deferred income taxes	10	-	-	1,726,230	1,159,445
Investments in subsidiaries and joint ventures	11	27,910,620	24,989,925	87,368	84,967
Property, plant and equipment	12	11,123,592	11,186,287	34,948,624	35,109,179
Right of use asset	13	198,352	-	3,971,035	-
Intangible assets	14	85,912	89,806	5,615,850	5,819,296
Goodwill	15	9,085,970	9,085,970	23,739,693	23,775,575
Other non-current assets		534,046	550,639	1,023,566	1,056,026
TOTAL NON-CURRENT ASSETS		56,462,921	53,468,663	81,382,031	77,246,282
TOTAL ASSETS		62,364,575	61,283,425	115,583,910	114,145,831

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

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

	Note	Company		Consolidated	
		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable		2,180,091	2,282,370	11,423,999	12,165,387
Supply chain finance		230,404	50,885	1,562,425	910,228
Loans and financing	16	1,694,359	1,868,061	3,020,921	2,922,635
Income taxes	17	-	-	179,927	202,665
Accrued income taxes and other taxes	17	287,125	299,480	521,671	525,521
Accrued payroll and social charges	18	775,674	771,936	3,334,364	3,508,585
Lease provision	13	22,591	-	859,836	-
Dividends payable		582	6,566	610	6,566
Other financial liabilities		22,193	24,017	49,064	45,537
Derivative liabilities	26	118,821	23,602	324,292	210,015
Other current liabilities		786,985	897,419	1,760,883	1,104,577
TOTAL CURRENT LIABILITIES		6,118,825	6,224,336	23,037,992	21,601,716
NON-CURRENT LIABILITIES					
Loans and financing	16	10,539,126	13,674,207	48,043,087	53,230,893
Accrued income taxes and other taxes	17	695,207	704,382	895,169	842,268
Accrued payroll and social charges	18	3,103,147	3,167,443	3,649,013	3,740,541
Lease provision	13	179,034	-	3,167,913	-
Other financial liabilities		14,850	18,227	120,047	23,676
Deferred income taxes	10	1,557,556	1,853,179	2,771,515	3,483,539
Provisions	19	1,504,034	1,946,122	2,302,849	2,696,645
Related party payables	9	10,013,995	8,033,436	-	-
Other non-current liabilities		10,022	15,097	477,554	580,344
TOTAL NON-CURRENT LIABILITIES		27,616,971	29,412,093	61,427,147	64,597,906
EQUITY					
Share capital - common shares	20	23,576,206	23,576,206	23,576,206	23,576,206
Capital reserve		(255,169)	(255,699)	(255,169)	(255,699)
Other reserves		56,882	62,480	56,882	62,480
Profit reserves		1,887,776	1,869,306	1,887,776	1,869,306
Accumulated other comprehensive income		81,258	394,703	81,258	394,703
Retained earnings		3,281,826	-	3,281,826	-
Attributable to company shareholders		28,628,779	25,646,996	28,628,779	25,646,996
Attributable to non-controlling interest		-	-	2,489,992	2,299,213
TOTAL EQUITY		28,628,779	25,646,996	31,118,771	27,946,209
TOTAL LIABILITIES AND EQUITY		62,364,575	61,283,425	115,583,910	114,145,831

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

**JBS S.A.**
**Statements of income (loss) for the six month period ended June 30, 2019 and 2018**  
**In thousands of Brazilian Reais - R\$**

	Note	Company		Consolidated	
		2019	2018	2019	2018
<b>NET REVENUE</b>	21	<b>13,831,667</b>	<b>12,454,953</b>	<b>95,212,687</b>	<b>84,958,706</b>
Cost of sales		(11,450,670)	(10,431,299)	(81,439,030)	(72,819,102)
<b>GROSS PROFIT</b>		<b>2,380,997</b>	<b>2,023,654</b>	<b>13,773,657</b>	<b>12,139,604</b>
General and administrative expenses	25	(1,189,005)	(1,150,599)	(3,198,408)	(2,729,167)
Selling expenses	25	(1,049,790)	(1,034,503)	(5,402,679)	(4,846,705)
Other expense	25	(16,513)	(4,100)	(71,732)	(142,252)
Other income	25	6,915	338	88,695	70,833
<b>OPERATING EXPENSE</b>		<b>(2,248,393)</b>	<b>(2,188,864)</b>	<b>(8,584,124)</b>	<b>(7,647,291)</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>132,604</b>	<b>(165,210)</b>	<b>5,189,533</b>	<b>4,492,313</b>
Finance income	22	418,690	441,644	651,128	271,758
Finance expense	22	(1,391,848)	(3,693,913)	(2,675,417)	(6,098,007)
		(973,158)	(3,252,269)	(2,024,289)	(5,826,249)
Share of profit of equity-accounted investees, net of tax	11	3,821,159	1,847,895	14,401	16,194
<b>PROFIT (LOSS) BEFORE TAXES</b>	10	<b>2,980,605</b>	<b>(1,569,584)</b>	<b>3,179,645</b>	<b>(1,317,742)</b>
Current income taxes	10	-	1,415	(957,846)	(900,770)
Deferred income taxes	10	295,623	1,163,614	1,275,584	1,979,807
		295,623	1,165,029	317,738	1,079,037
<b>NET INCOME (LOSS)</b>		<b>3,276,228</b>	<b>(404,555)</b>	<b>3,497,383</b>	<b>(238,705)</b>
<b>ATTRIBUTABLE TO:</b>					
Company shareholders				3,276,228	(404,555)
Non-controlling interest				221,155	165,850
				<b>3,497,383</b>	<b>(238,705)</b>
<b>Basic earnings per share - common shares (R\$)</b>	23	<b>1.23</b>	<b>(0.15)</b>	<b>1.23</b>	<b>(0.15)</b>
<b>Diluted earnings per share - common shares (R\$)</b>	23	<b>1.23</b>	<b>(0.15)</b>	<b>1.23</b>	<b>(0.15)</b>

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

**JBS S.A.**
**Statements of income for the three month period ended June 30, 2019 and 2018**  
**In thousands of Brazilian Reais - R\$**

	Note	Company		Consolidated	
		2019	2018	2019	2018
<b>NET REVENUE</b>	21	<b>7,116,943</b>	<b>6,192,992</b>	<b>50,842,357</b>	<b>45,175,555</b>
Cost of sales		<u>(5,801,991)</u>	<u>(4,921,614)</u>	<u>(42,905,210)</u>	<u>(38,188,090)</u>
<b>GROSS PROFIT</b>		<b>1,314,952</b>	<b>1,271,378</b>	<b>7,937,147</b>	<b>6,987,465</b>
General and administrative expenses	25	(631,337)	(617,172)	(1,638,003)	(1,516,106)
Selling expenses	25	(535,365)	(494,480)	(2,810,492)	(2,522,018)
Other expense	25	(15,853)	(161)	(51,714)	(63,432)
Other income	25	1,654	338	49,020	37,534
<b>OPERATING EXPENSE</b>		<b>(1,180,901)</b>	<b>(1,111,475)</b>	<b>(4,451,189)</b>	<b>(4,064,022)</b>
<b>OPERATING PROFIT</b>		<b>134,051</b>	<b>159,903</b>	<b>3,485,958</b>	<b>2,923,443</b>
Finance income	22	356,666	291,293	558,408	215,331
Finance expense	22	(650,117)	(3,250,633)	(1,256,011)	(4,933,449)
		<u>(293,451)</u>	<u>(2,959,340)</u>	<u>(697,603)</u>	<u>(4,718,118)</u>
Share of profit of equity-accounted investees, net of tax		2,299,716	925,360	7,004	9,144
<b>PROFIT (LOSS) BEFORE TAXES</b>	10	<b>2,140,316</b>	<b>(1,874,077)</b>	<b>2,795,359</b>	<b>(1,785,531)</b>
Current income taxes	10	-	710	(726,381)	(591,678)
Deferred income taxes	10	43,164	962,290	259,968	1,550,316
		<u>43,164</u>	<u>963,000</u>	<u>(466,413)</u>	<u>958,638</u>
<b>NET INCOME (LOSS)</b>		<b>2,183,480</b>	<b>(911,077)</b>	<b>2,328,946</b>	<b>(826,893)</b>
<b>ATTRIBUTABLE TO:</b>					
Company shareholders				2,183,480	(911,077)
Non-controlling interest				145,466	84,184
				<u>2,328,946</u>	<u>(826,893)</u>
<b>Basic income per share - (R\$)</b>	23	<b>0.82</b>	<b>(0.34)</b>	<b>0.82</b>	<b>(0.34)</b>
<b>Diluted income per share - (R\$)</b>	23	<b>0.82</b>	<b>(0.34)</b>	<b>0.82</b>	<b>(0.34)</b>

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

JBS S.A.

**Statements of comprehensive income for the six month period ended June 30, 2019 and 2018**  
**In thousands of Brazilian Reais - R\$**

	Reference	Company		Consolidated	
		2019	2018	2019	2018
<b>Net income (loss)</b>	<b>IS</b>	<b>3,276,228</b>	<b>(404,555)</b>	<b>3,497,383</b>	<b>(238,705)</b>
<b>Other comprehensive income</b>					
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Foreign currency translation adjustments	SCSE	(313,445)	2,248,095	(345,999)	2,537,994
<b>Other comprehensive income (loss)</b>		<b>(313,445)</b>	<b>2,248,095</b>	<b>(345,999)</b>	<b>2,537,994</b>
<b>Total of other comprehensive income</b>		<b>2,962,783</b>	<b>1,843,540</b>	<b>3,151,384</b>	<b>2,299,289</b>
<b>Total comprehensive income attributable to:</b>					
Company shareholders	SCSE	2,962,783	1,843,540	2,962,783	1,843,540
Non-controlling interest	SCSE	-	-	188,601	455,749
		<b>2,962,783</b>	<b>1,843,540</b>	<b>3,151,384</b>	<b>2,299,289</b>

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



**JBS S.A.**

**Statement of comprehensive income for the three month period ended June 30, 2019 and 2018**  
**In thousands of Brazilian Reais - R\$**

	Reference	Company		Consolidated	
		2019	2018	2019	2018
Net income (loss)	IS	2,183,480	(911,077)	2,328,946	(826,893)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	SCSE	(584,520)	2,039,270	(668,850)	2,273,879
Other comprehensive income (loss)		(584,520)	2,039,270	(668,850)	2,273,879
Total of other comprehensive income		1,598,960	1,128,193	1,660,096	1,446,986
Total of comprehensive income (loss) attributable to:					
Company shareholders	SCSE	1,598,960	1,128,193	1,598,960	1,128,193
Non-controlling interest	SCSE	-	-	61,136	318,793
		1,598,960	1,128,193	1,660,096	1,446,986

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

**JBS S.A.**  
**Statements of changes in equity for the six month period ended June 30, 2019 and 2018**  
**In thousands of Brazilian Reais - R\$**

	Note	Capital reserves				Profit reserves			Other comprehensive income			Total	Non-controlling interest	Total equity
		Share capital	Premium on issue of shares	Capital transaction <sup>(1)</sup>	Stock options	Other reserves	Treasury shares	Legal	Investments statutory	VAE <sup>(2)</sup>	ATA <sup>(3)</sup>			
<b>DECEMBER 31, 2017</b>		<b>23,576,206</b>	<b>211,879</b>	<b>(556,963)</b>	<b>55,789</b>	<b>67,906</b>	<b>(192,882)</b>	<b>469,371</b>	<b>2,000,716</b>	<b>8,023</b>	<b>(1,352,433)</b>	<b>24,287,612</b>	<b>1,853,056</b>	<b>26,140,668</b>
Net income		-	-	-	-	-	-	-	-	-	-	(404,555)	165,850	(238,705)
Comprehensive income	11	-	-	-	-	-	-	-	-	25,221	2,222,874	-	289,899	2,537,994
<b>Total comprehensive income (loss)</b>		-	-	-	-	-	-	-	-	<b>25,221</b>	<b>2,222,874</b>	<b>(404,555)</b>	<b>455,749</b>	<b>2,299,289</b>
Share-based compensation	20 b2	-	-	17,957	12,411	-	-	-	-	-	-	30,368	3,647	34,015
Treasury shares used in stock option plan	20 b3	-	-	-	(32,993)	-	35,084	-	(2,091)	-	-	-	-	-
Realization of other reserves		-	-	-	-	(2,745)	-	-	-	-	2,745	-	-	-
Scott dividend to non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	(557)	(557)
Others		-	-	(1,270)	-	-	-	-	-	-	-	(1,270)	-	(1,270)
<b>JUNE 30, 2018</b>		<b>23,576,206</b>	<b>211,879</b>	<b>(540,276)</b>	<b>35,207</b>	<b>65,161</b>	<b>(157,798)</b>	<b>469,371</b>	<b>1,998,625</b>	<b>33,244</b>	<b>870,441</b>	<b>26,160,250</b>	<b>2,311,895</b>	<b>28,472,145</b>
<b>DECEMBER 31, 2018</b>		<b>23,576,206</b>	<b>211,879</b>	<b>(522,691)</b>	<b>55,113</b>	<b>62,480</b>	<b>(624,139)</b>	<b>470,631</b>	<b>2,022,814</b>	<b>26,410</b>	<b>368,293</b>	<b>25,646,996</b>	<b>2,299,213</b>	<b>27,946,209</b>
Net income		-	-	-	-	-	-	-	-	-	-	3,276,228	221,155	3,497,383
Comprehensive loss	11	-	-	-	-	-	-	-	-	(21,968)	(291,477)	-	(32,554)	(345,999)
<b>Total comprehensive income (loss)</b>		-	-	-	-	-	-	-	-	<b>(21,968)</b>	<b>(291,477)</b>	<b>3,276,228</b>	<b>188,601</b>	<b>3,151,384</b>
Share-based compensation	20 b2	-	-	21,619	3,205	-	-	-	-	-	-	24,824	4,356	29,180
Treasury shares used in stock option plan	20 b3	-	-	-	(18,470)	-	18,417	-	53	-	-	-	-	-
Realization of other reserves		-	-	-	-	(5,598)	-	-	-	-	5,598	-	-	-
PPC share repurchase		-	-	-	-	-	-	-	-	-	-	-	(11,357)	(11,357)
Scott dividend to non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	(3,884)	(3,884)
White Stripe acquisition		-	-	-	-	-	-	-	-	-	-	-	13,034	13,034
Others		-	-	(5,824)	-	-	-	-	-	-	-	(5,824)	29	(5,795)
<b>JUNE 30, 2019</b>		<b>23,576,206</b>	<b>211,879</b>	<b>(506,896)</b>	<b>39,848</b>	<b>56,882</b>	<b>(605,722)</b>	<b>470,631</b>	<b>2,022,867</b>	<b>4,442</b>	<b>76,816</b>	<b>28,628,779</b>	<b>2,489,992</b>	<b>31,118,771</b>

<sup>(1)</sup> Refers to changes in the equity of investees arising from PPC's share repurchase and share-based compensation.

<sup>(2)</sup> Valuation adjustments to equity.

<sup>(3)</sup> Accumulated translation adjustments and exchange variation in subsidiaries.

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

**JBS S.A.**  
**Statements of cash flows for the six month period ended June 30, 2019 and 2018**  
**In thousands of Brazilian Reais - R\$**

	Notes	Company		Consolidated	
		2019	2018	2019	2018
<b>Cash flows from operating activities</b>					
Net income (loss)		3,276,228	(404,555)	3,497,383	(238,705)
<b>Adjustments for:</b>					
Depreciation and amortization	7, 10, 11 and 14	394,213	391,686	3,060,215	2,302,589
Allowance for doubtful accounts	5	6,670	126,926	31,099	145,207
Share of profit of equity-accounted investees	11	(3,821,159)	(1,847,895)	(14,400)	(16,194)
(Gain) loss on assets sales		9,599	3,762	3,781	17,168
Tax expense	10	(295,623)	(1,165,029)	(317,738)	(1,079,037)
Finance expense (income), net	22	973,158	3,252,269	2,024,289	5,826,249
Share-based compensation	20	3,205	12,411	29,180	34,015
Provisions	19	136,525	7,404	225,447	(71,694)
Impairment	12	-	-	4,231	53,131
(Gain) loss with the divestment program	11	-	-	-	4,938
(Gain) loss on subsidiaries sale		-	-	8,759	-
Obsolete inventory accrual	6	2,428	-	32,432	37,764
Tax payable in installments		-	21,690	-	21,690
Fair value (market to market) of biological assets	7	-	-	(26,802)	(142,078)
Impacts from the leniency agreement	19	11,787	20,124	11,787	20,124
		697,031	418,793	8,569,663	6,915,167
<b>Changes in assets and liabilities:</b>					
Trade accounts receivable		1,215,812	205,615	866,453	928,296
Inventories		(409,973)	(142,674)	(1,418,276)	(1,093,607)
Recoverable taxes		33,527	(241,656)	57,779	(363,895)
Other current and non-current assets		(29,458)	(37,362)	49,892	(406,538)
Biological assets		-	-	(711,912)	(541,880)
Trade accounts payable and supply chain finance		40,779	(181,683)	(45,438)	10,758
Tax payable in installments		(228,168)	(144,616)	(228,723)	(146,001)
Other current and non-current liabilities		(80,759)	(34,880)	(114,309)	(136,286)
Income taxes paid		-	-	(1,065,351)	(1,434,298)
<b>Changes in operating assets and liabilities</b>		541,760	(577,256)	(2,609,885)	(3,183,451)
<b>Cash provided by (used in) operating activities</b>		1,238,791	(158,463)	5,959,778	3,731,716
Interest paid		(570,319)	(655,198)	(1,788,823)	(2,310,603)
Interest received		70,915	268,058	125,466	263,431
<b>Cash net of interest provided by (used in) operating activities</b>		739,387	(545,603)	4,296,421	1,684,544
<b>Cash flow from investing activities</b>					
Purchases of property, plant and equipment	12	(354,417)	(163,141)	(1,752,525)	(1,049,808)
Purchases of intangible assets	14	(8,471)	(6,704)	(10,067)	(12,454)
Proceeds from sale of property, plant and equipment	12	39,739	203,414	83,637	259,085
Proceeds from sale of intangible assets		-	163	-	9,246
Additional investments in joint-ventures and subsidiaries	11	(197,714)	-	-	-
Acquisitions, net of cash acquired		-	-	(48,297)	(45,066)
Incorporations, net of cash		-	2,838	-	-
Assets held for sale, net of cash		-	-	-	622,235
Dividends and liquidation funds received	11	20,439	6,548	12,000	3,000
Proceeds from the divestment program		-	6,616	-	6,616
Related party transactions	9	2,615,192	723,555	426,537	342,691
Other		(2,941)	-	(2,941)	-
<b>Cash provided by (used in) investing activities</b>		2,111,827	773,289	(1,291,656)	135,545
<b>Cash flow from financing activities</b>					
Proceeds from loans and financings	16	2,916,291	-	21,136,080	7,027,470
Payments of loans and financings	16	(6,105,266)	(1,325,111)	(25,810,954)	(8,854,208)
Derivatives instruments received/settled	26	(111,192)	50,181	(130,500)	(13,574)
Dividends paid		(5,983)	(126,863)	(5,983)	(126,863)
Dividends paid to non-controlling interest		-	-	(3,884)	(4,518)
PPC share repurchase		-	-	(11,357)	-
Payments of lease	13	(22,259)	-	(608,531)	-
Others		-	-	(6,250)	11,459
<b>Cash used in financing activities</b>		(3,328,409)	(1,401,793)	(5,441,379)	(1,960,234)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(53,806)	102,546	(207,076)	1,510,911
Net change in cash and cash equivalents		(531,001)	(1,071,561)	(2,643,690)	1,370,766
Cash and cash equivalents beginning of period		1,764,193	2,138,802	8,935,779	11,741,308
<b>Cash and cash equivalents at the end of period</b>		1,233,192	1,067,241	6,292,089	13,112,074

**Non-cash transactions:**

	Notes	Company		Consolidated	
		2019	2018	2019	2018
Negative investment transference	11	(95,848)	126,464	-	-
Capital contribution in subsidiaries' through property assignment		-	78,281	-	78,281
Payments of loans through settlement of related parties		-	(375,751)	-	-
Treasury shares used in stock option plan	20	18,470	-	18,470	-
Compensation reversal of recoverable taxes with accrued payroll and social charges		-	169,258	-	169,258
PP&E reclassification to right of use asset	13	-	-	81,306	-
Intangible disposal due to subsidiaries sale	14	-	-	2,170	-
PP&E disposal due to subsidiaries sale	12	-	-	6,589	-
Incorporation of subsidiaries		-	246,563	-	-
Liquidation of subsidiaries		-	(15)	-	-
Payment of provisions with recoverable taxes	19 a	(543,573)	-	(543,573)	-
Decrease in subsidiaries' investments through assumption of credit	9	(687,183)	-	-	-

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

**JBS S.A.**
**Economic value added the six month period ended June 30, 2019 and 2018**  
**In thousands of Brazilian Reais - R\$**

	Company		Consolidated	
	2019	2018	2019	2018
<b>Revenue</b>				
Sales of goods and services	14,138,041	12,768,168	96,137,875	85,759,729
Other income (expense)	(11,839)	(3,652)	17,889	4,950
Allowance for doubtful accounts	(6,670)	(126,926)	(31,099)	(145,207)
	<b>14,119,532</b>	<b>12,637,590</b>	<b>96,124,665</b>	<b>85,619,472</b>
<b>Goods</b>				
Cost of services and goods sold	(10,039,298)	(9,150,290)	(58,830,682)	(53,357,473)
Materials, energy, services from third parties and others	(2,007,202)	(1,785,058)	(15,742,798)	(13,905,120)
	<b>(12,046,500)</b>	<b>(10,935,348)</b>	<b>(74,573,480)</b>	<b>(67,262,593)</b>
<b>Gross added value</b>	<b>2,073,032</b>	<b>1,702,242</b>	<b>21,551,185</b>	<b>18,356,879</b>
<b>Depreciation and Amortization</b>	<b>(394,213)</b>	<b>(391,686)</b>	<b>(3,060,215)</b>	<b>(2,302,589)</b>
<b>Net added value generated</b>	<b>1,678,819</b>	<b>1,310,556</b>	<b>18,490,970</b>	<b>16,054,290</b>
<b>Net added value by transfer</b>				
Share of profit of equity-accounted investees, net of tax	3,821,159	1,847,895	14,402	16,194
Financial income	418,690	441,644	651,128	271,758
Others	(1,511)	2,316	10,218	(42,598)
	<b>4,238,338</b>	<b>2,291,855</b>	<b>675,748</b>	<b>245,354</b>
<b>NET ADDED VALUE TOTAL TO DISTRIBUTION</b>	<b>5,917,157</b>	<b>3,602,411</b>	<b>19,166,718</b>	<b>16,299,644</b>
<b>DISTRIBUTION OF ADDED VALUE</b>				
<b>Labor</b>				
Salaries	999,743	910,147	9,793,495	8,364,250
Benefits	133,407	120,556	1,908,176	1,580,419
FGTS (Brazilian Labor Social Charge)	69,605	63,957	148,547	136,794
	<b>1,202,755</b>	<b>1,094,660</b>	<b>11,850,218</b>	<b>10,081,463</b>
<b>Taxes and contribution</b>				
Federal	(292,096)	(1,159,706)	(7,134)	(784,545)
State	314,103	331,792	760,395	652,693
Municipal	9,066	8,448	9,610	8,996
	<b>31,073</b>	<b>(819,466)</b>	<b>762,871</b>	<b>(122,856)</b>
<b>Capital Remuneration from third parties</b>				
Interests and exchange variation	1,344,843	3,666,595	2,357,845	6,035,674
Rents	27,468	46,721	127,101	370,212
Others	34,790	18,456	571,300	173,856
	<b>1,407,101</b>	<b>3,731,772</b>	<b>3,056,246</b>	<b>6,579,742</b>
<b>Owned capital remuneration</b>				
Net income (loss) attributable to company shareholders	3,276,228	(404,555)	3,276,228	(404,555)
Non-controlling interest	-	-	221,155	165,850
	<b>3,276,228</b>	<b>(404,555)</b>	<b>3,497,383</b>	<b>(238,705)</b>
<b>ADDED VALUE TOTAL DISTRIBUTED</b>	<b>5,917,157</b>	<b>3,602,411</b>	<b>19,166,718</b>	<b>16,299,644</b>

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

## JBS S.A.

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

### 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 (B3 - Bolsa de Valores, Mercadorias & Futuros) under the ticker symbol "JBSS3". JBS also trades its American Depository Receipts over-the-counter under the symbol "JBSAY". The Company's registered office is Avenida Marginal Direita do Tietê, 500, Vila Jaguara, São Paulo, Brazil.

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

The issuance of these condensed individual and consolidated financial statements was approved by the Board of Directors on August 14, 2019.

The 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.** In April 2019, through its direct subsidiary Seara Alimentos, the Company signed a sales and purchase agreement of a pork processing plant including its integration system with Adelle Indústria de Alimentos Ltda., located in the State of Rio Grande do Sul. The acquisition price of the assets is R\$235,000 and will be paid as follows: R\$80,000 through a transfer of the Frederico Refrigerated Pork Plant located in the city of Frederico Westphalen, state of Rio Grande do Sul and the remaining amount will be paid in cash and assumption of debts. The effective acquisition date is August 1, 2019.

**a2.** In April 2019, through its indirect subsidiaries JBS USA, JBS USA Finance, Inc. and JBS USA Food Company, the Company reopened and priced the senior notes maturing in July 2024, July 2025 and April 2029. The notes will be guaranteed by the Company and are part of its liability management strategy. JBS intends to use the net proceeds with the amount available in cash to amortize the R\$3.9 billions (US\$1 billion) of JBS USA's Term Loan maturing in October 2022. Also, through its indirect subsidiary JBS USA, the Company raised R\$7.2 billions (US\$1.9 billion) through a senior secured term loan facility, with an interest rate of LIBOR + 2.50% due on 2026. Proceeds from this loan were used to liquidate the Term Loan due in 2022.

**a3.** In May 2019, the indirect subsidiary JBS USA announced a R\$379,610 (US\$95,000) expansion project at its Grand Island, Nebraska, United States of America, beef production facility. The project includes new and improved animal handling facilities, a state-of-the-art, temperature-controlled harvest floor and facility reconfiguration designed to improve team member experience, food safety and product quality. The expansion project will allow the Company to strategically capitalize on increased international demand forecasts for high-quality U.S. beef and value-added beef products.

**a4.** In May and June 2019, the Company concluded the payment of approximately R\$4.981 billion (US\$1.300 billion) related to the amortization of part of the debt covered by the Normalization Agreement entered with certain financial institutions in Brazil. This amortization reflects the Company's strategy to reduce debt with collateral and consequently decrease financial expenses.

#### Subsequent events:

**a5.** In July 23, 2019, the Company announced through its direct subsidiary JBS Investments II GmbH, the issuance and pricing of unsecured senior notes in the total principal amount of R\$2.8 billions (US\$750,000), with an interest rate of 5.75% maturing in 2028. Additionally, JBS USA, through its subsidiaries JBS USA Lux S.A., JBS USA Finance, Inc. and JBS USA Food Company, issued and priced unsecured senior notes in an aggregate principal amount of R\$4.7 billions (US\$1.25 billion), with an interest rate of 5.50% maturing in 2030. The notes will be guaranteed by the Company. Net proceeds from the transactions will be used to prepay two senior notes of the Company. The first tender offer will be up to R\$1.3 billion (US\$350,000) of the outstanding amount of the 6.25% per annum senior notes maturing in 2023 and the second tender offer will be for the full amount of the R\$2.8 billions (US\$750,000) 7.25% per annum senior notes maturing in 2024. The remainder of the proceeds will be used to amortize debt with shorter-term maturity, including debt related to the Normalization Agreement.

**a6.** In July 30, 2019, the Company announced an investment of R\$180,000 through its direct subsidiary Seara Alimentos, to build and operate a biodiesel factory in Mafra, Santa Catarina, that will start its operations in 2021. This plant will double the Company's productive capacity and is set to produce over 600 million liters of biodiesel a year.

**a7.** Also, JBS expects to conclude in August 2019 a payment related to the amortization of part of the debt covered by the Normalization Agreement entered with certain financial institutions in Brazil of approximately R\$4.789 billions (US\$1.250 billion) of which R\$2.8 billions (US\$750,000) are from the bonds issuance in the foreign market announced in July 23, 2019 and R\$1.915 billion (US\$500,000) are from the Company's free cash flow that R\$750,700 (US\$200,000) were announced in July 22, 2019 and R\$1.149 billion (US\$300,000) will be paid during August.

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

As previously disclosed, in 2017 certain executives and former executives of J&F Investimentos S.A. ("J&F") took over certain obligations in the Plea Bargain Agreement with the District Attorney General's Office ("PGR"). Also in 2017, J&F entered in a Leniency Agreement ("Agreement") with the Federal Public Prosecutor's Office ("MPF") which was approved. In the same year, the Company and its Brazilian subsidiaries adhered the Agreement. Further information are presented in the financial statements from December 31, 2018 on footnote 2 - Plea bargain agreement, Leniency agreement and the impacts in the financial statements.

The Company and its subsidiaries are in compliance with the Agreement's guidelines and the respective timeline.

#### 2.1 Independent Internal investigations

The Company's Management has concluded, based on internal analytical procedures adopted, the impacts on its financial statements which were disclosed and recognized in its financial statements of the year ended December 31, 2017. The accrual is reviewed and updated quarterly. The independent Internal investigations are still ongoing and until the approval of these financial statements, no new events were identified or the need of reverse or complement the accrual.

#### 2.2 Other investigative and judicial related procedures

##### 2.2.1 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 subjected 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.

- **Lama Asfáltica operation (police inquiry):** is on progress and the Company has been collaborating with the investigation. Until the present moment there were six phases of the investigation conducted held by the Federal Police: Lama Asfáltica (July 2015), Fazendas da Lama (May 2016), Aviões da Lama (July 2016), Máquinas da Lama (May 2017), Papiros da Lama (November 2017) and Computadores da Lama (November 2018), and nine complaints were lodged. Investigations involving the facts related to JBS S. A in the investigation no. 525/17 have already been the subject of a final report and have already initiated two criminal proceedings (one complaint received and ongoing and one which was rejected and is awaiting judgment). The Criminal Action involving the facts reported by the collaborators of the court was awaiting the beginning of the criminal instruction scheduled for April 2019, but, due to an injunction in Habeas Corpus of one of the defendants, the Federal Regional Court of the 3<sup>rd</sup> Region suspended the scheduled hearings and the course of criminal proceedings to analyze the competence of the Electoral Justice on the issue. The merits of Habeas Corpus have already been judged and the injunction confirmed for criminal action to be referred to the electoral court of first instance.



## JBS S.A.

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

The other proceedings from criminal investigations are ongoing and the Company has been collaborating with the investigations. There have been no relevant proceedings since the financial statements from December 31, 2018.

### 2.2.2 Class actions:

The class actions n° 1001502-51.2017.4.01.3700 and 820215-58.2017.8.12.0001 had no relevant proceedings since the financial statements from December 31, 2018.

### 2.2.3 Corporate lawsuits:

The Administrative Sanctioning Procedures underway in the CVM had no relevant proceedings since the financial statements from December 31, 2018.

## 2.3 Compliance Program

The Company structured a compliance program named "Always Do It Right", created to prevent conducts of employees and third parties that might disagree with the Company's Code of Conduct and Ethics, laws, regulations and/or internal procedures. This structure reports directly to the Board of Directors and acts independently. Their are also responsible for monitoring and implementing trainings related to compliance matters, management of the complaints channel, periodical risk assessments, internal control implementation including anti-corrupting matters, reputation analysis of third parties (due diligence), among other activities related to this department including training courses and updates to all employees about several themes and practices.

## 3 Basis of preparation

The condensed financial statements (consolidated and individual) were prepared in accordance with IAS 34/CPC 21 (R1) - Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") and the Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis - "CPC"). 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 for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards ("IFRS") and the accounting practices adopted in Brazil issued by CPC and approved by the Brazilian Securities Commission ("CVM"). Therefore these condensed financial statements as of June 30, 2019 are not disclosed fully when compared to the financial statements for the year ended December 31, 2018, approved by the Board of Directors on March 28, 2019. 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
- ii. Business combination
- iii. Biological assets
- iv. Recoverable taxes
- v. Property, plant and equipment
- vi. Intangible
- vii. Goodwill
- viii. Trade accounts payable
- ix. Loans and financing
- x. Dividends payable
- xi. Other financial liabilities
- xii. Risk management and financial instruments

### a. Functional and representation currency

The functional currency of a company is the local currency within the primary economic environment in which it operates. These 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.

### b. Standards, amendments and interpretations that are effective

#### b1. IFRS 16/CPC 6 - Leases

As of January 1, 2019, the Company and its subsidiaries adopted IFRS 16/CPC 6 - Leases using the modified retrospective approach, which only apply the effects of the adoption as of January 1, 2019, without changes in 2018 for comparability purposes. The Company and its subsidiaries recognized new assets and liabilities for their contracts with the right of use identifiable assets (operating leases) as detailed in note 13 - Leases.

The contracts identified by the Company refer substantially to leases of buildings, machinery and equipment, operating plants, computer equipment, vehicles, growing facilities, among others. The Company applied its judgment to the cases in which there is an option to renew the contracts, based on its best expectation. This assessment affects the lease term that significantly impacts the value of the lease assets and liabilities.

The Group recognizes a right of use asset and a lease liability at the lease's commencement date. The right of use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment and adjusted for certain remeasurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments that were not paid at the commencement date, discounted using the interest rate implied in the lease or when that rate can not be determined immediately, generally the average rate of the loans as discount rate.

The nature of the expenses related to these leases is recognized as cost of depreciation of right of use assets. Financial expenses on lease obligations are recognized and demonstrated as interest expense.

The Company does not recognize a lease asset and liability for contracts with a term of less than 12 months and/or of low value.

In the transition, for leases classified as operating leases, lease liabilities were measured at the present value of the remaining payments. Contracts that were not identified as leases were not revalued.

#### b2. IFRIC 23/ICPC 22 - Uncertainty over income tax treatments

As of January 1, 2019, IFRIC 23 / ICPC 22 - Uncertainty over income tax treatments was effective and clarifies how to apply the recognition and measurement requirements when there is uncertainty about the treatment of taxes on profit, that is, there are doubts about the acceptance of the treatments adopted by the tax authority applying the requirements of CPC 32 - Income Taxes. The Company had no impacts recognized in its financial statements.

There are no other standards, changes in standards and interpretations that are not effective that the Company expects to have a material impact arising from its application in its financial statements.



**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**4 Cash and cash equivalents**

	Company		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Cash on hand and at banks	930,865	1,356,338	3,442,015	3,998,922
CDB (bank certificates of deposit) and National Treasury Bill (Tesouro Selic)	302,327	407,855	2,850,074	4,936,857
	<b>1,233,192</b>	<b>1,764,193</b>	<b>6,292,089</b>	<b>8,935,779</b>

**5 Trade accounts receivable, net**

	Company		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Current receivables	1,157,686	2,381,712	7,249,962	8,016,837
Overdue receivables:				
From 1 to 30 days	163,242	211,356	1,006,478	1,136,777
From 31 to 60 days	102,039	85,805	198,683	235,038
From 61 to 90 days	47,901	29,740	80,991	93,626
Above 90 days	284,038	228,280	577,070	495,945
Allowance for doubtful accounts	(192,942)	(204,719)	(319,912)	(316,987)
Present value adjustment	(4,855)	(3,108)	(5,898)	(4,226)
	<b>399,423</b>	<b>347,354</b>	<b>1,537,412</b>	<b>1,640,173</b>
	<b>1,557,109</b>	<b>2,729,066</b>	<b>8,787,374</b>	<b>9,657,010</b>

Below are the changes in the allowance for doubtful accounts:

	Company		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Initial balance	(204,719)	(191,163)	(316,987)	(324,570)
Additions	(6,670)	(211,680)	(31,099)	(239,778)
Write-offs	18,447	198,124	27,669	255,414
Exchange variation	-	-	505	(8,053)
Final balance	<b>(192,942)</b>	<b>(204,719)</b>	<b>(319,912)</b>	<b>(316,987)</b>

**6 Inventories**

	Company		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Finished products	1,757,529	1,284,178	8,501,010	7,251,776
Work in process	282,995	344,205	1,020,016	1,078,630
Raw materials	217,332	214,284	1,335,461	1,206,510
Warehouse spare parts	154,699	162,343	1,763,323	1,774,818
	<b>2,412,555</b>	<b>2,005,010</b>	<b>12,619,810</b>	<b>11,311,734</b>

**7 Biological assets**
**Changes in biological assets:**
**Balance at December 31, 2018**

Increase by reproduction (born) and cost to reach maturity

Reduction for slaughter, sale or consumption

Increase by purchase

Decrease by death

Fair value adjustments, net

Changes from non-current to current

Exchange rate variation

Amortization

Effect from acquired companies <sup>(1)</sup>

**Balance at June 30, 2019**

	Consolidated	
	Current	Non-current
	<b>3,190,953</b>	<b>1,168,454</b>
	13,992,077	917,605
	(14,679,618)	(84,750)
	286,045	300,383
	(7,272)	(12,557)
	26,802	-
	376,846	(376,846)
	(2,378)	(7,607)
	-	(716,170)
	-	2,361
	<b>3,183,455</b>	<b>1,190,873</b>

<sup>(1)</sup> Refers to balances arising from Imperial Beef acquisition held during March 2019.



**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**8 Recoverable taxes**

	Company		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Value-added tax on sales and services - ICMS	953,206	937,058	2,689,749	2,591,890
Excise tax - IPI	75,789	78,369	186,713	152,120
Social contribution on billings - PIS and COFINS	2,599,798	3,133,522	3,398,879	4,087,794
Withholding income tax - IRRF/IRPJ	3,600,605	3,659,620	4,434,742	4,326,317
Reintegra	63,366	57,138	94,664	91,306
Other	18,567	18,212	29,482	33,951
	<b>7,311,331</b>	<b>7,883,919</b>	<b>10,834,229</b>	<b>11,283,378</b>
Current	487,185	1,146,685	1,755,437	2,210,038
Non-current	6,824,146	6,737,234	9,078,792	9,073,340
	<b>7,311,331</b>	<b>7,883,919</b>	<b>10,834,229</b>	<b>11,283,378</b>

**9 Related parties transactions**

The main balances of assets and liabilities, as well as the transactions resulting in income (loss) for any period, that relate to transactions between related parties or arose from transactions at prices and conditions established between the related parties. Transference of costs includes borrowing costs, interest and management fee, when applicable. The following table includes balances and net effect on income of intercompany financing transactions between the Company and its subsidiaries:

COMPANY	Currency	Costs transfer (administrative and funding)	Statement of financial position accounts		Effect on net income	
			June 30, 2019	December 31, 2018	2019	2018
<b>Direct subsidiaries</b>						
JBS Embalagens Metálicas Ltda.	R\$	CDI + 1% p.m.	175,102	163,052	12,044	10,613
Conceria Priante S.p.a <sup>(1)</sup>	EUR	5.11 to 8.375% p.y.	142,916	138,681	3,547	3,698
Brazservice Ltda.	R\$	CDI + 1% p.m.	134,483	130,449	9,073	7,629
JBS Confinamento Ltda.	R\$	CDI + 1% p.m.	61,022	32,916	3,886	1,646
JBS Leather International B.V. <sup>(2)(4)</sup>	US\$	5.50% p.y.	41,407	-	-	-
Enersea Ltda. <sup>(1)</sup>	R\$	CDI + 1% p.m.	1,989	734	(152)	(521)
JBS Holding GmbH <sup>(2)</sup>	EUR/USD	-	-	(694,158)	-	-
JBS Mendoza S.A. <sup>(1)</sup>	US\$	-	(527)	(802)	-	-
Seara Alimentos Ltda. <sup>(1)</sup>	R\$	CDI + 1% p.m.	(1,620,790)	(2,815,874)	(149,244)	244,098
JBS Investments II GmbH <sup>(3)</sup>	US\$	7.12% p.y.	(3,893,061)	(1,926,333)	(102,439)	-
<b>Indirect subsidiaries</b>						
Zendaleather México S.A. de C.V. <sup>(1)(4)</sup>	US\$	2.5% to 5.11% p.y.	109,779	106,086	2,298	1,042
JBS Leather Uruguai S.A. <sup>(1)</sup>	US\$	8.375% p.y.	16,300	-	210	1,657
Gideny S.A. <sup>(4)</sup>	US\$	5.50% p.y.	10,926	-	-	-
JBS Leather Paraguay S.R.L. <sup>(4)</sup>	US\$	7.00% a.a	6,359	-	-	-
JBS Leather Asia Limited <sup>(4)</sup>	US\$	5.11 to 8.375% p.y.	-	256,883	8,648	6,248
JBS Aves Ltda.	R\$	CDI + 1% p.m.	-	-	-	28,288
JBS Handels GmbH	EUR	3.5% p.y.	-	-	-	(8,495)
JBS USA Holding Lux S.à.r.l. <sup>(1)</sup>	US\$	5,11% p.y.	(4,499,617)	(2,596,268)	(82,244)	(52,270)
<b>Other related party</b>						
Flora Produtos de Hig. Limp. S.A.	R\$	Selic	-	-	-	531
<b>Total, net</b>			<b>(9,313,712)</b>	<b>(7,204,634)</b>	<b>(294,373)</b>	<b>244,164</b>
			<b>June 30, 2019</b>	<b>December 31, 2018</b>		
Related party receivables			700,283	828,802		
Related party payables			(10,013,995)	(8,033,436)		
			<b>(9,313,712)</b>	<b>(7,204,634)</b>		

<sup>(1)</sup> Refers to working capital funding. Settlement in the future shall be through a capital contribution, reduction and/or dividends distribution.

<sup>(2)</sup> In January 2019, the Company's direct subsidiary JBS Holding GmbH liquidated its assets due to its liquidation process and transferred the intercompany financing transaction that it had with JBS Leather International.

<sup>(3)</sup> In October 2018 and April 2019, the Company's direct subsidiary JBS Investments II raised US\$1 (R\$3.8 billion) related to the pricing of the senior notes maturing in 2026 which has the Company as guarantor.

<sup>(4)</sup> In June 2019, the Company's indirect subsidiary JBS Leather Asia settled the amount outstanding with the Company, part in cash and part in a assignment agreement where JBS Leather Asia transferred its receivables with JBS Leather International, JBS Leather Paraguay, Gideny and Zendaleather Mexico to the Company.

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

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.

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

COMPANY	Accounts receivable		Accounts payable		Purchases/Services rendered		Sale of products/Services rendered	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	2019	2018	2019	2018
<b>Direct subsidiaries</b>								
JBS Confinamento	724	241	16,439	4,361	64,446	19,504	2,880	1,742
Brazservice	11,542	10,544	2,873	854	12,649	31,514	60,342	68,550
Seara Alimentos	31,554	32,300	37,321	37,748	40,060	29,919	333,328	312,455
Conceria Priante	45,892	34,555	-	-	-	-	78,139	84,284
Enersea	-	-	447	-	66,797	70,865	53,036	55,808
<b>Indirect subsidiaries</b>								
JBS Global UK	44,299	85,017	-	-	-	-	110,205	105,072
Toledo	18,870	22,715	-	-	41	-	96,449	137,715
JBS Aves	1,432	1,844	20,840	20,983	2,322	4,905	7,753	5,553
Weddel	5,640	12,792	-	-	-	-	10,681	29,644
Sampco	85,350	80,156	-	-	-	-	222,414	211,339
Meat Snacks Partners	18,688	5,745	-	-	80	430	137,759	107,985
JBS Leather Asia Limited	18,224	15,745	-	-	-	-	36,232	14,232
JBS Leather Uruguay	7,820	6,416	834	-	2,896	1,151	15,402	24,548
Agrícola Jandelle	-	-	-	-	-	8,161	-	4,584
Swift Beef Company	-	-	1,472	787	1,169	7,731	-	-
Swift & Company Trade Group	2,807	5,465	-	648	20	-	39,274	7,592
<b>Other related parties</b>								
JBj Agropecuária	1,008	615	-	-	242,683	143,765	5,229	2,586
Flora Produtos de Hig. Limp. S.A.	8,050	14,572	-	9	39	39	57,567	64,605
Eldorado Celulose	1,366	1,185	-	-	28	-	9,116	15,589
Banco Original	19	12	-	-	-	-	116	94
	<b>303,285</b>	<b>329,919</b>	<b>80,226</b>	<b>65,390</b>	<b>433,230</b>	<b>317,984</b>	<b>1,275,922</b>	<b>1,253,977</b>

**Financial transactions**

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 domestic and foreign markets. 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 June 30, 2019 and December 31, 2018, the unpaid balance of transferred receivables was R\$1,066,355 and R\$678,647 in the Company, and R\$1,881,328 and R\$1,500,560 in the Consolidated, respectively. During the six month periods ended June 30, 2019 and 2018, JBS incurred financial costs related to this operation in the amount of R\$40,426 and R\$33,027 in the Company, and R\$72,549 and R\$57,557 in the Consolidated, respectively, recognized in the consolidated financial statements as financial expenses.

Additionally at June 30, 2019 and December 31, 2018, the Company holds investments with Banco Original, in the amount of R\$56,789 and R\$71,431 in the Company and R\$142,516 and R\$167,796 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 six month periods ended June 30, 2019 and 2018, the Company earned interest from these investments in the amount of R\$1,654 and R\$1,644 in the Company, and R\$3,805 and R\$3,788 in the Consolidated, recognized in the consolidated financial statements under the caption "Finance income", respectively.

Included in loans and financings in the amount of R\$17,958 and R\$19,317 at June 30, 2019 and December 31, 2018, referring to the Company's indirect subsidiary BR Frango are bank notes issued by BNDES (Brazilian Development Bank). Outstanding borrowings under these notes bear interest at an average rate of 14.53% at June 30, 2019, which is payable on a monthly basis. The notes are due in 2020 to 2024 and may be pre-paid at any time without penalty.

JBS is the main sponsor of Instituto Germinare, a business school youth-directed, whose goal is to educate future leaders by offering free, high-quality education. During the six month periods ended June 30, 2019 and 2018, the Company made donations in the amounts of R\$7,318 and R\$8,252, respectively, recognized in the financial statements as administrative expenses.

**Credit with related parties - Consolidated**

	June 30, 2019	December 31, 2018
J&F Oklahoma <sup>(5)</sup>	278,586	701,281
	<b>278,586</b>	<b>701,281</b>

<sup>(5)</sup> This amount represents the result of the use of a credit facility between the indirect subsidiary Moyer Distribution (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\$2.6 billion (US\$675,000). 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. J&F Oklahoma uses this credit facility to purchase cattle.

Further, Moyer Distribution, a JBS USA subsidiary, was the guarantor of a J&F Oklahoma revolving credit facility with financial institutions such revolving credit facility were terminated with financial institutions on August, 2018.

No expense for doubtful accounts or bad debts relating to related-party transactions were recorded during the years ended December 31, 2019 and 2018.

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**Remuneration of key management**

The Company's key management is comprised of its Executive Officers and the Board of Directors. The aggregate amount of compensation received by the Company's key management during the six month periods ended June 30, 2019 and 2018 is the following:

	2019	2018
Salaries and wages	10,856	9,014
Variable cash compensation	27,500	8,500
Share-based compensation (*)	-	1,500
	<b>38,356</b>	<b>19,014</b>

The Chief Executive Officer, the Administrative and Control Officer, the Investor Relations Officer and the Executive Officers 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.

**10 Income taxes**
**a. Reconciliation of income tax and social contribution expense:**

	Company		Consolidated	
	For the six month periods ended June 30,		For the six month periods ended June 30,	
	2019	2018	2019	2018
<b>Profit (loss) before income taxes (PBT)</b>	2,980,605	(1,569,584)	3,179,645	(1,317,742)
<b>Nominal rate</b>	(34)%	(34)%	(34)%	(34)%
Expected tax expense	(1,013,406)	533,659	(1,081,079)	448,032
<b>Adjustments to reconcile taxable income:</b>				
Earnings and losses due to equity method	1,299,194	628,284	4,897	5,506
Prior years loss carryforwards	-	-	13,086	1,440
Domestic production activities deduction	-	-	388,862	12,767
Difference on tax rates of foreign subsidiaries	-	-	333,751	397,299
Unrecognized tax benefit	-	-	174,805	77,483
Adjustments on financial statements - Foreign subsidiaries	-	-	21,615	905
Withholding income tax - Foreign subsidiaries	-	-	(15,363)	(44,507)
Stock option plan	-	(4,219)	(9)	(5,026)
Non-taxable interest - Foreign subsidiaries	-	-	85,166	44,494
Dual jurisdiction taxation - Foreign subsidiaries	-	-	195,351	168,140
Penalties for infringements and/or tax payable in installments	(54,966)	(1,856)	(56,318)	(3,176)
Realization of deferred tax from surplus value	-	-	123,897	-
Payment of taxes from infringements	(75,181)	-	(75,181)	-
Realization of the non-deductible infringement accrual	156,321	-	156,321	-
Other permanent differences	(16,339)	9,161	47,937	(24,320)
<b>Current and deferred income tax (expense) benefit</b>	<b>295,623</b>	<b>1,165,029</b>	<b>317,738</b>	<b>1,079,037</b>
Current income tax	-	1,415	(957,846)	(900,770)
Deferred income tax	295,623	1,163,614	1,275,584	1,979,807
	<b>295,623</b>	<b>1,165,029</b>	<b>317,738</b>	<b>1,079,037</b>
<b>% IT/PBT</b>	<b>9.92 %</b>	<b>74.23 %</b>	<b>9.99 %</b>	<b>81.89 %</b>

	Company		Consolidated	
	For the six month periods ended June 30,		For the six month periods ended June 30,	
	2019	2018	2019	2018
<b>Adjustments to reconcile taxable income <sup>(1)</sup></b>				
Goodwill amortization - deferred	-	-	-	2,941
Prior years loss carryforwards - deferred tax	(274,880)	(1,128,513)	(760,633)	(1,831,814)
Unrecognized tax losses	-	-	(174,805)	(78,923)
Withholding income tax - Luxembourg restructure	-	-	15,363	-
Deferred tax prior year booking	-	-	-	(1,440)
Realization of deferred tax from surplus value	-	-	(123,897)	-
Income tax on realization of other reserves	(2,660)	(1,415)	(15,712)	(16,345)
<b>Current and deferred income tax (expense) benefit - ADJUSTED</b>	<b>18,083</b>	<b>35,101</b>	<b>(741,946)</b>	<b>(846,544)</b>
<b>Effective income tax rate</b>	<b>0.61%</b>	<b>2.24%</b>	<b>(23.33)%</b>	<b>(64.24)%</b>

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

	Company		Consolidated	
	For the three month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018
<b>Profit (loss) before income taxes (PBT)</b>	<b>2,140,316</b>	<b>(1,874,077)</b>	<b>2,795,359</b>	<b>(1,785,531)</b>
<b>Nominal rate</b>	<b>(34)%</b>	<b>(34)%</b>	<b>(34)%</b>	<b>(34)%</b>
Expected tax expense	(727,707)	637,186	(950,422)	607,081
<b>Adjustments to reconcile taxable income:</b>				
Earnings and losses due to equity method	781,904	314,622	2,382	3,109
Domestic production activities deduction	-	-	74,665	7,265
Difference on tax rates of foreign subsidiaries	-	-	206,390	272,187
Unrecognized tax benefit	-	-	78,615	39,109
Adjustments on financial statements - Foreign subsidiaries	-	-	40,130	8,726
Withholding income tax - Foreign subsidiaries	-	-	(6,417)	(44,507)
Stock option plan	-	(2,980)	-	(3,376)
Non-taxable interest - Foreign subsidiaries	-	-	39,234	(2,174)
Dual jurisdiction taxation - Foreign subsidiaries	-	-	95,360	89,160
Penalties for infringements and/or tax payable in installments	(843)	(93)	(1,771)	(761)
Realization of deferred tax from surplus value	-	-	222	-
Other permanent differences	(10,190)	14,265	(44,801)	(17,181)
<b>Current and deferred income tax (expense) benefit</b>	<b>43,164</b>	<b>963,000</b>	<b>(466,413)</b>	<b>958,638</b>
Current income tax	-	710	(726,381)	(591,678)
Deferred income tax	43,164	962,290	259,968	1,550,316
	<b>43,164</b>	<b>963,000</b>	<b>(466,413)</b>	<b>958,638</b>
<b>% IT/PBT</b>	<b>2.02 %</b>	<b>51.39 %</b>	<b>(16.69)%</b>	<b>53.69 %</b>

	Company		Consolidated	
	For the three month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018
<b>Adjustments to reconcile taxable income <sup>(1)</sup></b>				
Goodwill amortization - deferred	-	-	-	2,941
Prior years loss carryforwards - deferred tax	13,640	(947,318)	(35,121)	(1,516,484)
Unrecognized tax losses	-	-	(78,615)	(39,109)
Withholding income tax - Luxembourg restructure	-	-	6,417	-
Realization of deferred tax from surplus value	-	-	(222)	-
Income tax on realization of other reserves	(1,992)	(709)	(9,172)	(9,431)
<b>Current and deferred income tax (expense) benefit - ADJUSTED</b>	<b>54,812</b>	<b>14,973</b>	<b>(583,126)</b>	<b>(603,445)</b>
<b>Effective income tax rate</b>	<b>2.56%</b>	<b>0.80%</b>	<b>(20.86)%</b>	<b>(33.80)%</b>

<sup>(1)</sup> 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) recognition of deferred tax from the current year; ii) unrecognized tax benefits; iii) realization of deferred taxes in incorporations; iv) withholding income tax arising from foreign subsidiaries; and v) Income tax on realization of the other reserves (since it is not relate to the net operating income)

**b. Composition of deferred income tax and social contribution**

	Company		
	December 31, 2018	Income statement	June 30, 2019
Tax losses and negative basis of social contribution	-	274,880	274,880
Allowance for doubtful accounts	72,889	(4,074)	68,815
Provisions for contingencies	204,520	6,012	210,532
Present value adjustment - Trade accounts receivable	1,057	594	1,651
Share-based compensation	9,604	(4,630)	4,974
Other temporary differences assets	50,328	11,854	62,182
Goodwill amortization	(1,909,608)	-	(1,909,608)
Present value adjustment - Trade accounts payable	(3,550)	3,639	89
Realization of other reserves / deemed cost	(270,186)	2,660	(267,526)
Other temporary differences liabilities	(8,233)	4,688	(3,545)
<b>Deferred taxes, net</b>	<b>(1,853,179)</b>	<b>295,623</b>	<b>(1,557,556)</b>

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

	Consolidated				
	December 31, 2018	Income statement	Exchange variation	Other adjustments	June 30, 2019
Tax losses and negative basis of social contribution	1,561,728	760,633	(3,822)	-	2,318,539
Allowance for doubtful accounts	83,259	2,912	(34)	-	86,137
Provision for contingencies	393,125	84,250	-	-	477,375
Present value adjustment - Trade accounts receivable	4,183	1,203	(1)	-	5,385
Tax credits - Foreign subsidiaries	48,816	(430)	(527)	-	47,859
Labor accidents accruals - Foreign subsidiaries	128,712	4,302	(1,418)	-	131,596
Employee benefit plan - Foreign subsidiaries	100,878	(3,560)	(1,122)	-	96,196
Accounts payable accrual - Foreign subsidiaries	384,631	(8,952)	(4,104)	-	371,575
Share-based compensation	9,604	(4,630)	-	-	4,974
Other temporary differences assets	695,566	192,319	(5,603)	-	882,282
Goodwill amortization	(2,026,405)	-	-	-	(2,026,405)
Present value adjustment - Trade accounts payable	(12,560)	(1,167)	-	-	(13,727)
Business combination	(2,529,413)	159,975	24,200	-	(2,345,238)
Insurance claims accruals - Foreign subsidiaries	(116,104)	(10,381)	1,310	-	(125,175)
Inventory valuation - Foreign subsidiaries	(209,390)	29,000	2,971	-	(177,419)
Realization of other reserves / deemed cost	(651,297)	15,712	-	-	(635,585)
Other temporary differences liabilities	(189,427)	54,398	(1,454)	(7,171)	(143,654)
<b>Deferred taxes, net</b>	<b>(2,324,094)</b>	<b>1,275,584</b>	<b>10,396</b>	<b>(7,171)</b>	<b>(1,045,285)</b>

	Company		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Deferred income taxes assets	-	-	1,726,230	1,159,445
Deferred income taxes liabilities	(1,557,556)	(1,853,179)	(2,771,515)	(3,483,539)
	<b>(1,557,556)</b>	<b>(1,853,179)</b>	<b>(1,045,285)</b>	<b>(2,324,094)</b>

**11 Investments in subsidiaries and joint ventures**
**i. In the Company:**

	December 31, 2018	Addition (disposal)	Exchange rate variation	Equity		June 30, 2019
				Changes in the Equity of investees	Proportionate share of income (loss)	
JBS Embalagens Metálicas	(82,197)	-	-	-	(12,009)	(94,206)
JBS Confinamento	512,233	-	-	-	(13,770)	498,463
Conceria Priante	10,026	-	(208)	-	1,275	11,093
JBS Holding GmbH <sup>(1)</sup>	695,580	(695,611)	(29,144)	-	29,175	-
JBS Global Luxembourg	19,716,731	-	(245,502)	13,506	3,168,383	22,653,118
JBS Leather International <sup>(2)</sup>	(354,264)	175,373	3,874	(4,136)	(57,970)	(237,123)
Brazservice	(72,070)	-	-	-	(8,837)	(80,907)
Seara Alimentos	3,728,133	-	-	(29,012)	693,713	4,392,834
Meat Snack Partners <sup>(3)</sup>	84,967	(12,000)	-	-	14,401	87,368
Rigamonti <sup>(2)</sup>	139,236	22,342	(3,054)	-	6,372	164,896
Enersea	(481)	-	-	-	(447)	(928)
JBS Mendoza	758	-	(99)	-	117	776
Midup Participações	17,966	-	-	-	(334)	17,632
JBS Milestone <sup>(1)</sup>	11	(11)	-	-	-	-
JBS Asset Management	84,170	-	(932)	-	1,091	84,329
JBS Investments II GmbH	114	-	(2)	-	(1)	111
<b>Subtotal</b>	<b>24,480,913</b>	<b>(509,907)</b>	<b>(275,067)</b>	<b>(19,642)</b>	<b>3,821,159</b>	<b>27,497,456</b>
Accrual for loss on investments <sup>(*)</sup>	<b>509,012</b>					<b>413,164</b>
<b>Total</b>	<b>24,989,925</b>					<b>27,910,620</b>

<sup>(\*)</sup> Transfer of the negative investments for other current liabilities.

<sup>(1)</sup> JBS Holding GmbH and JBS Milestone: In January and March 2019, the direct subsidiaries JBS Holding GmbH and JBS Milestone were liquidated, for corporate structure simplification purposes. The amount of R\$695,611 includes the cash return of R\$8,439.

<sup>(2)</sup> JBS Leather International and Rigamonti: In May and June 2019, the Company increased capital in the direct subsidiaries JBS Leather International and Rigamonti.

<sup>(3)</sup> Meat Snack Partners: In March and June 2019, the indirect subsidiary Meat Snack Partners distributed dividends to the Company.

**ii. In the Consolidated:**

	Equity			
	December 31, 2018	Distribution of dividends	Changes in the Equity of investees	Proportionate share of income
Meat Snack Partners <sup>(3)</sup>	84,967	(12,000)	-	14,401
<b>Total</b>	<b>84,967</b>	<b>(12,000)</b>	<b>-</b>	<b>14,401</b>

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**12 Property, plant and equipment**
**Changes in property, plant and equipment:**

Company	December 31, 2018	Additions net of transferences <sup>(1)</sup>	Disposals	Depreciation	June 30, 2019
Buildings	3,466,381	51,588	(10,103)	(67,092)	3,440,774
Land	1,642,442	958	(5,382)	-	1,638,018
Machinery and equipment	3,601,414	88,873	(17,522)	(186,944)	3,485,821
Facilities	1,495,526	44,836	(6,129)	(53,233)	1,481,000
Computer equipment	62,008	11,476	(1,687)	(14,966)	56,831
Vehicles	295,595	76,097	(8,200)	(37,861)	325,631
Construction in progress	558,871	73,223	-	-	632,094
Other	64,050	7,366	(315)	(7,678)	63,423
	<b>11,186,287</b>	<b>354,417</b>	<b>(49,338)</b>	<b>(367,774)</b>	<b>11,123,592</b>

Consolidated	December 31, 2018	Additions net of transferences <sup>(1)</sup>	Acquired in business combinations <sup>(2)</sup>	Disposals	Depreciation	Exchange rate variation	June 30, 2019
Buildings	12,685,771	259,206	24,519	(40,692)	(361,982)	(65,570)	12,501,252
Land	4,339,056	15,320	5,328	(16,463)	-	(17,183)	4,326,058
Machinery and equipment	11,986,962	893,734	10,295	(31,373)	(969,572)	(71,557)	11,818,489
Facilities	2,065,051	76,890	11,237	(8,176)	(93,791)	60	2,051,271
Computer equipment	343,659	84,939	277	(1,927)	(72,250)	(4,136)	350,562
Vehicles	479,931	101,313	24	(11,607)	(60,018)	(380)	509,263
Construction in progress	2,520,674	310,460	-	-	-	(18,162)	2,812,972
Other	688,075	10,663	857	(65,075)	(50,664)	(5,099)	578,757
	<b>35,109,179</b>	<b>1,752,525</b>	<b>52,537</b>	<b>(175,313)</b>	<b>(1,608,277)</b>	<b>(182,027)</b>	<b>34,948,624</b>

<sup>(1)</sup> Additions for each category includes transfer from construction in progress during the period.

<sup>(2)</sup> Refers to balances arising from SAFRIO, Imperial Beef, White Stripe and Normaclass acquisitions from the first quarter and april from 2019.

For the six month periods ended June 30, 2019 and 2018, the amount of capitalized interest added to construction in progress and included in additions was R\$13,318 and R\$14,852 in the Company, respectively, and in the Consolidated was R\$58,602 and R\$40,305, respectively.

The Company annually tests the recoverability of its assets that were identified as having an indicator of impairment using the concept of value in use through discounted cash flow models. For the six month periods ended June 30, 2019, there were no indicates of impairment.

**13 Leases**

The Company and its subsidiaries adopted IFRS 16/CPC 6 - Leases standard as of January 1, 2019, as described in footnote 3 item b.

**13.1 Right of use asset**

The right of use asset balances are as follows:

Company	Average lease term	Initial adoption 01.01.19	Additions	Terminated contracts	PIS/COFINS constitution	Depreciation	June 30, 2019
Buildings	3 to 20 years	194,757	40	(1,706)	(805)	(10,399)	181,887
Operating plants	1 to 4 years	16,217	-	(4)	-	(2,333)	13,880
Machinery and equipment	1 to 4 years	3,073	152	(292)	-	(1,156)	1,777
Others	1 to 4 years	1,006	86	(98)	-	(186)	808
		<b>215,053</b>	<b>278</b>	<b>(2,100)</b>	<b>(805)</b>	<b>(14,074)</b>	<b>198,352</b>

Consolidated	Average lease term	Initial adoption 01.01.19	Additions	Acquired in business combinations <sup>(1)</sup>	PIS/COFINS constitution	Terminated contracts	Depreciation	Exchange rate variation	June 30, 2019
Growing facilities	1 to 13 years	1,584,612	21,616	-	-	-	(179,777)	26,099	1,452,550
Buildings	3 to 20 years	1,114,329	39,952	437	(805)	(827)	(94,596)	4,215	1,062,705
Vehicles and aircraft	1 to 5 years	696,290	133,838	-	-	(4,951)	(154,844)	7,881	678,214
Machinery and equipment	1 to 5 years	655,965	33,770	-	-	(291)	(102,106)	9,708	597,046
Land	1 to 4 years	68,106	352	-	-	-	(2,841)	1,001	66,618
Operating plants	1 to 11 years	67,602	-	-	-	(4)	(5,523)	385	62,460
Computer equipment	1 to 4 years	10,831	24	-	-	(1)	(4,093)	-	6,761
Furniture and appliances	1 to 3 years	1,221	-	-	-	(732)	(403)	-	86
Others	1 to 4 years	49,458	4,379	-	(8,274)	(949)	(19)	-	44,595
		<b>4,248,414</b>	<b>233,931</b>	<b>437</b>	<b>(9,079)</b>	<b>(7,755)</b>	<b>(544,202)</b>	<b>49,289</b>	<b>3,971,035</b>

<sup>(1)</sup> Refers to balance arising from White Stripe's acquisition during March 2019.



**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**13.2 Lease provision**

	Company	Consolidated
	June 30, 2019	June 30, 2019
Lease provision	339,339	4,829,193
Present value adjustment	(137,714)	(801,444)
	<b>201,625</b>	<b>4,027,749</b>
<b>Breakdown:</b>		
Current liabilities	22,591	859,836
Non-current liabilities	179,034	3,167,913
	<b>201,625</b>	<b>4,027,749</b>

**Changes in the lease provision:**

Company	Initial adoption 01.01.19	Additions	Interest accrual	Payments	Terminated contracts	June 30, 2019
Lease provision	368,591	332	-	(22,259)	(7,325)	339,339
Present value adjustment	(153,538)	(54)	10,655	-	5,223	(137,714)
	<b>215,053</b>	<b>278</b>	<b>10,655</b>	<b>(22,259)</b>	<b>(2,102)</b>	<b>201,625</b>

Consolidated	Initial adoption 01.01.19	Additions	Acquired in business combinations <sup>(1)</sup>	Interest accrual	Payments	Terminated contracts	Reclassification ST x LT	Exchange rate variation	June 30, 2019
Lease provision	4,506,079	244,208	437	-	(529,579)	(8,799)	559,220	57,627	4,829,193
Present value adjustment	(262,888)	(10,277)	-	119,445	(78,952)	927	(559,220)	(10,479)	(801,444)
	<b>4,243,191</b>	<b>233,931</b>	<b>437</b>	<b>119,445</b>	<b>(608,531)</b>	<b>(7,872)</b>	<b>-</b>	<b>47,148</b>	<b>4,027,749</b>

The non-current portion of the lease provision schedule is as follows:

	Company	Consolidated
	June 30, 2019	June 30, 2019
2020	30,313	453,946
2021	43,150	821,681
2022	39,614	690,224
2023	25,565	522,578
2024	23,647	351,442
Maturities thereafter 2024	133,070	922,505
Present value adjustment	(116,325)	(594,463)
	<b>179,034</b>	<b>3,167,913</b>

**14 Intangible assets**
**Changes in intangible assets:**

Company	December 31, 2018	Additions	Amortization	June 30, 2019
<b>Amortizing:</b>				
Trademarks	31,921	-	(5,320)	26,601
Software	33,085	8,471	(7,045)	34,511
<b>Non-amortizing:</b>				
Trademarks	24,800	-	-	24,800
	<b>89,806</b>	<b>8,471</b>	<b>(12,365)</b>	<b>85,912</b>

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

Consolidated	December 31, 2018	Additions	Acquired in business combinations <sup>(1)</sup>	Disposal	Amortization	Exchange rate variation and others	June 30, 2019
<b>Amortizing:</b>							
Trademark	254,742	-	14,646	-	(14,452)	(2,562)	<b>252,374</b>
Software	75,115	10,067	-	-	(14,592)	(149)	<b>70,441</b>
Customer relationships	2,050,258	-	15,778	-	(153,716)	(18,872)	<b>1,893,448</b>
Supplier contract	82,007	-	-	-	(4,398)	(888)	<b>76,721</b>
Others	14,556	-	947	(2,170)	(4,408)	(195)	<b>8,730</b>
<b>Non-amortizing:</b>							
Trademarks	3,302,654	1,252	-	-	-	(29,272)	<b>3,274,634</b>
Water rights	39,964	-	-	-	-	(462)	<b>39,502</b>
	<b>5,819,296</b>	<b>11,319</b>	<b>31,371</b>	<b>(2,170)</b>	<b>(191,566)</b>	<b>(52,400)</b>	<b>5,615,850</b>

<sup>(1)</sup> Refers to balance arising from Imperial Beef and Normaclass acquisitions from March and April 2019.

**15 Goodwill**

Goodwill is recognized under the caption 'Investments in subsidiaries and joint ventures' because for the investor it is part of its investment in the subsidiary's acquisition; and as goodwill, in the Consolidated because it refers to expectation of future earnings from the acquired subsidiary, which assets and liabilities are consolidated with the Company's. Therefore, in the Company there is only goodwill from incorporations in the amount of R\$9,085,970 and in the Consolidated all goodwill are recognized as intangible.

**Changes in goodwill:**

<b>Balance at December 31, 2018</b>	<b>23,775,575</b>
Acquired in business combinations <sup>(1)</sup>	92,935
Exchange rate variation and others	(128,817)
<b>Balance at June 30, 2019</b>	<b>23,739,693</b>

<sup>(1)</sup> Refers to balances arising from White Stripe, SAFRIO and Normaclass acquisitions from March and May 2019.

CGU Groups	June 30, 2019	December 31, 2018
Brazil Beef	<b>9,069,926</b>	9,069,926
Seara	<b>3,607,633</b>	3,533,294
Moy Park	<b>2,998,030</b>	3,030,896
USA Pork	<b>2,661,593</b>	2,691,181
Australia Meat	<b>1,109,970</b>	1,125,428
Australia Smallgoods	<b>1,048,183</b>	1,062,769
Others CGUs without significant goodwill	<b>3,244,358</b>	3,262,081
<b>Total</b>	<b>23,739,693</b>	<b>23,775,575</b>

CGU groups containing goodwill are tested for impairment annually and for the year ended December 31, 2018 there were no events or circumstances that indicate that the recoverable amount may be less than the carrying amount and no expense was recorded. For the six month period ended June 30, 2019 there were no events or circumstances that indicate that the recoverable amount may be less than the carrying amount.

**16 Loans and financing**

Type	Average annual interest rate	Currency	Index on variable rate loans	Payment terms / non-current debt	Company			
					Current		Non-current	
					June 30, 2019	Dec 31, 2018	June 30, 2019	Dec 31, 2018
<b>Foreign currency</b>								
Prepayment	5.54%	USD	Libor	2021 - 23	811,232	1,011,421	2,903,273	4,322,038
ACC - Advances on exchange contracts	5.76%	USD	-	2021	618,600	623,400	1,387,391	2,087,092
Notes 6,25% JBS S.A 2023	6.25%	USD	-	2023	75,107	75,602	2,962,295	2,993,874
Notes 7,25% JBS S.A 2024	7.25%	USD	-	2024	51,899	53,376	2,870,281	2,901,727
Working capital - Euro	2.67%	EUR	Euribor	2020 - 23	18,673	19,039	39,866	49,458
FINIMP	6.04%	USD	Libor	*	13,798	-	-	-
					<b>1,589,309</b>	<b>1,782,838</b>	<b>10,163,106</b>	<b>12,354,189</b>
<b>Local currency</b>								
Credit note - export	8.73%	BRL	CDI	2021	3,912	7,547	117,805	963,332
Working capital - Brazilian Reais	7.62%	BRL	TJLP	2021	-	37	15,635	129,095
FINAME	6.84%	BRL	TJLP	2020 - 25	14,604	26,720	27,064	40,867
FINEP	6.50%	BRL	-	2020 - 25	25,038	22,960	47,233	59,532
CDC - Direct credit to consumers	13.19%	BRL	-	2020 - 24	61,496	27,959	168,283	127,192
					<b>105,050</b>	<b>85,223</b>	<b>376,020</b>	<b>1,320,018</b>
					<b>1,694,359</b>	<b>1,868,061</b>	<b>10,539,126</b>	<b>13,674,207</b>



**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

	Consolidated							
Type	Average annual interest rate	Currency	Indexer	Payment terms / non-current debt	Current		Non-current	
					June 30, 2019	Dec 31, 2018	June 30, 2019	Dec 31, 2018
Foreign currency								
ACC - Advances on exchange contracts	5.86%	USD		2020 - 21	622,504	634,900	1,655,645	3,094,983
Prepayment	5.52%	USD	Libor	2020 - 23	972,743	1,275,206	3,529,401	5,694,441
Notes 6,25% JBS S.A 2023	6.25%	USD	-	2023	75,107	75,602	2,962,295	2,993,874
Notes 7,25% JBS S.A 2024	7.25%	USD	-	2024	51,899	53,376	2,870,281	2,901,727
Notes 7,00% JBS S.A 2026	7.00%	USD	-	2026	402,381	29,761	3,529,574	1,896,572
Credit note – import	-	-	-	-	-	2,868	-	114,832
FINIMP	6.04%	USD	Libor	*	13,798	5,440	-	-
Scott credit facilities	4.82%	USD	-	2023	1,357	1,298	6,890	7,250
Working capital - Euro/US dollars	2.76%	USD and EUR	Euribor	2020 - 23	21,241	22,537	39,866	49,458
					2,161,030	2,100,988	14,593,952	16,753,137
Local currency								
ACC - Advances on exchange contracts	-	-	-	-	-	-	-	1,087
FINAME	6.57%	BRL	TJLP	2020 - 25	22,622	35,013	38,195	55,823
FINEP	6.41%	BRL	-	2020 - 25	27,676	26,919	47,233	60,190
JBS Mortgage	5.80%	USD	-	*	6,714	775	-	6,393
Notes 7,25% JBS Lux 2021	-	-	-	-	-	14,980	-	2,548,073
Notes 5,875% JBS Lux 2024	5.87%	USD	-	2024	93,433	78,728	3,440,741	2,891,764
Notes 5,75% JBS Lux 2025	5.75%	USD	-	2025	10,282	8,912	4,009,635	3,465,889
Notes 5,75% PPC 2025	5.75%	USD	-	2025	64,883	65,604	3,815,227	3,856,151
Notes 5,875% PPC 2027	5.88%	USD	-	2027	48,374	48,912	3,204,451	3,236,853
Notes 6,75% JBS Lux 2028	6.75%	USD	-	2028	87,949	88,927	3,419,568	3,455,849
Notes 6,50% JBS Lux 2029	6.50%	USD	-	2029	73,620	-	5,378,190	-
Term loan JBS Lux 2026	4.90%	USD	Libor	2026	75,778	172,525	7,089,267	12,418,631
PPC term loan	3.68%	USD	Libor	2023	101,170	110,610	1,734,573	1,799,364
Working capital - Brazilian Reais	9.37%	BRL	TJLP	2020 - 24	3,390	4,603	21,535	135,665
Working capital - US Dollars	-	-	-	-	-	-	-	174,095
Working capital - Euros	1.09%	EUR	Euribor	2022 - 23	64,036	56,153	4,930	4,985
Credit note – export	7.97%	BRL	CDI	2020 - 22	20,684	28,735	548,131	1,811,421
CDC - Direct credit to consumers	13.19%	BRL	-	2020 - 24	61,496	27,959	168,283	127,192
CCB	13.76%	BRL	UM BNDES	2020 - 24	3,014	3,012	14,944	16,305
Rural - Credit note	7.00%	BRL	-	2020 - 21	11,746	10,198	403,853	315,526
Scott credit facilities	5.22%	USD, EUR and AUD	US Prime Rate	*	51,781	16,945	-	3,832
JBS Australia Feedlot Agreement	7.00%	AUD	-	2023	-	-	72,651	73,664
Other	1.20%	AUD, BRL, EUR and GBP	Libor, Euribor and BBSY	2020 - 25	31,243	22,137	37,728	19,004
					859,891	821,647	33,449,135	36,477,756
					3,020,921	2,922,635	48,043,087	53,230,893

\* Balances classified as current which have their maturities between July 1, 2019 and June 30, 2020.

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

As of June 30, 2019 and December 31, 2018, the availability under JBS USA revolving credit facilities was R\$7.2 billions (US\$1.9 billions) and R\$3.3 billion (US\$1.0 billion), respectively.

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

Maturity	June 30, 2019	
	Company	Consolidated
2020	63,876	163,252
2021	3,633,048	5,574,633
2022	521,587	667,816
2023	3,444,651	5,003,765
2024	2,873,203	6,400,585
Maturities thereafter	2,761	30,233,036
	<b>10,539,126</b>	<b>48,043,087</b>

## 16.1 Guarantees and contractual restrictions ("covenants")

The Company was in compliance with all of its debt covenant restrictions at June 30, 2019 and until the date that these financial statements were approved.

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**17 Accrued income taxes and other taxes**

	Company		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Accrued income taxes	-	-	179,927	202,665
Withholding income taxes	15,610	25,809	16,236	26,496
ICMS / VAT / GST tax payable	24,342	26,434	69,011	64,844
PIS / COFINS tax payable	77,227	72,417	112,877	92,440
Taxes payable in installments	862,802	876,588	916,984	932,523
Others	2,351	2,614	301,732	251,486
	<b>982,332</b>	<b>1,003,862</b>	<b>1,596,767</b>	<b>1,570,454</b>
<b>Breakdown:</b>				
Current liabilities	287,125	299,480	701,598	728,186
Non-current liabilities	695,207	704,382	895,169	842,268
	<b>982,332</b>	<b>1,003,862</b>	<b>1,596,767</b>	<b>1,570,454</b>

**Decree 8,426/2015 - PIS/COFINS over financial income:** In July 2015, the Company and its subsidiaries filed an injunction to suspend the enforceability of PIS and COFINS debts over financial income. The Decree 8,426/2015 reestablished the levy of PIS and COFINS on financial revenues obtained by companies subject to the PIS and COFINS noncumulative regime, at the rates of 4.65%. As of June 30, 2019 and December 31, 2018, the Company has recorded under Income taxes, payroll, social charges and tax obligation the amount of R\$70,954 and R\$67,215 in the Company, respectively, and in the Consolidated R\$102,016 and R\$85,062, respectively, regarding to PIS/COFINS over financial income.

**18 Accrued payroll and social charges**

	Company		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Salaries and related social charges	166,979	280,635	1,031,423	1,263,693
Bonus and vacation along with related social charges	320,104	214,801	2,331,716	2,276,391
Taxes payable in installments	3,380,201	3,439,543	3,442,878	3,502,778
Others	11,537	4,400	177,360	206,264
	<b>3,878,821</b>	<b>3,939,379</b>	<b>6,983,377</b>	<b>7,249,126</b>
<b>Breakdown:</b>				
Current liabilities	775,674	771,936	3,334,364	3,508,585
Non-current liabilities	3,103,147	3,167,443	3,649,013	3,740,541
	<b>3,878,821</b>	<b>3,939,379</b>	<b>6,983,377</b>	<b>7,249,126</b>

**19 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		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Labor	295,108	221,826	550,112	453,227
Civil	23,185	16,535	216,655	197,840
Tax and Social Security	1,185,741	1,707,761	1,536,082	2,045,578
<b>Total</b>	<b>1,504,034</b>	<b>1,946,122</b>	<b>2,302,849</b>	<b>2,696,645</b>

**Changes in provisions**

	Company			
	December 31, 2018	Additions, disposals and changes in estimates	Payments	June 30, 2019
Labor	221,826	124,255	(54,709)	295,108
Civil	16,535	8,345	(4,730)	23,185
Tax and Social Security	1,707,761	15,712	(544,144)	1,185,741
<b>Total</b>	<b>1,946,122</b>	<b>148,312</b>	<b>(603,583)</b>	<b>1,504,034</b>

	Consolidated				
	December 31, 2018	Additions, disposals and changes in estimates	Payments	Monetary correction	June 30, 2019
Labor	453,227	201,834	(122,053)	17,104	550,112
Civil	197,840	15,338	(9,024)	12,501	216,655
Tax and Social Security	2,045,578	20,062	(544,557)	15,034	1,536,082
<b>Total</b>	<b>2,696,645</b>	<b>237,234</b>	<b>(675,634)</b>	<b>44,639</b>	<b>2,302,849</b>

**In the Company:**

- a. **Plea bargain agreement impacts:** In January 2019, a payment related to a infraction fine referring to the year 2013, which its balance was already accrued.

## JBS S.A.

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

As of June 30, 2019, the Company did not identified the need of making any adjustments besides monetary correction which impact totaled R\$11,787, which was recognized under the caption "General and administrative expenses. The total amount of the accrual in June 30, 2019 was R\$1,045,694.

### 20 Equity

- a. **Share capital:** Share capital on June 30, 2019 was R\$23,576,206, represented by 2,728,747,412 common shares, having no nominal value.
- b. **Capital reserves:**
- b1. **Premium on issue of shares:** refers to the difference between the subscription price that the stockholders pay for the shares and their fair value;
- b2. **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 establishes the criteria of granting the options and selecting the employees. The number of grantable shares authorized to be granted under the plan is limited to 2% of the Company's share capital, and also limited to 0.4% of the increase in the Company's share capital per year.

The program's fair value is recognized as an expense with an offset to capital reserves. The total amount of expense is recognized during the period in which the right to exercise the stock option is acquired, which generally occurs when the options are granted. The number of stock options that each employee is entitled to was calculated based on the average of the Company's stock price for the three months prior to the grant date. The stock option program has 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.

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
2017B	May-17	1,004,722	R\$ 11.72 to R\$ 11.82	0.000002	1 to 3 years	9,31% to 9,64%	46.15%	11.86	0.45%
2017B1	May-17	35,876	R\$11.86	0.00003	Immediate vesting	-	-	11.86	-
2017C	May-17	2,315,842	R\$ 11.10 to R\$ 11.15	1.00000	1 to 3 years	9,31% to 9,64%	46.15%	12.07	0.45%
2017D	Oct-17	3,350,000	R\$8.39	0.0000003	Immediate vesting	-	-	8.39	-
2018A	Apr-18	317,127	R\$ 7.50 to R\$ 7.57	0.00001	1 to 3 years	6.22% to 7.07%	41.38%	7.57	0.53%
2018B	May-18	264,201	R\$ 7.50 to R\$ 7.57	0.00001	1 to 3 years	6.25% to 6.99%	38.49%	7.57	0.54%
2018C	May-18	771,071	R\$ 9.66 to R\$ 9.75	0.000004	1 to 3 years	6.25% to 6.99%	38.49%	9.75	0.54%
2018D	May-18	1,500,000	R\$ 9.66 to R\$ 9.75	0.000002	1 to 3 years	6.25% to 6.99%	38.49%	9.75	0.54%
2018E	Jun-18	153,846	R\$ 9.62 to R\$ 9.72	0.00002	1 to 3 years	6.74% to 8.81%	41.40%	9.75	0.5%
2018F	Jul-18	35,897	R\$ 9.63 a R\$ 9.73	0.0000800	1 to 3 years	6.79% to 9.25%	47.53%	9.75	0.51%
2018G	Oct-18	3,350,000	R\$9.75	0.0000003	Immediate vesting	-	-	9.75	-
<b>Total</b>		<b>13,098,582</b>							

#### June 30, 2019

June 30, 2019

Program		Grant	Vesting terms	Options outstanding	Remaining contractual life (years)
2017B	May-17	05.01.17	1/3 per year with final maturity in May 1, 2020	218,287	0.92
2018A	Apr-18	04.01.18	1/3 per year with final maturity in April 1, 2020	105,709	1.75
2018B	May-18	05.01.18	1/3 per year with final maturity in May 1, 2020	88,067	1.83
2018C	May-18	05.01.18	1/3 per year with final maturity in May 1, 2020	475,132	1.83
2018D	May-18	05.01.18	1/3 per year with final maturity in May 1, 2020	500,000	1.83
2018E	Jun-18	06.01.18	1/3 per year with final maturity in June 1, 2021	102,564	1.92
2018F	Jul-18	07.01.18	1/3 per year with final maturity in July 1, 2021	23,931	2.00
				1,513,690	

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

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

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

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

June 30, 2019			
	Quantity of options	Average exercise price per share	
Opening balance	3,975,719	R\$	9.51
Exercised <sup>(1)</sup>	(1,932,682)	R\$	9.75
Cancelled	(529,347)	R\$	11,20
Closing balance	1,513,690	R\$	9.51

<sup>(1)</sup> The exercised shares during the six month period ended June 30, 2019 totaled in the amount of R\$18,470.

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

During the six month period ended June 30, 2019, the expense with options plan totaled R\$3,205 in the Company and in the Consolidated of R\$29,180. The expenses were recorded in the net income (loss) under the caption "General and administrative expenses", with the respective offset in "Capital Reserves."

**b3. Treasury shares:**

Treasury share activity during the six month period ended June 30, 2019 were as follows:

	June 30, 2019	
	Quantity	R\$ thousand
<b>Opening balance</b>	<b>65,639,365</b>	<b>624,139</b>
Treasury shares used in stock option plan <sup>(1)</sup>	(1,932,682)	(18,417)
<b>Closing balance</b>	<b>63,706,683</b>	<b>605,722</b>

<sup>(1)</sup> Refers to treasury shares exercised effectively.

**21 Net revenue**

	Company		Consolidated	
	For the six month periods ended June 30,		For the six month periods ended June 30,	
	2019	2018	2019	2018
<b>GROSS REVENUE</b>				
<b>Sales of products</b>				
Domestic sales	9,018,567	8,551,468	74,167,041	66,518,499
Export sales	5,595,516	4,689,914	23,996,546	21,042,119
	<b>14,614,083</b>	<b>13,241,382</b>	<b>98,163,587</b>	<b>87,560,618</b>
<b>SALES DEDUCTION</b>				
Returns and discounts	(476,042)	(473,214)	(2,025,711)	(1,800,889)
Sales taxes	(306,374)	(313,215)	(925,189)	(801,023)
	<b>(782,416)</b>	<b>(786,429)</b>	<b>(2,950,900)</b>	<b>(2,601,912)</b>
<b>NET REVENUE</b>	<b>13,831,667</b>	<b>12,454,953</b>	<b>95,212,687</b>	<b>84,958,706</b>

	Company		Consolidated	
	For the three month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018
<b>GROSS REVENUE</b>				
<b>Sales of products</b>				
Domestic sales	4,630,504	4,166,765	39,371,605	34,888,930
Export sales	2,882,330	2,426,814	12,999,740	11,624,187
	<b>7,512,834</b>	<b>6,593,579</b>	<b>52,371,345</b>	<b>46,513,117</b>
<b>SALES DEDUCTION</b>				
Returns and discounts	(237,532)	(245,536)	(1,048,339)	(930,286)
Sales taxes	(158,359)	(155,051)	(480,649)	(407,276)
	<b>(395,891)</b>	<b>(400,587)</b>	<b>(1,528,988)</b>	<b>(1,337,562)</b>
<b>NET REVENUE</b>	<b>7,116,943</b>	<b>6,192,992</b>	<b>50,842,357</b>	<b>45,175,555</b>

**22 Finance income (expense)**

	Company		Consolidated	
	For the six month periods ended June 30,		For the six month periods ended June 30,	
	2019	2018	2019	2018
Exchange rate variation	188,697	(2,928,247)	282,607	(4,048,631)
Fair value adjustments on derivatives	(210,655)	170,909	(219,524)	121,722
Interest expense <sup>(1)</sup>	(1,041,261)	(738,349)	(2,176,472)	(1,957,801)
Interest income <sup>(2)</sup>	137,065	270,735	196,608	120,722
Taxes, contribution, fees and others <sup>(3)</sup>	(47,004)	(27,317)	(107,508)	(62,261)
	<b>(973,158)</b>	<b>(3,252,269)</b>	<b>(2,024,289)</b>	<b>(5,826,249)</b>
Finance income	418,690	441,644	651,128	271,758
Finance expense	(1,391,848)	(3,693,913)	(2,675,417)	(6,098,007)
	<b>(973,158)</b>	<b>(3,252,269)</b>	<b>(2,024,289)</b>	<b>(5,826,249)</b>

## JBS S.A.

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

	Company		Consolidated	
	For the three month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018
Exchange rate variation	281,624	(2,856,999)	454,519	(3,909,333)
Fair value adjustments on derivatives	(88,382)	155,229	(74,966)	151,036
Interest expense <sup>(1)</sup>	(528,119)	(382,243)	(1,100,955)	(1,003,821)
Interest income <sup>(2)</sup>	75,041	136,064	103,888	64,295
Taxes, contribution, fees and others	(33,615)	(11,391)	(80,089)	(20,295)
	<u>(293,451)</u>	<u>(2,959,340)</u>	<u>(697,603)</u>	<u>(4,718,118)</u>
Finance income	356,666	291,293	558,408	215,331
Finance expense	(650,117)	(3,250,633)	(1,256,011)	(4,933,449)
	<u>(293,451)</u>	<u>(2,959,340)</u>	<u>(697,603)</u>	<u>(4,718,118)</u>

<sup>(1)</sup> For the six month periods ended June 30, 2019 and 2018, the amounts of R\$467,938 and R\$646,295 in the Company and R\$1,755,158 and R\$1,802,340 in the Consolidated and for the three month periods ended June 30, 2019 and 2018, the amounts of R\$231,353 and R\$352,422 in the Company and R\$922,498 and R\$936,286 refers to interest expenses from loans and financings recognized under the caption "Interest expense".

<sup>(2)</sup> For the six month periods ended June 30, 2019 and 2018, the amounts of R\$23,383 and R\$20,794 in the Company and R\$74,707 and R\$84,004 in the Consolidated and for the three month periods ended June 30, 2019 and 2018 the amounts of R\$14,516 and R\$11,293 in the Company and R\$40,206 and R\$53,647 in the Consolidated refers to interest income from short investments recognized under the caption "interest income".

<sup>(3)</sup> As of June 30, 2019, the amount of taxes, contribution, fees and others of R\$107,508 includes the payment of premiums from the anticipation amortization of part of the debt and the notes maturing in 2021 and Term Loan 2022 totaling in R\$32,657.

## 23 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).

	For the six month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018
Net income attributable to shareholders	3,276,228	(404,555)	2,183,480	(911,077)
Weighted average common shares outstanding	2,728,747	2,728,747	2,728,747	2,728,747
Weighted average - treasury shares	(63,847)	(19,072)	(63,847)	(19,072)
Weighted average - common shares outstanding (basic)	<u>2,664,900</u>	<u>2,709,675</u>	<u>2,664,900</u>	<u>2,709,675</u>
Basic earnings per share - (R\$)	1.23	(0.15)	0.82	(0.34)

**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 had only one category of potential common shares that would cause dilution: outstanding options to purchase shares (shares in thousands).

	For the six month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018
Net income attributable to shareholders	3,276,228	(404,555)	2,183,480	(911,077)
Weighted average common shares outstanding (basic) - R\$	2,664,900	2,709,675	2,664,900	2,709,675
Dilutive effect of outstanding stock options	1,035	25,052	1,035	(19,072)
Weighted average - common shares outstanding (diluted)	<u>2,665,935</u>	<u>2,734,727</u>	<u>2,665,935</u>	<u>2,690,603</u>
Diluted earnings per shares - (R\$)	1.23	(0.15)	0.82	(0.34)

For the six month period ended June 30, 2019, 1,513,690 shares related to outstanding stock options have been excluded from the calculation of diluted weighted average common shares.

## 24 Operating segments and geographic reporting

The Company's Management established the operating segments based on the reports that are used to make strategic decisions:

**Brazil:** this segment includes all the operating activities from Company and its subsidiaries, mainly represented by slaughter facilities, cold storage and meat processing, fat, feed and production of beef by-products such as leather, collagen and others products produced in Brazil.

**Seara:** this segment includes all the operating activities of Seara and its subsidiaries, mainly represented by chicken and pork processing, production and commercialization of food products.

**Beef USA:** this segment includes JBS USA's operations, including Australia and Canada as well, related to beef processing: slaughter, cold storage, production and others beef by-products, besides cattle fattening services.

**Pork USA:** this segment includes JBS USA's pork and lamb operations, including Plumrose and Australia as well, related to slaughter, cold storage, production and commercialization of food products.

**Chicken USA:** this segment includes PPC's operations, including Moy Park as well, mainly represented by chicken processing, production and commercialization of food products in the United States of America, Mexico, United Kingdom and France.

Due to the volume's substantial percentage of the operating segments above, the others segments and activities in which the Company operates do not have a major share. Those segments are included in "Others". Furthermore, the eliminations between the companies of the group are presented separately.



**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

The accounting policies of the reportable segments are the same as described in the financial statements from the year ended December 31, 2018. The Company evaluates its performance per segment, which according to its accounting policies, are disclosed with the breakdown of net revenue, net operating income and depreciation.

There are no revenues arising out of transactions with any single customer that represents 5% or more of the total revenues. Net revenue presented below is from external customers.

The segment profitability reviewed by the Executive Officers is operating income, which does not include finance income (expense), share of profit or loss of equity accounted investees, or income taxes. The Company manages its loans and financing and income taxes at the corporate level and not by segment.

The information by consolidated operational segment are as follows:

	Net revenue		Operating income <sup>(1)</sup>		Depreciation	
	For the six month periods ended June 30,		For the six month periods ended June 30,		For the six month periods ended June 30,	
	2019	2018	2019	2018	2019	2018
<b>Segments</b>						
Brazil	13,936,416	12,536,946	134,446	(147,376)	396,319	396,479
Seara	9,278,632	8,063,181	276,228	(41,629)	565,231	485,627
Beef USA	40,979,934	36,596,127	2,529,287	2,773,913	480,874	330,637
Pork USA	11,146,745	9,910,290	695,802	722,146	309,377	149,036
Chicken USA	21,385,910	19,109,805	1,599,982	1,304,954	1,273,077	920,016
Others	1,247,664	1,181,225	(4,548)	(1,400)	38,666	20,794
Intercompany elimination	(2,762,614)	(2,438,868)	(1,471)	-	(3,329)	-
<b>Total</b>	<b>95,212,687</b>	<b>84,958,706</b>	<b>5,229,726</b>	<b>4,610,608</b>	<b>3,060,215</b>	<b>2,302,589</b>

	Net revenue		Operating income <sup>(1)</sup>		Depreciation	
	For the three month periods ended June 30,		For the three month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018	2019	2018
<b>Segments</b>						
Brazil	7,172,252	6,236,669	138,161	153,983	197,627	196,053
Seara	5,081,371	4,088,690	279,863	(125,887)	283,549	239,714
Beef USA	22,093,821	20,182,078	1,767,649	1,915,137	255,932	165,470
Pork USA	6,110,996	5,154,183	256,535	349,037	160,174	78,562
Chicken USA	11,126,798	10,213,457	1,086,442	658,019	664,152	485,123
Others	655,763	633,843	(9,726)	(1,428)	20,962	10,928
Intercompany elimination	(1,398,644)	(1,333,365)	(929)	-	(1,786)	-
<b>Total</b>	<b>50,842,357</b>	<b>45,175,555</b>	<b>3,517,995</b>	<b>2,948,861</b>	<b>1,580,610</b>	<b>1,175,850</b>

	June 30, 2019	December 31, 2018
<b>Total assets</b>		
Brazil	35,007,590	36,835,443
Seara	23,137,691	23,044,148
Beef USA	20,294,577	18,513,199
Pork USA	10,490,931	8,904,564
Chicken USA	26,087,557	24,076,655
Others	30,261,959	29,007,228
Intercompany elimination	(29,696,395)	(26,235,406)
<b>Total</b>	<b>115,583,910</b>	<b>114,145,831</b>

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

Geographic reporting						
	Net revenue		Operating income <sup>(1)</sup>		Depreciation	
	For the six month periods ended June 30,		For the six month periods ended June 30,		For the six month periods ended June 30,	
	2019	2018	2019	2018	2019	2018
United States of America	72,068,010	64,404,128	4,813,507	4,786,793	2,084,557	1,407,923
South America	22,937,748	20,458,521	389,710	(177,598)	969,440	887,665
Others	1,034,845	938,820	27,980	1,413	9,547	7,001
Intercompany elimination	(827,916)	(842,763)	(1,471)	-	(3,329)	-
<b>Total</b>	<b>95,212,687</b>	<b>84,958,706</b>	<b>5,229,726</b>	<b>4,610,608</b>	<b>3,060,215</b>	<b>2,302,589</b>

Geographic reporting						
	Net revenue		Operating income <sup>(1)</sup>		Depreciation	
	For the three month periods ended June 30,		For the three month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018	2019	2018
United States of America	38,597,463	34,864,890	3,104,885	2,915,086	1,092,393	733,533
South America	12,126,439	10,263,478	396,923	33,754	485,193	438,639
Others	542,395	510,235	17,116	21	4,810	3,678
Intercompany elimination	(423,940)	(463,048)	(929)	-	(1,786)	-
<b>Total</b>	<b>50,842,357</b>	<b>45,175,555</b>	<b>3,517,995</b>	<b>2,948,861</b>	<b>1,580,610</b>	<b>1,175,850</b>



**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**Total assets by geographic area:**

	June 30, 2019	December 31, 2018
<b>Total assets</b>		
United States of America	77,546,550	73,042,765
South America	56,736,249	57,347,022
Others	8,059,071	6,843,825
Intercompany elimination	(26,757,960)	(23,087,781)
<b>Total</b>	<b>115,583,910</b>	<b>114,145,831</b>

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

	Operating income			
	For the six month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018
Net income (loss)	3,497,383	(238,705)	2,328,946	(826,893)
Income tax and social contribution - current and deferred	(317,738)	(1,079,037)	466,413	(958,638)
Finance (income) expense, net	2,024,289	5,826,249	697,603	4,718,118
Share of profit of equity-accounted investees, net of tax	(14,402)	(16,194)	(7,004)	(9,144)
<b>Operating profit</b>	<b>5,189,532</b>	<b>4,492,313</b>	<b>3,485,958</b>	<b>2,923,443</b>
Tax payable in installments	-	21,690	-	-
Investigation impacts due to the leniency agreement	11,787	20,124	5,945	10,494
Other operating expense/income	28,407	76,481	26,092	14,924
<b>Net operating profit</b>	<b>5,229,726</b>	<b>4,610,608</b>	<b>3,517,995</b>	<b>2,948,861</b>

**25 Expenses by nature**

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

	Company				Consolidated			
	For the six month periods ended June 30,		For the three month periods ended June 30,		For the six month periods ended June 30,		For the three month periods ended June 30,	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Cost of sales</b>								
Cost of inventories, raw materials and production inputs	(10,514,914)	(9,540,084)	(5,332,386)	(4,491,421)	(68,885,207)	(62,316,637)	(36,454,019)	(32,713,536)
Salaries and benefits	(714,298)	(650,681)	(359,914)	(316,932)	(9,972,850)	(8,564,086)	(5,114,240)	(4,489,894)
Depreciation and amortization	(221,458)	(240,534)	(109,691)	(113,261)	(2,580,973)	(1,938,379)	(1,336,951)	(984,660)
	<u>(11,450,670)</u>	<u>(10,431,299)</u>	<u>(5,801,991)</u>	<u>(4,921,614)</u>	<u>(81,439,030)</u>	<u>(72,819,102)</u>	<u>(42,905,210)</u>	<u>(38,188,090)</u>
<b>General and administrative expenses</b>								
Tax payable in installments (PRR)	-	(21,690)	-	-	-	(21,690)	-	-
Salaries and benefits	(633,389)	(535,029)	(331,155)	(288,405)	(1,814,084)	(1,585,838)	(864,514)	(853,878)
Fees, services and general expenses	(436,480)	(482,555)	(240,437)	(264,039)	(1,025,068)	(789,768)	(590,215)	(509,776)
Depreciation and amortization	(119,136)	(111,325)	(59,745)	(64,728)	(355,026)	(278,740)	(183,274)	(152,084)
Impairment	-	-	-	-	(4,231)	(53,131)	-	(368)
	<u>(1,189,005)</u>	<u>(1,150,599)</u>	<u>(631,337)</u>	<u>(617,172)</u>	<u>(3,198,409)</u>	<u>(2,729,167)</u>	<u>(1,638,003)</u>	<u>(1,516,106)</u>
<b>Selling expenses</b>								
Freights and selling expenses	(837,029)	(708,770)	(439,429)	(331,273)	(4,643,527)	(4,068,774)	(2,421,982)	(2,115,580)
Allowance for doubtful accounts	(6,670)	(126,926)	11,704	(68,356)	(31,099)	(145,207)	11,009	(85,700)
Salaries and benefits	(89,000)	(88,027)	(45,344)	(45,762)	(273,195)	(275,500)	(147,216)	(139,554)
Depreciation and amortization	(53,618)	(39,827)	(27,136)	(16,344)	(124,215)	(85,471)	(60,384)	(39,107)
Advertising and marketing	(37,756)	(38,787)	(21,615)	(16,966)	(244,512)	(177,920)	(149,176)	(95,274)
Commissions	(25,717)	(32,166)	(13,545)	(15,779)	(86,131)	(93,833)	(42,743)	(46,803)
	<u>(1,049,790)</u>	<u>(1,034,503)</u>	<u>(535,365)</u>	<u>(494,480)</u>	<u>(5,402,679)</u>	<u>(4,846,705)</u>	<u>(2,810,492)</u>	<u>(2,522,018)</u>

As of June 30, 2019, other income (expenses) includes gain (losses) of sale of assets, operating plants and write-off of other comprehensive income of liquidated subsidiaries (see footnote 11), in the Company, and Consolidated, gain (losses) of sale of assets, third party advisory expenses related to restructuring projects, among others.

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**26 Risk management and financial instruments**

The Company uses the measurement principles described in note 3 at each statement of financial position date in accordance with the guidelines established under IFRS for each classification type of financial assets and liabilities. The Company has not designated any of its derivatives as hedges.

**Financial instruments:**

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

		Company		Consolidated	
	Notes	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
<b>Assets</b>					
<b>Fair value through profit or loss</b>					
Financial investments	4	170,772	358,097	2,718,519	4,887,098
National treasury bills	4	131,555	49,758	131,555	49,758
Derivative assets		2,058	6,303	494,835	52,797
<b>Loans and receivables at amortized cost</b>					
Cash at banks	4	930,865	1,356,338	3,442,015	3,998,922
Trade accounts receivable	5	1,557,109	2,729,066	8,787,374	9,657,010
Related parties receivables	9	700,283	828,802	278,586	701,281
<b>Total</b>		<b>3,492,642</b>	<b>5,328,364</b>	<b>15,852,884</b>	<b>19,346,866</b>
<b>Liabilities</b>					
<b>Liabilities at amortized cost</b>					
Trade accounts payable and supply chain finance		(2,410,495)	(2,333,255)	(12,986,424)	(13,075,615)
Loans and financing	16	(12,233,485)	(15,542,268)	(51,064,008)	(56,153,528)
Related party payables	9	(10,013,995)	(8,033,436)	-	-
Other financial liabilities		(37,043)	(42,244)	(169,112)	(69,213)
<b>Fair value through profit or loss</b>					
Derivative liabilities		(118,821)	(23,602)	(324,292)	(210,015)
<b>Total</b>		<b>(24,813,839)</b>	<b>(25,974,805)</b>	<b>(64,543,836)</b>	<b>(69,508,371)</b>

**Fair value through profit or loss:** (i) CDBs are updated at the effective rate, but are very short-term and negotiated with financial institutions, and their recognition is similar to fair value; (ii) national treasury bill are recognized according to market value.

**Amortized cost:** (i) Loans and receivables are classified as amortized cost, but without any change in their nature or business model; (ii) the accounts receivable are short-term and net from expected losses.

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

	Company							
	Current assets						Current liabilities	
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Level 1	131,555	49,758	-	-	-	-	-	-
Level 2	-	-	170,772	358,097	2,058	6,303	(118,821)	(23,602)

	Consolidated							
	Current assets						Current liabilities	
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Level 1	131,555	49,758	-	-	-	-	-	-
Level 2	-	-	2,718,519	4,887,099	494,835	52,797	(324,292)	(210,015)

Book value of financial instruments are similar to fair value, considering the criteria defined for levels 1 and 2 in the fair value hierarchy.

**b. Fair value of assets and liabilities classified as amortized cost:**

Assets and liabilities classified as amortized cost fall within level 2 in the fair value hierarchy. The exception is the Senior Notes that have observable prices in active markets and are therefore considered in the hierarchy of fair value measurement as Level 1.



**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

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

Description	Company						Consolidated					
	June 30, 2019			December 31, 2018			June 30, 2019			December 31, 2018		
	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
Notes 6,25% JBS S.A 2023	2,969,955	102.27	3,037,373	3,002,970	99.59	2,990,658	2,969,955	102.27	3,037,373	3,002,970	99.59	2,990,658
Notes 7,25% JBS S.A 2024	2,874,150	104.53	3,004,349	2,906,100	101.49	2,949,401	2,874,150	104.53	3,004,349	2,906,100	101.49	2,949,401
Notes 7,00% JBS S.A 2026	-	-	-	-	-	-	3,832,200	108.29	4,149,889	1,937,412	98.69	1,912,110
Notes 7,25% JBS Lux 2021	-	-	-	-	-	-	-	-	-	2,564,994	101.00	2,590,644
Notes 5,875% JBS Lux 2024	-	-	-	-	-	-	3,448,980	102.91	3,549,173	2,906,100	99.99	2,905,810
Notes 5,75% JBS Lux 2025	-	-	-	-	-	-	4,023,810	103.75	4,174,703	3,487,320	96.75	3,373,983
Notes 6,75% JBS Lux 2028	-	-	-	-	-	-	3,448,980	108.84	3,753,732	3,487,320	97.00	3,382,701
Notes 6,50% JBS Lux 2029	-	-	-	-	-	-	5,365,080	108.85	5,839,622	-	-	-
Notes 5,75% PPC 2025	-	-	-	-	-	-	3,832,200	101.72	3,898,152	3,874,801	93.73	3,631,851
Notes 5,875% PPC 2027	-	-	-	-	-	-	3,257,370	103.75	3,379,522	3,293,580	90.38	2,976,573
	<u>5,844,105</u>		<u>6,041,722</u>	<u>5,909,070</u>		<u>5,940,059</u>	<u>33,052,725</u>		<u>34,786,515</u>	<u>27,460,597</u>		<u>26,713,731</u>

**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, 2018. There were no changes in the nature of these risks in the current period.

Below are presented the risks related to fluctuation of US Dollars (US\$), Euro (€) and Mexican Pesos (MXN), 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 B3 and the Chicago Mercantile Exchange.

	Company			
	USD		EUR	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
<b>OPERATING</b>				
Cash and cash equivalents	897,883	1,271,960	36,814	33,566
Trade accounts receivable	1,726,374	1,392,982	377,488	707,458
Sales orders	2,056,203	2,083,760	244,268	510,098
Trade accounts payable	(94,095)	(34,866)	(28,535)	(22,867)
<b>Subtotal</b>	<u>4,586,365</u>	<u>4,713,836</u>	<u>630,035</u>	<u>1,228,255</u>
<b>FINANCIAL</b>				
Related parties transaction (net)	(8,208,402)	(4,726,140)	142,915	10,229
Net debt in foreign subsidiaries	(29,511,910)	(28,351,602)	-	-
Loans and financing	(11,693,877)	(14,068,530)	(58,538)	(68,497)
<b>Subtotal</b>	<u>(49,414,189)</u>	<u>(47,146,272)</u>	<u>84,377</u>	<u>(58,268)</u>
<b>Total exposure</b>	<u>(44,827,824)</u>	<u>(42,432,436)</u>	<u>714,412</u>	<u>1,169,987</u>
<b>DERIVATIVES</b>				
Future contracts	-	233,844	-	-
Non Deliverable Forwards (NDF's)	4,215,420	5,405,346	-	-
<b>Total derivatives</b>	<u>4,215,420</u>	<u>5,639,190</u>	<u>-</u>	<u>-</u>
<b>NET EXPOSURE IN R\$</b>	<u>(40,612,404)</u>	<u>(36,793,246)</u>	<u>714,412</u>	<u>1,169,987</u>

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

	Consolidated					
	USD		EUR		MXN	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
<b>OPERATING</b>						
Cash and cash equivalents	1,713,786	2,075,129	60,899	68,825	551,457	350,557
Trade accounts receivable	4,003,372	2,505,561	507,391	902,741	376,732	353,386
Sales orders	3,913,752	3,184,075	266,550	518,778	-	-
Trade accounts payable	(215,545)	(112,520)	(121,125)	(81,770)	(381,085)	(552,039)
Purchase orders	(121,384)	(77,648)	(57,737)	(34,891)	-	-
<b>Subtotal</b>	<b>9,293,981</b>	<b>7,574,597</b>	<b>655,978</b>	<b>1,373,683</b>	<b>547,104</b>	<b>151,904</b>
<b>FINANCIAL</b>						
Related parties transaction (net)	(14,830,745)	(13,998,511)	142,915	10,229	-	-
Loans and financing	(46,205,769)	(46,691,785)	(58,538)	(70,650)	-	-
<b>Subtotal</b>	<b>(61,036,514)</b>	<b>(60,690,296)</b>	<b>84,377</b>	<b>(60,421)</b>	-	-
<b>Total exposure</b>	<b>(51,742,533)</b>	<b>(53,115,699)</b>	<b>740,355</b>	<b>1,313,262</b>	<b>547,104</b>	<b>151,904</b>
<b>DERIVATIVES</b>						
Future contracts	-	427,584	-	-	-	-
Deliverable Forwards (DF's)	171,989	382,784	102,462	111,009	(686,864)	(677,765)
Non Deliverable Forwards (NDF's)	4,205,583	5,783,480	34,348	(39,608)	-	-
<b>Total derivatives</b>	<b>4,377,572</b>	<b>6,593,848</b>	<b>136,810</b>	<b>71,401</b>	<b>(686,864)</b>	<b>(677,765)</b>
<b>NET EXPOSURE IN R\$</b>	<b>(47,364,961)</b>	<b>(46,521,851)</b>	<b>877,165</b>	<b>1,384,663</b>	<b>(139,760)</b>	<b>(525,861)</b>

**a1.1 Sensitivity analysis and derivative financial instruments breakdown:**
**a1.1.1 US Dollar (amounts in thousands of R\$):**

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%				Scenario (iii) Interest rate variation - 50%			
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	3.8322	3.9075	90,167	182,717	4.7903	1,146,591	2,323,495	5.7483	2,293,183	4,646,991			
Financial	Depreciation	3.8322	3.9075	(391,273)	(1,199,961)	4.7903	(4,975,570)	(15,259,128)	5.7483	(9,951,139)	(30,518,257)			
Derivatives	Appreciation	3.8322	3.9075	82,874	86,062	4.7903	1,053,855	1,094,393	5.7483	2,107,710	2,188,786			
				<b>(218,232)</b>	<b>(931,182)</b>		<b>(2,775,124)</b>	<b>(11,841,240)</b>		<b>(5,550,246)</b>	<b>(23,682,480)</b>			

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%				Scenario (iii) Interest rate variation - 50%			
			Exchange rate	Effect on equity		Exchange rate	Effect on equity		Exchange rate	Effect on equity		Exchange rate	Effect on equity	
				Company	Consolidated		Company	Consolidated		Company	Consolidated		Company	Consolidated
Net debt in foreign subsidiaries	Depreciation	3.8322	3.9075	(580,196)	-	4.7903	(7,377,978)	-	5.7483	(14,755,955)	-			
				<b>(580,196)</b>	-		<b>(7,377,978)</b>	-		<b>(14,755,955)</b>	-			

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 since the debt is denominated in the functional currency of each country, these debt instruments are translated to Brazilian Reais upon consolidation and are therefore affected by Exchange rate variation, which impacts the Company's consolidated leverage ratios.

Company								
Instrument	Risk factor	Nature	June 30, 2019			December 31, 2018		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts B3	American dollar	.	-	-	-	1,207	233,844	(303)

Consolidated								
Instrument	Risk factor	Nature	June 30, 2019			December 31, 2018		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future B3	American dollar	.	-	-	(81)	2,207	427,584	(1,092)

Company								
Instrument	Risk factor	Nature	June 30, 2019			December 31, 2018		
			Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Non Deliverable Forwards	American dollar	Long	1,100,000	4,215,420	(110,160)	1,395,000	5,405,346	(16,886)

Consolidated								
Instrument	Risk factor	Nature	June 30, 2019			December 31, 2018		
			Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Deliverable Forwards	American dollar	Long	44,880	171,989	2,238	98,788	382,784	9,772
Non Deliverable Forwards	American dollar	Long	1,097,433	4,205,583	(110,401)	1,492,588	5,783,480	(16,397)

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**a1.1.2 € - EURO (amounts in thousands of R\$):**

Exposure of R\$	Risk	Current exchange	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%				Scenario (iii) Interest rate variation - 50%			
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	4.3587	4.2653	(13,508)	(14,064)	3.2690	(157,508)	(163,994)	2.1794	(315,017)	(327,989)			
Financial	Appreciation	4.3587	4.2653	(1,809)	(1,809)	3.2690	(21,094)	(21,094)	2.1794	(42,188)	(42,188)			
Derivatives	Appreciation	4.3587	4.2653	-	(2,933)	3.2690	-	(34,202)	2.1794	-	(68,405)			
				<b>(15,317)</b>	<b>(18,806)</b>		<b>(178,602)</b>	<b>(219,290)</b>		<b>(357,205)</b>	<b>(438,582)</b>			

Consolidated								
Instrument	Risk factor	Nature	June 30, 2019			December 31, 2018		
			Notional (EUR)	Notional (R\$)	Fair value	Notional (EUR)	Notional (R\$)	Fair value
Deliverable Forwards	Euro	Long	23,507	102,462	(2,671)	25,008	111,009	2,829
Non Deliverable Forwards	Euro	Long	7,880	34,348	3,177	(8,923)	(39,608)	1,418

**a1.1.3 MXN - Mexican Peso (amounts in thousands of R\$):**

Exposure of R\$	Risk	Current exchange rate	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) Interest rate variation - 25%				Scenario (iii) Interest rate variation - 50%			
			Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income		Exchange rate	Effect on income	
				Company	Consolidated		Company	Consolidated		Company	Consolidated		Company	Consolidated
Operating	Appreciation	0.1995	0.2037	-	11,436	0.2494	-	136,790	0.2993	-	273,552			
Derivatives	Depreciation	0.1995	0.2037	-	(14,357)	0.2494	-	(171,733)	0.2993	-	(343,432)			
				-	<b>(2,921)</b>		-	<b>(34,943)</b>		-	<b>(69,880)</b>			

Consolidated								
Instrument	Risk factor	Nature	June 30, 2019			December 31, 2018		
			Notional (MXN)	Notional (R\$)	Fair value	Notional (MXN)	Notional (R\$)	Fair value
Deliverable Forwards	Mexican peso	Short	(3,442,929)	(686,864)	(96)	(3,436,940)	(677,765)	(24,314)

**b. Commodity price risk**

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

**b1. Position balance in commodities (cattle) contracts**

EXPOSURE in Commodities (Cattle)	June 30, 2019	December 31, 2018
Firm Contracts of cattle purchase	619,561	134,684
<b>Subtotal</b>	<b>619,561</b>	<b>134,684</b>
<b>DERIVATIVES</b>		
Future contracts	(562,432)	(5,305)
Non Deliverable Forwards (NDF's)	(58,851)	-
<b>Subtotal</b>	<b>(562,432)</b>	<b>(5,305)</b>
<b>NET EXPOSURE</b>	<b>57,129</b>	<b>129,379</b>

**Sensitivity analysis:**

Exposure	Risk	Current price	Scenario (i) VaR 99% I.C. 1 day				Scenario (ii) @ Variation - 25%				Scenario (ii) @ Variation - 50%			
			Price	Effect on income		Price	Effect on income		Price	Effect on income		Price	Effect on income	
				Company	Company		Company	Company		Company	Company		Company	Company
Operational	Cattle arroba depreciation	156.85	160.77	15,470	196.06	154,890	235.28	309,781						
Derivatives of cattle	Cattle arroba appreciation	156.85	160.77	(15,513)	196.06	(155,321)	235.28	(310,641)						
				<b>(43)</b>		<b>(431)</b>		<b>(860)</b>						

**Derivatives financial instruments breakdown:**

Company								
Instrument	Risk factor	Nature	June 30, 2019			December 31, 2018		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts B3	Commodities	Short	10,444	(562,432)	(5,883)	119	(5,305)	(110)

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

Instrument	Risk factor	Nature	Company					
			June 30, 2019			December 31, 2018		
			Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Non Deliverable Forwards	Commodities	Short	-	(58,851)	(720)	-	-	-

**b2. Position balance in commodities (grain) derivatives financial instruments of Seara Alimentos:**

EXPOSURE in Commodities (Grain)			Seara Alimentos	
			June 30, 2019	December 31, 2018
<b>OPERATING</b>				
Purchase orders			398,370	24,378
<b>Subtotal</b>			<b>398,370</b>	<b>24,378</b>
<b>DERIVATIVES</b>				
Future contracts			211,031	(243,135)
<b>Subtotal</b>			<b>211,031</b>	<b>(243,135)</b>
<b>NET EXPOSURE</b>			<b>609,401</b>	<b>(218,757)</b>

**Sensitivity analysis:**

Exposure	Risk	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
		Price	Effect on income	Price	Effect on income	Price	Effect on income
			Seara Alimentos		Seara Alimentos		Seara Alimentos
Operational	Depreciation	(2.45)%	(9,756)	(25.00)%	(99,593)	(50.00)%	(199,185)
Derivatives	Depreciation	(2.45)%	(5,168)	(25.00)%	(52,758)	(50.00)%	(105,515)
			<b>(14,924)</b>		<b>(152,351)</b>		<b>(304,700)</b>

**Derivatives financial instruments breakdown:**

Instrument	Risk factor	Nature	Consolidated					
			June 30, 2019			December 31, 2018		
			Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts B3	Commodities	Long	4,543	211,031	(4,753)	2,585	(243,135)	(281)

**b3. Position balance in commodities derivatives financial instruments of JBS USA:**

EXPOSURE in Commodities			JBS USA	
			June 30, 2019	December 31, 2018
<b>OPERATIONAL</b>				
Forwards - commodities			9,693,344	9,392,509
<b>Subtotal</b>			<b>9,693,344</b>	<b>9,392,509</b>
<b>DERIVATIVES</b>				
Deliverable Forwards			(1,707,835)	(3,577,258)
<b>Subtotal</b>			<b>(1,707,835)</b>	<b>(3,577,258)</b>
<b>NET EXPOSURE</b>			<b>7,985,509</b>	<b>5,815,251</b>

**Sensitivity analysis:**

Exposure	Risk	Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
		Price	Effect on income	Price	Effect on income	Price	Effect on income
			JBS USA		JBS USA		JBS USA
Operational	Depreciation	(0.98)%	(95,189)	(25.00)%	(2,423,336)	(50.00)%	(4,846,672)
Derivatives	Appreciation	(0.98)%	16,771	(25.00)%	426,959	(50.00)%	853,918
			<b>(78,418)</b>		<b>(1,996,377)</b>		<b>(3,992,754)</b>

**Derivatives financial instruments breakdown:**

Instrument	Risk factor	Nature	Consolidated					
			June 30, 2019			December 31, 2018		
			Notional (USD)	Notional (R\$)	Fair value	Notional (USD)	Notional (R\$)	Fair value
Deliverable Forwards	Commodities	Short	(445,654)	(1,707,835)	288,592	(923,211)	(3,577,258)	(128,984)

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**c. Liquidity risk**

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

	Company									
	June 30, 2019					December 31, 2018				
	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total
Trade accounts payable and supply chain finance	2,410,495	-	-	-	2,410,495	2,333,255	-	-	-	2,333,255
Loans and financings	1,694,359	4,195,068	6,338,162	5,896	12,233,485	1,868,061	6,716,044	4,052,068	2,906,095	15,542,268
Related party payables	-	-	-	10,013,995	10,013,995	-	-	-	8,033,436	8,033,436
Derivatives financing liabilities	118,821	-	-	-	118,821	23,602	-	-	-	23,602
Other financial liabilities	22,193	13,200	1,650	-	37,043	24,017	13,200	4,950	77	42,244
Estimated interest on loans and financing <sup>(1)</sup>	719,977	1,147,483	510,294	258	2,378,012	957,813	1,601,484	645,098	62,037	3,266,432

	Consolidated									
	June 30, 2019					December 31, 2018				
	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total
Trade accounts payable and supply chain finance	12,986,424	-	-	-	12,986,424	13,075,615	-	-	-	13,075,615
Loans and financings	3,020,921	6,313,603	9,732,552	31,996,932	51,064,008	2,922,635	13,603,665	17,830,110	21,797,118	56,153,528
Derivatives financing liabilities (assets)	324,292	-	-	-	324,292	210,015	-	-	-	210,015
Other financial liabilities	49,064	84,102	35,945	-	169,111	45,537	18,649	4,950	77	69,213
Estimated interest on loans and financing <sup>(1)</sup>	2,867,846	5,500,811	4,659,425	5,093,219	18,121,301	3,260,173	5,975,491	3,567,934	3,040,077	15,843,675

<sup>(1)</sup> Includes interest on all loans and financing outstanding. Payments are estimated for variable rate debt based on effective interest rates at June 30, 2019 and December 31, 2018. Payments in foreign currencies are estimated using the June 30, 2019 and December 31, 2018 exchange rates.

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at June 30, 2019 is R\$131,686 (R\$49,791 at December 31, 2018). 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 June 30, 2019 is R\$280,517 (R\$365,781 at December 31, 2018). This guarantee is larger than its collateral.

Also, the direct subsidiary Seara Alimentos has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at June 30, 2019 is R\$75,097 (R\$87,411 at December 31, 2018). This guarantee is larger than its collateral.

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

\* \* \* \* \*

**JBS S.A.**

Notes to the condensed financial statements for the six month period ended June 30, 2019 and 2018  
(Expressed in thousands of Brazilian reais)

**27 Approval of the financial statements**

The issuance of these condensed financial statements was approved by the Board of Directors on August 14, 2019.

**BOARD OF DIRECTORS**

<b>Chairman:</b>	Jeremiah Alphonsus O'Callaghan
<b>Vice-Chairman:</b>	José Batista Sobrinho
<b>Board Member:</b>	Aguinaldo Gomes Ramos Filho
<b>Board Member:</b>	Gilberto Meirelles Xandó Baptista
<b>Board Member:</b>	Wesley Mendonça Batista Filho
<b>Independent Board Member:</b>	José Guimarães Monforte
<b>Independent Board Member:</b>	Cledorvino Belini
<b>Independent Board Member:</b>	Alba Pettengill
<b>Independent Board Member:</b>	Márcio Guedes Pereira Júnior

---

**FISCAL COUNCIL REPORT**

The Fiscal Council reviewed the condensed financial statements of the Company for the six month period ended June 30, 2019.

Our review included: a. analysis of the 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 Company's Management.

Based on our review, in the information and clarifications received and considering the Independent Auditors' Review Report of Grant Thornton Independent Auditors issued on August 14, 2019, the Fiscal Council was not aware of any additional fact that would lead us to believe that the aforementioned financial statements do not reflect in all material respects the information contained therein and that are in a position to be disclosed by the Company.

**FISCAL COUNCIL**

<b>Chairman:</b>	Adrian Lima da Hora
<b>Council Member:</b>	José Paulo da Silva Filho
<b>Council Member:</b>	Demetrius Nichele Macei
<b>Council Member:</b>	Maurício Wanderley Estanislau da Costa

---

**AUDIT COMMITTEE REPORT**

The Audit Committee reviewed the condensed financial statements for the six month period ended June 30, 2019. Based on the procedures performed, considering also the review report of Grant Thornton Auditores Independentes, as well as the information and clarifications received during the course of the recommends that the said documents are in a position to be examined by the Board of Directors.

**AUDIT COMMITTEE**

<b>Committee Chairman:</b>	Gilberto Meirelles Xandó Baptista
<b>Committee Member:</b>	Paulo Sérgio Cruz Dortas Matos
<b>Committee Member:</b>	Orlando Octávio de Freitas Júnior

---

**STATEMENT OF OFFICERS ON THE FINANCIAL STATEMENTS AND ON THE INDEPENDENT AUDITORS 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 condensed financial statements for the six month period ended June 30, 2019, and
- (ii) They reviewed, discussed and agreed with the condensed financial statements for the six month period ended June 30, 2019.

**STATUTORY BOARD**

<b>Chief Executive Officer:</b>	Gilberto Tomazoni
<b>Administrative and Control Officer:</b>	Eliseo Santiago Perez Fernandez
<b>Financial and Investor Relations Officer:</b>	Guilherme Perboyre Cavalcanti
<b>Officer:</b>	Jeremiah Alphonsus O'Callaghan
<b>Officer:</b>	Wesley Mendonça Batista Filho

<b>Accountant:</b>	Aginaldo dos Santos Moreira Jr. (CRC SP: 244207/O-4)
--------------------	--

---

\* \* \* \* \*