(A free translation of the original in Portuguese) (Unaudited)

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Company information / Capital composition

Number of shares -units	Current quarter 6/30/2015
Paid-up capital	
Common shares	98,897,500
Preferred shares	0
Total	**98,897,500**
Treasury shares	
Common shares	1,808,701
Preferred shares	0
Total	**1,808,701**

(A free translation of the original in Portuguese) (Unaudited)

Company information/dividends

Event	Date approved	Description	Initial date of payment	Type of share	Class of share	Amount per share - R$/share
Extraordinary Shareholders' Meeting	4/29/2016	Dividends	5/20/2016	Common		0.59966

(A free translation of the original in Portuguese)

Parent Company Financial Statements / Balance Sheet – Assets

(In thousands of R$)

Code	Description	Current quarter 6/30/2016	Previous year 12/31/2015
1	Total assets	4,172,779	4,549,482
1.01	Current assets	1,444,540	1,766,729
1.01.01	Cash and cash equivalents	328,875	550,376
1.01.01.01	Cash and cash equivalents	208,349	518,284
1.01.01.02	Short-term financial investments	120,526	32,092
1.01.03	Accounts receivable	208,259	209,521
1.01.03.01	Trade accounts receivable	43,201	158,743
1.01.03.02	Other accounts receivable	165,058	50,778
1.01.03.02.01	Advances to suppliers	1,394	3,562
1.01.03.02.02	Operations with derivatives	106,313	25,415
1.01.03.02.03	Securities and credits receivable	8,941	4,444
1.01.03.02.04	Related party credits	33,534	2,815
1.01.03.02.05	Other accounts receivable	14,876	14,542
1.01.04	Inventories	347,763	600,270
1.01.05	Biological assets	489,232	336,884
1.01.06	Recoverable taxes	57,788	63,944
1.01.06.01	Current taxes recoverable	57,788	63,944
1.01.06.01.01	Recoverable taxes	57,788	63,944
1.01.07	Prepaid expenses	12,546	5,057
1.01.08	Others Current Assets	77	677
1.01.08.02	Assets from discontinued operations	77	677
1.02	Non-current assets	2,728,239	2,782,753
1.02.01	Long term assets	177,302	257,109
1.02.01.05	Biological assets	1,425	4,239
1.02.01.06	Deferred taxes	0	9,007
1.02.01.06.01	Deferred income and social contribution taxes	0	9,007
1.02.01.07	Prepaid expenses	1,962	2,830
1.02.01.08	Related party credits	0	16,061
1.02.01.08.02	Receivables from subsidiaries	0	16,061
1.02.01.09	Other non-current assets	173,915	224,972
1.02.01.09.03	Recoverable taxes	38,155	38,591
1.02.01.09.04	Operations with derivatives	75,832	101,852
1.02.01.09.05	Advance for future capital increase	1,260	18,915
1.02.01.09.06	Trade notes and accounts receivable	0	7,464
1.02.01.09.07	Advances to Suppliers	49,203	51,602
1.02.01.09.08	Other accounts receivable	9,465	6,548
1.02.02	Investments	2,025,624	1,977,551
1.02.02.01	Equity interest	2,025,624	1,977,551
1.02.02.01.01	Equity in associates	2,025,624	1,977,551
1.02.03	Property, plant and equipment	523,642	545,350
1.02.03.01	Fixed assets in operation	491,539	519,514
1.02.03.03	Constructions in progress	32,103	25,836
1.02.04	Intangible assets	1,671	2,743
1.02.04.01	Intangible assets	1,671	2,743
1.02.04.01.02	Other (Systems)	1,671	2,743

(A free translation of the original in Portuguese)

Parent Company Financial Statements / Balance Sheet – Liabilities

(In thousands of R$)

Code	Description	Current quarter 6/30/2016	Previous year 12/31/2015
2	Total liabilities	4,172,779	4,549,482
2.01	Current liabilities	982,135	1,461,668
2.01.01	Social and labor obligations	11,594	10,730
2.01.01.01	Social charges	11,400	10,392
2.01.01.02	Labor obligations	194	338
2.01.02	Trade payables	77,705	310,585
2.01.02.01	Domestic trade payables	77,705	310,585
2.01.03	Tax liabilities	1,828	1,705
2.01.03.01	Federal tax liabilities	1,409	929
2.01.03.01.01	Income and social contribution tax payable	827	0
2.01.03.01.02	Taxes, fees, and sundry contributions	582	929
2.01.03.02	State tax liabilities	261	625
2.01.03.03	Municipal tax liabilities	158	151
2.01.04	Loans and financing	690,191	831,822
2.01.04.01	Loans and financing	690,191	831,822
2.01.04.01.01	In local currency	540,045	607,770
2.01.04.01.02	In foreign currency	150,146	224,052
2.01.05	Other liabilities	185,351	289,534
2.01.05.01	Liabilities with related parties	67,898	22,059
2.01.05.01.02	Debits with subsidiaries	67,898	22,059
2.01.05.02	Other	117,453	267,475
2.01.05.02.02	Minimum mandatory dividend payable	0	29,100
2.01.05.02.04	Advances from clients	58,175	94,201
2.01.05.02.05	Operations with derivatives	39,720	109,103
2.01.05.02.06	Lease payable	18,215	31,533
2.01.05.02.07	Other debits	1,343	3,538
2.01.06	Provisions	15,466	17,292
2.01.06.01	Tax, social security, labor and civil provisions	15,466	17,292
2.01.06.01.02	Social security and labor provisions	11,690	8,395
2.01.06.01.03	Provisions for employee benefits	1,655	7,354
2.01.06.01.05	Provisions for labor contingencies	2,121	1,543
2.02	Non-current liabilities	855,902	882,106
2.02.01	Loans and financing	773,344	852,498
2.02.01.01	Loans and financing	773,344	852,498
2.02.01.01.01	In local currency	432,776	293,070
2.02.01.01.02	In foreign currency	340,568	559,428
2.02.02	Other liabilities	24,441	29,608
2.02.02.02	Other	24,441	29,608
2.02.02.02.03	Operations with derivatives	23,601	29,005
2.02.02.02.04	Other debits	840	603
2.02.03	Deferred taxes	58,117	0
2.02.03.01	Deferred income and social contribution taxes	58,117	0
2.03	Shareholders' equity	2,334,742	2,205,708
2.03.01	Paid-in capital	947,522	947,522
2.03.02	Capital reserves	78,985	75,056
2.03.02.01	Goodwill in the issue of shares	72,203	72,282

(A free translation of the original in Portuguese)

Parent Company Financial Statements / Balance Sheet – Liabilities

(In thousands of R$)

Code	Description	Current quarter 6/30/2016	Previous year 12/31/2015
2.03.02.04	Options granted	38,508	35,121
2.03.02.05	Treasury shares	-31,726	-32,347
2.03.04	Profit reserves	262,698	291,798
2.03.04.01	Legal reserve	8,977	8,977
2.03.04.02	Statutory reserve	248,093	248,093
2.03.04.05	Profit retention reserved	5,628	5,628
2.03.04.08	Additional Dividends Proposed	0	29,100
2.03.05	Retained earnings/losses	-62,375	0
2.03.08	Other comprehensive income	1,107,912	891,332

(A free translation of the original in Portuguese) (Unaudited)

Parent Company Financial Statements / Statement of Income

(In thousands of R$)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Year-to-date 1/1/2016 to 6/30/2016	Same quarter previous year 4/1/2015 to 6/30/2015	Previous year 1/1/2015 to 6/30/2015
3.01	Income from sales of goods and/or services	244,168	552,279	256,387	423,184
3.02	Cost of goods and/or services sold	-309,334	-579,373	-213,901	-317,060
3.03	Gross income	-65,166	-27,094	42,486	106,124
3.04	Operating income/expenses	-19,561	-38,125	21,457	30,867
3.04.01	Selling expenses	-12,260	-28,726	-7,997	-17,671
3.04.02	General and administrative expenses	-11,314	-29,597	-9,919	-22,686
3.04.02.01	General and administrative	-9,265	-22,186	-8,109	-17,857
3.04.02.02	Management compensation	-2,049	-7,411	-1,810	-4,829
3.04.05	Other operating expenses	-677	-3,974	-1,410	-2,196
3.04.06	Equity income (loss)	4,690	24,172	40,783	73,420
3.05	Income (loss) before financial income (loss) and taxes	-84,727	-65,219	63,943	136,991
3.06	Financial income (loss), net	-4,662	-40,795	-16,725	-53,552
3.06.01	Financial income	96,928	222,872	79,199	152,434
3.06.02	Financial expenses	-101,590	-263,667	-95,924	-205,986
3.07	Income (loss) before income tax	-89,389	-106,014	47,218	83,439
3.08	Income and social contribution taxes	30,749	40,604	-4,944	-7,499
3.08.01	Current	-1,086	-2,235	0	0
3.08.02	Deferred	31,835	42,839	-4,944	-7,499
3.09	Net income (loss) from continuing operations	-58,640	-65,410	42,274	75,940
3.11	Net Income (loss) for the period	-58,640	-65,410	42,274	75,940
3.99	Earnings per share (R$/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common –ON	-0.67381	-0.67381	0.78300	0.78300
3.99.02	Diluted earnings per share				
3.99.02.01	Common -ON	-0.67381	-0.67381	0.78300	0.78300

(A free translation of the original in Portuguese) (Unaudited)

Parent Company Financial Statements / Statement of Comprehensive Income

(In thousands of R$)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Year-to-date 1/1/2016 to 6/30/2016	Same quarter previous year 4/1/2015 to 6/30/2015	Previous year 1/1/2015 to 6/30/2015
4.01	Net income for the period	-58,640	-65,410	42,274	75,940
4.02	Other comprehensive income	88,406	219,615	58,495	-36,437
4.02.01	Derivatives - Cash flow hedge	131,424	323,422	70,595	-62,388
4.02.02	Derivatives - Cash flow hedge - Reflex of subsidiaries	1,667	6,216	11,903	3,910
4.02.03	Income and social contribution taxes	-44,683	-109,963	-24,003	21,212
4.02.05	Capital gain (loss) from equity interest	0	0	0	829
4.02.06	Others	-2	-60	0	0
4.03	Comprehensive income (loss) for the period	29,766	154,205	100,769	39,503

(A free translation of the original in Portuguese) (Unaudited)

Parent Company Financial Statements / Statement of Cash Flows – Indirect Method

(In thousands of R$)

Code	Description	Year-to-date 1/1/2016 to 6/30/2016	Previous year 1/1/2015 to 6/30/2015
6.01	Net cash from operations	-107,182	-132,046
6.01.01	Cash from operations	-60,223	74,927
6.01.01.01	Net income (loss) before income and soc. contr. taxes	-106,014	83,439
6.01.01.02	Depreciation and amortization	39,116	28,379
6.01.01.03	Income (loss) from write off of prop., plant and equip.	88	1,686
6.01.01.05	Equity income (loss)	-24,172	-73,420
6.01.01.06	Interest, exchange and monetary variation	-16,580	74,496
6.01.01.08	Share-based compensation	3,387	1,949
6.01.01.09	Variation in biological assets	42,452	-43,967
6.01.01.10	Provision (reversal) for inventory adjustments and losses	-830	-239
6.01.01.11	Provision (reversal) for profit sharing and labor contingencies	2,330	2,604
6.01.02	Changes in assets and liabilities	-46,959	-206,973
6.01.02.01	Trade accounts receivable	115,543	35,469
6.01.02.02	Inventories and biological assets	57,402	9,105
6.01.02.03	Recoverable taxes	6,593	7,675
6.01.02.04	Trade notes receivable	4,837	0
6.01.02.05	Financial Investments	-88,434	-77,707
6.01.02.06	Other accounts receivable	-5,671	-12,138
6.01.02.07	trade payables	-232,880	-123,566
6.01.02.08	Tax and Social Obligations	-1,344	-1,018
6.01.02.09	Transactions with related parties	31,181	-23,305
6.01.02.10	Operations with derivatives	156,949	-19,462
6.01.02.12	Advances from clients	-36,025	18,241
6.01.02.13	Lease Payable	-13,318	-5,064
6.01.02.14	Other accounts payable	-4,611	3,432
6.01.02.15	Interest paid	-42,397	-20,731
6.01.02.16	Dividends received	5,216	2,096
6.02	Net cash provided by (used in) investment activities	-18,830	-23,167
6.02.01	In Investment	-6,090	-9,824
6.02.03	In property, plant and equipment	-12,539	-12,906
6.02.04	In intangible assets	-201	-437
6.03	Net cash provided by (used in) in financing activities	-183,923	57,013
6.03.01	New loans and financing	390,993	267,754
6.03.02	Payment of loans and financing	-517,257	-183,572
6.03.03	Sale or purchase of shares	542	-10
6.03.04	Dividends paid	-58,201	-27,159
6.05	Increase (decrease) in cash and cash equivalents	-309,935	-98,200
6.05.01	Opening balance of cash and cash equivalents	518,284	121,081
6.05.02	Closing balance of cash and cash equivalents	208,349	22,881

(A free translation of the original in Portuguese) (Unaudited)

Parent Company Financial Statements / Statement of Changes in Equity – 1/1/2016 to 6/30/2016

(In thousands of R$)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening balances	947,522	75,056	291,798	0	891,332	2,205,708
5.03	Adjusted opening balances	947,522	75,056	291,798	0	891,332	2,205,708
5.04	Capital transactions with partners	0	3,929	0	0	0	3,929
5.04.03	Recognized options granted	0	3,387	0	0	0	3,387
5.04.05	Treasury shares sold	0	621	0	0	0	621
5.04.08	Goodwill in the sale of treasury stock	0	-79	0	0	0	-79
5.05	Total comprehensive income	0	0	0	-62,375	216,580	154,205
5.05.01	Net income for the period	0	0	0	-65,410	0	-65,410
5.05.02	Other comprehensive income	0	0	0	3,035	216,580	219,615
5.05.02.01	Adjustment of financial instruments	0	0	0	0	323,422	323,422
5.05.02.02	Taxes on adjustment of financial instruments	0	0	0	0	-109,963	-109,963
5.05.02.03	Equity income (loss) on comprehensive income of subsidiaries and associates	0	0	0	0	6,216	6,216
5.05.02.06	Realization of deemed cost of property, plant and equipment – Depreciation	0	0	0	2,644	-2,644	0
5.05.02.07	Realization of deemed cost of property, plant and equipment – Sales	0	0	0	88	-88	0
5.05.02.08	Realization of deemed cost of property, plant and equipment – Subsidiaries	0	0	0	303	-303	0
5.05.02.09	Gain from reduction of interest in subsidiary	0	0	0	0	-60	-60
5.06	Internal changes in equity	0	0	-29,100	0	0	-29,100
5.06.04	Proposed dividends	0	0	-29,100	0	0	-29,100
5.07	Closing balances	947,522	78,985	262,698	-62,375	1,107,912	2,334,742

(A free translation of the original in Portuguese) (Unaudited)

Parent Company Financial Statements / Statement of Changes in Equity– 1/1/2015 to 6/30/2015

(In thousands of R$)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Retained Earnings or accumulated losses	Other Comprehensive Income	Equity
5.01	Opening balances	557,434	175,360	484,936	0	985,640	2,203,370
5.03	Adjusted opening balances	557,434	175,360	484,936	0	985,640	2,203,370
5.04	Capital transactions with partners	390,088	-100,304	-284,850	0	0	4,934
5.04.01	Capital increases	390,088	-105,238	-284,850	0	0	0
5.04.03	Recognized options granted	0	4,900	0	0	0	4,900
5.04.04	Treasury shares acquired	0	-9,037	0	0	0	-9,037
5.04.05	Treasury shares sold	0	9,537	0	0	0	9,537
5.04.08	Goodwill in the sale of shares	0	-466	0	0	0	-466
5.05	Total comprehensive income	0	0	0	131,000	-94,308	36,692
5.05.01	Net income for the period	0	0	0	122,528	0	122,528
5.05.02	Other comprehensive income	0	0	0	8,472	-94,308	-85,836
5.05.02.01	Adjustment of financial instruments	0	0	0	0	-170,625	-170,625
5.05.02.02	Taxes on adjustment of financial instruments	0	0	0	0	58,012	58,012
5.05.02.03	Equity income (loss) on comprehensive income of subsidiaries and associates	0	0	0	0	1,889	1,889
5.05.02.06	Realization of deemed cost of property, plant and equipment – Depreciation	0	0	0	5,048	-5,048	0
5.05.02.07	Realization of deemed cost of property, plant and equipment – Sales	0	0	0	802	-802	0
5.05.02.08	Realization of deemed cost of property, plant and equipment – Subsidiaries	0	0	0	2,562	16,475	19,037
5.05.02.09	Deemed cost of property, plant and equipment	0	0	0	0	11,206	11,206
5.05.02.10	Gain from reduction of interest in subsidiary	0	0	0	0	1,971	1,971
5.05.02.11	Other	0	0	0	60	956	1,016
5.05.02.12	Adjustment of deemed cost of property, plant and equipment in subsidiary	0	0	0	0	-7,200	-7,200
5.05.02.13	Gain from reduction of interest in subsidiary	0	0	0	0	-1,142	-1,142
5.06	Internal changes in equity	0	0	91,712	-131,000	0	-39,288
5.06.01	Constitution Reservations	0	0	101,899	-72,799	0	29,100
5.06.04	Proposed dividends	0	0	-10,187	-58,201	0	-68,388
5.07	Closing balances	947,522	75,056	291,798	0	891,332	2,205,708

(A free translation of the original in Portuguese) (Unaudited)

Parent Company Financial Statements / Statement of Value Added

(In thousands of R$)

Code	Description	Year-to-date 1/1/2016 to 6/30/2016	Previous year 1/1/2015 to 6/30/2015
7.01	Revenues	698,074	502,384
7.01.01	Sale of goods, products and services	658,884	407,930
7.01.02	Other income	28,343	89,620
7.01.02.01	Other income	3,521	615
7.01.02.02	Variation of the fair value of biological assets	24,822	89,005
7.01.03	Income from construction of own assets	10,847	4,834
7.02	Inputs acquired from third parties	-457,778	-239,128
7.02.01	Cost of goods, products and services sold	-6,753	-1,796
7.02.02	Materials, energy, outsourced services and other	-127,542	-61,373
7.02.03	Loss/recovery of receivables	830	-115
7.02.04	Other	-324,313	-175,844
7.02.04.01	Raw materials used	-257,039	-130,806
7.02.04.02	Adjustment to fair value of biological assets	-67,274	-45,038
7.03	Gross added value	240,296	263,256
7.04	Retentions	-39,115	-28,379
7.04.01	Depreciation, amortization and depletion	-39,115	-28,379
7.05	Net added value produced	201,181	234,877
7.06	Added value received as transfer	247,235	226,133
7.06.01	Equity income (loss)	24,172	73,420
7.06.02	Financial income	222,872	152,434
7.06.03	Other	191	279
7.07	Total added value payable	448,416	461,010
7.08	Distribution of added value	448,416	461,010
7.08.01	Personnel	82,470	48,867
7.08.01.01	Direct remuneration	51,398	29,320
7.08.01.02	Benefits	26,390	16,958
7.08.01.03	F.G.T.S.	4,682	2,589
7.08.02	Taxes, duties and contributions	13,189	49,319
7.08.02.01	Federal	-4,755	34,268
7.08.02.02	State	17,767	14,894
7.08.02.03	Municipal	177	157
7.08.03	Loan capital remuneration	418,167	286,884
7.08.03.01	Interest	356,493	259,512
7.08.03.02	Rentals	61,674	27,372
7.08.04	Remuneration of own capital	-65,410	75,940
7.08.04.03	Retained Earnings/Loss for the period	-65,410	75,940

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements / Balance Sheet – Assets

(In thousands of R$)

Code	Description	Current quarter 6/30/2016	Previous year 12/31/2015
1	Total assets	4,817,686	5,309,633
1.01	Current assets	1,740,286	2,176,848
1.01.01	Cash and cash equivalents	489,428	701,460
1.01.01.01	Cash and cash equivalents	312,524	623,608
1.01.01.02	Short-term financial investments	176,904	77,852
1.01.03	Accounts receivable	203,226	228,024
1.01.03.01	Trade accounts receivable	64,128	176,691
1.01.03.02	Other accounts receivable	139,098	51,333
1.01.03.02.01	Advances to suppliers	1,785	4,438
1.01.03.02.02	Operations with derivatives	110,420	26,639
1.01.03.02.03	Securities and credits receivable	8,941	4,444
1.01.03.02.04	Other accounts receivable	17,952	15,812
1.01.04	Inventories	438,257	728,192
1.01.05	Biological assets	523,420	423,705
1.01.06	Recoverable taxes	70,744	89,321
1.01.06.01	Current taxes recoverable	70,744	89,321
1.01.07	Prepaid expenses	15,134	5,469
1.01.08	Others Current Assets	77	677
1.01.08.02	Assets from discontinued operations	77	677
1.02	Non-current assets	3,077,400	3,132,785
1.02.01	Long term assets	248,701	276,030
1.02.01.05	Biological assets	1,425	4,239
1.02.01.06	Deferred taxes	22,295	23,509
1.02.01.06.01	Deferred income and social contribution taxes	22,295	23,509
1.02.01.07	Prepaid expenses	1,962	2,830
1.02.01.09	Other non-current assets	223,019	245,452
1.02.01.09.03	Recoverable taxes	62,647	51,954
1.02.01.09.04	Operations with derivatives	75,832	101,852
1.02.01.09.05	Trade notes receivable	0	7,464
1.02.01.09.06	Other accounts receivable	10,388	7,752
1.02.01.09.07	Advances to suppliers	74,152	76,430
1.02.02	Investments	93,350	93,350
1.02.02.02	Investment property	93,350	93,350
1.02.03	Property, plant and equipment	2,733,490	2,760,438
1.02.03.01	Fixed assets in operation	2,667,153	2,703,822
1.02.03.03	Constructions in progress	66,337	56,616
1.02.04	Intangible assets	1,859	2,967
1.02.04.01	Intangible assets	1,859	2,967
1.02.04.01.02	Others (system)	1,859	2,967

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements / Balance Sheet – Liabilities

(In thousands of R$)

Code	Description	Current quarter 6/30/2016	Previous year 12/31/2015
2	Total liabilities	4,817,686	5,309,633
2.01	Current liabilities	1,189,590	1,747,970
2.01.01	Social and labor obligations	18,124	13,763
2.01.01.01	Social charges	17,854	13,351
2.01.01.02	Labor obligations	270	412
2.01.02	Trade payables	102,829	398,860
2.01.02.01	Domestic trade payables	102,829	398,860
2.01.03	Tax liabilities	10,908	6,702
2.01.03.01	Federal tax liabilities	10,042	5,655
2.01.03.01.01	Income and social contribution tax payable	8,756	4,155
2.01.03.01.02	Taxes, fees, and sundry contributions	1,286	1,500
2.01.03.02	State tax liabilities	678	828
2.01.03.03	Municipal tax liabilities	188	219
2.01.04	Loans and financing	804,310	931,732
2.01.04.01	Loans and financing	804,310	931,732
2.01.04.01.01	In local currency	605,778	691,775
2.01.04.01.02	In foreign currency	198,532	239,957
2.01.05	Other liabilities	235,127	376,498
2.01.05.02	Other	235,127	376,498
2.01.05.02.02	Minimum mandatory dividend payable	0	29,100
2.01.05.02.04	Advances from clients	78,351	110,401
2.01.05.02.05	Operations with derivatives	52,278	120,544
2.01.05.02.06	Lease Payable	18,802	34,196
2.01.05.02.07	Trade notes payable	72,794	75,564
2.01.05.02.08	Other debits	12,902	6,693
2.01.06	Provisions	18,292	20,415
2.01.06.01	Tax, social security, labor and civil provisions	18,292	20,415
2.01.06.01.02	Social security and labor provisions	14,121	10,132
2.01.06.01.03	Provisions for employee benefits	1,884	8,659
2.01.06.01.05	Provisions for labor contingencies	2,287	1,624
2.02	Non-current liabilities	1,113,418	1,169,400
2.02.01	Loans and financing	841,994	947,145
2.02.01.01	Loans and financing	841,994	947,145
2.02.01.01.01	In local currency	501,426	346,883
2.02.01.01.02	In foreign currency	340,568	600,262
2.02.02	Other liabilities	63,723	68,946
2.02.02.02	Other	63,723	68,946
2.02.02.02.03	Trade notes payable	39,284	36,700
2.02.02.02.04	Operations with derivatives	23,601	31,624
2.02.02.02.05	Other debits	838	622
2.02.03	Deferred taxes	207,701	153,309
2.02.03.01	Deferred income and social contribution taxes	207,701	153,309
2.03	Consolidated shareholders' equity	2,514,678	2,392,263

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements / Balance Sheet – Liabilities

(In thousands of R$)

Code	Description	Current quarter 6/30/2016	Previous year 12/31/2015
2.03.01	Realized capital	947,522	947,522
2.03.02	Capital reserves	78,985	75,056
2.03.02.01	Goodwill in the issue of shares	72,203	72,282
2.03.02.04	Options granted	38,508	35,121
2.03.02.05	Treasury shares	-31,726	-32,347
2.03.04	Profit reserves	262,698	291,798
2.03.04.01	Legal reserve	8,977	8,977
2.03.04.02	Statutory reserve	248,093	248,093
2.03.04.05	Profit retention reserved	5,628	5,628
2.03.04.08	Proposed Additional Dividends	0	29,100
2.03.05	Retained earnings/losses	-62,375	0
2.03.08	Other comprehensive income (loss)	1,107,912	891,332
2.03.09	Non-controlling interest	179,936	186,555

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements / Statement of Income

(In thousands of R$)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Year-to-date 1/1/2016 to 6/30/2016	Same quarter previous year 4/1/2015 to 6/30/2015	Previous year 1/1/2015 to 6/30/2015
3.01	Income from sales of goods and/or services	291,193	712,395	470,995	835,266
3.02	Cost of goods and/or services sold	-363,402	-710,931	-365,185	-607,540
3.03	Gross income	-72,209	1,464	105,810	227,726
3.04	Operating income/expenses	-31,420	-76,629	-31,119	-67,689
3.04.01	Selling expenses	-17,513	-38,946	-16,650	-37,210
3.04.02	General and administrative expenses	-13,324	-33,867	-13,105	-28,348
3.04.02.01	General and administrative	-10,822	-25,501	-11,040	-22,773
3.04.02.02	Management compensation	-2,502	-8,366	-2,065	-5,575
3.04.05	Other operating expenses	-583	-3,816	-1,364	-2,131
3.05	Income (loss) before financial income (loss) and taxes	-103,629	-75,165	74,691	160,037
3.06	Financial income (loss), net	-11,642	-47,388	-14,763	-50,103
3.06.01	Financial income	115,438	268,270	99,908	211,056
3.06.02	Financial expenses	-127,080	-315,658	-114,671	-261,159
3.07	Income (loss) before income tax	-115,271	-122,553	59,928	109,934
3.08	Income and social contribution taxes	40,750	45,361	-16,815	-33,613
3.08.01	Current	-9,847	-14,851	-5,177	-17,171
3.08.02	Deferred	50,597	60,212	-11,638	-16,442
3.09	Net income (loss) from continuing operations	-74,521	-77,192	43,113	76,321
3.11	Consolidated net Income (loss) for the period	-74,521	-77,192	43,113	76,321
3.11.01	Attributable to the parent company's partners	-58,640	-65,410	42,274	75,940
3.11.02	Attributable to non-controlling partners	-15,881	-11,782	839	381
3.99	Earnings per share (R$/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common -ON	-0.67381	-0.67381	0.78300	0.78300
3.99.02	Diluted earnings per share				
3.99.02.01	Common -ON	-0.67384	-0.67384	0.78300	0.78300

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements/ Statement of Comprehensive Income

(In thousands of R$)

Code	Description	Current quarter 4/1/2016 to 6/30/2016	Year-to-date 1/1/2016 to 6/30/2016	Same quarter previous year 4/1/2015 to 6/30/2015	Previous year 1/1/2015 to 6/30/2015
4.01	Consolidated net income for the period	-74,521	-77,192	43,113	76,321
4.02	Other comprehensive income (loss)	90,067	224,778	61,203	-35,509
4.02.01	Derivatives - Cash flow hedge	136,465	340,662	92,734	-55,058
4.02.03	Income and social contribution taxes	-46,397	-115,824	-31,531	18,720
4.02.05	Capital gain (loss) from equity interest	0	0	0	829
4.02.06	Others	-1	-60	0	0
4.03	Consolidated comprehensive income (loss) for the period	15,546	147,586	104,316	40,812
4.03.01	Attributable to the parent company's partners	29,766	154,205	100,769	39,503
4.03.02	Attributable to non-controlling partners	-14,220	-6,619	3,547	1,309

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method

(In thousands of R$)

Code	Description	Year-to-date 1/1/2016 to 6/30/2016	Previous year 1/1/2015 to 6/30/2015
6.01	Net cash from operations	-105,332	-44,611
6.01.01	Cash from operations	9,849	194,662
6.01.01.01	Net income (loss) before income and soc. contr. taxes	-122,553	109,934
6.01.01.02	Depreciation and amortization	53,458	50,242
6.01.01.04	Income (loss) from write off of prop., plant and equip.	211	2,174
6.01.01.05	Interest, exchange and monetary variation	-11,474	94,332
6.01.01.07	Share-based compensation	3,387	1,949
6.01.01.08	Variation in biological assets	85,038	-67,259
6.01.01.09	Provision (reversal) for inventory adjustments and losses	-790	-271
6.01.01.10	Provision (reversal) for profit sharing and labor contingencies	2,572	3,561
6.01.02	Changes in assets and liabilities	-115,181	-239,273
6.01.02.01	Trade accounts receivable	112,564	84,428
6.01.02.02	Inventories and biological assets	104,709	49,214
6.01.02.03	Recoverable taxes	7,883	1,961
6.01.02.04	Trade notes receivable	4,837	0
6.01.02.05	Financial Investments	-99,052	-63,595
6.01.02.06	Other accounts receivable	-8,770	-9,135
6.01.02.07	Trade payables	-296,031	-234,647
6.01.02.08	Tax and Social Obligations	-1,347	-8,472
6.01.02.10	Operations with derivatives	168,850	-17,807
6.01.02.11	Trade notes payable	-7,679	-11,449
6.01.02.12	Advances from clients	-32,050	38,192
6.01.02.13	Lease payable	-15,395	-10,689
6.01.02.14	Other accounts payable	4,681	-4,385
6.01.02.15	Interest paid	-50,870	-36,021
6.01.02.16	Income and social contribution taxes paid	-7,511	-16,868
6.02	Net cash provided by (used in) investment activities	-21,803	-50,392
6.02.03	In property, plant and equipment	-21,602	-49,920
6.02.04	In intangible assets	-201	-472
6.03	Net cash provided by (used in) in financing activities	-183,949	-11,520
6.03.01	New loans and financing	515,554	421,861
6.03.02	Payment of loans and financing	-641,844	-406,212
6.03.03	Sale or purchase of shares	542	-10
6.03.04	Dividends	-58,201	-27,159
6.05	Increase (decrease) in cash and cash equivalents	-311,084	-106,523
6.05.01	Opening balance of cash and cash equivalents	623,608	239,141
6.05.02	Closing balance of cash and cash equivalents	312,524	132,618

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2016 to 6/30/2016

(In thousands of R$)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury	Income Reserve	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	Non-Controlling Interest	Consolidated Equity
5.01	Opening balances	947,522	75,056	291,798	0	891,332	2,205,708	186,555	2,392,263
5.03	Adjusted opening balances	947,522	75,056	291,798	0	891,332	2,205,708	186,555	2,392,263
5.04	Capital transactions with partners	0	3,929	0	0	0	3,929	0	3,929
5.04.03	Recognized options granted	0	3,387	0	0	0	3,387	0	3,387
5.04.05	Treasury shares sold	0	621	0	0	0	621	0	621
5.04.08	Goodwill in the sale of shares	0	-79	0	0	0	-79	0	-79
5.05	Total comprehensive income (loss)	0	0	0	-62,375	216,580	154,205	-6,619	147,586
5.05.01	Net income for the period	0	0	0	-65,410	0	-65,410	-11,782	-77,192
5.05.02	Other comprehensive income	0	0	0	3,035	216,580	219,615	5,163	224,778
5.05.02.01	Adjustment of financial instruments	0	0	0	0	332,839	332,839	7,823	340,662
5.05.02.02	Taxes on adjustment of financial instruments	0	0	0	0	-113,164	-113,164	-2,660	-115,824
5.05.02.06	Realization of deemed cost of property, plant and equipment – Depreciation	0	0	0	2,885	-2,885	0	0	0
5.05.02.07	Realization of deemed cost of property, plant and equipment – Sales	0	0	0	150	-150	0	0	0
5.05.02.09	Deemed cost of property, plant and equipment	0	0	0	0	-60	-60	0	-60
5.06	Internal changes in equity	0	0	-29,100	0	0	-29,100	0	-29,100
5.06.04	Proposed dividends	0	0	-29,100	0	0	-29,100	0	-29,100
5.07	Closing balances	947,522	78,985	262,698	-62,375	1,107,912	2,334,742	179,936	2,514,678

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2015 to 6/30/2015

(In thousands of R$)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury	Income Reserve	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	Non-Controlling Interest	Consolidated Equity
5.01	Opening balances	557,434	175,360	484,936	0	985,640	2,203,370	189,638	2,393,008
5.03	Adjusted opening balances	557,434	175,360	484,936	0	985,640	2,203,370	189,638	2,393,008
5.04	Capital transactions with partners	390,088	-100,304	-284,850	0	0	4,934	0	4,934
5.04.01	Capital increases	390,088	-105,238	-284,850	0	0	0	0	0
5.04.03	Recognized options granted	0	4,900	0	0	0	4,900	0	4,900
5.04.04	Treasury shares acquired	0	-9,037	0	0	0	-9,037	0	-9,037
5.04.05	Treasury shares sold	0	9,537	0	0	0	9,537	0	9,537
5.04.08	Goodwill in the sale of shares	0	-466	0	0	0	-466	0	-466
5.05	Total comprehensive income	0	0	0	131,000	-94,308	36,692	-3,083	33,609
5.05.01	Net income for the period	0	0	0	122,528	0	122,528	-1,358	121,170
5.05.02	Other comprehensive income	0	0	0	8,472	-94,308	-85,836	-1,725	-87,561
5.05.02.01	Adjustment of financial instruments	0	0	0	0	-167,764	-167,764	-2,614	-170,378
5.05.02.02	Taxes on adjustment of financial instruments	0	0	0	0	57,040	57,040	889	57,929
5.05.02.06	Realization of deemed cost of property, plant and equipment – Depreciation	0	0	0	6,642	-6,642	0	0	0
5.05.02.07	Realization of deemed cost of property, plant and equipment – Sales	0	0	0	1,770	-1,770	0	0	0
5.05.02.08	Realization of deemed cost of property, plant and equipment – Subsidiaries	0	0	0	0	829	829	0	829
5.05.02.09	Deemed cost of property, plant and equipment	0	0	0	0	11,206	11,206	0	11,206
5.05.02.10	Adjustment of deemed cost of property, plant and equipment in subsidiary	0	0	0	0	-7,200	-7,200	0	-7,200
5.05.02.11	Other	0	0	0	60	956	1,016	0	1,016
5.05.02.12	Adjustment to fair value of investment property	0	0	0	0	19,037	19,037	0	19,037
5.06	Internal changes in equity	0	0	91,712	-131,000	0	-39,288	0	-39,288
5.06.01	Accrual of reserves	0	0	101,899	-72,799	0	29,100	0	29,100
5.06.04	Proposed dividends	0	0	-10,187	-58,201	0	-68,388	0	-68,388
5.07	Closing balances	947,522	75,056	291,798	0	891,332	2,205,708	186,555	2,392,263

(A free translation of the original in Portuguese) (Unaudited)

Consolidated Financial Statements / Statement of Value Added

(In thousands of R$)

Code	Description	Year-to-date 1/1/2016 to 6/30/2016	Previous year 1/1/2015 to 6/30/2015
7.01	Revenues	882,848	1,001,428
7.01.01	Sale of goods, products and services	853,948	805,991
7.01.02	Other income	14,298	175,513
7.01.02.01	Other income	5,127	3,248
7.01.02.02	Variation of the fair value of biological assets	9,171	172,265
7.01.03	Income from construction of own assets	14,602	19,924
7.02	Inputs acquired from third parties	-607,836	-513,068
7.02.01	Cost of goods, products and services sold	-8,196	-4,249
7.02.02	Materials, energy, outsourced services and other	-166,470	-134,354
7.02.03	Loss/recovery of receivables	790	-83
7.02.04	Other	-433,960	-374,382
7.02.04.01	Raw materials used	-339,751	-269,377
7.02.04.02	Adjustment to fair value of biological assets	-94,209	-105,005
7.03	Gross added value	275,012	488,360
7.04	Retentions	-53,458	-50,242
7.04.01	Depreciation, amortization and depletion	-53,458	-50,242
7.05	Net added value produced	221,554	438,118
7.06	Added value received as transfer	269,137	203,514
7.06.02	Financial income	268,917	203,173
7.06.03	Other	220	341
7.07	Total added value payable	490,691	641,632
7.08	Distribution of added value	490,691	641,632
7.08.01	Personnel	102,768	84,754
7.08.01.01	Direct remuneration	65,454	53,977
7.08.01.02	Benefits	31,684	26,532
7.08.01.03	F.G.T.S.	5,630	4,245
7.08.02	Taxes, duties and contributions	27,811	100,313
7.08.02.01	Federal	6,144	80,078
7.08.02.02	State	21,486	20,067
7.08.02.03	Municipal	181	168
7.08.03	Loan capital remuneration	437,304	380,244
7.08.03.01	Interest	414,440	361,821
7.08.03.02	Rentals	22,864	18,423
7.08.04	Remuneration of own capital	-77,192	76,321
7.08.04.02	Dividends	0	1,451
7.08.04.03	Retained Earnings/Loss for the period	-65,410	75,940
7.08.04.04	Non-controlling interest in retained earnings	-11,782	-1,070

Porto Alegre, August 10, 2016 – SLC AGRÍCOLA S.A. (Bovespa: SLCE3; ADR: SLCJY; Bloomberg: SLCE3BZ; Reuters: SLCE3.SA), one of the Brazilian's largest producers of grains and fibers, announces today its results for the second quarter of 2016. The following financial and operating information is presented in accordance with International Financial Reporting Standards (IFRS). The information was prepared on a consolidated basis and is presented in thousands of Brazilian real, except where stated otherwise.

Table 1 Summarized Financial Results

(R$ Thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Net revenue	**835,266**	**712,395**	**-14.7%**	**470,995**	**291,193**	**-38.2%**
Gross income	**227,726**	**1,464**	**-99.4%**	**105,810**	**(72,209)**	**n.m.**
Gross margin [(1)]	*34.3%*	*0.2%*	*-34.1 pp.*	*26.9%*	*-19.6%*	*-46.5 p.p.*
Operating income	**160,037**	**(75,165)**	**n.m.**	**74,691**	**(103,629)**	**n.m.**
Operating margin[(1)]	*24.1%*	*-10.7%*	*-34.8 p.p.*	*19.0%*	*-28.1%*	*-47.1 p.p.*
Net profit	**76,321**	**(77,192)**	**n.m.**	**43,113**	**(74,521)**	**n.m.**
Net Margin[(1)]	*11.5%*	*-11.0%*	*-22.5 p.p.*	*11.0%*	*-20.2%*	*-31.2 p.p.*
Adjusted EBITDA [(1)]	**143,020**	**65,157**	**-54.4%**	**93,219**	**16,806**	**-82.0%**
Adjusted EBITDA Margin [(2)]	**21.6%**	**9.3%**	***-12.3 p.p.***	**23.7%**	**4.5%**	***-19.2 p.p.***
Net debt	**1,087,016**	**1,171,064**	**7.7%**	**1,087,016**	**1,171,064**	**7.7%**

[(1)] *As a ratio of net revenue excluding the effects from Biological Assets.*
[(2)] *Excludes the effects from Biological Assets (revenue and cost), since they are noncash.*
[(3)] *Net Debt adjusted for gains and/or losses in derivative instruments linked to Investments and Debt.*

NOTE: 2Q15 and 2Q16 refer to the cumulative three-month periods from April to June of the years 2015 and 2016, respectively. 1S15 and 1S16 refer to the cumulative six-month periods. HA refers to the horizontal percentage variation between two periods and VA refers to the vertical percentage variation of a given total.

MESSAGE FROM MANAGEMENT

The first six months of 2016 registered a 14.7% decline in Net Revenue compared to the year-ago period, mainly due to the variation of R$163.1 million in the apportionment to net revenue of biological assets, but also due to the lower volume of soybean and corn invoiced in the period (-11% and -50%, respectively). In the case of corn, the lower volume invoiced is mainly related to the reduction in the planted area for first-crop corn (from 5.1 thousand hectares in 2014/15 to 1.3 thousand hectares in 2015/16), which is harvested in the first half of the year.

The mark-to-market adjustment of soybean Biological Assets in the Net Revenue reflected the expectation of lower margins due to lower yields following the below-average rainfall in the period. In the case of cotton, in addition to the expectation of lower margins because of the drought, the mark-to-market adjustment of Biological Assets during 1H16 occurred in a higher proportion at the farms most affected by the drought (Bahia) due to their harvest period. By the close of the second quarter, approximately 80% of the Biological Assets of all farms in this region had been apportioned, while for the cotton cultivated in Maranhão and the Midwest, which will deliver a better performance, only 50% and 48% of Biological Assets had been apportioned, respectively. The remainder of cotton Biological Assets in Maranhão and the Midwest will be apportioned during 3Q16.

EBITDA went from R$143.2 million in 1H15 to R$65.2 million in 1H16, reflecting the lower yields in the 2015/16 crop year. However, the discrepancy in EBITDA between 2015 and 2016 was heightened by the preponderance in 1H16 of soybean invoiced from the farms most affected by the drought. The next quarter should register significant growth in EBITDA, supported by sales of soybean from areas with higher margins and of cotton and corn from the 2015/16 crop year. From the region most affected by the drought (Bahia and Piauí), 98% of the soybean volume produced had already been invoiced in 1H16, while only 72% of the production from Maranhão and the Midwest (which accounted for 62% of the total) had been invoiced. In the specific case of corn, note that this year the crop's prices in Brazil are well above recent historical levels.

We expect to invoice approximately 140,000 tons of cotton in 2016, in other words, 80,000 tons will still be invoiced in the second half. The total volume estimated to be invoiced in the year is approximately 550,000 tons for soybean (433,000 already invoiced in 1H16) and 350,000 tons for corn (only 27,000 invoiced in 1H16). The average prices in the year can be found in the following Hedge Table. Note that compared to the average exchange rate of the currency hedge, there was a significant disparity between

the first and second halves of the year: for 1H16, the average exchange rate was R$2.9165 (leading to currency hedge loss of R$99,131 thousand), while for 2H16 the average exchange rate will be R$3.9257.

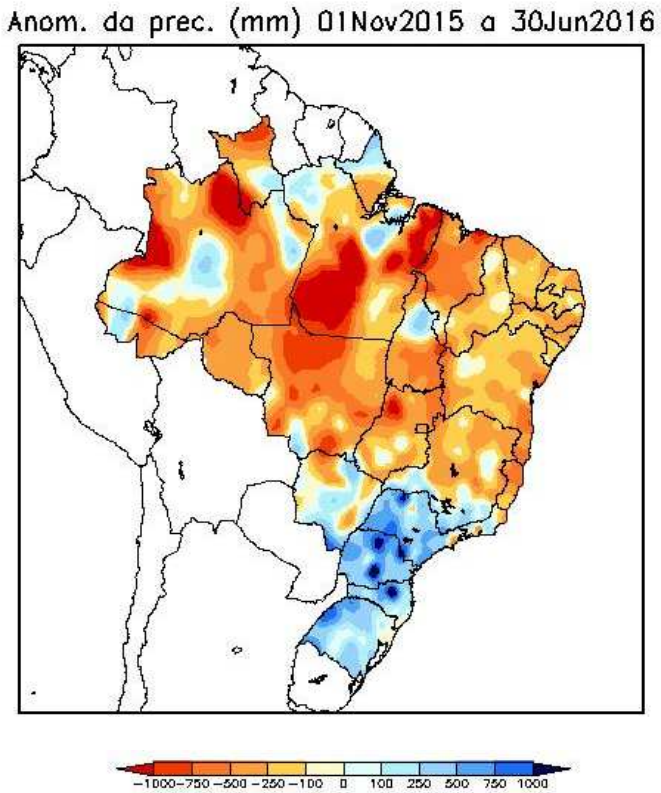
Table 2 Hedge - Calendar Year 2016

Fiscal Year	2016	
FX Rate	**Hedge (%)**	**R$ / US$**
HX Hedge	83.9	3,5772
Commitments	7.6	1.8425
Total	**91.5**	**3.4337**
Cotton	**Hedge (%)**	**US¢ / libra**
Commercial Hedge	84.1	69.2
Financial Hedge	15.9	70.7
Cotton – Total Hedge	**100.0**	**69.5**
Soybean	**Hedge (%)**	**US$ / bushel**
Commercial Hedge	83.7	10.2
Financial Hedge	-	-
Commitments	0.9	10.2
Soybean – Total Hedge	**84.6**	**10.2**

The Company posted a net loss of R$77.2 million in the year to date, compared to the net income of R$76.3 million posted in 1H15. The net loss should be offset during the second half, with the apportionment of cotton biological assets from better-performing farms and with the impact from currency hedge described in the previous paragraph, which is above the level of the exchange rate in 1H16 and therefore was not captured in the calculation of Biological Assets (BA calculation does not consider hedge prices).

On the operational front, as we can see in **Figure 1**, the period was marked by the end of the rainy season in the Cerrado region for the 2015/16 crop year, with significantly lower rainfall in virtually the entire region (drop of around 30%), as well as irregular distribution, leading to, in the case of the Company, a shortfall in yields (soybean, cotton and corn) of on average 20%, which is the first time this has occurred in the Company's history.

Figure 1 Precipitation Anomalies in Brazil - 2015/16 Crop Year - Source : Somar Metereologia



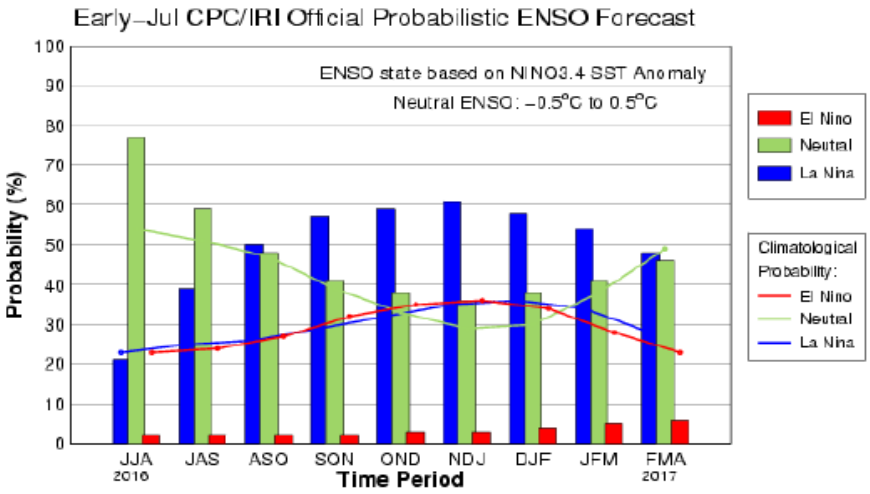
Due to this significant water stress (the worst of the last 25 years) in our operating region, we redefined our plans for the year to adapt to the new situation, with a focus on preserving our financial solidity, as detailed below:

- reduction in the Plan for Acquisitions of Property, Plant and Equipment (CAPEX) to R$85 million (from the R$125 million initially approved);
- reduction in expenses with fertilizer purchases in the year of R$61 million;
- reduction in costs inherent to lower yields and cuts in all expenditures not directly related to capturing efficiency gains or reducing future costs/expenses;
- review of the Agricultural Plan for the 2016/17 crop year, with a concentration of planting in areas with high production potential, thereby reducing the need for Working Capital.

Outlook for 2016/17

Bear in mind that the outlook for the next crop year (2016/17) is very optimistic. One of the first factors worth mentioning is the probability of the formation of the La Niña phenomenon, which historically brings higher precipitation to our operating region and, therefore, would reverse the situation seen in this current crop. Although it has lost some strength recently, the probability of the phenomenon's occurrence is 60% by year-end.

Figure 2El Niño and La Niña Probability Chart - Source: NOAA



We also expect to lower production costs in Brazilian Reais, due to the lower prices of fertilizers and the currency's appreciation in relation to cost per hectare in the 2015/16 crop year. Another important factor is the expectation for better prices in 2017, as shown in the following hedge table.

Table 3 Hedge - Calendar Year 2017

Fiscal Year	2017	
FX Rate	Hedge (%)	R$ / US$
FX Hedge	33.9	4.0109
Commitments	5.5	1.8790
Total	**39.3**	**3.7143**

Cotton	Hedge (%)	US¢ / libra
Commercial Hedge	47.1	69.7
Financial Hedge	28.8	73.0
Cotton – Total Hedge	**75.8**	**70.9**

Soybean	Hedge (%)	US$ / bushel
Commercial Hedge	32.2	10.3
Financial Hedge	-	-
Commitments	10.0	10.3
Soybean – Total Hedge	**42.2**	**10.3**

MARKET OUTLOOK

Figure 3 Commodity Price Variation



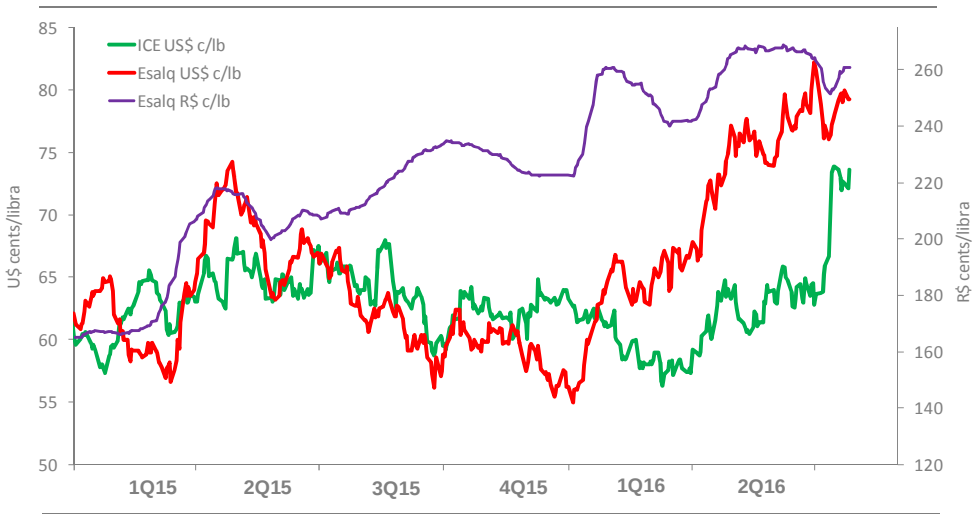
Source: CMA

COTTON

The international cotton market registered significant price volatility in recent months. After falling to the lowest level of the last seven years in March 2016, cotton prices began rising again on the ICE Futures U.S. The decrease of the world production in 2015/16 and the drawdowns in cotton lint stocks outside of China were the main drivers of this recovery.

In Brazil, the solid export volume in the 2014/15 crop year and the lower production in the 2015/16 crop year reduced inventories available to the domestic market, keeping prices high.

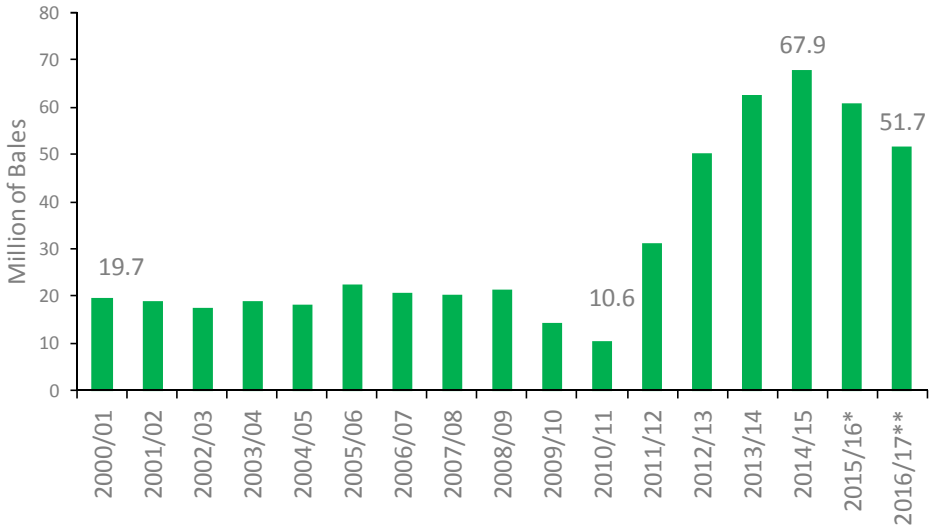
Figure 4 Cotton Price in the International Market vs. Brazil



Source: ESALQ-USP, CBOT/CMA

In the international market, China remains one of the main players in the cotton market. After a cycle of years of stockpiling, the Chinese government is drawing down this cotton more intensely in 2016. The Chinese yarn industry, which has been reducing consumption, is now buying stocks more aggressively than expected. This demand will accelerate the decrease in stocks in China as well as abroad.

Figure 5 Chart - Cotton Stocks in China



*Estimated **Projected – Source: USDA July/2016

The lower prices in early 2016 also led to a reduction in planted area in major producing countries in the 2016/17 crop year. For the world cotton market, the USDA estimates a 1.3% reduction in planted area, with the largest contractions in Pakistan (-10.7%), China (-6.5%) and India (-3.4%).
Due to the smaller area in 2016/17, once again world production should significantly lag consumption, which, despite the macroeconomic challenges and competition from synthetic fibers, has been registering some growth.

Table 4 World Cotton Supply and Demand

World		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17**
Area (ha)		30,233	33,713	36,100	34,407	32,726	34,008	30,577	30,166
Yield. (kg/ha)		744	760	770	784	801	762	697	740
Beginning Stocks	Million of bales	62,6	47,7	51,4	74,6	92,0	103,2	112,5	100,3
Production		103.4	117.6	127.6	123.9	120.4	119.1	97,9	102.5
Imports		36,9	36,3	45,5	47,7	41,2	35,7	34,3	34,4
Total Supply		202,9	201,7	224,4	246,2	253,6	258,0	244,7	237,2
Exports		35.7	34.8	46.0	46.6	40.9	35.4	34.3	34,4
Consumption		119.6	115.5	104.26	108.45	109.78	110.12	110.20	111.6
Ending Stocks		47.7	51.4	74.6	92.0	103.2	112.5	100.3	91.3
Stocks/ (Exp+Cons) (%)		39.8%	44.5%	71.5%	84.8%	94.0%	102.1%	91.0%	81.8%

* Estimated ** Projected – Source: USDA July/2016

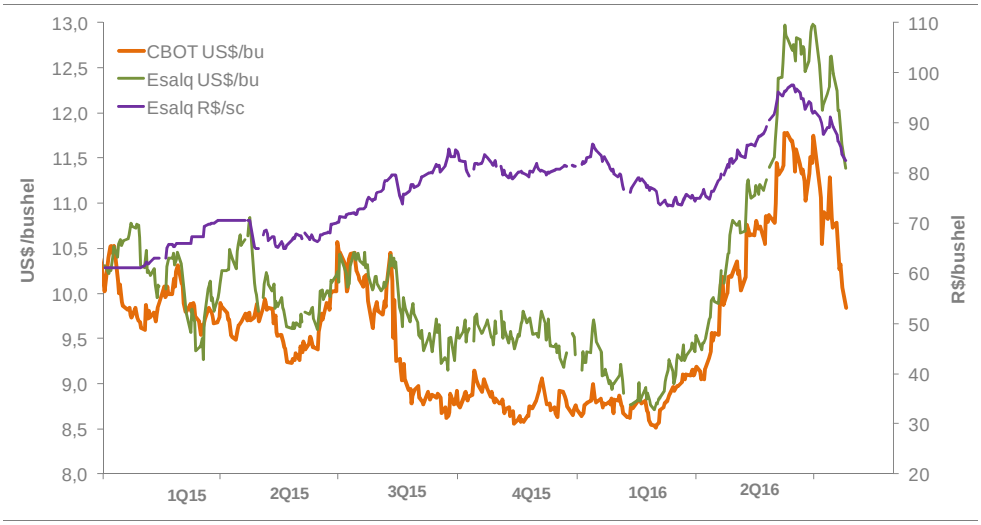
In Brazil, Companhia Nacional de Abastecimento (CONAB) revised downwards the country's cotton production in the 2015/16 crop year. The cotton planted area was estimated at 958.4 thousand hectares, a contraction of 1.8% from the previous year. Production should reach 1,389 thousand tons, or 11.1% lower than last season. With exports of 740,000 tons, inventories should decline 14.6% to 298,100 tons.

SOYBEAN

The price of soybean future contracts traded on the Chicago Board of Trade (CBOT) registered high volatility in recent months. First, there was a strong upward move related to weather problems and the

shortfall in South American output in the 2015/16 crop year, as well as the higher probability of the La Niña phenomenon before end-2016, which would increase the risks posed to yields in the United States and in southern South America for the 2016/17 crop year. The market recently underwent a price correction basically related to the occurrence of favorable weather to date in the United States and to the reduction and postponement in the probability of the occurrence of La Niña. In Brazil, despite the appreciation in the BRL against the USD, the lower output and international prices helped sustain prices in local currency.

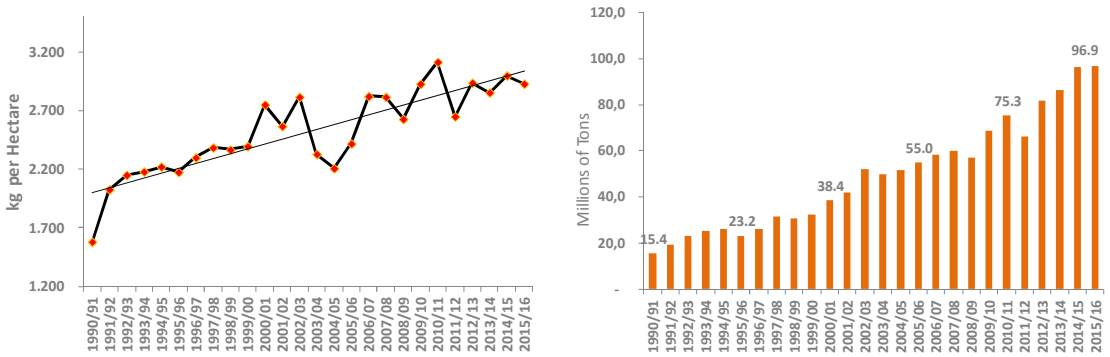
Figure 6 Soybean Price in International Market vs. Brazil



Source: ESALQ-USP, CBOT/CMA

In South America, the weather had significant impacts on the 2015/16 crop year. In Argentina and Uruguay, precipitation during the harvest caused significant losses in crop yield and quality. In Brazil, precipitation was poorly distributed during the summer in various regions. The planted area stood at 33.1 million hectares, according to CONAB, which represents an average variation of 3.0% from the previous year. Yields were more affected in the country's North and Northeast and less affected in the Midwest. Brazilian production was estimated at 96.9 million tons in CONAB's latest report, which represents an increase of 0.7% from the previous year.

Figure 7 Soybean Yield and Production - Brazil

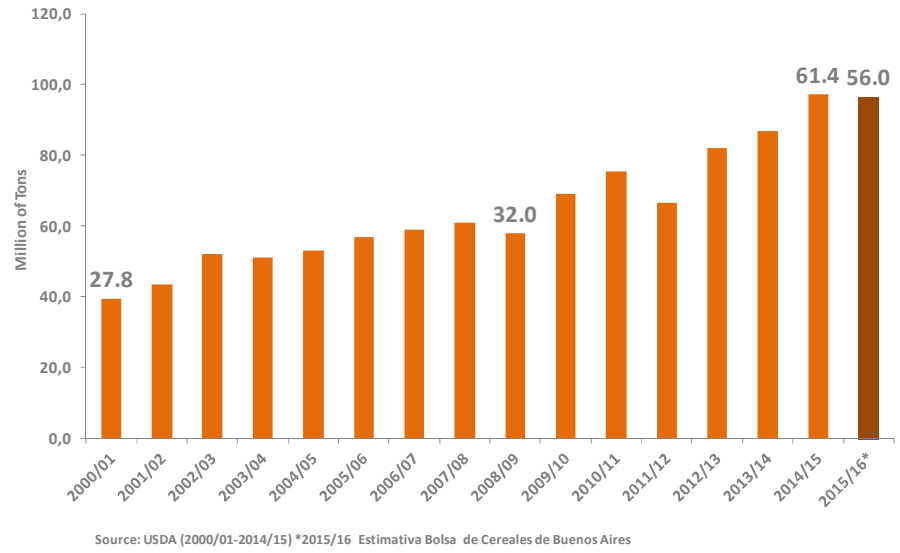


Source: CONAB

In Argentina, the soybean planted area was a record 20.1 million hectares. On the other hand, the harvested area, estimated at 18.45 million hectares by the Buenos Aires Grain Exchange, contracted significantly due to heavy rains and flooding during the harvest.

Precipitation was especially intense in the country's North during the critical harvest phase. With this loss in area, production was revised to 56 million tons, down 8.8% from the previous year.

Figure 8 Soybean Production in Argentina



Source: USDA (2000/01-2014/15) *2015/16 Estimativa Bolsa de Cereales de Buenos Aires

With the shortfall in the South American crop in 2015/16, the U.S. crop, which will be defined in the coming months, should play a very important role in determining soybean prices for 2016 and 2017.

Due to the greater need to export soybean and derivatives from the United States, prices rose before the crop's planting in the country and producers responded with further expansion in the soybean planted area. According to the USDA, the soybean planted area in the United States should reach a record 83.7 million acres in the 2016/17 crop year, which would represent expansion of 1.2% from the previous season.

Weather conditions have been favorable and the precipitation forecast for the Midwest led to a correction in soybean prices.

However, note that U.S. soybean crop has yet to pass through its most critical period of susceptibility to adverse weather conditions, which is the seed-filling phase. Typically, this is the period with the highest price volatility, and uncertainties could be heightened by the lower world stocks and favorable demand.

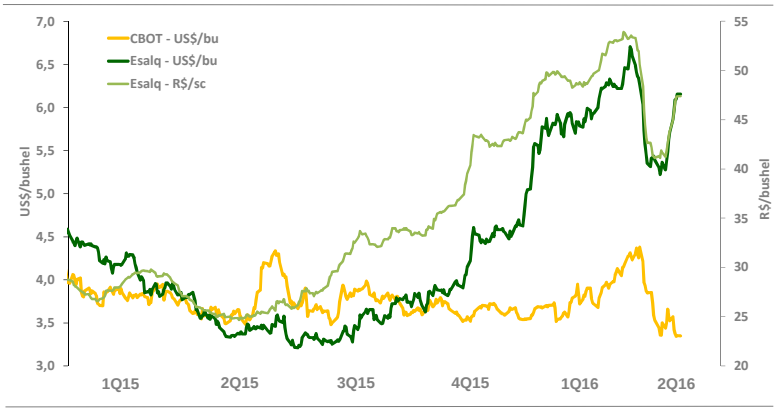
CORN

Corn prices on the Chicago Board of Trade (CBOT) also fluctuated significantly in the first half of the year. In the international market, prices rose with the risks of a smaller planted area and weather uncertainties facing the U.S. crop, with prices recently undergoing correction due to the confirmation of a larger-than-expected planted area and (as was the case for soybean) the favorable weather to date.

In Brazil, the rise in prices was more significant due to local supply and demand issues. In 2015, the depreciation in the Brazilian real against the U.S. dollar increased corn prices in local currency in the Brazilian market and supported significant growth in exports, which reduced stocks.

In 2016, a considerable shortfall in the second crop was recently confirmed, which will make it difficult to rebuild stocks and has been sustaining prices even in the middle of the harvest phase.

Figure 9 Corn Prices in the International Market vs. Brazil



Source: ESALQ-USP, CBOT/CMA

Given the crop's limited supply, corn prices in the Brazilian market continue to exceed international market prices, which also have been leading to corn imports in regions with lower supply.

Outside of Brazil, corn stocks are at more comfortable levels. In the United States, the world's largest producer, the planted area expanded 6.9% according to the USDA, and weather conditions, as already mentioned, are favorable to date. If these favorable conditions persist, U.S. production should reach a record level of 369 million tons in 2016/17, according to the USDA, which would support the rebuilding of exports and stocks in the country.

Table 5 Corn Supply and Demand - United States

United States		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17**
Area (ha)	Thousand tons	32,169	32,960	33,945	35,356	35,390	33,644	32,678	35,026
Yield (kg/ha)		10,318	9,576	9,215	7,727	9,926	10,733	10,572	10,545
Begging Stocks		42,504	43,380	28,644	25,122	20,859	31,292	43,974	43,200
Production		331,921	315,618	312,789	273,192	351,272	361,091	345,486	369,333
Imports		212	703	746	4,063	909	804	1,524	1,016
Exports		50,270	46,508	39,096	18,545	48,783	47,359	48,262	52,072
Consumption		280,987	284,549	277,961	262,973	292,965	301,854	299,522	308,625
Ending Stocks		43,380	28,644	25,122	20,859	31,292	43,974	43,200	52,852
Stocks/comsuption (%)		13.1%	8.7%	7.9%	7.4%	9.2%	12.6%	12.4%	14.7%

* Estimated ** Projected – Source: USDA July/2016

OPERATING PERFORMANCE

2015/16 CROP YEAR

2Q16 was marked by the conclusion of soybean harvesting for the 2015/16 crop year and the start of harvesting of corn second crop and cotton first and second crops. The final yields for cotton (first and second crop) and corn second crop will be reported in 3Q16.

Soybean

Our average yield stood at 2,580 kg per hectare. Due to the weather characteristics presented by the El Niño phenomenon, we registered high precipitation in January 2016 at the farms in the Northeast that affected the development of the crop's root system, as well as a drought in February, March and April that adversely affected the soybean seed-filling phase, as already explained in the 1Q16 Earnings Release. The following charts show updated historical data for monthly precipitation at the Panorama Farm in the state of Bahia (Figure 10) and at the Parnaíba Farm in the state of Maranhão (Figure 11), as well as historical data on cumulative precipitation in the crop year at the same farms.

Figure 10 Historical Data for Annual Precipitation (mm) vs. 2015/16 Crop Year - Panorama Farm in Bahia

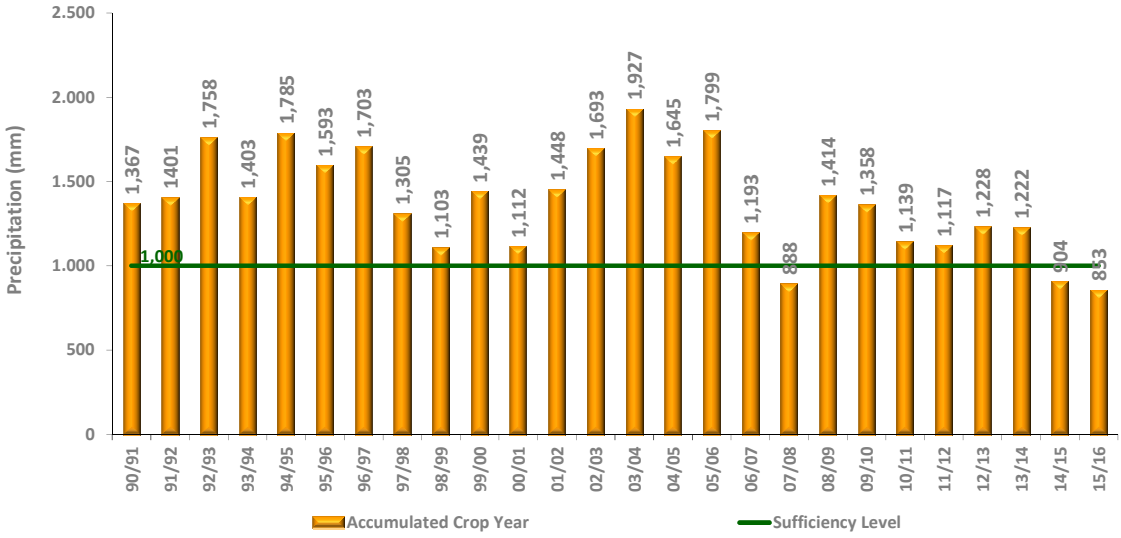


Figure 11 Historical Data for Annual Precipitation (mm) vs. 2015/16 Crop Year - Parnaíba Farm in Maranhão

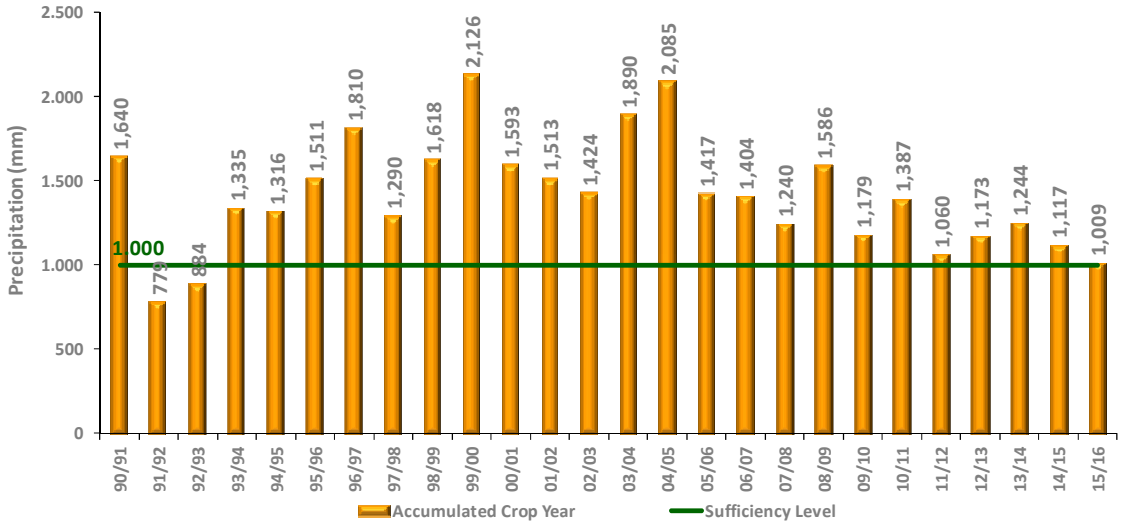


Figure 12 Historical Data for Monthly Precipitation (mm) vs. 2015/16 Crop Year - Parnaíba Farm in Maranhão

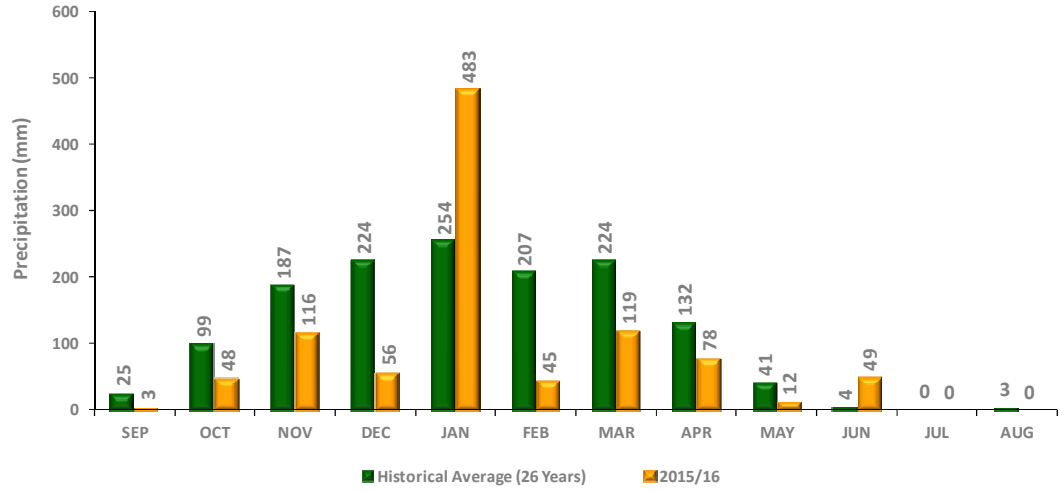
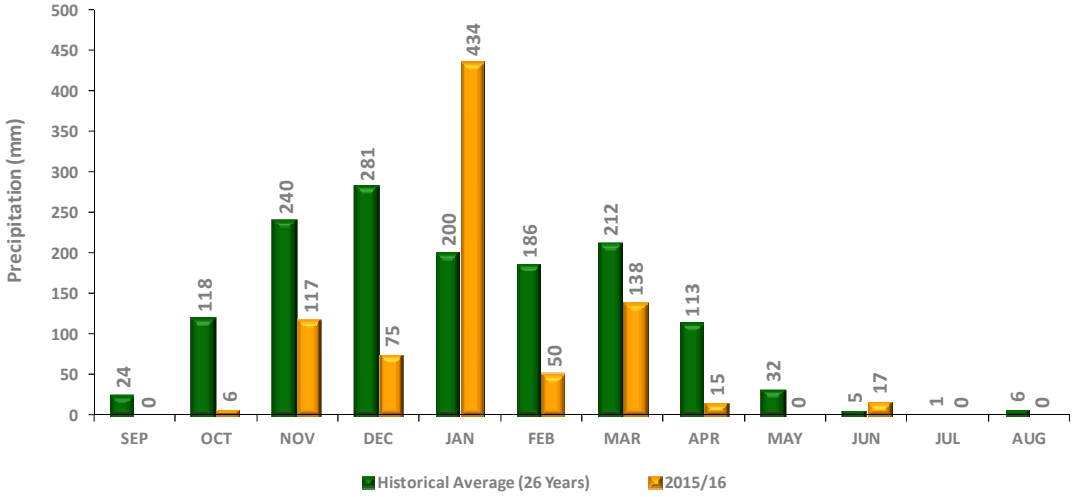


Figure 13 Historical Data for Monthly Precipitation (mm) – Panorama Farm in Bahia

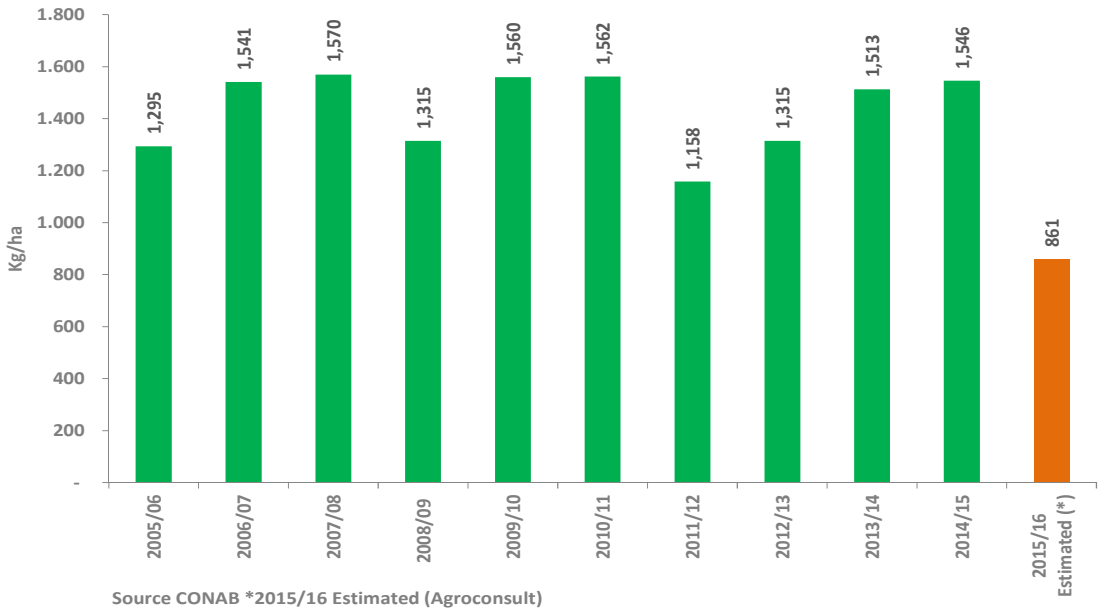


Cotton 1st crop

The Company's harvest activities began on May 17 and, as of July 29, we had harvested 66% of the 74,404 hectares. Since average precipitation during crop development was significantly below historical levels and poorly distributed (high precipitation in January and low precipitation in February, March, April and May), especially in Bahia, yields were significantly affected, as the following charts show. We estimate a cotton lint yield of 1,250 kg/ha.

The contrast between the historical cotton yield (10-year) in Bahia and the current forecast for the 2015/16 crop year, as shown by Figure 14, highlights the significant loss in yield because of the low level and irregular distribution of precipitation.

Figure 14 Historical Cotton Lint Yield in Bahia



Source CONAB *2015/16 Estimated (Agroconsult)

Cotton 2nd crop

The crop's harvest began on July 6 and, as of July 29, we had harvested 25% of the 19,002 hectares cultivated by the Company. The crop's development was in line with our expectation, and our yield estimate remains unchanged at 1,560 kg/ha. Despite the lower precipitation in April, May and June in Mato Grosso, we managed to reach our yield target.

Corn 1st crop

The harvest ended on July 20, with a yield of 7,774 kg/ha.

Corn 2nd crop

We began the harvest of corn second crop on June 1 and, as from July 29, we had already harvested 67% of the 65,681 hectares cultivated by the Company. The lower precipitation in April and May limited the yield potential of the corn crop. Consequently, we are reducing our yield estimate to 5,378 kg per hectare.

YIELD

Table 6 Yields

Yield (kg/ha)	Achieved 2014/15	Initial Estimate 2015/16	Δ
Cotton Lint 1st crop	1,516	1,250	-17.5
Cotton Lint 2nd crop	1,673	1,560	-6.8
Cotton Seed	1,778	1,679	-5.6
Soybean	3,082	2,580	-16.3
Corn 1st crop	5,708	7,774	36.2
Corn 2nd crop	7,050	5,378	-23.7

PLANTED AREA

The following table presents the latest data on planted area for the 2015/16 crop year and a comparison with the previous season.

Table 7 Planted Area

Crop Mix	Planted Area 2014/15 ha	Planted Area 2015/16[1] ha	Shares 2015/16 %	Δ%
Cotton	**98,563**	**93,405**	**24.8**	**-5.2**
Cotton 1st crop	83,680	74,404	19.7	-11.1
Cotton 2nd crop	14,882	19,002	5.0	27.7
Soybean (commercial + seed)	**208,693**	**212,586**	**56.4**	**1.9**
Corn	**43,407**	**66,975**	**17.8**	**54.3**
Corn 1st crop	5,127	1,294	0.3	74.8
Corn 2nd crop	38,280	65,681	17.4	71.6
Others crops [2]	**19,363**	**4,293**	**1.1**	**-77.8**
Total Area	**370,026**	**377,259**	**100.0**	**2.0**

[1] Weather factors may affect the planted area forecast. [2] Wheat, sunflower, sorghum, corn seed and sugarcane.

Table 8 Planted Area Mix

Area Mix	Planted Area 2014/15 ha	Planted Area 2015/16[1] ha	Shares 2015/16 %	Δ%
1st crop	**301,286**	**290,351**	**77,0**	**-3.6**
Owned Land	129,929	124,807	33.1	-3.9
Leased Area	100,507	93,867	24.9	-6.6
Joint Ventures Area [2]	40,534	41,375	11.0	2.1
SLC LandCo Area	30,316	30,301	8.0	-0.00
2nd crop	**68,740**	**86,908**	**23.0**	**26.4**
Owned Area	43,583	49,318	13.1	13.2
Leased Area	15,754	24,533	6.5	55.7
Joint Ventures Area [2]	1,453	7,570	2.0	421.0
SLC LandCo Area	7,950	5,486	1.5	-31.0
Total Area	**370,026**	**377,259**	**100.0**	**2.0**

[1] Weather factors may affect the planted area forecast. [2] Grupo Dois Vales and Mitsui

LAND DEVELOPMENT

Over the course of this crop year, we are concluding clearing operations on the 2,553 hectares of the Paineira Farm, where we will carry out first-year soil correction during the 2016/17 crop year. At the Piratini Farm, we are concluding soil correction on 4,000 hectares and should repeat the process on another 2,000 hectares in the 2016/17 crop year.

Table 9 Land Development

SLC Agricola Farms	Areas in transformation (ha)	Areas in licensing process (ha)
Palmares	-	601
Parnaíba	-	1,464
Parnaguá	1,005	5,347
Parceiro	9,162	6,698
Paineira	2,553	-
Sub Total	**12,720**	**14,110**

SLC Agricola Farms	Areas in transformation (ha)	Areas in licensing process (ha)
Parnaíba [1]	-	4,749
Piratini	9,993	-
Parceiro [1]	1,115	1,530
Sub Total	**11,108**	**6,279**
Total	**23,828**	**20,389**

[1] Areas acquired by SLC LandCo to be developed jointly with these farms. Note: The estimate of areas in the licensing process could change due to georeferencing.

PROPERTY PORTFOLIO

The portfolio of properties under our management on August 10, 2016 is presented below:

Table 10 Property Portfolio

2015/16 Crop Year (ha)		Owned[1]	SLC LandCo[2]	Leased	Joint Vetures	Under Control	Total Planted Area[3]
Farm	State	ha					
Pamplona	GO	17,385		3,898		21,283	18,818
Planalto	MS	17,437		1,646		19,083	20,003
Planorte	MT	23,784				23,784	30,961
Paiaguás	MT	34,257		10,337		44,594	58,660
Perdizes[5]	MT	28,857	13,288			42,145	16,463
Pioneira[4]	MT				19,469	19,469	27,040
Panorama	BA		10,374	14,263		24,637	21,711
Paladino[5]	BA				21,898	21,898	21,906
Piratini	BA		25,355	4,901		30,256	13,341
Palmares	BA	16,168	543	16,073		32,784	29,786
Parnaíba	MA	37,180	10,200	26,402		73,782	57,961
Planeste	MA		23,325	15,606		38,931	45,393
Parceiro	BA	32,983	3,680	741		37,404	6,801
Paineira [6]	PI	12,040				12,040	-
Parnaguá	PI	24,603				24,603	8,415
Total	-	**244,694**	**86,765**	**93,867**	**41,367**	**466,693**	**377,259**

[1] Own property, includes Legal Reserve. [2] SLC Agrícola currently owns 81.23% of SLC LandCo, while the Valiance fund owns 18.77%. [3] Including the second crop. Weather factors may affect the planted area forecast. [4] The Pioneira Farm is part of the joint arrangement with Grupo Dois Vales. [5] The Perdizes and Paladino Farms are part of the joint arrangements with Mitsui in SLC-Mit. [6] Leased farm.

MACHINERY AND STORAGE CAPACITY

The following table presents the machinery owned by the Company.

Table 11 Machinery and Storage Capacity

Machinery	Quantity	
Tractors	189	
Grain Combines	184	
Cotton Pickers	85	
Planters	189	
Self-propelled sprayers	118	
Storage Capacity	Grains	Cotton
Tons	613,700	115,981
% Production[1]	66%	86%

[1] Estimate based on the estimated planted area and yield for 2015/16.

FINANCIAL ANALYSIS

EBITDA

Table 12 EBITDA Conciliation

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Net revenue	**835,266**	**712,395**	**-14.7%**	**470,995**	**291,193**	**-38.2%**
(-) Cost of Goods and/or Services Sold	**(607,540)**	**(710,931)**	**17.0%**	**(365,185)**	**(363,402)**	**-0.5%**
Gross Income	**227,726**	**1,464**	**-99.4%**	**105,810**	**(72,209)**	**n.m.**
(-) Sales Expenses	**(37,210)**	**(38,946)**	**4.7%**	**(16,650)**	**(17,513)**	**5.2%**
(-) General and administrative expenses	**(28,348)**	**(33,867)**	**19.5%**	**(13,105)**	**(13,324)**	**1.7%**
(-) General and administrative	(19,243)	(23,592)	22.6%	(9,317)	(11,041)	18.5%
(-) Profit participation	(3,530)	(1,909)	-45.9%	(1,723)	219	n.m.
(-) Management compensation	(5,575)	(8,366)	50.1%	(2,065)	(2,502)	21.2%
(-) Other operating revenues (loss)	**(2,131)**	**(3,816)**	**79,1%**	**(1,364)**	**(583)**	**-57.3%**
(=) Income from Activity	**160,037**	**(75,165)**	**n.m.**	**74,691**	**(103,629)**	**n.m.**
(+) Depreciation and amortization	50,242	53,458	6.4%	33,235	33,175	-0.2%
EBITDA	**210,279**	**(21,707)**	***n.m.***	**107,926**	**(70,454)**	**n.m.**
(-) Biological Assets on revenue (note 21*)	(172,265)	(9,172)	-94.7%	(77,989)	77,987	n.m.
(+) Biological Assets on costs (note 22*)	105,006	94,210	-10.3%	63,283	7,447	-88.2%
(+) Asset Retirement	-	1,826	100.0%	-	1,826	100.0%
Adjusted EBITDA [1]	**143,020**	**65,157**	**-54.4%**	**93,219**	**16,806**	**-82.0%**
Adjusted EBITDA Margin [2]	**21.6%**	**9.3%**	***-12.3 p.p***	**23.7%**	**4.5%**	***-19.2 p.p***

[1] Excludes the effects from Biological Assets, since they are noncash.
*[2] As a ratio of net revenue excluding the effects from Biological Assets. * In the Quarterly Information (ITR).*

In 2Q16, adjusted EBITDA was R$16,806 thousand, with adjusted EBITDA margin of 4.6%, down 19.2 percentage points from 2Q15 (23.7%). In the six-month period, Adjusted EBITDA declined 54.4%, from R$143,020 in 1H15 to R$65,157 in 1H16, with Adjusted EBITDA margin contracting 12.3 percentage points.

The decrease in EBITDA in both analysis periods is related to the lower Gross Income (excluding Biological Assets) from cotton and soybean, which decreased by R$27,977 thousand and R$45,838 thousand, respectively, in 2Q16 compared to 2Q15 and by R$57,648 thousand and R$8,946 thousand, respectively, in 1H16 compared to 1H15. This margin compression is directly related to the production shortfall due to low precipitation, which led to higher unit costs.

It is important to note, however, that the cotton and soybean prices invoiced in the first half were below the average expected for the year, which should support significant margin recovery in the second half. The average exchange rate hedged for 1H16 was R$2.9165 (leading to currency hedge loss of R$99,131 thousand), while the average rate hedged for 2H16 will be R$3.9257. The managerial allocation of this result by crop (see Table 19 below) ends up penalizing cotton more, since it receives the allocation of the result from Trade Finance (debt in USD treated as hedge accounting), for which the average exchange rate was R$1.8338 in the six-month period.

NET REVENUE

Net Revenue in 2Q16 decreased 38.2% compared to the same period of the prior year. Excluding the non-cash effect from Biological Assets, net revenue declined 6.1%, due to the lower volume of soybean invoiced between the periods, which was partially offset by the higher volume of cotton and corn invoiced.

Table 13 Net Revenue

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Net Revenue	**835,266**	**712,395**	**-14.7%**	**470,995**	**291,193**	**-38.2%**
Cotton lint invoiced	249,393	299,117	19.9%	90,901	152,259	67.5%
Cotton seed invoiced	14,522	15,229	4.9%	2,755	2,937	6.6%
Soybean invoiced	465,577	456,014	-2.1%	330,578	232,073	-29.8%
Corn invoiced	20,967	18,227	-13.1%	8,408	15,536	84.8%
Others (invoiced)	22,369	14,167	-36.7%	16,825	4,511	-73.2%
Hedge income	(109,827)	(99,531)	-9.4%	(56,461)	(38,136)	-32.5%
Biological Assets	172,265	9,172	-94.7%	77,989	(77,987)	n.m.

Table 14 Volume Invoiced

(Tons)	1S15	1S16	AH	2Q15	2Q16	AH
Volume Invoiced	**649,015**	**566,186**	**-12.8%**	**387,488**	**277,667**	**-28.3%**
Cotton lint	57,948	58,558	1.1%	20,916	31,000	48.2%
Cotton seed	34,734	28,564	-17.8%	7,472	4,984	-33.3%
Soybean	485,841	433,600	-10.8%	336,099	213,948	-36.3%
Corn	54,728	27,298	-50.1%	17,186	22,010	28.1%
Other	15,764	18,166	15.2%	5,815	5,725	-1.5%

Biological assets are calculated as follows: market price, net of taxes and selling expenses (freight), less costs incurred.

Table 15 Biological Assets in Net Revenue

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Effect of Biological Asset on Net Revenue	**172,265**	**9,172**	**-94.7%**	**77,989**	**(77,987)**	**n.m.**
Cotton lint	65,396	(41,476)	n.m.	65,396	(41,476)	n.m.
Cotton seed	6,216	(4,764)	n.m.	6,216	(4,764)	n.m.
Soybean	99,366	29,822	-70.0%	4,647	(56,852)	n.m.
Corn	1,287	28,137	n.m.	1,730	27,652	n.m.
Others	-	(2,547)	-100.00%	-	(2,547)	-100.0%

The amount of biological assets apportioned to net revenue decreased in the quarter and six-month period. This variation is explained by the lower yield in 2015/16 than in 2014/15 and by the fact that the farms most affected by the weather this year carried out the mark-to-market adjustment of Biological Assets in 2Q16. The farms in Bahia had 80% of their Biological Assets measured in 2Q16, compared to 45% at the Company's other farms.

The variation in Biological Assets generated a loss in the quarter of R$155,976 thousand (positive R$77,989 thousand in 2Q15 and negative R$77,987 thousand in 2Q16) and a loss in the six-month period of 163,093 thousand (R$172,265 thousand in 1H15 against R$9,172 thousand in 1H16).

In this case, there will also be a recovery in amounts over the course of 3Q16, when the second crop cotton in Mato Grosso will be subjected to the mark-to-market adjustment of Biological Assets, for which margins are positive.

COST OF GOODS SOLD

Cost of goods sold decreased 0.5% in 2Q16 compared to 2Q15. Excluding the effect from biological assets, cost of goods sold increased 17.9%, which is explained by the higher unit costs resulting from the lower yields and by the higher volume of cotton invoiced in the period.

In 1H16, cost of goods sold increased 17.0% from 1H15. Excluding biological assets apportioned to cost, COGS increased 22.7%. This increase is attributed to the higher unit cost compared to 2014/15, given the lower yields, particularly for cotton and soybean.

Table 16 Cost of Goods Sold

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Cost of Goods Sold	**(607,540)**	**(710,931)**	**17.0%**	**(365,185)**	**(363,402)**	**-0.5%**
Cotton lint	(165,329)	(214,186)	29.6%	(54,680)	(113,088)	106.8%
Cotton seed	(12,266)	(12,214)	-0.4%	(3,464)	(2,147)	-38.0%
Soybean	(301,352)	(370,054)	22.8%	(233,490)	(229,109)	-1.9%
Corn	(14,624)	(7,227)	-50.6%	(6,273)	(6,037)	-3.8%
Other	(8,963)	(13,040)	45.5%	(3,994)	(5,574)	39.6%
Biological Assets Allocated at Cost	(105,006)	(94,210)	-10.3%	(63,284)	(7,447)	-88.2%

Table 17 Biological Assets in COGS

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Biological Assets Allocated at Cost	**(105,006)**	**(94,210)**	**-10.3%**	**(63,284)**	**(7,447)**	**-88.2%**
Cotton lint	(16,253)	(55,130)	239.2%	(5,882)	(28,235)	380.0%
Cotton seed	(1,017)	(1,182)	16.2%	(283)	457	n.m.
Soybean	(87,630)	(37,718)	-57.0%	(57,844)	20,437	n.m.
Corn	(222)	(180)	-18.9%	726	(106)	n.m.
Other	116	-	-100.0%	(1)	-	-100.0%

GROSS INCOME

Table 18 Gross Income

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Gross Income	**227,726**	**1,464**	**-99.4%**	**105,810**	**(72,209)**	**n.m.**
Cotton lint	42,913	(14,735)	n.m.	26,699	(1,278)	n.m.
Cotton seed	2,256	3,015	33.6%	(709)	790	n.m.
Soybean	96,736	87,790	-9.2%	50,978	5,140	-89.9%
Corn	5,156	9,305	80.5%	1,306	9,636	637.8%
Others	13,406	1,127	-91.6%	12,831	(1,063)	n.m.
Biological Assets	67,259	(85,038)	n.m.	14,705	(85,434)	n.m.

Gross Income in the quarter amounted to negative R$72,209 thousand, with gross margin decreasing 46.5 percentage points from 2Q15 (19.0%). As shown in tables 19 and 20, the variations in the cotton and soybean crops explain the decrease in Gross Income in both the result from invoiced products and the measurement of Biological Assets, as explained above.

ANALYSIS OF MARGINS BY CROP

To contribute to a better understanding of margins, in this section, hedge income (loss) is allocated among cotton, soybean and corn.

Cotton Lint and Cotton Seed

The cotton invoiced in 2Q16 was related to the 2014/15 crop year.

Cotton unit margin in the quarter was negative R$41/ton, compared to the positive margin of R$1,281 in 2Q15, reflecting the lower price of invoiced products and the 39.8% increase in unit cost. In 1H16, unit margin was negative R$250/ton, compared to the positive unit margin of R$740/ton in 1H15, due to the 5% decrease in unit price and 28.4% increase in unit cost. The significant increase in unit cost in 2Q16 compared to 2Q15 is explained by the fact that the farms that invoiced products in the period recorded lower yields, therefore the increase in the unit cost of products from these units was higher than the increase in the Company's overall average unit cost of cotton produced in the 2014/15 crop year.

Table 19 Gross Margin of Cotton Lint and Cotton Seed

Cotton Invoiced		1S15	1S16	AH	2Q15	2Q16	AH
Cotton Lint Invoiced							
Volume Invoiced	Ton	57,948	58,558	1.1%	20,916	31,000	48.2%
Net Revenue	R$ thousand	249,393	299,117	19.9%	90,901	152,259	67.5%
Result of currency hedge	R$ thousand	(41,151)	(99,666)	142.2%	(9,522)	(40,449)	324.8%
Net inc.adj. for the resof currency hedging	R$ thousand	208,242	199,451	-4.2%	81,379	111,810	37.4%
Unit Price	R$ /Ton	3,594	3,410	-5.0%	3,891	3,607	-7.3%
Cost Total	R$ thousand	(165,329)	(214,186)	29.6%	(54,680)	(113,088)	106.8%
Unit Cost	R$ /Ton	(2,853)	(3,660)	28.4%	(2,610)	(3,648)	39.8%
Unitary Margin	R$ /Ton	740	(250)	n.m.	1,281	(41)	n.m.
Cotton Seed Invoiced							
Volume Invoiced	Ton	34,734	28,564	-17.8%	7,472	4,984	-33.3%
Net Revenue	R$ thousand	14,522	15,229	4.9%	2,755	2,937	6.6%
Unit Price	R$ /Ton	418	533	26.2%	369	589	59.7%
Cost Total	R$ thousand	(12,266)	(12,214)	-0.4%	(3,464)	(2,147)	-38.0%
Unit Cost	R$ /Ton	(353)	(428)	21.2%	(464)	(431)	-6.5%
Unitary Margin	R$ /Ton	65	100	42.9%	(95)	155	n.m.

Soybean

Soybean margin in the quarter decreased 84.0% from the year-ago period, due to the 55.2% increase in unit cost (due to the production shortfall), which was partially offset by the 29.4% increase in unit price. In the quarter, 62% of the volume of soybean invoiced came from the Northeast, which registered higher unit costs than the company's overall average due to unfavorable weather.

Soybean unit gross margin in 1H16 increased 2.01% from 1H15 due to the 28.9% increase in unit price, which was partially offset by the 37.1% increase in unit cost.

The higher production cost per hectare compared to the 2014/15 crop year and the lower yield contributed to the higher unit cost in both periods.

Table 20 Soybean Gross Margin

Soybean Invoiced		1S15	1S16	AH	2Q15	2Q16	AH
Volume Invoiced	Ton	485,841	433,600	-10.8%	336,099	213,948	-36.3%
Net Revenue	R$ Mil	465,577	456,014	-2.1%	330,578	232,073	-29.8%
Result of currency hedge	R$ Mil	(67,489)	1,830	n.m.	(46,110)	2,176	n.m.
Net inc.adj. for the res.of currency hedging	R$ Mil	398,088	457,844	15.0%	284,468	234,249	-17.7%
Unit Price	R$ / Ton	819	1,056	28.9%	846	1,095	29.4%
Cost Total	R$ Mil	(301,352)	(370,054)	22.8%	(233,490)	(229,109)	-1.9%
Unit Cost	R$ / Ton	(620)	(853)	37.1%	(695)	(1,071)	55.2%
Unitary Margin	R$ / Ton	199	203	2.01%	151	24	-84.0%

Corn

Corn posted increases in unit margin of 478.3% in the quarter and 181.9% in the six-month period, due to the higher unit price combined with the lower unit cost.
The price increase is explained by the shortage of corn in the domestic market caused by high export volumes following the depreciation in the Brazilian real against the U.S. dollar, and by the higher volume of sales with freight covered by the Company, which improves the invoice price, but with a proportionate increase in selling expenses, which are not recognized under gross income.

Table 21 Corn Gross Margin

Corn Invoiced		1S15	1S16	AH	2Q15	2Q16	AH
Volume Invoiced	Ton	54,728	27,298	-50.1%	17,186	22,010	28.1%
Net Revenue	R$ Mil	20,967	18,227	-13.1%	8,408	15,536	84.8%
Result of currency hedge	R$ Mil	(1,187)	(1,695)	-42.8.	(829)	137	n.m.
Net inc.adj. for the res.of currency hedging	R$ Mil	19,780	16,532	-16.4%	7,579	15,673	106.8%
Unit Price	R$ / Ton	361	606	67.9%	441	712	61.5%
Cost Total	R$ Mil	(14,624)	(7,227)	-50.6%	(6,273)	(6,037)	-3.8%
Unit Cost	R$ / Ton	(267)	(265)	-0.7%	(365)	(274)	-24.9%
Unitary Margin	R$ / Ton	94	341	181.9%	71	442	476.3%

PRODUCTION COST

The breakdown of our total production costs is shown below:

Table 22 Breakdown of Production Cost by Crop

%	Cotton	Soybean	Corn	Average 2015/16	Average 2014/15
Variable Costs	80.9	70.9	78.2	76.9	76.1
Seeds	7.9	13.3	16.7	10.8	9.3
Fertilizers	17.3	17.5	35.1	19.0	18.8
Defensives	34.1	24.6	15.8	28.9	26.1
Air Spraying	1.6	1.4	0.9	1.5	1.8
Fuels and Lubrificants	2.9	4.7	3.7	3.7	4.3
Labor	1.1	0.6	0.5	0.9	1.0
Ginnig	7.8	1.3	1.2	4.7	5.9
Maintenance of machines and instruments	3.8	4.9	3.7	4.2	5.4
Others	4.5	2.5	0.7	3.4	3.2
Fixes Costs	19.1	29.1	21.8	23.1	23.9
Labor	8.3	10.6	8.1	9.2	9.1
Depreciation and Amortization	4.7	9.2	5.9	6.5	7.6
Leasing	4.3	6.9	5.8	5.4	4.5
Others	1.8	2.5	1.9	2.1	2.7

Our estimates of total production cost per hectare for the 2015/16 crop year are presented below:

Table 23 Production Cost by Hectare

Total Production Cost (R$/ha)	Initial Estimate 2015/16	Forecast 2015/16 [1]	%
Cotton 1st crop	7,592	7,241	-4.6%
Cotton 2nd crop	6,157	6,082	-1.2%
Soybean	2,229	2,233	0.2%
Corn 1st crop	2,910	2,897	-0.4%
Corn 2nd crop	1,841	1,652	-10.3%

[1] Based on the position at June 30, 2016. Figures may suffer changes by the end of cotton processing and the sale of grains.

Note that total production cost per hectare estimated for the 2015/16 crop year decreased by 3.4% compared to the initial estimate, reflecting the lower yield (due to low precipitation) and the actions taken to contain costs.

SELLING EXPENSES

Selling expenses increased 5.2% in 2Q16 compared to 2Q15.

In 1H16, selling expenses increased 4.7% compared to 1H15.

In both analysis periods, the line freight registered the highest variation due to the higher cotton exports in the period from Maranhão, where the freight cost is higher than in other regions, and to the volume of corn invoiced with freight covered by the Company.

In 2Q16, selling expenses corresponded to 4.7% of Net Revenue (excluding the effect from Biological Assets) compared to 4.2% in 2Q15. In 1H16, selling expenses corresponded to 5.5%, compared to 5.6% in 1H15.

Table 24 Selling Expenses

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Freight	14,993	17,959	19.8%	6,193	9,129	47.4%
Storage	9,891	10,204	3.2%	5,394	4,636	-14.1%
Commissions	3,616	3,289	-9.0%	1,586	1,105	-30.3%
Classification of Goods	421	565	34.2%	62	65	4.8%
Export Expenses	8,139	6,615	-18.7%	3,332	2,386	-28.4%
Others	150	314	109.3%	83	192	131.3%
Total	**37,210**	**38,946**	**4.7%**	**16,650**	**17,513**	**5.2%**
% Net Revenue	**5.6%**	**5.5%**	***-0.1 p.p***	**4.2%**	**4.7%**	***0.5 p.p***

GENERAL AND ADMINISTRATIVE EXPENSES

Excluding the impact from the Employee Profit Sharing Program, which varies in accordance with the Company's Net Income, general and administrative expenses increased 18.5% in the quarter and 22.6% in the six-month period.

As shown in Table 25 below, the variation in the quarter and six-month period mainly reflects the increase in the following items: (i) Personnel expenses, due to wage increases under the collective bargaining agreement and the apportionment of the share bonus plans for managers; (ii) Third-party fees: affected by the expenses with legal counsel and georeferencing; (iii) Contingencies: in 2015, we reversed a provision and, in 2016, we accrued a provision for labor lawsuits; (v) Other: affected by the higher expenses with security and surveillance.

In 1H16, General and Administrative Expenses corresponded to 3.6% of Net Revenue (excluding the effect from Biological Assets), remaining relatively stable, with an increase of 0.2 p.p. from 3.4% in 1H15.

Table 25 General and Administrative Expenses

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Expenses with personnel	9,411	11,995	27.5%	4,979	5,891	18.3%
Fees	1,530	1,852	21.0%	649	874	34.7%
Depreciations and amortizations	1,483	1,525	2.8%	752	761	1.2%
Expenses with travels	683	746	9.2%	424	300	-29.2%
Software maintenance	1,212	1,702	40.4%	619	828	33.8%
Marketing/Advertisement	1,066	1,321	23.9%	391	399	2.0%
Expenses with Communications	1,158	1,091	-5.8%	600	548	-8.7%
Rentals	462	436	-5.6%	235	238	1.3%
Labor. Tax and Environmental Contingencies	31	663	n.n.	(29)	381	n.m.
Electricity	65	85	30.8%	34	40	17.6%
Taxes and other fees	219	268	22.4%	61	44	-27.9%
Contribuitions and donations	771	310	-59.8%	166	161	-3.0%
Other	1,152	1,599	38.8%	436	577	32.3%
Subtotal	**19,243**	**23,593**	**22.6%**	**9,317**	**11,042**	**18.5%**
Provision for profit share program	3,530	1,909	-45.9%	1,723	(219)	n.m.
Total	**22,773**	**25,502**	12.0%	**11,040**	**10,823**	**-2.0%**
% Net Revenue	**3.4%**	**3.6%**	***0.2 p.p***	**2.8%**	**2.9%**	***0.1 p.p***

NET FINANCIAL INCOME (EXPENSE)

In 2Q16, we recorded a net financial expense of R$11,641 thousand, compared to an expense of R$14,763 thousand in 2Q15, a decrease of 21.15% or R$3,122 thousand. 1H16, the net financial expense declined by 5.4% or R$2,715 thousand. The highest variations were the exchange variation gain in 2Q16, which reflects, among other factors, the variation in debt in USD swapped into BRL, which was neutralized by the loss from derivatives (swaps), given the BRL appreciation against the USD during the quarter. The interest expense was below the average projected for the year in the quarter, given the apportionment of the performance bonus (of 15%) for loans with Banco do Nordeste.

Table 26 Net Financial Income (Expense)

(R$ thousandl)	1S15	1S16	AH	2Q15	2Q16	AH
Revenues (expenses) with derivatives	32,289	(111,362)	n.m.	(20,481)	(45,525)	122.3%
Interest	(27,219)	(24,780)	-9.0%	(8,640)	(10,697)	23.8%
Monetary variation	(330)	1,358	n.m.	1,199	1,834	53.0%
FX variation	(52,017)	88,368	n.m.	14,363	46,278	222.2%
Other financial revenues (expenses)	(2,826)	(971)	-65.6%	(1,204)	(3,531)	193.3%
Total	**(50,103)**	**(47,388)**	**-5.4%**	**(14,763)**	**(11,642)**	**-21.1%**
% Net Revenue	**-7.6%**	**-6.7%**	***0.9 p.p***	**-3.8%**	**-3.2%**	***0.6 p.p***

Table 27 Gains (Losses) from Derivative Operations

(R$ thousandl)	1S15	1S16	AH	2Q15	2Q16	AH
Swap of debt in Dollar to Reais	28,062	(89,178)	n.m.	(14,098)	(45,547)	223.1%
Swap of Financial asset in Reais to Dollar	4,453	(24,464)	n.m.	(6,067)	(2,240)	-63.1%
Commodities Hedge	146	13	-91.1%.	(33)	13	n.m.
FX Hedge (not designated as hedge accounting)	(372)	2,266	n.m.	(283)	2,249	n.m.
Total	**32,289**	**(111,362)**	**n.m.**	**(20,481)**	**(45,525)**	**122.3%**

Note: In accordance with Note 19 of the Quarterly Information (ITR)

Note that, since a portion of debt in USD was "swapped" to BRL and another portion is designated as hedge accounting, whose effects are recorded as Sales Revenue, when realized, the exchange variation on debt in USD does not affect Net Financial Income (Expense) when we analyze the aggregate figures (derivative gains and losses and exchange variation). For a better understanding of this impact, we suggest analyzing below Table 28 - Adjusted Net Financial Income (Expense).

Table 28 Adjusted Net Financial Income (Expense)

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Interest	(36,322)	(65,071)	79.2%	(19,615)	(20,228)	3.1%
FX variation net of swap operations	(10,625)	17,297	n.m	4,857	10,283	111.7%
Monetary Variation	(330)	1,358	n.m	1,199	1,834	53.0%
Other financial revenues (expenses)	(2,826)	(971)	-65.6%	(1,204)	(3,531)	193.3%
Total	**(50,103)**	**(47,388)**	**-5.4%**	**(14,763)**	**(11,642)**	**-21.1%**
% Net Revenue	**-7.6%**	**-6.7%**	***-0.9 p.p.***	**-3.8%**	**-3.2%**	***-0.6p.p.***

NET INCOME

Table 29 Net Income

(R$ thousand)	1S15	1S16	AH	2Q15	2Q16	AH
Income before Income Taxes	109,934	(122,553)	n.m.	59,928	(115,271)	n.m.
Income Tax and Social Contribution	(33,613)	45,361	n.m.	(16,815)	40,750	n.m.
Net Income for the period	76,321	(77,192)	n.m.	43,113	(74,521)	n.m.

In 1H16, the Company posted a Net Loss of R$77.2 million, compared to the Net Income of R$76.3 million posted in 1H15. This loss should be reversed over the course of the second half, with the apportionment of cotton biological assets from the best-performing farms and with the invoicing of soybean from the best-performing farms and of corn with high prices in the domestic market.

In addition, invoice prices will be better than in the first half. As cited in the Message from Management, there was a significant difference between the first and second halves of the year with regard to the currency hedge: for 1H16, the average exchange rate was R$2.9165 (for a currency hedge loss of R$99,131 thousand), while the average rate for 2H16 will be R$3.9257.

CURRENCY AND AGRICULTURAL COMMODITY HEDGE

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

In line with the Company's Risk Management Policy, whose purpose is to obtain a pre-established EBITDA margin with a combination of factors such as Price, Foreign Exchange and Cost, most of the instruments for protecting against commodity price variation are accomplished through advanced sales directly with our clients (forward contracts).

We also use futures and options contracts negotiated on the exchange and swap and option transactions contracted with financial institutions. The mark-to-market adjustments of future, swap and option transactions are recorded under financial income (expense). The hedge position on August 8, 2016 for commodities (in relation to the estimated total volume invoiced) and currency (in relation to the total estimated revenue in U.S. Dollar) is shown below broken down by commercial hedge and financial hedge:

Table 30 Currency and Agricultural Commodity Hedge

Fiscal Year	2016		2017	
FX Rate	**Hedge (%)**	**R$ / US$**	**Hedge (%)**	**R$ / US$**
HX Hedge	83.9	3.5772	33.9	4.0109
Commitments[1]	7.6	1.8425	5.5	1.8790
Total	**91.5**	**3.4337**	**39.3**	**3.7143**
Cotton	**Hedge (%)**	**US¢ / libra[2]**	**Hedge (%)**	**US¢ / libra[2]**
Commercial Hedge	84,1	69.2	47.1	69.7
Financial Hedge[4]	15,9	70.7	28.8	73.0
Cotton – Total Hedge	**100.0**	**69.5**	**75.8**	**70.9**
Soybean	**Hedge (%)**	**US$ / bushel[2]**	**Hedge (%)**	**US$ / bushel[2]**
Commercial Hedge	83.7	10.2	32.2	10.3
Financial Hedge [4]	-	-	-	-
Commitments[3]	0.9	10.2	10.0	10.3
Soybean – Total Hedge	**84.6**	**10.2**	**42.2**	**10.3**

[1] Commitments with debt payments in U.S. dollar. [2] Based on FOB Port (prices at our production units are also influenced by transport expenses and possible quality discounts). [3] Natural hedge with payments related to land acquisitions and leasing agreements in soybean bags. [4] Includes transactions involving futures, swaps and accumulators. Reference price on 05/3/2015: Cotton ICE DEC/16 US¢/lb 76.05-.Cotton ICE DEC/17 US¢/lb 74.15 - Soybean CBOT SET/16 US$/bushel 10.01, Soybean CBOT MAY/17 US$/bushel 9.74

PROPERTY, PLANT AND EQUIPMENT / INTANGIBLE ASSETS

The main investments in 2Q16 were:

(i) acquisition of agricultural machinery and tools at the Paiaguás, Parnaíba and Perdizes farms;

(ii) land clearing and soil correction, in the amount of R$6,749 thousand, mainly at the Parnaíba, Piratini and Paineira farms.

Table 31 CAPEX

CAPEX (R$ thousand)	1S15	AV	1S16	AV	2Q16	AV
Machinery. implements and equipment	21,700	36.7%	5,354	22.8%	4,967	29.0%
Land acquisition	6,000	10.2%	-	0.0%	-	0.0%
Soil correction	4,434	7.5%	3,216	13.7%	3,092	18.1%
Buildings and facilities	10,869	18.4%	8,037	34.2%	4,726	27.6%
Cotton ginning plant	3,068	5.2%	1,015	4.3%	930	5.4%
Grains storage	5,215	8.8%	821	3.5%	264	1.5%
Soil cleaning	5,335	9.0%	2,835	12.1%	2,023	11.8%
Vehicles	594	1.0%	510	2.2%	144	0.8%
Software	457	0.8%	128	0.5%	83	0.5%

Others	1,381	2.3%	1,604	6.8%	877	5.1%
Total	**59,053**		**23,520**		**17,106**	

FINANCIAL NET DEBT

Adjusted gross debt in 2Q16 increased by 6.2% to R$1,171,066 thousand, from R$1,103,063 thousand in the prior quarter. The main variations were:

(i) amortization of US$13,643 thousand in Trade Finance operations;
(ii) amortization of R$231,000 thousand in Constitutional Fund operations, which will be renewed during the next quarter;
(iii) raising of R$200,000 thousand from Export Credit Notes transactions to lengthen the debt profile.

Table 32 Financial Net Debt

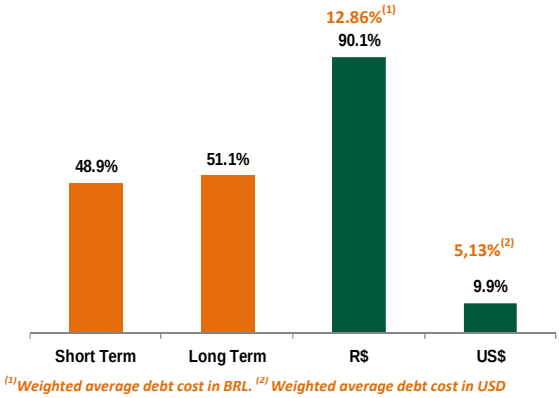
		Average Interest rate (%)		Consolidated	
(R$ thd)	Index	2Q16	1T16	2T16	1Q16
Applied in Fixes Assets					
Finame – BNDES	Pre e TJLP[1]	**6.99%**	6.90%	**178,711**	185,551
Constitutional Funds[2]	Pre	**7.32%**	7.39%	**7,099**	8,086
Financing of Investments	US$ + Libor[3]	**5.97%**	5.94%	**7,517**	12,714
				193,327	206,350
Applied in working capital					
Rural Credit	Pre	**10.89%**	9.49%	**334,666**	335,228
Constitutional Funds[2]	Pre	**10.50%**	9.53%	**119,596**	293,574
Working Capital	Pre	**15.46%**	15.49%	**19,168**	30,037
Working Capital	CDI	**15.20%**	15.20%	**375,961**	418,394
External Loans	CDI	**15.32%**	15.21%	**447,966**	248,930
External Loans	US$, Libor[3]+Pre	**5.09%**	5.08%	**155,620**	233,561
				1,452,977	1,559,725
Total Indebtedness		**12.09%**	10.87%	**1,646,304**	1,766,075
Gaind and losses with derivates connect with applications and debts [5]				**(14,188)**	31,920
(=) Adjusted Debt				**1,660,492**	1,734,155
(-) Cash				**489,428**	631,092
(=) Adjusted Debt				**1,171,064**	1,103,063
EBITDA of last 12 months				**261,877**	338,290
Adjusted Net Debt/Adjusted EBITDA[4]				**4.47x**	3.26x
Adjusted Net Debt/NAV				**32.0%**	25.9%

[1] Long-Term Interest Rate (TJLP) [2] To calculate the average cost of the Constitutional Funds, we considered a discount of 15% relative to the performance bonus applicable to these operations. [3] London Interbank Offer Rate (Libor): Interest rate charged by London banks used as a reference for most loans in the international financial system. [4] Adjusted EBITDA in the last 12 months. [5] Transactions with gains and losses from Derivatives (note 19 of the Quarterly Information).

The Adjusted Net Debt/Adjusted EBITDA ratio increased from 3.26 times in 1Q16 to 4.47 times in 2Q16, since adjusted net debt increased 6.2% and Adjusted EBITDA decreased 82.0%.

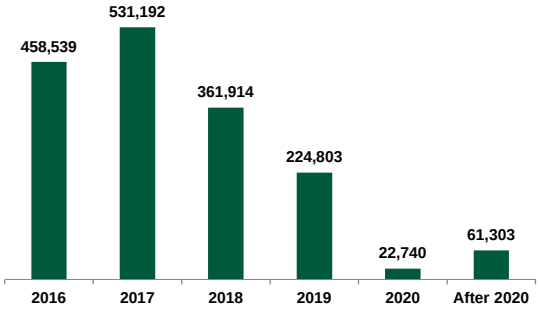
The Adjusted Net Debt/Net Asset Value ratio ended the quarter at 32.0%, compared to 25.9% in 1Q16.

Figure 16 Gross Debt Profile in 2Q16



(1)Weighted average debt cost in BRL. (2) Weighted average debt cost in USD

Figure 15 Amortization Schedule of Adjusted Net Debt in 2Q16



INDICATORS

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

Table 33 Return on Equity

(R$ million)	2010	2011	2012	2013	2014	2015
Net Profit	59	160	38	97	70	121
Net Land Appreciation SLC Agricola[1]	-36	179	222	313	396	108
Net Land Appreciation LandCo [1][2]	-	-	48	61	32	32
Subtotal	23	339	308	471	498	261
Shareholder's Equity[3]	1,839	2,063	2,407	2,924	3,608	3,748
Return on Equity	**1.3%**	**16.4%**	**12.8%**	**16.1%**	**13.8%**	**7.0%**

[1] Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2015.
[2] Adjusted by the interest of 81.23% held by SLC Agrícola in SLC LandCo.
[3] Adjusted by land appreciation.

Table 34 Return on Net Assets

(R$ million)	2010	2011	2012	2013	2014	2015
Net Profit	59	160	38	97	70	121
Net Land Appreciation[1]	(36)	179	271	373	428	140
Subtotal	23	339	309	470	498	261
Invested Capital	2,598	3,196	3,635	4,113	4,696	4,906
Working Capital	395	504	626	641	733	628
Fixed Asset[2]	2,203	2,692	3,009	3,472	3,963	4,278
Return	**0.9%**	**10.6%**	**8.5%**	**11.4%**	**10.6%**	**5.3%**

[1] Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2015.
[2] Adjusted by land appreciation.

Table 35 Return on Invested Capital

(R$ million)	2010	2011	2012	2013	2014	2015
Operating Income	126	257	145	150	190	285
Taxes	30.1%	33.7%	49.8%	23.1%	21.3%	27.3%
Taxes Nominal	(38)	(87)	(72)	(35)	(40)	(78)
Adjusted Operating Income	88	170	73	116	150	207
Net Land Appreciation[1]	(36)	179	270	374	428	140
Operating Result with Lands	52	349	343	490	578	347
Invested Capital	2,110	2,527	2,987	3,753	4,329	4,788
Gross Debt[2]	*450*	*640*	*811*	*1,170*	*1,332*	*1,711*
Cash[2]	*110*	*131*	*157*	*376*	*355*	*671*
Net Debt [2]	*339*	*509*	*654*	*794*	*977*	*1,040*
Shareholder's Equity [3]	*1,771*	*2,018*	*2,333*	*2,781*	*3,352*	*3,748*
Return on Invested Capital	**2.5%**	**13.8%**	**11.5%**	**13.0%**	**13.3%**	**7.2%**

[1] Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2015.
[2] Adjusted by the interest held in the subsidiaries.
.[3] Adjusted by land appreciation.

Table 36 Net Asset Value

(R$ million)	2015
SLC Agrícola Farms [1]	2,535
SLC LandCo Farms [2]	518
Infrastructure (excl.land) [3]	773
Accounts Receivable (excl. derivates) [3]	183
Inventories [3]	412
Biological Assets[3]	510
Cash [3]	460
Subtotal	***5,392***
Suppliers[3]	96
Adjusted Gross Debt by the derivatives operations [3][4]	1,575
Outstanding debt related to land acquisitions [3]	62
Subtotal	***1,733***
Net Asset Value	**3,658**
Net Asset Value per share	**37.0**

[1] Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2015. (2) Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2015 and adjusted by the interest held by SLC Agrícola in the subsidiary. (3) Adjusted by the interest held by SLC Agrícola in the subsidiaries. (4) Gross Debt adjusted by operations with derivative instruments and the interest held by SLC Agrícola in the subsidiaries.

Table 37 Changes in Working Capital

Working Capital (R$ thd)	2013	2014	2015	1S16
Assets				
Trade Accounts Receivable	85,334	143,759	228,024	203,226
Hedge Accounting (Non-Cash)	*(5,278)*	*(8,936)*	*(26,639)*	*(110,420)*
Inventories	514,819	622,101	782,192	438,257
Biological Assets + Inventories Adjustments (Non-Cash)	*(42,280)*	*(20,185)*	*(58,164)*	*3,627*
Recoverable Taxes	78,361	98,566	89,321	70,744
Biological Assets	378,481	374,372	423,705	523,420
Biological Assets (Non-Cash)	*(27,009)*	*(17,684)*	*(31,200)*	*(1,122)*
Expenses incurred in advance	3,793	2,712	5,469	15,134
Subtotal	**986,221**	**1,194,705**	**1,412,708**	**1,142,866**
Liabilities				
Suppliers	236,217	312,759	398,860	102,829
Tax and Social Obligations	27,480	24,270	20,465	29,032
Others	223,444	207,794	376,498	235,127
Land payables	(126,494)	(49,689)	(75,564)	72,794
Hedge Accounting (Non-Cash)	(31,433)	(51,651)	(120,544)	(52,278)
Provisions	16,187	17,724	20,415	18,292
Subtotal	**345,401**	**461,207**	**620,130**	**405,796**
Total	**640,820**	**733,498**	**738,578**	**737,070**
Change in WC	**10,017**	**92,678**	**5,080**	**(1,508)**

LOCATION OF UNITS



2Q16 CONFERENCE CALL

Date: Thursday, August 11, 2016

Portuguese	English
August 11, 2016	August 11, 2016
10:00 a.m. (Brasilia)	12:00 p.m. (Brasilia)
9:00 a.m. (New York)	11:00 a.m. (New York)
2:00 p.m. (London)	4:00 p.m. (London)
Dial-in: +55 (11) 2188-0155	Dial-in: +55 (11) 21880155
	Dial-in NY: 1 646 843 6054

DISCLAIMER

This release makes statements concerning future events that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of our Management and on the information currently available to the Company. Forward-looking statements include information on our current plans, beliefs or expectations, as well as those of the Company's directors and officers. Forward-looking statements include information on potential or assumed operating results as well as statements that are preceded, followed by or include the words "believe," "may," "will," "continue," "expect," "project," "intend," "plan," "estimate" or similar expressions. Forward-looking statements and information provide no guarantee of performance. Because they refer to future events, they involve risks, uncertainties and assumptions and as such depend on circumstances that may or may not occur. The Company's future results and creation of value for shareholders may differ significantly from the figures expressed or suggested in the forward-looking statements. Many factors that will determine these results and values are beyond our capacity to control or predict.

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EXHIBIT 1:AGRICULTURAL WEIGHTS AND MEASURES

1 ton	1,000 kg	
1 kg	2.20462 pounds	
1 pound	0.45359 kg	
1 acre	0,40469 hectares	
1 acre	0.1840 bushel	
1 hectare (ha)	2.47105 acres	
1 hectare (ha)	10,000 m²	
1 bushel	5.4363 acres	
Soybean and Wheat		
1 bushel of soybean	60 pounds	27.2155 kg
1 bag of soybean	60 kg	2.20462 bushels
1 bushel/acre	67.25 kg/ha	
US$1.00/bushel	US$2.2046/bag	
Corn		
1 bushel of corn	56 pounds	25.4012 kg
1 bag of corn	60 kg	2.36210 bushels
1 bushel/acre	62.77 kg/ha	
US$1.00/bushel	US$2.3621/bag	
Cotton		
1 bale	480 pounds	217.72 kg
1 arroba	14.68 kg*	

Notes to the financial statements

(In thousands of Brazilian reais – R$)

1 Operations

SLC Agrícola S.A., founded in 1977, hereinafter referred to as "Parent Company," "SLC" or the "Company," and its subsidiaries (jointly referred to as the "Group"), is engaged in agricultural activities; the production and sale of seeds and saplings; the processing and trading of its products and authorized to export and import goods for its own use and consumption; the supply of primary agricultural goods and products and general merchandise; the rendering of inbound logistics, cleaning, drying and storage services for third-party cereals; the rendering to third parties of services involving agricultural machinery and equipment; the trading, import and export of agricultural products; industrial activities involving the processing of sugarcane, ethanol and its byproducts; and investments in other companies.

The Company is headquartered at Rua Bernardo Pires, 128, Porto Alegre, Rio Grande do Sul.

On September 1, 2015, the Company began its cultivation of the 2015/2016 crop with operations at 14 production units and a total planted area of 377 thousand hectares, including company-owned areas and areas leased from third parties, which are located in six Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia, Piauí and Maranhão.

2 Summary of significant accounting practices

a. Preparation basis and presentation of the separate and consolidated quarterly information

The Company's interim financial information contained in the Quarterly Information (ITR) for the quarter ended June 30, 2016, comprises:

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

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

The issue of the separate and consolidated financial statements was authorized by the Executive Board on August 10, 2016.

b. Presentation of the notes to the Quarterly Information

To avoid redundancy in the presentation of the Interim Financial Information and for the purposes of Article 29 of CVM Instruction 480/09, the Company indicates below the number of notes disclosed in the separate and consolidated financial statements as of December 31, 2015, and not repeated in full or part in this interim financial information: 3 - Accounting policies, 4 - Significant judgments, estimates and assumptions, 11 – Investment property, 22 - Profit-sharing program, 24 - Government subsidies and assistance, and 25 - Insurance coverage.

c. Measurement basis

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

- Derivative instruments measured at fair value;
- Biological assets measured at fair value less selling expenses.
- Investment properties measured at fair value less selling expenses;
- Share-based payment transactions.

d. Functional currency and presentation currency

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

3 Consolidated financial statements

The consolidated Interim Information includes the operations of the Company and of the following subsidiaries, whose equity interest as of the reporting date is as follows:

		Subsidiaries		
Main activity	**Companies**	**Direct %**	**Indirect %**	**Location**
Cotton, soybean and corn cultivation	Fazenda Planorte Empreendimentos Agrícolas Ltda.	100.0	-	Mato Grosso (MT)
Soybean and corn cultivation	Fazenda Pioneira Empreendimentos Agrícolas S.A.	50.0	-	
Cotton and soybean cultivation	SLC-MIT Empreendimentos Agrícolas S.A.	50.1	-	Rio Grande do Sul (RS)
Investments in other companies or commercial and real estate projects	SLC Investimentos Agrícolas Ltda	100.0	-	Rio Grande do Sul (RS)
Purchase and sale, lease, construction and management of real estate properties	Fazenda Parnaíba Empreendimentos Agrícolas Ltda.	100.0	-	Maranhão (MA)
Purchase and sale, lease, construction and management of real estate properties	Fazenda Pamplona Empreendimentos Agrícolas Ltda	100.0	-	Rio Grande do Sul (RS)
	Fazenda Planalto Empreendimentos Agrícolas Ltda.	100.0	-	
	Fazenda Palmares Empreendimentos Agrícolas Ltda	100.0	-	
	Fazenda Parnaguá Empr. Agrícolas Ltda.	100.0	-	
	SLC Paiaguas Empreendimentos Agrícolas S.A.	100.0	-	
	SLC Perdizes Empreendimentos Agrícolas S.A.	100.0	-	
	SLC LandCo Empreendimentos Agrícolas S.A.	-	81.2	
	Fazenda Planeste Empreendimentos Agrícolas Ltda.	-	81.2	
	Fazenda Piratini Empreendimentos Agrícolas Ltda	-	81.2	
	Fazenda Panorama Empr. Agrícolas Ltda.	-	81.2	
	Catuaí Norte Participações S.A.	-	81.2	

SOPER Agrícola Ltda	-	81.2
Fazenda Parceiro Empreendimentos Agrícolas Ltda.	-	100.0
Fazenda Paineira Empreendimentos Agrícolas Ltda.	6.1	93.9

The period of the quarterly information of the subsidiaries included at the consolidated level coincides with that of the Parent Company and the accounting policies were applied uniformly at the consolidated companies and are consistent with those used in the prior fiscal year.

We confirm that, with regard to the separate interim statements, the Parent Company is directly or indirectly exposed to the same risks and effects arising from the adoption of hedge accounting for the consolidated interim statements (as described in note 19). Therefore, in accordance with CPC 43 (R1), the Parent Company adopts hedge accounting for derivative instruments based on the controls and analyses effected at the consolidated level to ensure that the result from operations and equity position of the parent company and the consolidated information are identical and presented side by side.

4 Cash and cash equivalents and short-term financial investments

		Parent Company		Consolidated	
Description	Yields	**6/30/16**	**12/31/15**	**6/30/16**	**12/31/15**
Cash and cash equivalents	-	**181**	360	**472**	458
Back certificates of deposit	102.01% of CDI*	**46,848**	35,670	**62,930**	42,699
Repurchase operations	100.50% of CDI*	**281,313**	511,805	**425,493**	654,163
Other investments	64.53 % of CDI	**533**	2,541	**533**	4,140
		328,875	550,376	**489,428**	701,460
Cash and cash equivalents		**208,349**	518,284	**312,524**	623,608
Short-term financial investments		**120,526**	32,092	**176,904**	77,852

(*) Average yield on June 30, 2016.

Financial investments are represented by investments in bank certificates of deposit, purchase and sale repurchase commitments (bonds), at market prices and rates, restated by the income earned to June 30, 2016, not exceeding the trading amount.

These investments comprise purchase and sale repurchase commitments with terms of over 90 days and a grace period for redemption in June 2016, premium saving bonds and bank certificates of deposits) with terms of under 365 days that are linked to the reciprocity of maintaining balances to offset the release of loans.

The Group’s exposure to interest risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 19.

5 Trade accounts receivable

	Parent Company		Consolidated	
	6/30/16	**12/31/15**	**6/30/16**	**12/31/15**
Domestic market	**27,461**	38,262	**42,386**	41,230
Foreign market	**15,740**	120,481	**21,742**	135,461
Total	**43,201**	158,743	**64,128**	176,691

On June 30, 2016 and December 31, 2015, the Company and its subsidiaries did not hold any trade notes whose performance was considered uncertain and that were overdue. Therefore, it did not recognize an allowance for doubtful accounts.

The group's exposure to credit and currency risk related to trade accounts receivable is disclosed in note 19.

6 Inventories

	Parent Company		Consolidated	
	6/30/16	**12/31/15**	**6/30/16**	**12/31/15**
Agricultural products	**172,116**	249,509	**214,458**	294,681
Agricultural produce – cost to grow	**168,143**	204,060	**217,729**	235,371
Agricultural produce – adjustment to fair value of biological assets	**3,973**	45,449	**(3,271)**	59,310
Seeds, composts, fertilizers and pesticides	**139,208**	314,031	**177,492**	385,692
Packaging and storage material	**15,880**	5,447	**18,934**	6,948
Spare parts	**5,920**	6,168	**6,861**	7,351
Advances to suppliers	**5,182**	16,421	**9,158**	22,140
Other inventories	**9,773**	9,840	**11,710**	12,526
Provisions for inventory adjustment	**(316)**	(1,146)	**(356)**	(1,146)
	347,763	600,270	**438,257**	728,192

On June 30, 2016, the Company recognized a provision for adjustment to market value of agricultural products, with changes as follows:

	Parent Company	**Consolidated**
Balance at December 31, 2015	(1,146)	(1,146)
Accrual of provision	(7,437)	(14,544)
(-) Reversal of provision	8,267	15,334
Balance at June 30, 2016	**(316)**	**(356)**

7 Biological assets

Parent Company

Parent Company	Current					Non-Current	
	Soybean	Cotton	Corn	Other crops	Total	Sugarcane	Total
Balance at December 31, 2015	**174,318**	**132,538**	**19,449**	**10,579**	**336,884**	**4,239**	**4,239**
Expenditures with planting	187,900	365,437	57,894	10,864	622,095	-	-
Variation in fair value	23,708	(24,398)	28,060	-	27,370	(2,547)	(2,547)
Harvest of agricultural products	(380,300)	(88,014)	(14,740)	(14,063)	(497,117)	(267)	(267)
Balance at June 30, 2016	**5,626**	**385,563**	**90,663**	**7,380**	**489,232**	**1,425**	**1,425**
Agricultural produce – cost to grow	5,626	389,612	66,158	7,380	468,776	1,425	1,425
Biological assets – adjustment to fair value	-	(4,049)	24,505	-	20,456	-	-

Consolidated

	Current					Non-Current	
	Soybean	Cotton	Corn	Other crops	Total	Sugarcane	Total
Balance at December 31, 2015	**249,037**	**141,635**	**22,628**	**10,405**	**423,705**	**4,239**	**4,239**
Expenditures with planting	253,667	415,173	78,945	10,442	758,227	-	-
Variation in fair value	29,822	(46,240)	28,137	-	11,719	(2,547)	(2,547)
Harvest of agricultural products	(523,510)	(106,155)	(26,493)	(14,073)	(670,231)	(267)	(267)
Balance at June 30, 2016	**9,016**	**404,413**	**103,217**	**6,774**	**523,420**	**1,425**	**1,425**
Agricultural produce – cost to grow	9,016	418,633	77,705	6,774	512,128	1,425	1,425
Biological assets – adjustment to fair value	-	(14,220)	25,512	-	11,292	-	-

The balances of growing plants are mostly represented by the expenses incurred with the growing of crops, such as: seeds, fertilizers, pesticides, depreciation and labor involved in cultivation.

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

		Crops		
Unit	**Location**	**Soybean**	**Cotton**	**Corn**
Pamplona Farm	Cristalina, GO	10/15 to 4/15	11/5 to 8/30	10/15 to 7/15
Planalto Farm	Costa Rica, MS	9/20 to 3/25	12/5 to 8/30	1/25 to 7/10
Planorte Farm	Sapezal, MT	9/20 to 3/15	12/15 to 8/30	1/25 to 7/10
Paiaguás Farm	Diamantino, MT	9/20 to 3/15	12/10 to 8/30	12/15 to 7/15
Perdizes Farm	Porto dos Gaúchos, MT	9/20 to 3/15	Not planted	1/25 to 7/10
Pioneira Farm	Querência, MT	10/15 to 3/25	Not planted	2/28 to 7/15
Panorama Farm	Correntina, BA	10/15 to 4/30	11/20 to 8/30	Not planted
Paladino Farm	São Desidério, BA	10/15 to 4/30	11/20 to 8/30	Not planted
Piratini Farm	Jaborandi, BA	10/25 to 4/30	11/20 to 8/30	Not planted
Palmares Farm	Barreiras, BA	10/15 to 4/30	11/20 to 8/30	10/15 to 7/15
Parceiro Farm	Formosa do Rio Preto, BA	10/25 to 4/30	Not planted	Not planted
Parnaíba Farm	Tasso Fragoso, MA	10/15 to 4/15	12/15 to 8/30	10/15 to 7/15
Planeste Farm	Balsas, MA	10/20 to 4/15	12/20 to 8/30	9/20 to 7/15
Parnaguá Farm	Santa Filomena, PI	11/5 to 4/15	Not planted	Not planted

The planted areas projected for the 2015/16 crop year are as follows:

Crop	**Area**	**Estimated 2015/16 [1]**	**Planted area 2014/15**
Cotton	ha	93,405	98,563
Soybean	ha	212,586	208,693
Corn	ha	66,975	43,407
Other Crops[2]	ha	4,293	19,363
		377,259	**370,026**

[1] By the end of planting operations, the agricultural planning team may change the planting plan due to intemperate weather.

[2] Other crops include coffee, wheat, corn seed, sorghum, sunflower and sugarcane.

8 Recoverable taxes

	Parent Company		Consolidated	
	6/30/16	**12/31/15**	**6/30/16**	**12/31/15**
Income tax	**9,755**	3,197	**13,786**	4,536
Social Contribution tax	**1,322**	1,193	**1,385**	1,259
ICMS	**57,339**	61,904	**72,799**	77,452
COFINS	**14,571**	22,996	**27,949**	37,998
PIS	**4,546**	5,999	**7,454**	9,215
Income tax withheld at source recoverable	**8,394**	6,321	**9,728**	9,726
Other	**16**	925	**290**	1,089
	95,943	102,535	**133,391**	141,275
(-) Portion classified under current assets	**(57,788)**	(63,944)	**(70,744)**	(89,321)
Portion classified under non-current assets	**38,155**	38,591	**62,647**	51,954

Income and social contribution taxes

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

ICMS, PIS and COFINS to offset/recover

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

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

	Parent Company			Consolidated		
Maturity	**ICMS**	**COFINS**	**PIS**	**ICMS**	**COFINS**	**PIS**
2016	18,501	4,448	1,536	19,411	6,282	1,952
2017	25,000	9,018	2,857	27,000	16,742	4,490
2018	13,838	1,105	153	26,388	4,925	1,012
	57,339	**14,571**	**4,546**	**72,799**	**27,949**	**7,454**

Income tax withheld at source recoverable

Corresponds to the income tax withheld at source levied on short-term financial investments. These credits are realizable by offsetting against federal taxes and contributions.

9 Investments (Parent Company)

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

Investment	Capital stock	Shareholders' equity	Gain not realized in Equity	Net income (Loss) for the period	Profit not realized on the income statement for the period	Number of shares/interests for the period	Interest	Equity in income (loss)	Equity Interest
Fazenda Parnaíba Emp. Agr. Ltda.	20,000	178,083	(1,552)	5,879	(1,552)	20,000	100.00%	4,327	176,531
Fazenda Planorte Emp. Agr. Ltda.	57,050	260,020	-	8,863	-	57,050	100.00%	8,863	260,020
Fazenda Pioneira Emp. Agr. S.A.	91,672	67,090	-	(2,713)	-	45,836	50.00%	(1,357)	33,545
SLC-MIT Emp. Agr. S.A.	109,934	92,123	-	(23,977)	-	55,077	50.10%	(12,012)	46,154
SLC Invest. Agrícolas Ltda.	269,566	642,123	(12,439)	6,713	(1,648)	269,566	100.00%	5,065	629,684
Fazenda Pamplona Emp. Agr. Ltda.	31,766	167,676	(4,918)	4,224	(2,081)	31,766	100.00%	2,143	162,758
Fazenda Planalto Emp. Agr. Ltda.	9,137	237,704	(10,083)	7,293	(4,951)	9,137	100.00%	2,342	227,621
Fazenda Palmares Emp. Agr. Ltda.	109,800	120,089	(3,454)	4,643	193	109,800	100.00%	4,836	116,635
Fazenda Parnaguá Emp. Agr. Ltda.	29,211	42,386	-	(698)	174	29,211	100.00%	(524)	42,386
Fazenda Paineira Emp. Agr. Ltda.	73,985	96,943	-	1,338	-	4,500	6.08%	81	5,896
SLC Paiaguás Emp. Agr. Ltda.	20,347	260,627	(11,435)	11,427	(3,739)	20,347	100.00%	7,688	249,192
SLC Perdizes Emp. Agr. Ltda.	71,263	76,678	(1,476)	2,396	324	71,263	100.00%	2,720	75,202
								24,172	**2,025,624**

The main changes in investments in direct permanent equity interests, on June 30, 2016, are as follows:

					Other comprehensive income		
Investment	Balance on 12/31/15	Capital payment	Dividends or interest on equity distributed	Equity income (loss)	Unrealized hedge gain/(loss)	Other adjustments	Balance on 6/30/16
Fazenda Parnaíba Emp. Agr. Ltda.	171,717	487	-	4,327	-	-	176,531
Fazenda Planorte Emp. Agr. Ltda.	256,123	-	(6,000)	8,863	1,034	-	260,020
Fazenda Pioneira Emp. Agr. S.A. [1]	34,350	-	-	(1,357)	552	-	33,545
SLC-MIT Emp. Agr. S.A,[1]	53,536	-	-	(12,012)	4,630	-	46,154
SLC Invest. Agrícolas Ltda.	601,361	23,258	-	5,065	-	-	629,684
Fazenda Pamplona Emp. Agr. Ltda.	160,615	-	-	2,143	-	-	162,758
Fazenda Planalto Emp. Agr. Ltda.	225,279	-	-	2,342	-	-	227,621
Fazenda Palmares Emp. Agr. Ltda.	111,859	-	-	4,836	-	(60)	116,635
Fazenda Parnaguá Emp. Agr. Ltda.	42,910	-	-	(524)	-	-	42,386
Fazenda Paineira Emp. Agr. Ltda.	5,815	-	-	81		-	5,896
SLC Paiaguás Emp. Agr. Ltda.	241,504	-	-	7,688	-	-	249,192
SLC Perdizes Emp. Agr. Ltda.	72,482	-	-	2,720	-	-	75,202
Total on June 30, 2016	**1,977,551**	**23,745**	**(6,000)**	**24,172**	**6,216**	**(60)**	**2,025,624**

[1] The Company, as per its understanding, controls Fazenda Pioneira Empreendimentos Agrícolas S.A. and SLC-MIT Empreendimentos Agrícolas S.A. because it is responsible for managing the relevant activities of these companies and is exposed to variable returns on investment due to its influence over them.

Key information on permanent investments in equity interests as of June 30, 2016 is presented below:

Direct subsidiaries

Company	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity	Income	Expenses
Fazenda Planorte Emp. Agr. Ltda.	109,876	274,882	64,113	60,625	260,020	100,639	91,776
Fazenda Pioneira Emp. Agr. S.A.	47,854	137,812	95,544	23,032	67,090	61,334	64,047
SLC-MIT Emp. Agr. S.A.	91,783	100,482	59,230	40,912	92,123	54,572	78,549
SLC Investimentos Agricolas Ltda	329	665,970	14,598	9,578	642,123	11,254	4,541
Fazenda Pamplona Emp. Agr. Ltda	521	172,898	294	5,449	167,676	5,061	837
Fazenda Planalto Emp. Agr. Ltda.	692	246,093	482	8,599	237,704	8,702	1,409
Fazenda Palmares Emp. Agr. Ltda	16	121,195	285	837	120,089	5,523	880
Fazenda Parnaguá Emp. Agr. Ltda.	122	50,430	7,701	465	42,386	895	1,593
Fazenda Parnaíba Emp. Agr. Ltda.	424	244,694	1,690	65,345	178,083	13,325	7,446
SLC Paiaguás Emp. Agrícolas S.A.	1,565	269,425	711	9,652	260,627	13,477	2,050
SLC Perdizes Emp. Agrícolas S.A.	13,750	87,721	24,613	180	76,678	5,115	2,719
Fazenda Paineira Emp. Agr. Ltda.	214	5,766	13	54	5,914	108	26

Indirect subsidiaries

Company	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity	Income	Expenses
SLC LandCo Emp. Agrícolas S.A.	75,516	517,623	26,531	31,494	535,114	13,006	4,804
Fazenda Planeste Emp. Agr. Ltda.	16,434	133,274	2,641	3,360	143,707	4,796	782
Fazenda Piratini Emp. Agr. Ltda	3,733	113,312	1,147	1,993	113,905	1,866	478
Fazenda Panorama Emp. Ag. Ltda.	13,628	115,016	2,171	1,805	124,668	3,595	1,022
Catuaí Norte Participações S.A.	30	2,340	17	-	2,353	72	39
SOPER Agrícola Ltda	328	2,054	51	-	2,331	91	20
Fazenda Parceiro Emp. Agr. Ltda.	77	118,340	40	101	118,276	695	160
Fazenda Paineira Emp. Agr. Ltda.	3,297	88,760	195	832	91,029	1,656	400

On August 10, 2016, the Board of Directors approved the assignment of the ownership interests held by SLC Agrícola S.A. related to its investment in Fazenda Planorte Empreendimentos Agrícolas Ltda. This fact precedes the incorporation of the subsidiary Fazenda Planorte Empreendimentos Agrícolas Ltda to be carried out on September 1, 2016.

10 Property, plant and equipment

Parent Company

Gross cost of property, plant and equipment	Balance on 12/31/15	Acquisitions	Write-offs	**Balance on 6/30/16**
Soil correction and development	321,755	3,899	(6)	**325,648**
Buildings and improvements	123,989	-	-	**123,989**
Agricultural equipment and industrial facilities	542,298	3,161	(5,370)	**540,089**
Vehicles	30,121	84	(306)	**29,899**
Furniture and fixtures	11,448	367	(106)	**11,709**
Office equipment and facilities	8,907	379	(118)	**9,168**
Other	1,453	54	-	**1,507**
Construction in progress	25,836	6,267	-	**32,103**
Total	1,065,807	14,211	(5,906)	**1,074,112**

Depreciation	Balance on 12/31/15	Depreciation	Write-offs	**Balance on 6/30/16**
Soil correction and development	221,878	9,574	-	**231,452**
Buildings and improvements	20,525	2,037	-	**22,562**
Agricultural equipment and industrial facilities	255,147	20,817	(3,745)	**272,219**
Vehicles	13,197	779	(242)	**13,734**
Furniture and fixtures	4,454	357	(66)	**4,745**
Office equipment and facilities	5,256	594	(92)	**5,758**
Total	520,457	34,158	(4,145)	**550,470**

Net residual value	**12/31/15**	**6/30/16**
Soil correction and development	99,877	**94,196**
Buildings and improvements	103,464	**101,427**
Agricultural equipment and industrial facilities	287,151	**267,870**
Vehicles	16,924	**16,165**
Furniture and fixtures	6,994	**6,964**
Office equipment and facilities	3,651	**3,410**
Other	1,453	**1,507**
Construction in progress	25,836	**32,103**
Total	545,350	**523,642**

Consolidated

Gross cost of property, plant and equipment	Balance on 12/31/15	Acquisitions	Write- offs	**Balance on 6/30/16**
Crop lands	1,864,703	-	-	**1,864,703**
Soil correction and development	498,225	6,051	(6)	**504,270**
Buildings and improvements	260,442	15	-	**260,457**
Agricultural equipment and industrial facilities	684,553	5,354	(5,821)	**684,086**
Vehicles	39,294	509	(385)	**39,418**
Furniture and fixtures	12,920	983	(111)	**13,792**
Office equipment and facilities	14,469	471	(118)	**14,822**
Other	5,572	121	(8)	**5,685**
Advances to suppliers	-	167	(144)	**23**
Construction in progress	56,797	9,721	-	**66,518**
Total	3,436,975	23,392	(6,593)	**3,453,774**

Depreciation	Balance on 12/31/15	Depreciation	Write-offs	**Balance on 6/30/16**
Soil correction and development	304,281	15,665	-	**319,946**
Buildings and improvements	54,931	3,948	-	**58,879**
Agricultural equipment and industrial facilities	290,168	26,496	(4,157)	**312,507**
Vehicles	15,575	1,041	(270)	**16,346**
Furniture and fixtures	4,867	433	(71)	**5,229**
Office equipment and facilities	6,521	755	(93)	**7,183**
Other	194	-	-	**194**
Total	676,537	48,338	(4,591)	**720,284**

Net residual value	12/31/15	**6/30/16**
Crop lands	1,864,703	**1,864,703**
Soil correction and development	193,944	**184,324**
Buildings and improvements	205,511	**201,578**
Agricultural equipment and industrial facilities	394,385	**371,579**
Vehicles	23,719	**23,072**
Furniture and fixtures	8,053	**8,563**
Office equipment and facilities	7,948	**7,639**
Other	5,378	**5,491**
Advances to suppliers	-	**23**
Construction in progress	56,797	**66,518**
Total	2,760,438	**2,733,490**

On June 30, 2016, ongoing projects were substantially represented by the construction and improvement of grain storage units at the farms Planeste, Paladino, Perdizes, Pioneira and Planorte in the amount of R$ 12,227, the construction and improvement of cotton processing facilities at the farms Planeste, Panorama, Pamplona, Palmares and Parnaíba in the amount of R$ 4,181 and the construction of infrastructure (improvements, roads, warehouses, etc.) in the amount of R$ 50,110. The amount of interest capitalized at ongoing projects in the period ended

June 30, 2016 was R$ 1,905. The capitalization rate used to determine the amount of costs of the loans eligible for capitalization was approximately 6.57% p.a.
On June 30, 2016, property, plant and equipment was pledged to secure bank loans and lawsuits in the amount of R$ 278,545 (R$785,128 on December 31, 2015).

11 Related-party balances and transactions

On June 30, 2016 and December 31, 2015, related party balances and transactions were as follows:

a. Related party balances

Balances receivable from related parties

	Other accounts receivable		Loans receivable		Advances for future capital increase		Total accounts receivable	
	6/30/16	**12/31/15**	**6/30/16**	**12/31/15**	**6/30/16**	**12/31/15**	**6/30/16**	**12/31/15**
Direct subsidiaries								
Fazenda Planorte Empr. Agr. Ltda	78	58	29,619	16,061	-	-	29,697	16,119
Fazenda Parnaíba Empr. Agr. Ltda	6	20	-	-	-	387	6	407
Fazenda Perdizes Empr. Agr. Ltda	119	-	-	-	-	-	119	-
SLC Investimentos Agricolas Ltda	5	5	-	-	1,260	18,528	1,265	18,533
Fazenda Pioneira Empr. Agr. S.A.	157	-	-	-	-	-	157	-
SLC - MIT Empr. Agr. S.A.	321	28	-	-	-	-	321	28
Fazenda Pamplona Empr. Agr. Ltda	6	6	-	-	-	-	6	6
Fazenda Planalto Empr. Agr. Ltda	6	6	-	-	-	-	6	6
Fazenda Parnaguá Empr. Agr. Ltda	6	11	-	-	-	-	6	11
Fazenda Palmares Empr. Agr. Ltda	6	6	-	-	-	-	6	6
SLC Paiaguas Empr. Agr. Ltda	6	6	-	-	-	-	6	6
SLC Perdizes Empr. Agr. Ltda	6	6	-	-	-	-	6	6
					-			
Indirect subsidiaries								
Fazenda Piratini Empr. Agr. Ltda	612	2,301	-	-	-	-	612	2,301
Fazenda Panorama Empr. Agr. Ltda	1,039	-	-	-	-	-	1,039	-
Fazenda Planeste Empr. Agr. Ltda	1,427	-	-	-	-	-	1,427	-
SLC LandCo Emp. Agr. S.A.	73	-	-	-	-	-	73	-
SOPER Agrícola Ltda	27	-	-	-	-	-	27	-
Fazenda Paineira Empr. Agr. Ltda	6	7	-	-	-	-	6	7
Fazenda Parceiro Empr. Agr. Ltda	6	5	-	-	-	-	6	5
Parent Company								
SLC Participações S.A.	-	3	-	-	-	-	-	3
Other related parties	3	347	-	-	-	-	3	347
Total	**3,915**	2,815	**29,619**	16,061	**1,260**	18,915	**34,794**	37,791
Portion classified as current	3,915	2,815	29,619	-	-	-	33,534	2,815
Portion classified as non-current	-	-	-	16,061	1,260	18,915	1,260	34,976

Balances payable to related parties

	Lease payable		Other accounts payable		Total payable	
	6/30/16	**12/31/15**	**6/30/16**	**12/31/15**	**6/30/16**	**12/31/15**
Direct subsidiaries						
Fazenda Parnaíba Empr. Agr. Ltda	10,710	-	-	-	10,710	-
Indirect subsidiaries						
Fazenda Pamplona Empr. Agr. Ltda	7,805	2,778	-	-	7,805	2,778
Fazenda Planalto Empr. Agr. Ltda	13,023	4,364	-	-	13,023	4,364
Fazenda Palmares Empr. Agr. Ltda	7,618	2,098	-	-	7,618	2,098
Fazenda Panorama Empr. Agr. Ltda	-	2,045	-	-	-	2,045
Fazenda Planeste Empr. Agr. Ltda	-	2,807	-	-	-	2,807
Fazenda Piratini Empr. Agr. Ltda	-	1,204	-	-	-	1,204
Fazenda Parceiro Empr. Agr. Ltda	931	356	-	-	931	356
SLC Paiaguas Empr. Agr. Ltda	19,306	5,927	-	-	19,306	5,927
Fazenda Parnaguá Empr. Agr. Ltda	21	196	-	-	21	196
Soper Agricola S.A.	-	53	-	-	-	53
SLC Landco Empr. Agr. Ltda	-	112	-	30	-	142
Other related parties						
SLC Alimentos S.A.	-	-	7,957	-	7,957	-
SLC Participações S.A.	-	-	473	-	473	-

Other related parties	-	-	54	89	54	89
Total	**59,414**	21,940	**8,484**	119	**67,898**	22,059

SLC Participações S.A. is the final controlling shareholder of the Company. There are no relevant transactions with the controlling shareholder, except for the payment of dividends.
The Company and Fazenda Planorte Empreendimentos Agricolas Ltda maintain loan agreements, represented by a current account, whose index corresponds to 99% of the nominal variation in the CDI-OVER rate.

b. Related party transactions

	Sales of goods/products/property, plant and equipment/ services	Lease costs	Purchases of goods/ products/ leases	Financial income - Interest and monetary variation
Fazenda Planorte Empr. Agr. Ltda				
Total on 6/30/2016	38	-	13	1,259
Total on 6/30/2015	-	-	3	41
Fazenda Parnaíba Empr. Agr. Ltda				
Total on 6/30/2016	-	13,310	-	-
Total on 6/30/2015	424	-	1,765	96
Fazenda Paiaguás Empr. Agr. Ltda				
Total on 6/30/2015	1,577	-	82	-
Fazenda Parnaguá Empr. Agr. Ltda				
Total on 6/30/2016	-	293	-	-
Fazenda Perdizes Empr. Agr. Ltda				
Total on 6/30/2016	762	-	132	-
Total on 6/30/2015	689	-	-	79
Fazenda Pamplona Empr. Agr. Ltda				
Total on 6/30/2016	-	5,027	-	-
Total on 6/30/2015	-	3,605	-	-
Fazenda Planalto Empr. Agr. Ltda				
Total on 6/30/2016	-	8,659	-	-
Total on 6/30/2015	-	5,820	-	-
SLC Paiaguás Empr. Agr. Ltda				
Total on 6/30/2016	-	13,379	-	-
Total on 6/30/2015	-	7,728	-	-
Fazenda Palmares Empr. Agr. Ltda				
Total on 6/30/2016	-	5,520	-	-
Total on 6/30/2015	-	4,161	-	-
SLC Perdizes Empr. Agr. Ltda				
Total on 6/30/2016	-	4,487	-	-
Total on 6/30/2015	-	2,629	-	-
Fazenda Panorama Empr. Agr. Ltda				
Total on 6/30/2016	-	3,035	-	-
Total on 6/30/2015	-	2,872	-	-
Fazenda Planeste Empr. Agr. Ltda				
Total on 6/30/2016	-	4,165	-	-
Total on 6/30/2015	-	4,087	-	-
Fazenda Piratini Empr. Agr. Ltda				
Total on 6/30/2016	-	1,786	-	-
Total on 6/30/2015	-	1,604	-	-
Fazenda Parceiro Empr. Agr. Ltda				
Total on 6/30/2016	-	691	-	-
Total on 6/30/2015	-	346	-	-
Fazenda Paineira Empr. Agr. Ltda				
Total on 6/30/2016	-	-	-	-
Total on 6/30/2015	-	1,521	-	-
Fazenda Pioneira Empr. Agr. S.A.				
Total on 6/30/2016	879	-	-	-
Total on 6/30/2015	810	-	-	-
SLC-MIT Empr. Agr. S.A.				
Total on 6/30/2016	2,026	-	405	-
Total on 6/30/2015	1,712	-	-	-
SLC Landco Empr. Agr. Ltda				
Total on 6/30/2016	-	170	-	-
SOPER Agricola S.A.				
Total on 6/30/2016	-	78	-	-
Other companies				
Total on 6/30/2016	-	-	206	-
Total on 6/30/2015	-	-	195	-

Total on 6/30/2016	**3,705**	**60,600**	**756**	**1,259**
Total on 6/30/2015	5,212	34,373	2,045	216

c. Lease agreements payable

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

On January 2, 2011, the rural lease agreement entered into with the subsidiary SLC Empreendimentos e Agricultura Ltda and its subsidiaries came into force. As a result of the spin-off carried out on January 2, 2014, the rights and obligations were transferred to the new companies incorporated, namely: Fazenda Parnaguá Empreendimentos Agrícolas Ltda., Fazenda Pamplona Empreendimentos Agrícolas Ltda., Fazenda Planalto Empreendimentos Agrícolas Ltda., SLC Perdizes Empreendimentos Agrícolas Ltda., SLC Paiaguás Empreendimentos Agrícolas Ltda., Fazenda Palmares Empreendimentos Agrícolas Ltda., SLC Investimentos Agrícolas Ltda. The lease agreement has a minimum term of 20 years, which may be renewed at the discretion of the parties, though with the lessees enjoying preference.

On September 1, 2012, the rural lease agreement entered into with the (indirect) subsidiary SLC Landco Empreendimentos Agrícolas S.A. and its subsidiaries, for a minimum period of 20 years, came into force.

On September 1, 2013, a rural lease agreement entered into by the (indirect) subsidiary SOPER Agrícola Ltda. with Fazenda Parnaiba Empreendimentos Agricolas Ltda. came into force. On September 1, 2015, following the partial spin-off of the latter, the rights and obligations of this agreement were transferred to SLC Agricola S.A.

On September 1, 2015, the rural lease agreement entered into by the (indirect) subsidiary SLC Landco Empreendimentos Agrícolas S.A. and SLC Agrícola S.A., for a minimum period of 20 years, came into force.

On November 18, 2015, a rural lease agreement entered into with the subsidiary Fazenda Parnaíba Empreendimentos Agrícolas Ltda., for a minimum period of 20 years, came into force.

Details of the annual lease price for the 2015/16 crop year of R$ 101,570 on June 30, 2015 are shown below:

		Amount				Amount	
Farm	**Currency**	**2016**	**2015**	**Farm**	**Currency**	**2016**	**2015**
Planalto Farm	R$	15,687	13,057	Paiaguás Farm	R$	23,256	17,733
Pamplona Farm	R$	9,402	8,312	Parceiro Farm	R$	1,322	1,217
Planeste Farm	R$	8,399	8,398	Perdizes Farm	R$	7,817	5,990
Panorama Farm	R$	6,119	6,119	Parnaiba Farm	R$	16,193	159
Piratini Farm	R$	3,601	3,602	Parnaguá Farm	R$	664	586
Palmares Farm	R$	9,110	10,130	**Total**		**101,570**	**75,303**

The lease price is paid annually based on the amount in Brazilian real or translated based on the quote of the soybean bag on the over-the-counter market for each region on the payment date, in accordance with the contractual clause. The soybean bag price must be established by the lessor at least 15 days in advance, without any provision for re-agreement.

d. Management compensation

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

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

item on the statement of income and detailed below:

	Parent Company		Consolidated	
	6/30/16	**6/30/15**	**6/30/16**	**6/30/15**
Pro-labore	**2,358**	1,950	**2,649**	2,346
Bonus	**2,586**	1,248	**2,933**	1,440
Charges	**1,366**	845	**1,486**	1,000
Stock option plan	**1,078**	769	**1,272**	769
Other benefits	**23**	17	**26**	20
Total	**7,411**	4,829	**8,366**	5,575

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

12 Loans and financing

		Average annual interest rates (%)		Parent Company		Consolidated	
	Index	**6/30/16**	**12/31/15**	**6/30/16**	**12/31/15**	**6/30/16**	**12/31/15**
Used for property, plant and equipment							
Finame – BNDES	Fixed rate and TJLP*	**6.99%**	6.21%	**117,325**	113,993	**178,711**	175,494
Constitutional Funds**	Fixed rate	**7.32%**	7.34%	**6,596**	10,124	**7,099**	11,137
Investment financing	US$ and Libor***	**5.97%**	5.89%	**7,517**	13,559	**7,517**	13,559
				131,438	137,676	**193,327**	200,190
Used for Working Capital							
Rural credit	Fixed rate	**10.89%**	9.45%	**318,850**	298,816	**334,665**	325,424
Constitutional Funds**	Fixed rate	**10.50%**	9.44%	**81,685**	244,219	**119,596**	263,952
Working capital	Fixed rate	**0.00%**	15.53%	**-**	-	**-**	20,447
Working capital	Swap US$/CDI, Fixed rate	**2.69%**	2.63%	**18,595**	92,022	**32,002**	148,761
Export financing	Fixed rate	**15.46%**	-	**-**	-	**19,168**	-
Export financing	CDI	**15.32%**	15.21%	**447,966**	233,688	**447,966**	242,204
Export financing	US$, Libor	**5.09%**	4.91%	**155,620**	308,215	**155,620**	308,215
Export financing	Swap US$/CDI, Fixed rate	**3.52%**	3.47%	**309,381**	369,684	**343,960**	369,684
				1,332,097	1,546,644	**1,452,977**	1,678,687
				1,463,535	1,684,320	**1,646,304**	1,878,877
Portion classified under current assets				**690,191**	831,822	**804,310**	931,732
Portion classified under non-current assets				**773,344**	852,498	**841,994**	947,145

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

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

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

Finame - BNDES – Investment facilities offered by the Brazilian Development Bank (BNDES). The facilities are secured by secured fiduciary sale or the pledge of the assets financed as collateral and by accommodation of the Company or SLC Participações S.A. The amortizations are made on a monthly basis, after the grace period, in the period from July 15, 2016 to July 15, 2030.

Constitutional Funds – Investment and working capital facilities offered by the Constitutional Fund to Finance the Northeast (FNE) and by the Constitutional Fund to Finance the Midwest (FCO). The facilities are secured by accommodation of the Company or SLC Participações S.A.,

and, for certain transactions, by the pledge as collateral and mortgage of land. The frequency of amortization is annual or semiannual, with maturities from February 1, 2017 to February 1, 2018.

Investment Financing – Investment line for machinery and equipment for which the frequency of amortization is semiannual, with final maturity on April 15, 2017. Secured by accommodation of SLC Participações S.A. and by the secured fiduciary sale of the machines financed.

Rural Credit – Financing of crop costing and trading, whose rules, purposes and conditions are established in the Rural Credit Manual (MCR) drafted by the Central Bank of Brazil. The facilities are secured by accommodation of the Company or SLC Participações S.A., and, for certain transactions, by the pledge of crops as collateral. The frequency of amortization is annual, with maturities from July 7, 2016 to June 30, 2017.

Export Financing – Financing of exports through short- and long-term lines in U.S. dollar indexed to six-month LIBOR (London Interbank Offered Rate) plus a fixed rate or only a fixed rate: Forward Foreign Exchange Contracts (ACCs), Export Credit Notes (NCEs) and Export Prepayment Facilities (PPEs), with the frequency of amortization annual or semiannual and with maturities from July 25, 2016 to December 19, 2019. Secured by accommodation of the Company or SLC Participações SA with mortgage of the land. These contracts include certain financial covenants that were approved by the Company (Current Liquidity Ratio, Loan Capital, Net Debt/EBITDA Ratio and Cash Liquidity).

Working Capital – Short-term credit facility in Brazilian real or U.S. dollar to financing working capital needs, with maturities from July 7, 2016 to June 30, 2017. Guarantees are not required.

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

	Parent Company		Consolidated	
Maturity	**6/30/16**	**12/31/15**	**6/30/16**	**12/31/15**
2016	**403,965**	831,822	**457,332**	931,732
2017	**442,941**	321,828	**525,619**	371,716
2018	**349,722**	260,049	**358,211**	269,089
2019	**214,830**	227,367	**221,099**	233,399
2020	**16,738**	15,133	**22,740**	20,856
After 2020	**35,339**	28,121	**61,303**	52,085
	1,463,535	1,684,320	**1,646,304**	1,878,877

The group’s exposure to liquidity risk is described in note 19.

Financial covenants

Contracts classified as “Export Financing,” described above, include clauses that require compliance by the Group with financial covenants on the base date of each fiscal year. The financial covenants are described below:

i. Current Liquidity Index (CA/CL): consolidated current assets divided by current liabilities equal to or greater than one point two times (1.2x).

ii. Consolidated Total Liabilities/Tangible Shareholders' Equity: consolidated total liabilities divided by shareholders' equity less intangible assets, equal to or less than one point five times (1.5x).

iii. Consolidated Net Leverage (Consolidated Total Net Financial Debt/Consolidated EBITDA): total loans and financing, less the position of cash, banks and cash equivalents, less short-term financial investments, divided by operating income before interest, tax, depreciation and amortization in the last 12 months, equal to or less than four point zero times (4.0x).

iv. Consolidated Cash Liquidity: position of cash, banks and cash equivalents plus short-term financial investments, equal to or greater than seventy-five million reais (R$75,000,000.00).

On June 30, 2016, the Current Liquidity Ratio and Net Debt/EBITDA ratio were 1.46x and 4.47x, respectively, extrapolating the limits of the covenants. Considering that the contractual clause refers to the ratios calculated based on the annual Financial Statements, the company is monitoring the above indicators in order to comply with the financial covenants undertaken for December 31, 2016.

13 Provision for tax, environmental and labor risks

On June 30, 2016, a provision for labor contingencies was recorded in the amount of R$2,121 at the parent company and R$2,287 at the consolidated level (R$1,543 as of December 31, 2015 at the parent company and R$1,624 at the consolidated level). The provisions are for lawsuits filed by former employees whose loss was considered as probable by our legal advisors. The provision for labor contingency is recorded in an item with this name under current liabilities. The amount related to labor lawsuits whose loss was considered as possible by the legal counsel – and, accordingly, no provision for them was recorded – was R$2,021 at the parent company and R$2,113 at the consolidated level (R$2,594 and R$2,818, respectively, as of December 31, 2015).

The Company also identified the existence of environmental lawsuits whose risk of loss is possible, according to its legal counsel, in the amount of approximately R$ 2,917 at the parent company and at the consolidated level on June 30, 2016 (R$ 3,010 at the consolidated at December 31, 2015), for which no provision is recorded. These are lawsuits filed by the Brazilian Institute of the Environment and Renewable Resources (Ibama) and by the Military Environmental Police of Cassilândia, Mato Grosso do Sul.

The amount related to tax lawsuits whose loss was considered as possible by the legal counsel – and, accordingly, no provision for them was recorded – was R$6,821 at the parent company and R$15,410 at the consolidated level (R$5,724 and R$11,202, respectively, as of December 31, 2015).

The Company observes and endeavors to comply with all environmental and legal requirements and one of its key commitments is to respect the environment, employees and other stakeholders, for which it combines the use of the latest agricultural techniques with the adoption of sustainability practices. These actions take on greater proportions than mere compliance with the law and are reinforced by the ongoing implementation of an Integrated Management System based on the standards ISO 14001:2004 (Environmental Management), OHSAS 18001:2007 (Occupational Health and Safety) and NBR 16001:2004 (Social Responsibility Management).

In accordance with governing law in Brazil, federal, state and municipal payroll taxes and charges are subject to review by the applicable authorities for periods that vary from 5 to 30 years.

14 Deferred income and social contribution taxes

Deferred income tax and social contribution taxes of the following nature were accrued as follows:

	Parent Company					
	6/30/16			12/31/15		
Description	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Assets:						
Temporary differences:						
Taxes on non-subsidized activities	**138**	**-**	**138**	138	-	138
Provision for inventory adjustment	**79**	**28**	**107**	286	103	389
Provision for profit-sharing	**414**	**149**	**563**	1,839	662	2,501
Provision for tax losses	**500**	**180**	**680**	500	180	680
Derivative operations	**3,090**	**1,113**	**4,203**	54,626	19,665	74,291
Provision for Senar	**2,112**	**760**	**2,872**	1,864	671	2,535
Other	**1,515**	**546**	**2,061**	1,924	692	2,616
Tax losses and tax loss carryforwards	**39,913**	**14,566**	**54,479**	51,520	18,745	70,265

	47,761	**17,342**	**65,103**	112,697	40,718	153,415
Liabilities:						
Subsidized depreciation from rural activity	**63,436**	**22,836**	**86,272**	68,641	24,711	93,352
Gain on acquisition of equity interest	**5,647**	**2,033**	**7,680**	5,647	2,033	7,680
Deemed cost of property, plant and equipment	**15,257**	**5,493**	**20,750**	15,019	5,406	20,425
Fair value of biological assets	**6,263**	**2,255**	**8,518**	16,876	6,075	22,951
	90,603	**32,617**	**123,220**	106,183	38,225	144,408
Total net	**(42,842)**	**(15,275)**	**(58,117)**	6,514	2,493	9,007
Classified as non-current assets	**-**	**-**	**-**	6,514	2,493	9,007
Classified as non-current liabilities	**(42,842)**	**(15,275)**	**(58,117)**	-	-	-

	Consolidated					
	6/30/16			**12/31/15**		
Description	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Assets:						
Temporary differences:						
Taxes on non-subsidized activities	**138**	**-**	**138**	138	-	138
Provision for inventory adjustment	**89**	**32**	**121**	286	103	389
Provision for profit-sharing	**472**	**169**	**641**	2,166	780	2,946
Provision for tax losses	**500**	**180**	**680**	500	180	680
Derivative operations	**6,803**	**2,450**	**9,253**	59,267	21,334	80,601
Provision for Senar	**2,479**	**892**	**3,371**	2,188	787	2,975
Other	**1,572**	**566**	**2,138**	2,247	804	3,051
Tax losses and tax loss carryforwards	**73,057**	**26,497**	**99,554**	85,624	31,024	116,648
	85,110	**30,786**	**115,896**	152,416	55,012	207,428
Liabilities:						
Subsidized depreciation from rural activity	**94,513**	**33,925**	**128,438**	101,437	36,418	137,855
Gain on acquisition of equity interest	**5,647**	**2,033**	**7,680**	5,647	2,033	7,680
Deemed cost of property, plant and equipment	**116,089**	**44,801**	**160,890**	114,875	44,362	159,237
Fair value of investment property	**393**	**212**	**605**	393	212	605
Fair value of biological assets	**2,160**	**778**	**2,938**	23,420	8,431	31,851
Lease	**552**	**199**	**751**	-	-	-
	219,354	**81,948**	**301,302**	245,772	91,456	337,228
Net total	**(134,244)**	**(51,162)**	**(185,406)**	(93,356)	(36,444)	(129,800)
Classified as non-current assets	**16,394**	**5,901**	**22,295**	17,286	6,223	23,509
Classified as non-current liabilities	**(150,638)**	**(57,063)**	**(207,701)**	(110,642)	(42,667)	(153,309)

The Company and its subsidiaries, based on their expectation for the generation of future taxable income that in turn was based on a technical study prepared by the Management, recognized tax credits from tax losses, a negative base of social contribution tax and temporary differences, for which there is no statutory limitation period. The carrying amount of deferred assets is reviewed annually by the Company and the resulting adjustments have not been significant in relation to the initial estimate of Management. The technical study considers the investments and subsidies to reduce income tax by up to 75% on the income from the commercial exploration of the farms located in the subsidized regions.

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

	Parent Company		**Consolidated**	
	6/30/16	**12/31/15**	**6/30/16**	**12/31/15**
2016	**27,908**	87,259	**28,587**	104,149
2017	**32,410**	36,341	**43,383**	40,245
2018	**4,785**	15,541	**15,920**	25,098
2019	**-**	14,274	**11,653**	20,560
2020	**-**	-	**3,438**	6,442
2021	**-**	-	**3,281**	5,804
2022	**-**	-	**3,200**	5,130
2023	**-**	-	**3,362**	-
2024	**-**	-	**3,072**	-
	65,103	153,415	**115,896**	207,428

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

Reconciliation of tax expenses with the effective rates

Income and social contribution taxes calculated based on the nominal rates of these taxes are reconciled for the amount recorded as expenses with income and social contribution taxes, as follows:

	Parent Company			
	6/30/16		6/30/15	
	Income tax	**Social Contribution**	**Income tax**	**Social Contribution**
Net income before income tax	**(106,014)**	**(106,014)**	83,439	83,439
Income and social contribution taxes at the nominal rates of 25% and 9%, respectively	**26,504**	**9,541**	(20,860)	(7,510)
Adjustments for calculation of effective rate				
Equity income (loss)	**6,043**	**2,175**	18,355	6,608
Permanent additions and exclusions	**(2,729)**	**(982)**	(3,055)	(1,099)
Other	**52**	**-**	45	17
Amount recorded in the income statement	**29,870**	**10,734**	(5,515)	(1,984)
Total income and social contribution taxes		**40,604**		(7,499)
Deferred taxes		**42,839**		(7,499)
Current taxes		**(2,235)**		-
Effective rate		**38.3%**		9.0%

	Consolidated			
	6/30/16		6/30/15	
	Income tax	**Social contribution**	**Income tax**	**Social contribution**
Net income before income tax	**(122,553)**	**(122,553)**	109,934	109,934
Income and social contribution taxes at the nominal rates of 25% and 9%, respectively	**30,638**	**11,030**	(27,483)	(9,894)
Adjustments for calculation of effective rate				
Permanent additions and exclusions	**(3,385)**	**(1,218)**	(4,017)	(1,447)
Tax incentives of subsidiaries	**-**	**-**	213	-
Income and social contribution taxes on companies taxed under the presumed profit regime	**9,694**	**3,490**	8,448	3,041
Elimination of unearned profit	**(3,725)**	**(1,341)**	(1,974)	(711)
Other	**181**	**(3)**	203	8
Amount recorded in the income statement	**33,403**	**11,958**	(24,610)	(9,003)
Total income and social contribution taxes		**45,361**		(33,613)
Deferred taxes		**60,212**		(16,442)
Current taxes		**(14,851)**		(17,171)
Effective rate		**37.0%**		30.6%

Reconciliation of the variation in deferred income and social contribution taxes

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

	Parent Company			
Description	Balance on 12/31/15	Recognized in the income statement	Recognized in the comprehensive income statement	Balance on 6/30/16
Taxes on non-subsidized activities	138	-	-	138
Provision for inventory adjustment	389	(282)	-	107
Provision for profit-sharing	2,501	(1,938)	-	563
Provision to tax losses	680	-	-	680
Derivative operations	74,291	39,875	(109,963)	4,203
Provision for Senar	2,535	337	-	2,872
Other	2,616	(555)	-	2,061
Tax losses and tax loss carryforwards	70,265	(15,786)	-	54,479
Subsidized depreciation from rural activity	(93,352)	7,080	-	(86,272)
Gain on acquisition of equity interest	(7,680)	-	-	(7,680)
Deemed cost of property, plant and equipment	(20,425)	(325)	-	(20,750)
Fair value of biological assets	(22,951)	14,433	-	(8,518)
Total	**9,007**	**42,839**	**(109,963)**	**(58,117)**
Non-current assets	**9,007**			-
Non-current liabilities	**-**			**(58,117)**

	Consolidated			
Description	Balance on 12/31/15	Recognized in the income statement	Recognized in the comprehensive income statement	Balance on 6/30/16
Taxes on non-subsidized activities	138	-	-	138
Provision for inventory adjustment	389	(268)	-	121
Provision for profit-sharing	2,946	(2,305)	-	641
Provision to tax losses	680	-	-	680
Derivative operations	80,601	38,615	(109,963)	9,253
Provision for Senar	2,975	396	-	3,371
Other	3,051	(913)	-	2,138
Tax losses and tax loss carryforwards	116,648	(17,094)	-	99,554
Subsidized depreciation from rural activity	(137,855)	9,417	-	(128,438)
Gain on acquisition of equity interest	(7,680)	-	-	(7,680)
Deemed cost of property, plant and equipment	(159,237)	4,202	(5,855)	(160,890)
Fair value of investment property	(605)	-	-	(605)
Fair value of biological assets	(31,851)	28,913	-	(2,938)
Lease	-	(751)	-	(751)
Total	**(129,800)**	**60,212**	**(115,818)**	**(185,406)**
Non-current assets	**23,509**			**22,295**
Non-current liabilities	**(153,309)**			**(207,701)**

15 Trade notes payable – Consolidated

The Company, through its subsidiaries, has agreements involving the purchase of land for its use and commercial exploration. These acquisitions are indexed to the price quote of the soybean bag in the region in which the property was acquired. Accordingly, future minimum amounts typically will be estimated in numbers of soybean bags on the reporting date of each balance sheet.

The changes in this item are as follows:

	Indexed to Soybean bag	Fixed price	Indexed to IGP-M	Total
Balance on December 31, 2015	**34,252**	**23,425**	**54,587**	**112,264**
Payments	(6,970)	(709)	-	(7,679)
Monetary variation	2,644	-	-	2,644
Interest/Expenses	-	1,721	3,128	4,849
Balance on June 30, 2016	**29,926**	**24,437**	**57,715**	**112,078**
(-) Portion classified under current	**(22,134)**	**(24,437)**	**(26,223)**	**(72,794)**
Portion classified under non-current	**7,792**	**-**	**31,492**	**39,284**

16 Shareholders' equity

a. Capital stock

On June 30, 2016, the subscribed Capital Stock, in the amount of R$ 947,522, was represented by 98,897,500 registered common shares without par value.

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

	Number of shares	
Shareholder	**6/30/16**	**12/31/15**
SLC Participações S.A.	**50,469,371**	50,469,371
Management	**204**	204
Treasury shares	**1,808,701**	1,844,101
Other	**46,619,224**	46,583,824
Total shares of paid-in capital	**98,897,500**	98,897,500
(-) Treasury shares	**(1,808,701)**	(1,844,101)
Total shares - ex-treasury shares	**97,088,799**	97,053,399

Capital reserve – Goodwill in the issue of shares

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

b. Treasury shares

The Company acquired shares of its own issuance to hold in treasury and subsequently use for the Stock Option Plan (note 20), as decided by the Board of Directors in a meeting held on October 29, 2008.

The balance of treasury shares on June 30, 2016 was R$31,726 and was composed of 1,808,701 shares (R$32,347 on December 31, 2015, composed of 1,844,101 shares).

The market value of the treasury shares, calculated based on the last quote on the stock exchange prior to the closing date of the fiscal year, was R$26,769 (R$14.80 per share) on June 30, 2016 and R$30,335 (R$16.45 per share) on December 31, 2015.

c. Legal reserve

The legal reserve was constituted based on 5% of net profit for the year, limited to 20% of the capital stock, in accordance with Article 193 of Federal Law 6,404/76. On December 31, 2015, the Company recorded a legal reserve in the amount of R$6,126.

d. Expansion reserve

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

On April 29, 2016, the Annual Shareholders' Meeting approved the allocation of the amount of R$66,672 to the Expansion Reserve for the fiscal year ended December 31, 2015.

e. Profit retention reserve

The balance on June 30, 2016 refers to the remaining balance of accumulated profits for fiscal year 2007, which was retained as a profit retention reserve for new investments, as provided for in the capital budget, in accordance with Article 196 of Federal Law 6.404/76.

f. Dividends

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

On April 29, 2016, the Annual Shareholders' Meeting approved the distribution of dividends for the fiscal year ended December 31, 2015, in the aggregate amount of R$58,200, which corresponds to 50% of adjusted net income and to R$0.59968 per common share, based on the total number of shares outstanding (98,897,500) less the total number of treasury shares (1,844,101).

	2015	2014
Net income for the year	122,528	67,898
Allocation to legal reserve	6,126	-
Calculation base for proposed dividends	116,402	67,898
Minimum mandatory dividends - 25%	29,100	16,975
Additional dividends proposed - 15%	-	10,185

Additional dividends proposed - 25%	29,100	-
Proposed dividends	58,200	27,160
% of net income	50%	40%

g. Earnings per share

In accordance with IAS 33/CPC 31 - "Earnings per share, a reconciliation of Consolidated and Parent Company net income for the fiscal year with the amounts used to calculate basic and diluted net earnings per share is presented in the following table.
The Company has one category of potentially dilutive common shares that are related to the stock option plans. A calculation is performed for these stock option plans to determine the number of shares that could have been acquired at fair value (based on the average annual market price of the Company's stock) based on the monetary value of the subscription rights in connection with the stock option plans approved as from 2007.

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

	6/30/16	**6/30/15**
Numerator		
Net income for the period (a)	**(65,410)**	75,940
Denominator		
Weighted average common shares (b)	**97,074,894**	97,045,508
Weighted average common shares Considering dilutive effects (c)	**97,057,136**	97,045,508
Basic earnings (loss) per common share (a/b)	**(0.674)**	0.783
Diluted earnings (loss) per common share (a/c)	**(0.674)**	0.783

17 Financial income (loss)

	Parent Company		**Consolidated**	
	6/30/16	6/30/15	**6/30/16**	6/30/15
Financial expenses:				
Interest paid	**(49,534)**	(34,263)	**(61,656)**	(50,256)
Exchange variation	**(72,174)**	(118,352)	**(87,556)**	(149,989)
Monetary variation	**(5,595)**	(4,127)	**(11,469)**	(13,443)
Derivative losses	**(132,181)**	(48,217)	**(149,535)**	(44,312)
Other	**(4,183)**	(1,027)	**(5,442)**	(3,159)
	(263,667)	(205,986)	**(315,658)**	(261,159)
Financial income:				
Income from financial investments	**27,687**	10,229	**36,875**	23,037
Exchange variation	**147,553**	72,469	**175,924**	97,972
Monetary variation	**9,597**	5,813	**12,827**	13,113
Derivative gains	**34,138**	63,807	**38,173**	76,601
Other	**3,897**	116	**4,471**	333
	222,872	152,434	**268,270**	211,056
Financial income (loss), net	**(40,795)**	(53,552)	**(47,388)**	(50,103)

18 Commitments

18.1 Non-deliverable forward contracts

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

Parent Company

Product	Delivery date	Amount	Contracts	Unit	Price
2014/15 crop year					
Cotton lint	July/16	1,096	4	ton	$1,583.86
2015/16 crop year					
Soybean	July/16	319,341	6	bag	$22.56
Corn	Aug/16 - Dec/16	189,436	39	ton	R$ 31.34
Cotton lint	Aug/16 - Jun/17	37,000	12	ton	$1,569.73
2016/17 crop year					
Soybean	Feb/17 - Apr/17	2,568,333	22	bag	$18.56
Cotton lint	Aug/17 - May/18	43,000	9	ton	$1,515.57

Consolidated

Product	Delivery date	Amount	Contracts	Unit	Price
2014/15 crop year					
Cotton lint	July/16	1,448	5	ton	$1,604.61
2015/16 crop year					
Soybean	July/16	319,341	6	bag	$22.56
Soybean	June/16	140,000	2	bag	$27.79
Corn	Aug/16 - Dec/16	260,836	55	ton	R$ 29.34
Cotton lint	Aug/16 - Jun/17	60,675	17	ton	$1,561.29
2016/17 crop year					
Soybean	Feb/17 - Apr/17	3,586,666	33	bag	$18.44
Cotton lint	Aug/17 - May/18	53,000	13	ton	$1,525.21
Cotton lint	Aug/17 - Dec/17	825	1	ton	TBD

18.2 Lease agreements for third party properties

On June 30, 2016, the Company and its subsidiaries held lease agreements with third parties for 122,631 hectares, divided as follows:

Unit	Location	Leased area (in ha)	Contract maturity	Amount (in soybean bags/ha/year)	Type of Lease
Pamplona	Cristalina, GO	3,952	2023	10.33	Operating
Planalto	Costa Rica, MS	1,603	2019	17.58	Operating
Planeste	Balsas, MA	15,976	2025	1 to 11	Operating
Panorama	Correntina, BA	14,404	2023	11	Operating
Piratini	Jaborandi, BA	5,000	2021	3.72 to 8.00	Operating
Palmares	Barreiras, BA	15,741	2023	10.83	Operating
Parnaíba	Tasso Fragoso, MA	28,181	2025	4.15	Operating
Paiaguás	Diamantino, MT	10,449	2020	8.5 to 9.50	Operating
Parceiro	Formosa do Rio Preto, BA	5,428	2020	2 to 7.00	Operating
Paladino	São Desidério, BA	21,897	2023	5	Operating
Total		122,631			

Any future commitments related to these agreements are established in soybean bags based on the average price in the region of each unit on the date of the respective payment.
In addition to leasing land to grow crops, the Company holds an operating lease for the cotton processing unit at the Palmares Farm in Barreiras, Bahia for R$1,600 per year through September 30, 2017.
The minimum future payments for the Company's land and operating leases in Brazilian real are summarized below:

	Currency	Parent Company	Currency	Consolidated
Payments in less than one year	R$	72,168	R$	92,289
Payments from one year to 5 years	R$	301,011	R$	425,780
Payments in more than 5 years	R$	55,293	R$	164,311
Total future minimum lease payments	R$	**428,472**	R$	**682,380**

Note that the Company's third party lease agreements are pegged to the soybean bag price in the region of each production unit. Therefore, future minimum amounts typically will be estimated in terms of the number of soybean bags, converted into Brazilian real, based on the soybean quote in each region on the reporting date of each balance sheet. The minimum payment amounts shown above may suffer significant variations by time of payment due to changes in the soybean market price.

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

19 Management of risks and financial instruments

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

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

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

The estimated fair value of long-term loans in the Parent Company and Consolidated Financial Statements on June 30, 2016, were R$708,123 and R$784,609, respectively, calculated at current market rates, considering type, term and risks similar to those of the registered contracts, and can be compared with the carrying amounts of R$773,344 and R$841,994 (note 12).

	Parent Company			
	Book Value		Fair Value	
	6/30/16	12/31/15	6/30/16	12/31/15
Assets				
Loans and receivables				
Cash and cash equivalents	208,349	518,284	-	-
Short term financial investments	120,526	32,092	-	-
Trade accounts receivable	43,201	158,743	-	-
Receivables from related parties	33,534	2,815	-	-
Other accounts receivable	8,941	11,908	7,225	11,029
Subtotal	**414,551**	**723,842**	**7,225**	**11,029**

Fair value of hedge instruments				
Derivative operations	182,145	127,267	182,145	127,267
Subtotal	**182,145**	**127,267**	**182,145**	**127,267**
Total assets	**596,696**	**851,109**	**189,370**	**138,296**
Liabilities				
Liabilities at amortized cost				
Loans and financing	1,463,535	1,684,320	1,385,919	1,507,584
Trade accounts payable	77,705	310,585	-	-
Payables to related parties	67,898	22,059	-	-
Other accounts payable	20,398	64,774	-	-
Subtotal	**1,629,536**	**2,081,738**	**1,385,919**	**1,507,584**
Fair value of hedge instruments				
Derivatives payable	63,321	138,108	63,321	138,108
Subtotal	**63,321**	**138,108**	**63,321**	**138,108**
Total liabilities	**1,692,857**	**2,219,846**	**1,449,240**	**1,645,692**

	Consolidated			
	Book Value		Fair Value	
	6/30/16	12/31/15	6/30/16	12/31/15
Assets				
Loans and receivables				
Cash and cash equivalents	312,524	623,608	-	-
Short term financial investments	176,904	77,852	-	-
Trade accounts receivable	64,128	176,691	-	-
Other accounts receivable	8,941	11,908	7,225	11,029
Subtotal	**562,497**	**890,059**	**7,225**	**11,029**
Fair value of hedge instruments				
Derivative operations	186,252	128,491	186,252	128,491
Subtotal	**186,252**	**128,491**	**186,252**	**128,491**
Total Assets	**748,749**	**1,018,550**	**193,477**	**139,520**
Liabilities				
Liabilities at amortized cost				
Loans and financing	1,646,304	1,878,877	1,552,657	1,675,237
Trade accounts payable	102,829	398,860	-	-
Other accounts payable	110,893	181,012	-	-
Trade notes payable	112,078	112,264	91,457	111,707
Subtotal	**1,972,104**	**2,571,013**	**1,644,114**	**1,786,944**
Fair value of hedge instruments				
Derivatives payable	75,879	152,168	75,879	152,168
Subtotal	**75,879**	**152,168**	**75,879**	**152,168**
Total liabilities	**2,047,983**	**2,723,181**	**1,719,993**	**1,939,112**

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

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

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

	Parent Company			
	6/30/16		12/31/15	
	Level 1	Level 2	Level 1	Level 2
Assets				
Loans and receivables				
Cash and cash equivalents	208,349	-	518,284	-
Short term financial investments	120,526	-	32,092	-
Trade accounts receivable	-	43,201	-	158,743
Receivables from related parties	-	33,534	-	2,815
Other accounts receivable	-	7,225	-	11,029
Subtotal	**328,875**	**83,960**	**550,376**	**172,587**
Fair value of hedge instruments				
Derivative operations	-	182,145	-	127,267
Subtotal	**-**	**182,145**	**-**	**127,267**
Total Assets	**328,875**	**266,105**	**550,376**	**299,854**

	Parent Company			
	6/30/16		12/31/15	
	Level 1	Level 2	Level 1	Level 2
Liabilities				
Liabilities at amortized cost				
Loans and financing	1,224,438	161,481	1,201,338	306,246
Trade accounts payable	-	77,705	-	310,585
Payables to related parties	-	67,898	-	22,059
Other accounts payable	-	20,398	-	64,774
Subtotal	**1,224,438**	**327,482**	**1,201,338**	**703,664**
Fair value of hedge instruments				
Derivatives payable	-	63,321	-	138,108
Subtotal	**-**	**63,321**	**-**	**138,108**
Total Liabilities	**1,224,438**	**390,803**	**1,201,338**	**841,772**

	Consolidated			
	6/30/16		12/31/15	
	Level 1	Level 2	Level 1	Level 2
Assets				
Loans and receivables				
Cash and cash equivalents	312,524	-	623,608	-
Short term financial Investments	176,904	-	77,852	-
Trade accounts receivable	-	64,128	-	176,691
Other accounts receivable	-	7,225	-	11,029
Subtotal	489,428	71,353	701,460	187,720
Fair value of hedge instruments				
Derivative operations	-	186,252	-	128,491
Subtotal	**-**	**186,252**	**-**	**128,491**
Total Assets	**489,428**	**257,605**	**701,460**	**316,211**

	Consolidated			
	6/30/16		12/31/15	
	Level 1	Level 2	Level 1	Level 2
Liabilities				
Liabilities at the amortized cost				
Loans and financing	1,391,175	161,482	1,368,990	306,247
Trade accounts payable	-	102,829	-	398,860
Other accounts payable	-	110,893	-	181,012

Trade notes payable	-	91,457	-	111,707
Subtotal	1,391,175	466,661	1,368,990	997,826
Fair value of hedge instruments				
Derivatives payable	-	75,879	-	152,168
Subtotal	**-**	**75,879**	**-**	**152,168**
Total Liabilities	**1,391,175**	**542,540**	**1,368,990**	**1,149,994**

a. Policy of use, objectives and strategies

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

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

b. Gain (loss) from financial instruments under parent company and consolidated shareholders' equity

Transactions involving forward contracts (NDFs) and Trade Finance (PPEs/ECNs/Res. 2770) are contracted to hedge exposure to future sales in dollar. These transactions are documented in order to be recorded using the hedge accounting methodology, in conformity with CPC 38. The Company records, in a specific item under shareholders' equity, the unrealized effects from these instruments contracted for own transactions or contracted on a consolidated basis to cover future sales.

c. Currency risk

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

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

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

Based on the cost already formed with the advance purchase of the main inputs (fertilizers, pesticides and seeds) and the estimate of fixed costs, the expected operating margin is

determined. Accordingly, the risk management committee executes the parameters described in the risk management policy in order to reduce the standard deviation of the operating margin defined as the target.
The following table shows the positions of the Company and its subsidiaries, with the nominal and fair values of each instrument contracted, as follows:

	Notional value			Fair value (MTM)			Value at the curve (Accrual)		
Description	**Currency**	**6/30/16**	**12/31/15**	**Currency**	**6/30/16**	**12/31/15**	**Currency**	**6/30/16**	**12/31/15**
Forward Contracts (NDF):									
Foreign currency - Short position									
Maturity in 2016	USD	110,995	210,989	R$	59,358	(103,991)	R$	59,428	(94,706)
Maturity in 2017	USD	117,075	31,600	R$	60,893	(7,035)	R$	61,621	(3,548)
Maturity in 2018	USD	7,850	-	R$	2,264	-	R$	2,313	-
TOTAL	**USD**	**235,920**	**242,589**	**R$**	**122,515**	**(111,026)**	**R$**	**123,362**	**(98,254)**

Details of the debt denominated in foreign currency (U.S. dollar) follows:

Counterparty	**Type**	**Contracting rate**	**Notional US$**	**Fair value 6/30/16**	**Exchange variation [1]**	**Book value**
Banco Itaú BBA S/A	NCE	R$1.7800	**10,000**	**32,435**	(14,635)	32,848
Banco Itaú BBA S/A	NCE	R$1.9418	**37,500**	**121,631**	(48,814)	122,772
John Deere	Resolution 2770	R$2.0691	**2,286**	**7,415**	(2,684)	7,517
Total			**49,786**	**161,481**	**(66,133)**	**163,137**

([1]) Deferred amount under shareholders' equity ("hedge accounting") as an offsetting entry to the items of the group loans and financing.

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

Maturity	**Currency**	**Forward contracts (NDF)**	**Export credit notes (NCE)***	**Res. 2770***	**Total**
Up to 9/30/2016	R$	13,215	-	-	13,215
Up to 12/31/2016	R$	46,144	-	-	46,144
Up to 3/31/2017	R$	40,657	(14,635)	-	26,022
Up to 6/30/2017	R$	3,387	(48,814)	-	(45,427)
Up to 9/30/2017	R$	2,840	-	-	2,840
Up to 12/31/2017	R$	14,008	-	-	14,008
Up to 3/31/2018	R$	2,264	-	-	2,264
Up to 6/30/2019	R$	-		(2,684)	(2,684)
TOTAL	**R$**	**122,515**	**(63,449)**	**(2,684)**	**56,382**

(*) Amounts of exchange variation classified as hedge accounting. The maturity of the reference amount (Notional) is presented in note 12.

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

	Notional value			Fair value		
	Currency	**6/30/16**	**12/31/15**	**Currency**	**6/30/16**	**12/31/15**
Banco Itaú BBA S/A	**USD**	4,520	22,655	**R$**	1,153	(22,794)
Citibank S/A	**USD**	31,440	30,570	**R$**	18,373	(16,569)
Deutsche Bank Suisse S/A	**USD**	4,640	9,330	**R$**	4,159	(336)
HSBC Bank Brasil S/A	**USD**	43,200	33,840	**R$**	28,233	(5,125)

Banco Bradesco S/A	**USD**	58,090	20,590	**R$**	15,384	(19,160)
Banco Votorantim S/A	**USD**	-	60	**R$**	-	(51)
Morgan Stanley S/A	**USD**	4,150	8,750	**R$**	3,411	(1,130)
Banco J.P. Morgan S/A	**USD**	22,910	33,940	**R$**	9,655	(14,368)
Banco Santander Brasil S/A	**USD**	45,005	47,664	**R$**	25,006	(25,315)
Banco ABC Brasil S.A.	**USD**	6,620	10,470	**R$**	3,568	(4,358)
Banco BTG Pactual S.A.	**USD**	-	950	**R$**	-	(17)
Rabobank International Brasil S.A.	**USD**	15,345	23,770	**R$**	13,573	(1,803)
Total	**USD**	**235,920**	**242,589**	**R$**	**122,515**	**(111,026)**

The following criteria were used to determine the fair value of transactions:

- Forward Contracts (NDF) - adopted the future curve of the U.S. dollar published by the BM&FBovespa - Securities, Commodities and Futures Exchange (www.bmf.com.br;) at the end of each period. Based on this information, the adjustment projected upon the maturity of each transaction is discounted by the interest rate curve of the exchange rate (PTAX at end of period) and the future quote upon maturity of the derivative published by the BM&FBovespa.

Currency risk

The Company projected the potential impact from transactions designed to hedge exchange variation and dollar-denominated debt under five different scenarios for fiscal years 2016, 2017 and 2018, as follows:

- Probable Scenario: based on the "Market Readout" published by the Central Bank of Brazil on June 24, 2016, our probable scenario incorporates a Brazilian real/U.S. dollar exchange rate of R$3.6000, which varies from the PTAX rate on June 30, 2016 of R$3.2098.
- Decrease of 25% in the exchange rate: under this scenario, transactions are settled at an exchange rate of R$ 2.7000, which is 25% lower than the exchange rate under the Probable Scenario.
- Decrease of 50% in the exchange rate: under this scenario, transactions are settled at an exchange rate of R$ 1.8000, which is 50% lower than the exchange rate under the Probable Scenario.
- Increase of 25% in the exchange rate: under this scenario, transactions are settled at an exchange rate of R$ 4.5000, which is 25% higher than the exchange rate under the Probable Scenario.
- Increase of 50% in the exchange rate: under this scenario, transactions are settled at an exchange rate of R$ 5.4000, which is 50% higher than the exchange rate under the Probable Scenario.

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

Parent Company

	Remote Scenario *Quote in R$*	**Potential Scenario** *Quote in R$*	**Probable Scenario** Quote in *R$*	**Potential Scenario** Quote in *R$*	**Remote Scenario** Quote in *R$*
Description	*1.8000*	*2.7000*	*3.6000*	*4.5000*	*5.4000*
Fiscal Year 2016					
Highly probable estimated revenue in USD (1)	(233,242)	(116,621)	(46,195)	116,621	233,242
Estimated commitments in USD (2)	101,574	50,787	20,117	(50,787)	(101,574)
Forward contracts (NDF) (3)	85,446	42,723	16,923	(42,723)	(85,446)
Trade finance (debt in USD) (4)	2,057	1,029	407	(1,029)	(2,057)
Net exposure in USD (1)-(2)-(3)-(4)	**(44,165)**	**(22,082)**	**(8,748)**	**22,082**	**44,165**
Fiscal Year 2017					
Highly probable estimated revenue in USD (1)	(552,845)	(276,422)	(109,494)	276,422	552,845
Estimated commitments in USD (2)	54,792	27,396	10,852	(27,396)	(54,792)

Forward contracts (NDF) (3)	152,613	76,307	30,226	(76,307)	(152,613)
Trade finance (debt in USD) (4)	42,557	21,279	8,429	(21,279)	(42,557)
Net exposure in USD (1)-(2)-(3)-(4)	**(302,883)**	**(151,440)**	**(59,987)**	**151,440**	**302,883**
Fiscal Year 2018					
Highly probable estimated revenue in USD (1)	(596,272)	(298,136)	(118,095)	298,136	596,272
Forward contracts (NDF) (3)	14,130	7,065	2,799	(7,065)	(14,130)
Trade finance (debt in USD) (4)	22,500	11,250	4,456	(11,250)	(22,500)
Net exposure in USD (1)-(3)-(4)	**(559,642)**	**(279,821)**	**(110,840)**	**279,821**	**559,642**
Total	**(906,690)**	**(453,343)**	**(179,575)**	**453,343**	**906,690**

Consolidated

Description	**Remote Scenario** *Quote in R$* *1.8000*	**Potential Scenario** *Quote in R$* *2.7000*	**Probable Scenario** Quote in *R$* *3.6000*	**Potential Scenario** Quote in *R$* *4.5000*	**Remote Scenario** Quote in *R$* *5.4000*
Fiscal Year 2016					
Highly probable estimated revenue in USD (1)	(250,546)	(125,273)	(49,622)	125,273	250,546
Estimated commitments in USD (2)	109,323	54,662	21,652	(54,662)	(109,323)
Forward contracts (NDF) (3)	90,468	45,234	17,918	(45,234)	(90,468)
Trade finance (debt in USD) (4)	2,057	1,029	407	(1,029)	(2,057)
Net exposure in USD (1)-(2)-(3)-(4)	**(48,698)**	**(24,348)**	**(9,645)**	**24,348**	**48,698**
Fiscal Year 2017					
Highly probable estimated revenue in USD (1)	(770,760)	(385,380)	(152,653)	385,380	770,760
Estimated commitments in USD (2)	56,448	28,224	11,180	(28,224)	(56,448)
Forward contracts (NDF) (3)	154,287	77,144	30,557	(77,144)	(154,287)
Trade finance (debt in USD) (4)	42,557	21,279	8,429	(21,279)	(42,557)
Net exposure in USD (1)-(2)-(3)-(4)	**(517,468)**	**(258,733)**	**(102,487)**	**258,733**	**517,468**
Fiscal Year 2018					
Highly probable estimated revenue in USD (1)	(865,138)	(432,569)	(171,345)	432,569	865,138
Forward contracts (NDF) (3)	14,130	7,065	2,799	(7,065)	(14,130)
Trade finance (debt in USD) (4)	22,500	11,250	4,456	(11,250)	(22,500)
Net exposure in USD (1)-(3)-(4)	**(828,508)**	**(414,254)**	**(164,090)**	**414,254**	**828,508**
Total	**(1,394,674)**	**(697,335)**	**(276,222)**	**697,335**	**1,394,674**

The following table presents the net exposure to currency risk:

	Parent Company			
	6/30/16		**12/31/15**	
	Amount in BRL (R$)	**Amount in USD (US$)**	**Amount in BRL (R$)**	**Amount in USD (US$)**
Trade accounts receivable (note 5)	15,740	4,853	120,481	30,855
Trade accounts payable	(38,506)	(16,819)	(258,779)	(66,274)
Trade Finance (debt in USD)	(161,481)	(49,786)	(306,246)	(78,428)
Net balance sheet exposure	**(184,247)**	**(61,752)**	(444,544)	(113,847)

	Consolidated			
	6/30/16		**12/31/15**	
	Amount in BRL (R$)	**Amount in USD (US$)**	**Amount in BRL (R$)**	**Amount in USD (US$)**
Trade accounts receivable (note 5)	21,742	6,703	135,461	34,691
Trade accounts payable	(55,104)	(22,456)	(325,913)	(83,467)
Trade Finance (debt in USD)	(161,481)	(49,786)	(306,246)	(78,428)
Net balance sheet exposure	**(194,843)**	**(65,539)**	(496,698)	(127,204)

d. Price risk

Most of the protection against variations in commodity prices is obtained via advance sales directly with our clients involving future physical delivery (forward contracts). We also use futures and options contracts traded on the stock exchange and financial transactions involving swap and options contracts with financial institutions in the over-the-counter market. These transactions are negotiated based on the commodity prices quoted in the futures market. All transactions are related to the net exposure of the production of the Company and its subsidiaries, so that all transactions have an underlying physical product. The transactions carried out on the stock exchange must have initial margins available and adjustments are made on a daily basis based on the variation in the reference price.

Meanwhile, transactions carried out with financial institutions do not require initial margins, since these transactions are secured by a credit limit pre-approved by the financial institutions.

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

	Notional value			Fair value		
Description	**Currency**	**6/30/16**	**12/31/2015**	**Currency**	**6/30/16**	**12/31/2015**
Maturing in 2016						
Financial operations						
Commodities - Cotton	**USD**	**37,925**	58,995	**R$**	**2,061**	2,643
Commodities - Corn	**USD**	**5,724**	6,155	**R$**	**1,297**	1,044
Subtotal	**USD**	**43,649**	65,150	**R$**	**3,358**	3,687
Maturing in 2017						
Financial operations						
Commodities - Cotton	**USD**	**20,723**	-	**R$**	**(206)**	-
Subtotal	**USD**	**20,723**	-	**R$**	**(206)**	-
Total	**USD**	**64,372**	**65,150**	**R$**	**3,152**	**3,687**

Commodity price risk

The Company projected the potential impact from variations in soybean and cotton prices under five scenarios for fiscal years 2016 and 2017, as follows:

- Probable Scenario: based on the closing quote on June 30, 2016 of the reference futures contract on the stock exchange where the product is priced.
- Decrease of 25% in the price of the reference futures contract on the stock exchange where the product is priced.
- Decrease of 50% in the price of the reference futures contract on the stock exchange where the product is priced.
- Increase of 25% in the price of the reference futures contract on the stock exchange where the product is priced.
- Increase of 50% in the price of the reference futures contract on the stock exchange where the product is priced.

The evaluation of price sensitivity considers as exposure the total estimated revenue (highly

probable sales revenue) and the total hedge instruments contracted, which generally are represented by the future sales of agricultural products in relation to the exposure of these same items sold (hedged highly probable sales revenue).
The following table presents a summary of the impacts under each projected scenario translated into Brazilian real based on the PTAX on June 30, 2016:

Description	Remote Scenario -50%	Potential Scenario -25%	Probable Scenario	Potential Scenario + 25%	Remote Scenario +50%
Cotton - 2016					
Highly probable income	681,357	681,357	681,357	681,357	681,357
Hedged highly probable income	681,357	681,357	681,357	681,357	681,357
Net exposure	-	-	-	-	-
Soybean - 2016					
Highly probable income	487,563	515,150	542,737	570,325	597,912
Hedged highly probable income	432,388	432,388	432,388	432,388	432,388
Net exposure	55,175	82,762	110,349	137,937	165,524
Change in net exposure	(55,175)	(27,587)	-	27,587	55,175
Cotton - 2017					
Highly probable income	450,718	534,552	618,385	702,218	786,052
Hedged highly probable income	283,051	283,051	283,051	283,051	283,051
Net exposure	167,667	251,501	335,334	419,167	503,001
Change in net exposure	(167,667)	(83,833)	-	83,833	167,667
Soybean - 2017					
Highly probable income	445,839	561,890	677,941	793,992	910,042
Hedged highly probable income	213,738	213,738	213,738	213,738	213,738
Net exposure	232,101	348,152	464,203	580,254	696,304
Change in net exposure	(232,101)	(116,051)	-	116,051	232,101

*Average PTAX rate on June 30, 2016: 3.2295.
(*) Current contracts provide for a minimum fixed remuneration that is higher than the estimated price under the remote scenario on the reporting date.

The Company has a balance of R$112,078 in trade notes payable that are linked to land purchase contracts and indexed to the price of the soybean bag, as described in note 15. The Company believes that the potential gains or losses from the variation in the soybean bag price for the subsequent fiscal year are not significant, considering the sensitivity under the potential and remote scenarios and the potential future soybean sales, which would neutralize these potential effects on the result from operations.

e. Interest risk

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

To protect against variations in these interest rates, the Company carries out hedge transactions through interest rate swap contracts from prime financial institutions. These transactions consist of exchanging a floating interest rate for a fixed interest rate, in which the Company receives a

floating interest rate (TJLP or Libor) and pays a fixed interest rate. The amount of the principal (notional) and the maturities of the swap transaction are identical to the debt flow, which is the purpose of the hedge. This eliminates the risk of any fluctuation in the floating interest rate of the debt.

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

			Adjustment
Counterparty	**Hedge instrument**	**Hedged object**	**Financial income (expense), net**
Santander	Swap of R$ 15MM (Receiving FX Var. / Paying CDI)	Debt of US$ 5.7MM with interest of 2.95% p.a.	2,420
Tokyo-Mitsubishi	Swap of R$ 159MM (Receiving FX Var. / Paying CDI + Fixed Rate)	Debt of USD 60MM with interest of 3.12% aa.	28,382
Rabobank	Swap of R$ 17MM (Receiving FX Var. / Paying CDI + Fixed Rate)	Debt of US$ 4.5MM with interest of 3.90% p.a.	(3,722)
Rabobank	Swap of R$ 117MM (Receiving FX Var. / Paying CDI + Fixed Rate)	Debt of US$ 30MM with interest of 4.10% p.a.	(28,709)
Santander	Swap of R$ 14MM (Receiving FX Var. / Paying Fixed Rate)	Debt of US$ 4MM with interest of 3.47% p.a.	(2,445)
Rabobank	Swap of R$40MM (Receiving FX Var. / Paying CDI + Fixed Rate)	Debt of US$ 10MM with interest of 3.90% p.a.	(10,114)
Total			**(14,188)**

Risk of variations in interest rates

To verify the sensitivity of the Company's debt indexers on the base date of June 30, 2016, five different scenarios were defined. Based on the "Market Readout" published by the Central Bank of Brazil on June 24, 2016, for LIBOR, we considered the future curve on the BM&FBovespa on June 30, 2016, and for TJLP we considered the rate valid on the closing date of the fiscal year. Based on this information, we defined the Probable Scenario for the analysis and calculated variations of 25% and 50%. The gross financial expense or income were considered for each scenario, excluding the taxes levied and the flow of debt maturities and financial investment redemptions scheduled for 2016. The portfolio's base date was June 30, 2016, with the projection of the indexers for one year and the verification of their sensitivity under each scenario:

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

	Interest rate *	**Balance on 6/30/16**	**Decrease of 50%**	**Decrease of 25%**	**Probable Scenario**	**Increase of 25%**	**Increase of 50%**
Debt in BRL – Fixed rate							
Rural credit	10.89%	334,665	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	8.39%	126,695	N/A	N/A	N/A	N/A	N/A
BNDES	6.35%	139,810	N/A	N/A	N/A	N/A	N/A
Export financing	15.46%	19,168	N/A	N/A	N/A	N/A	N/A
Debt in Reais – Floating rate							
BNDES	TJLP	24,906	(1,735)	(2,212)	(2,689)	(3,166)	(3,643)
BNDES	UMBNDES	13,995	(1,075)	(1,299)	(1,522)	(1,745)	(1,968)
Export financing	CDI + 0.94%	447,966	(36,327)	(52,152)	(67,976)	(83,800)	(99,625)
Debt in USD							
NCE	LIBOR 6M + 4.14% p.a. (weighted avg.)	155,620	(7,216)	(7,609)	(7,797)	(8,395)	(8,788)

NCE	3.90% p.a.	49,544	N/A	N/A	N/A	N/A	N/A
CCE	4.10% p.a.	99,643	N/A	N/A	N/A	N/A	N/A
PPE	3.12% p.a.	194,773	N/A	N/A	N/A	N/A	N/A
Investment financing	LIBOR 6M + 5% p.a.	7,517	(425)	(449)	(474)	(498)	(522)
Working capital	2.69%	32,001	N/A	N/A	N/A	N/A	N/A
Swaps – Debt in USD							
Swap FX Var. vs. CDI + Fixed Rate**	Receiving: 3.12% p.a. Paying: CDI + 0.921% p.a.	28,382	(2,267)	(3,269)	(4,272)	(5,274)	(6,277)
Swap FX Var. vs. CDI + Fixed Rate**	Receiving: 2.9500 % p.a. Paying: CDI + 1.1% p.a.	2,420	(198)	(283)	(369)	(454)	(540)
Swap FX Var. vs. Fixed Rate**	Receiving: 3.47 % p.a. Paying: 15.35% (Fixed rate)	(2,445)	N/A	N/A	N/A	N/A	N/A
Swap FX Var. vs. CDI + Fixed Rate**	Receiving: 3.90 % p.a. Paying: CDI + 1%	(10,114)	816	1,173	1,530	1,888	2,245
Swap FX Var. vs. CDI + Fixed Rate**	Receiving: 3.90 % p.a. Paying: CDI + 1%	(3,721)	300	432	563	694	826
	Receiving: 4.10 % p.a. Paying: CDI + 1%	(28,709)	2,315	3,330	4,344	5,358	6,372
Financial investments							
Certificates of deposits and bonds	100.65% of CDI	488,955	32,604	48,906	65,208	81,510	97,812

(*) Average annual rates.

(**) Amounts refer to the calculation of the adjustment of the transaction on June 30, 2016.

f. Credit risk

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

In view of the aforementioned, the credit risk assumed is not material. The Company considers the balance of trade accounts receivable as exposed to this risk. On June 30, 2016, this balance was R$ 43,201 at the parent company and R$ 64,128 at the consolidated level (R$ 158,743 at the parent company and R$ 176,691 at the consolidated level on December 31, 2015).

g. Liquidity risk

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

	Parent Company							
June 30, 2016	**Book value**	**Contractual cash flow**	**up to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**over 5 years**
Financial liabilities								
Non Derivatives								
Loans and financing	1,463,535	1,681,153	722,579	303,764	332,494	248,998	22,211	51,107
Trade accounts payable	77,705	77,705	77,705	-	-	-	-	-
	1,541,240	1,758,858	800,284	303,764	332,494	248,998	22,211	51,107
Derivatives								
Derivative operations	(118,824)	(118,824)	(66,593)	(18,933)	(13,052)	(20,246)	-	-
	1,422,416	**1,640,034**	**733,691**	**284,831**	**319,442**	**228,752**	**22,211**	**51,107**

	Parent Company							
December 31, 2015	**Book value**	**Contractual cash flow**	**up to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**over 5 years**
Financial liabilities								
Non Derivatives								
Loans and financing	1,684,320	1,896,848	867,186	358,884	318,123	290,888	20,933	40,834
Trade accounts payable	310,585	310,585	310,585	-	-	-	-	-
	1,994,905	2,207,433	1,177,771	358,884	318,123	290,888	20,933	40,834
Derivatives								
Derivative operations	10,841	10,841	83,688	(2,419)	(28,446)	(41,982)	-	-
	2,005,746	**2,218,274**	**1,261,459**	**356,465**	**289,677**	**248,906**	**20,933**	**40,834**

	Consolidated							
June 30, 2016	**Book value**	**Contractual cash flow**	**up to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**over 5 years**
Financial liabilities								
Non Derivatives								
Loans and financing	1,646,304	1,885,477	818,896	357,406	341,374	255,993	29,247	82,561
Trade accounts payable	102,829	102,829	102,829	-	-	-	-	-
Trade notes payable	112,078	112,078	72,794	39,284	-	-	-	-
	1,861,211	2,100,384	994,519	396,690	341,374	255,993	29,247	82,561
Derivatives								
Derivative operations	(110,373)	(110,373)	(58,142)	(18,933)	(13,052)	(20,246)	-	-
	1,750,838	**1,990,011**	**936,377**	**377,757**	**328,322**	**235,747**	**29,247**	**82,561**

	Consolidated							
December 31, 2015	**Book value**	**Contractual cash flow**	**up to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**over 5 years**
Financial liabilities								
Non Derivatives								
Loans and financing	1,878,877	2,108,726	971,772	411,753	328,133	297,973	27,952	71,143
Trade accounts payable	398,860	398,860	398,860	-	-	-	-	-
Trade notes payable	112,264	112,264	75,564	36,700	-	-	-	-
	2,390,001	2,619,850	1,446,196	448,453	328,133	297,973	27,952	71,143
Derivatives								
Derivative operations	23,677	23,677	93,905	200	(28,446)	(41,982)	-	-
	2,413,678	**2,643,527**	**1,540,101**	**448,653**	**299,687**	**255,991**	**27,952**	**71,143**

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

h. Summary of outstanding derivative transactions

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

	Notional value				Fair value recorded under assets		Fair value recorded under liabilities	
Description	**Currency**	**6/30/16**	**12/31/15**	**Currency**	**6/30/16**	**12/31/15**	**6/30/16**	**12/31/15**
Currency Hedge Transactions								
Non Deliverable Forwards - 19.c	USD	235,920	242,589	R$	122,515	988	-	112,014
Trade Finance Contracts[1] - 19.c	USD	49,786	78,428	R$	-	-	66,133	158,284
Subtotal	**USD**	**285,706**	**321,017**	**R$**	**122,515**	**988**	**66,133**	**270,298**
Commodity Hedge Transactions – Financial Transactions								
Cotton - 19.d	USD	58,648	58,995	R$	2,232	2,766	377	123
Corn - 19.d	USD	5,724	6,155	R$	1,297	1,044	-	-
Soybean - 19.d	USD	-	-	R$	-	-	-	-

Subtotal	**USD**	**64,372**	**65,150**	**R$**	**3,529**	**3,810**	**377**	**123**
Input Hedge Transactions								
Swap MAP	USD	-	-	R$	-	-	-	-
Subtotal	**USD**	-	-	**R$**	-	-	-	-
Interest Hedge Transactions								
Swap FX Var. vs. Fixed rate	USD	-	4,000	R$	-	1,117		-
Swap FX Var. vs. CDI+Fixed rate	USD	104,500	104,500	R$	60,208	108,519	71,951	40,030
Swap FX Var.+1 vs. CDI	USD	5,700	23,300	R$		14,057	3,552	-
Swap CDI vs. FX Var.+Fixed rate	USD	-	-	R$		-	-	-
Subtotal	**USD**	**110,200**	**131,800**	**R$**	**60,208**	**123,693**	**75,503**	**40,030**
Total	**USD**	**460,278**	**517,967**	**R$**	**186,252**	**128,491**	**142,013**	**310,451**
(-) Portion classified as current				**R$**	**(110,420)**	**(26,639)**	**(69,597)**	**(131,887)**
Non-current portion				**R$**	**75,832**	**101,852**	**72,416**	**178,564**

i. Gains/losses on derivative transactions

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

		Gains and Losses recorded in the income statement					
		Allocated to gross revenue on		**Allocated to financial result on**		**Gain/Loss under shareholders' equity**	
Description	**Currency**	**6/30/16**	**6/30/15**	**6/30/16**	**6/30/15**	**6/30/16**	**6/30/15**
Currency Hedge Transactions							
Non Deliverable Forwards	**R$**	(48,169)	(94,943)	2,266	(372)	113,621	(74,685)
Trade Finance Contracts	**R$**	(55,872)	(17,403)	-	-	(66,133)	(117,133)
Sub-total	**R$**	**(104,041)**	**(112,346)**	**2,266**	**(372)**	**47,488**	**(191,818)**
Commodity Hedge Transactions							
Agricultural commodity swaps							
Cotton	**R$**	4,510	2,518	13	146	1,855	(3,711)
Corn	**R$**	-	-	-	-	1,166	-
Sub-total	**R$**	**4,510**	**2,518**	**13**	**146**	**3,021**	**(3,711)**
Interest Hedge Transactions							
Swap FX Var. vs. Fixed rate	**R$**	-	-	(26,638)	(8)	36	-
Swap FX Var. vs. CDI	**R$**	-	-	(87,004)	28,070	(19,175)	-
Swap CDI vs. FX Var.+Fixed rate	**R$**	-	-	-	4,453	-	-
Sub-total	**R$**	-	-	**(113,642)**	**32,515**	**(19,139)**	-
TOTAL	**R$**	**(99,531)**	**(109,828)**	**(111,363)**	**32,289**	**31,370**	**(195,529)**

j. Management of capital stock

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

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

	Parent Company		**Consolidated**	
	6/30/16	**12/31/15**	**6/30/16**	**12/31/15**
Short and long-term loans and financing	**1,463,535**	1,684,320	**1,646,304**	1,878,877
(-) Cash and cash equivalents and short-term investments	**(328,875)**	(550,376)	**(489,428)**	(701,460)
Net debt	**1,134,660**	1,133,944	**1,156,876**	1,177,417

Shareholders' equity	**2,334,742**	2,205,708	**2,514,678**	2,392,263
Leverage ratio	**48.6%**	51.4%	**46.0%**	49.2%

20 Share-based payments

a. Stock option plan

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

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

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

The meetings of the Board of Directors held on November 10, 2010, November 9, 2011, November 13, 2012 and November 13, 2013, May 6, 2015 and November 11, 2015 approved the Annual Programs for fiscal years 2010, 2011, 2012, 2013, 2014 and 2015, with the granting of 805,000, 899,000, 809,000, 933,000, 770,000 and 393,000 stock options, respectively.

The changes in the shares granted in the Annual Program for 2010, 2011, 2012, 2013, 2014 and 2015 and the respective exercise prices in Brazilian real are shown below:

		Number of shares				
Grant year	**Strike price - R$**	**Balance on12/31/15**	**Granted**	**Canceled**	**Exercised**	**Balance on 6/30/16**
2011	R$ 16.24	522,600	-	-	(27,000)	495,600
2012	R$ 17.09	698,000	-	-	-	698,000
2013	R$ 17.32	849,000	-	-	-	849,000
2015	R$ 12.31	750,000	-	-	(8,400)	741,600
2015	R$ 13.79	393,000	-	-	-	393,000
		3,212,600	-	-	(35,400)	3,177,200

		Number of shares				
Grant year	**Strike price - R$**	**Balance on 12/31/2014**	**Granted**	**Canceled**	**Exercised**	**Balance on 12/31/15**
2010	R$ 16.87	427,400		-	(427,400)	-
2011	R$ 16.24	604,400		-	(81,800)	522,600
2012	R$ 17.09	744,000		(27,000)	(19,000)	698,000
2013	R$ 17.32	888,000		(27,000)	(12,000)	849,000
2015	R$ 12.31	-	770,000	(20,000)	-	750,000
2015	R$ 13.79	-	393,000	-	-	393,000
		2,663,800	1,163,000	(74,000)	(540,200)	3,212,600

The exercise price of the Annual Programs for 2012, 2013, 2014 and 2015 were determined based on the average quote of the Company's stock in the 90 trading sessions on the BM&FBovespa prior to the plan's approval, with discounts of 20%, 15% and 20% respectively.

The exercise price of the Annual Programs for 2010 and 2011 also were determined based on the average quote of the Company's stock in the 90 trading sessions on the BM&FBovespa prior to the plan's approval, though without any discount.

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

Vesting periods as from grant date	% of options vested	Maximum number of shares
As from 11/8/2012	2%	59,800
As from 11/9/2012	2%	59,800
As from 11/12/2012	2%	59,800
As from 11/8/2013	5%	153,000
As from 11/11/2013	5%	153,000
As from 11/13/2013	9%	286,600
As from 11/10/2014	20%	629,200
As from 11/13/2014	29%	930,000
As from 11/13/2015	48%	1,526,000
As from 5/6/2016	55%	1,742,600
As from 11/10/2016	59%	1,860,500
As from 11/13/2016	75%	2,377,100
As from 5/8/2017	82%	2,602,100
As from 11/11/2017	86%	2,720,000
As from 5/7/2018	95%	3,020,000
As from 11/11/2018	100%	3,177,200

The Company recognizes the cost of the stock option plan based on the fair value of the options granted, considering their fair value on the grant date. The Black-Scholes model is used to determine the fair value of the options.

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

	2010	2011	2012	2013	2014	2015
Weighted average fair value	R$ 28.73	R$ 21.75	R$ 23.66	R$ 24.47	R$ 19.94	R$ 21.36
Awards	R$ 11.86	R$ 5.51	R$ 6.57	R$ 7.15	R$ 7.63	R$ 7.57
Dividends	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Stock price volatility	60.40%	39.90%	36.56%	31.05%	31.80%	33.44%
Risk-free rate of return						
1st maturity	11.40%	9.98%	7.31%	10.78%	13.70%	15.41%
2nd maturity	11.92%	10.16%	7.90%	11.64%	13.41%	15.72%
3rd maturity	11.88%	10.46%	8.38%	11.95%	13.20%	15.78%
Period expected up to maturity						
1st maturity	365	365	365	365	366	365
2nd maturity	730	730	730	730	731	730
3rd maturity	1,097	1,097	1,095	1,096	1,096	1,095

In compliance with CPC 10 (R1) and based on the vesting periods presented, the Company recognized in the profit of loss the amounts with the stock option plan in accordance with the vesting period, with an offsetting entry under shareholders' equity in a specific item of the capital reserve, the amount of R$3,387 (expense) on June 30, 2016 (R$1,949 on June 30, 2015).

Reconciliation of outstanding stock options

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

	Weighted average strike price	Number of options	Weighted average strike price	Number of options
	6/30/16	**6/30/16**	**12/31/15**	**12/31/15**
Outstanding on January 1	R$16.75	3,212,600	R$18.01	2,663,800
Granted in period	-	-	R$12.81	1,163,000
Exercised in period	R$15.31	(35,400)	R$16.79	(540,200)
Canceled in period	-	-	R$15.88	(74,000)
Outstanding	R$16.77	3,177,200	R$16.75	3,212,600
Vested	R$16.30	1,742,600	R$16.85	1,553,000

The options outstanding on June 30, 2016 have an exercise price in the range from R$ 16.24 to R$ 13.79 (R$ 16.24 to R$ 13.79 on December 31, 2015) and a weighted average contractual life of 3.2 years (3.2 years on December 31, 2015).

The weighted average share price on the vesting date for the stock options exercised in the period ended June 30, 2016 was R$15.31 (R$16.79 in the period ended December 31, 2015).

b. Restricted Share Plan

The meeting of the Board of Directors held on November 11, 2015, approved the Restricted Share Plan for 2015, with the granting of 98,250 shares. The plan is managed by the Management Committee, which was created by the Board of Directors on May 23, 2007.

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

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

Until the restricted shares are fully vested, the beneficiaries may not pledge, sell, assign or transfer, directly or indirectly, the restricted shares. Once the conditions established are satisfied and observing the applicable legal and regulatory requirements, which include, but are not limited to, obtaining authorization from the Securities and Exchange Commission of Brazil (CVM) for the private transfer of the shares, the Company shall transfer to the beneficiary the respective restricted shares, by means of a declaration of transfer of registered shares in the Company on the system of the agent responsible for the bookkeeping of the shares issued by the Company, without any cost to the beneficiary. There were no changes in the restricted shares related to new grants, exercised shares or cancelled shares.

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

	Restricted Share Plan			
	6/30/16		12/31/15	
Expense	**R$**	**508**	R$	139
INSS Expenses	**R$**	**42**	R$	13
FGTS Expenses	**R$**	**32**	R$	10

21 Net sales revenue

	Parent Company		Consolidated	
	6/30/16	6/30/15	6/30/16	6/30/15
Gross operating revenue	**589,639**	442,532	**763,668**	868,634
Sale of goods	**658,960**	408,135	**854,027**	806,196
Change in fair value of biological assets	**24,823**	89,005	**9,172**	172,265
Income (loss) from hedge operations	**(94,144)**	(54,608)	**(99,531)**	(109,827)
Deductions, taxes and contributions	**(37,360)**	(19,348)	**(51,273)**	(33,368)
Net operating revenue	**552,279**	423,184	**712,395**	835,266

22 Expenses by type

	Parent Company		Consolidated	
	6/30/16	6/30/15	6/30/16	6/30/15
Expenses by function				
Cost of goods sold	**579,373**	317,060	**710,931**	607,540
Selling expenses	**28,726**	17,671	**38,946**	37,210
General and administrative expenses	**29,597**	22,686	**33,867**	28,348
Other operating expenses	**6,751**	1,734	**6,099**	4,189
	644,447	359,151	**789,843**	677,287
Expenses by type				
Depreciation and amortization	**39,115**	28,379	**53,458**	50,242
Personnel expenses	**84,515**	49,675	**105,248**	85,689
Raw materials and materials	**433,230**	226,344	**512,869**	417,105
Change in biological assets COGS	**67,274**	45,038	**94,210**	105,006
Freight	**13,560**	7,919	**17,960**	14,992
Other expenses	**6,753**	1,796	**6,098**	4,253
	644,447	359,151	**789,843**	677,287

23 Reporting by segment

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

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

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

Information on reportable segments

	Agricultural Production		Land		Eliminations		Consolidated	
	6/30/16	6/30/15	6/30/16	6/30/15	6/30/16	6/30/15	6/30/16	6/30/15
Net revenue	712,395	835,266	64,049	37,579	(64,049)	(37,579)	712,395	835,266
Cost of products	(665,233)	(580,988)	-	-	(45,698)	(26,552)	(710,931)	(607,540)
Gross income	**47,162**	**254,278**	**64,049**	**37,579**	**(109,747)**	**(64,131)**	**1,464**	**227,726**
Operating expenses/ income	**(74,869)**	**(66,245)**	**(1,760)**	**(1,444)**	**-**	**-**	**(76,629)**	**(67,689)**
Selling expenses	(38,946)	(37,210)	-	-	-	-	(38,946)	(37,210)
General and administrative expenses	(24,630)	(22,013)	(871)	(760)	-	-	(25,501)	(22,773)
Management compensation	(7,477)	(4,893)	(889)	(682)	-	-	(8,366)	(5,575)
Other operating income (expenses)	(3,816)	(2,129)	-	(2)	-	-	(3,816)	(2,131)
Net income (loss) before financial income (loss) and taxes	**(27,707)**	**188,033**	**62,289**	**36,135**	**(109,747)**	**(64,131)**	**(75,165)**	**160,037**
Net financial income (loss)	(46,882)	(56,854)	(506)	6,751	-	-	(47,388)	(50,103)
Net income (loss) before income tax	**(74,589)**	**131,179**	**61,783**	**42,886**	**(109,747)**	**(64,131)**	**(122,553)**	**109,934**
Income and social contribution taxes	53,263	(26,349)	(7,902)	(7,264)	-	-	45,361	(33,613)
Consolidated Net Income / Loss for the Period	**(21,326)**	**104,830**	**53,881**	**35,622**	**(109,747)**	**(64,131)**	**(77,192)**	**76,321**

	Agricultural Production		Land		Eliminations		Consolidated	
	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15	6/30/16	12/31/15
Total assets								
Land	-	-	1,180,793	1,180,793	-	-	1,180,793	1,180,793
Adjustment to Fair Value – Land*	-	-	683,910	683,910	(683,910)	(683,910)	-	-
Other assets	2,981,844	3,322,450	655,048	806,390	-	-	3,636,892	4,128,840
Total assets	**2,981,844**	3,322,450	**2,519,751**	2,671,093	**(683,910)**	(683,910)	**4,817,685**	5,309,633
Total liabilities	3,029,429	3,546,090	1,788,256	1,763,543	-	-	4,817,685	5,309,633
Tax effects on Fair Value – Land	-	-	451,381	451,381	(451,381)	(451,381)	-	-
Total liabilities	**3,029,429**	3,546,090	**2,239,637**	2,214,924	**(451,381)**	(451,381)	**4,817,685**	5,309,633

* The Company assesses the value of the land properties that it owns on an annual basis. Therefore, the amounts for the adjustment of land to fair value were determined based on this assessment solely for reporting purposes.

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

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

	6/30/16	6/30/15
Domestic market	**159,854**	177,713
Sale of goods	**250,213**	115,275
Change in fair value of biological assets	**9,172**	172,265
Income (loss) from hedge operations	**(99,531)**	(109,827)
Export market	**603,814**	690,921
Sale of goods - indirect export	**385,600**	460,395
Sale of goods - direct export	**218,214**	230,526
Gross operating revenue	**763,668**	868,634
Deductions, taxes and contributions	**(51,273)**	(33,368)
Net operating revenue	**712,395**	835,266

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

	6/30/16	6/30/15
Asia	**213,907**	218,124
Latin America	**3,334**	11,828
Europe	**973**	574
	218,214	230,526

The Company's clients Cargill Agricola S.A. and Bunge Alimentos S.A. jointly account for 25.8% of net revenue. The amount of revenue from these clients corresponding to sales of corn and soybean is R$ 144,457 (17%) from Cargill Agrícola S.A. and R$ 75,510 (8.8%) from Bunge Alimentos S.A.

OTHER INFORMATION THE COMPANY DEEMS TO BE RELEVANT

CONSOLIDATED OWNERSHIP BREAKDOWN OF CONTROLLING SHAREHOLDERS, MANAGERS AND FREE FLOAT
Balance on: 6/30/2016

Shareholders	Common Shares Unit	%	Preferred Shares Unit	%	Total Shares Unit	%
Controlling Shareholder	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	50,469,371	51.03%	-	-	50,469,371	51.03%
Management	**204**	**0.00%**	**-**	**-**	**204**	**0.00%**
Board of Directors	204	0.00%	-	-	**204**	0.00%
Board of Executive Officers	-	-	-	-	-	-
Shareholders over 5%	-	**0.00%**	**-**	**-**	-	**0.00%**
	-	0.00%	-	-	-	0.00%
Treasury Shares	**1,808,701**	**1.83%**	**-**	**-**	**1,808,701**	**1.83%**
Others Shareholders	**46,619,224**	**47.14%**	**-**	**-**	**46,619,224**	**47.14%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Float	**46,619,224**	**47.14%**	**-**	**-**	**46,619,224**	**47.14%**

CONSOLIDATED OWNERSHIP BREAKDOWN OF CONTROLLING SHAREHOLDERS, MANAGERS AND FREE FLOAT
Balance on: 03/31/2016

Shareholders	Common Shares Unit	%	Preferred Shares Unit	%	Total Shares Unit	%
Controlling Shareholder	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	50,469,371	51.03%	-	-	50,469,371	51.03%
Management	**204**	**0.00%**	**-**	**-**	**204**	**0.00%**
Board of Directors	204	0.00%	-	-	**204**	0.00%
Board of Executive Officers	-	-	-	-	-	-
Shareholders over 5%	-	**0.00%**	**-**	**-**	-	**0.00%**
	-	0.00%	-	-	-	0.00%
Treasury Shares	**1,817,101**	**1.84%**	**-**	**-**	**1,817,101**	**1.84%**
Others Shareholders	**46,610,824**	**47.13%**	**-**	**-**	**46,610,824**	**47.13%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Float	**46,610,824**	**47.13%**	**-**	**-**	**46,610,824**	**47.13%**

CONSOLIDATED OWNERSHIP BREAKDOWN OF CONTROLLING SHAREHOLDERS, MANAGERS AND FREE FLOAT Balance on: 12/31/2015						
Shareholders	**Common Shares Unit**	**%**	**Preferred Shares Unit**	**%**	**Total Shares Unit**	**%**
Controlling Shareholder	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	50,469,371	51.03%	-	-	50,469,371	51.03%
Management	**204**	**0.00%**	**-**	**-**	**204**	**0.00%**
Board of Directors	204	0.00%	-	-	**204**	0.00%
Board of Executive Officers	**-**	-	-	-	-	-
Shareholders over 5%	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**
	-	0.00%	-	**-**	**-**	0.00%
Treasury Shares	**1,844,101**	**1.86%**	**-**	**-**	**1,844,101**	**1.86%**
Others Shareholders	**46,583,824**	**47.10%**	**-**	**-**	**46,583,824**	**47.10%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Float	**46,583,824**	**47.10%**	**-**	**-**	**46,583,824**	**47.10%**

CONSOLIDATED OWNERSHIP BREAKDOWN OF CONTROLLING SHAREHOLDERS, MANAGERS AND FREE FLOAT Balance on: 9/30/2015						
Shareholders	**Common Shares Unit**	**%**	**Preferred Shares Unit**	**%**	**Total Shares Unit**	**%**
Controlling Shareholder	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	50,469,371	51.03%	-	-	50,469,371	51.03%
Management	**204**	**0.00%**	**-**	**-**	**204**	**0.00%**
Board of Directors	204	0.00%	-	-	**204**	0.00%
Board of Executive Officers	-	-	-	-	-	-
Shareholders over 5%	**11,838,821**	**11.97%**	**-**	**-**	**11,838,821**	**11.97%**
Deutsche Bank	6,214,721	6.28%	-	-	6,214,821	6.28%
Verde Fundo de Investimento	5,624,100	5.69%			5,624,100	5.69%
Neuberger Berman	4,977,920	5.03%			4.977.920	5.03%
Treasury Shares	**1,787,301**	**1.81%**	**-**	**-**	**1,787,301**	**1.81%**
Others Shareholders	**34,801,803**	**35.19%**	**-**	**-**	**34,801,803**	**35.19%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Float	**46,640,624**	**47.16%**	**-**	**-**	**46,640,624**	**47.16%**

CONSOLIDATED OWNERSHIP BREAKDOWN OF CONTROLLING SHAREHOLDERS, MANAGERS AND FREE FLOAT Balance on: 6/30/2015						
Shareholders	**Common Shares Unit**	**%**	**Preferred Shares Unit**	**%**	**Total Shares Unit**	**%**
Controlling Shareholder	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	50,469,371	51.03%	-	-	50,469,371	51.03%
Management	**204**	**0.00%**	**-**	**-**	**204**	**0.00%**
Board of Directors	204	0.00%	-	-	**204**	0.00%
Board of Executive Officers	-	-	-	-	-	-
Shareholders over 5%	**11,929,596**	**12.06%**	**-**	**-**	**11,929,596**	**12.06%**
Deutsche Bank	6,462,144	6.53%	-	-	6,462,144	6.53%
Verde Fundo de Investimento	5,467,452	5.53%			5,467,452	5.53%
Neuberger Berman	4,977,920	5.03%			4.977.920	5.03%
Treasury Shares	**1,863,401**	**1.88%**	**-**	**-**	**1,863,401**	**1.88%**
Others Shareholders	**34,634,928**	**35.02%**	**-**	**-**	**34,634,928**	**35.02%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Float	**46,564,524**	**47.08%**	**-**	**-**	**46,564,524**	**47.08%**

(A free translation of the original in Portuguese) (Unaudited)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders, Board Members and Directors of
SLC Agrícola S.A.
Porto Alegre – RS

We have examined the individual and consolidated financial statements of SLC Agrícola S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of June 30, 2016 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows, for the year then ended, as well as the summary of the significant accounting practices and other explanatory notes.

Responsibility of management for the financial statements

The Company's management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, and in accordance with the accounting practices adopted in Brazil as well as for the internal controls that it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

Responsibility of the Independent auditors

Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian auditing and international accounting standards. These standards require the fulfillment of ethical requirements by the auditors and that the audit be planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free of significant distortions.

An audit involves the carrying out of procedures selected to obtain evidence related to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of significant distortion in the financial statements, regardless of whether the latter are caused by fraud or error. In this risk assessment, according to auditing standards, the auditor considers relevant internal controls for the preparation and adequate presentation of the financial statements of the Company, to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the efficacy of these internal controls of the Company. An audit also includes the evaluation of the adequacy of adopted accounting practices and reasonability of accounting estimates made by Management, as well as an assessment of the presentation of financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Opinion on the individual financial statements

In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of SLC Agrícola S.A. as of June 30, 2016, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the individual aforementioned financial statements present fairly, in all material respects, the financial position of SLC Agrícola S.A. as of June 30, 2016, the performance of its operations and its cash flows, consolidated for the year then ended, in conformity with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Statements of added value

We have also examined the individual and consolidated statements of value added (DVA) for the year ended June 30, 2016, prepared under responsibility of Company's management, whose presentation is required by Brazilian Corporate Law for publicly-held companies and as supplementary information under IFRS that do not require the presentation of a statement of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

Porto Alegre, August 10, 2016

KPMG Auditores Independentes
CRC 2SP014428/F-7-RS
Cristiano Jardim Seguecio
Accountant CRC 1SP244525/O-9-T-RS

(A free translation of the original in Portuguese) (Unaudited)

OPINION OF STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee of SLC Agrícola SA , in compliance with legal and statutory provisions, examined the Management Report and the Financial Statements of SLC Agrícola SA prepared in accordance with accounting practices adopted in Brazil and the Consolidated Financial Statements prepared in accordance with standards International financial Reporting Standards (IFRS) issued by the International accounting Standards Board - IASB and the accounting practices adopted in Brazil, for the fiscal year ended June 30, 2016.

Based on the procedures executed, and also considering the report of KPMG Auditores Independentes, dated June 10, 2016, and the information and explanations received during the fiscal year, opines that these documents are able to be assessed and approved the Annual General Meeting of Shareholders .

Porto Alegre, State of Rio Grande do Sul, August 10, 2016.

João Carlos Sfreddo
Chairman of Statutory Audit Committee

Paulo Roberto Kruse
Counselor

Mauricio Rocha Alves de Carvalho
Counselor

(A free translation of the original in Portuguese) (Unaudited)

DECLARATIONS BOARD OF EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS

In compliance with the established in Article 25 of CVM Instruction No. 480/09 of 7 December 2009, the Board declares that reviewed, discussed and agreed with the Financial Statements (Parent Company and Consolidated) for the year ended June 30, 2016.

Porto Alegre, August, 10, 2016.

Aurelio Pavinato

Chief Executive Officer

Ivo Brum

CFO and Investor Relations

Gerson Trenhago

Director of Production

Aldo Roberto Tisott

Director of Sales

(A free translation of the original in Portuguese) (Unaudited)

DECLARATIONS BOARD OF EXECUTIVE OFFICERS ON THE REPORT OF INDEPENDENT AUDITORS

In compliance with the established in Article 25 of CVM Instruction No. 480/09 of 7 December 2009, the Board declares that reviewed, discussed and agreed with the opinion expressed in the Independent Auditors' Report, dated on August 10, 2016, on to the Financial Statements (Parent Company and Consolidated) for the year ended June 30, 2016.

Porto Alegre, August,10, 2016.

Aurelio Pavinato

Chief Executive Officer

Ivo Brum

CFO and Investor Relations

Gerson Trenhago

Director of Production

Aldo Roberto Tisott

Director of Sales