August/02/2016

Minerva S.A.
To.: The Board of Directors and Shareholders

Ref.: Interim Financial Statements nº REL-0364i/2016

Dear sirs,

Hereby we are referring to your care the interim financial statements for the three-month period ended June 30, 2016 of Minerva S.A. together with our Report on the Interim Financial Statements.

Sincerely,

Daniel G. Maranhão Jr.
Partner

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

Minerva S.A

Independent auditors' report on the interim financial statements

In August 02, 2016

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

Independent Auditors' Report on the Interim Financial Statements

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

Introduction

We have reviewed the individual and consolidated interim financial statements of Minerva S.A. ("Company"), included in the Interim Financial Statements for the quarter ended June 30, 2016, which comprises the balance sheet as of June 30, 2016 and the respective statements of operations, comprehensive income (loss) for the three and six-month period then ended, and the statements of changes in shareholders' equity, and cash flows for the six-month period then ended, including the notes to the financial statements.

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

Scope of the review

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

Conclusion on the interim financial statements

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

Other issues

Statements of value added

We have also reviewed the individual and consolidated statements of value added for the quarter ended June 30, 2016, prepared under the responsibility of the Company's management, whose disclosure in the interim financial statements is required in accordance with the standards issued by Brazilian Securities Commission applicable to the preparation of the Interim Financial Statements and considered as supplemental information by IFRS, which do not require the disclosure of the statement of value added. This statement was submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the interim financial statements, Company and Consolidated, taken as a whole.

Review of the previous year's amounts

The amounts corresponding to the individual and consolidated balance sheet for the year ended December 31, 2015 and the respective statements of operations, comprehensive income (loss), statements of changes in shareholders' equity, cash flows and value added for the quarter ended June 30, 2015, presented for comparative purposes, were previously audited and reviewed, respectively, by other independent auditors who issued an opinion and review report dated March 8, 2016 and August 04, 2015, respectively, without modification.

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

São Paulo, August 02, 2016.

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

Grant Thornton Auditores Independentes

Minerva S.A.

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

(In thousands of Brazilian Reais)

ASSETS

	Note	Company		Consolidated	
		6/30/2016	12/31/2015	6/30/2016	12/31/2015
Assets					
Current					
Cash and cash equivalents	5	2,475,020	2,367,450	2,776,883	2,749,928
Trade accounts receivable	6	226,878	377,890	483,241	766,185
Inventories	7	307,596	229,990	507,656	434,748
Biological assets	8	162,713	146,426	227,135	203,353
Recoverable taxes	9	687,245	543,287	845,970	678,492
Other receivables		184,033	126,081	246,737	181,916
Total current assets		4,043,485	3,791,124	5,087,622	5,014,622
Noncurrent					
Other receivables		34,211	49,065	41,528	58,911
Related-party transactions	11	703,037	705,363	-	-
Recoverable taxes	9	221,346	257,782	221,990	263,870
Deferred tax assets	10	244,639	244,639	244,639	244,639
Court deposits		8,821	9,532	10,075	11,261
Investments	12	1,954,525	2,155,780	-	-
Fixed assets	13	1,356,465	1,293,498	2,094,443	2,091,368
Intangible assets	14	105,214	104,907	627,626	627,377
Total noncurrent assets		4,628,258	4,820,566	3,240,301	3,297,426
Total assets		8,671,743	8,611,690	8,327,923	8,312,048

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

Minerva S.A.

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

(In thousands of Brazilian Reais)

LIABILITIES

	Note	Company		Consolidated	
		6/30/2016	12/31/2015	6/30/2016	12/31/2015
Current					
Loans and financing	15	1,195,772	1,331,584	1,321,080	1,546,514
Trade accounts payable	16	278,608	324,325	451,180	478,813
Labor and tax liabilities	17	192,085	47,605	240,075	99,843
Other accounts payable	18	933,632	787,747	1,032,232	918,213
Total current liabilities		2,600,097	2,491,261	3,044,567	3,043,383
Noncurrent					
Loans and financing	15	3,583,475	4,376,586	4,459,999	5,461,453
Labor and tax liabilities	17	18,474	19,972	18,474	20,242
Provision for lawsuits risk	21	20,790	17,067	28,864	19,028
Provisions for losses on investments	12	1,096,526	1,333,976	-	-
Related-party transactions	11	635,451	690,904	-	-
Accounts payable	18	32,289	-	73,115	63,856
Deferred tax liabilities	19	72,608	65,993	89,517	86,833
Total noncurrent liabilities		5,459,613	6,504,498	4,669,969	5,651,412
Shareholders' equity	22				
Capital stock		134,752	950,598	134,752	950,598
Capital reserve		288,953	294,851	288,953	294,851
Revaluation reserve		58,785	62,015	58,785	62,015
Accumulated losses		140,162	(1,562,321)	140,162	(1,562,321)
Other comprehensive income (loss)		(10,619)	(129,212)	(10,619)	(129,212)
Total shareholders' equity attributed to controlling shareholders		612,033	(384,069)	612,033	(384,069)
Non-controlling interest		-	-	1,354	1,322
Total shareholders' equity		612,033	(384,069)	613,387	(382,747)
Total liabilities and shareholders' equity		8,671,743	8,611,690	8,327,923	8,312,048

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

Minerva S.A.

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

(In thousands of Brazilian Reais)

	Note	Company				Consolidated			
		2º Quarter 2016	Acumulated2016	2º Quarter 2015	Acumulated2015	2º Quarter 2016	Acumulated2016	2º Quarter 2015	Acumulated2015
Net revenue	24 / 25	**1,520,846**	**3,113,910**	**1,491,409**	**2,921,378**	**2,220,962**	**4,558,568**	**2,226,773**	**4,382,934**
Cost of goods sold	24	**(1,138,296)**	**(2,361,633)**	**(1,148,498)**	**(2,306,012)**	**(1,769,409)**	**(3,621,880)**	**(1,825,657)**	**(3,579,649)**
Gross profit		**382,550**	**752,277**	**342,911**	**615,366**	**451,553**	**936,688**	**401,116**	**803,285**
Operating revenues (expenses):									
Selling expenses		(96,294)	(201,408)	(98,691)	(184,490)	(150,857)	(311,413)	(137,294)	(313,744)
General and administrative expenses		(65,813)	(123,111)	(48,618)	(89,571)	(92,576)	(177,489)	(68,901)	(130,377)
Other operating revenues		10,910	8,858	1,473	7,995	9,260	981	3,992	10,426
Income before financial revenues (expenses), net, equity in earnings (losses) and taxes		**231,353**	**436,616**	**197,075**	**349,300**	**217,380**	**448,767**	**198,913**	**369,590**
Financial expenses	26	(392,329)	(785,003)	(161,575)	(273,552)	(412,678)	(869,219)	(173,280)	(315,388)
Financial revenues	26	33,074	63,231	25,047	43,765	38,823	71,578	27,674	53,909
Exchange rate gains (losses), net	26	309,590	615,319	106,416	(402,740)	299,613	597,846	113,323	(526,554)
Financial revenues (expenses), net		**(49,665)**	**(106,453)**	**(30,112)**	**(632,527)**	**(74,242)**	**(199,795)**	**(32,283)**	**(788,033)**
Equity in earnings (losses) of controlled companies	12	(38,774)	(88,548)	(2,109)	(142,655)	-	-	-	-
Impairment loss	14	-	-	-	-	-	-	-	-
Income (loss) before taxes		**142,914**	**241,615**	**164,854**	**(425,882)**	**143,138**	**248,972**	**166,630**	**(418,443)**
Current income and social contribution taxes	19	(49,664)	(98,069)	-	-	(49,865)	(107,201)	(1,846)	(7,380)
Deferred income and social contribution taxes	19	(4,285)	(8,278)	2,076	5,478	(4,285)	(6,471)	2,076	5,478
Income (loss) before non-controlling interest		**88,965**	**135,268**	**166,930**	**(420,404)**	**88,988**	**135,300**	**166,860**	**(420,345)**
Income (loss) attributable to:									
Controlling shareholders		88,965	135,268	166,930	(420,404)	88,965	135,268	166,930	(420,404)
Non-controlling shareholders		-	-	-	-	23	32	(70)	59
Income (loss) for the period		**88,965**	**135,268**	**166,930**	**(420,404)**	**88,988**	**135,300**	**166,860**	**(420,345)**

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

Minerva S.A.

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

(In thousands of Brazilian Reais)

	Company				Consolidated			
	2º Quarter 2016	Acumulated 2016	2º Quarter 2015	Acumulated2015	2º Quarter 2016	Acumulated 2016	2º Quarter 2015	Acumulated 2015
Income (loss) for the period	88,965	135,268	166,930	(420,404)	88,988	135,300	166,860	(420,345)
Other comprehensive income to be reclassified to income (loss) for the period in subsequent periods:								
Asset and liability valuation adjustment	59,004	118,593	(26,394)	51,042	59,004	118,593	(26,393)	51,041
Other comprehensive income (loss), net of income and social contribution taxes	59,004	118,593	(26,394)	51,042	59,004	118,593	(26,393)	51,041
Total comprehensive income (loss)	147,969	253,861	140,536	(369,362)	147,992	253,893	140,467	(369,304)
Comprehensive income (loss) attributable to:								
Controlling shareholders	147,969	253,861	140,536	(369,362)	147,969	253,861	140,536	(369,362)
Non-controlling shareholders	-	-	-	-	23	32	(69)	58
Total comprehensive income (loss)	147,969	253,861	140,536	(369,362)	147,992	253,893	140,467	(369,304)

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

Minerva S.A.

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

(In thousands of Brazilian Reais)

	Capital stock	Capital reserve	Revaluation surplus	Accumulated losses	Asset and liability valuation adjustment	Total shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2014	834,136	294,851	68,474	(771,394)	53,740	479,807	746	480,553
Net loss for the period	-	-	-	(420,404)	-	(420,404)	-	(420,404)
Net effect of fair value of assets	-	-	-	-	-	-	-	-
Accumulated translation adjustments	-	-	-	-	51,042	51,042	(1)	51,041
Total comprehensive income (loss), net of taxes	-	-	-	(420,404)	51,042	(369,362)	(1)	(369,363)
Increase in capital stock	116,462	-	-	-	-	116,462	-	116,462
								-
Increase in capital reserve	-	-	-	-	-	-	-	-
		-						-
Additional paid-in capital	-	-	-	-	-	-	-	-
Realization of revaluation reserve	-	-	(1,132)	1,716	-	584	-	584
Non-controlling interest	-	-	-	-	-	-	59	59
Balances as of June 30, 2015	950,598	294,851	67,342	(1,190,082)	104,782	227,491	804	228,295

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

Minerva S.A.

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

(In thousands of Brazilian Reais)

	Capital stock	Capital reserve	Revaluation surplus	Accumulated losses	Asset and liability valuation adjustment	Total shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2015	**950,598**	**294,851**	**62,015**	**(1,562,321)**	**(129,212)**	**(384,069)**	**1,322**	**(382,747)**
Net income for the period	-	-	-	135,268	-	135,268	-	135,268
Accumulated translation adjustments	-	-	-	-	118,593	118,593	-	118,593
Total comprehensive income (loss), net of taxes	-	-	-	135,268	118,593	253,861	-	253,861
Increase in capital stock	746,475	(746,475)	-	-	-	-	-	-
Advance paid in capital	-	746,475	-	-	-	746,475	-	746,475
(-) Expenses on advance paid in capital	-	(5,898)	-	-	-	(5,898)	-	(5,898)
Absorption of accumulated losses through capital stock	(1,562,321)	-	-	1,562,321	-	-	-	-
Realization of revaluation reserve	-	-	(3,230)	4,894	-	1,664	-	1,664
Non-controlling interest	-	-	-	-	-	-	32	32
Balances as of June 30, 2016	**134,752**	**288,953**	**58,785**	**140,162**	**(10,619)**	**612,033**	**1,354**	**613,387**

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

Minerva S.A.

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

(In thousands of Brazilian Reais)

	Company		Consolidated	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Cash flows from operating activities				
Income (loss) for the period				
Adjustments to reconcile net income (loss) from operating activities:	135,268	(420,404)	135,300	(420,345)
Depreciation and amortization	21,427	18,236	41,319	35,252
Net income (loss) attributed to non-controlling shareholders	-	-	(32)	(59)
Fair value of biological assets	(24,410)	18,353	(10,567)	18,353
Realization of deferred taxes – temporary differences	8,278	(5,478)	6,471	(5,478)
Equity in earnings (losses) of controlled companies	88,548	142,655	-	-
Finance charges	270,685	225,245	400,604	364,343
Unrealized exchange rate gains (losses)	(790,906)	482,109	(602,456)	595,584
Provision for lawsuits risk	3,723	(12,640)	9,836	(12,252)
Trade accounts receivable and other receivables	107,914	43,626	235,506	(85,594)
Inventories	(77,606)	(55,228)	(72,908)	(57,964)
Biological assets	8,123	(6,542)	(13,215)	7,240
Recoverable taxes	(9,453)	(53,988)	(27,529)	(84,540)
Court deposits	711	577	1,186	388
Trade accounts payable	(45,717)	(190,411)	(27,633)	(140,866)
Labor and tax liabilities	44,913	2,775	40,395	9,112
Other accounts payable	178,175	(23,031)	121,155	47,138
	(80,327)	165,854	237,432	270,312
Asset and liability valuation adjustments and accumulated translation adjustments	-	-	118,593	51,041
Cash flows from operating activities	(80,327)	165,854	356,025	321,353
Cash flows from investing activities				
Acquisition of investments	(6,150)	(60,429)	-	-
Acquisition of intangible assets	(660)	(5)	(954)	(13,892)
Acquisition of fixed assets	(84,041)	(95,784)	(43,689)	(136,301)
Cash flows from investing activities	(90,851)	(156,218)	(44,643)	(150,193)
Cash flows from financing activities				
Loans and financing taken	422,963	673,815	440,587	875,466
Loans and financing settled	(831,665)	(692,632)	(1,465,623)	(878,266)
Debentures convertible into shares	-	(91,497)	-	(91,497)
Related-party transactions	(53,127)	123,237	-	-
Changes in non-controlling interest	-	-	32	58
Capital contribution in cash	740,577	116,462	740,577	116,462
Cash provided by financing activities	278,748	129,385	(284,427)	22,223
Increase / Decrease in cash and cash equivalents, net	107,570	139,021	26,955	193,383
Cash and cash equivalents				
At beginning of period	2,367,450	1,420,352	2,749,928	2,474,380
At end of period	2,475,020	1,559,373	2,776,883	2,667,763
Increase / Decrease in cash and cash equivalents, net	107,570	139,021	26,955	193,383

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

Minerva S.A.

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

(In thousands of Brazilian Reais)

	Controladora		Consolidado	
	2016	**2015**	**2016**	**2015**
Revenues	3,194,414	3,134,631	4,743,487	4,647,374
Sales of merchandise, products and services	3,169,754	3,114,185	4,715,152	4,626,928
Other revenues	24,660	20,446	28,335	20,446
Inputs acquired from third parties	(2,644,116)	(2,683,937)	(4,114,903)	(4,129,611)
(Includes tax amounts – ICMS – State VAT, IPI – Federal VAT, PIS and COFINS – sales taxes)				
Cost of goods, merchandise and services sold	(2,303,075)	(2,388,561)	(3,597,288)	(3,634,235)
Materials, energy, third-party services and others	(341,041)	(295,376)	(517,615)	(495,376)
Other (specify)	-	-	-	-
Gross value added	550,298	450,694	628,584	517,763
Depreciation, amortization and depletion	(21,421)	(18,236)	(41,319)	(35,252)
Net value added generated by the entity	528,877	432,458	587,265	482,511
Value added received in transfer	(25,317)	(98,890)	71,578	53,909
Equity in earnings (losses) of controlled companies	(88,548)	(142,655)	-	-
Financial revenues	63,231	43,765	71,578	53,909
Other	-	-	-	-
Total value added to be distributed (5+6)	503,560	333,568	658,843	536,420
Value added distribution	503,560	333,568	658,843	536,420
Personnel	79,304	100,787	124,632	138,841
Taxes, fees and contributions	112,081	9,679	119,406	18,444
Return on debt capital	176,907	643,506	279,505	799,480
Interest	169,447	636,294	271,373	792,268
Rents	7,460	7,212	8,132	7,212
	135,268	(420,404)	135,300	(420,345)
Return on equity capital				
Retained earnings/accumulated losses for the period	135,268	(420,404)	135,268	(420,404)
Non-controlling interest in retained earnings (only consolidation)	-	-	32	59

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

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

1. General information

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

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

Company

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

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

Controlled companies

Controlled companies located in Brazil:

- **Minerva Indústria e Comércio de Alimentos S.A.:** located in Rolim de Moura, in the state of Rondônia (Brazil), is engaged in the slaughtering of cattle and processing of meat, and also operates as a distribution center to meet local market demand;
- **Mato Grosso Bovinos S.A.:** Acquired in October 2014 with 2 meat packing plants located in the cities of Varzea Grande and Mirassol D'Oeste, both located in the state of Mato Grosso (Brazil). It is engaged in the slaughtering of cattle and processing of meat, and also operates in the domestic and foreign markets.
- **Minerva Dawn Farms S.A. (Minerva Fine Foods):** it started is operations in 2009 and it is located in Barretos (SP). It produces markets and sells beef, pork and poultry products meeting domestic and foreign demand for food service products. Currently, about 81% of its sales are carried out in the domestic market;
- **Cia Sul Americana de Pecuária S.A.:** It started its operations in 2014 and it is located in Barretos (SP). It is mainly engaged in livestock and farming, by breeding and selling live cattle, lambs, pigs and other live animals.
- **Intermeat – Assessoria e Comércio Ltda.:** acquired during the first quarter 2016, whose main activity is rendering services of consultancy and assistance in foreign trade, for all and any branch of activity in the food industry.

Controlled companies located abroad:

- **PUL S.A:** meat packing company acquired in January 2011, it is located at the Province of Cerro Largo, next to the capital Melo, in Uruguay (UY). It is engaged in slaughtering and deboning activities, with 89% of its sales intended for the external market, primarily the North American and the European markets.
- **Frimacar S.A:** meat packing company acquired in April 2014, located in Montevideo, Uruguay (UY). Engaged in slaughtering, deboning and processing of beef and sheep meat, with about 84% of its sales intended to foreign market;
- **Lytmer S.A:** located in Montevideo, Uruguay (UY), the company is engaged in selling live cattle to the foreign market.
- **Friasa S.A:** meat packing company located in Asunción, Paraguay (PY), engaged in slaughtering, deboning and processing activities, operating in local and foreign markets;
- **Frigomerc S.A:** meat packing company acquired in October 2012, located in Asunción, Paraguay (PY). It is engaged in the slaughtering and deboning of cattle and processing of meat, also operating in the domestic and foreign markets;
- **Red Cárnica SAS:** Meat packing company acquired in July 2015, located in Ciénaga de Oro, next to Montería, in the region of Córdoba, Colombia (CO). It is engaged in the slaughtering and deboning of cattle and processing of meat, also operating in the domestic and foreign markets.
- **Red Industrial Colombiana SAS:** plant acquired in July 2015, located in Ciénaga de Oro, next to Montería, in the region of Córdoba, Colombia (CO), whose main purpose is the preparation of products for animals, specifically, meat/bone meal, blood and tallow.
- **Minerva Middle East:** Office located in Lebanon to market and sell the Company's products.
- **Minerva Colômbia SAS:** located in Barranquilla, Colombia, it is engaged in selling live cattle to the foreign market.
- **Minerva Live Cattle Export SPA:** located in Santiago, Chile, it is engaged in selling live cattle to the foreign market.

- **Minerva Foods Chile SPA:** located in Santiago, Chile, it is engaged in marketing and selling the Company's products;

Cargo transportation

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

Special purpose entities (SPE) for raising funds:

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

Other controlled companies in pre-operational stage

- **Loin Investments Ltda.** (fund raising), **Minerva Log S.A** (logistics), **Minerva USA LLC** (business office) and **Minerva Comercializadora de Energia Ltda.** (commercialization of electricity).

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

	06.30.16	12.31.2015
Minerva Industria e Comércio de Alimentos S/A	98,00%	98,00%
Minerva Dawn Farms S/A	100,00%	100,00%
Mato Grosso Bovinos S.A	100,00%	100,00%
Friasa S/A	99,99%	99,99%
Minerva Overseas I	100,00%	100,00%
Minerva Overseas II	100,00%	100,00%
Minerva Middle East	100,00%	100,00%
Transminerva Ltda	100,00%	100,00%
Loin Investments Ltda	99,00%	99,00%
Minerva Log	100,00%	100,00%
Pulsa S.A.	100,00%	100,00%
Frimacar S.A.	100,00%	100,00%
Minerva Colômbia S.A.S	100,00%	100,00%
Lytmer S.A	100,00%	100,00%
Minerva Luxembourg	100,00%	100,00%
Frigomerc S/A	100,00%	100,00%
Minerva Live Cattle Export Spa	100,00%	100,00%
Minerva Foods Chile Spa	100,00%	100,00%
Cia Sul Americana de Pecuária S.A	100,00%	100,00%
Red Cárnica S.A.S	100,00%	100,00%
Red Industrial Colombiana S.A.S	100,00%	100,00%
Minerva USA LLC	100,00%	100,00%
Intermeat - Assessoria e Comércio Ltda	100,00%	-
Minerva Comercializadora de Energia Ltda	100,00%	-

Approval of the Interim Financial Statements
The issue of the Interim Financial Statements on June 30, 2016 was authorized by the Executive Management and Board of Directors on August 02, 2016.

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

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

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

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

  - § COP$ 1 billion (R$ 1.098 - converted at the rate on June 30, 2016) : maturing on August 24, 2016;
  - § COP$ 1 billion (R$ 1.098 - converted at the rate on June 30, 2016): maturing on 24, 2017; and
  - § COP$ 3 billion (R$ 3.294 - converted at the rate on June 30, 2016): maturing on August 24, 2018.

"Red Cárnica" has daily slaughtering capacity of 850 heads and deboning capacity of 75 tonnes.

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

	Fair value balance
	7/31/2015
Assets	
Current	
Cash and cash equivalents	872
Accounts receivable	4,712
Inventories	1,478
Other receivables	1,984
Non-current	
Deferred taxes	11,708
Fixed assets	67,715
Total Assets	88,469

	Fair value balance
	7/31/2015
Liabilities	
Current liabilities	
Trade accounts payable	3,983
Social and tax liabilities	413
Other accounts payable	2,291
Non-current liabilities	
Provision for contingencies	34,852
Total Liabilities	41,539
Shareholders' equity	46,930
Shareholders' equity and liabilities	88,469

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

IDENTIFIABLE ASSETS

In thousands of Brazilian Reais

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

ASSUMED LIABILITIES

In thousands of Brazilian Reais

Provision for contingencies – Book value	548
Adjustment – Fair value	34,304
Provision for contingencies – Fair value	34,852

Determining gain resulting from bargain purchase

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

In thousands of R$

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

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

3. Basis of preparation

Statement of compliance (with IFRS and CPC standards)
The Company's individual and consolidated Interim Financial Statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Presentation of the individual and consolidated statements of value added is required by Brazilian corporate law and Brazilian accounting practices applicable to the listed companies. The IFRS standards do not require presentation of this statement. As a result, according to IFRS, this statement is presented as supplementary information, without detriment to the whole of the Interim Financial Statements.

The individual and consolidated Interim Financial Statements are presented in Brazilian Reais, which is the Company's functional currency.

The main accounting practices applied in the preparation of these Interim Financial Statements are set forth below. The policies were consistently applied in accordance with all reported periods, unless otherwise stated.

4. Summary of main accounting policies

a) Measurement basis

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

b) Functional and reporting currency

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

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

c) Foreign transactions

The controlled Companies abroad adopted the following functional currencies for the Interim Financial Statements collected for the year ended March 31, 2016:

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

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

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

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

d) Foreign-currency transactions and balances

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

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

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

e) Use of estimates and judgment

The preparation of the individual and consolidated Interim Financial Statements in accordance with IFRS and CPC standards requires the Company's management to make judgments, estimates and assumptions that affect accounting policies application and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from those estimates.

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

f) Basis of consolidation

Business combinations

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

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

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

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

i) Controlled companies and joint ventures

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

ii) Transactions eliminated in consolidation

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

g) Results of operations

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

h) Cash and cash equivalents

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

i) Financial Instruments

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

Non-derivative financial assets

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

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

Non-derivative financial liabilities

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

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

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

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

Derivative financial instruments

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

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

Financial instruments and hedging activities

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

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

j) Trade accounts receivable

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

k) Inventories

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

l) Biological assets

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

m) Fixed assets

Recognition and measurement

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

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

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

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

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

Depreciation

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

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

	Company	Consolidated
Buildings	2,84%	2,41%
Machinery and equipment	8,69%	8,30%
Furniture and fixtures	9,75%	8.28%
Vehicles	10.12%	10,57%
Hardware	19.55%	19.25%

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

The balance of the revaluation surplus, as permitted by Law No. 11.638/07 and described in Note 21, will be held until its complete amortization, due to full depreciation or disposal of assets.

n) Lease of fixed assets items

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

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

o) Intangible assets

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

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

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

p) Impairment

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

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

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

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

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

Goodwill grounded in expected future profitability
Goodwill is tested for impairment at least annually or when circumstances indicate that book value is reduced.

Intangible assets

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

q) Other current and non-current assets and liabilities

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

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

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

r) Discount to present value of assets and liabilities

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

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

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

Calculations and analyses are quarterly reviewed.

s) Income and Social Contribution taxes

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

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

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

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

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

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

t) Contingent assets and liabilities and legal obligations

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

u) Employee benefits

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

v) Sales revenue recognition

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

w) Earnings per share

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

x) Segment reporting

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

y) New standards and interpretations not yet in effect

A series of new standards or amendments of standards and interpretations will be effective for years starting after January 1, 2016. The Company has not adopted these amendments in the preparation of these financial statements and does not plan to early adopt these standards.

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

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

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

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

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

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

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

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

z) Statements of value added

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

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

5. Cash and cash equivalents

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

	Controlling Company		Consolidated	
	06.30.16	**12.31.15**	**06.30.16**	**12.31.15**
Cash	458	373	855	2,907
Transaction account	2,956	2,786	214,723	288,200
Cash equivalents in foreign currency	1,697,529	1,617,982	1,778,820	1,704,601
	1,700,943	**1,621,141**	**1,994,398**	**1,995,708**
Financial investments				
In domestic currency:				
Bank deposit certificate - CDB	513,354	362,515	520,246	364,965
Debentures	259,648	373,248	260,612	376,352
Capitalization bonds	1,075	1,060	1,075	3,417
Investments fund	-	9,486	552	9,486
	774,077	746,309	**782,485**	754,220
	2,475,020	**2,367,450**	**2,776,883**	**2,749,928**

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

	Controlling Company		Consolidated	
	06.30.16	**12.31.15**	**06.30.16**	**12.31.15**
Measured at fair value in the result	773,002	745,249	781,410	750,455
Kept until maturity	1,075	1,060	1,075	3,765
	774,077	**746,309**	**782,485**	**754,220**

6. Accounts receivable

	Controlling Company		Consolidated	
	06.30.16	**12.31.15**	**06.30.16**	**12.31.15**
Invoices receivable – internal Market	97,575	143,180	190,055	259,500
Invoices receivable – external Market	135,146	251,365	309,670	524,781
Invoices receivable – related parties	9,338	1,021	-	-
	242,059	**395,566**	**499,725**	**784,281**
(-) Estimated Losses due to doubtful credits	(15,181)	(17,676)	(16,484)	(18,096)
	226,878	**377,890**	**483,241**	**766,185**

Aging list of accounts receivable

	Controlling Company		Consolidated	
	30.06.16	31.12.15	30.06.16	31.12.15
Outstanding:	201,808	358,183	420,778	692,780
Matured:				
Within 30 days	7,513	5,512	17,384	36,339
From 31 to 60 days	4,555	1,762	8,572	12,620
From 61 to 90 days	763	422	2,200	9,186
From 91 to 180 days	27,420	29,687	50,791	33,356
	242,059	**395,566**	**499,725**	**784,281**

Changes in the allowance for doubtful accounts

	Controlling Company	Consolidated
Balances on December 31, 2015	**(17,676)**	**(18,096)**
Accrued credits	(2,038)	(2,998)
Recovered credits	488	565
Written-off credits	1,416	1,416
Exchange variation	2,629	2,629
Balances on June 30,2016	**(15,181)**	**(16,484)**

The Company has a FIDC - Receivables Investment Fund for disposal of part of its receivables from domestic market in the amount of R$ 142,195 (R$ 114,258 as of December 31, 2015), without co-obligation or right of recourse, with R$ 28,18 (R$ 26,171, as of December 31, 2015) formed by subordinated shares.

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

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

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

The Company has no guarantee for overdue receivables.

7. Inventories

	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	12.31.15
Finished products	293,160	213,191	454,381	386,457
Raw materials	-	-	-	4,872
Storeroom and secondary materials	14,436	16,799	53,275	43,419
	307,596	**229,990**	**507,656**	**434,748**

8. Biological assets

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

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

	Herd	
	Controlling Company	Consolidated
Balance on December 31, 2015	**146,426**	**203,353**
Increase due to acquisitions	78,808	171,999
Reduction due to sales	(86,648)	(158,464)
Net (reduction) /increase due to births (deaths)	(284)	(320)
Change in the fair value, minus estimated sales expenses	24,411	10,567
Balance on June 30, 2016	**162,713**	**227,135**

As of June 30, 2016, farm cattle held for sale were 87,170 feeder cattle (as of December 31, 2015 – 76,582 feeder cattle).

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

9. Recoverable taxes

	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	12.31.15
PIS – Social Integration Program	87,390	79,483	99,117	90,015
COFINS – Contribution for Financing Social Security	350,468	326,227	375,850	357,959
Reintegra	662	662	1,054	1,054
ICMS – Tax on Circulation of Goods and Services	181,450	167,707	188,845	172,295
Income Tax and CSLL	227,275	129,207	246,770	138,692
IPI Presumptive Credit	41,959	92,198	41,959	92,198
Other recoverable taxes	19,387	5,585	114,365	90,149
	908,591	**801,069**	**1,067,960**	**942,362**
Current	687,245	543,287	845,970	678,492
Non current	221,346	257,782	221,990	263,870

PIS and COFINS

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

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

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

ICMS

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

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

IPI deemed Credit

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

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

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

10. Deferred tax assets

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

	Controlling Company and Consolidated			
	Balance on December 31, 2015	**Recognized in the result**	**Realization of deferred taxes**	**Balance on June 30, 2016**
Deferred Income Tax/Social Contribution over tax losses	244,639	-	-	244,639
Total deferred tax assets	**244,639**	**-**	**-**	**244,639**

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

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

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

	06.30.16 Controlling Company	06.30.16 Consolidated
2017	31,805	31,805
2018	51,360	51,360
2019	40,252	40,252
2020	49,534	49,534
2021 and on	71,688	71,688
	244,639	**244,639**

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

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

11. Related-party transactions

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

	Controlling Company	
Loans receivable	**06.30.16**	**12.31.15**
Minerva Indústria e Comércio de Alimentos S.A. (a)	66,479	107,279
Minerva Dawn Farms S.A. (Minerva Fine Foods) (b)	295,599	171,351
Transminerva Ltda (c)	23,968	23,217
Minerva Overseas Ltd (d)	303,899	387,589
Outros (e)	13,092	15,927
	703,037	**705,363**

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

	Controlling Company	
Loans payable	**06.30.16**	**12.31.15**
Minerva Luxemburgo (a)	83,042	176,825
Minerva Overseas II Ltd (b)	354,715	350,295
Mato Grosso Bovinos (c)	197,694	163,784
	635,451	**690,904**

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

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

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

Accounts payable - Suppliers	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	06.30.15
Minerva Dawn Farms S.A.	3,812	3,145	-	-
Minerva Indústria e Comércio de Alimentos S.A.	17,887	12,140	-	-
Transminerva	15	64	-	-
Frigomerc	1,450	5,559		
Pul	528	-	-	-
Mato Grosso Bovinos S.A.	26,610	24,391	-	-
Cia. Sul Americana de Pecuária	1,679	3,321	-	-
Acquisition of partners	3,220	4,173	3,760	10,482
	55,201	**52,793**	**3,760**	**10,482**

Accounts receivable from clients	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	12.31.15
Minerva Dawn Farms S.A.	2,054	639	-	-
Minerva Ind. e Com. de Alimentos S.A.	308	127	-	-
Pul	3,582	46	-	-
Cia. Sul Americana de Pecuária	2	-	-	-
Mato Grosso Bovinos S.A.	551	209	-	-
Frimacar S.A	1,779	-	-	-
Minerva Foods Chile	682	-	-	-
	8,958	**1,021**	**-**	**-**

	Controlling Company		Consolidated	
	06.30.16	06.30.15	06.30.16	06.30.15
Sales revenue:				
Minerva Dawn Farms S.A.	8,087	23,876	-	-
Minerva Indústria e Comércio de Alimentos S.A.	-	863	-	-
Mato Grosso Bovinos S.A.	-	31,513		
Pul	3,748	-		
Frimacar	1,538	-		
Minerva Foods Chile	707	-	-	
	14.080	**56,252**	**-**	-
Purchase of meat:				
Minerva Dawn Farms S.A.	-	165	-	-
Minerva Indústria e Comércio de Alimentos S.A.	96,198	52,553	-	-
Cia. Sul Americana de Pecuaria	32,398	-	-	-
Pul	3,761	4,654	-	-
Frigomerc	47,119	31,939	-	-
Frimacar	11,561	7,951	-	-
Mato Grosso Bovinos S.A.	164,784	168,087	-	-
	355,821	**265,349**	**-**	**-**
Purchase of bovines:				
Acquisition of partners	**16,641**	**29,793**	**29,206**	**51,709**

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

No allowances for doubtful accounts or expenses incurred with uncollectible debts regarding related-party transactions were recognized in the period ended June 30, 2016 and December 31, 2015.

12. Investments

The changes in investments in controlled companies are presented below:

	Ownership interest	Balance as of 12.31.15	Transfers	Impairment	Goodwill	Dividends	Translation adjustments	Acquisition/Write-off of ownership interest	Paid-in capital	Equity in earning (loss) of controlled companies	Balance as of 06.30.16
Goodwill resulting from expected future profitability		538,064	-	-	217	-	-	-	-	-	538,281
Minerva Indústria e Comércio de Alimentos Ltda.	98.00%	64,596	-	-	-	-	-	-	-	1,574	66,170
Minerva Overseas Ltd	100.00%	229,655	-	-	-	-	(65,906)	-	-	1,030	164,779
Minerva Overseas Ltd II	10000%	325,590	-	-	-	-	(61,942)	-	-	66,258	329,906
Minerva Middle East	100.00%	37	-	-	-	-	-	-	-	-	37
Friasa Ltd	99.99%	-	-	-	-	-	-	-	-	-	-
Minerva Log S.A	100.00%	114	-	-	-	-	-	-	-	(53)	61
Minerva Dawn Farms S.A.	100.00%	(176,516)	-	-	-	-	-	-	-	(27,710)	(204,226)
Pulsa S.A	100.00%	186,480	-	-	-	-	(32,450)	-	-	(8,494)	145,536
Loin Investments	99.00%	370	-	-	-	-	-	-	-	68	438
Frigomerc	100.00%	261,364	-	-	-	-	(34,499)	-	-	184	227,049
Minerva Colombia	100.00%	223	(223)	-	-	-	-	-	-	-	-
Frimacar	100.00%	160,774	-	-	-	-	(26,653)	-	-	(12,403)	121,718
Cia. Sul Americana de Pecuária	100.00%	26,861	-	-	-	-	-	-	-	(641)	26,220
Mato Grosso Bovinos S/A	100.00%	445,819	-	-	-	-	-	-	-	13,524	459,343
Minerva Live Cattle	100.00%	2,164	-	-	-	-	(229)	-	-	(367)	1,568
Minerva Meats USA	100.00%	523	-	-	-	-	-	-	-	-	523
Minerva Chile	100.00%	3,206	-	-	-	-	(677)	-	1.745	(1,698)	2,576
Red Cárnica S.A.S	100.00%	78464	-	-	-	-	(8,091)	-	-	(7,303)	63,070
Red Industrial Colombiana S.A.S	100.00%	7,992	-	-	-	-	(901)	-	-	492	7,583
Intermeat	100.00%	-	-	-	-	-	-	(22)	210	(185)	3
Minerva Comercializadora de Energia	100.00%	-	-	-	-	-	-	1,000	3,000	(110)	3,890
Investment		2,155,780	(223)	-	217	-	(231,348)	978	4,955	24,166	1,954,525
Transminerva	100.00%	(22,394)	-	-	-	-	-	-	-	(906)	(23,300)
Minerva Luxemburgo	100.00%	(1,300,496)	-	-	-	-	348,077	-	-	(110,773)	(1,063,192)
Minerva Colombia	100.00%	-	223	-	-	-	(207)	-	-	(397)	(381)
Lytmer	100.00%	(10,677)	-	-	-	-	1,968	-	-	(290)	(8,999)
Friasa Ltd	99.99%	(409)	-	-	-	-	103	-	-	(348)	(654)
Minerva Live Cattle	0,00%	-	-	-	-	-	-	-	-	-	-
Provision for losses on investments		(1,333,976)	223	-	-	-	349,941	-	-	(112,714)	(1,096,526)
Net Investment		821,804	-	-	217	-	118,593	978	4,955	(88,548)	857,999

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

On July 31, 2015, the Company entered into a "Compra Venta de Acciones" agreement to acquire100% of capital stock of the controlled companies Red Cárnica S.A.S and Red Industrial Colombiana S.A.S, thereby assuming their control from that date. The operation was concluded at the amount COP$ 28,540 billion (R$ 31,337 – converted at the rate as of June 30, 2015).

On February 5, 2016, the Company acquired its controlled company Intermeat – Assessoria e Comércio Ltda, reaching 100% of the capital stock of that company. The operation totaled US$50 thousand (R$ 160 thousand converted as per the exchange rate of June 30, 2016).

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

	Ownership interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity
Minerva Alimentos	98.00%	102,889	106,476	42,297	99,548	67,520
Frimacar	100.00%	75,580	116,412	61,695	8,579	121,718
Minerva Overseas	100.00%	198	689,364	-	524,784	164,778
Minerva Overseas II	100.00%	129	1,573,352	-	1,243,574	329,907
Minerva Middle East	100.00%	37	-	-	-	37
Red Cárnica S.A.S	100.00%	37,998	57,902	16,791	16,038	63,071
Minerva Dawn Farms	100.00%	25,865	90,854	17,131	303,814	(204,226)
Red Industrial Colombiana S.A.S	100.00%	1,446	7,680	1,532	11	7,583
Minerva Luxemburgo	100.00%	141,601	3,378,862	211,471	4,372,184	(1,063,192)
Friasa	99.99%	1,806	1,787	4,247	-	(654)
Transminerva	100.00%	601	148	82	23,967	(23,300)
Loin Investments	99.00%	465	-	27	-	438
Minerva Log	100.00%	61	-	-	-	61
Lytmer	100.00%	8,906	236	14,193	3,948	(8,999)
Pulsa S.A.	100.00%	148,357	130,071	90,781	42,112	145,535
Frigomerc	100.00%	285,306	61,196	109,649	9,804	227,049
Minerva Chile	100.00%	6,892	42,354	2,604	43,584	3,058
Minerva Colombia	100.00%	24,971	13,668	5,239	33,780	(380)
Cia. Sul Americana de Pecuária	100.00%	79,328	1,016	54,124	-	26,220
Mato Grosso Bovinos S/A	100.00%	160,319	381,819	80,891	1,905	459,342
Minerva Live Cattle	100.00%	12,495	43,383	12,036	42,274	1,568
Minerva Meats USA	100.00%	524	-	-	-	524
Intermeat	100.00%	15	-	503	-	(488)
Minerva Comercializadora de Energia	100.00%	4,013	-	123	-	3,890
Total		1,119,802	6,696,580	725,416	6,769,906	321,060

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

	06.30.16		06.30.15	
	Net sales	Income/loss for the period	Net sales	Income/loss for the period
Minerva Alimentos	250,630	1,575	236,495	2,915
Frimacar	156,070	(12,404)	188,377	3,626
Minerva Overseas	-	1,030	-	43,072
Minerva Overseas II	-	66,259	-	79,060
Red Cárnica S.A.S	83,792	(7,303)	-	-
Minerva Dawn Farms	34,585	(27,711)	44,180	(16,272)
Red Industrial Colombiana S.A.S	1,466	492	-	-
Minerva Luxemburgo	-	(110,773)	-	(284,675)
Friasa	-	(348)	-	73
Transminerva	276	(906)	1,814	(2,425)
Loin Investments	-	69	-	55
Minerva Log	-	(52)	-	(40)
Lytmer	9,695	(290)	1,611	(4,640)
Pulsa S.A.	252,794	(8,493)	248,519	35,167
Frigomerc	558,660	184	429,166	16,234
Minerva Chile	6,643	(1,697)	21,568	(9,159)
Minerva Colombia	-	(395)	9,730	(1,546)
Cia. Sulamericana de Pecuária	58,384	(642)	-	(461)
Mato Grosso Bovinos S/A	427,403	13,524	549,190	(32,633)
Minerva Live Cattle	-	(368)	68,576	28,995
Minerva Meats USA	-	-	-	-
Intermeat	690	(185)	-	-
Minerva Comercializadora de Energia	-	(110)	-	-

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

13. Fixed assets

a) Breakdown of fixed assets

Controlling Company

Description	% - Depreciation rate	Historical cost	Accumulated depreciation	06.30.16 Net	12.31.15 Net
Buildings	2.84%	577,874	(116,982)	460,892	431,250
Machinery and equipment	8.69%	422,585	(125,388)	297,197	247,012
Furniture and utensils	9.75%	5,297	(2,715)	2,582	1,833
Vehicles	10.12%	13,089	(5,312)	7,777	8,357
Hadware	19.55%	6,978	(3,709)	3,269	1,415
Land		53,876	-	53,876	53,876
In tangible assets in progress		552,390	-	552,390	571,273
Provision for reduction at recoverable value of assets		(21,518)	-	(21,518)	(21,518)
		1,610,571	**(254,106)**	**1,356,465**	**1,293,498**

Consolidated

Description	% - Depreciation rate	Historical cost	Accumulated depreciation	06.30.16 Net	12.31.15 Net
Buildings	2.41%	1,000,070	(156,013)	844,057	847,361
Machinery and equipment	8.30%	797,827	(229,699)	568,128	537,826
Furniture and utensils	8.28%	11,616	(5,384)	6,232	5,469
Vehicles	10.57%	18,748	(8,149)	10,599	11,284
Hadware	19.25%	13,120	(7,142)	5,978	4,466
Land		105,000	-	105,000	112,115
Reforestation		2,755	-	2,755	2,573
In tangible assets in progress		573,212	-	573,212	591,792
Provision for reduction at recoverable value of assets		(21,518)	-	(21,518)	(21,518)
		2,500,830	**(406,387)**	**2,094,443**	**2,091,368**

b) Changes in fixed assets

Controlling Company	Buildings	Machinery and equipment	Furniture and utensils	Vehicles	Hardware	Land	Work in progress	Provision for reduction at recoverable value of assets	Total
Balance on December 31, 2015	**431,250**	**247,012**	**1,833**	**8,357**	**1,415**	**53,876**	**571,273**	**(21,518)**	**1,293,498**
Additions	-	3,007	13	-	7	-	81,664	-	84,691
Transfers	37,362	60,250	858	56	2,021	-	(100,547)	-	-
Disposals	(632)	(18)	-	-	-	-	-	-	(650)
Depreciation	(7,088)	(13,054)	(122)	(636)	(174)	-	-	-	(21,074)
Balance on June 30, 2016	**460,892**	**297,197**	**2,582**	**7,777**	**3,269**	**53,876**	**552,390**	**(21,518)**	**1,356,465**

Consolidated	Buildings	Machinery and equipment	Furniture and utensils	Vehicles	Hardware	Land	Reforestation	Work in progress	Provision for reduction at recoverable value of assets	Total
Balance on December 31, 2015	**847,361**	**537,826**	**5,469**	**11,284**	**4,466**	**112,115**	**2,573**	**591,792**	**(21,518)**	**2,091,368**
Additions	849	8,102	252	14	216	61	182	97,732	-	107,408
Merger / Acquisition	-	-	-	-	-	-	-	-	-	-
Transfers	42,902	68,636	1,176	710	2,252	-	-	(115,676)	-	-
Disposals	(632)	(1,635)	(9)	(11)	-	-	-	(10)	-	(2,297)
Depreciation	(11,694)	(26,766)	(463)	(1,078)	(613)	-	-	-	-	(40,614)
Translation adjustment	(34,729)	(18,035)	(193)	(320)	(343)	(7,176)	-	(626)	-	(61,422)
Balance on June 30, 2016	**844,057**	**568,128**	**6,232**	**10,599**	**5,978**	**105,000**	**2,755**	**573,212**	**(21,518)**	**2,094,443**

c) Construction and facilities in progress

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

d) Provision for impairment

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

e) Amounts offered as collateral

Total fixed assets offered as collateral for loans and financing amounted R$ 223,936 to as of June 30, 2016 (R$ 255,944 as of December 31, 2015).

f) Deemed cost

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

14. Intangible assets

	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	12.31.15
Goodwill paid on acquisition	98.094	98.094	618.322	618.105
Right to use Aircraft	1.793	1.793	1.793	1.793
Assignment of right of way	250	250	250	250
Software	5.077	4.770	7.261	7.229
	105.214	**104.907**	**627.626**	**627.377**

The changes in intangible assets during the period ended March 31, 2016 are shown below:

	Controlling Company				
	Goodwill on acquisition	Right to use Aircraft	Assignment of right of way	Sofware Acquired	Total
Balance on December 31, 2015	**98,094**	**1,793**	**250**	**4,770**	**104,907**
Acquisition	**-**	**-**	**-**	**660**	**660**
Amortization	**-**	**-**	**-**	**(353)**	**(353)**
Balance on June 30, 2016	**98,094**	**1,793**	**250**	**5,077**	**105,214**

	Consolidated				
	Goodwill on acquisition	Right to use Aircraft	Assignment of right of way	Sofware s Acquired	Total
Balance on December 31, 2015	**618,105**	**1,793**	**250**	**7,229**	**627,377**
Acquisition	217	-	-	971	1,188
Amortization (impairment)	-	-	-	(705)	(705)
Translation adjustment	-	-	-	(234)	(234)
Balance on June 30, 2016	**618,322**	**1,793**	**250**	**7,261**	**627,626**

The Company records the amortization of its software, the only intangible assets that can be amortized, according to the contractual license period, when acquired from third parties, or for the period estimated by the Company, for software internally developed by the Company. As of June 30, 2016 and December 31, 2015, the average amortization rates were 19.7% and 19.9%, respectively..

Goodwill by expectation of future profitability

	Consolidated	
	06.30.16	12.31.15
Minerva Dawn Farms (MDF) - (i) and (Note 2)	188,391	188,391
Brascasing Industria e Comércio Ltda - (ii) and (Note 2)	74,596	74,596
Pulsa S/A - (iii) and (Note 2)	61,643	61,643
Frigomerc (iv)	62,126	62,126
Frimacar (v)	47,773	47,773
Mato Grosso Bovinos S/A (vi)	174,278	174,278
Other(vii)	9,515	9,298
	618,322	**618,105**

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

(iii) In December 2011, the Company acquired 5% of the jointly controlled company's share capital, Brascasing Comercial Ltda. as of that date, becoming holder of 55% of this company's share capital, and consequently its control. As this transaction is framed as a "business combination in stages", the Company recorded its ownership and non-controlling interest at its fair value, which led to the recording of appreciation (goodwill by expectation of future profitability) of R$ 93,185. After the full acquisition of the Company, goodwill totaled R$ 98,094. As of December 31, 2015, the Company recorded a provision for recoverable value amounting to R$ 23,498, arising from the excess of production/supply, with the reduction of worldwide consumption, mainly from the slowdown in China and the decrease in oil price, directly impacting markets like Russia, one of the main markets for its business;

(iv) During the year ended December 31, 2011, the Company purchased 100% shares with voting rights of Frigorífico Pulsa S/A, on March 22, 2011, which caused the recording of goodwill by expectation of future profitability amounting to R$ 61,643;

(v) During the last quarter of 2012, the Company purchased 100% shares of Frigomerc S/A, which caused the recording of goodwill by expectation of future profitability amounting to R$ 58,380. On March 16, 2013, an addendum to the purchase and sale agreement of Frigomerc S/A was prepared determining a supplement of Working Capital amounting to R$ 3,746 (USD 1,830 thousand), totaling on December 31, 2012 R$62,126;

(vi) During the period ended June 30, 2014, the Company purchased 100% shares with voting rights of Frigorifico Matadero Carrasco S.A (FRIMACAR), on April 30, 2014, which caused the recording of goodwill by expectation of future profitability amounting to R$ 34,700. As clauses of the acquisition agreement, there was a goodwill increase from expected future profitability amounting to R$ 13,073, totaling an amount of R $ 47,773;

(vii) During the year ended December 31, 2014, the Company incorporated 100% of the shares with voting rights of Mato Grosso Bovinos S.A. through the exchange of 29 million common shares issued by the Company (BEEF3), which occurred on October 01, 2014, after the realization of an Extraordinary General Meeting (EGM) of the two companies, and resulted in the record of goodwill from expected future profitability amounting to R$ 174,278.

(viii) During 2nd quarter of 2013, the Company acquired the remaining 8% of the Friasa S/A's shares, resulting in a record of goodwill by future expectation in the amount of R$ 7,233 totaling R$ 9,298 on June 30, 2013. During the 1st quarter 2016, the Company acquired 100% of capital stock of its controlled company Intermeat Assessoria e Comércio Ltda, occurred on February 5, 2016, which occasioned a registration of goodwill based on future expectations of profitability (goodwill) totaling R$ 217 thousand.

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

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

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

15. Loans and financing

Modalities	Financial Charges	Controlling Company 06.30.16	Controlling Company 12.31.15	Consolidated 06.30.16	Consolidated 12.31.15
Debentures 4th issue (1)	CDI + 1.75% p.a.	300,689	300,371	300,689	300,371
Debentures (1)	Fixed rate	482,417	482,841	-	-
BNDES (2)	TJLP + Spread	41,995	55,829	41,995	55,829
FINEP (3)	TJLP + Spread	-	-	15,813	19,860
Commercial lease (1)	TJLP + 3.5% p.a.	2,037	2,489	2,131	2,604
Bank Credit Bill (1)	8.5% p.a.	3,809	7,075	3,809	7,075
Bank Credit Bill (1)	CDI + spread	-	174,441	35,430	211,440
NCE (1)	CDI + spread	415,516	365,482	415,516	365,482
Progeren	3.9% p.a. + TJLP	-	4,184	-	4,184
IFC (1)	CDI + spread	124,759	133,578	124,759	133,578
FIDC	CDI + spread	28,186	26,171	28,186	26,171
		1,399,408	**1,552,461**	**968,328**	**1,126,594**
Foreign Currency (US Dollar)					
ACCs (5)	Interest from 2.0% to 3.75% p.a.+ Exchange variation	327,138	510.792	327.138	510.792
NCE (5)	Interest of 3.60% p.a.+ Exchange variation	305,867	368.136	305.867	368.136
Senior Unsecured Notes - (5)	Exchange variation + Interest	1,839,874	2.237.840	3.082.163	3.714.354
Perpetual securities (5)	Exchange variation + Interest of 8.75% p.a.	889,480	1.082.334	974.364	1.157.581
PPE (1)	Interest of 2.4% per annun + Libor	29,206	74.584	29.205	74.584
Operation 4131 (5/8)	Exchange variation + Interest	114,555	88.799	114.555	215.237
Other Modalities	Exchange variation + Interest	-	-	106.203	84.520
				-	-
Hedging instruments – Derivative		(126,281)	(206,776)	(126,744)	(243,831)
		3,379,839	**4,155,709**	**4,812,751**	**5,881,373**
Total Loans		**4,779,247**	**5,708,170**	**5,781,079**	**7,007,967**
Current		1,195,772	1,331,584	1,321,080	1,546,514
Non current		3,583,475	4,376,586	4,459,999	5,461,453

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

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

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

	2017	2018	2019	2020	2021	2022	2023	Total
Lease	451	664	18	-	-	-	-	1,133
BNDES	4,414	8,828	8,829	736	-	-	-	22,807
Debêntures	-	298,725	-	-	-	450,000	-	748,725
IFC	8,607	17,215	17,215	17,214	17,215	17,215	8,607	103,288
NCE	60,400	15,400	52,299	-	-	-	-	128,099
Pre shipment	28,888	-	2,071,906	-	-	484,680	-	2,585,474
Hedging instruments - Derivatives	(6,051)	-	-	-	-	-	-	(6,051)
	96,709	**340,832**	**2,150,267**	**17,950**	**17,215**	**951,895**	**8,607**	**3,583,475**

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

	Consolidated								
	2017	2018	2019	2020	2021	2022	2023	Perpétuo	Total
Leasing	472	695	18	-	-	-	-	-	1,185
BNDES	4,414	8,828	8,829	736	-	-	-	-	22,807
CCB	2,657	5,313	5,313	5,313	5,313	7,082	-	-	30,991
Debentures	-	298,725	-	-	-	-	-	-	298,725
FINEP	3,737	3,737	-	-	-	-	-	-	7,474
IFC	8,607	17,215	17,215	17,214	17,215	17,215	8,607	-	103,288
NCE	60,400	15,400	52,299	-	-	-	-	-	128,099
Pre-shipment	28,888	-	-	-	-	-	-	-	28,888
Senior Unsecured Notes	-	-	57,714	-	-	323,726	2,409,853	-	,891,293
Perpetual securities	-	-	-	-	-	-	-	953,300	953,300
Hedging instruments - Derivative	(6,051)	-	-	-	-	-	-	-	(6,051)
	103,124	**349,913**	**41,388**	**23,263**	**22,528**	**348,023**	**2,418,460**	**953,300**	**,459,999**

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

IFC – International Finance Corporation

In September 2013, IFC and the Company entered into a financing agreement, with term of 10 years, in the amount of R$ 137,718 disbursed on October 24, 2013. The debt balance as of June 30, 2016 is R$ 124,759 whose interests are calculated through CDI + Spread semi-annually paid. The debt matures on April 15, 2023.

Debt notes/bonds abroad

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

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

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

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

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

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

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

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

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

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

On December 30, 2015, the Company completed the cancellation of Notes that were repurchased, a process started in the second half of 2013, recorded in the captions Cash and cash equivalents, and Loans and financing. The cancelled Notes were maturing in 2019, 2022 and 2023. It were cancelled: US$ 6,533 of the principal amount of the Notes from 2019 (R$ 25,510, as of that date), US$ 24,355 of the principal amount of the Notes from 2022 (R$ 95,101, as of that date) and US$ 181,985 of the principal amount of the Notes from 2023 (R$ 710,615, as of that date), totaling an amount of US$ 212,873 (R$ 831,226). As of June 30, 2016, the liabilities related to the Notes in the consolidated Interim Financial Statements , amount to R$ 3,082,163 (R$ 3,714,354 as of December 31, 2015).

Perpetual bonds

On March 27, 2014, the Company concluded the issue of perpetual bonds in the international market amounting to US$ 300,000 thousand, with half-yearly payments at annual rate of 8.75%, by means of its wholly subsidiary Minerva Luxembourg S.A. The issue of the notes had the purpose of postponing the average maturity of the Company's debt and improving its capital structure through the use of a different fund raising instrument, diversifying even more the investors' basis. The transaction was settled on April 3, 2014. The Company shall guarantee all the obligations of the Issuer, in regard to the issue referred to above. As of June 30, 2016, the liabilities related to the perpetual bonds presented in the consolidated information are R$ 974,364.

FINEP

On January 18, 2010, a financing agreement (code 0210000300) was entered into between the Funds for studies and projects – Finep (a BNDES division) and Minerva Dawn Farms Indústria e Comércio de Proteínas S.A., totaling R$ 57,208. As of June 30, 2016 the consolidated debt balance was R$ 17,837 (R$ 19,860 as of December 31, 2015) and bears annual interest of 4.5%. The debt matures on June 15, 2018, but may be subject to early maturity if, among other situations: **(i)** the financed company invests financing funds for purposes other than those agreed or in noncompliance with the disbursement timetable; **(ii)** any guilty interruption of the financed project; or **(iii)** other circumstances which, in the opinion of FINEP, make it unsafe or impossible to comply with the obligations undertaken by the financed company under the agreement or to achieve the objectives for which funding was granted. This agreement is collateralized by a mortgage on certain properties of the Company, located in Barretos and Palmeiras de Goiás, in addition to including security deposits by the members of the Vilela de Queiroz family.

Equipment financing - BASA

On December 21, 2007, a private agreement was entered into by Minerva Indústria e Comércio de Alimentos S.A. and Banco da Amazônia S.A., amounting to R$53,793, whose balance as of June 30, 2016 was R$ 35,430 (R$ 36,999 as of December 31, 2015). This debt matures within 144 months from the signature of the indenture. The financing agreement establishes some restrictions on the financed company, namely: **(i)** Minerva Indústria e Comércio de Alimentos S.A. is obliged not to give preference to other credits, not to amortize shares, not to issue debentures, not to take out new debts without prior authorization from the Superintendence for the Development of the Amazon (Sudam) and Banco da Amazônia S.A., except **(a)** for loans to meet the needs of ordinary managed businesses of the financed company, or intended for mere material replacement or substitution; and **(b)** for business discounts the financed company holds, arising from sales or services; and **(ii)** Minerva Indústria e Comércio de Alimentos was obliged to submit changes in its corporate structure to prior approval by SUDAM, after hearing Banco da Amazônia S.A.

i) Level of subordination

As of June 30, 2016, 3.87% of the Company's and its controlled companies' total debt was secured by security interest in real estate (3.65% as of December 31, 2015).

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

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

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

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

iii) Structured operation

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

4th Issue of non-convertible debentures

On June 15, 2013, the Company offered debentures, not convertible into shares, totaling R$ 300,000, maturing on June 15, 2018. The debentures were offered by making restricted efforts (CVM Instruction No. 476). The principal amounts to R$ 300,000, and bears interest at the accumulated variation (effective rate) of 100% of average daily rates of Interbank deposits (DI), plus a surcharge of 1.75% p.a. The funds were intended for lengthening the Company's debt profile and to reinforce its working capital. Debentures have personal guarantee and are guaranteed by VDQ Holdings S.A. In the process of issue of such debentures, the Company incurred transaction costs in the amount of R$ 3,153, recorded in its Interim Financial Statements as a reduction of own liabilities, to be fully amortized during the effective period of the debentures until 2018. As of June 30, 2016, the amount is R$ 300,689.

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

16. Trade accounts payable

	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	12.31.15
Domestic	239,330	289,175	403,107	443,217
Foreign	'39,278	35,150	48,073	35,596
	278,608	**324,325**	**451,180**	**478,813**

17. Salaries, social charges and tax liabilities

	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	12.31.15
Labor				
Salaries and pro-labore	1,075	2,418	5,113	8,362
Social charges – FGTS and INSS (employees and outsourced)	6,847	7,690	15,987	16,082
Provision for vacations/Christmas Bonus and charges	32,234	21,638	49,462	41,725
Other proceeds and charges	2,273	1,711	3,376	4,294
Total Labor	**42,429**	**33,457**	**73,938**	**70,463**
Tax				
ICMS payable	25,545	27,268	26,422	28,047
IRPJ (income tax)	98,096	-	102,620	5,589
Social Contribution on Profits	39,813	-	41,503	924
Other taxes	4,676	6,852	14,066	15,062
Total tax	**168,130**	**34,120**	**184,611**	**49,622**
Grand total	**210,559**	**67,577**	**258,549**	**120,085**
Current	**192,085**	**47,605**	**240,075**	**99,843**
Non current	**18,474**	**19,972**	**18,474**	**20,242**

18. Outras contas a pagar

	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	12.31.15
Advances from customers (a)	902,510	753,971	955,225	810,772
Stock swap – fair value (b)	38,161	-	38,161	-
Other operational provisions	25,250	33,776	111,961	171,297
Total	**965,921**	**787,747**	**1,105,347**	**982,069**
Current	**933,632**	**787,747**	**1,032,232**	**918,213**
Non current	**32,289**	**-**	**73,115**	**63,856**

(a) Amounts received in advance from the Company's customers based on the management's credit policy;

(b) The Company celebrated with Credit Suisse swap contracts on the variation of the Company's stock price. This operation does not change the percentage of outstanding stocks and carry no cash disbursement, since it is the valuation at fair value of the transaction with future realization.

19. Income and social contribution taxes

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

	Controlling Company		Consolidated	
	06.30.16	06.30.15	06.30.16	06.30.15
Temporary additions				
Other provisions	9,648	3,708	9,648	3,708
Fair value of biological assets	272,450	281,476	285,657	281,476
Temporary exclusions				
Other provisions	(9,584)	(5,948)	(9,584)	(5,948)
Fair value of biological assets	(296,860)	(263,123)	(304,753)	(263,123)
Calculation basis deferred taxes	(24,346)	16,113	(19,032)	16,113
Total deferred Income Tax/Social Contribution	**(8,278)**	**5,478**	**(6,471)**	**5,478**

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

	Controlling Company			
	Balance on January 1st, 2016	Recognized in the result	Realization of deferred taxes	Balance on June 30, 2016
Taxes on revaluation reserve	30,124	-	(1,663)	28,461
Taxes without adjustment upon biological assets	12,803	100,932	(92,633)	21,102
Taxes upon added value in controlled companies	48,532	-	-	48,532
Other deferred taxes	(25,466)	3,259	(3,280)	(25,487)
Total deferred tax liabilities	**65,993**	**104,191**	**(97,576)**	**72,608**

	Consolidated					
	Balance on January 1st, 2016	Recognized in the result	Realization of deferred taxes	Balance due to investment acquisition	Translation adjustment	Balance on June 30, 2016
Taxes on revaluation reserve	30,124	-	(1,663)	-	-	28,461
Taxes without adjustment upon biological assets	14,610	103,615	(97,123)	-	-	21,102
Taxes upon added value in controlled companies	48,532	-	-	-	-	48,532
Other deferred taxes	(6,433)	3,259	(3,280)	-	(2,124)	(8,578)
Total deferred tax liabilities	**86,833**	**106,874**	**(102,066)**	**-**	**(2,124)**	**89,517**

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

a) Current - payable

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

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

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

	Controlling Company		Consolidated	
	06.30.16	06.30.15	06.30.16	06.30.15
Income before taxes	241,615	(425,882)	248,972	(418,443)
Additions				
Temporary differences	9,648	3,709	13,280	4,221
Permanent differences	185,447	356,894	185,732	357,083
Realization of temporary differences	(1,543)	(2,293)	(1,664)	(2,662)
Realization of revaluation reserve	1,714	1,714	1,714	1,714
Effects of the initial adherence to IFRS	1,006,794	854,401	1,114,780	863,880
Exclusions				
Temporary differences	(8,042)	(3,655)	(8,689)	(3,737)
Permanent differences	(94,469)	(212,589)	(94,469)	(212,589)
Effects of the initial adherence to IFRS	(921,657)	(838,230)	(1,010,296)	(852,844)
Calculation basis of taxes	**419,507**	**(265,931)**	**449,360**	**(263,377)**
Loss carryforward	(125,852)	-	(129,329)	7,868
Calculation basis after loss carryforward	**293,655**	**(265,931)**	**320,031**	**(255,509)**
Taxes on profit				
Income tax payable	(71,640)	-	(79,070)	(7,189)
CSLL payable	(26,429)	-	(28,131)	(191)
Expenses with current IRPJ and CSLL	**(98,069)**	**-**	**(107,201)**	**(7,380)**

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

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

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

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

20. Lease agreements

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

a) Finance lease

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

b) Operating lease

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

The lease statement is as follows:

Bem arrendado	Interest weighted average rate	Weighted average maturity (years)	Amount of expenditure 06.30.16	Amount of expenditure 06.30.15
Industrial Plant Brazil	IPCA + 11% @ cattle / IGPM	Indefinite	750	750
Industrial Plants Paraguay	Fixed + Exchange Variation	Aug/18	3,510	-

21. Provision for lawsuits risk and environmental

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

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

	Controlling Company		Consolidated	
Lawsuits	**06.30.16**	**12.31.15**	**06.30.16**	**12.31.15**
Tax contingencies	1,890	1,890	1,890	1,890
Labor contingencies	17,404	13,681	25,478	15,642
Civil contingencies	1,496	1,496	1,496	1,496
	20,790	**17,067**	**28,864**	**19,028**

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

Labor contingencies
Most of these labor claims involve health hazard pay, overtime, commuting time, and mandatory thermal comfort breaks. According to the opinion of the lawyers that handle these legal demands and experience accumulated by Management in similar cases, provisions amounting to R$ 17,404 for the Controlling Company and R$ 25,478 for consolidated were accrued for labor lawsuits, whose loss is considered probable as of June 30, 2016 (R$ 1 3,681 for the Controlling Company and R$ 15,642 for consolidated, as of December 31, 2015, respectively).

Other proceedings (whose likelihood of loss is considered possible)

Tax, civil proceedings and environmental.
As of June 30, 2016, the Company and its controlled companies had other on-going tax, civil and environmental lawsuits amounting to approximately R$ 67,968, R$823 and R$ 770 respectively, whose likelihood of loss is considered possible by the Company's legal counselors, and for which the Company's management does not consider necessary to set up a provision.

Labor and Social Security Proceedings
As of June 30, 2016, the Company and its controlled companies were involved in other ongoing proceedings of labor nature (public civil, collective and social security actions) in the approximate amount of R$ 9,474 and R$ 9,926 whose unfavorable outcome is considered possible, though not probable, and for which the Company's Management has chosen not to set up provision to cover possible losses.

Rural worker assistance fund (Funrural)
As of March 12, 2013, the Company filed a petition of writ of mandamus to suspend the withholding and payment of new Funrural. To avoid losing the right to require the contribution of new Funrural, INSS (Social Security Authority) issued various tax assessment notices against the Company until the current date. The amount involved in these notices, whose likelihood of loss is deemed possible, is approximately R$ 84,661.

ICMS (State VAT)

The Company was assessed for tax deficiency by the State Finance Department of Goiás for alleged omission of payment of ICMS Tax Substitution arising from the transactions conducted in the period from March to October 2005, related to the acquisition of cattle, later transferred to other units of the Company. The amount involved in this dispute, whose likelihood of unfavorable outcome is considered possible, is about R$ 31,849.

Shipwreck – Barcarena / PA

On 06 October 2015, the ship that would make the export of live cattle from Vila do Conde port in Barcarena / PA, careened. Although the full responsibility for the cargo was on the contracted shipping company, the Company had infringement notices issued against him to determine environmental damage, and became defendant in a public civil action. On June 30, 2016, the amount involved in these proceedings, whose likelihood is possible loss, is approximately R$ 31,915.

22. Shareholders' equity

a) Share capital

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

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

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

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

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

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

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

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

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

b) Revaluation reserve

In 2003 and 2006 the Company revalued the assets of its fixed assets and the amount reported on June 30, 2016 was R$ 58,785 (R$ 62,015 as of December 31, 2015), net of tax effects.

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

c) Statutory reserve

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

d) Dividends and interest on equity capital

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

e) Asset and liability valuation adjustment

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

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

23. Management remuneration

As of June 30, 2016 the Company recorded expenses on key management personnel remunerating (Company's Board of Directors, Audit Committee and officers) in the amount of R$ 6,971 (R$ 5,099 as of June 30, 2015). The entire remuneration is short-term, as shown below:

	Members 2016	06.30.16	06.30.15
Board of Directors and Administration Council	23	6,971	5,099
	23	**6,971**	**5,099**

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

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

24. Segment reporting

	Business segments					
	Live Cattle		Meat		Consolidated	
	06.30.16	06.30.15	06.30.16	06.30.15	06.30.16	06.30.15
Net income	138,701	374,870	4,419,867	4,008,064	4,558,568	4,382,934
CPV (cost of sold products)	(110,606)	(304,801)	(3,511,274)	(3,274,848)	(3,621,880)	(3,579,649)
Operating expenses	(15,707)	(36,310)	(472,214)	(397,385)	(487,921)	(433,695)
Net financial income	(39,538)	26,583	(160,257)	(814,616)	(199,795)	(788,033)
Net profit before taxes	**(27,150)**	**60,342**	**276,122**	**(478,785)**	**248,972**	**(418,443)**

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

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

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

25. Net revenue

	Controlling Company		Consolidated	
	06.30.16	06.30.15	06.30.16	06.30.15
Revenue from products sold – Internal market	1,230,034	1,261,246	1,559,838	1,546,877
Revenue from products sold – External market	2,121,305	1,886,761	3,279,112	3,115,126
Deductions from revenue – taxes and others	(237,429)	(226,629)	(280,382)	(279,069)
Net operating revenue	**3,113,910**	**2,921,378**	**4,558,568**	**4,382,934**

26. Financial income (loss), net

	Controlling Company		Consolidated	
	06.30.16	06.30.15	06.30.16	06.30.15
Financial revenue:				
Profits from investments	63,231	43,765	71,578	53,909
	63,231	**43,765**	**71,578**	**53,909**
Financial expenditures:				
Interests with financing	(426,318)	(313,387)	(403,378)	(362,601)
Other financial expenditures/revenue	(358,685)	39,835	(465,841)	47,213
	(785,003)	**(273,552)**	**(869,219)**	**(315,388)**
Net exchange variation	615,319	(402,740)	597,846	(526,554)
Net financial income (loss)	**(106,453)**	**(632,527)**	**(199,795)**	**(788,033)**

27. Earnings (losses) per share

a) Basic earnings (losses)

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

Basic	06.30.16	06.30.15
Net profit / (loss) attributable to the Company shareholders	**135,268**	**(420,404)**
Weighted average amount of ordinary shares issued – thousand	239,845	191,994
Weighted average amount of treasury shares	-	-
Weighted average amount of outstanding ordinary shares – thousand	**239,845**	**191,994**
Basic profit (loss) per share - R$	**0.56398**	**(2.18967)**

b) Diluted earnings (losses)

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

Diluted	06.30.16	06.30.15
Net profit / (loss) attributable to the Company shareholders	**135,268**	**(420,404)**
Weighted average amount of outstanding ordinary shares issued – thousand	239,845	191,994
Adjustment by conversion of debentures mandatorily convertible	-	-
Adjustment by call option – thousand	-	-
Weighted average amount of ordinary shares for profit (loss) diluted per share – thousand	**239,845**	**191,994**
Profit (loss) diluted per share - R$	**0.56398**	**(2.18967)**

28. Risk management and financial instruments

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

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

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

Policy for the treasury's hedging transactions

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

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

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

I. Foreign exchange hedging policy

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

i) Cash flow

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

ii) Balance sheet hedging

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

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

II. Cattle hedging policy

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

a) Forward contracts for cattle

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

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

b) Hedging of meat sold

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

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

Statement of derivatives positions

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

	Equity hedging					
Description	**/ thousand**		**Fair value in R$ thousand**		**Acumulated effect in R$ thousand**	
	06/30/16	**12/31/15**	**06/30/16**	**12/31/15**	**Amount receivable / (received)**	**Amount payable / (paid)**
Future contracts:	-	-	-	-	-	-
Purchase agreements	-	-	-	-	-	-
DOL (US$)	2,000	247,750	6,420	991,588	2,775	5,403
Others	-	-	-	-	-	-
BGI (arrobas)	5,208	1,504	833,901	226,494	-	15,500
Corn (sacks)	-	-	-	-	1,068	-
Soybeans (sacks)	-	-	-	-	-	83
Sales agreements	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	8,500	231,000	27,538	924,548	19	-
BGI (arrobas)	3,425	705	548,095	106,392	9,621	-
Soybeans (sacks)	-	-	-	930	-	-

Equity hedging

Description	% thousand		Fair value in R$ thousand		Acumulated effect in R$ thousand	
	06/30/16	12/31/15	06/30/16	12/31/15	Amount receivable / (received)	Amount payable / (paid)
Option contracts						
Call holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Others	-	-	-	-	-	-
BGI (arrobas)	990	-	1,016	-	-	2,099
Put holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	-	-	-	-	687,140	-
Others	-	-	-	-	-	-
BGI (arrobas)	7	5	3	0	-	-
DI 1 day (R$)	20	-	68	-	-	-
Call seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Others	-	-	-	-	-	-
BGI (arrobas)	660	-	363	-	673	-
Put seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	-	-	-	-	-	681,555
Others	-	-	-	-	-	-
BGI (arrobas)	667	5	907	0	1,129	-
DI 1 day (R$)	20	-	32	-	-	-
		-		-		
Forward contracts						
Long position	-	-	-	-	-	-
NDF (dólar)	761,153	1,579,165	762,328	1,503,348	-	296,738
Short position						
NDF (euro)	-	63,254	-	63,972	4,111	-
NDF (dólar)	1,010,335	474,987	943,681	510,640	181,021	-

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

- **Future Sales Contracts of DOL:** US dollars futures contracts traded at BM&F amount to fifty thousand US dollars (US$ 50,000) per notional contract and have daily adjustments. The fair value is calculated by multiplying the notional amount in US dollars by the reference US dollar for the contract disclosed by the BM&F;
- **Future Sales Contracts of BGI:** future contracts for Fat Cattle (BGI) traded at BM&F are valued at 330 arrobas. The fair value is calculated by multiplying the notional amount in Brazilian Reais by the reference value for the contract disclosed by the BM&F;
- **Short Position Forward Contracts: NDF (Euro):** The contracts are trade in over-the-counter markets and, therefore, have no standardization and daily adjustment. The fair value is calculated by multiplying the negotiated notional amount and the PTAX EURO sale rate disclosed by the Central Bank of Brazil;
- **Short Position Forward Contracts: NDF (US dollar):** The contracts are trade in over-the-counter markets and, therefore, have no standardization and daily adjustment. The fair value is calculated by multiplying the negotiated notional amount and the PTAX 800 sale rate disclosed by the Central Bank of Brazil.

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

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

Derivative financial instruments	06.30.2016 Mark-to-market	12.31.2015 Mark-to-market
Options	(215)	-
Swap	47,503	265,891
NDF (EUR+DOL+BOI)	41,204	(44,474)
Grand total	**88,492**	**221,417**

a) Exchange and interest rate risks

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

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

	Consolidated		
	06.30.2016		
	Currencies		
	Domestic	Foreign	Total
Assets			
Cash	855		855
Transaction accounts	72,758	1,920,785	1,993,543
Investments	782,485	-	782,485
Assounts receivable	185,713	297,528	483,241
Total current assets	1,041,811	2,218,313	3,260,124
Total assets	1,041,811	2,218,313	3,260,124
Liabilities			
Short-term financing	375,759	1,066,014	1,441,773
Suppliers	403,107	48,073	451,180
Total current liabilities	778,866	1,114,087	1,892,953
Long-term financing	592,569	3,873,481	4,466,050
Total non current liabilities	592,569	3,873,481	4,466,050
Total liabilities	1,371,435	4,987,568	6,359,003
Net financial debt	329,624	2,769,255	3,098,879
Exchange protection derivative instruments - Net position	-	(126,744)	(126,744)
Net exchange position	329,624	2,642,511	2,972,135

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

Financial instruments (net)	Assets (liabilities) position on 06.30.2016	Assets (liabilities) position on 12.31.2015
Future contracts - DOL (US Dollar)	(21,119)	67,040
Option contracts (Us Dollar, Cattle, Corn and IDI)	(215)	-
Swap contracts	47,503	265,891
NDF (US Dollar + EURO + cattle)	(181,354)	928,736
Net total	**(155,185)**	**1,261,667**

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

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

Type	Position	Currency	Maturity Date	Notional
NDF	SALE	DOL	07.01.2016	(40,000)
NDF	PURCHASE	DOL	08.01.2016	237,500
NDF	SALE	DOL	10.03.2016	(134,000)
NDF	SALE	EUR	12.01.2016	(120,000)

Credit risks

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

b) Cattle price risks

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

Cash market	**Fair Value 06.30./2016**
Fixed-Term Contract Purchased	
Notional Value (@)	3,330,410
Future Contract Price (R$/@)	146.75
Total R$/1000	**488,748**

BM&F market Future Contract Sold	**Fair Value 06.30.2016**
Notional Value (@)	3,033,690
Future Contract Price (R$/@)	163.03
Total R$/1000	**494,582**

c) Cash sensitivity analysis chart

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

The scenarios were calculated according to the following assumptions:

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

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

Operation	Movement	Risk	Probable Scenery 6% fluctuation	Possible Scenery 25% fluctuation	Remote Scenery 50% fluctuation
Hedge Derivative	High	Cattle	(87,004)	(29,768)	150,516
Cattle	High	Cattle	29,325	122,186	244,371
Net			**(57,679)**	**92,418**	**394,887**
Hedge Derivative	High	Dollar	(57,888)	(241,200)	(482,900)
Invoices + Cash - in $US	High	Dollar	34,178	142,406	284,813
Net			**(23,710)**	**(98,794)**	**(198,087)**
Hedge Derivative	High	Euro	-	-	-
Invoices - in $EUR	High	Euro	37,708	157,118	314,236
Net			**37,708**	**157,118**	**314,236**
Hedge Derivative	High	Dollar	63,073	262,802	525,605
Raising funds in $US	High	Dollar	(256,671)	(1,069,464)	(2,138,929)
Net			**(193,598)**	**(806,662)**	**(1,613,324)**
Stock swap	Low	Shares	(4,340)	(18,084)	(36,168)
Net			**(4,340)**	**(18,084)**	**(36,168)**

Exchange rate USD 3.2098 – Ptax sale (Source: Central Bank)

Exchange rate EUR 3.5414 – Ptax sale (Source: Central Bank)

Result of the equity hedging chart

- **Hedging derivatives x Cattle:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 57,689; in a scenario with 25% fluctuation gains would amount to R$ 92,418, and with 50% fluctuation R$ 394,887;
- **Hedging derivatives x Invoices + Cash in US$:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 23,710; in a scenario with 25% fluctuation losses would amount to R$ 98,794, and with 50% fluctuation R$ 198,087;

- **Hedging derivatives x Invoices + Cash in EUR:** In the probable scenario where market fluctuation is 6%, the Company may incur gains of R$ 37,708; in a scenario with 25% fluctuation gains would amount to R$ 157,118, and with 50% fluctuation R$ 314,236;
- **Hedging derivatives:** In the probable scenario where market fluctuation is 6%, the Company may incur losses of R$ 193,698; in a scenario with 25% fluctuation losses would amount to R$ 806,662, and with 50% fluctuation R$ 1,613,324.
- **Swap of shares:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 4,340; in a scenario with 25% fluctuation losses would amount to R$ 18,084, and with 50% fluctuation R$ 36,168.

d) Guarantee margins

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

As of June 30, 2016, amounts deposited for margin amount to R$ 64,020.

e) Contract of share swap

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

29. Statements of comprehensive income (loss)

In compliance with CPC 26(R1) (IAS 1 – Presentation of Interim Financial Statements , the Company presents below the changes in comprehensive income (loss) for the periods ended June 30, 2016 and December 31, 2015:

	Controlling Company		Consolidated	
	06.30.16	12.31.15	06.30.16	12.31.15
Income (loss) for the period	135,268	(420,404)	135,300	(420,345)
Adjustment of equity valuation	118,593	51,042	118,593	51,041
Total comprehensive result	**253,861**	**(369,362)**	**253,893**	**(369,304)**
Comprehensive result attributable to:				
Controlling shareholders	253,861	(369,362)	253,861	(369,362)
Non controlling shareholders	-	-	32	58
Total comprehensive result	**253,861**	**(369,362)**	**253,893**	**(369,304)**

30. Insurance Coverage

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

	Tipo de cobertura	Importância segurada
Buildings	Fire and miscellaneous risks	575,595
Facilities, equipment and products in stock	Fire and miscellaneous risks	640,118
Vehicles and aircrafts	Fire and miscellaneous risks	74,076
Civil liability	Operation risks	20,000
		1,309,789

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

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

31. Subsequent events

On August 01, 2016, the Company has called for redemption all of its outstanding 10.875% Notes Due 2019 (the "2019 Notes"), issued by its wholly owned subsidiary Minerva Overseas II at the initial value of US$ 250.000.

The outstanding debt value at June 30, 2016 was US$ 49,726 (R$ 159,581 converted at the rate on June 30, 2016).

The redemption date is set for September 2, 2016. The redemption price will be 105.4375% of the principal amount of the outstanding Notes, plus any unpaid interest accrued on the outstanding principal amount of the Notes to, but excluding, the redemption date.

* * *

2Q16 Earnings Release

Barretos, August 2, 2016 – Minerva S.A. (BM&FBOVESPA: BEEF3 | OTCQX: MRVSY), one of the leaders in South America in the production and sale of fresh beef, live cattle and cattle byproducts, with operations also in the beef, pork and poultry processing segments, announces today its results for the second quarter of 2016 (2Q16). The financial and operating information herein is presented in BRGAAP and Brazilian reais (R$), in accordance with International Financial Reporting Standards (IFRS).

2Q16 Highlights

Minerva (BEEF3)

Price on Aug 1st, 2016:
R$9.55

Market Cap:
R$2,290.5 million

239,844,659 Shares

Free Float – 52.0%

Conference Calls
August 3, 2016

Portuguese
10:00 a.m. (Brasília)
09:00 a.m. (US EST)
Phone: +55 (11) 2188-0155
Code: Minerva

English
12:00 p.m. (Brasília)
11:00 a.m. (US EST)
Phone: +1 (412) 317-5479
Code: Minerva

IR Contact:

Eduardo Puzziello
Kelly Barna

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

ri@minervafoods.com

- Minerva posted income before tax of R$143.1 million in 2Q16. The Return on Invested Capital (ROIC) was record, reaching 28.9%, approximately 118 bps and 904 bps up on 1Q16 and 2Q15 respectively. Operating cash flow, excluding equity evaluation adjustments and accumulated conversion amounts, was positive by R$91.8 million in 2Q16 and R$1.1 billion in LTM2QT16.
- At the close of 2Q16, financial leverage, measured by the net debt/LTM EBITDA ratio, reached its best figure since 2008, of 2.69x, and was 1.7x down on 2Q15. The gross debt/LTM EBITDA ratio reached its lowest figure in the last three years, reaching 5.23x on June 30, 2016. Cash position totaled R$2.8 billion at the end of the quarter, 2x higher than short-term maturities.
- Minerva's second-quarter gross revenue totaled R$2,363.8 million, while in LTM2Q16, gross revenue was once again record, totaling R$10,237 million, 15% up on LTM2Q15. Net revenue amounted to R$2,221 million in 2Q16, with gross margin of 20.3%, 2.3 p.p. up on 2Q15.
- Exports accounted for 67% of the Company's consolidated revenue. The Beef Division's export sales grew 6.9 % in 2Q16 over 2Q15, while domestic sales increased by 5.3%, despite Brazil's economic deterioration. This result reflects the Company's commercial focus on increasing its capillarity in the local market as well as the strategy to concentrate on exports to niche and ethnic markets.
- Second-quarter EBITDA amounted to R$238.5 million, 10.2% up on 2Q15, accompanied by an EBITDA margin of 10.7%, 100 bps up on the previous year. In the twelve-month period, EBITDA totaled record R$1,105.3 million, 36.6% up on the previous year, with a margin of 11.4%, 200 bps more than in LTM2Q15.
- Minerva's free cash flow was positive by R$104.1 million in 2Q16. Including the cash impact from FX hedge expenses, cash flow was negative by R$55 million. In the last twelve months, free cash flow including the FX hedge effects totaled R$433.5 million.

Key Indicators

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15(1) (2)	Var.%
Slaughtering ('000 head)	544.2	588.5	-7.5%	518.2	5.0%	2,142.1	2,368.1	-9.5%
Sales volume ('000 tonnes)	134.9	148.5	-9.1%	132.6	1.8%	557.5	576.8	-3.3%
Gross revenue	2,363.8	2,352.3	0.5%	2,475.2	-4.5%	10,237.0	8,874.1	15.4%
Domestic market	787.6	789.7	-0.3%	772.2	2.0%	3,084.0	3,111.1	-0.9%
Export market	1,576.2	1,562.5	0.9%	1,703.0	-7.4%	7,152.9	5,763.0	24.1%
Net revenue	2,221.0	2,226.8	-0.3%	2,337.6	-5.0%	9,700.4	8,631.0	12.4%
EBITDA	238.5	216.5	10.2%	251.6	-5.2%	1,105.3	809.2	36.6%
EBITDA margin	10.7%	9.7%	1.0 p.p.	10.8%	-0.1 p.p.	11.4%	9.4%	2.0 p.p.
Net debt/ LTM EBITDA (x)	2.7	4.4	-1.7	2.9	-0.2	2.7	4.4	-1.7
Net (Loss) Income	89.0	166.9	-46.7%	46.3	92.1%	-244.3	-926.2	-73.6%

(1) LTM2Q15 includes Net Revenue and EBITDA pro-forma figures for the Mato Grosso and Carrasco plants.
(2) LTM2Q15 EBITDA adjusted by the adherence to the Federal Tax Renegotiation Program (REFIS) in 4Q14.

Message from Management

The combination between a clear origination strategy, based in South America, a strong discipline in the execution of operational efficiency improvement programs (productivity, performance, control and benchmark between units), and excellence in risk management helped Minerva obtain extremely positive results, despite the highly challenging scenario we have been going through since 2015. Examining second-quarter results is enough to realize this. In the second quarter, leverage was extremely low compared to the industry and the recent past, one of management's main commitments with its stakeholders, reaching 2.69x the net debt/LTM EBITDA ratio, its lowest figure since 1Q08. In addition, the gross debt/LTM EBITDA ratio came to 5.23x, its lowest figure in the last three years. It is also important to mention our operating margins, which remained stable over 1Q16 and well above the 2Q15 figures, the recurring free cash flow and record returns on invested capital.

The Company's exports continued to perform well in 2Q16, accounting for more than two-thirds of revenue. The Beef Division grew by more than 6% over 2Q15, given the commercial strategy adopted by the Company at the end of the quarter, giving priority to operational profitability. In June, we began retaining certain beef cuts in inventory in the pursuit of higher margins through better pricing of these products in the international market ("long" strategy). This strategy ended up postponing the recognition of sales expected to be booked in 2Q16 to the next quarter, but improved operational profitability. Said strategy is part of a negotiation process to recover export margins given the recent depreciation of the U.S. dollar against the real.

In the international market, we increased our presence in Chile and Colombia through the recent opening of two new distribution centers, strengthening our presence in South America and increasing our competitiveness in that region. We also geographically expanded our presence in the main beef importing markets, through the opening new offices.

In the domestic market, despite the adverse scenario, with lower demand for beef by consumers of C, D and E income groups, Minerva managed to increase the Beef Division's total revenue by 5.3% in 2Q16 over 2Q15. This outcome was the result of the Company's focus on constantly expanding the penetration of its distribution network, increasing the number of sales points compared to last year, and strengthening the focus on the food service segment, which is more resilient to periods of crisis. At the same time, we have been successfully improving our distribution KPIs, focusing on selling not only beef, but third-party products, as part of our "one-stop-shop" strategy.

Therefore, due to our origination and commercial strategies, operational discipline and the use of risk management instruments, we believe that Minerva is increasingly capable of extracting the maximum value from its operations, regardless of the scenario.

For the second half and considering Brazil's raw material supply, despite the offseason, the weaker domestic consumption, which absorbs approximately 80% of Brazil's production, should limit the volatility of cattle arroba prices. However, based on our analyses for 2017, there will be greater availability of animals for slaughter, as we begin to see signs of change of cycle, combined with an additional volume of cattle which should have been, but was not slaughtered in these two years of crisis.

We believe that 2017 will bring several opportunities for the beef industry, mainly thanks to: i) the greater availability of animals for slaughter; ii) the greater focus on markets to which we still have restricted access; iii) the imbalance between supply and demand for beef in important regions, such as the Far East and the Middle East; and iv) the effective opening of new markets, whose effects should be fully captured in the next few years. In addition, we understand that South America has all the competitive advantages to become the world's most important beef production platform, either due to its production cost structure or due to its natural advantages. We therefore expect the region's share of the international market to grow substantially in 2017. Aware of this scenario, Minerva will continue focusing on executing its business plan, which envisages greater commercial penetration in the domestic and export markets, greater geographic diversification in production and trading, efficient management of risks and focus on generating consistent returns for our shareholders.

Fernando Galletti de Queiroz, CEO



Industry Overview

Brazil

Cattle Supply

In the second quarter, slaughter volume totaled 6.2 million head, in line with 2Q15 and 5.1% up on 1Q16. The quarter-on-quarter increase reflects the higher animal availability in the season, particularly in April and May. Nevertheless, in 2Q16 local industry performance continued to be impacted by the adverse economic scenario.

In addition to slaughter volume remaining flat in 2Q16 over 2Q15, the animals average slaughter weight continued high, fueling the industry's productivity.

In the first six months, slaughter volume totaled 12.2 million head, 2.6% down on 1H15, still influenced by the industry's capacity adjustment (particularly in the second half of 2015), in response to the country's weak economic situation.

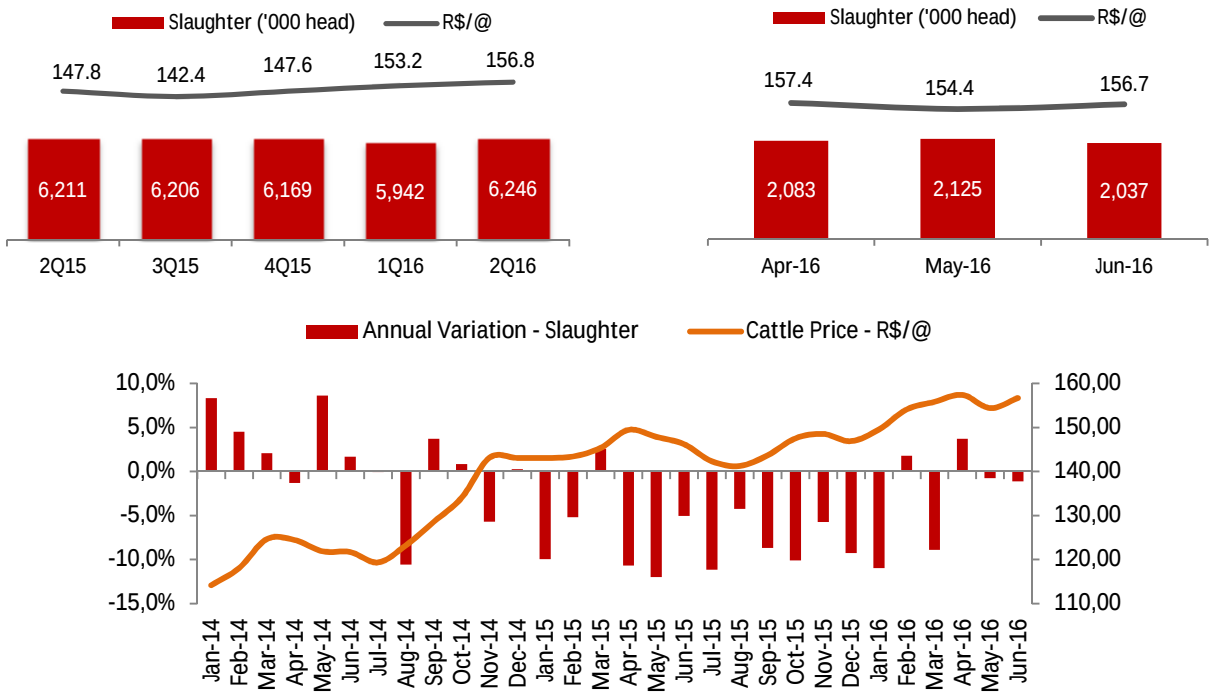
In terms of raw material purchases, the average arroba price (reference: Finished cattle Esalq/BM&F – state of São Paulo) increased by 6% over 2Q15, to R$156.8/@. The second quarter generally shows higher animal availability, thus forcing the arroba price down. Nevertheless, in 2Q16 the average price recorded an atypical increase in June, chiefly influenced by (i) growing expectations that confined animal supply would decline during the offseason and (ii) the impact from the negative cattle cycle, when animal supply for the industry is reduced. It is also worth mentioning the real variation of the arroba in the analyzed period. If we consider inflation measured by the IPCA consumer price index in the LTM ended June 30, 2016 of 7.34%, the real average arroba price was around R$145.30, 1.7% down year-on-year.

Regarding expectations related to confined animal volume, the increase in the average price of grains and the high cost of unfinished cattle (two of the main factors influencing the profitability of feedlot operators) reduced confinement intentions in the offseason and encouraged prospects of lower animal availability, at least for the first feedlot round, where confined animals are normally ready for slaughter between July and September.

Regarding the second feedlot round, where animals are ready for slaughter between September and November, the upcoming confinement surveys are expected to include more favorable data in terms of animal availability, given that the replacement price has been demonstrating a sharper downward trend as of the end of 2Q16.

Another positive factor regarding animal availability in the second half is the higher investments in pasture supplementation. This movement by certain producers minimized the strong outflow of animals at the end of the season and should stabilize cattle supply in the beginning of this offseason.

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



Source: Ministry of Agriculture, Livestock and Supply, CEPEA/ESALQ | 2Q16 Preliminary slaughtering figures

Export Market

Brazilian fresh beef exports grew 10% in 2Q16 over 2Q15, with export revenue amounting to US$1.1 billion, 2.4% up year-on-year. Despite the recovery of the real against the U.S. dollar, the dollar FX rate continued to benefit exporters who managed to allocate a higher volume of sales to the export market.

Figures 4 and 5 – Fresh Beef Exports

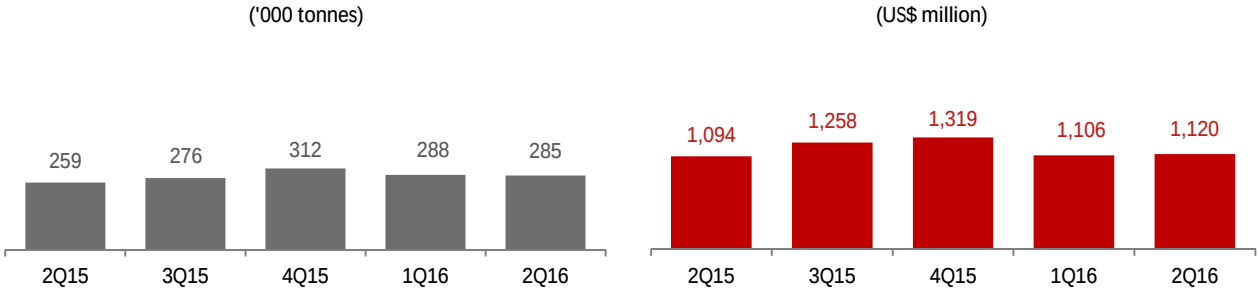
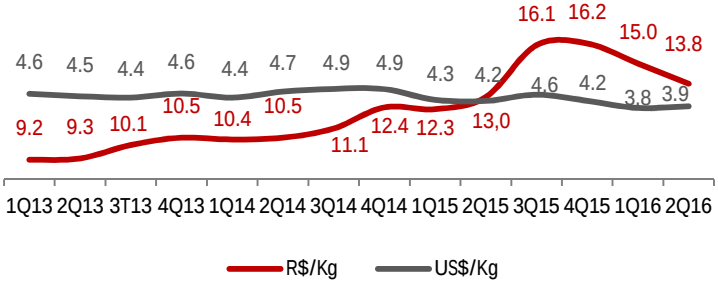
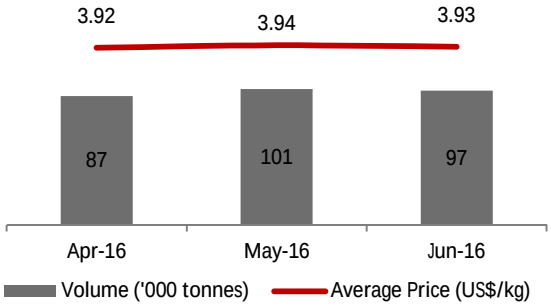


Figure 6 - Average Fresh Beef Price



Source: Ministry of Trade, Industry and Development

Figure 7- Brazilian Fresh Beef Exports

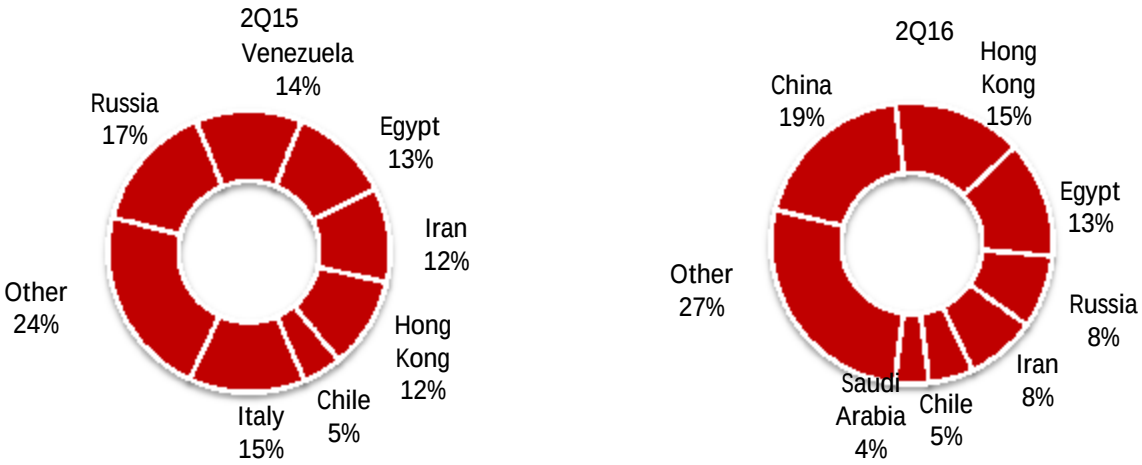


Source: Ministry of Trade, Industry and Development

The average price of beef in U.S. dollars fell by approximately 7% over 2Q15, to US$3.93/kg, influenced by the sales mix, with a stronger allocation to markets which demand forequarter cuts (lower absolute value), such as China (which opened its market to Brazil in June 2015), Hong-Kong and Egypt. Another factor contributing to that reduction was the FX depreciation in importing countries during the period, particularly in emerging markets. However, the average price of beef in 2Q16 over 1Q16 increased by 2.2%, despite the appreciation of the real against the U.S. dollar, partially due to the record exports within Brazil's Hilton Quota (quota related to the EU), which came to 90% in 2Q16. The average price of beef in reais remained high, reaching R$13.8/kg, versus R$13.0/kg in 2Q15 (6% up).

The chart below shows Brazil's main export destinations in 2Q16. China and Hong Kong together accounted for 34% of total exports (versus only 12% in 2Q15), while Egypt continued as the second export destination, corresponding to 13% of the total and contributing to reduce the average price of beef in U.S. dollars, given that these countries consume more forequarter cuts (change in the export mix). Another 2Q16 highlight was the resumption of exports to an important market, Saudi Arabia, which suspended the embargo on Brazilian beef and accounted for 4% of exports.

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



Source: Ministry of Trade, Industry and Development

Domestic Market

In the second quarter, beef consumption was once again impacted by high inflation, growing unemployment and the reduction in credit availability, which together reduced the purchasing power of consumers in C, D and E income groups. These indicators explain consumers' migration from beef (mainly forequarter cuts) to alternative proteins, such as poultry, pork and processed products, and the migration from nobler (hindquarter cuts) to cheaper cuts (forequarter cuts). It is worth mentioning that in 2Q16 the average price of grains increased significantly, impacting

also the price of competing proteins and minimizing the replacement effect observed in previous quarters. This factor explains the improvement in the spread between forequarter cuts over the competing proteins and forequarter cuts.

In addition, the imbalance between global supply and demand for beef and the appreciation of the U.S. dollar over the same period last year encouraged local players with greater commercial flexibility to continue focusing on exports.

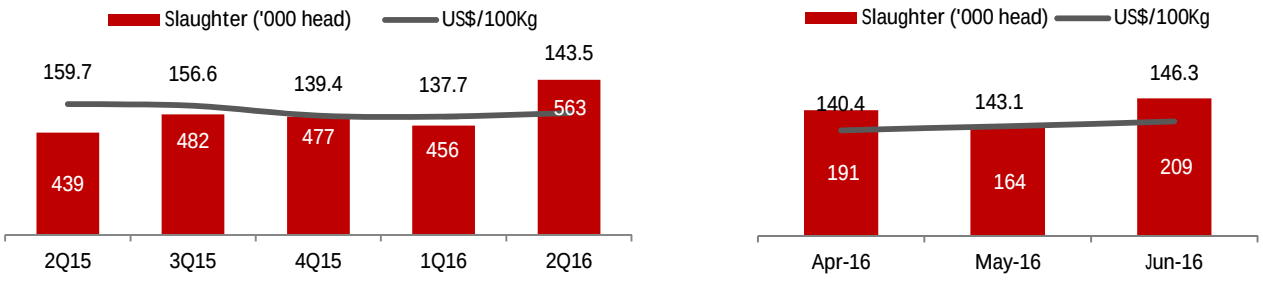
Note that the average price of bone-in beef (carcass) depreciated during the period, undermining smaller meatpacking companies and resulting in new adjustments in the industry's capacity utilization.

Paraguay

Cattle Supply

In the first half of 2016, slaughter volume amounted to 1,019 thousand head in Paraguay, 10% higher than in 1H15. In 2Q16, slaughter volume totaled 563,000 head, up by 28% and 24% over 2Q15 and 1Q16, respectively, influenced by the period of high cattle availability added to the animals already ready for slaughter, which had been retained in farms in 1Q16 due to the strong rainfall which hindered farm-to-industry transportation. On the other hand, certain cattle producers took advantage of the soil's high humidity to further retain animals in pasture, reducing cattle supply in the on-demand market. Demand for cattle qualified for export to Europe was also high, contributing to increase the average price, particularly in June. As a result, the average price of cattle in Paraguay climbed 4% over the previous quarter. On the other hand, average prices in Paraguay declined by 10% in 2Q16 over 2Q15.

Figures 10 and 11 – Cattle Slaughter and Average Cattle Price

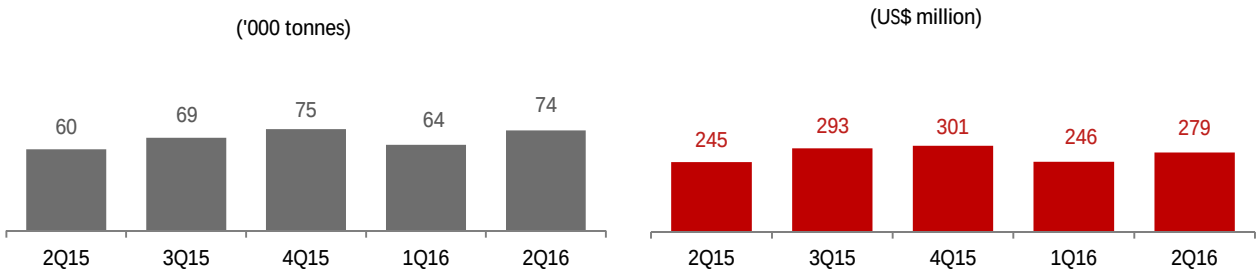


Source: SENACSA

Export Market

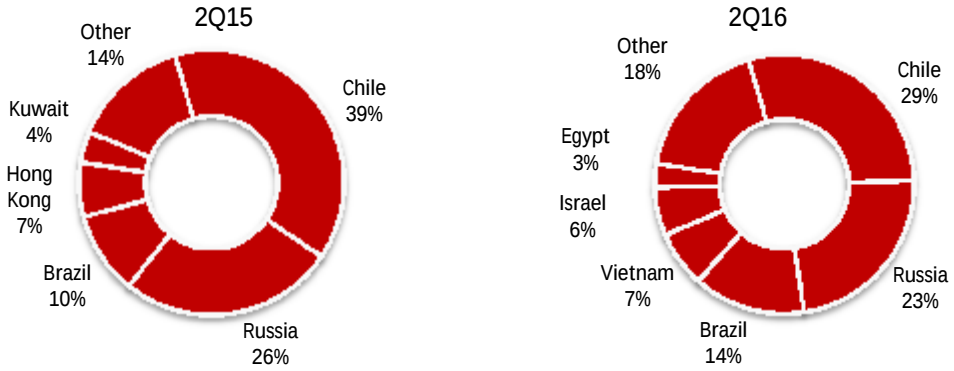
Second-quarter export volume reached 74 thousand tonnes, 23% up on 2Q15 and 16% up on 1Q16, accompanied by revenue of US$279 million. The export performance was influenced by the volume of animals available in the quarter, which was sufficient to meet demand from countries such as Russia, whose imports showed signs of recovery, Chile and Brazil. These three countries remained as Paraguay's main export destinations. Worthy of mention is Egypt, which recently opened its market to Paraguayan beef and accounted for 3% of the country's exports.

Figures 12 and 13 – Fresh Beef Exports



Source: SENACSA

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



Source: SENACSA

Uruguay

Cattle Supply

Uruguay's slaughter volume totaled 540 thousand heads in 2Q16, 4% down on 2Q15, but 2% up on the previous quarter. The heavy rainfall once again jeopardized farm-to-industry transportation, particularly in April and May, as shown in the chart below. Nevertheless, the weaker rainfall and the colder weather contributed to increase animal supply in June. Given this scenario, the average price of cattle fell by 10% and 6% over 2Q15 and 1Q16, respectively.

Figures 16 and 17 – Cattle Slaughter and Average Cattle Price



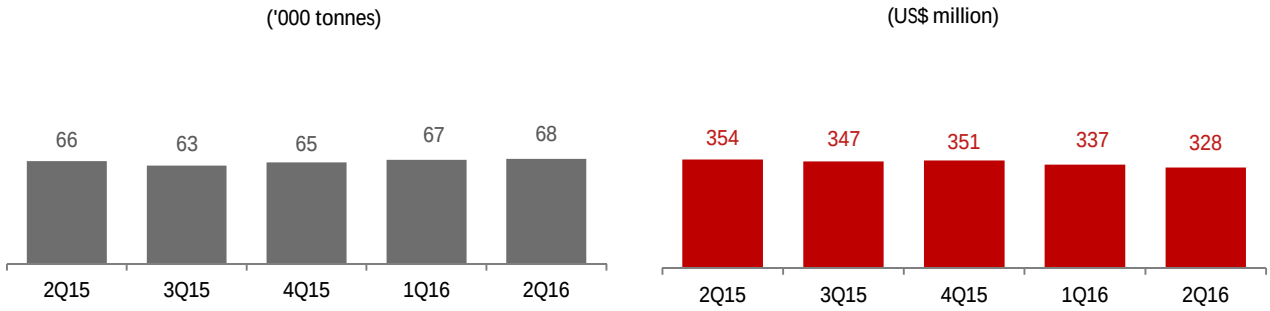
Source: INAC

Export Market

Second-quarter exports remained in line with 1Q16, with volume of 68 thousand tonnes and revenue of US$328 million, 7% and 3% down on 2Q15 and 1Q16, respectively, partially influenced by shipment difficulties in April and May, due to the rain, which impacted production. The average export price of beef declined by 4% over 1Q16 and 10%

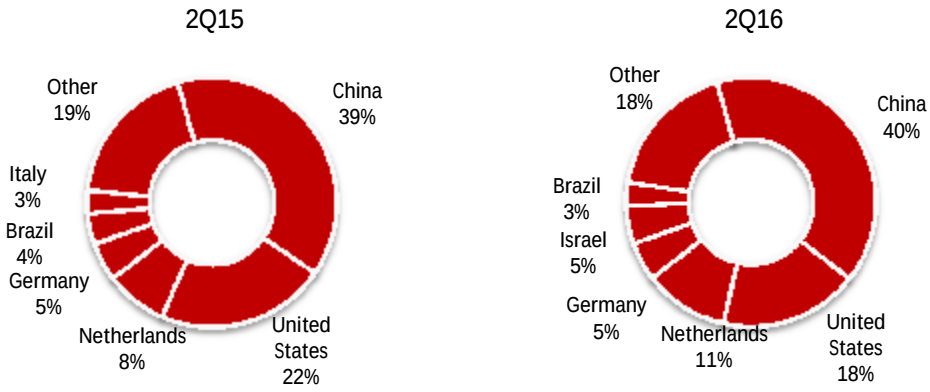
over 2Q15, reflecting the stronger rerouting to markets which demand forequarter cuts. Uruguay's main export destination continued to be China, whose exports came to 40% of the total, remaining virtually flat over 2Q15. The United States, second major export destination of Uruguayan beef, accounted for 18% of total 2Q16 exports, down by 4 p.p. on 2Q15. The weakening of exports to the United States reflects the irregular use by certain producers of tick control agents identified in March by the U.S. authorities, which reduced imports of Uruguayan beef in that month. This fact was extended until the beginning of the second quarter. It is important to mention that these irregularities have already been rectified and shipments to that country have already been normalized.

Figures 18 and 19 – Fresh Beef Exports



Source: INAC

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



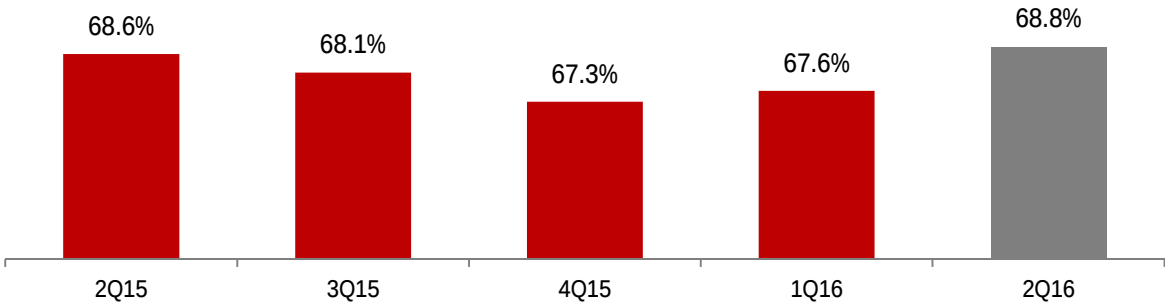
Source: INAC

Minerva – Results Analysis

Slaughter

In 2Q16, the Company's slaughter volume totaled 544 thousand heads, while the consolidated capacity utilization rate stood at 68.8%, still influenced by the operations in ramp-up phase (Red Cárnica, in Colombia, and Expacar, in Paraguay). The increased slaughter in Brazil contributed to the recovery in the Company's consolidated average capacity utilization in 2Q16, which remained in line with 2Q15.

Figure 22- Installed Capacity Utilization



Source: Minerva

Consolidated Gross Revenue

Minerva's gross revenue totaled R$2.4 billion in 2Q16, in line with the 2Q15 figure. The highlight was the Beef Division's performance, whose revenue increased by 6.4% over 2Q15, to R$2.0 billion.

In the export market, the 14% year-on-year appreciation of the U.S. dollar against the real in 2Q16 allowed higher profitability of the Beef Division's exports, whose average prices in reais increased by 9% over 2Q15. In addition, the Company also adopted the commercial strategy to retain more products in inventory at the turn from 2Q16 to 3Q16 (particularly in June) in order to obtain greater margins through the better pricing of its products ("long" strategy). In this scenario, the Beef Division's export revenue totaled R$1.4 billion, 6.9% higher than in 2Q15.

In the domestic market, Minerva has been working hard to increase the number of sales points, while improving its operating indicators. This movement, combined with the increase in the domestic price of beef (+13% y-o-y), despite the adverse economic scenario, contributed to expand the Beef Division's total revenue by 5.3%, to R$601.4 million in 2Q16.

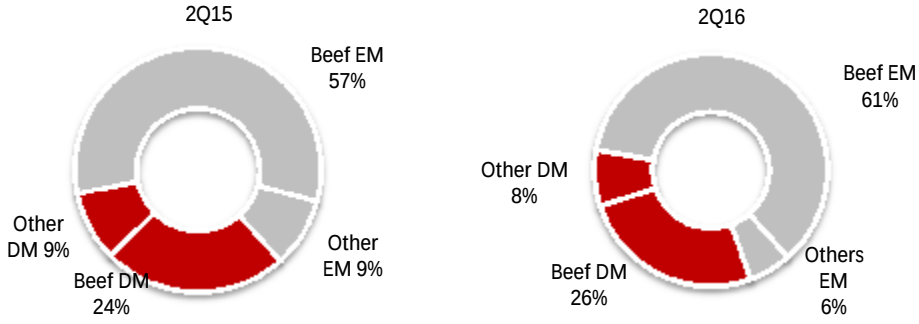
The negative result of the Others Division was influenced by the weak performance in the Live Cattle segment in the international market (-70% y-o-y). Nevertheless, said performance was partially offset by the healthy results from distribution (+44% y-o-y) and MFF in the domestic market (+12% y-o-y).

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Gross revenue	2,363.8	2,352.3	0.5%	2,475.2	-4.5%	10,237.0	8,874.1	15.4%
Beef Division	2,041.3	1,918.4	6.4%	2,101.4	-2.9%	8,674.1	7,042.6	23.2%
Others Division	322.5	433.8	-25.7%	373.8	-13.7%	1,562.9	1,831.4	-14.7%

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Domestic market	787.6	789.7	-0.3%	772.2	2.0%	3,084.0	3,111.1	-0.9%
% Gross revenue	33.3%	33.6%	-0.3 p.p.	31.2%	2.1 p.p.	30.1%	35.1%	-4.9 p.p.
Beef Division	601.4	571.4	5.3%	590.6	1.8%	2,471.5	2,389.6	3.4%
Others Division	186.2	218.3	-14.7%	181.7	2.5%	612.5	721.5	-15.1%

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Export market	1,576.2	1,562.5	0.9%	1,703.0	-7.4%	7,152.9	5,763.0	24.1%
% Gross revenue	66.7%	66.4%	0.3 p.p.	68.8%	-2.1 p.p.	69.9%	64.9%	4.9 p.p.
Beef Division	1,439.8	1,347.1	6.9%	1,510.8	-4.7%	6,202.6	4,653.0	33.3%
Others Division	136.3	215.5	-36.7%	192.2	-29.1%	950.3	1,110.0	-14.4%

Figures 23 and 24 – Breakdown of Consolidated Gross Revenue



Source: Minerva

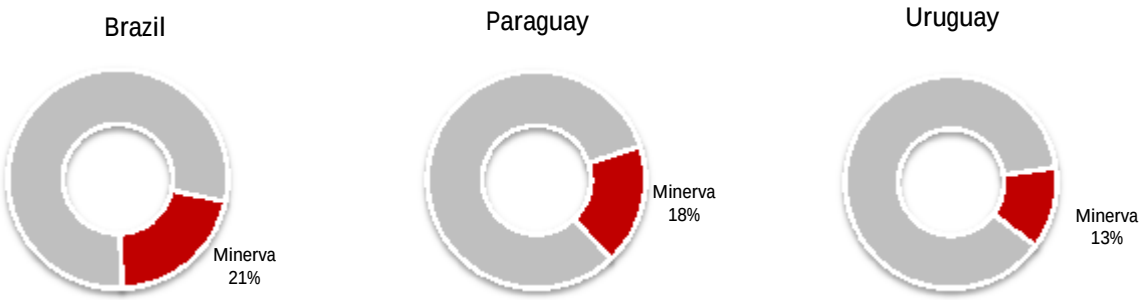
Beef Division

As previously mentioned, gross revenue from the Beef Division increased by 6.4% in 2Q16 over 2Q15, to R$2,041.3 million, while the division's export revenue grew by 6.9% over 2Q15, to R$1,439.8 million. This result was benefitted by the healthy performance of fresh beef exports, 7.5% up on 2Q15, to R$1.3 billion. The Company once again recorded satisfactory performance in the domestic market despite the current economic environment. The Beef Division's gross domestic revenue reached R$601.4 million, 5.3% higher than in 2Q15.

Exports

Minerva's share of the export market remained high in Brazil, Paraguay and Uruguay in the second quarter. In Brazil, export market share stood at 21%. In Paraguay, the Company's share was 18%, maintaining its record levels. In Uruguay, Minerva's market share came to 13%, 2 p.p. down on 1Q16, due to the problems faced in the U.S. market, which have already been remedied.

Figures 25, 26 and 27 – 2Q16 Market Share (% of Revenue)



Source: Minerva, Secex, INAC and SENACSA

We present below the Company's exports by region in LTM2Q16 and LTM2Q15:

Africa: the region's share of the Company's exports remained virtually stable in LTM2Q16, accounting for 16%, versus 17% in the same period in 2015. This slight reduction reflects the rerouting of exports from certain North African countries to other regions which consume the same type of cut, such as China/Hong Kong and certain countries in the Middle East.

Americas: the region's share in Minerva's export mix remained stable, corresponding to 13% of the total in LTM2Q16 and LTM2Q15. The main highlight continues to be Chile, served by our operations in Brazil and Paraguay. Brazil remains as the region's second most important destination (served by our operations in Paraguay and Uruguay).

Asia: in line with previous quarters, Asia was once again Minerva's main export destination. In the last twelve months ended June 2016, exports grew 900 bps, accounting for 28% of the total, versus 19% in LTM2Q15. As of June last year we began selling directly to Mainland China, contributing to this expansion. China and Hong Kong together grew by approximately 40% in the period analyzed. In addition to these two major destinations, we also highlight other markets served in this region, such as Singapore, Malaysia and Vietnam, whose combined revenue increased by 73%.

CIS (Commonwealth of Independent States): this region, represented mainly by Russia, accounted for 5% of the Company's exports in the LTM ended June 2016 (17% in LTM2Q15). This reduction was influenced by the country's significant reduction in beef imports, due to its fragile economic situation because of the depreciation of the Ruble and the decline in oil prices. As a result, part of the volume previously exported to Russia was redirected to other destinations, especially Asia and the Middle East.

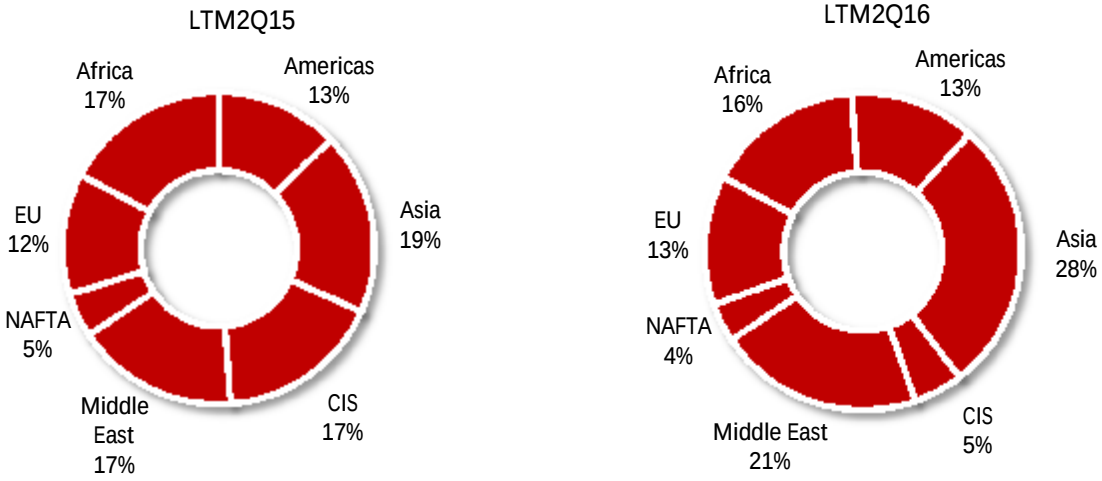
Europe: the share of this region increased by 100 bps in the last twelve months ended June 2016 compared to the same period in 2015, to 13% of Minerva's total exports. This region demands nobler cuts, such as hindquarter cuts. Still in the second quarter of 2016, the Company exported a record share of the Hilton Quota (beef export allowance to the European Union).

NAFTA: the share of the NAFTA region (United States, Canada and Mexico) as a percentage of Minerva's exports came to 4% in LTM2Q16, slightly below the 5% reported in LTM2Q15. This region is represented mainly

by the United States, which is supplied by our plants in Uruguay. Due to the problem faced in March and April 2016, the directing to this market declined, which explains the reduction in exports.

Middle East: The region's share of Minerva's exports in LTM2Q16 came to 21%, 4 p.p. up on LTM2Q15. The countries whose share increased the most were Iran, Iraq, Palestine and the United Arab Emirates. It is important to mention that Saudi Arabia ended the embargo to Brazilian fresh beef at the end of 1Q16 and that its share is still not significant in the year-on-year comparison.

Figures 28 and 29 – Consolidated Sales Breakdown by Region



Source: Minerva

We present below a complete breakdown of the Beef Division:

Gross Revenue (R$ million)	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Fresh Beef - EM	1,336.1	1,243.2	7.5%	1,419.1	-5.8%	5,814.1	4,297.9	35.3%
Processed Beef – EM	12.5	14.7	-15.3%	8.0	55.8%	23.1	31.6	-26.9%
Others – EM	91.2	89.2	2.4%	83.7	9.1%	365.4	323.6	12.9%
Subtotal – EM	1,439.8	1,347.1	6.9%	1,510.8	-4.7%	6,202.6	4,653.0	33.3%
Fresh Beef – DM	478.7	480.1	-0.3%	484.4	-1.2%	1,997.6	2,040.5	-2.1%
Processed Beef – DM	15.4	8.4	83.0%	12.1	27.0%	54.6	15.6	249.7%
Others - DM	107.3	82.9	29.4%	94.1	14.1%	419.2	333.5	25.7%
Subtotal – DM	601.4	571.4	5.3%	590.6	1.8%	2,471.5	2,389.6	3.4%
Total	2,041.3	1,918.4	6.4%	2,101.4	-2.9%	8,674.1	7,042.6	23.2%

Volume ('000 tonnes)	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Fresh Beef - EM	81.7	83.1	-1.6%	82.2	-0.6%	335.0	309.8	8.1%
Processed Beef – EM	0.5	0.6	-15.3%	0.3	49.3%	0.9	1.4	-32.6%
Others – EM	8.2	7.5	9.4%	6.6	23.7%	31.1	30.9	0.9%
Subtotal - EM	90.4	91.2	-0.8%	89.2	1.4%	367.0	342.1	7.3%
Fresh Beef - DM	36.9	41.8	-11.6%	35.2	4.9%	150.7	184.4	-18.3%
Processed Beef – DM	1.1	0.9	23.9%	0.9	29.5%	4.1	1.5	179.5%
Others - DM	6.5	14.7	-55.8%	7.3	-11.4%	35.7	48.8	-26.9%
Subtotal - DM	44.5	57.3	-22.4%	43.4	2.6%	190.5	234.7	-18.8%
Total	134.9	148.5	-9.1%	132.6	1.8%	557.5	576.8	-3.3%

Average Price - EM (US$/kg)	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Fresh Beef - EM	4.7	4.9	-4.4%	4.4	5.2%	4.7	5.2	-8.9%
Processed Beef – EM	7.1	8.1	-12.5%	6.1	15.8%	6.6	8.4	-21.1%
Others – EM	3.2	3.9	-18.1%	3.2	-2.1%	3.2	3.9	-18.5%
Total	4.5	4.8	-5.7%	4.3	4.4%	4.6	5.1	-9.6%
Average Dollar (Source: BACEN)	3.51	3.07	14.3%	3.90	-9.9%	3.70	2.69	37.4%

Average Price – EM (R$/Kg)	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Fresh Beef - EM	16.4	15.0	9.2%	17.3	-5.2%	17.4	13.9	25.1%
Processed Beef – EM	24.9	24.9	0.0%	23.9	4.3%	24.5	22.6	8.4%
Others – EM	11.1	11.9	-6.5%	12.6	-11.8%	11.7	10.5	12.0%
Total	15.9	14.8	7.7%	16.9	-6.0%	16.9	13.6	24.2%

Average Price – DM (R$/Kg)	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Fresh Beef - DM	13.0	11.5	12.8%	13.8	-5.8%	13.3	11.1	19.8%
Processed Beef – DM	13.9	9.4	47.7%	14.1	-1.9%	13.4	10.7	25.1%
Others - DM	16.5	5.6	192.6%	12.8	28.7%	11.8	6.8	72.1%
Total	13.5	10.0	35.6%	13.6	-0.8%	13.0	10.2	27.4%

EM - Export Market, DM – Domestic Market

Others Division

Gross revenue from this division fell by approximately 26% over 2Q15, to R$322.5 million.

Revenue from the Live Cattle segment continued to perform below historical levels in 2Q16, 70% down on the previous year. This result is still a reflection of the accident in the Barcarena port (state of Pará) in October 2015.

Consolidated revenue from the Leather segment increased by 7% in 2Q16 over 2Q15. Despite the reduction in export revenue, which reflects the lower average international price, influenced by weaker demand from clients in Asia and

Europe, the segment's performance in the domestic market improved, offsetting the performance in the export market.

Domestic market distribution continued to register positive performance in 2Q16, with a 44% revenue increase over the previous year. The segment's healthy results reflect the commercial strategy implemented by Minerva throughout its history and focus on meeting demand from small and medium retailers and the food service segments, which are more resilient in times of crisis. The Company has been focusing more on conquering new food service clients and managed to increase the number of items per order, expanding the segment's margin. In addition, in the second quarter Minerva posted record third-party product sales (One-Stop-Shop concept), both in alternative proteins (poultry, pork and processed products) and in products originated by international partners.

Minerva Fine Foods also recorded healthy performance in 2Q16, with consolidated gross revenue expanding by 6% over 2Q15. Gross revenue from the domestic market, which accounts for the largest share of MFF's sales, was 12% higher than in 2Q15, thanks to the Company's greater focus on the food service segment.

Net Revenue

Minerva's second-quarter net revenue totaled R$2,221.0 million, in line with the 2Q15 figure. In the last twelve months ended June 2016, net revenue amounted to R$9,700.4 million, 16.6% higher year-on-year.

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Gross revenue	2,363.8	2,352.3	0.5%	2,475.2	-4.5%	10,237.0	8,874.1	15.4%
Sales taxes and deductions	-142.8	-125.5	13.8%	-137.6	3.8%	-536.5	-558.0	-3.9%
Net revenue (1)	2,221.0	2,226.8	-0.3%	2,337.6	-5.0%	9,700.4	8,316.0	16.6%
% Gross revenue	94.0%	94.7%	-0.7 p.p.	94.4%	-0.5 p.p.	94.8%	93.7%	1.0 p.p.

(1) LTM2Q15 excludes Revenue pro-forma figures for the Mato Grosso plants.

Cost of Goods Sold (COGS) and Gross Margin

Second-quarter COGS accounted for 79.7% of net revenue, or a gross margin of 20.3%, 2.3 p.p. up on 2Q15. Despite the 6% year-on-year increase in the average reference arroba price (Finished cattle Esalq/BM&F – state of São Paulo), the margin improvement can be explained by the following factors: (i) the 14% average appreciation of the U.S. dollar against the real, positively contributing to the Company's export performance; (ii) the domestic beef sales performance, which was also impacted by the combination between the industry's operational adjustment, the higher resilience of our sales channels and the improved sales mix; (iii) the geographic distribution of our plants, which has allowed Minerva to benefit from arbitrage opportunities in raw material sourcing (basis arbitrage) and has resulted in an average arroba acquisition price for the Company significantly lower than the market reference price; and (iv) the impacts from the strategy implemented in recent years of strongly focusing on each plant's operational efficiency, through the "White Bone" and "Bible" projects, as well as the reorganization of staff by unit (eliminating overtime) and the benchmarking projects between plants.

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Net revenue	2,221.0	2,226.8	-0.3%	2,337.6	-5.0%	9,700.4	8,316.0	16.6%
COGS	-1,769.4	-1,825.7	-3.1%	-1,852.5	-4.5%	-7,644.2	-6,773.1	12.9%
% Net revenue	79.7%	82.0%	-2.3 p.p.	79.2%	0.4 p.p.	78.8%	81.4%	-2.6 p.p.
Gross profit	451.6	401.1	12.6%	485.1	-6.9%	2,056.3	1,542.9	33.3%
Gross margin	20.3%	18.0%	2.3 p.p.	20.8%	-0.4 p.p.	21.2%	18.6%	2.6 p.p.

Selling, General and Administrative Expenses

Selling expenses accounted for 6.8% of 2Q16 net revenue, 0.6 p.p. up on 2Q15 and in line with 1Q16. The share of general and administrative expenses as a percentage of net revenue increased by 1.1 p.p. and 0.5 p.p. over 2Q15 and 1Q16, respectively, due to the ramp-up of Red Cárnica's and Expacar's operations.

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Selling expenses (R$ million)	-150.9	-137.3	9.9%	-160.6	-6.0%	-689.5	-582.2	18.4%
% Net revenue	6.8%	6.2%	0.6 p.p.	6.9%	-0.1 p.p.	7.1%	7.0%	0.1 p.p.
G&A expenses (R$ million)	-92.6	-68.9	34.4%	-84.9	9.0%	-332.0	-256.3	29.6%
% Net revenue	4.2%	3.1%	1.1 p.p.	3.6%	0.5 p.p.	3.4%	3.1%	0.3 p.p.

EBITDA

Second-quarter EBITDA totaled R$238.5 million, 10.2% up on 2Q15, with a margin of 10.7%, 1.0 p.p. higher than in the previous year. In the twelve-month period, EBITDA totaled R$1,105.3 million, approximately 37% up on LTM2Q15 EBITDA, while the LTM EBITDA margin came to 11.4%, 200 bps more than in LTM2Q15.

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Net (Loss) Income	89.0	166.9	-46.7%	46.3	92.1%	-244.3	-926.2	-73.6%
(+/-) Deferred Income and Social Contribution Taxes	54.2	-0.2	n.a.	59.5	-9.0%	165.8	-9.5	n.a.
(+/-) Reduction to recoverable asset value [(1)]	0.0	0.0	n.a.	0.0	n.a.	23.5	0.0	n.a.
(+/-) Financial Result	74.2	32.3	130.0%	125.6	-40.9%	1,079.4	1,611.7	-33.0%
(+/-) Depreciation and Amortization	21.1	17.6	20.3%	20.2	4.8%	80.8	66.8	21.0%
(+/-) Pro-forma Carrasco EBITDA	0.0	0.0	n.a.	0.0	n.a.	0.0	30.2	n.a.
EBITDA	238.5	216.5	10.2%	251.6	-5.2%	1,105.3	773.0	43.0%
(+/-) Non-recurring Items	0.0	0.0	n.a.	0.0	n.a.	0.0	36.2	n.a.
Adjusted EBITDA	238.5	216.5	10.2%	251.6	-5.2%	1,105.3	809.2	36.6%
Adjusted EBITDA Margin	10.7%	9.7%	1.0 p.p.	10.8%	-0.1 p.p.	11.4%	9.4%	2.0 p.p.

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

Financial Result

Minerva's financial result was negative by R$74.2 million in 2Q16. Financial expenses totaled R$208.6 million, 7% up on 2Q15, fueled by (i) the approximately 129 bps increase in the annualized CDI rate over 2Q15 and (ii) the impact from the U.S. dollar appreciation on debt denominated in foreign currency and the corresponding interest, when compared to 2Q15.

In 2Q16, the foreign exchange variation line posted a positive non-cash result of R$299.6 million, due to the R$0.35 reduction on the closing 1Q16 U.S. dollar, impacting the Company's net debt exposed to foreign currency.

"Other financial income/expenses" came in as expense of R$204.1 million, impacted by the financial instruments related to FX hedge used by the Company, which totaled expense of R$179.1 million in the quarter. Note that our hedge policy, which is distinguished by its focus on risk management, has also proven adequate for protecting the balance sheet of an exporting company without exposing it to risks that are unreasonable or not within our ability to manage. For further information on our Balance Sheet Hedge Policy, please refer to the specific section on that policy at the end of this release.

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Financial expenses	-208.6	-194.9	7.1%	-194.8	7.1%	-833.3	-636.6	30.9%
Financial income	38.8	27.7	40.3%	32.8	18.5%	123.4	94.1	31.1%
FX variation	299.6	113.3	164.4%	298.2	0.5%	-2.3	-1,067.4	-99.8%
Other revenue / expenses (*)	-204.1	21.6	n.a.	-261.8	-22.1%	-367.2	-1.8	n.a.
Financial result	-74.2	-32.3	130.2%	-125.6	-40.9%	-1,079.4	-1,611.7	-33.0%
Average Dollar (R$/US$) (Source: BACEN)	3.51	3.07	14.3%	3.90	-9.9%	3.70	2.69	37.4%
Closing Dollar (R$/US$) (Source: BACEN)	3.21	3.10	3.5%	3.56	-9.8%	3.21	3.10	3.5%

(*) Other Expenses (R$ million)	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
FX hedge	-179.1	31.7	n.a.	-246.8	-27.5%	-263.6	167.9	n.a.
Commodities hedge	-8.5	0.8	n.a.	0.5	n.a.	-25.3	-23.0	10.0%
Financial discounts, rates, commissions, commercial discount and other financial expenses	-16.5	-10.9	51.4%	-15.5	6.5%	-78.3	-71.7	9.3%
Fine and interest - REFIS	0.0	0.0	n.a.	0.0	n.a.	0.0	-75.0	n.a.
Total	-204.1	21.6	n.a.	-261.8	-22.1%	-367.2	-1.8	n.a.

Net Result

In 2Q16, the Company posted net income of R$143.1 million before income tax and social contribution taxes. Net income after income and social contribution taxes totaled R$89.0 million. Adjusting the net result for the foreign exchange effect, resulting from the FX Hedge and income and social contribution taxes, it came in as income of R$22.5 million, giving LTM2Q16 net income of R$210.8 million.

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Net (loss) income before taxes	143.1	166.6	-14.1%	105.8	35.2%	-78.5	-935.7	-91.6%
Income and social contribution taxes	-54.2	0.2	n.a.	-59.5	-9.0%	-165.8	9.5	n.a.
Net (loss) income	89.0	166.9	-46.7%	46.3	92.1%	-244.3	-926.2	-73.6%
% Net margin	4.0%	7.5%	-3.5 p.p.	2.0%	2.0 p.p.	-2.5%	-11.1%	8.6 p.p.

R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%	LTM2Q16	LTM2Q15	Var.%
Net (loss) income	89.0	166.9	-46.7%	46.3	92.1%	-244.3	-926.2	-73.6%
Asset impairment	0.0	0.0	n.a.	0.0	n.a.	23.5	0.0	n.a.
FX Variation	-299.6	-113.3	164.4%	-298.2	0.5%	2.3	1,067.4	-99.8%
FX hedge	179.0	-31.7	n.a.	246.8	-27.5%	263.5	-167.9	n.a.
Income and social contribution taxes	54.2	-0.2	n.a.	59.5	-9.0%	165.8	-9.5	n.a.
Non-recurring items (REFIS)	0.0	0.0	n.a.	0.0	n.a.	0.0	111.2	n.a.
Adjusted (loss) income	22.5	21.6	4.2%	54.4	-58.6%	210.8	75.0	181.1%

Cash Flow

Operating Cash Flow

In the second quarter of 2016, operating cash flow was positive by R$91.8 million, while in LTM2Q16, excluding equity valuation adjustments and accumulated conversion amounts, cash flow was positive by R$1.1 billion. Working capital returned R$76.3 million to the Company's cash, impacted by the "Suppliers" line, which contributed with R$40.7 million, due to the lower consumption of raw material paid on demand, while the "Other Accounts Payable" line contributed with R$132.3 million, influenced by Minerva's credit policy, which demands prepayment from certain clients in certain countries. This impact was partially offset by the "Inventory" line, which consumed approximately R$104 million in cash, due to the Company's arbitrage strategy, which retained products in inventory at the turn of the quarter to increase the profitability of the operation (long strategy).

R$ Million	2Q16	2Q15	1Q16	LTM2Q16
Net (loss) income	89.0	166.9	46.3	-244.2
(+) Net income adjustments	-73.5	102.3	-81.3	957.8
(+) Variation in working capital requirements (1)	76.3	-313.4	180.7	399.2
Operating cash flow	91.8	-44.2	145.6	1,112.6

(1) Excluding equity valuation adjustments and accumulated conversion amounts

Free Cash Flow

Free cash flow after capex, interest payments and working capital was positive by R$104 million in 2Q16. If we consider the non-recurring impact of the cash result from the financial FX hedging instruments, cash flow was an expense of R$54.9 million. In the last twelve months, the Company generated R$433.5 million in free cash flow from operations, as shown below:

R$ Million	2Q16
EBITDA	238.5
(+) Capex (on a cash basis)	-40.8
(+) Financial result (on a cash basis)	-169.9
(+) Variation in working capital requirements	76.3
Free cash flow	104.1
(+) FX hedge (on a cash basis)	-159.0
Free cash flow (after FX hedge expenses)	-54.9

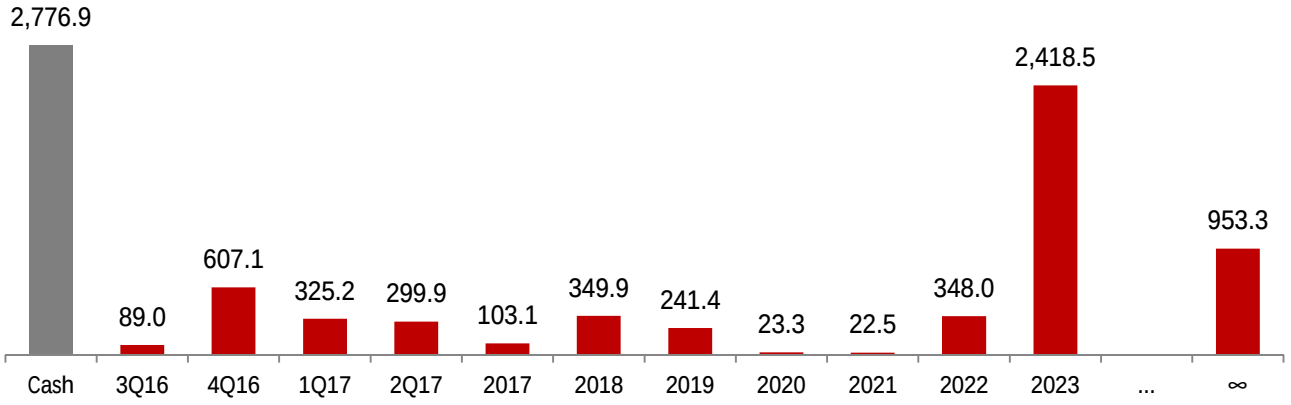
R$ Million	2Q16	1Q16	4Q15	3Q15	LTM2Q16
Adjusted EBITDA	238.5	251.6	337.0	278.2	1,105.3
(+) Capex (on a cash basis)	-40.8	-64.5	-43.1	-69.5	-217.9
(+) Financial result (on a cash basis) (1)	-328.9	-327.8	-195.0	-1.4	-853.0
(+) Variation in working capital requirements (2)	76.3	180.7	-54.7	196.9	399.2
Free cash flow	-54.9	39.9	44.2	404.3	433.5

(1) Considering the cash from FX hedge
(2) Excluding equity valuation adjustments and accumulated conversion amounts

Capital Structure

Minerva closed 2Q16 with cash and cash equivalents of R$2.8 billion, which is sufficient to amortize its debt through 2023. Approximately 72% of the Company's debt was exposed to foreign exchange variation at the close of 2Q16. The deleveraging measured by the net debt/LTM EBITDA ratio fell from 2.90x on March 31, 2016 to 2.69x on June 30, 2016. It is worth noting that in 1Q16 management moved on with the strategy of managing financial liabilities and settled several short- and medium-term debts. As a result, the gross debt/LTM EBITDA ratio recorded its lowest figure in the last three years, reaching 5.23x on June 30, 2016.

Figure 30 – Debt amortization schedule on June 30, 2016
(R$ million)



R$ Million	2Q16	2Q15	Var.%	1Q16	Var.%
Short-term debt	1,321.1	1,130.7	16.8%	1,724.6	-23.4%
% Short-term debt	22.9%	18.0%	4.9 p.p.	26.1%	-3.3 p.p.
Local currency	375.8	585.8	-35.9%	437.8	-14.2%
Foreign currency	945.3	544.9	73.5%	1,286.8	-26.5%
Long-term debt	4,460.0	5,152.5	-13.4%	4,871.8	-8.5%
% Long-term debt	77.1%	82.0%	-4.9 p.p.	73.9%	3.3 p.p.
Local currency	592.6	656.6	-9.7%	604.0	-1.9%
Foreign currency	3,867.4	4,495.9	-14.0%	4,267.7	-9.4%
Total debt	5,781.1	6,283.2	-8.0%	6,596.4	-12.4%
Local currency	968.3	1,242.4	-22.1%	1,041.8	-7.1%
Foreign currency	4,812.8	5,040.8	-4.5%	5,554.6	-13.4%
(Cash and cash equivalents)	-2,776.9	-2,667.8	4.1%	-3,354.0	-17.2%
Net debt (1)	2,976.0	3,548.3	-16.1%	3,215.4	-7.4%
Net Debt/LTM EBITDA (x)	2.69	4.39	-1.69	2.90	-0.21

(1) Net debt includes FIDC subordinated shares totaling R$28.2 million in 2Q16, R$25.1 million in 2Q15 and R$26.9 million in 1Q16.

Local currency (R$ '000)	Jun/16	Mar/16
2Q16	0	125,695
3Q16	88,965	52,797
4Q16	92,579	83,684
1Q17	181,079	175,631
2Q17	13,135	13,013
2017	80,287	80,475
2018	349,913	350,070
2019	83,674	82,393
2020	23,264	23,285
2021	22,528	22,528
2022	24,297	23,665
2023	8,607	8,607
∞	0	0
TOTAL	968,327	1,041,844

Foreign currency (R$ '000)	Jun/16	Mar/16
2Q16	0	595,196
3Q16	0	327,303
4Q16	514,486	127,380
1Q17	144,100	236,959
2Q17	286,736	0
2017	22,837	22,803
2018	0	0
2019	157,714	174,462
2020	0	0
2021	0	0
2022	323,726	358,340
2023	2,409,853	2,656,106
∞	953,300	1,056,010
TOTAL	4,812,752	5,554,560

Investments

Investments in fixed assets totaled R$40.8 million in 2Q16, R$32.7 million of which went to operational maintenance, while R$8.1 million was allocated to expansion, chiefly in our operations in Colombia.
See below the breakdown of investments (cash effect) by quarter in the last twelve months:

CAPEX (R$ million)	2Q16	1Q16	4Q15	3Q15	LTM2Q16
Maintenance	32.7	41.7	35.2	35.4	145.0
Expansion	8.1	22.8	7.9	14.9	53.7
Red Cárnica's acquisition	-	-	-	19.1	19.1
Total	40.8	64.5	43.1	69.4	217.8

Balance Sheet Hedge Policy

Due to the nature of its operations, Minerva's result is exposed to market risks, especially those related to variations in FX and interest rates, credit risks, and beef and cattle prices. The Company's risk management policy envisages the use of derivative financial instruments to hedge against each of these factors.

In the case of the "FX" variable, the Company is subject to operational impacts due to its exporting activities and to financial impacts due to its capital structure. The latter impact is related exclusively to balance sheet accounts. Therefore, in order to hedge against FX variation effects, the Company has two policies: an operating flow hedge policy and a balance sheet hedge policy.

Minerva's current so-called "balance sheet hedge" policy is in force since 2009 and takes into account net assets and long-term liabilities exposed to FX variations, which together result in the net FX exposure of the Company's Balance Sheet. The main purpose of this policy is to hedge against this exposure in eventual extreme uncertainty scenarios. Discussions always take place at the monthly meetings of the Board of Directors (BD) and are suggested by Minerva's Management and approved by the BD for future implementation. It is worth mentioning that hedging never exceeds net FX exposure, as shown in the following table:

	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
Hedged position / net FX exposure	90.3%	66.7%	0.0%	33.0%	68.7%	95.1%	51.6%	77.3%	41.7%
Hedged position / long-term debt in foreign currency	31.7%	34.7%	0.0%	15.6%	35.4%	42.9%	31.1%	38.9%	20.3%

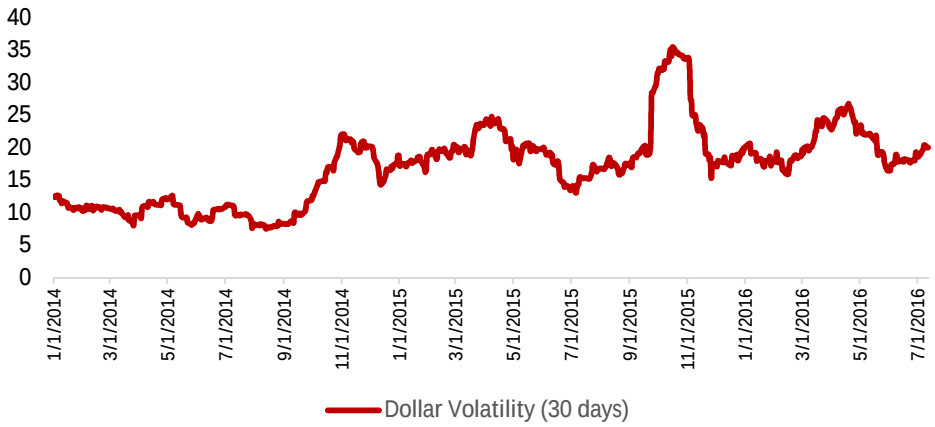
According to its balance sheet hedge policy, the Company can contract derivative financial instruments (LONG position in NDF, futures contracts on the BM&F or SWAPS), maintain a cash position in dollars or repurchase bonds, in order to implement financial strategies defined by the Executive Board and duly approved by the Board of Directors. The management of the Company's hedge policy is under the Financial Department's responsibility and the supervision and monitoring of compliance with the guidelines set out by the hedge policy are under the responsibility of the Risk Executive Department subordinated to the CEO and the Risk Committee.

We present below the total number of long NDF contracts held by the Company in force on June 30, 2016:

TYPE	POSITION	CURRENCY	MATURITY	NOTIONAL
NDF	LONG	DOLLAR	Aug 1, 2016	237,500

In the last seven years, Minerva's current balance sheet hedge policy was put into practice in certain occasions and more recently as of mid-2014, when the high FX volatility scenario became more evident, as shown in the next page.

Figure 31 – USD 30-day volatility (from 2014 to June 30, 2016)



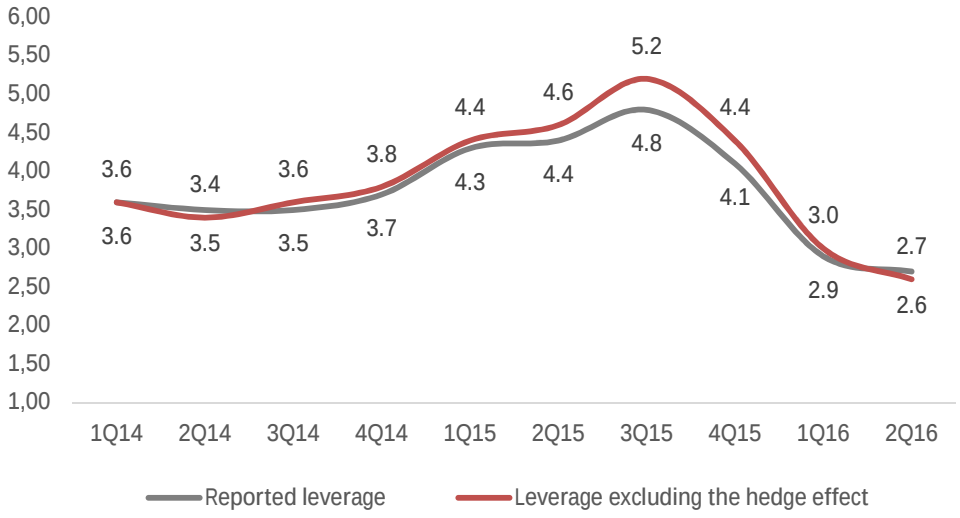
The use of the balance sheet hedge and the percentage of net FX exposure to be hedged are discussed on a monthly basis by Management together with the Board of Directors, taking into account the political and economic scenarios, as well as the Company's capital structure and the carrying cost of each financial instrument to be used.

As previously mentioned, the use of this hedge aims to protect against the net FX exposure of the Balance Sheet at times of extreme FX volatility, as seen in the last two years. On June 30, 2016, our net FX exposure was R$1.8 billion, as shown in the table below, extracted from the explanatory note 27 of the Company's Quarterly Information (ITR):

	Consolidated Result – June 30, 2016		
	Currencies (in R$'000)		
	Local	Foreign	Total
Assets			
Cash	855		855
Banks (A)	72,758	1,920,785	1,993,543
Financial investments	782,485	-	782,485
Accounts receivable	185,713	297,528	483,241
Total current assets	1,041,811	2,218,313	3,260,124
Total assets	1,041,811	2,218,313	3,260,124
Liabilities			
Short-term financing	375,759	1,066,014	1,441,773
Suppliers	403,107	48,073	451,180
Total current liabilities	778,866	1,114,087	1,892,953
Long-term financing (B)	592,569	3,873,481	4,466,050
Total non-current liabilities	592,569	3,873,481	4,466,050
Total liabilities	1,371,435	4,987,568	6,359,003
FX hedge derivatives (C)		(126,744)	(126,744)
Financial Net FX exposure (B-A+C)		1,825,952	

Regardless of the so-called "Natural Hedge", given that approximately 70% of the Company's debt is tied to foreign exchange fluctuation and around 70% of its revenue comes from exports, there is a mismatch between the accounting of foreign currency debt (which is booked using the U.S. dollar rate at the end of the period) and the cash flow measured by LTM EBITDA (which is generated along the period). This mismatch results in higher fluctuations in the Company's leverage indexes at times of strong FX fluctuations, as shown in the chart below, through the net debt/LTM EBITDA ratio.

Figure 32 – Leverage with and without the effect of the Balance Sheet Hedge



Therefore, one of the main reasons for the implementation of Minerva's balance sheet hedge policy is to reduce leverage fluctuations caused by the exogenous factor "currency exchange". This hedging minimizes impacts at times of debt roll over, which in turn impacts the debt service cost, which in turn impacts the result from the Company's recurring free cash flow.

Subsequent events

Redemption of Notes 2019

On August 1, 2016 the Company announced to the market that it has called for redemption all of its outstanding 10.875% Notes Due 2019 (the "Notes"). Currently, US$ 49,726,000 aggregate principal amount of the Notes is outstanding. The redemption date is set for September 2, 2016. The redemption price will be 105.4375% of the principal amount of the outstanding Notes, plus any unpaid interest accrued on the outstanding principal amount of the Notes to, but excluding, the redemption date.

About Minerva S.A.

Minerva Foods is one of the leading producers and sellers of beef, leather, live cattle exports and cattle byproducts in South America, and Brazil's second largest exporter in the industry in terms of gross sales revenue, exporting to over 100 countries, with operations also in the beef, pork and poultry processing segments. On June 30, 2016, the Company had a daily slaughtering capacity of 17,330 head of cattle and daily beef deboning capacity equivalent to 20,316 head of cattle. With a presence in the states of São Paulo, Rondônia, Goiás, Tocantins, Mato Grosso, Mato Grosso do Sul and Minas Gerais, as well as in Paraguay, Uruguay and Colombia, Minerva operates 17 slaughter and deboning plants, one processing unit and 11 distribution centers. In the 12 months ended June 30, 2016, the Company recorded gross sales revenue of R$10.2 billion, up 15% on the same period a year earlier.

Relationship with Auditors

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

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

In accordance with CVM Instruction 381/03, we announced that our auditors did not provide services other than those related to the external audit in 2Q16.

Statement from Management

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

APPENDIX 1 - INCOME STATEMENT (CONSOLIDATED)

(R$ '000)	2Q16	2Q15	1Q16
Revenue from domestic sales	787,599	789,723	772,239
Revenue from exports	1,576,153	1,562,534	1,702,959
Gross sales revenue	2,363,752	2,352,257	2,475,198
Deductions from revenue – taxes and other	-142,790	-125,484	-137,592
Net operating revenue	2,220,962	2,226,773	2,337,606
Cost of goods sold	-1,769,409	-1,825,657	-1,852,471
Gross profit	451,553	401,116	485,135
Selling expenses	-150,857	-137,294	-160,556
General and administrative expenses	-92,576	-68,901	-84,913
Other operating revenues (expenses)	9,260	3,992	-8,279
Result before financial expenses	217,380	198,913	231,387
Financial expenses	-208,626	-194,850	-194,752
Financial revenues	38,823	27,674	32,755
FX variation	299,613	113,323	298,233
Other expenses	-204,052	21,570	-261,789
Financial result	-74,242	-32,283	-125,553
Results before taxes	143,138	166,630	105,834
Income and social contribution taxes - current	-49,865	-1,846	-57,336
Income and social contribution taxes - deferred	-4,285	2,076	-2,186
Net income before non-controlling interest	88,988	166,860	46,312
Net income attributed to controlling shareholders	88,965	166,930	46,303
Net income attributed to non-controlling shareholders	23	-70	9
Net (Loss) Income	88,988	166,860	46,312

APPENDIX 2 - BALANCE SHEET (CONSOLIDATED)

(R$ '000)	2Q16	4Q15
ASSETS		
Cash and cash equivalents	2,776,883	2,749,928
Accounts receivable from clients	483,241	766,185
Inventories	507,656	434,748
Biological assets	227,135	203,353
Taxes recoverable	845,970	678,492
Other assets	246,737	181,916
Total current assets	5,087,622	5,014,622
Taxes recoverable	221,990	263,870
Deferred fiscal assets	244,639	244,639
Other receivables	41,528	58,911
Judicial deposits	10,075	11,261
Fixed assets	2,094,443	2,091,368
Intangible	627,626	627,377
Total non-current assets	3,240,301	3,297,426
Total assets	8,327,923	8,312,048
LIABILITIES		
Loans and financing	1,321,080	1,546,514
Suppliers	451,180	478,813
Labor and tax liabilities	240,075	99,843
Other accounts payable	1,032,232	918,213
Total current liabilities	3,044,567	3,043,383
Loans and financing	4,459,999	5,461,453
Labor and tax liabilities	18,474	20,242
Provision for contingencies	28,864	19,028
Accounts payable	73,115	63,856
Deferred tax liabilities	89,517	86,833
Total non-current liabilities	4,669,969	5,651,412
Shareholders' equity		
Capital stock	134,752	950,598
Capital reserves	288,953	294,851
Revaluation reserves	58,785	62,015
Accumulated profit (loss)	140,162	-1,562,321
Equity valuation adjustments	-10,619	-129,212
Total shareholders' equity attributed to controlling shareholders	612,033	-384,069
Non-controlling interest	1,354	1,322
Total shareholders' equity	613,387	-382,747
Total liabilities and shareholders' equity	8,327,923	8,312,048

APPENDIX 3 - CONSOLIDATED CASH FLOW STATEMENT

(R$ '000)	2Q16	2Q15	1Q16
Cash Flow from operating activities			
Net (loss) income	88,988	166,860	46,312
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	21,141	17,569	20,178
Net income attributed to non-controlling shareholders	-23	70	-9
Fair value of biological assets	-9,824	10,110	-743
Realization of deferred taxes – temporary differences	4,285	-2,076	2,186
Financial charges	207,359	197,306	193,245
FX variation – not realized	-302,177	-117,824	-300,279
Provision for contingencies	5,748	-2,852	4,088
Accounts receivable from clients and other receivables	12,546	-73,966	222,960
Inventories	-65,786	12,981	-7,122
Biological assets	-37,849	-14,152	24,634
Taxes recoverable	31	-18,487	-27,560
Judicial deposits	621	232	565
Suppliers	40,712	-52,472	-68,345
Labor and tax liabilities	-6,295	-9,318	46,690
Other accounts payable	132,310	-208,547	-11,155
Equity valuation adjustments and accumulated conversion amounts	59,004	-26,395	59,589
Net cash flow from operating activities	150,791	-120,961	205,234
Cash flow from investments			
Acquisition of intangible assets	-596	-415	-358
Acquisition of fixed assets	-6,858	-46,899	-36,831
Net cash flow from investments	-7,454	-47,314	-37,189
Cash flow from financing activities			
Loans and Financings	66,247	216,115	374,340
Loans and financings settled	-786,754	-407,888	-678,869
Convertible debentures	0	-95,339	0
Variation in minority interest	23	-69	9
Capital payment in cash	0	116,447	740,577
Net cash from financing activities	-720,484	-170,734	436,057
Net Cash - Cash Equivalent Decrease/Increase	-577,147	-339,009	604,102
Cash and cash equivalents			
Beginning of period	3,354,030	3,006,772	2,749,928
End of period	2,776,883	2,667,763	3,354,030
Net Cash - Cash Equivalent Decrease/Increase	-577,147	-339,009	604,102