Grant Thornton

Marfrig Global Foods S.A.

Review Report on Quarterly Information
Form (ITR)

As of September 30, 2017

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Independent Auditor Review Report on Quarterly Information Form (ITR)

Grant Thornton Auditores Independentes
Av. Engenheiro Luis Carlos Berrini, 105
12° floor
Berrini One | Itaim Bibi
São Paulo | SP | Brazil

T +55 11 3886.5100
www.grantthornton.com.br

To the Board of Directors and Shareholders of
Marfrig Global Foods S.A.
São Paulo – SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Marfrig Global Foods S.A. ("the Company"), comprised in the Quarterly Information Form - ITR for the quarter ended September 30, 2017, comprising the balance sheet and the respective statements of income and comprehensive income for the periods of three and nine months then ended, and statements of changes in shareholders' equity and cash flows for the period of nine months then ended, including the footnotes.

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

Review scope

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

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Conclusion on the individual interim financial information

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

Conclusion on the consolidated interim financial information

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

Emphasis

Investigations in progress

As mentioned in Note 24.3.2, the Company is being investigated by the Federal Police and Federal Public Ministry ("Operation Cui Bono") regarding the alleged payment of undue advantages to public agents. The Company's Management, through its compliance area, is contributing to the investigations with the Federal Public Ministry and other Federal Public Authorities and, so far, there has been no indictment and/or denunciation by the respective authorities. Our review opinion has no qualification with regard to this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (DVA), related to the period of nine months ended September 30, 2017, prepared under the responsibility of the Company's management, which presentation in the interim information is required in accordance with standards issued by the Brazilian Securities Commission - CVM applicable to the preparation of Quarterly Information - ITR, and is considered as a supplementary information under IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Audit and review of amounts corresponding to comparative fiscal year and period

The corresponding amounts on individual and consolidated balance sheets related to fiscal year ended December 31, 2016 and the statements of income and comprehensive income for the periods of three and nine months ended September 30, 2016, of changes in shareholders' equity, of cash flows and value added related to the period of nine months ended September 30, 2016, presented for comparison purposes, were previoulsy audited and reviewed, respectively, by other independent auditor, which issued reports without qualification on February 10, 2017 and November 10, 2016.

São Paulo, November 13, 2017.

Octavio Zampirollo Neto
CT CRC 1SP-289.095/O-3

Jefferson Coelho Diniz
CT CRC 1SP-277.007/O-8

Grant Thornton Auditores Independentes
CRC 2SP-025.583/O-1

MARFRIG GLOBAL FOODS S.A.

Balance Sheets
As of September 30, 2017 and December 31, 2016

(In thousands of Brazilian reais - R$)

Assets

	Note	Parent Company 9/30/2017	Parent Company 12/31/2016	Consolidated 9/30/2017	Consolidated 12/31/2016
Current Assets					
Cash and cash equivalents	4	128,413	396,281	1,268,895	3,291,705
Marketable securities	5	1,184,183	1,515,911	3,255,412	1,986,936
Trade accounts receivable - domestic	6	81,068	149,013	401,973	396,887
Trade accounts receivable - foreign	6	374,079	326,458	222,668	393,581
Inventories of goods and merchandise	7	707,337	518,292	1,561,621	1,257,616
Biological assets	8	-	-	118,562	112,454
Recoverable taxes	9	1,195,245	1,075,882	1,370,295	1,240,328
Prepaid expenses		15,003	8,005	93,484	132,242
Notes receivable	10	222,118	267,479	34,431	353,548
Advances to suppliers		26,633	9,184	45,299	23,988
Assets held or sale	11	132,243	-	195,254	-
Other receivables		31,910	15,979	73,992	113,893
		4,098,232	**4,282,484**	**8,641,886**	**9,303,178**
Non-Current Assets					
Marketable securities	5	-	-	-	851
Notes receivable	10	326,107	537,282	82,485	96,768
Deferred income and social contribution taxes	12	2,169,023	1,944,363	2,315,053	2,135,395
Recoverable taxes	9	1,752,685	1,684,696	1,763,641	1,723,660
Other receivables		13,240	10,279	48,350	41,493
		4,320,947	**4,240,705**	**4,271,124**	**4,063,594**
Investments	13	4,751,871	4,728,591	19,810	16,268
Property, plant and equipment	14	2,629,910	2,487,214	4,225,180	4,009,397
Biological assets	8	-	-	51,235	51,236
Intangible assets	15	1,330,573	1,372,346	2,732,967	2,815,130
		8,712,354	**8,588,151**	**7,029,192**	**6,892,031**
		13,033,301	**12,828,856**	**11,300,316**	**10,955,625**
Total Assets		**17,131,533**	**17,111,340**	**19,942,202**	**20,258,803**

Liabilities and Shareholders' Equity

	Note	Parent Company 9/30/2017	Parent Company Reclassified 12/31/2016	Consolidated 9/30/2017	Consolidated Reclassified 12/31/2016
Current liabilities					
Trade accounts payable	16	708,695	739,179	1,795,201	1,853,426
Supply chain financing	17	171,364	149,331	171,364	149,331
Accrued payroll and related charges	18	231,307	137,126	404,473	346,837
Taxes payable	19	198,085	91,855	332,339	175,801
Loans, financing and debentures	20	644,880	1,120,887	1,741,661	1,454,602
Notes payable	22	122,044	306,056	144,872	372,607
Lease payable	21	2,596	2,808	11,624	11,936
Advances from customers		481,745	590,470	622,209	695,046
Mandatory deed convertible into shares	23	-	2,147,392	-	2,147,392
Liabilities related to held-for-sale assets	11	4,474	-	73,944	-
Other payables		42,922	47,667	149,182	175,991
		2,608,112	**5,332,771**	**5,446,869**	**7,382,969**
Non-current liabilities					
Loans, financing and debentures	20	617,349	828,894	9,820,175	9,695,799
Deferred income and social contribution taxes	25	-	-	270,780	269,616
Provisions for contingencies	24	78,959	76,991	85,817	87,739
Lease payable	21	3,415	664	21,820	26,560
Notes payable	22	10,530,022	9,243,201	391,916	488,261
Advances from clients		-	-	316,800	375,448
Other		-	-	65,199	108,174
		11,934,467	**10,871,953**	**11,678,342**	**11,775,032**
Equity					
Share Capital	26.1	7,427,677	5,278,127	7,427,677	5,278,127
(-) Share issue expenses		(108,210)	(108,210)	(108,210)	(108,210)
Capital reserve		184,642	184,642	184,642	184,642
Issue of common shares		184,800	184,800	184,800	184,800
Acquisition of shares in subsidiaries		(158)	(158)	(158)	(158)
Profit reserves		38,183	40,122	38,183	40,122
Legal reserve	26.2.1	44,476	44,476	44,476	44,476
Retained earnings		7,348	7,348	7,348	7,348
Treasury shares	26.2.2	(1,951)	(12)	(1,951)	(12)
Treasury shares canceled		(11,690)	(11,690)	(11,690)	(11,690)
Other comprehensive income		(251,507)	(241,972)	(251,507)	(241,972)
Asset valuation adjustment		(1,692,477)	(2,054,151)	(1,692,477)	(2,054,151)
Cumulative translation adjustment		1,579,554	1,812,179	1,579,554	1,812,179
Equity amounts related to assets held for sale		(138,584)	-	(138,584)	-
Accumulated losses		(4,701,831)	(4,246,093)	(4,701,831)	(4,246,093)
Controlling shareholders' equity		2,588,954	906,616	2,588,954	906,616
Non-controlling interest		-	-	228,037	194,186
		2,588,954	**906,616**	**2,816,991**	**1,100,802**
Total liabilities and shareholders' equity		**17,131,533**	**17,111,340**	**19,942,202**	**20,258,803**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of income
Periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

		Parent Company				Consolidated			
	Note	3rd Quarter 2017	YTD 2017	Reclassified 3rd Quarter 2016	Reclassified YTD 2016	3rd Quarter 2017	YTD 2017	Reclassified 3rd Quarter 2016	Reclassified YTD 2016
Net sales revenue	27	2,039,879	5,148,982	1,313,257	4,169,391	4,831,103	13,280,223	4,347,179	13,929,256
Cost of products and goods sold	28	(1,719,633)	(4,448,983)	(1,089,828)	(3,480,730)	(4,202,864)	(11,695,748)	(3,858,571)	(12,290,964)
Gross profit		**320,246**	**699,999**	**223,429**	**688,661**	**628,239**	**1,584,475**	**488,608**	**1,638,292**
Operating income (expenses)		(97,319)	(396,732)	(220,691)	(613,039)	(281,659)	(846,114)	(272,714)	(848,706)
Selling expenses	28	(120,749)	(315,885)	(89,047)	(257,877)	(149,111)	(403,313)	(151,655)	(447,098)
General and administrative expenses	28	(33,446)	(91,925)	(27,320)	(71,864)	(103,252)	(304,684)	(100,988)	(327,809)
Equity in earnings (losses) of subsidiaries	13	78,161	124,652	172,001	42,024	(817)	143	(2,873)	(6,054)
Other operating income (expenses)		(21,285)	(113,574)	(276,325)	(325,322)	(28,479)	(138,260)	(17,198)	(67,745)
Net income (loss) before net financial income (loses)		**222,927**	**303,267**	**2,738**	**75,622**	**346,580**	**738,361**	**215,894**	**789,586**
Financial income (expenses)	29	(359,357)	(1,162,364)	(379,338)	(845,274)	(427,253)	(1,430,550)	(470,290)	(1,407,025)
Financial income		59,888	145,109	89,941	347,491	69,157	204,915	143,218	428,605
Exchange gain		115,109	900,092	113,014	1,117,814	164,474	1,024,286	149,751	1,407,444
Financial expenses		(362,083)	(1,176,315)	(451,083)	(1,278,600)	(452,897)	(1,506,292)	(592,615)	(1,850,710)
Exchange Loss		(172,271)	(1,031,250)	(131,210)	(1,031,979)	(207,987)	(1,153,459)	(170,644)	(1,392,364)
Loss before tax effects		**(136,430)**	**(859,097)**	**(376,600)**	**(769,652)**	**(80,673)**	**(692,189)**	**(254,396)**	**(617,439)**
Income and Social Contribution taxes		**78,029**	**405,903**	**220,792**	**311,403**	**31,764**	**272,647**	**110,321**	**197,056**
Current and deferred income tax	33	57,374	298,458	161,593	230,049	10,717	164,109	84,659	127,553
Current and deferred social contribution	33	20,655	107,445	59,199	81,354	21,047	108,538	25,662	69,503
Net income (loss) in the period from continuing operations		**(58,401)**	**(453,194)**	**(155,808)**	**(458,249)**	**(48,909)**	**(419,542)**	**(144,075)**	**(420,383)**
Net income (loss) in the period from discontinued operations	36	(3,286)	(8,745)	(14,622)	49,700	(3,288)	(8,751)	(14,631)	49,730
Net income (loss) in the period before interest		**(61,687)**	**(461,939)**	**(170,430)**	**(408,549)**	**(52,197)**	**(428,293)**	**(158,706)**	**(370,653)**
Attributable to:									
Controlling interest – continuing operations		(58,401)	(453,194)	(155,808)	(458,249)	(58,401)	(453,194)	(155,808)	(458,249)
Controlling interest – discontinued operations		(3,286)	(8,745)	(14,622)	49,700	(3,286)	(8,745)	(14,622)	49,700
Controlling interest - Total		**(61,687)**	**(461,939)**	**(170,430)**	**(408,549)**	**(61,687)**	**(461,939)**	**(170,430)**	**(408,549)**
Non-controlling interest - continuing operations		-	-	-	-	9,492	33,652	11,733	37,866
Non-controlling interest - discontinued operations		-	-	-	-	(2)	(6)	(9)	30
Total non-controlling interest		**-**	**-**	**-**	**-**	**9,490**	**33,646**	**11,724**	**37,896**
		(61,687)	**(461,939)**	**(170,430)**	**(408,549)**	**(52,197)**	**(428,293)**	**(158,706)**	**(370,653)**
Basic and diluted losses per common share - continuing operations	31	(0.1040)	(0.7794)	(0.3269)	(0.7841)	(0.0984)	(0.7646)	(0.2987)	(0.8794)
Basic losses (earnings) per share - common - discontinued operations	31	-	-	-	-	(0.0056)	(0.0148)	(0.0282)	0.0953
Total basic and diluted losses per common share	31	**(0.1040)**	**(0.7794)**	**(0.3269)**	**(0.7841)**	**(0.1040)**	**(0.7794)**	**(0.3269)**	**(0.7841)**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of changes in shareholders' equity
Periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Attributable to controlling shareholders														
				Profit reserves				Other comprehensive income							
	Share Capital	Share issue expenses	Capital reserve	Legal reserve	Profit retention	Treasury shares	Treasury shares cancelled	Equity valuation adjustment	Cumulative translation adjustments	Equity amounts related to held-for-sale assets	Accumulated losses	**Total**	**Total controlling interest**	Total non-controlling interest	Total shareholders' equity
At December 31 2015	**5,276,678**	**(108,210)**	**184,642**	**44,476**	**7,348**	**(554)**	**(11,690)**	**(3,913,161)**	**2,830,019**	**(90,887)**	**(3,575,403)**	**643,258**	**643,258**	**200,374**	**843,632**
Capital increase	1,449	-	-	-	-	-	-	-	-	-	-	1,449	1,449	-	1,449
Exchange variation on investments, net	-	-	-	-	-	-	-	2,014,767	-	102,852	-	2,117,619	2,117,619	(46,012)	2,071,607
Exchange variation - balance sheet translation	-	-	-	-	-	-	-	-	(999,991)	(11,965)	-	(1,011,956)	(1,011,956)	-	(1,011,956)
Realization of Deemed Cost	-	-	-	-	-	-	-	(6,393)	-	-	6,393	-	-	-	-
Interest rate risk hedging operations	-	-	-	-	-	-	-	483	-	-	-	483	483	-	483
Write-off (acquisition) of treasury shares	-	-	-	-	-	542	-	-	-	-	-	542	542	-	542
Net income (loss) in the period	-	-	-	-	-	-	-	-	-	-	(408,549)	(408,549)	(408,549)	37,896	(370,653)
At September 30, 2016	**5,278,127**	**(108,210)**	**184,642**	**44,476**	**7,348**	**(12)**	**(11,690)**	**(1,904,304)**	**1,830,028**	**-**	**(3,977,559)**	**1,342,846**	**1,342,846**	**192,258**	**1,535,104**

	Attributable to controlling shareholders														
				Profit reserves				Other comprehensive income							
	Share Capital	**Share issue expenses**	**Capital reserve**	**Legal reserve**	**Profit retention**	**Treasury shares**	Treasury shares cancelled	**Equity valuation adjustment**	**Cumulative translation adjustments**	**Equity amounts related to held-for-sale assets**	**Accumulated losses**	**Total**	**Total controlling interest**	Total non-controlling interest	Total shareholders' equity
At December 31, 2016	**5,278,127**	**(108,210)**	**184,642**	**44,476**	**7,348**	**(12)**	**(11,690)**	**(2,054,151)**	**1,812,179**	**-**	**(4,246,093)**	**906,616**	**906,616**	**194,186**	**1,100,802**
Capital increase	2,149,550	-	-	-	-	-	-	-	-	-	-	2,149,550	2,149,550	-	2,149,550
Exchange variation on investments, net	-	-	-	-	-	-	-	367,875	-	(200,844)	-	167,031	167,031	205	167,236
Exchange variation - balance sheet translation	-	-	-	-	-	-	-	-	(232,625)	62,260	-	(170,365)	(170,365)	-	(170,365)
Realization of Deemed Cost	-	-	-	-	-	-	-	(6,201)	-	-	6,201	-	-	-	-
Write-off (acquisition) of treasury shares	-	-	-	-	-	(1,939)	-	-	-	-	-	(1,939)	(1,939)	-	(1,939)
Net income (loss) in the period	-	-	-	-	-	-	-	-	-	-	(461,939)	(461,939)	(461,939)	33,646	(428,293)
At September 30, 2017	**7,427,677**	**(108,210)**	**184,642**	**44,476**	**7,348**	**(1,951)**	**(11,690)**	**(1,692,477)**	**1,579,554**	**(138,584)**	**(4,701,831)**	**2,588,954**	**2,588,954**	**228,037**	**2,816,991**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of cash flows
Periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Note	Parent Company		Consolidated	
		YTD 2017	Reclassified YTD 2016	YTD 2017	Reclassified YTD 2016
Net loss in the period from continuing operations		(453,194)	(458,249)	(453,194)	(458,249)
Items not affecting cash		**151,761**	**75,542**	**1,096,314**	**1,212,828**
Depreciation and amortization		162,989	117,453	338,369	351,845
Non-controlling interest		-	-	33,652	37,866
Provision for contingencies		1,968	15,145	2,180	35,097
Deferred taxes and tax liabilities		(218,989)	(311,402)	(232,809)	(267,443)
Equity in earnings (losses) of subsidiaries		(124,652)	(42,024)	(143)	6,054
Exchange variation on financing		(4,777)	(116,841)	(43,648)	(116,218)
Exchange variation on other assets and liabilities		135,935	31,006	172,820	101,139
Interest expenses on financial debt		41,954	78,760	588,375	677,333
Interest expenses on financial leasing		741	580	1,505	1,574
Interest expenses on debentures		85,371	271,890	21,126	206,959
Cost with issue of financial operations		4,264	21,219	139,909	164,584
Leasing adjustment to present value		(668)	680	(668)	680
Estimated non-realization of inventories		(1,000)	2,000	(2,605)	2,080
Estimated losses with doubtful accounts		3,923	5,690	4,590	6,607
Estimated losses with non-realization of recoverable taxes		60,018	-	60,018	-
Derecognition of fixed asset		4,684	1,386	13,643	4,671
Equity changes		**869,583**	**1,160,595**	**(502,494)**	**512,282**
Trade accounts receivable		(196,431)	373,187	(100,313)	309,139
Current inventory and biological assets		(188,045)	(140,703)	(348,679)	26,013
Court deposits		4,193	(8,459)	3,439	(13,654)
Accrued payroll and related charges		94,181	44,330	81,445	12,533
Trade payables and supplier chain financing		(26,870)	115,536	(9,676)	318,051
Current and deferred taxes		(159,459)	(15,028)	(127,256)	(125,182)
Notes receivable and payable		1,289,380	802,684	(141,653)	(80,125)
Other assets and liabilities		52,634	(10,952)	140,199	65,507
Cash flow provided by operating activities		**568,150**	**777,888**	**140,626**	**1,266,861**
Investing activities					
Investments		-	(47,336)	(3,834)	(46,677)
Investments in fixed and non-current biological assets		(286,547)	(97,763)	(557,542)	(288,683)
Investments in intangible assets		(10,633)	(5,507)	(15,512)	(6,507)
Cash flow from investing activities		**(297,180)**	**(150,606)**	**(576,888)**	**(341,867)**
Financing activities					
Dividends received		49,089	20,386	-	-
Interest settled debentures / Bonds		(364,356)	(344,240)	(277,749)	(636,852)
Loans and financing		(478,551)	50,467	185,060	1,096,057
Loans granted		670,682	1,431,516	5,181,236	6,470,707
Loans settled		(1,149,233)	(1,381,049)	(4,996,176)	(5,374,650)
Leasing payable		2,467	(5,404)	(4,942)	(14,499)
Leasing granted		7,862	-	7,862	734
Leasing settled		(5,395)	(5,404)	(12,804)	(15,233)
Mandatory deed convertible into shares		(83,271)	(7,589)	(83,271)	(7,589)
Treasury shares		(1,939)	542	(1,939)	542
Capital increase		-	1,449	-	1,449
Cash flow from (used in) financing activities	37	**(876,561)**	**(284,389)**	**(182,841)**	**439,108**
Exchange variation on cash and equivalents		(21,656)	(90,609)	(126,428)	(563,162)
Exchange variation on cash and equivalents - discontinued					
Discontinued operations net of cash	36	27,651	(13,334)	(8,803)	(74,490)
Cash flow in the period		**(599,596)**	**238,950**	**(754,334)**	**726,450**
Cash and cash equivalents					
Balance at end of period		1,312,596	2,117,089	4,524,307	5,730,660
Balance at start of period		1,912,192	1,878,139	5,278,641	5,004,210
Changes in the period		**(599,596)**	**238,950**	**(754,334)**	**726,450**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of added value
Periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	YTD 2017	Reclassified YTD 2016	YTD 2017	Reclassified YTD 2016
Revenue	5,471,941	4,402,006	13,587,806	14,269,411
Sales of goods and services	5,471,271	4,407,696	13,595,160	14,261,423
Other revenues	4,593	-	(2,709)	13,413
Losses with doubtful accounts	(3,923)	(5,690)	(4,645)	(5,425)
Inputs purchased from other firms (including taxes - ICMS, IPI, PIS and Cofins)	4,301,602	3,201,774	10,544,717	10,747,982
Cost of goods sold and services rendered	3,495,476	2,844,991	8,584,222	8,963,497
Material, energy, outsourced services and other	806,126	356,783	1,960,495	1,784,394
Loss / Recovery of assets	-	-	-	91
Gross value added	1,170,339	1,200,232	3,043,089	3,521,429
Depreciation and amortization	162,989	117,453	338,369	351,845
Net value created by company	**1,007,350**	**1,082,779**	**2,704,720**	**3,169,584**
Value added received through transfer	**1,161,108**	**1,128,201**	**1,370,635**	**1,618,940**
Equity In Earnings (Losses) of Subsidiaries	124,652	42,024	143	(6,054)
Financial income and exchange rate gains	1,045,201	1,465,305	1,229,201	1,836,049
Other (including Discontinued Operations)	(8,745)	(379,128)	141,291	(211,055)
Total value added to be distributed	**2,168,458**	**2,210,980**	**4,075,355**	**4,788,524**
Value added distribution	**2,168,458**	**2,210,980**	**4,075,355**	**4,788,524**
Employees	**402,857**	**339,856**	**1,530,623**	**1,611,053**
Direct compensation	331,900	274,692	1,273,731	1,327,501
Benefits	50,548	44,273	234,109	255,950
FGTS (severance pay fund)	20,409	20,891	22,783	27,602
Taxes payable	**(11,049)**	**(135,638)**	**111,930**	**45,693**
Federal	(318,632)	(306,627)	(172,382)	(190,722)
State	304,703	170,839	281,381	235,194
Municipal	2,880	150	2,931	1,221
Value distributed to providers of capital	**2,238,589**	**2,415,311**	**2,861,095**	**3,502,431**
Interest	2,207,565	2,310,579	2,659,751	3,243,074
Rentals	31,024	31,787	49,497	51,695
Other (including Discontinued Operations)	-	72,945	151,847	207,662
Value distributed to shareholders	**(461,939)**	**(408,549)**	**(428,293)**	**(370,653)**
Net loss in the period from operations	(461,939)	(408,549)	(461,939)	(408,549)
Non-controlling interest			33,646	37,896

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of comprehensive income
Periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Parent Company				Consolidated			
	3rd Quarter 2017	YTD 2017	Reclassified 3rd Quarter 2016	Reclassified YTD 2016	3rd Quarter 2017	YTD 2017	Reclassified 3rd Quarter 2016	Reclassified YTD 2016
Net income (loss) in the period	(61,687)	(461,939)	(170,430)	(408,549)	(52,197)	(428,293)	(158,706)	(370,653)
Exchange variation on net investments	320,478	167,031	(30,108)	2,117,619	320,478	167,031	(30,108)	2,117,619
Exchange variation on balance sheet translation	(155,850)	(170,365)	7,709	(1,011,956)	(155,850)	(170,365)	7,709	(1,011,956)
	164,628	(3,334)	(22,399)	1,105,663	164,628	(3,334)	(22,399)	1,105,663
Total comprehensive income (loss) for the period	**102,941**	**(465,273)**	**(192,829)**	**697,114**	**112,431**	**(431,627)**	**(181,105)**	**735,010**
Attributable to:								
Controlling interest – continuing operations	106,227	(456,528)	(178,207)	647,414	106,227	(456,528)	(178,207)	647,414
Controlling interest – discontinued operations	(3,286)	(8,745)	(14,622)	49,700	(3,286)	(8,745)	(14,622)	49,700
Controlling interest - Total	**102,941**	**(465,273)**	**(192,829)**	**697,114**	**102,941**	**(465,273)**	**(192,829)**	**697,114**
Non-controlling interest - continuing operations	-	-	-	-	9,492	33,652	11,733	37,866
Non-controlling interest - discontinued operations	-	-	-	-	(2)	(6)	(9)	30
Total non-controlling interest	**-**	**-**	**-**	**-**	**9,490**	**33,646**	**11,724**	**37,896**

The management notes are an integral part of the interim individual and consolidated financial statements.

1. Operations

Marfrig Global Foods S.A. is a multinational corporation operating in the food industry, in the food service, retail, industrial and export channels in Brazil and around the world. It has a diversified and comprehensive portfolio of products and its operations are founded on its commitment to excellence and quality, which has assured its products presence in the world's largest restaurant chains and supermarkets, as well as homes in nearly 100 countries. The Corporation's activities include the production, processing, further processing, sale and distribution of animal-based proteins (poultry, beef, lamb, pork and fish) and a variety of other food products, such as breaded products, ready-to-eat meals, frozen vegetables and desserts, among others.

Marfrig Global Foods S.A. was incorporated on June 6, 2000 and became a corporation on March 26, 2007. The Corporation was registered with the Brazilian Securities and Exchange Commission (CVM) under No. 20.788 on June 18, 2007 and carried out its initial public offering (IPO) on June 29, 2007. Its shares were listed on the Novo Mercado listing segment of the BM&FBovespa S.A. - Securities, Commodities and Futures Exchange (Brazilian Stock Exchange) under the stock symbol MRFG3. On January 22, 2014, the Annual and Extraordinary Shareholders' Meeting held at the Corporation's headquarters amended Article 1 of the Corporation's Bylaws, altering the Corporation's name to Marfrig Global Foods (formerly Marfrig Alimentos S.A.).

On September 30, 2017, its subscribed and paid-in Share Capital was represented by 621,279,822 common shares, of which 215,389,650, or 34.67% was controlled by the controlling shareholder MMS Participações Ltda. (controlled by Marcos Antonio Molina dos Santos and Marcia Aparecida Pascoal Marçal dos Santos, each holding a 50% ownership interest). On the same date, the free float was 405,182,834 shares, representing 65.22% of the Share Capital of the Corporation, which held 320,126 shares in treasury, while its Board of Directors and Executive Board held 387,212 shares, representing 0.06% of the Capital.

Because it is listed on the Novo Mercado special corporate governance segment of the Brazilian Stock Exchange, the Corporation is subject to arbitration under the Market Arbitration Chamber, pursuant to the arbitration clause in its by-laws.

The Corporation's stock is also a component of the main performance indicators of Brazil's Capital Markets, such as the Bovespa Index (Ibovespa, the most important indicator of the average performance of Brazilian stocks). Marfrig stock is also a component of the stock indexes of the Brazilian Stock Exchange: Broad Brazil Index (IBRA); Brazil Index (IBrX); Consumption Sector Index (ICON); Corporate Governance Trade Index (IGCT); Special Corporate Governance Stock Index (IGCX); Novo Mercado Corporate Governance Index (IGNM); Industrial Sector Index (INDX); Special Tag-Along Stock Index (ITAG); Small Cap Index (SMLL).

The Corporation established an integrated and geographically diversified business model, which consists of production units located in strategic places, combined with a broad distribution network with access to the world's main channels and consumer markets. Marfrig currently operates 48 processing units, distribution centers and offices in Brazil and in 11 other countries in South America, North America, Europe, Oceania and Asia.

The Corporation believes that continuous improvement in its internal processes will enable it to further enhance efficiency and cut costs, which, coupled with a result-driven management that is committed to profitable growth, will drive profitability and cash generation.

The Corporation's ownership structure, financial and equity position should be considered within the context of the integrated activities of the following segments, which are organized as used by the Management to take decisions, each with their own structures and segmented into:

- *Beef* – The Beef business unit is a pioneer in the sale and promotion of beef, with the focus on serving the domestic market in Brazil, especially the food service industry, as well as the export market, with clients from all over the world. The Beef business unit is renowned in many countries for the quality of its premium products, having taken advantage of the favorable scenario in Brazil's cattle industry and foreign exchange to strengthen its position in international markets.

  Its international operations in South America are concentrated in exporting premium Beef cuts and leveraging its strategic geographic position in Uruguay, which ensures this business unit access to the world's main consumer markets.

- *Keystone* - The Keystone business unit is a supplier of food made from animal protein to major global restaurant chains, with strong presence in the United States and Asia. Committed to innovation and the highest food safety and quality standards, it combines vast expertise in the food industry with a strong focus on clients to offer a complete mix of fresh and frozen products.

Summary of the equity interests held by the Corporation by business segment:

Equity interests

BEEF

Parent Company	Core Activity
Marfrig Global Foods S.A.	Processing and marketing of product (formed by cattle slaughter facilities in operation, which are also used in beef processing, for slaughtering lamb, for producing home and personal care products, and for producing animal feed, located in the States of São Paulo, Mato Grosso, Mato Grosso do Sul, Para, Rondônia, Goias and Rio Grande do Sul, in addition to Distribution Centers in the States of São Paulo, Rio de Janeiro e Parana, which are also used for beef processing).
Subsidiaries	**Core Activity**
Masplen Ltd	Holding company
Pampeano Alimentos S.A.	Producer of canned meat and other processed products
Marfrig Overseas Ltd	Specific Purpose Entity - SPEs
MF Foods USA Inc.	Marketing of products
MFG Comercializadora de Energia Ltda	Energy trading and associated services
Frigorífico Tacuarembó S.A.	Processing and marketing of products
Inaler S.A.	Processing and marketing of products
Marfrig Chile S.A.	Processing and marketing of products
Frigorífico Patagônia S.A.	Processing and marketing of products (lamb meatpacker in from December to May and fish, clam and king crab processing in other months)
Prestcott International S.A.	Holding company
Cledinor S.A.	Processing and marketing of products: beef and lamb
Establecimientos Colonia S.A.	Processing and marketing of products
Weston Importers Ltd	Trading company
Marb Bondco PLC	Holding company whose purpose is to raise funds
Marfrig Peru S.A.C.	Marketing of poultry, beef, fish and seafood
Marfrig Holdings (Europe) B.V	Holding company whose purpose is to obtain funding

Subsidiaries	Core Activity
KEYSTONE	
Keystone Foods (UK) Ltd.	Holding
Keystone Foods International Ltd.	Holding
Keystone Foods Global Holdings Ltd.	Holding
Mckey Luxembourg Holdings S.a.r.l	Holding of the companies Keystone with operations focused on Asia
MFG (USA) Holdings Inc	Holding of the companies Keystone with operations focused on the USA (Keystone companies jointly are composed of poultry slaughter plants and further processing plants)

Discontinued Operation

Subsidiaries	Core Activity
BEEF	
MFG Agropecuária Ltda	Agriculture and cattle raising (composed of feedlot units)
Marfrig Argentina S.A.	Manufacturing and sale of products

2. Presentation and preparation of the parent company and consolidated interim financial information

2.1. Statement of compliance (with IFRS and CFC accounting standards)

Consolidated financial statements

The Corporation's consolidated financial information was prepared and is presented in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The separate financial information of the parent company was prepared in accordance with the accounting practices adopted in Brazil and is disclosed jointly with the consolidated financial statements.

The accounting practices adopted in Brazil include those provided for in Brazilian corporations law, the Brazilian Accounting Standards (NBCs) and resolutions and instructions issued by the Securities and Exchange Commission of Brazil (CVM).

The parent company and consolidated Statement of Added Value (DVA) is required under Brazilian corporations law and the accounting practices adopted in Brazil applicable to public Companies. IFRS standards do not require said statement. As a result, under IFRS, this statement is being presented as supplementary information, without prejudice to the complete set of financial statements.

Parent company financial information

The parent company financial information was prepared based on the accounting practices adopted in Brazil and resolutions issued by CFC, observing the accounting guidelines based on Brazilian Corporation Law (Federal Law 6,404/76), which include the provisions introduced, amended and revoked by Law 11,638 of December 28, 2007 and Law 11,941 of May 27, 2009 (former Provisional Presidential Decree 449 of December 3, 2008) and 12.973 de May 13, 2014.

There is no difference between the Group's shareholders' equity and consolidated income (loss) and the parent company's shareholders' equity and income (loss) disclosed in the parent company financial information. Thus, the Group's consolidated/parent company financial information is being presented in the same document.

The Management of the Corporation approved the issue of these parent company and consolidated financial statements on November 8, 2017, and warrants that, based on its judgment, all material information is substantiated and corresponds to that used in its management activities.

2.2. Basis of presentation

The parent company and consolidated financial information is denominated in Brazilian real (R$), which is the reporting currency, and all amounts are rounded to thousands of Brazilian real, unless otherwise stated.

The consolidated financial statements were prepared on the historical cost basis, unless otherwise stated, such as certain assets and financial instruments, which may be stated at fair value.

The preparation of parent company and consolidated financial information in accordance with IFRS and NBCs requires Management to make certain accounting estimates. The areas involving considerable judgment or use of estimates for the parent company and consolidated interim financial information are stated in note 3.1.3 of the financial statements for the fiscal year ended December 31, 2016.

2.3. Foreign currency translation

Functional and reporting currency

The financial statements of each consolidated subsidiary and those used as a basis for accounting for investments under the equity method are prepared using the functional currency of each entity.

Under NBC TG 02/R2 (CVM Resolution 640/10) – effect of changes in exchange rates and translation of financial statements), functional currency is the currency of the primary economic environment in which the entity operates. To define the functional currency of each subsidiary, Management considered which currency significantly influences the sale price of their goods and services and the currency in which most of their production input costs are paid or incurred. The consolidated financial information is expressed in Brazilian real (R$), which is the functional and reporting currency of Marfrig Global Foods S.A.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the Corporation using the exchange rate at the transaction date. Gains and losses resulting from the difference between the monetary asset and liability balance translation at the end of the period or fiscal year and the translation of the transaction balances are recognized in the income statement. Non-monetary assets and liabilities in foreign currency measured at fair value are translated at the exchange rate on the date on which their fair value is determined and the differences resulting from such translation will be recognized under other comprehensive income on the closing date of each period or fiscal year.

Group companies

The results of operations and the financial position of all consolidated subsidiaries and investments accounted for under the equity method, whose functional currency differs from the reporting currency, are translated from the reporting currency, as follows:

i. Asset and liability balances are translated using the exchange rate in effect at the date of the consolidated interim financial information;

ii. Statement of operation accounts are translated using the monthly average exchange rate; and

iii. All differences arising from the foreign currency translation are recognized in shareholders' equity and in consolidated comprehensive income (loss) under "Cumulative translation adjustments."

3. Summary of significant accounting practices

3.1. Significant accounting practices

The quarterly information was prepared in accordance with NBC TG 21 / R3 (CVM Resolution 673/11 – Interim Financial Reporting), which sets forth the minimum interim accounting information to be reported and the principles of recognition and measurement for complete or condensed interim statements. Thus, the quarterly information presented here was prepared based on the accounting policies and estimate calculation methods used while preparing the annual financial statements for the fiscal year ended December 31, 2016. There has been no change in said policies and estimate calculation methods.

As allowed by NBC TG 21 / R3 (CVM Resolution 673/11), and based on the recommendations contained in Official Letter CVM/SNC/SEP/No. 003/2011, management chose to not report once again the details presented in Note 3. "Summary of significant accounting practices," in order to avoid repeating the information already disclosed in its latest annual financial statements. Hence, users must read this quarterly information together with the annual financial statements for the fiscal year ended December 31, 2016, to have a better understanding.

3.1.1 New NBC standards and interpretations

Standards issued and amended by the Brazilian Federal Accounting Council that come into force for the fiscal year starting in 2017 had no material impact on the Corporation's financial statements.

The Company describes the impacts on its Financial Statements of the review of the following new standards:

NBC TG 32/R3 – Income taxes – There was no significant impact on the Corporation's interim financial information.

NBC TG 03/R3 – Cash Flows – To comply with the new reporting requirement, the Corporation is presenting a reconciliation of the opening and closing balances of liabilities with changes arising from financing activities, as shown in Note 37 – Additional information to cash flow statements.

3.2. Reclassification in the statements of income and cash flows in the period ended September 30, 2016

In compliance with NBC TG 31/R3 and for comparison purposes, the Corporation and its subsidiaries restated their statements of income, of cash flows, of comprehensive income and notes to the financial statements for the period ended September 30, 2016.

Note 36 – Results from discontinued operations presents details of the reclassified amounts for comparison purposes.

3.3. Reclassification of Balance Sheet items and Notes related to debentures payable and interest on debentures

The Balance Sheet items and notes related to debentures payable and interest on debentures, as of December 31, 2016, are being reclassified to improve their presentation, by combining into a single item all loans, financing, debentures and interest on debentures.

The following table summarizes the impacts on the separate balance sheet of the Corporation:

	Previously Presented	Adjustments	Reclassified
December 31, 2016			
Loans and financing	823,017	297,870	1,120,887
Interest on debentures	297,870	(297,870)	-
Total current liabilities	1,120,887	-	1,120,887
Loans and financing	258,959	569,935	828,894
Debentures payable	569,935	(569,935)	-
Total non-current liabilities	828,894	-	828,894
Total liabilities involved	1,949,781	-	1,949,781

The following table summarizes the impacts on the consolidated balance sheet of the Corporation:

	Previously Presented	Adjustments	Reclassified
December 31, 2016			
Loans and financing	1,198,039	256,563	1,454,602
Interest on debentures	256,563	(256,563)	-
Total current liabilities	1,454,602	-	1,454,602

4. Cash and cash equivalents

The Corporation adopts the policy of presenting the following items within the cash and cash equivalents group:

- Cash on hand;
- Demand deposits.

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Cash and banks	118,675	390,293	863,920	3,283,625
Cash equivalents	9,738	5,988	404,975	8,080
	128,413	396,281	1,268,895	3,291,705

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Cash and banks:				
Brazilian real	67,740	81,151	69,436	82,200
US dollar	52,893	290,584	689,069	2,670,410
Chinese Yuan	-	-	332,046	249,275
Other	7,780	24,546	178,344	289,820
	128,413	396,281	1,268,895	3,291,705

5. Marketable Securities

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Marketable securities	1,184,183	1,515,911	3,255,412	1,987,787
	1,184,183	1,515,911	3,255,412	1,987,787

The Corporation's financial investments by type are as follows:

				Parent	
	PMPV [1]	Currency	Average interest rate p.a.%	9/30/17	12/31/16
Bank deposit certificates - CDB [2]	-	BRL	8.04%	221,006	256,703
Repurchase and reverse repurchase agreements	-	BRL	7.88%	244,708	317,142
Interest-bearing deposit	-	USD	-	-	805,674
Fixed income bond	-	BRL	7.74%	18,948	20,897
Time Deposit [2]	0.21	USD	2.87%	680,128	-
Credit-linked note - CLN [2]	-	USD	-	-	98,000
FIDC (2)	2.79	BRL	12.13%	19,393	17,495
Total				1,184,183	1,515,911
Total current				1,184,183	1,515,911

				Consolidated	
	PMPV [1]	Currency	Average interest rate p.a.%	9/30/17	12/31/16
Bank deposit certificates - CDB [2]	-	BRL	8.04%	221,005	257,489
Repurchase and reverse repurchase agreements	-	BRL	7.88%	244,708	317,142
Repurchase and reverse repurchase agreements	-	Peso	-	-	2,270
Repurchase and reverse repurchase agreements	-	USD	-	-	7,434
Interest-bearing deposits	-	BRL	-	-	124
Interest-bearing deposits	-	USD	-	-	805,674
Time Deposit [2]	0.05	USD	1.62%	2,751,358	-
Credit-linked note - CLN [2]	-	USD	-	-	195,969
FIDC [2]	2.79	BRL	12.13%	19,393	17,494
Fixed income bonds	-	BRL	7.74%	18,948	20,897
Fixed income bonds [2]	-	USD	-	-	363,294
Total				3,255,412	1,987,787
Total current				3,255,412	1,986,936
Total non-current				-	851

(1) Weighted average maturity in years.
(2) Transactions have daily liquidity and can be redeemed at any time. Said maturity is the maturity of the operation.

The Company's financial investment types are described in Note 5 to the financial statements for the fiscal year ended December 31, 2016, and there were no changes for 2017.

6. Trade accounts receivable – domestic and foreign customers

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Trade accounts receivable - domestic	81,068	149,013	401,973	396,887
Trade accounts receivable - foreign	374,079	326,458	222,668	393,581
	455,147	475,471	624,641	790,468
Amounts not yet due	439,586	398,224	453,508	415,359
Amounts overdue				
From 1 to 30 days	9,193	44,543	130,611	242,890
From 31 to 60 days	5,499	28,778	17,528	99,045
From 61 to 90 days	869	3,926	22,994	33,174
More than 90 days	23,364	19,441	31,450	29,368
(-) Estimated losses with doubtful accounts	(23,364)	(19,441)	(31,450)	(29,368)
	455,147	475,471	624,641	790,468

The estimated loss with doubtful accounts was set up in an amount deemed sufficient by Management to cover possible losses on the realization of its receivables, adopting the criteria of provisioning for the full amount of receivables overdue more than 90 days.

The Corporation does not have a history of relevant problems with collection, and the Accounts Receivable Department rates each customer upon acceptance and credit granting.

Changes in estimated losses for credit risks are as follows:

	Parent	Consolidated
Balance on December 31, 2016	(19,441)	(29,368)
Estimate accrued	(22,212)	(23,837)
Estimate reversed	18,289	19,252
Exchange rate variation	-	(59)
Reclassification - held-for-sale	-	2,562
Balance on September 30, 2017	(23,364)	(31,450)

A receivables backed investment fund (Fundo de Investimento de Direitos Creditórios - FIDC) was created in June 2014 to sell a portion of the receivables from the installment sale in the domestic market, up to the limit of R$160 million (principal), of which R$16 million consists of mezzanine subordinated shares. On September 30, 2017, there was R$139,161 of bills traded with the fund MRFG.

In December 2016, the Corporation's wholly-owned subsidiary Keystone Foods Intermediate LLC structured a program to sell non-recourse receivables with a prime financial institution in the United States. The program's main objective is to convert into cash the term sales originated in the United States market. The securitization program has the purpose of trading up to US$70 million and is structured based on a three-year contract. Under the program, the Corporation receives up to 90% of the total balance of eligible receivables sold, in accordance with the rules of the program and limited to the contractual capacity. As of September 30, 2017, US$63.4 million (R$200.9 million) had been sold under the program. As of December 31, 2016, US$53.6 million (R$174.4 million) had been sold under the program.

In March 2017, the Corporation's wholly-owned subsidiary Weston Importers Ltd. structured a program to sell non-recourse receivables with a prime financial institution in Europe. The program's main objective is to convert into cash the term sales involving exports originated by the Beef business unit. The securitization program may sell, on a rotating basis, up to US$100 million over a contractual period of 3 years. Under the program, the Corporation receives up to 100% of the total balance of eligible receivables sold, in accordance with the program's rules and limited to the contractual capacity. As of September 30, 2017, US$90.7 million (R$287.3 million) had been negotiated under the program.

For sales paid in installments, the Corporation uses working capital financing lines available in financial markets.

7. Inventories of products and merchandise

In the period ended September 30, 2017 and in the fiscal year ended December 31, 2016, inventories of finished products were carried at average purchase and/or production cost, as explained in note 3.1.6 to the financial statements for the fiscal year ended December 31, 2016:

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Finished products	691,009	514,254	1,245,288	962,775
Raw materials	-	-	186,574	206,992
Packaging material and storeroom supplies	45,894	34,604	160,807	121,544
(-) Estimated losses	(29,566)	(30,566)	(31,048)	(33,695)
	707,337	518,292	1,561,621	1,257,616

The reopening of meatpacking units in the Beef business and expansion of Keystone caused an increase in production capacity and a consequent increase in inventory levels.

The Corporation grounds its estimates on historical losses, as follows:

	Parent	Consolidated
Balance on December 31, 2016	(30,566)	(33,695)
Reversal of estimates	10,000	13,636
Recognition of estimates	(9,000)	(11,031)
Translation gains (losses)	-	20
Reclassification - held-for-sale	-	22
Balance on September 30, 2017	(29,566)	(31,048)

8. Biological Assets

	Consolidated	
Current	9/30/17	12/31/16
Biological assets - cattle	1,270	2,382
Biological assets - poultry	117,292	110,072
Total current biological assets	118,562	112,454
Non-current		
Biological assets - poultry	51,235	51,236
Total non-current biological assets	51,235	51,236
Total biological assets	169,797	163,690

The Corporation's current biological assets are composed of live animals segregated among the categories: poultry and cattle. Animals classified in this group are those intended for slaughtering for production of fresh meat and/or processed products in the next 12 months.

Due to the short formation period of poultry, as well as not having a quotation to poultry and pigs market, the Corporation evaluated these biological assets and identified no material adjustments in relation to acquisition cost. In this case, the Corporation believes that the fair value of biological assets is substantially represented by the formation cost, given the short life cycle of the animals.

With respect to Beef cattle, these are animals kept in feedlots for fattening and slaughter. The balance presented in this item is available for use over the next 12 months.

The Corporation valuated these animals at fair value, based on the "Mark to Market - MtM" concept, considering the market prices of the "arroba"[1] of cattle, and recognized the effects of these valuations directly in the statement of operations. The Corporation's non-current biological assets are composed of live poultry, classified as breeding stock and intended for reproduction. These assets are amortized on a straight-line basis over the useful life of the animals. Poultry for reproduction have an average useful life of up to 60 weeks.

The changes in biological assets are as follows:

[1] Arroba = A unit of weight equivalent to 15 Kg.

Current biological assets:

	Consolidated
Balance on December 31, 2016	112,454
Increase due to purchases	3,494
(-) Write-off for slaughter	(922,871)
Costs of input for fattening	931,002
(-) Decrease due to sales	(2,406)
Net increase (decrease) due to births (deaths)	(64)
Change in fair value less estimated sale expenses (*)	368
Translation gains (losses)	(3,415)
Balance on September 30, 2017	118,562

* Only applicable to cattle

Non-current biological assets:

	Consolidated
Balance on December 31, 2016	51,236
Increase due to purchases	27,372
(-) Write-off for slaughter	(2,844)
Costs of input for fattening	26,804
Amortization	(49,908)
Translation gains (losses)	(1,425)
Balance on September 30, 2017	51,235

9. Recoverable taxes

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
ICMS (State VAT)	540,809	534,138	571,318	556,680
PIS and Cofins (taxes on sales) credits	2,696,571	2,499,746	2,787,865	2,581,502
IRPF / IRPJ and CSLL (taxes on income) recoverable	466,273	424,516	489,720	452,976
Other	15,080	12,963	57,530	85,309
(-) Estimated losses from non-realization	(770,803)	(710,785)	(772,497)	(712,479)
	2,947,930	2,760,578	3,133,936	2,963,988
Current assets	1,195,245	1,075,882	1,370,295	1,240,328
Non-current assets	1,752,685	1,684,696	1,763,641	1,723,660

9.1 ICMS (State VAT)

The balance of recoverable ICMS derives from credits taken for ICMS paid on the acquisition of raw, packaging and other materials and inputs, in amounts higher than the debts generated from domestic sales, since foreign market sales are free from this tax. The Corporation has been seeking ways to optimize these balances by offsetting debits under a non-cumulative regime for the domestic market, or through transfers to third parties.

9.2 PIS and COFINS taxes

Pursuant to Federal Laws 10.637/02 and 10.833/03, this line item consists of noncumulative PIS and COFINS credits on the acquisition of raw, packaging, and other materials used in the goods sold in foreign markets. The Corporation has been successful in its efforts to optimize these tax credits, although its export model in Brazil allows the continuous generation of credits. Furthermore, with its adherence to the Special Tax Payment Program (PERT), the Corporation settles its tax liabilities and opens the way for using its tax credits by guaranteeing and approving them with the Federal Revenue Service.

9.3 IRRF / IRPJ and CSLL recoverable

Refers to the amounts of withholding of income tax at source on services rendered to related companies located abroad and financial investments, prepayments of income and social contribution taxes, calculated based on estimation, suspense account balance sheet and taxation based on annual taxable income, payable via offsetting of income and social contribution taxes calculated on profit for future periods, as well as offsetting of other federal taxes owed and managed by the Federal Revenue Service of Brazil (SRF).

9.4 Estimated losses from non-realization of tax credits

The estimated losses for non-realization of tax credits were calculated based on the best estimate of realization of the Corporation's recoverable taxes balances, in which main credits are mainly from PIS/COFINS.

In the period ended September 30, 2017 and in the fiscal year ended December 31, 2016, the changes in this item were as follows:

	Parent	Consolidated
Balance at December 31, 2016	(710,785)	(712,479)
Reversal of estimates	20,094	20,094
Accrual of estimates	(80,112)	(80,112)
Balance at September 30, 2017	(770,803)	(772,497)

10. Notes receivable

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	Reclassified 12/31/16
Related-party transactions [(1)]	521,360	717,391	21	46,740
Joint Venture	-	-	77,188	57,034
Market transactions receivable	24,777	53,628	33,546	308,639
Other notes receivable	2,088	33,742	6,161	37,903
Total	548,225	804,761	116,916	450,316
Current assets	222,118	267,479	34,431	353,548
Non-current assets	326,107	537,282	82,485	96,768

(1) Includes the remaining balance of the direct subsidiary sale transaction, for the period ended December 31, 2016, as described in note 36.

The Parent Company's notes receivable mostly consist of balances resulting from transactions with its subsidiaries (related parties), as described in note 10.1.

The Corporation reclassified receivables from joint ventures related to the base-date December 31, 2016.

10.1. Related-party transactions with the Parent Company

The following tables, except for transactions with controlling shareholders, show the transactions between the Corporation and its wholly owned subsidiaries:

	Parent							
	Outstanding Balance				Recognized as profit or loss			
	Accounts receivable		Accounts payable		Income		Expenses	
	9/30/17	12/31/16	9/30/17	12/31/16	9/30/17	9/30/16	9/30/17	9/30/16
Cledinor S.A.	1,083	-	7,013	11,037	-	-	7,666	6,928
Establecimientos Colonia S.A.	10,729	-	3,950	6,981	9,447	-	8,078	6,923
Frigorífico Tacuarembó S.A.	3,312	101	29,304	43,289	-	-	9,802	8,483
Inaler S.A.	1,078	-	3,709	6,230	-	-	5,942	7,546
Marfrig Argentina S.A	240,533	258,267	4,474	3,812	-	-	-	-
Marfrig Chile S.A.	40,065	28,011	1,042	977	237,214	181,285	509	4,802
Marfrig Holdings (Europe) BV	44	45	7,542,165	7,541,579	-	40,746	-	-
Marfrig Overseas Ltd.	12	12	542,155	316,271	-	-	-	-
MFG Comercializadora de Energia Ltda	8,280	15,761	-	7,852	-	-	24,363	25,015
Masplen Ltd	363,021	290,039	143	509	141,186	128,500	-	811
Keystone Foods UK Limited	346,877	212,756	2,028,859	871,278	1,031,544	-	-	-
Keystone Foods International Limited	49,064	41,798	15,689	9,091	707	-	-	-
Controlling shareholders	4,594	46,740	-	1,618	-	9	-	3,365
Key management personnel	1	-	-	-	-	27	488	408
Other related parties	10,157	-	73,803	-	-	30	115,353	106,578
	1,078,850	893,530	10,252,306	8,820,524	1,420,098	350,597	172,201	170,859

The nature of related-party transactions between Marfrig Group companies is represented by commercial transactions (purchases and sales) and sending of cash for payment of such transactions, as well as for working capital.

Intercompany loans (instruments receivable and payable) in Brazil (parent company and subsidiaries) are managed by checking accounts held between the companies based on the centralized cash system managed by the parent company. For transactions with subsidiaries abroad, the loan rate is 3% plus 6-month LIBOR (London Interbank Offered Rate).

Purchases and sales of products are made at market values. No guarantees or estimated losses with doubtful accounts are required. These transactions involve purchase and sale of fresh meat and cattle, poultry and lamb processed products.

Transactions between subsidiaries do not have an impact on consolidated financial information, given that they are eliminated in consolidation.

10.2. Consolidated related parties

	Consolidated							
	Outstanding balance				Recognized as profit or loss			
	Reclassified							
	Accounts receivable		Accounts payable		Income		Expenses	
	9/30/17	12/31/16	9/30/17	12/31/16	9/30/17	9/30/16	9/30/17	9/30/16
Controlling shareholders	4,594	65,435	-	1,618	-	9	-	3,365
Key management personnel	1	43	282	371	4	27	488	2,158
Other related parties	10,156	14	73,803	97,718	-	30	115,352	106,578
Joint venture	77,188	57,034	-	-	-	-	-	-
	91,939	122,526	74,085	99,707	4	66	115,840	112,101

10.2.1 Controlling shareholders

A suretyship agreement was entered into with the controlling shareholder, MMS Participações Ltda., for fiscal year 2017, under which said shareholder guarantees certain obligations of the Corporation. These transactions were conducted on an arm's length basis and in accordance with internal guidelines formally established by the Corporation.

10.2.3. Other related parties

The controlling shareholders own membership interests in other entities that have businesses with Marfrig Group. The aggregate amount of transactions is represented in the table above under "other related parties." Most of transactions refer primarily to sale of animals for slaughter and to associated logistics services. These transactions are carried out on an arm's length basis, in accordance with internal guidelines formally established by the Corporation that are periodically verified by the Corporation management to attest their compliance with market conditions.

10.2.4. Joint Ventures

The indirect subsidiary Mckey Luxembourg Holdings S.a.r.l is part of 2 Joint Ventures, which are recognized through the equity method of accounting.

The following table summarizes the main financial information on unconsolidated joint ventures in the financial statements, in accordance with NBC TG 18(R2) – Investments in associates, subsidiaries and joint ventures.

	% Interest	Country	Total assets	Total liabilities	Net revenue	Net income (loss) in the period
Shandong McKey Chinwhiz Foods Co	60.00%	China	198,947	202,300	296,556	1,163
COFCO-Keystone Supply Chain	45.00%	China	106,615	52,056	-	(1,133)
Total			305,562	254,356	296,556	30

11. Assets and Liabilities Held for Sale

On March 20, 2017, the Management Committee decided to hold for sale all assets of the business unit Marfrig Argentina S.A., which is part of the Beef business division, and authorized the management of the Corporation to carry out all efforts to comply with said decision.

In accordance with CVM Resolution 598/09 (NBC TG 31 – Non-current assets held for sale and discontinued operations), the unit's assets and liabilities were recorded under Assets and Liabilities Held for Sale. Also in conformity with NBC TG 31, the Corporation informs that fixed and intangible assets were measured at their fair value as described in Notes 14 and 15, respectively, and that this impact is reflected in the same line.

Such decision is based on the Corporation's strategic plan to increase the group's profitability and streamline its ownership structure.

On September 30, 2017, held-for-sale assets and liabilities were as follows:

Assets	Parent 9/30/2017	Consolidated 9/30/2017	Liabilities	Parent 9/30/2017	Consolidated 9/30/2017
Cash and cash equivalents	-	10,998	Trade accounts payable	4,474	42,070
Trade accounts receivable	-	27,486	Other liabilities	-	31,874
Taxes	-	92,871			
Investments	(108,290)	19	Total liabilities	4,474	73,944
Notes Receivable	240,533	63,880			
			Equity		
			Amounts related to held-for-sale assets	(138,584)	(138,584)
				(138,584)	(138,584)
Total assets held for sale	132,243	195,254	Total liabilities and equity held for sale	(134,110)	(64,640)

12. Deferred Income and Social Contribution Taxes - Assets

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Income tax	1,588,078	1,422,886	1,727,213	1,608,218
Social contribution tax	580,945	521,477	587,840	527,177
Non-current assets	2,169,023	1,944,363	2,315,053	2,135,395

Deferred tax assets

These tax credits consist of deferred Income and Social Contribution Taxes, calculated on temporary add-backs/exclusions that were added/excluded to the taxable income and the social contribution tax basis in prior and current years, as well as tax losses, temporary add-backs and future utilization for tax purposes of goodwill paid due to future profitability, which the Corporation will seek to realize from 2017 onwards.

Tax credits recognized for income and social contribution tax losses and temporary differences are supported by taxable income projections and expectations for recoverability based on internal feasibility studies, prepared by expert professionals, which are annually reviewed by the Corporation's Management. These credits were recognized according to provisions referred to in note 3.1.12 to the financial statements for the fiscal year ended December 31, 2016.

Deferred tax liabilities

Refer to (i) deferred taxes recorded when property, plant and equipment items adopted deemed cost as of January 1, 2009 in accordance with NBC TG 27/R3 (CVM Resolution 583/09) – property, plant and equipment and (ITG 10 (CVM Resolution 619/09), which will be settled as revalue assets are sold, written off, depreciated or amortized, according to their respective useful lives established in the appraisal report, and (ii) the effect of deferred federal taxes calculated on the effects of NBC TG 15/R3 (CVM Resolution 665/11 – business combination.

The following table presents the reconciliation of deferred taxes in the period ended September 30, 2017:

ASSETS	Parent		Consolidated	
Description	IRPJ	CSLL	IRPJ	CSLL
Balance on December 31, 2016	1,448,023	522,996	1,642,598	532,024
(-) Realization of taxes on tax losses/CSLL tax loss carryforwads	(178,455)	(64,244)	(180,901)	(65,213)
Deferred taxes on tax losses/CSLL tax loss carryforwads	331,255	119,252	349,260	121,079
Deferred taxes on additions/temporary exclusions	216,001	77,760	218,242	78,532
(-) Realization of deferred taxes on additions/temporary exclusions	(189,833)	(68,340)	(190,295)	(68,924)
Gain or loss from translation	-	-	(2,641)	-
Reclassification - held for sale	-	-	(61,425)	-
Other	(16,642)	(5,992)	(16,526)	(5,992)
Balance on September 30, 2017	1,610,349	581,432	1,758,312	591,506

LIABILITIES	Parent		Consolidated	
Description	IRPJ	CSLL	IRPJ	CSLL
Balance on December 31, 2016	25,137	1,519	34,380	4,847
Realization of revaluation reserve	(781)	(281)	(793)	(285)
Realization of deemed cost	(2,085)	(751)	(2,488)	(896)
Balance on September 30, 2017	22,271	487	31,099	3,666
Total deferred assets, net	1,588,078	580,945	1,727,213	587,840

Note that the projections were based on the assumptions for net income and historical data on profitability in each segment, in light of the diverse economic scenarios of each market where the Corporation operates, due to its global and diversified presence.

The assumptions are described in Note 12 to the financial statements for the fiscal year ended December 31, 2016, and there were no changes for 2017.

The expected realization of "Deferred Tax Assets," based on a technical feasibility study as per CVM Instruction 371 of June 27, 2002 is as follows:

Year	Parent	Consolidated
2017	94,971	135,316
2018	74,780	126,097
2019	83,571	91,285
2020	97,462	102,003
2021	153,121	158,762
2022 to 2026	1,665,118	1,701,590
	2,169,023	2,315,053

13. Investments

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Interest in subsidiaries	4,751,861	4,728,581	-	-
Other investments	10	10	19,810	16,268
	4,751,871	4,728,591	19,810	16,268

13.1 Investments (Parent)

Investments in subsidiaries on September 30, 2017:

	No. of units of interest/shares	Ownership percentage in voting capital	Country	Share capital	Equity	Net income (loss) for the year	Net income in the period from discontinued operation	Equity according to % interest	Equity according to % interest held for sale
Marfrig Chile S.A.	9,950	99.50	Chile	57,996	126,879	15,566	-	126,205	-
Inaler S.A.	66,247,320	100.00	Uruguay	4,648	11,369	(23,194)	-	11,369	-
Frigorífico Tacuarembó S.A.	163,442,679	99.95	Uruguay	20,253	144,343	21,913	-	144,034	-
Masplen Ltd	5,050	100.00	Jersey Island	11,695	(16,913)	(5,375)	-	(20,475)	-
Prestcott International S.A.	79,638,916	100.00	Uruguay	9,257	83,993	18,431	-	83,993	-
Establecimientos Colonia S.A.	80,647,477	100.00	Uruguay	83,164	23,653	(7,545)	-	23,586	-
Marfrig Overseas Ltd	1	100.00	Cayman Islands	-	(336,796)	(183,792)	-	(336,796)	-
Marfrig Argentina S.A.	1,220,234,248	99.94	Argentina	222,934	(108,355)	-	(8,773)	-	(108,291)
MFG Comercializadora de Energia Ltda	149,985	99.99	Brazil	-	(3,031)	1,069	-	(3,029)	-
Marfrig Holdings(Europe) BV	426,842	100.00	Netherlands	1,476,019	2,749,557	(48,378)	-	2,749,557	-
Marfrig Peru S.A.C.	4,988	99.76	Peru	5	(454)	(79)	-	(453)	-
Keystone Foods (UK) Limited	2,001	100.00	UK	898,470	557,083	129,623	-	557,083	-
Keystone Foods International Limited	2,001	100.00	UK	450,890	1,416,787	204,643	-	1,416,787	-
Total				3,235,331	4,648,115	122,882	(8,773)	4,751,861	(108,291)

The following table presents a summary of the financial information of the subsidiaries on September 30, 2017:

	Total assets	Total liabilities	Non-controlling interest	Non-controlling interest - held for sale	Net Revenue	Group equity in earnings / losses(1)	Group equity in earnings / losses (1) - Discontinued operations
Marfrig Chile S.A.	226,320	99,438	634	-	381,504	15,488	-
Inaler S.A.	123,322	111,953	-	-	243,225	(23,194)	-
Frigorífico Tacuarembó S.A.	278,515	134,172	72	-	481,537	21,902	-
Masplen Ltd	407,392	424,306	-	-	275,605	(5,375)	-
Prestcott International S.A.	160,890	76,897	-	-	338,026	18,431	-
Establecimientos Colonia S.A.	223,214	199,561	-	-	422,281	(7,545)	-
Marfrig Overseas Ltd	2,618,208	2,955,005	-	-	-	(183,792)	-
Marfrig Argentina S.A.	197,244	305,601	-	(65)	-	-	(8,768)
MFG Comercializadora de Energia Ltda	6,335	9,364	-	-	43,824	1,069	-
Marfrig Holdings(Europe) BV	10,715,223	7,965,666	-	-	-	(48,378)	-
Marfrig Peru S.A.C.	91	545	(1)	-	-	(79)	-
Keystone Foods (UK) Limited	5,750,650	5,193,567	-	-	1,684,658	129,623	-
Keystone Foods International Limited	5,244,907	3,555,118	-	-	6,646,433	204,643	-
Total	25,952,311	21,031,193	705	(65)	10,517,093	122,793	(8,768)

(1) The balance corresponds to the Corporation's ownership interest in its subsidiaries.

13.2 Breakdown of investments (parent)

Effect of reverse equity interest in the equity accounts of subsidiaries.

	Book balance on 12/31/2016	Asset valuation adjustment	Dividends	Equity in earnings (losses) (1)	Balance sheet translation effect	Held-for-sale assets	Book balance on 9/30/2017
Marfrig Chile S.A.	118,555	(72)	-	15,538	(7,816)	-	126,205
Inaler S.A.	35,695	-	-	(23,194)	(1,132)	-	11,369
Frigorífico Tacuarembó S.A.	181,064	329	(54,647)	22,391	(5,103)	-	144,034
Masplen Ltd	(14,394)	(1,923)	-	(4,159)	1	-	(20,475)
Prestcott International S.A.	84,371	100	(16,736)	18,431	(2,173)	-	83,993
Establecimientos Colonia S.A.	31,801	-	-	(7,443)	(772)	-	23,586
Marfrig Overseas Ltd	(157,463)	-	-	(183,792)	4,459	-	(336,796)
Marfrig Argentina S.A.	(109,278)	-	-	-	-	109,278	-
MFG Comercializadora de Energia Ltda	(4,099)	-	-	1,070	-	-	(3,029)
Marfrig Holdings(Europe) BV	2,878,579	-	-	(48,378)	(80,644)	-	2,749,557
Marfrig Peru S.A.C.	(361)	(10)	-	(79)	(3)	-	(453)
Keystone Foods (UK) Limited	479,525	17,515	(10,136)	129,623	(59,444)	-	557,083
Keystone Foods International Limited	1,204,586	63,624	(28,046)	204,644	(28,021)	-	1,416,787
Total	4,728,581	79,563	(109,565)	124,652	(180,648)	109,278	4,751,861

(1) The balance corresponds to the Corporation's ownership interest in its subsidiaries, adjusted by any unrealized profits at the time of consolidation.

Assets Held for Sale

	Book balance on 12/31/2016	Asset valuation adjustment	Capital increase (reduction)	Equity in earnings (losses), net (1)	Balance sheet translation effect	Investment	Book balance on 9/30/2017
Marfrig Argentina S.A.	-	(18,222)	17,670	(8,745)	10,284	(109,278)	(108,291)
Total	-	(18,222)	17,670	(8,745)	10,284	(109,278)	(108,291)

(1) The balance corresponds to the Corporation's ownership interest in its subsidiaries, adjusted by any unreal
ized profits at the time of consolidation.

13.3 Merger of subsidiary

On September 30, 2016, the Corporation released a Material Fact notice announcing the proposal for the merger of MFB Marfrig Frigoríficos Brasil S.A. The operation was approved in the Extraordinary Shareholders Meeting (AGE) held on October 31, 2016, when the company was fully merged into the parent company Marfrig Global Foods S.A. This operation is described in Note 13.5 to the financial statements for the fiscal year ended December 31, 2016

14. Property, plant and equipment

The following tables show the weighted average annual depreciation rate determined using the straight-line method and based on the economic useful life of the assets and their balances:

Changes in property, plant and equipment (Parent Company):

	Parent Company				
Description	Land, Constructions and Buildings	Machinery, equipment, furniture and fixtures	Construction in progress	Other property, plant and equipment	Total
Avg. annual depreciation rates	3.84%	14.17%	-	12.86%	
Acquisition cost	2,372,772	683,567	15,809	276,088	3,348,236
Accumulated depreciation	(452,386)	(315,599)	-	(93,037)	(861,022)
Net balance on 12/31/2016	1,920,386	367,968	15,809	183,051	2,487,214
Additions	78,712	35,746	165,580	6,509	286,547
Write-offs	-	(135)	-	(1,791)	(1,926)
Transfers	147,198	1,725	(147,516)	(1,407)	-
Depreciation in the period	(64,551)	(58,271)	-	(19,103)	(141,925)
Net balance on 9/30/2017	2,081,745	347,033	33,873	167,259	2,629,910
Acquisition cost	2,598,682	720,903	33,873	279,399	3,632,857
Accumulated depreciation	(516,937)	(373,870)	-	(112,140)	(1,002,947)
Net balance at the end of the period	2,081,745	347,033	33,873	167,259	2,629,910

Changes in property, plant and equipment (Consolidated):

	Consolidated				
Description	Land, Constructions and Buildings	Machinery, equipment, furniture and fixtures	Construction in progress	Other property, plant and equipment	Total
Avg. annual depreciation rates	3.68%	12.17%	-	11.88%	
Acquisition cost	3,566,474	1,763,437	155,718	539,291	6,024,920
Accumulated depreciation	(771,840)	(935,136)	-	(308,547)	(2,015,523)
Net balance on 12/31/2016	2,794,634	828,301	155,718	230,744	4,009,397
Additions	80,124	44,510	368,955	9,777	503,366
Write-offs	(78)	(3,065)	-	(2,076)	(5,219)
Transfers	164,406	82,101	(246,731)	224	-
Reclassification	-	-	(2,145)	-	(2,145)
Held-for-sale assets	(2,177)	(437)	(1,317)	(2,005)	(5,936)
Translation gains (losses)	(16,508)	(2,085)	3,228	(1,153)	(16,518)
Depreciation in the period	(99,462)	(128,432)	-	(29,871)	(257,765)
Net balance on 9/30/2017	2,920,939	820,893	277,708	205,640	4,225,180
Acquisition cost	3,792,241	1,884,461	277,708	544,058	6,498,468
Accumulated depreciation	(871,302)	(1,063,568)	-	(338,418)	(2,273,288)
Net balance at the end of the period	2,920,939	820,893	277,708	205,640	4,225,180

According to NBC TG 06/R2 (CVM Resolution 645/10) – lease operations, the assets acquired by the Corporation under a finance lease started to be recorded as property, plant and equipment, including their respective depreciation, as mentioned above, with an offsetting entry to lease payable, shown in note 21.

Pursuant to NBC TG 01/R3 (CVM Resolution 639/10) – asset impairment, an asset is tested for impairment on an annual basis. The asset's value must be estimated only if there is any indication of impairment.

If any indication of impairment is found, recoverability analysis comprises projecting the profitability and future cash of the Corporation's business units, which are discounted to present value to identify the degree of recoverability of the asset.

During the period ended September 30, 2017, the book values of the Corporation's assets were not higher than the amounts which could be obtained by use or sale.

Nevertheless, in 2016, the Corporation prepared, by engaging an external advisory firm, a valuation report of temporarily idle assets, and no impairment loss was verified.

The Corporation and its subsidiaries recorded property, plant and equipment that are fully depreciated and still in operation, as well as temporarily idle items, as follows:

	Parent/Consolidated		Consolidated
	9/30/2017		9/30/2017
Description	Temporarily idle property, plant and equipment	Property, plant and equipment fully depreciated and still in operation	Property, plant and equipment not in operation and not classified as held for sale
Land, constructions and buildings	134,605	594	-
Machinery, equipment , furniture and fixtures	33,242	114,606	28
Other property, plant and equipment	63,690	50,125	220
	231,537	165,325	248

15. Intangible assets

The Corporation has the subgroup intangible assets, composed of non-current assets, presented pursuant to NBC TG 04/R3 (CVM Resolution 644/10) – intangible assets, as shown in the summary below:

			Parent		Consolidated	
	Amortization rate	Useful life	9/30/17	12/31/16	9/30/17	12/31/16
Goodwill	-	-	966,548	995,469	1,005,591	1,049,503
Trademark and patents	2.01%	2.01	22,883	22,883	285,409	287,993
Software and Licenses	12.41%	4.09	30,952	29,428	56,638	58,066
Client relationship	-	Indefinite	-	-	1,058,653	1,052,285
Client relationship	10.00%	10.00	-	-	13,189	39,321
Right of use	5.50%	18.18	47,119	49,302	47,119	49,302
Sales channels	5.50%	18.18	263,071	275,264	263,071	275,264
Other intangible assets	24.28%	6.15	-	-	3,297	3,396
			1,330,573	1,372,346	2,732,967	2,815,130

In the period ended September 30, 2017, there were no significant changes. As a result, the Management chose not to present once again the details in this Note to avoid repetitions of previously reported information. Therefore, users must read this quarterly information together with Note 15 to the financial statements for the fiscal year ended December 31, 2016.

15.1 Changes in intangible assets

Changes in the intangible assets accounts for the period ended September 30, 2017 are as follows:

	Balance on December 31, 2016	Acquisition / Write-off	Exchange Variation	Amortization	Balance on September 30, 2017
Inaler S.A. - Goodwill	69,320	-	(2,119)	-	67,201
Frigorífico Tacuarembó S.A. - Goodwill	104,423	-	(3,145)	-	101,278
Masplen Ltd - Goodwill	30,933	-	(937)	-	29,996
Prescott International S.A. -Goodwill	40,319	-	(1,191)	-	39,128
Establecimientos Colonia S.A - Goodwill	217,467	-	(6,293)	-	211,174
Keystone International -Goodwill	533,005	-	(14,899)	-	518,106
Sales channels	275,265	-	-	(12,193)	263,072
Rights of use	49,302	-	-	(2,184)	47,118
Software and systems	29,429	7,875	-	(6,687)	30,617
Trademarks and patents	22,883	-	-	-	22,883
Total	1,372,346	7,875	(28,584)	(21,064)	1,330,573

	Balance on December 31, 2016	Acquisition/ Write-off	Exchange variation	Amortization	Reclassification	Held-for-sale assets	Balance on September 30, 2017
Goodwill	1,049,503	-	(41,732)	-	-	-	1,007,771
Sales channel	275,264	-	-	(12,193)	-	-	263,071
Rights of use	49,302	-	-	(2,184)	-	-	47,118
Software and Licenses	58,066	9,194	(835)	(12,269)	2,145	-	56,301
Trademarks and patents	287,993	-	(4,341)	-	-	(87)	283,565
Client relationship	16,892	-	(405)	(3,298)	-	-	13,189
Client relationship	1,074,714	-	(16,061)	-	-	-	1,058,653
Other intangible assets	3,396	738	(83)	(752)	-	-	3,299
Total	2,815,130	9,932	(63,457)	(30,696)	2,145	(87)	2,732,967

The goodwill generated from acquisitions of ownership interests abroad is expressed in the business unit's functional currency and is translated at the closing rate, in accordance with NBC TG 02/R2 (CVM Resolution 540/10) – effects of changes in exchange rates and translation of accounting statements.

16. Trade payables

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Third parties	623,116	698,724	1,721,116	1,836,976
Related parties [(1)]	85,579	40,455	74,085	16,450
	708,695	739,179	1,795,201	1,853,426

(1) Most of trade and other accounts payable include balances from transactions with its Subsidiaries and other related parties, as described in Note 10.1 and 10.2.

17. Supply chain finance

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Supply chain finance	171,364	149,331	171,364	149,331
	171,364	149,331	171,364	149,331

The Corporation entered into structured supply chain financing operations to extend raw material purchase terms with certain suppliers. The balance of these operations on September 30, 2017 was R$171 million at an average rate of 1.01% p.m. On December 31, 2016, these operations amounted to R$149 million at an average rate of 1.40% p.m.

18. Accrued payroll and related charges

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
INSS (social security contribution) payable	126,787	70,574	127,412	71,421
Salaries and payroll obligations	100,769	62,411	186,091	142,079
Other social charges and benefits payable	3,751	4,141	90,970	133,337
	231,307	137,126	404,473	346,837

The Corporation decided to change its strategy for social security liabilities, and no longer use its PIS and COFINS tax credits to settle such liabilities, thereby ending a series of legal claims and improving its relationship with the applicable government authorities. On September 29, 2017, the Corporation adhered to the Special Tax Payment Program (PERT) for liabilities due from January 2014 to April 2017 (See Note 19. Special Installment Plans). As a result, the Corporation took another important step towards its full tax compliance.

19. Taxes payable

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
ICMS (State VAT) payable	-	-	-	119
Income and Social contribution taxes payable	52,103	50,400	145,165	113,415
Special tax debt installment plans	787,269	753,197	788,462	754,382
Other taxes, fees and contributions payable	63,435	10,461	104,547	31,320
	902,807	814,058	1,038,174	899,236
Current liabilities	198,085	91,855	332,339	175,801
Non-current liabilities	704,722	722,203	705,835	723,435

Special Tax Debt Installment Payment Plan – Laws 11,941/09, 12,865/2013, 12,996/2014, PRT MP 766/2017, PERT MP 783 and 798/2017 and TA 120 of the state of Mato Grosso do Sul

On September 30, 2009, December 20, 2013, August 25, 2014, the Corporation joined Special Tax Debt Installment Payment Programs (New REFIS, Reopening and Copa), established by the above-mentioned laws, which provide for the payment in installments of debts due to the Brazilian Federal Revenue Service (SRF), the Office of the National Treasury Attorney-General (PGNF), and the Brazilian Social Security Institute (INSS). The Corporation declared debts with those agencies and transferred to the plan debts included in other payment plans (Special Tax Debt Installment Payment Plan - Law No. 10,684/03 – PAES and Extraordinary Tax Debt Installment Payment Plan – Executive Act No. 303/06 – PAEX). These debts will be settled within 180 months.

On May 31, 2017, the Corporation joined PRT to pay in installments debits overdue up to 2016, in the amount of R$29,770, following the rule of paying 24% in 24 installments as of the date it joined the program, with the remainder of the balance paid using tax losses and social contribution tax loss carryforwards.

Additionally, on September 30, 2017, the Corporation signed a term for spontaneous submission of debits offset using credits under homologation with the State of Mato Grosso do Sul in TA 120, in the amount of R$85,991, to be paid in 48 monthly installments.

On September 29, 2017, based on Decrees 783, of May 31, 2017, and 798, of August 31, 2017, which govern the payment in installments of liabilities owed to the Federal Revenue Service (SRF), the Office of the General Counsel for the National Treasury (PGFN) and the National Social Security Institute (INSS), the Corporation adhered to the Special Tax Payment Program ("PERT") for its federal tax liabilities in litigation with the aforementioned authorities. This led to the consolidation of R$170.0 million, of which R$92.0 million by migrating liabilities registered in Refis COPA and the remaining R$78.0 million related to liabilities due from January 2014 to April 2017. Of the total consolidated, 20% (equivalent to R$34 million) will be paid by December 2017, while the outstanding balance was settled using credits from tax losses and social contribution tax loss carryforwards.

Due to various postponements of deadlines and changes in the program proposed by the Brazilian executive and legislative branches, the Corporation is analyzing the possibility of requesting new migrations and/or submitting new tax liabilities, a decision that will be taken within the applicable legal periods.

Changes in special installment payment plans are as follows:

	Parent		Consolidated	
		Reclassification		Reclassification
	9/30/17	12/31/16	9/30/17	12/31/16
Opening balance	753,197	517,397	754,382	699,801
(+) Adhesion to the installment payment program	177,211	2,423	177,211	2,423
(-) Exclusion of installment payment program	-	(194)	-	(4,170)
(+) Inflation adjustment interest	40,878	56,575	40,952	73,791
(-) Payments made / tax credits	(184,017)	(47,828)	(184,083)	(64,193)
(+) Merger of subsidiary	-	178,201	-	-
(+/-) Reclassifications	-	46,623	-	46,622
(+/-) Reversal due to asset held for sale	-	-	-	108
Debt balance	787,269	753,197	788,462	754,382
Current liabilities	134,650	81,393	134,730	81,472
Non-current liabilities	652,619	671,804	653,732	672,910

20. Loans, financing and debentures

Parent					
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance on 9/30/17	Balance on 12/31/16
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	3.30	40	63
NCE/Working Capital	Fixed Rate+%CDI	10.40%	0.65	273,378	388,348
Debentures/Interest on debentures				588,864	867,805
Total local currency		10.40%		862,282	1,256,216
Foreign currency:					
NCE/Prepayment (US$) / ACC (US$)	Fixed Rate+ FX + Libor	5.00%	0.76	399,947	693,565
Total foreign currency		5.00%		399,947	693,565
Total loans, financing and debentures		7.19%		1,262,229	1,949,781
Current liabilities				644,880	1,120,887
Non-current liabilities				617,349	828,894

Consolidated					
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance on 9/30/17	Balance on 12/31/16
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	4.00%	2.38	14,366	18,836
NCE/Working capital	Fixed Rate+%CDI	10.40%	0.65	273,378	388,348
Debentures/Interest on debentures				-	256,563
Total local currency		10.08%		287,744	663,747
Foreign currency					
Prepayment/NCE / ACC (US$)	Fixed Rate + FX (US$) + Libor	5.00%	0.76	399,946	695,011
Bonds (US$)	Fixed Rate + FX	7.50%	4.49	8,266,607	7,725,506
Bank loan (US$)	Fixed Rate + FX	3.31%	4.17	1,533,450	1,629,040
Revolving credit facility	Fixed Rate + Libor	2.70%	3.02	1,042,350	411,331
PAE (US$)	Fixed Rate + FX	2.06%	0.67	31,739	25,766
Total foreign currency		6.38%		11,274,092	10,486,654
Total Loans, financing and debentures		6.47%		11,561,836	11,150,401
Current liabilities				1,741,661	1,454,602
Non-current liabilities				9,820,175	9,695,799

20.1. Senior Notes – BONDS

There were no changes in the types of loan and financing of the Corporation for 2017.

The main capital raising operation – Senior BNotes – BONDS - from previous fiscal years, are described in Note 20 to the Financial Statements for the fiscal year ended December 31, 2016. For 2017, the operations are described below:

In March 2017, the Corporation concluded the ninth operation, through which MARB BondCo PLC raised US$750 million with the issue of Senior Notes with coupon of 7.0% p.a. and semiannual interest payments starting in September 2017 and principal due in 7 years (Mar/2024), which were attributed a foreign currency risk ratings of B+ by Standard & Poors ("S&P") and of BB- by Fitch Ratings. This operation was guaranteed by Marfrig Global Foods S.A., Marfrig Overseas Limited and Marfrig Holdings (Europe) B.V. with the proceeds used to reduce the debt cost and lengthen the debt profile.

In March 2017, the Corporation repurchased the principal amount of approximately US$280.3 million, or 57.84% of the remaining outstanding Notes of the Second Issue and principal amount of approximately US$66.0 million, or 23.44% of the remaining outstanding Notes of the Third Issue.

In May 2017, the Corporation repurchased the outstanding principal of US$204.4 million of the Senior Notes maturing in 2020, and paying interest of 9.500% p.a.

20.2. Guarantees for loans and financing:

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Balance of financing	1,262,229	1,949,781	11,561,836	11,150,401
Guarantees:				
Promissory notes	-	195,692	-	197,136
Trade notes	21,929	42,978	21,929	42,978
Bank guarantee	96,453	104,043	96,453	107,719
Surety	250,103	339,826	298,513	480,567
Leased asset	40	63	40	63
Export document	-	-	62,093	60,843
Facilities	-	-	10,546	-
Marketable securities	2,807	616,600	2,807	5,358
Mortgage	-	-	2,181,415	60,752
No guarantees	890,897	650,579	8,888,040	10,194,985

20.3. Covenants

The Corporation is party to some loan and financing contracts that contain clauses requiring the maintenance of specific limits of consolidated debt, through covenants.
These covenants set the limit of 4.75 for the ratio of Net Debt to EBITDA in the last 12 months.

Failure to comply therewith could lead creditors to request the early maturity of the Corporation's debt.

Given the strategic moment for the Corporation regarding the growth of its operations in both business units, it believes the trend of future results should help balance this ratio going forward.

The leverage ratio is calculated as follows:

	9/30/17
Consolidated gross debt	11,561,836
(-) Consolidated cash and cash equivalents	4,524,307
Consolidated net debt	7,037,529
LTM EBITDA in the period ended September 30, 2017	1,411,289
EBITDA ratio	4.99
Consolidated net debt	7,037,529
(-) Effect from exchange variation (carve-out)	420,515
Consolidated adjusted net debt	6,617,014
Leverage ratio	4.69

In accordance with note 32.6 – Liquidity risk and capital management, due to the contractual provisions (carve-out) that allow the exclusion of foreign exchange variation effects from the calculation of leverage ratio (net debt/EBITDA LTM), the Corporation clarifies that based on this methodology, the current leverage ratio (net debt/EBITDA LTM) stood at 4.69.

Loans and financing fall due and pay interest as follows:

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
2017	86,868	1,120,887	353,279	1,454,602
2018	573,736	258,933	1,413,146	1,221,747
2019	601,612	569,948	2,167,085	2,131,263
2020	12	12	967,174	1,906,145
2021	1	1	83,395	84,608
2022	-	-	1,172,068	1,205,773
2023	-	-	3,073,379	3,146,263
2024	-	-	2,332,310	-
Total	1,262,229	1,949,781	11,561,836	11,150,401

21. Lease payable

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

21.1. Finance lease

According to NBC TG 06/R2 (CVM Resolution 645/10) – commercial leasing, finance lease operations are now recognized under the Corporation's current and non-current liabilities, with an offsetting entry of the leased asset recorded in property, plant and equipment, according to note 14, while financial leasing operations are guaranteed by the leased assets themselves:

	Parent					
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance on 9/30/17	Future payments 9/30/17	Balance on 12/31/16
Domestic currency						
Finance lease of vehicles	Rate	7.37%	1.40	151	128	42
Finance lease of IT equipment	Rate	14.47%	1.00	1,277	1,204	4,336
Finance lease of machinery and equipment	-	-	-	-	-	293
Finance lease of software license	Rate	12.84%	2.60	7,100	6,215	-
Interest payable				(1,536)	-	(887)
APV financial lease				(981)	-	(312)
Total domestic currency				6,011	7,547	3,472
Total Parent Company				6,011	7,547	3,472
Current liabilities				2,596		2,808
Non-current liabilities				3,415		664

	Consolidated					
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance on 9/30/17	Future payments 9/30/17	Balance on 12/31/16
Domestic currency						
Finance lease of vehicles	Rate	7.37%	1.40	151	128	42
Finance lease of IT equipment	Rate	14.47%	1.00	1,277	1,204	4,336
Finance lease of machinery and equipment	-	-	-	-	-	293
Finance lease of software license	Rate	12.84%	2.60	7,100	6,215	-
Interest payable				(1,536)	-	(887)
APV of financial lease				(981)	-	(312)
Total domestic currency				6,011	7,547	3,472
Foreign currency						
Finance lease of machinery and equipment	Rate	3.31%	3.00	27,433	28,847	35,024
Total foreign currency				27,433	28,847	35,024
Total Consolidated				33,444	36,394	38,496
Current liabilities				11,624		11,936
Non-current liabilities				21,820		26,560

According to NBC TG 12 (CVM Resolution 564/08) – present value adjustment, finance lease payable was discounted to present value.

Lease contracts fall due as follows:

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Domestic currency				
Up to one year	2,596	2,808	2,596	2,808
From one to five years	3,415	664	3,415	664
Total domestic currency	6,011	3,472	6,011	3,472
Foreign currency				
Up to one year	-	-	9,028	9,128
From one to five years	-	-	18,405	25,896
Total foreign currency	-	-	27,433	35,024
Total	6,011	3,472	33,444	38,496

The schedule for future payments of the finance lease is as follows:

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Domestic currency				
Up to one year	3,263	3,516	3,263	3,516
From one to five years	4,284	842	4,284	842
Total domestic currency	7,547	4,358	7,547	4,358
Foreign currency				
Up to one year	-	-	9,801	10,139
From one to five years	-	-	19,046	31,147
Total foreign currency	-	-	28,847	41,286
Total	7,547	4,358	36,394	45,644

21.2. Operating lease

Operating lease as at September 30, 2017 is as follows:

Parent						
Financial institution	Leased asset	Start date	Weighted average interest rate (p.a)	Weighted average maturity (years)	Total amount leased	Expense at 9/30/17
	Local currency					
LEONI EMPREEND IMOBIL	Meatpacking plant	1/1/14	IGP-M year	2.25	2,520	424
BRASIL FOOD SERV. GROUP .SA BFG	Meatpacking plant	10/1/14	IGP-M year	2.17	70,848	11,085
URUPA IND E COM DE ALIM LTDA	Meatpacking plant	10/1/15	IGP-M year	3.00	19,800	3,306
TOTAL S/A	Meatpacking plant	7/1/16	IGP-M year	4.42	105,860	10,594
	Total local currency				199,028	25,409
	Total Parent Company				199,028	25,409

Consolidated						
Financial institution	Leased asset	Start date	Weighted average interest rate (p.a)	Weighted average maturity (years)	Total amount leased	Expense at 9/30/17
	Local currency					
LEONI EMPREENDIMENTOS IMOB.	Meatpacking plant	1/1/14	IGP-M year	2.25	2,520	424
BRASIL FOOD SERV. GROUP .SA BFG	Meatpacking plant	10/1/14	IGP-M year	2.17	70,848	11,085
URUPA IND E COM DE ALIM LTDA	Meatpacking plant	10/1/15	IGP-M year	3.00	19,800	3,306
TOTAL S/A	Meatpacking plant	7/1/16	IGP-M year	4.42	105,860	10,594
	Total local currency				199,028	25,409
	Foreign currency					
Bank of America	Aircraft	-	-	-	-	3,593
Sundry leasers	Land and buildings	1/18/17	Fixed term	8.50	416	14,067
Sundry leasers	Machinery and equipment	9/27/17	Fixed term	6.18	307,968	16,092
Sundry leasers	Vehicles	8/25/17	Fixed term	4.99	45,569	3,781
Sundry leasers	IT equipment	-	-	-	-	24
	Total foreign currency				353,953	37,557
	Total Consolidated				552,981	62,966

The aircraft lease entered into with Bank of America in April 2011 ended in July 2017.

The balance of the operating lease payable falls due as follows:

	Parent	Consolidated
	9/30/17 (at present value)	9/30/17 (at present value)
Domestic currency		
Up to one year	26,171	26,171
From one to five years	53,084	53,084
Total domestic currency	79,255	79,255
Foreign currency		
Up to one year	-	65,049
From one to five years	-	191,881
Over 5 years	-	95,311
Total foreign currency	-	352,241
Total	79,255	431,496

The operating leases the Corporation enters into have no restrictions or contingencies, follow market practices and include, in some cases, price adjustment clauses during their effective term.

The value of the leased assets is calculated at total definitive cost, which includes costs of transportation, taxes and documentation. Finance lease obligations are calculated on the total definitive cost, by applying a predefined percentage for each agreement.

In the event of termination, the lessor will have the option of cumulatively: (i) unilaterally cancelling all rights arising from the lease agreement; (ii) claiming the return of the leased goods; and (iii) accelerating the maturity of the lease agreement. In that case, the lessee undertakes to pay unsettled debts, including installments overdue and falling due, besides possible outstanding expenses, taxes and charges, plus a fine of 10% on the debt balance. The lessee, without prejudice to the lessor, may file a claim for damages.

In relation to the renewal option, the lessee should previously communicate their intention to renew the lease agreement, otherwise the renewal is automatic, the conditions of which should be agreed upon between the parties. In the event the parties do not reach an agreement, the lessee should opt for purchasing the goods at market value or returning them.

22. Notes payable

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Notes payable for investments in Brazil (a)	430,726	431,230	430,726	431,230
Notes payable - Sponsorships (b)	39,800	314,169	84,239	405,473
Market transactions payable (c)	10,162,253	8,780,070	-	-
Other	19,287	23,788	21,823	24,165
	10,652,066	9,549,257	536,788	860,868
Current liabilities	122,044	306,056	144,872	372,607
Non-current liabilities	10,530,022	9,243,201	391,916	488,261

(a) The amount refers primarily to the acquisition of all shares in Mercomar Empreendimentos e Participações Ltda., as described in Note 13.4 to the financial statements for the fiscal year December 31, 2016.

(b) In the note 32, we break down financial instrument operations practiced by the Corporation. The Corporation and its subsidiaries are subject to market risks related to foreign exchange variations, interest rates fluctuations and commodities prices variations. These represent the amount of derivatives payable.

(c) The breakdown of balance can be seen in note 10.1 and 10.2.

23. Mandatory deed convertible into shares

According to the "Indenture for the Second Issue of Debentures Convertible into Shares of (Mandatory Deed) Marfrig Global Foods S.A.", the Corporation issued two hundred and fifty thousand (250,000) debentures, mainly convertible into shares, with unit par value of R$10, amounting to R$2,500,000. The Mandatory Deed was issued on July 15, 2010 through private subscription, with maturity within 60 months, annually restated at the interest rate at 100% of the accumulated variation of average interbank deposit rates of a day, plus spread of one per cent (1%). On December 31, 2016, remuneration of the Mandatory Deed was recognized as current liabilities and collateralized by a bank guarantee provided by Banco Itaú BBA S.A. All two hundred and fifty thousand (250,000) debentures were subscribed on various dates during, and the main debenture holder is BNDES Participações S.A.

On January 25, 2017, the mandatory deeds held by BNDES were fully converted, and on January 26, 2017, Marfrig Global Foods informed its shareholders and the general market that, due to the final maturity of the 214,955 debentures were converted into 99,979,068 common shares. The shares were deposited at the depositary institution to be delivered to debenture holders. Within the same period, the respective amount corresponding to share fractions resulting from the conversion of Debentures, calculated in accordance with the Indenture, will be credited to the Debenture holders, in legal tender. The price per share to be considered for payment of share fractions is R$21.50, and additional financial costs of R$ 83.3 million. The newly issued shares will have the same characteristics and conditions and be entitled to all the rights and benefits attributed by the Bylaws, now and in the future, to the common shares issued by the Corporation, including full rights to any distribution of dividends and/or interest on equity capital that may be announced by the Corporation after the ratification of the capital increase.

On February 2, 2017, the Corporation announced that it received correspondence from BNDES Participações S.A. ("BNDESPAR"), in its capacity as shareholder of Marfrig, informing the increase in its relevant interest in the Corporation. The Corporation informs that, due to the mandatory conversion of debentures issued in accordance with the Private Indenture of the 5th Issue of Convertible Debentures, BNDESPAR now holds an equity interest corresponding to 32.54% of the capital of Corporation, or 202,152,194 shares out of the total of 621,279,822 common shares that currently form the share capital of the Corporation on said date, in accordance with the Issue Indenture. It further states that, on said date, BNDESPAR was a signatory to the Shareholders' Agreement of the Corporation, executed on August 5, 2010. The aforementioned interest does not seek to change the composition of the controlling group or the administrative structure of Marfrig Global Foods S.A.

24. Tax, labor and civil contingencies

24.1 Provisions

The Corporation and its subsidiaries are involved in several civil, administrative, tax, social security and tax proceedings, in the ordinary course of business, for which provisions based on legal counsel's estimates have been set up. The principal information about these proceedings is presented below:

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Labor and social security	43,735	42,292	50,443	52,931
Tax	1,759	1,758	1,759	1,758
Civil	33,465	32,941	33,615	33,050
	78,959	76,991	85,817	87,739

The following table shows the changes in provisions in the period ended September 30, 2017:

	Parent				Consolidated			
	Labor and social security	Tax	Civil	Total	Labor and social security	Tax	Civil	Total
Balance on December 31, 2016	42,292	1,758	32,941	76,991	52,931	1,758	33,050	87,739
Addition	2,386	1	1,453	3,840	3,112	1	1,494	4,607
Reversal	(943)	-	(929)	(1,872)	(1,498)	-	(929)	(2,427)
Reclassification - held for sale	-	-	-	-	(4,102)	-	-	(4,102)
Balance on September 30, 2017	43,735	1,759	33,465	78,959	50,443	1,759	33,615	85,817

24.1.1. Labor and social security

As at September 30, 2017, the Corporation and its subsidiaries are parties to various labor claims. Based on the Corporation's and its subsidiaries' payment history, a provision of R$50,443 was set up. In the opinion of the Management and legal counsel, this provision is sufficient to face probable losses. Most of the labor claims filed against the Corporation and its subsidiaries refer to matters usually questioned in this industry, such as dismissal for just cause, preparation time, breaks for personnel who work in refrigerated environments, commuting time and ergonomic risk, among others. The Management of the Corporation believes no individual labor claim is relevant.

24.1.2. Tax

The Corporation accrues provisions for tax contingencies as a reserve for risks not incurred in the amount of R$1,759.

24.1.3. Civil

Based on the opinion of legal advisors, the Management recognized on September 30, 2017 a provision for the amount of shares considered to be of probable risk, totaling R$33,615. The civil suits of the Corporation and its subsidiaries involve disputes typically related to business agreements and indemnities. The early terminations include the agreement for sponsorship of the Brazilian National Football Teams entered into with the Brazilian Football Confederation (CBF).

24.2 Contingent liabilities

Contingent liabilities, which are not recorded in the books of account, according to prevailing legislation, are shown below:

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Labor and social security	130,055	223,074	130,936	225,619
Tax	1,686,214	1,416,072	1,688,340	1,418,198
Civil	738	881	738	881
	1,817,007	1,640,027	1,820,014	1,644,698

24.2.1 Labor and social security

The labor and social security lawsuits in which the Corporation and its subsidiaries are parties typically involve issues usually claimed in the segment, such as dismissal without cause, preparation time, breaks for persons working in refrigerated environments, overtime, ergonomic hazards and others, which are individually insignificant.

24.2.2 Tax

The main tax matters discussed at court that in the opinion of the Management and legal counsel are rated as possible losses for the Corporation and its subsidiaries is presented below.

a) Federal Taxes and Contributions

As at September 30, 2017, the Corporation was a party to administrative proceedings and court claims filed by the Federal Government at the total historical value of R$947,805, claiming:

(i) Deduction of ICMS from PIS and COFINS tax bases. This last lawsuit refers to a refund request at the historical value of R$68,552, for which a provision was not accrued, given that according to the opinion of the legal counsel, they are considered only possible losses. The Corporation has filed administrative defenses that are pending final judgments and allege non-enforceability due to miscalculation of their tax bases, and that inspectors estimated the amounts according to assumptions;

(ii) No increase in taxable income and IRPJ/CSLL base for profits earned abroad in calendar year 2009, disallowance of goodwill amortization and non-subjection to tax of interest from loan agreements in force with subsidiaries abroad, in the historical amount of R$159,283. Administrative defenses were submitted.

(iii) Disallowance of amounts deducted from the calculation base of income and social contribution taxes for the years 2007 and 2008, as interest on equity, and disallowance as RTT of the amounts "adjustment to present value," "share issue expenses,", "goodwill amortization," "biological assets," "financial transaction costs" and "business combination," in the historical amount of R$146,950;

(iv) The Corporation is facing Tax Foreclosure that seeks to collect social security debt for the period from December 2013 to November 2014, in the historical amount of R$345,522;

(v) The Corporation has Tax Deficiency Notices amounting to R$68,045, related to the requirement to pay a fine of 50% for alleged lack of payment of Social Contribution and Income Tax on the calculation base of the monthly estimate. The notice was due to the fact that the Federal Revenue Service did not ignore the rectifying DCTFs submitted by the company within the legal deadline;

(vi) The Corporation and its subsidiary Pampeano have federal tax debits, whose collection suits are individually immaterial, totaling R$159,453.

The Corporation and its subsidiary Pampeano joined the tax installment payment program envisaged by Law 12,996/14, which reopened the period for joining the tax installment payment program provided for by Law 11,941/09, granting the prerogative to taxpayers that pay their overdue liabilities in installments by December 31, 2013 – World Cup REFIS. The following debits were subject to such installment payments: i) social security contributions, ii) arising from settlements not ratified; and iii) Import PIS/COFINS. These liabilities are currently being examined by the Corporation regarding their possible submission to the Special Tax Payment Program (PERT).

b) State VAT – ICMS

On September 30, 2017, the Corporation had administrative proceedings, and court claims in the historical amount of R$739,815, claiming the following:

(i) The most significant proceedings regarding ICMS were filed by the Finance Department of the State of São Paulo claiming amounts related to deemed credit taken on transfer invoices of goods sent by the branches located in the states of Mato Grosso do Sul and Goiás to the branches in the State of São Paulo, that is, a "Tax War". The assessed amounts correspond to the difference between the amount separately identified in the goods receiving documents at the distribution center and that paid to the State of origin. The total historical amount claimed in these proceedings is R$549,961;

(ii) Tax Deficiency Notices discussing the collection of ICMS taxes in the state of Goiás related to the disallowance of ICMS tax credits due to noncompliance with accessory obligations, error in the basis for calculation of the value due in ICMS taxes, failure to return credits granted after goods were returned, failure to return ICMS credits on the acquisition of inputs/goods proportionally to disbursements, failure to substantiate exports of goods abroad, which amount to a historical amount of R$117,706;

(iii) The Corporation and its subsidiary Pampeano are parties to administrative proceedings and legal suits, whose collection suits are individually immaterial, totaling R$72,148.

c) Taxes on Services of Any Nature (ISSQN)

On September 30, 2017, the Corporation had tax deficiency notices issued by the municipalities of Santo André in São Paulo and of Mineiros in Goiás claiming the payment of ISSQN related to the alleged retention and nonpayment of the respective tax credit levied on the provision of services received, in the historical amount of R$720.

24.2.3 Civil

The civil suits of the Corporation and its subsidiaries involve disputes typically related to business agreements and indemnities, which are not individually relevant.

24.3 Additional Information on Contingent Liabilities

24.3.1 Remote Risk

On September 30, 2017 the Corporation, based on the opinion of its Management and legal advisors, classified the amount of R$237,061 as Remote Risk, not including it in the balance informed in note 24.2 – Contingent Liabilities – Tax.

(i) Contributions to Social Security, FUNRURAL and GILRAT - tax deficiency notices, the first related to fiscal years 2006 and 2007, the second related to fiscal year 2008 and the third related to fiscal years 2009 and 2010, in the historical amount of R$237,061, with administrative defenses filed in all cases, claiming the unconstitutionality of these contributions based on the ruling of the Federal Supreme Court (STF), grounded in Article 26 – A of the Decree;

(ii) With regard to federal administrative and judicial proceedings deemed as remote risk, as described earlier in note 22.3 for the period ended June 30, 2014, the Corporation joined the tax installment payment program instituted by Law 12,966/14, which reopened the period for joining the tax installment payment program provided for by Law 11,941/09, granting the prerogative to taxpayers that pay their overdue debits in installments by December 31, 2013 – World Cup REFIS. The debits subject to adhesion refer to social security contributions and Import PIS/COFINS, whose amounts are mentioned in note 19 - Taxes, rates and contributions.

24.3.2 Ongoing investigations

a) Operation Acrônimo

In accordance with the Notice to the Market of October 23, 2017, the Corporation informed that the Final Report of the civil investigation issued by the Federal Police in connection with Operation Acrônimo did not include any accusation against or indictment of the Company or any of its executives.

b) Operation Cui Bono

With regard to Operation Cui Bono, the Corporation also has been collaborating with the Federal Prosecution Office (MPF) and with other federal authorities to clarify the facts cited in the police investigation into the matter, and to date the authorities have not filed any charges and/or information against any of its officers or directors. The internal Compliance Department has opened an internal investigation to assess the existence or not of the matters cited in the investigation.

Furthermore, the Corporation clarifies that it publishes and monitors the application of its Code of Ethics and Conduct, which contains guidelines for corporate conduct, and reaffirms that it does not tolerate the practice of any crimes or wrongdoings of any kind by any of its officers, directors, employees, suppliers or partners.

25. Deferred Income and Social Contribution Taxes – Liabilities

	Consolidated	
	9/30/17	12/31/16
Income Tax	270,780	269,616
	270,780	269,616

Deferred income tax liabilities refer to the taxes calculated on temporary differences, as well as translation gains and losses recognized as deferred tax liabilities resulting from the translation of balances into

foreign currencies other than the Corporation's functional currency, which are recorded at the foreign subsidiaries and settled in future fiscal years.

Below are the changes in deferred taxes in the period ended September 30, 2017:

	Consolidated
Description	IRPJ
Balance on December 31, 2016	269,616
Deferred taxes on temporary differences	23,155
Reversal of deferred taxes on temporary differences	(18,026)
Other	3,753
Translation gain or loss	(7,718)
Balance on September 30, 2017	270,780

26. Shareholders' equity

26.1 Share capital

Subscribed and paid-in share capital as at September 30, 2017 totals R$7,427,677 and is represented by 621,279,822 common shares without par value (R$5,278,127 as of December 31, 2016, represented by 521,300,754 shares).

On January 26, 2017, Marfrig Global Foods informed its shareholders and the general market that, due to the final maturity of the convertible debentures on January 25, 2017, the 214,955 debentures were converted into 99,979,068 common shares, in the amount of R$ 2,149.550.

26.2 Income reserves

26.2.1 Legal reserve

It is 5% (five per cent) of the Corporation's net income, as defined in its by-laws and current legislation.

In 2016 and 2015, the Corporation did not recognize legal reserve given that it recorded loss. Accordingly, the balance as of December 31, 2016 remained at R$44,476.

26.2.2 Treasury shares

On September 30, 2017, Corporation held three hundred and twenty thousand, one hundred twenty-six (320,126) common shares in treasury, which were booked at the amount of R$1,951, which corresponds to an average cost of six reais and nine centavos (R$6.09) per share.

Changes in treasury shares in the period are shown in the table below:

	Held in Treasury	
	Number of Shares	Value (R$ '000)
Balance as at December 31, 2016	1,281	12
(+) Acquisition - Repurchase program	1,267,000	7,722
(-) Disposal - Stock options	(948,155)	(5,783)
Balance as at September 30, 2017	320,126	1,951

Share buyback program

Shares repurchased were held in treasury for exercise of stock options by the beneficiaries of the Corporation's Stock Option Plan and/or subsequent cancellation or sale.

On January 9, 2017, the Corporation's Board of Directors approved the use of the available capital reserve to acquire shares.

The buyback program includes the acquisition of up to 9,456,917 registered, book-entry common shares without par value issued by the Corporation.

The maximum period for effecting the purchase transactions is eighteen (18) months, starting on January 11, 2017 and ending on July 10, 2018.

26.3 Other equity items

As permitted under NBC TG 21/R3 (CVM Resolution 673/11) and based on the recommendations in Official Letter CVM/SNC/SEP/Nº 003/2011, the Management chose not to present once again the details in its Notes of Other Comprehensive Income, Dividends Payable, Interest on Equity and Non-Controlling Interest so as to prevent the repetition of information already reported in the financial statements for the fiscal year ended December 31, 2016, so as to provide a better understanding to users.

27. Net sales revenue

	Parent		Consolidated	
	9/30/17	9/30/16	9/30/17	Reclassified 9/30/16
Revenue from sales of products				
Domestic sales	3,211,190	2,559,883	9,750,350	10,435,425
Foreign sales	2,260,081	1,847,812	3,844,811	3,825,998
	5,471,271	4,407,695	13,595,161	14,261,423
Deductions from gross sales				
Taxes on sales	(131,907)	(108,465)	(118,692)	(154,475)
Returns and discounts	(190,382)	(129,839)	(196,246)	(177,692)
	(322,289)	(238,304)	(314,938)	(332,167)
Net sales	5,148,982	4,169,391	13,280,223	13,929,256

28. Costs and expenses by nature

The Corporation has decided to present the statements of income by function. The breakdown by nature is below:

	Parent		Consolidated	
	9/30/17	Reclassified 9/30/16	9/30/17	Reclassified 9/30/16
Cost of sales				
Inventory costs	3,925,922	3,078,387	10,000,561	10,521,266
Depreciation	132,787	90,787	244,813	260,826
Amortization	6,686	5,189	65,104	64,831
Employee salaries and benefits	383,588	306,367	1,385,270	1,444,041
	4,448,983	3,480,730	11,695,748	12,290,964
Administrative expenses				
Depreciation	8,880	6,852	12,394	10,481
Amortization	14,377	14,377	15,500	15,077
Employee salaries and benefits	59,873	56,941	176,583	185,494
Other	8,795	(6,306)	100,207	116,757
	91,925	71,864	304,684	327,809
Selling expenses				
Depreciation	259	248	558	629
Employee salaries and benefits	27,374	32,790	50,331	61,130
Freight	223,048	150,999	235,111	221,719
Other	65,204	73,840	117,313	163,620
	315,885	257,877	403,313	447,098

29. Net financial result

The Corporation's net financial income (expenses) is as follows:

	Parent		Consolidated	
	9/30/17	9/30/16	9/30/17	Reclassified 9/30/16
Financial income				
Market transactions	84,640	248,782	107,392	260,927
Interest received, earnings from marketable securities	57,215	79,050	91,610	127,769
Discounts, other	3,254	19,659	5,913	39,909
Total financial income	145,109	347,491	204,915	428,605
Exchange rate gains	900,092	1,117,814	1,024,286	1,407,444
Financial expense				
Provisioned interest, debentures and leasing with financial institutions	(928,303)	(989,620)	(611,443)	(928,995)
Market transactions	(32,645)	(84,429)	(101,098)	(211,256)
Bank expenses, commissions, fees, financial discounts, other	(215,367)	(204,551)	(793,751)	(710,459)
Total financial expense	(1,176,315)	(1,278,600)	(1,506,292)	(1,850,710)
Exchange rate losses	(1,031,250)	(1,031,979)	(1,153,459)	(1,392,364)
Net financial result	(1,162,364)	(845,274)	(1,430,550)	(1,407,025)

30. Management compensation

As permitted under NBC TG 21/R3 (CVM Resolution 673/11) and based on the recommendations in Official Letter CVM/SNC/SEP/Nº 003/2011, the Management chose not to present once again the details in its Notes of Management Compensation and sub-items (Board of Directors, Statutory Officers, Audit Board, Stock Option Plan) so as to prevent the repetition of information already reported in the financial statements for the fiscal year ended December 31, 2016, so as to provide a better understanding to users.

30.1 Consolidated compensation

Management and Board members compensation is made up of the compensation of eight members of the Board of Directors (the other two opted for not receiving compensation as board members, one of whom is also a member of the Statutory Board of Executive Officers and receives compensation from that body), six members of the Audit Board (there of whom are alternate members) and five officers appointed as per the Corporation's by-laws.

The added value of the compensation received by the Corporation's Management and Board members for their services is defined through market practices, with the participation of the Compensation, Corporate Governance and Human Resources Committee, made up exclusively of members of the Board of Directors of the Corporation, one of whom acts as Coordinator of the Committee:

	9/30/17	9/30/16
Consolidated Management compensation	12,105	18,064
Total	12,105	18,064

30.2 Stock option plan

During the period ended September 30, 2017, 948,155 shares were transferred to the Management of the Corporation under the stock option plans. The changes in options exercised during the period are shown in the tables below:

Total options exercised by month

	Number of shares exercised	Average Market Price[1] (R$ per share)
January/17	-	6.31
February/17	-	6.85
March/17	60,777	5.88
April/17	36,602	6.09
May/17	349,308	6.93
June/17	51,948	6.56
July/17	76,961	6.67
August/17	28,599	6.97
September/17	343,960	6.97
Options exercised - 2017	948,155	

[1] Average monthly quote disclosed by BM&FBOVESPA - Bolsa de Valores, Mercadorias e Futuros S.A., related to Marfrig's common shares, traded under ticker MRFG3.

Consolidated Changes	2017	2016
(Options)		
Opening balance	2,683,082	2,265,365
Options granted	-	1,225,449
Options exercised	(948,155)	(610,618)
Options canceled and expired	(102,394)	(197,114)
Closing balance	1,632,533	2,683,082

The expected dilution of ownership interest of current shareholders, when stock options are exercised at the vesting date, up to the limit of shares held in the treasury for this purpose, is 0.26% of all shares at September 30, 2017, as detailed in the table below:

Percentage of Dilution

	ESP VII LP Plan	ESP VIII LP Plan	ESP IX LP Plan	ESP X LP Plan	Total
Granting date	4/5/2013	4/30/2014	6/24/2015	11/7/2016	
Unexercised agreements	1,359	217,555	603,749	809,870	1,632,533
Treasury stock					(320,126)
Total shares except treasury stock					620,959,696
Percentage of dilution	0.00%	0.04%	0.10%	0.13%	0.26%

The Corporation recognized expenses relating to granting of plans in effect for the period ended September 30, 2017, as detailed in the table below:

Effects from the exercise of options (R$ '000)	2017	2016
Amount received from sale of shares - Exercised options	2,466.6	1,593.1
(-) Cost of treasury shares disposed of	(5,778.8)	(541.5)
(-) Cost of shares issued	-	(1,449.0)
Effect on disposal of shares	(3,312.2)	(397.4)

Due to the exercise of stock options, the Corporation incurred costs with the sale of treasury shares of R$5,779. At September 30, 2017, the book value of treasury shares was recorded under the Corporation's shareholders' equity in the amount of R$1,951 (R$12 at December 31, 2016).

The fair value of the options was measured on an indirect basis, according to the Black-Scholes pricing method, based on the following assumptions:

- **Standard deviation:** 30.91%. Volatility is measured taking into consideration the daily prices of the Corporation's shares traded on the Brazilian stock exchange (BM&FBOVESPA) under the ticker MRFG3, from April 1, 2017 to September 30, 2017;

- **Risk-free interest rate:** 7.00% p.a. The Corporation uses as risk-free interest rate the Long Term Interest Rate (TJLP) annualized on calculation date and available on the federal revenue service website: receitafederal-idg.receita.fazenda.gov.br/orientacao/tributaria/pagamentos-e-parcelamentos/taxa-de-juros-de-longo-prazo-tjlp.

The fair value of options as of September 30, 2017 ranged between a minimum of R$1.46 and a maximum of R$4.57 per share for SPECIAL plans.

Changes to the stock option programs are presented below:

Plans	Granting Date	Performance (vesting) period	Option expiration date	Options granted	Vested options	Options exercised in the period	Options cancelled and/or expired in the period	Options exercised and/or cancelled in prior periods	Unexercised agreements	Option exercise price
Options Exercised/Canceled in Previous Periods				**8,427,124**	**4,686,731**			**4,936,310**	**2,683,082**	
ESP VII LP 12-13	4/5/2013	3/3/2017	9/2/2017	87,380	87,380	34,248	13,897	37,876	1,359	R$ 5.0083
				349,520	**349,520**	**34,248**	**13,897**	**300,016**	**1,359**	
ESP VIII LP 13-14	4/30/2014	3/3/2017	9/2/2017	624,910	624,910	204,156	22,200	393,371	5,183	R$ 1.9470
ESP VIII LP 13-14	4/30/2014	3/3/2018	9/2/2018	624,910	22,658	19,281	0	393,257	212,372	R$ 1.9470
				2,499,640	**1,897,388**	**223,437**	**22,200**	**2,036,448**	**217,555**	
ESP IX LP 14-15	6/24/2015	3/3/2017	9/2/2017	395,316	395,316	285,912	30,515	66,611	12,278	R$ 2.3720
ESP IX LP 14-15	6/24/2015	3/3/2018	9/2/2018	395,316	32,881	32,881	0	66,611	295,824	R$ 2.3720
ESP IX LP 14-15	6/24/2015	3/3/2019	9/2/2019	395,069	32,874	32,874	0	66,548	295,647	R$ 2.3720
				1,581,017	**856,387**	**351,667**	**30,515**	**595,086**	**603,749**	
ESP X LP 15-16	11/7/2016	3/3/2017	9/2/2017	306,410	306,410	249,809	35,782	10,252	10,567	R$ 3.0281
ESP X LP 15-16	11/7/2016	3/3/2018	9/2/2018	306,410	29,668	29,668	0	10,252	266,490	R$ 3.0281
ESP X LP 15-16	11/7/2016	3/3/2019	9/2/2019	306,410	29,668	29,668	0	10,252	266,490	R$ 3.0281
ESP X LP 15-16	11/7/2016	3/3/2020	9/2/2020	306,219	29,658	29,658	0	10,238	266,323	R$ 3.0281
				1,225,449	**395,404**	**338,803**	**35,782**	**40,994**	**809,870**	
Total on	**9/30/2017**			**8,427,124**	**6,270,197**	**948,155**	**102,394**	**5,744,042**	**1,632,533**	

Plans	Granting Date	Market value of unvested options at the end of the period (R$ '000)	Market value of outstanding vested options at the end of the period (R$ '000)	Effects in the result of the period in case of recognition (R$ '000)
ESP VII LP 12-13	4/5/2013	2.0	2.0	1.5
		2.0	**2.0**	**1.5**
ESP VIII LP 13-14	4/30/2014	23.4	23.4	21.5
ESP VIII LP 13-14	4/30/2014	972.6	0.0	880.9
		996.0	**23.4**	**902.4**
ESP IX LP 14-15	6/24/2015	50.3	50.3	45.7
ESP IX LP 14-15	6/24/2015	1,232.7	0.0	1,101.3
ESP IX LP 14-15	6/24/2015	1,278.2	0.0	1,100.6
		2,561.2	**50.3**	**2,247.6**
ESP X LP 15-16	11/7/2016	36.4	36.4	32.4
ESP X LP 15-16	11/7/2016	940.7	0.0	817.2
ESP X LP 15-16	11/7/2016	995.0	0.0	817.2
ESP X LP 15-16	11/7/2016	1,047.8	0.0	816.7
		3,019.9	**36.4**	**2,483.6**
Total on	**9/30/2017**	**6,579.1**	**112.1**	**5,635.1**

31. Earnings (loss) per share

The following table shows the calculation of earnings (loss) per share for the periods ended September 30, 2017 and 2016 (in thousands, unless otherwise stated):

	9/30/17	9/30/16
Profit (loss) attributable to shareholders from continuing operations	(453,194)	(458,249)
Profit (loss) attributable to shareholders from discontinued operations	(8,745)	49,700
Profit (loss) attributable to shareholders from the Corporation	(461,939)	(408,549)
Weighted average number of shares in the year (units)	593,035,591	521,300,754
Weighted average number of shares held in treasury (units)	(341,051)	(227,017)
Weighted average number of outstanding common shares (units)	592,694,540	521,073,737
Basic and Diluted Earnings (Losses) (in R$) from continuing operations	(0.7646)	(0.8794)
Basic and Diluted Earnings (Losses) (in R$) from discontinued operations	(0.0148)	0.0954
Earnings or losses attributable to shareholders of the Company	(0.7794)	(0.7841)

For the fiscal year of 2016, the Corporation has debentures mandatorily convertible into common shares, which are not added to the calculation of diluted earnings per share.

32. Financial instruments - derivatives and risk management - consolidated

32.1. Overview

The Corporation and its subsidiaries are exposed to market risks related to exchange rate gains (losses), interest rate and commodities price fluctuations of a nature considered normal to their business. In order to minimize these risks, the Corporation has policies and procedures to minimize these exposures and may use hedging instruments, as long as previously approved by the Board of Directors.

Among the Corporation's guidelines we highlight: Monitoring levels of exposure to each market risk; measuring these risks; setting limits for making decisions and using hedging mechanisms, always aiming at minimizing the foreign exchange exposure of its debts, cash flows and interest rates.

On December 19, 2016, the Board of Directors decided that the Corporation shall be represented exclusively by its Officers and Attorney-in-Fact (Article 26 of the Bylaws) for acts and transactions in amounts of up to R$500 million or US$200 million, depending on the currency in which they are carried out.

For acts and transactions in amounts greater than R$500 million or US$200 million, the approval by the Board of Directors is required.

The Corporation only enters into transactions with derivatives or similar instruments that offer a minimum protection against: foreign currencies, interest rates and commodity prices, and also adopts a conservative policy of not entering into transactions that could affect its financial position. The Corporation does not enter into leveraged transactions with derivatives or similar instruments

The Corporation also has a sound financial policy, maintaining a high level of cash balance, cash equivalents and short-term financial investments. At the same time, the maturity of the Corporation's long-term indebtedness is such way that it is not concentrated in any single year.

32.2. Financial instruments by category

The Corporation's financial assets and liabilities are classified as below:

Parent				
Financial assets	Amortized Cost		Held for trading	
	9/30/17	12/31/16	9/30/17	12/31/16
Cash and cash equivalents	118,675	390,293	9,738	5,988
Marketable Securities	-	98,000	1,184,183	1,417,911
Trade accounts receivable	455,147	475,471	-	-
Notes receivable - derivatives	-	-	24,777	53,628
Related parties	521,360	717,391	-	-
Total financial assets	1,095,182	1,681,155	1,218,698	1,477,527

Financial liabilities	Amortized Cost		Held for trading	
	9/30/17	12/31/16	9/30/17	12/31/16
Trade accounts payable and supply chain finance	880,059	888,510	-	-
Loans, financing and debentures	1,243,285	1,651,911	-	-
Finance lease	6,011	3,472	-	-
Notes payable - derivatives	-	-	39,800	314,169
Notes payable - investments Brazil	430,726	431,230	-	-
Interest on debentures	18,944	297,870	-	-
Related parties	10,162,253	8,780,070	-	-
Total financial liabilities	12,741,278	12,053,063	39,800	314,169

Consolidated				
Financial assets	Reclassified Amortized cost		Held for trading	
	9/30/17	12/31/16	9/30/17	12/31/16
Cash and cash equivalents	863,920	3,283,625	404,975	8,080
Marketable Securities	-	195,968	3,255,412	1,791,819
Trade accounts receivable	624,641	790,468	-	-
Notes receivable - derivatives	-	-	33,546	308,639
Related parties	21	46,740	-	-
Joint Venture	77,188	57,034	-	-
Total financial assets	1,565,770	4,373,835	3,693,933	2,108,538

Financial liabilities	Amortized cost		Held for trading	
	9/30/17	12/31/16	9/30/17	12/31/16
Trade accounts payable and supply chain fina	1,966,565	2,002,757	-	-
Loans, financing and debentures	11,561,836	10,893,838	-	-
Finance lease	33,444	38,496	-	-
Notes payable - derivatives	-	-	84,239	405,473
Notes payable - investments Brazil	430,726	431,230	-	-
Interest on debentures	-	256,563	-	-
Total financial liabilities	13,992,571	13,622,884	84,239	405,473

Details of the accounting policies and methods used (including criteria for recognition, measurement bases and criteria for recognition of gains and losses) for each class of financial instruments and equity are presented in note 3.1.4 to the financial statements for the fiscal year ended December 31, 2016.

32.3. Comparison of market value and respective fair values

Market values for the financial instruments are shown below:

	Consolidated			
	9/30/17		12/31/16	
	Book value	Market value	Book value	Market value
Cash and cash equivalents	1,268,895	1,268,895	3,291,705	3,291,705
Marketable Securities	3,255,412	3,255,412	1,987,787	1,987,787
Trade accounts receivable	624,641	624,641	790,468	790,468
Notes receivable - derivatives	33,546	33,546	308,639	308,639
Trade accounts payable and supply chain finance	1,966,565	1,966,565	2,002,757	2,002,757
Loans and financing	11,561,836	11,561,836	10,893,838	10,893,838
Finance lease	33,444	33,444	38,496	38,496
Payables - derivatives	84,239	84,239	405,473	405,473
Interest on debentures	-	-	256,563	256,563

The fair value of financial instruments is similar to the book value and largely reflects the values that would be obtained if they were traded in the market.

32.4. Breakdown of Derivative Financial Instruments

The breakdown of Marfrig Group's derivative financial instruments follows:

				Consolidated				
Instrument	**Hedged Item**	**Exchange**	**Maturity**	**Long**	**Short**	**Notional USD**	**Notional R$**	**MTM R$**
Transactions designated as Hedge Accounting								
Swap	Interest Rate	OTC	2018	LIBOR	USD	132,500	419,760	51
Swap	Interest Rate	OTC	2019	LIBOR	USD	187,500	594,000	(8,459)
NDF	Exchange rate	OTC	2017	USD	GBP	8,063	25,545	(1,341)
NDF	Exchange rate	OTC	2018	USD	GBP	21,604	68,442	(2,941)
NDF	Exchange rate	OTC	2017	USD	EUR	266	843	(48)
NDF	Exchange rate	OTC	2018	USD	EUR	3,101	9,824	(419)
Transactions not designated as Hedge Accounting								
Swap	Interest Rate	CETIP	2017	BRL	USD	174,793	553,744	19,662
Swap	Interest Rate	OTC	2017	USD	BRL	174,793	553,744	(19,662)
Swap	Interest Rate	CETIP	2018	CDI	USD	10,253	32,481	(33,500)
								(46,657)
NDF	Exchange rate	OTC	2017	KRW	USD	6,442	20,407	148
NDF	Exchange rate	OTC	2017	MYR	USD	1,464	4,637	25
NDF	Exchange rate	OTC	2017	THB	MYR	550	1,741	(21)
NDF	Exchange rate	OTC	2017	THB	USD	268	850	1,303
NDF	Exchange rate	OTC	2017	USD	AUD	186	589	(33)
NDF	Exchange rate	OTC	2017	USD	MYR	8,621	27,313	106
NDF	Exchange rate	OTC	2017	EUR	AUD	808	2,559	(11)
NDF	Exchange rate	OTC	2017	SGD	MYR	89	283	-
NDF	Exchange rate	OTC	2018	KRW	USD	18,252	57,822	(38)
NDF	Exchange rate	OTC	2018	THB	USD	422	1,338	47
NDF	Exchange rate	OTC	2018	THB	GBP	300	951	106
NDF	Exchange rate	OTC	2018	THB	JPY	512	1,621	24
NDF	Exchange rate	OTC	2018	USD	AUD	960	3,041	(4)
NDF	Exchange rate	OTC	2017	BRL	USD	185,000	586,080	(1,185)
NDF	Exchange rate	OTC	2017	USD	CLP	5,135	16,268	274
								741
Options	Corn	CBOT	2017	USD	USD	67	211	(472)
Options	Corn	CBOT	2018	USD	USD	114	361	(942)
Options	Soy meal	CBOT	2017	USD	USD	153	486	86
Options	Soy meal	CBOT	2018	USD	USD	1,149	3,639	487
SWAP	Soy meal	OTC	2017	USD	USD	8,653	27,412	675
SWAP	Soy meal	OTC	2018	USD	USD	22,908	72,571	2,026
SWAP	Corn	OTC	2017	USD	USD	9,094	28,811	(1,782)
SWAP	Corn	OTC	2018	USD	USD	50,874	161,169	(4,855)
								(4,777)
								(50,693)

Assets and liabilities presented on the balance sheet under "securities receivable" and "trade accounts payable" regarding derivative transactions, which are intended for equity hedging, are shown below:

	Consolidated	
	9/30/17	12/31/16
Notes receivable - derivatives (note 10)	33,546	308,639
Notes payable - derivatives (note 22)	(84,239)	(405,473)
Total, net	(50,693)	(96,834)

In the period ended September 30, 2017, a consolidated net financial gain of R$6,294 was recorded from market transactions, of which R$101,098 corresponded to expenses and R$107,392 to income.

32.4.1 Derivative Financial Instruments subject to Cash Flow Hedge Accounting

In November 2013, the Marfrig group adopted hedge accounting policies for financial instruments exposed to cash flow changes. As a result, the variations in fair value of derivatives designated as hedge are recognized directly in shareholders' equity, under "other comprehensive income". The amounts booked under other comprehensive income are immediately transferred to the income statement when the transaction underlying the hedge affects profit or loss.

The Corporation documents, at the start of the operation, the relation between the hedge instruments and the underlying hedged items, as well as the objectives of the risk management and the strategy to carry out various hedge operations. The documentation for operations designated as hedge accounting evidences control of the effectiveness and the operation, and includes:

- Hedged item;
- Financial instrument;
- Strategy for managing the risk to be hedged;
- Effectiveness of the hedge instrument, reliably measured;
- Evaluation of the hedge on an ongoing basis throughout the duration of the contract.

The Corporation also documents its assessment, both at the start of the hedge as well as periodically, that the derivatives used in the hedge operations are highly effective in offsetting the variations in the fair value of the underlying hedge items. Therefore, all instruments designated as hedge accounting are effective, highly probable and neutralize the exposure to variations in the cash flow that could affect results.

The effectiveness of the operations is periodically controlled in a reliable and documented manner throughout the duration of the contract, through statistical correlation between the fair value or cash flows of the hedged position and the hedging instrument, or by comparing previous changes in the fair value or cash flows of the hedged position attributable to the hedged risk with previous changes in the fair value or in the cash flows of the hedging instrument.

	Consolidated							
							Gain / Loss	
Instrument	Asset (Hedged Item)	Liability (Risk Exposure)	Maturity	Notional USD	Notional BRL	**Balance (MTM) R$**	Equity	Result
Swap	LIBOR	USD	2018	132,500	419,760	51	146	(95)
Swap	LIBOR	USD	2019	187,500	594,000	(8,459)	(7,965)	(494)
NDF	USD	GBP	2017	8,063	25,545	(1,341)	(1,341)	-
NDF	USD	GBP	2018	21,604	68,442	(2,941)	(2,941)	-
NDF	USD	EUR	2017	266	843	(48)	(48)	-
NDF	USD	EUR	2018	3,101	9,824	(419)	(419)	-
						(13,157)	(12,568)	(589)

32.5. Market risk

The Corporation is exposed to market risks arising from commodity prices, interest rates and exchange rates. For each risk, the Corporation conducts a continuous management and sensitivity studies presented in this note.

32.5.1 Commodity price risk management

During its activities, the Corporation and its subsidiaries purchase some commodities, such as: cattle, grains and energy, which are the biggest individual components of the production cost and are subject to certain variables.

The price of cattle acquired from third parties is directly related to market conditions, and is influenced by domestic availability and foreign market demand.

Maize and soya bean meal ("grains") are subject to volatility resulting from weather conditions, crop yield, transport costs, warehousing costs, agricultural policy, exchange rates, international prices, among others, which is not under Management's control.

So as to reduce the impact over commodities, the Corporation and its subsidiaries manage inventory levels, keep cattle in feedlots and trade derivative financial instruments in the futures market.

The Corporation and its subsidiaries purchase financial instruments to reduce the price risk related to the needs for commodities within 12 months.

A substantial part of these hedge instruments come from the futures market at the Chicago Board of Trade (CBOT).

The position of derivatives related to commodity risks is shown below:

				Consolidated			
Exchange	Instrument	Futures contract	Maturity	Notional USD	Notional R$	MTM R$	Result on 9/30/2017
CBOT	Options	Corn	2017	67	211	(472)	(472)
CBOT	Options	Corn	2018	114	361	(942)	(942)
CBOT	Options	Soy meal	2017	153	486	86	86
CBOT	Options	Soy meal	2018	1,149	3,639	487	487
OTC	SWAP	Soy meal	2017	8,653	27,412	675	675
OTC	SWAP	Soy meal	2018	22,908	72,571	2,026	2,026
OTC	SWAP	Corn	2017	9,094	28,811	(1,782)	(1,782)
OTC	SWAP	Corn	2018	50,874	161,169	(4,855)	(4,855)
				93,012	294,660	(4,777)	(4,777)

32.5.1.1 Sensitivity analysis of commodity price risk

To provide information about the behavior of market risks that the Corporation and its subsidiaries were exposed to as at September 30, 2017, three scenarios are considered and the probable scenario is the fair value as at September 30, 2017 and two more scenarios with deterioration of 25% and 50% of the risk variable taken into account, denominated as Possible and Remote, respectively.

The base prices for commodity futures are referenced to the prices quoted on the Chicago Board of Trade (CBOT) for contracts maturing on September 30, 2017.

With regard to commodity risk, following are the sensitivity scenarios:

Stress scenario - Derivatives Commodities Consolidated

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(4,777)	(4,777)	(5,971)	(5,971)	(7,167)	(7,167)

Stress scenario - Derivatives Commodities Soy Meal

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
3,274	3,274	4,094	4,094	4,912	4,912

Stress scenario - Derivatives Commodities Corn

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(8,051)	(8,051)	(10,065)	(10,065)	(12,079)	(12,079)

32.5.2 Interest rate risk management

Interest rate risk refers to the Corporation's risk of incurring economic losses due to negative changes in interest rates. This exposure basically refers to changes in market interest rates which affect the Corporation's assets and liabilities indexed to the TJLP (long-term interest rate), LIBOR (London Interbank Offered Rate) or CDI (interbank deposit rate).

In order to reduce debt service costs, the Corporation and its subsidiaries continually monitor market interest rates to assess the need to enter into new derivative contracts to hedge its operations against the risk of fluctuations of these rates.

The risk of exposure to interest rate for the Corporation and its subsidiaries as at September 30, 2017 and December 31, 2016 is as follows:

	Consolidated	
	9/30/17	12/31/16
Exposure to CDI rate:		
NCE / Working capital	273,378	644,911
(-) CDB-DI (R$)	(221,005)	(257,489)
Subtotal	52,373	387,422
Exposure to LIBOR rate:		
NCE/ACC/Prepayment (US$)	399,946	695,011
Revolving credit facility (US$)	1,042,350	411,331
Subtotal	1,442,296	1,106,342
Exposure to TJLP rate:		
FINAME / FINEP	14,366	18,836
Subtotal	14,366	18,836
Total	1,509,035	1,512,600

The Corporation entered into non-speculative swap contracts to minimize the effects of exchange rates fluctuations on the settlement of its loans and financing, as below:

Consolidated							
						9/30/17	12/31/16
Instrument	Register	Receivable	Payable	Notional US$	Notional BRL	MTM	MTM
Interest Rate Swap	CETIP	LIBOR	USD	320,000	1,013,760	(8,408)	(15,999)
Interest Rate Swap	CETIP	BRL	USD	174,793	553,744	19,662	(190,780)
Interest Rate Swap	OTC	USD	BRL	174,793	553,744	(19,662)	190,780
Interest Rate Swap	CETIP	CDI	USD	10,253	32,481	(33,500)	(70,581)
				679,839	2,153,729	(41,908)	(86,580)

Consolidated							
							9/30/17
Instrument	Register	Maturity	Receivable	Payable	Notional US$	Notional BRL	MTM
Interest Rate Swap	OTC	2018	LIBOR	USD	132,500	419,760	51
Interest Rate Swap	OTC	2019	LIBOR	USD	187,500	594,000	(8,459)
Interest Rate Swap	CETIP	2017	BRL	USD	174,793	553,744	19,662
Interest Rate Swap	OTC	2017	USD	BRL	174,793	553,744	(19,662)
Interest Rate Swap	CETIP	2018	CDI	USD	10,253	32,481	(33,500)
					679,839	2,153,729	(41,908)

32.5.2.1 Interest rate risk sensitivity Analysis

To provide information about the behavior of market risks that the Corporation and its subsidiaries are exposed to as at September 30, 2017, three scenarios are considered and the probable scenario is the fair value as at September 30, 2017 and two more scenarios with deterioration of 25% and 50% of the risk variable taken into account, denominated as Possible and Remote, respectively.

Sensitivity scenarios for interest rate risk are below:

Stress scenario - Swap Int Rate - Consolidated

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(41,908)	(41,908)	(48,849)	(48,849)	(54,988)	(54,988)

Stress scenario - Swap Int Rate CDI vs. USD

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(33,500)	(33,500)	(33,514)	(33,514)	(33,528)	(33,528)

Stress scenario - Swap Int Rate Libor vs. USD

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(8,408)	(8,408)	(15,335)	(15,335)	(21,460)	(21,460)

32.5.3 Exchange rate risk management

Exchange rate risk consists of the risk of foreign exchange fluctuations leading the Corporation and its subsidiaries to incur losses and causing a reduction in the values of assets or an increase in the values of liabilities. The Corporation's main current exchange rate exposure relates to the US dollar fluctuation against the Brazilian real.

Given that approximately 79% of the Corporation's revenues are denominated in currencies other than the Brazilian real, the Corporation has a natural *hedge* against the maturities of future obligations in foreign currency.

The Corporation also has a sound financial policy, maintaining a high level of cash balance and short-term financial investments with solid financial institutions.

We believe that the Corporation's and its subsidiaries' consistent financial policy, grounded in a well-distributed capital structure, allows it to consolidate synergies achieved through the acquisitions made.

Outstanding foreign currency and derivatives position

Assets and liabilities in foreign currency are presented as follows:

	Parent		
Exposure			Effects of exchange rate gains (losses)
Description	9/30/17	12/31/16	2017
Operating			
Trade accounts receivable	374,079	326,458	(108,332)
ACE (advance on export contracts)	-	-	4,226
Imports payable	(25,281)	(15,987)	(9,038)
Subtotal	348,798	310,471	(113,144)
Financial			
Loans and financing	(399,947)	(693,565)	4,777
Notes payable and receivable	22,081	-	(1,135)
Balance of banks and marketable securities (*)	740,802	1,218,805	(21,656)
Subtotal	362,936	525,240	(18,014)
Total	711,734	835,711	(131,158)
Exchange rate gains			900,092
Exchange rate losses			(1,031,250)
Exchange rate gains (losses), net			(131,158)

(*) Refers only to banks and marketable securities that generated exchange rate gains (losses).

	Consolidated		
Exposure			Effects of exchange rate gains (losses)
Description	9/30/17	12/31/16	2017
Operating			
Trade accounts receivable	222,668	393,582	(112,185)
ACE (advance on export contracts)	-	-	4,226
Imports payable	(181,179)	(154,511)	(733)
Other	(66,744)	(62,735)	(795)
Subtotal	(25,255)	176,336	(109,487)
Financial			
Loans and financing	(11,274,092)	(10,486,654)	43,648
Notes payable and receivable	41,638	-	(33,979)
Balance of banks and marketable securities (*)	1,269,729	539,035	(29,355)
Subtotal	(9,962,725)	(9,947,619)	(19,686)
Total	(9,987,980)	(9,771,283)	(129,173)
Exchange rate gains			1,024,286
Exchange rate losses			(1,153,459)
Exchange rate gains (losses), net			(129,173)

(*) Refers only to banks and marketable securities that generated exchange rate gains (losses).

Over the course of 2017, the Corporation contracted Non-Deliverable Forwards (NDFs) and futures contracts, all of them non-speculative in nature, to minimize the effects of the foreign exchange variation on its overseas subsidiaries, as per the breakdown shown in note 32.5.3, the results of which are accounted for under the items "Exchange Rate Gains" and "Exchange Rate Losses".

32.5.3.1 Exchange rate risk sensitivity Analysis

To provide information about the behavior of market risks that the Corporation and its subsidiaries were exposed to as at September 30, 2017, three scenarios are considered and the probable scenario is the fair value as at September 30, 2017 and two more scenarios with deterioration of 25% and 50% of the risk variable taken into account, denominated as Possible and Remote, respectively.

The market future curve of September 30, 2017 was applied for currencies, with notional value of R$/US$ 3.1680.

As for exchange rate risk, following are the sensitivity scenarios:

Stress Scenario - balance sheet exposure to foreign exchange			
9/30/2017	Probable scenario	Possible scenario	Remote scenario
Parent	(131,158)	177,934	355,867
Subsidiaries	1,985	(2,674,929)	(5,349,857)
	(129,173)	(2,496,995)	(4,993,990)

32.6. Liquidity risk and capital management

Liquidity risk arises from the Corporation's and its subsidiaries' working capital management and the amortization of the principal and finance charges of debt instruments. This is the risk that the Corporation and its subsidiaries will find to settle its falling due payables.

The Corporation and its subsidiaries manage their capital based on parameters to optimize the shareholding structure focused on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

The purpose of capital management is to define the best financing structure for the Corporation and its subsidiaries.

The main indicator for monitoring such management is the modified immediate liquidity ratio, which is the ratio between cash and cash equivalents and the leverage ratio - current indebtedness (short term).

	Consolidated	
	9/30/17	12/31/16
Short-term cash, cash equivalents and marketable securities	4,524,307	5,278,641
Short-term loans and financings	1,741,661	1,198,039
Interest on debentures	-	256,563
Modified liquidity ratio	2.60	3.63

The main indicators for monitoring such management is the modified immediate liquidity The leverage ratio - monitoring the ratio of net debt (total debt indebtedness less cash and cash equivalents) to LTM EBITDA at levels considered to be manageable for continuity of operations, in accordance with the following calculation method:

	9/30/17
Consolidated gross debt	11,561,836
(-) Consolidated cash and equivalents	4,524,307
Consolidated net debt	7,037,529
(-) Effect from exchange variation (carve-out [(1)])	420,515
Consolidated adjusted net debt	6,617,014
LTM EBITDA for the period ended September 30, 2017	1,411,289
Leverage ratio	4.69

(1) Contractual provisions, in this case related to exchange variation on foreign-denominated loans, which allow these effects to be excluded from the calculation of the leverage ratio for the specific purpose of compliance with covenants.

Based on the analysis of these indices, the management of working capital is defined so as to keep Corporation's and its subsidiaries' natural leverage at levels equal or lower than the leverage ratio deemed adequate.

The following table presents contractual terms (representing undiscounted contractual cash flows) of financial liabilities:

	Consolidated					
December 31, 2016	2017	2018	2019	2020	Onwards	Total
Trade accounts payable and supply chain finance	2,002,757	-	-	-	-	2,002,757
Loans, financing and debentures	1,198,039	1,221,747	2,131,263	1,906,145	4,436,644	10,893,838
Interest on debentures	256,563	-	-	-	-	256,563
Derivative financial liabilities	321,862	69,025	14,586	-	-	405,473
Total	3,779,221	1,290,772	2,145,849	1,906,145	4,436,644	13,558,631
September 30, 2017	2017	2018	2019	2020	Onwards	Total
Trade accounts payable and supply chain finance	1,966,565	-	-	-	-	1,966,565
Loans, financing and debentures	353,279	1,413,146	2,167,085	967,174	6,661,152	11,561,836
Derivative financial liabilities	32,985	42,795	8,459	-	-	84,239
Total	2,352,829	1,455,941	2,175,544	967,174	6,661,152	13,612,640

32.7. Credit risk

The Corporation and its subsidiaries are subject to credit risk. Credit risk deals with group's financial losses if a client or counterpart in a financial instrument fails to comply with contractual obligations, which arise from most receivables.

The Corporation and its subsidiaries limit their exposure by analyzing credit and managing client's portfolio, seeking to minimize the economic exposure to a certain client and/or market that may represent significant losses.

The Global Credit Risk Policy determines the guideline for financial credit risk management based on the following:

- Limit of counterparty's credit risk concentration to 15% of total current assets;
- Investments in solid and prime financial institutions, based on their financial rating;
- Balance between assets and liabilities.

Conducted evaluations are based on information flows and follow-up of the volume of purchases in the market. The internal controls cover the assignment of credit limits.

The maximum exposure to credit risk for the Corporation and its subsidiaries are the trade accounts receivable shown in note 6, where the value of the effective risk of possible losses is presented as provision for credit risk is also shown.

Values subject to credit risk:

	Parent		Consolidated	
	9/30/17	12/31/16	9/30/17	12/31/16
Cash and cash equivalents	128,413	396,281	1,268,895	3,291,705
Marketable securities	1,184,183	1,515,911	3,255,412	1,987,787
Receivables from Brazilian clients	81,068	149,013	401,973	396,887
Receivables from foreign clients	374,079	326,458	222,668	393,581
Other receivables	45,150	26,258	122,342	155,386
Total	1,812,893	2,413,921	5,271,290	6,225,346

32.8. Fair value of financial instruments

The method used by the Corporation to determine market value consists in calculating the future value based on contracted conditions and determining the present value based on market curves obtain from Bloomberg's database, except for futures market derivatives whose fair values are calculated based on the on daily adjustments of variations in market prices of commodities and futures acting as consideration.

According to IFRS 7, the Corporation and its subsidiaries classify the measurement of fair value according to hierarchical levels which reflect the importance of indices used in such measurement, as follows:

- **Level 1:** Prices quoted in (non-adjusted) active market for identical assets and liabilities;
- **Level 2:** Other available information, except those of Level 1, where quoted prices relate to similar assets and liabilities, whether directly, by obtaining prices in active markets, or indirectly, such as evaluation techniques using active market data.
- **Level 3:** Indices used for the calculation do not derive from an active market. The Corporation and its subsidiaries do not have instruments at this measurement level.

Currently, the fair value of all the financial instruments of the Marfrig Group is reliably measured and hence these are classified as level 1 and 2, as shown below:

	Consolidated		
	Level 1	Level 2	Level 3
Current assets			
Cash and cash equivalents	-	-	-
Marketable securities - held for trading	-	1,311,383	-
Notes receivable - derivatives	7,101	26,445	-
Non-current liabilities			
Notes payable - derivatives	(11,141)	(73,098)	-
Total	(4,040)	1,264,730	-

Management understands that the results obtained with derivative transactions are in line with the risk management strategy adopted by the Corporation and its subsidiaries.

33. Income and social contribution taxes

Income and Social Contribution Taxes were calculated according to prevailing legislation and Federal Law 12,973/2014, which rescinds the Transition Tax System provided for in Federal Law 11,941/09, and the Corporation began the adoption of corporate accounting (to comply with the NBC TGs) and of tax accounting (to comply with income and social contribution tax legislation).

Income and Social Contribution Tax calculations and returns, when required, are open to review by tax authorities for varying statutory years in relation to the payment or filing date.

Below are the calculation and reconciliation of income and social contribution taxes in the income statements for the period:

Tax	Parent		Consolidated	
	9/30/17	9/30/16	9/30/17	9/30/16
Income (loss) before tax effects	(859,097)	(769,652)	(692,189)	(617,438)
Add-backs				
Add-backs of corporate income tax (IRPJ)	1,017,253	2,798,404	1,770,208	2,835,727
Add-backs of social contribution tax (CSLL)	1,017,253	2,798,404	1,765,511	2,953,948
(-) Deductions				
(-) Deductions from IRPJ	(901,931)	(1,037,847)	(1,081,094)	(657,232)
(-) Deductions from CSLL	(901,931)	(1,037,847)	(1,015,782)	(569,788)
Tax base				
Income tax base	(743,775)	990,905	(3,075)	1,561,057
Social contribution tax base	(743,775)	990,905	57,540	1,766,722
Companies with income tax loss	-	-	(486)	(15,082)
Companies with social contribution tax loss carryforwards	-	-	(486)	(825)
Calculation base after carry forwards of IRPJ	(743,775)	990,905	(3,561)	1,545,975
Calculation base after carry forwards of CSLL	(743,775)	990,905	57,054	1,765,897
(-) Tax loss carryforwards	-	(289,103)	(486)	(289,108)
(-) Social contribution tax loss carryforwards	-	(289,103)	(486)	(289,108)
Calculation base after carry forwards				
Calculation base after carry forwards of IRPJ	(743,775)	701,802	(4,047)	1,256,867
Calculation base after carry forwards of CSLL	(743,775)	701,802	56,568	1,476,789
Income tax (15%)	-	101,186	146,878	149,576
Surtax (10%)	-	67,439	95	67,439
(-) PAT	-	(4,047)	-	(4,048)
Total income tax	-	164,578	146,973	212,967
Social contribution tax (9%)	-	60,712	102	60,595
	-	225,290	147,075	273,562
Total taxes	-	225,290	147,075	273,562
Effect on Statement of Operations - Current Taxes (2)	-	225,290	147,075	273,562

Tax	Group	9/30/17	9/30/16	9/30/17	9/30/16
(-) Income tax - current	Current liabilities [2]	-	(164,578)	(146,973)	(212,967)
(-) Use of PRT/PERT	Non-current assets	116,624	-	116,624	-
Income tax paid abroad	Current liabilities	-	165,655	-	165,655
Deferred income tax - Assets [1]	Non-current assets	178,968	273,649	196,306	251,210
Deferred income tax - Liabilities [1]	Non-current liabilities	2,866	-	(1,848)	(64,984)
Net [3]	Income (loss)	298,458	274,726	164,109	138,914
(-) Social contribution tax - current	Current liabilities [2]	-	(60,712)	(102)	(60,595)
(-) Use of PRT/PERT	Non-current assets	41,985	-	41,985	-
Deferred social contribution tax - Assets [1]	Non-current assets	64,428	98,514	65,474	86,546
Deferred social contribution tax - Liabilities [1]	Non-current liabilities	1,032	-	1,181	-
Net [3]	Income (loss)	107,445	37,802	108,538	25,951

(1) Refer to deferred Income and Social Contribution Taxes calculated on: i) taxes whose payment has been suspended (estimates), and which were added to the calculation of the taxable income and the social contribution tax basis; ii) utilization for tax purposes of the goodwill paid on future profitability and income and iii) social contribution tax losses, which are stated in notes 12 and 25.

(2) Corresponds to Income Tax and Social Contribution due on the current results of the year and effectively paid/offset during the year and/or to be paid/offset in subsequent years.

(3) For 2016, the difference between the values of taxes in this note and the values in the Statement of Income, which is an integral part of this financial information, refers to taxes on the sale of MFG Agropecuária (in accordance with note 36).

34. Segment reporting

The Corporation is strategically organized into two main reporting segments:

- *Beef* - A pioneer in the Brazilian market in the marketing and promotion of Beef and lamb, Marfrig maintains a strong presence in the food service segment and a significant presence in export markets. Its international operations in South America are concentrated in exporting premium Beef cuts and leveraging its strategic position in Uruguay and Chile.

- *Keystone* - A global company focused on producing and developing multi-protein foods to serve major global restaurant chains, with a strong presence in Asia and the United States.

On September 30, 2017, one of the Corporation's clients accounted for 26.9% of the total consolidated revenue. This is a long-term commercial relationship (above 45 years), where the Marfrig Group can also be considered one of its main suppliers.

The following table presents information by segment and geographic area:

Total non-current assets by segment and geography

	9/30/2017			12/31/2016		
	Keystone USA/Asia - Pacific	**Beef** South America	**Total**	**Keystone** USA/Asia - Pacific	**Beef** South America	**Total**
Non-current assets	2,702,147	8,598,169	11,300,316	2,607,230	8,348,395	10,955,625

Breakdown of results by segment and geography

	9/30/2017			9/30/2016		
	Keystone USA/Asia - Pacific	**Beef** South America	**Total**	**Keystone** USA/Asia - Pacific	**Beef** South America	**Total**
Net Revenue	6,595,596	6,684,627	13,280,223	7,021,183	6,908,073	13,929,256
Operating Income[1]	493,788	244,573	738,361	464,699	324,887	789,586
Depreciation and amortization	158,307	180,062	338,369	185,772	166,073	351,845

	9/30/2017	9/30/2016
Net income (loss)	(453,194)	(458,249)
Income and social contribution taxes	(272,647)	(197,056)
Net financial income (loss)	1,430,550	1,407,025
Non-controlling interest	33,652	37,866
Operating income	**738,361**	**789,586**

35. Insurance coverage

The Corporation's policy is to insure its property, plant and equipment and inventories subject to risk, at amounts deemed sufficient to cover possible losses, taking into consideration the nature of its activities and the insurance advisors' opinion.

Based on the maximum risk weighting, the Corporation does not have a policy of maintaining insurance policies to protect against lost profits, given the broad geographic distribution of its plants and the fact that its operations can be reorganized in the event that any need arises.

The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, were not reviewed by the Corporation's independent auditors.

Below is a summary of the amounts insured by the Corporation:

	Parent		Consolidated	
Description	9/30/17	12/31/16	9/30/17	12/31/16
Buildings and meatpacking plants	2,729,566	2,578,480	4,525,547	4,417,874
Inventories	325,266	223,000	536,242	422,170
Third-party warehouse	25,953	20,300	26,942	20,300
Vehicles	29,395	20,707	42,570	34,167
Transportation of goods	56,680	65,182	95,033	104,939
Officers' guarantees	165,410	162,955	247,778	247,703
Civil liability	20,000	20,000	229,732	234,048
Aircraft	1,047,541	852,483	1,047,541	852,483
Other	295,103	459,172	296,434	468,998
	4,694,914	4,402,279	7,047,819	6,802,682

36. Result from discontinued operations

- **Divestment of the Beef Jerky Businesses**

On September 30, 2015, the Management Committee decided to hold for sale all assets of the subsidiary Marfood USA, Inc., (part of the Beef business), and authorized the Corporation's management to carry out all efforts to comply with said decision.

On January 30, 2016, the Corporation concluded the sale of the Beef jerky business of Marfood USA, Inc. to The Classic Jerky Company, a subsidiary of Link Snacks, Inc. for US$3.1 million (R$ 12,7 million on the transaction date). The impact of the sale in the result from discontinued operations was a loss R$ 1.1 million, which is irrelevant in the period.

With the sale of the Beef jerky business, Marfood USA, Inc., organized under the company name MF Foods USA, Inc., will concentrate its operations on the sale of meatpacking products (canned food and non-refrigerated meat for future processing) in the U.S. market and surrounding region, aiming to maintain the group's service capillarity in the segment.

- **Divestment of direct subsidiary**

On March 30, 2016, the Corporation concluded, as per the notice to the market dated February 10, 2016, the related party transaction involving the sale of the ownership interest it held in the subsidiary MFG Agropecuária Ltda. ("MFG") to the controlling shareholder, Mr. Marcos Antonio Molina dos Santos. The negotiation between the parties reflects commercial conditions for the sale of ownership interests strictly compatible with those typically practiced in the market, supported, as a condition precedent for the transaction, by a technical Valuation Report prepared by the audit and consulting firm PricewaterhouseCoopers Auditores Independentes.

The purchase agreement entered into between the parties, among other terms and conditions, provides for the following conditions for consummation of the transaction: (i) sales price of R$95 million, which includes the amount of R$13.2 million as pre-fixed interests; (ii) discount from an advance in the amount of R$10.9 million received by the Corporation from Mr. Marcos Molina, as payment; (iii) settlement of the outstanding balance in nine quarterly installments.

The transaction was the object of consideration and approval by the Audit Committee, Management Committee and Financial and Risk Management Committee of Marfrig, and was submitted to examination and approval, in accordance with the shareholders' agreement. The divestment of MFG is aligned with the strategic plan "Focus to Win," which aims to streamline the operations and to focus more on key assets.

The result of the transaction, before taxes, was a loss of R$10.9 million, recorded in the consolidated statement of income for the year under "Net income (loss) from discontinued operations." The following amounts reflect the transactions mentioned above:

	R$ '000
Sales price	95,000
(-) Financial interest incurred during the contract (*)	(13,212)
(-) Expenses with legal counsels and independent consultants	(93)
(-) Write-off of Moy Park investment	(98,214)
(=) Income (loss) from the sale before taxes	(16,519)
Effect of Income and social contribution taxes	5,616
(=) Profit (loss) from the operation	(10,903)

(*) Financial interest provided by contract to be paid as installments are received. Considering the impact of interest expenses in the gain/loss from sale, the loss, net of tax effects, would be R$ 2.2 million.

Gains and losses in the current year, related to the divested business, were recorded under "Net income (loss) in the year from discontinued operations," and the gains and losses in the comparison years were reclassified pursuant to NBC TG 31/R3 (CVM Resolution 598/09 – non-current assets held for sale and discontinued operations).

- **Divestment of Marfrig Argentina business**

On September 30, 2015, the Management Committee decided to hold for sale the assets of the Marfrig Argentina S.A. business unit, which is part of the Beef business segment, and authorized the Corporation's management to carry out all efforts to comply with said decision.

On April 6, 2016, Marfrig announced to the market, through a Material Fact notice, the execution of an agreement for the sale ("Transaction") of certain units in Argentina to Black Bamboo Enterprises S.A. (Foresun Group – People's Republic of China). The units are located in a) Hughes (Santa Fé Province); b) Vivoratá (Buenos Aires Province); c) Unquillo (Córdoba Province); and d) Monte Ralo (Córdoba Province).

The total amount of the Transaction is around US$75 million and payment will be made in installments. The initial payment received, of US$34.0 million (R$121.2 million), was made on the disclosure date, upon delivery of the Hughes unit. The remaining balance will be paid within 12 months upon delivery of the other units.

In addition, an advance of US$2.4 million (R$7.9 million) was made in the last quarter of 2016.

At December 31, 2016, the effect from the sale on the results from discontinued operations was a gain of R$48.5 million.

In compliance with contractual provisions, the delivery of the units "Vivorata" and "Monte Ralo" led to the receipt of US$9.2 million (R$28.4 million) in the period ended September 30, 2017, whose net effect was a gain of R$17.8 million in the profit or loss.

Gains and losses in the current period related to the divested business were recorded under "Net income (loss) in the period from discontinued operations," and the gains and losses in the comparison period were reclassified pursuant to NBC TG 31 (R3).

On March 20, 2017, the Management Committee decided to hold for sale all assets of the business unit Marfrig Argentina S.A., which is part of the Beef business division, and authorized the management of the Corporation to carry out all efforts to comply with said decision.

As described in transactions for divestment of the Beef Jerky and Marfrig Argentina businesses, the result from discontinued operations and cash flow for the periods ended September 30, 2017 and 2016 are summarized as follows:

Result from discontinued operations

	Consolidated	
	9/30/2017	9/30/2016
Net Revenue	328,271	460,330
Cost of Goods Sold	(320,284)	(449,791)
Gross Profit	7,987	10,539
Operating and financial income (expenses)	(11,238)	71,825
Net operating income (loss)	(3,251)	82,364
Income and social contribution taxes	(5,500)	(32,634)
Net income from discontinued operations	(8,751)	49,730
Non-controlling interest	6	(30)
Net income (loss) from discontinued operations	(8,745)	49,700

Cash flow from discontinued operations

	Consolidated	
	9/30/2017	9/30/2016
Net income (loss) for the period	(8,745)	49,700
Non-cash items	6,884	(62,483)
From changes in equity	(39,243)	(105,718)
Used in investing activities	43,125	49,177
Used in financing activities	(719)	(19,001)
Exchange variation on cash and equivalents	893	(264)
Cash from operations	(10,998)	14,099
Discontinued operations, net of cash	(8,803)	(74,490)

37. Additional information of the cash flow statements

In compliance with NBC TG 03/R3 – Statement of Cash Flows, the following table presents the changes in liabilities from financing activities arising from cash and non-cash flows:

	Parent						
				Non-cash changes			
Description	Balance on 12/31/2016	Changes in dividends	Net effect on cash flows from financing activities	Other changes (1)	Exchange rate fluctuation	Changes in fair value	Balance on 9/30/2017
Dividends	-	(109,565)	49,089	60,476	-	-	-
Loans and financing	1,081,976	-	(478,551)	30,702	(4,777)	44,014	673,364
Lease payable	3,472	-	2,467	-	-	72	6,011
Mandatory convertible deed	2,147,392	-	(83,271)	(2,149,550)	-	85,429	-
Debentures payable	569,935	-	-	-	-	45	569,980
Interest on debentures	297,870	-	(364,356)	-	-	85,371	18,885
Share capital	5,278,127	-	-	2,149,550	-	-	7,427,677
Treasury shares	(11,702)	-	(1,939)	-	-	-	(13,641)
	9,367,070	(109,565)	(876,561)	91,178	(4,777)	214,931	8,682,276

	Consolidated					
			Non-cash changes			
Description	Balance on 12/31/2016	Net effect on cash flows from financing activities	Other changes (1)	Exchange rate fluctuation	Changes in fair value	Balance on 9/30/2017
Loans and financing	10,893,838	185,060	27,026	(270,166)	726,078	11,561,836
Lease payable	38,496	(4,942)	-	(947)	837	33,444
Mandatory convertible deed	2,147,392	(83,271)	(2,149,550)	-	85,429	-
Interest on debentures	256,563	(277,749)	-	-	21,186	-
Share capital	5,278,127	-	2,149,550	-	-	7,427,677
Treasury shares	(11,702)	(1,939)	-	-	-	(13,641)
	18,602,714	(182,841)	27,026	(271,113)	833,530	19,009,316

(1) Changes arising from the application of NBC TG 31 (R3) – Non-current assets held for sale and discontinued operations; settlements of derivatives linked to loans and financings and other changes.

38. Events after the reporting period

There were no events after the reporting period.

* * *

Marfrig achieved Adj EBITDA of R$490 million with margin of 10.1%

Beef Division successfully executes its strategy while Keystone Division sets new records

São Paulo, November 13, 2017 *– Marfrig Global Foods S.A. – Marfrig (BM&FBovespa Novo Mercado: MRFG3 and Level 1 ADR: MRRTY) announces today its results for the third quarter of 2017 (3Q17). Except where stated otherwise, the following operating and financial information is presented in nominal Brazilian real, in accordance with International Financial Reporting Standards (IFRS), and should be read together with the income statement and notes to the financial statements for the period ended September 30, 2017and filed at the Securities and Exchange Commission of Brazil (CVM).*

HIGHLIGHTS

- Marfrig Net Revenue[1] came to R$4.8 billion in 3Q17.

- Consolidated Adjusted EBITDA was R$490 million, with margin of 10.1%.

- The Beef Division posted Adjusted EBITDA of R$246 million, with margin of 9.5%. The result already reflects the successful execution of the strategy to rapidly adjust its production base to capture opportunities created by events affecting the industry in the first half of 2017.

- The Keystone Division set new records, with Adjusted EBITDA of US$77 million and margin of 10.8%.

- Net loss in the 3Q17 of R$58 million, the lowest in 2 years.

- The leverage ratio based on annualized Adjusted EBITDA, which best reflects current Company´s production level, stood at 3.59x. Based on last twelve months Adjusted EBITDA, the leverage ratio was 4.36x, a reduction from the last quarter.

- In October, the credit rating agencies Fitch and S&P reaffirmed the Company´s corporate ratings of BB- and B+, respectively.

[1] In the first quarter of 2017, Marfrig's Management opted to sell the meatpacking unit in Villa Mercedes, located in San Luis Province, Argentina. The results for 2016 and 2017 from this operation are presented in the line "Profit or loss from discontinued operations." The assets and liabilities of this company are presented under "Assets Held for Sale" and "Liabilities Held for Sale."

SUMMARY

Despite the continued political turmoil, Brazil's macroeconomic scenario was more positive in 3Q17, with signs of recovery in economic activity and inflation continuing to slow. The scenario was further supported by the good performance of the global economy.

The animal protein industry, after overcoming the effects from Weak Flesh Operation, shifted more towards the fundamentals. In the beef industry, a recovery was observed in both export volumes and industry margins, reflecting the expected positive phase of the cattle cycle.

Marfrig's strategic decision to anticipate and accelerate production growth in the Beef Division - with slaughter levels returning to 2014 levels - to capture the cycle improvement, was assertive. The Brazilian operation recorded sales volume growth of 36% and 40% compared to 3Q16 and 2Q17, respectively, coupled with margin improvement. The highlights were the commitment and execution capacity of all teams, which successfully implemented the decision in a short period of time.

The Keystone Division once again posted an excellent quarter, setting a new record for Adjusted EBITDA. The result reflects its unique business model, which prioritizes long-term relationships with customers and the supply of high-value-added products with guaranteed quality and food safety.

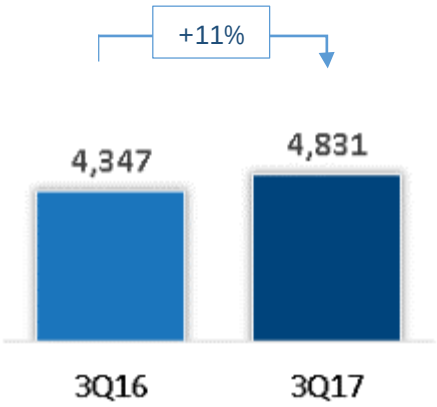
In this context, Marfrig reported Adjusted EBITDA ("Adj EBITDA") of R$490 million in 3Q17. The Keystone Division, given the better sales mix and favorable scenario for grains and meat, posted record-high Adj EBITDA of US$77 million (or R$244 million). The Beef Division, reflecting its higher production capacity and the recovery in industry margins, posted Adj EBITDA of R$246 million, with margin of 9.5%, representing expansion of 250 bps and 130 bps from 3Q16 and 2Q17, respectively.

In October, the credit rating agency Fitch reaffirmed the Company's corporate rating of BB- with a stable outlook. Meanwhile, S&P reaffirmed Marfrig's credit rating of B+ and reduced its outlook from positive to stable.

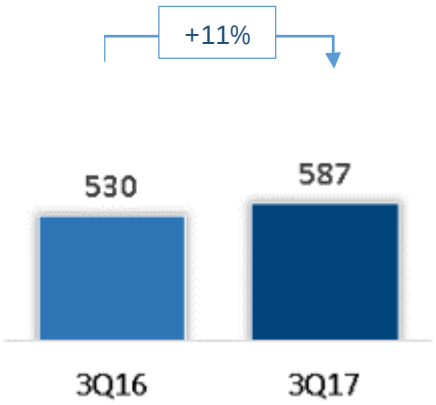
Net Revenue

Marfrig's consolidated net revenue in 3Q17 amounted to R$4.8 billion, driven by the higher sales volume of beef products (+22%). The growth of the Beef Division reflects the strategic decision to anticipate and accelerate its production growth in Brazil by expanding production at existing plants and reopening units that had been temporarily shut down during the negative phase of the beef cycle in 2015 and 2016. The Keystone Division, which continued to deliver solid results, accounted for 47% of revenue in the quarter.

Net Revenue (R$ million)

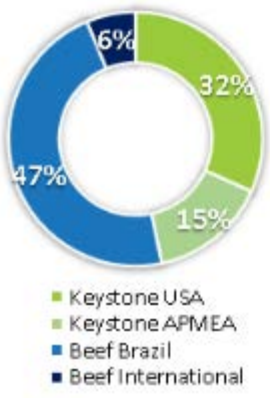


Volume (thousand tons)

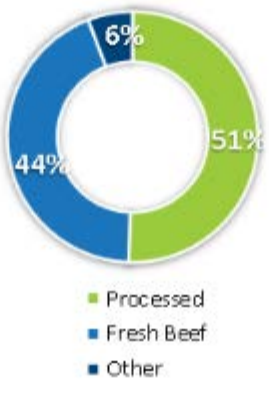


Revenue Breakdown 3Q17

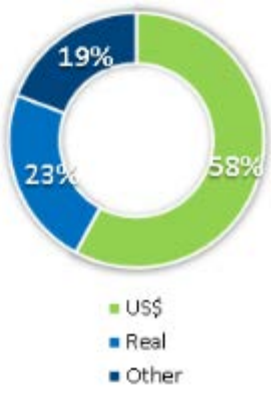
By Operation



By product



By currency



Marfrig is a global company, with a large part of its revenue generated in currencies other than the Brazilian real:

- **77%** of sales was linked to currencies **other than the Brazilian real;**
- **53%** of net revenue came from the **international operations** (Keystone USA and APMEA, and Beef International).

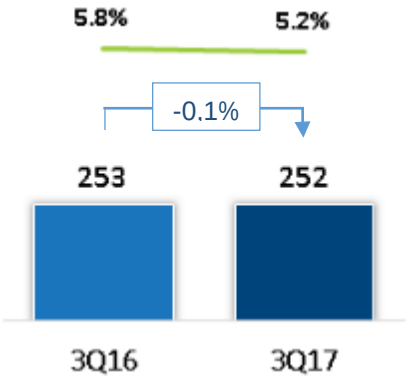
Gross Profit & Gross Margin

Consolidated gross profit in 3Q17 was R$628 million, an increase of 29% in comparison to the year-ago period, supported by the growth at both divisions. Gross margin stood at 13.0%, expanding 176 bps on 3Q16, positively impacted by the solid performance of the Keystone Division.

Selling, General and Administrative Expenses

In the quarter, SG&A expenses amounted to R$252 million, improving slightly in relation to 3Q16, which is explained by (i) the reduction in SG&A expenses at the Beef Division, achieved despite the growth in sales volume; and (ii) by the effects from exchange variation on the translation of amounts from international units into Brazilian real. As a ratio of net revenue (SG&A/NOR), SG&A expenses stood at 5.2%, decreasing 60 bps.

SG&A Expenses and SG&A/NOR (R$ million and %)

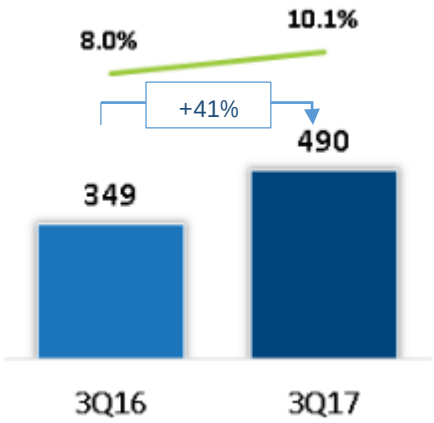


Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA in 3Q17 was R$490 million, with Adjusted EBITDA margin of 10.1%, expanding 210 bps on a year earlier.

The highlights were the performance of the Keystone Division, which set another new record result, and the solid results of the Beef Division, supported by the successful execution of the Brazilian operation of the Beef Division.

Adjusted EBITDA and Adjusted EBITDA Margin (R$ million and %)



Financial Result

The net financial result in 3Q17 was an expense of R$427 million, down 12% from the expense of R$488 million in 2Q17.

The financial result, excluding the effects from currency translation, was an expense of R$384 million, down R$32 million, or 8%, from 2Q17. Highlights were the currency appreciation and its effect on the dollar interests translation to the Brazilian Real and the mark-to-market of derivative transactions (market transactions), as well as the impact from the easing in the Brazilian interest rates (Selic).

	3Q17	2Q17	Chg.	
	R$	R$	R$	%
FINANCIALS REVENUES	**69.2**	**53.5**	**15.7**	**29.3%**
Interest income, income from marketablesecurities	25.6	29.0	(3.3)	-
Market transactions	41.0	22.8	18.2	-
Other revenues	2.6	1.8	0.8	-
FINANCIALS EXPENSES	**(452.9)**	**(469.4)**	**16.5**	**-3.5%**
Interests provisioned, debentures and lease	(190.4)	(204.0)	13.6	-
Market transactions	(30.3)	(33.7)	3.5	-
Bank fees, commissions, finance. disc. and other	(232.2)	(231.6)	(0.6)	-
FINANCIAL RESULT EX-EXCHANGE VAR.	**(383.7)**	**(415.9)**	**32.2**	**-7.7%**
Exchange Variation	**(43.5)**	**(71.9)**	**28.4**	**-**
NET FINANCIAL RESULT	**(427.3)**	**(487.8)**	**60.6**	**-12.4%**

Note: the exchange variation on debt contracted by subsidiaries abroad, whose functional currency differs from that of the parent company, is recorded under shareholders' equity.

Net Income (Loss)

For comparison purposes and due to the assets divestment processes, the following analysis considers only the net result from continuing operations.

The Company reported a net loss in 3Q17 of R$58 million, representing improvement of R$97 million, or 63%, from the prior-year period.

Indebtedness and Debt Profile

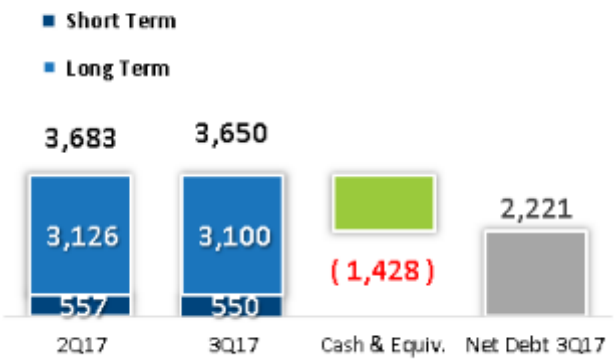
Because a large portion of Marfrig's debt is denominated in U.S. dollar (the portion of gross debt pegged to USD or currencies other than the BRL ended 3Q17 at 97.5% of total debt), the variations discussed in this section are based on the amounts in U.S. dollar.

On September 30, 2017, Marfrig registered gross debt stood at US$3,650 million, a slightly improvement from the previous quarter. In Brazilian real, the net debt was R$11,562 million, a reduction of 5% in comparison to the 2Q17.

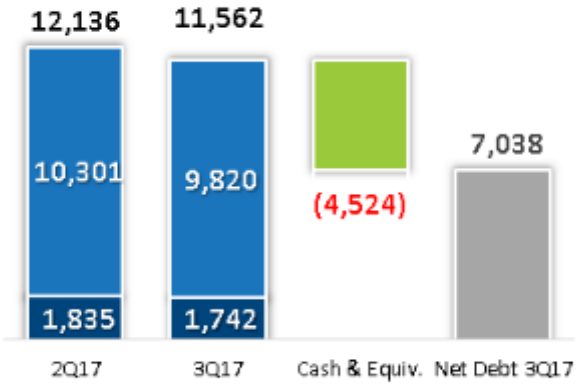
The balance of cash and marketable securities was US$1,428 million (R$4,524 million), down US$221 million from 2Q17, which is explained by higher working capital needs and capital expenditures at both divisions.

Consequently, Marfrig's net debt ended the quarter at US$2,221 million, increasing 9% from 2Q17. In Brazilian real, the net debt was R$7,038 million.

Debt in US$ million

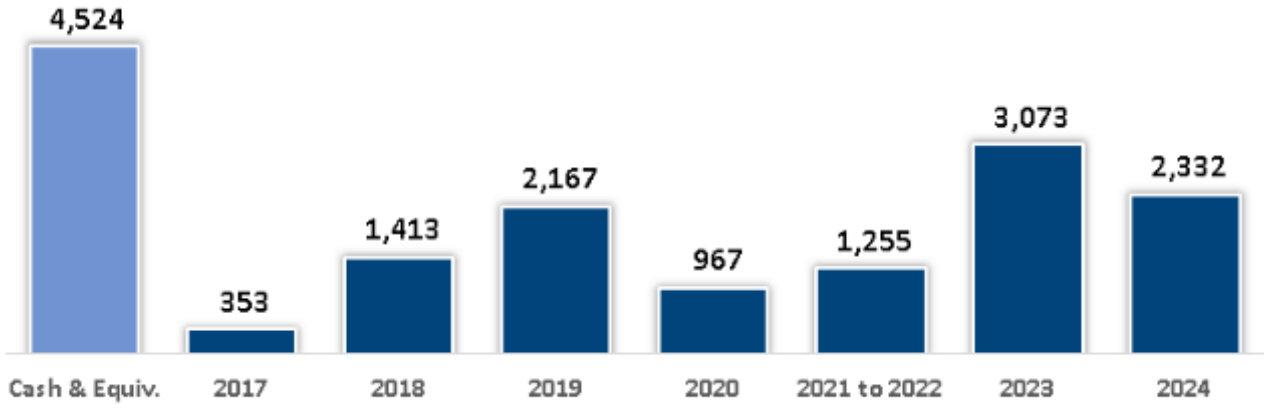


Debt in R$ million



On September 30, 2017, the average debt term was 4.03 years (compared to 4.44 years in 2Q17), and only 15% of the total debt matured in the short term. The average debt cost was 6.47% p.a..

Debt Maturity Schedule
(R$ million)



3Q17 Indicators

Avg. Cost (% p.a.)	Avg. Term (years)	Current Liquidity	Net Debt/ Total Assets	Net Debt/ Adj. EBITDA LTM*	Net Debt/Annualized Adj. EBITDA
6.47%	4.03	1.59x	0.35x	4.36x	3.59x

*Adjusted EBITDA from continuing operations in the last 12 months.

Financial leverage, measured by the ratio of Net Debt to Adjusted EBITDA LTM (last twelve months) from continuing operations, stood at 4.36x at the end of 3Q17, a decrease in relation to

2Q17, reflecting the Adjusted EBITDA LTM growth and the effects from currency translation between periods.

Management believes that the ratio that best reflects the current leverage is the ratio of net debt to annualized Adjusted EBITDA from continuing operations in 3Q17. This ratio ended the quarter at 3.59x.

The calculation of the leverage ratio of bank and capital market funding transactions includes provisions that allow for excluding exchange-variation effects. Accordingly, the ratio for this purpose ended 3Q17 at 4.69x (for more information, see Note 20.3 to the financial statements).

Cash Flow

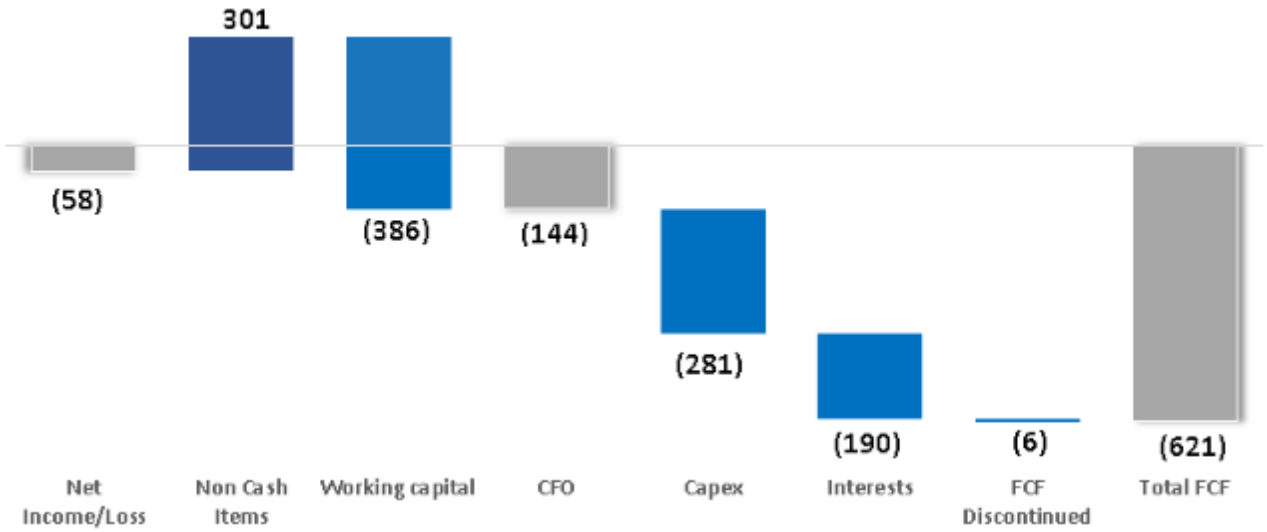
In the quarter, Marfrig's operational cash flow was negative in R$144 million. This figure includes a negative impact of R$386 million from working capital, which is explained by (i) thin Beef division, the growth in inventories as a consequence of the higher activity and the reduction in the customers advances due to the increase in the exports volumes; and (ii) the inventory building at Keystone, as a result of the customer demand for NAE and promotional products as well as the scheduled shutdown for investments in expansion of one of its production lines in China.

Cash flow was also affected by the relevant capital expenditures in the quarter, of R$281 million. The highlights were the disbursements related to the reopening of the slaughtering facilities in Brazil, and the ongoing investments to support Keystone's growth, in accordance with the 2021 Strategy, such as concluding the new processed food plant in Thailand and the new value-added product line in Malaysia.

Interest expenses came to R$190 million in 3Q17,

Free cash flow in the quarter was negative R$621 million, reflecting the Company´s operating growth momentum.

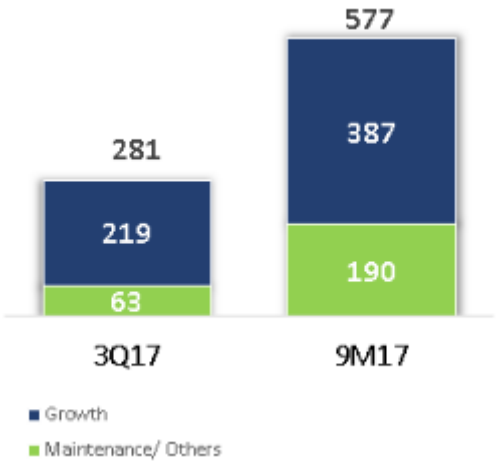
Cash Flow (R$ million)



Capital Expenditure

Marfrig's capital expenditure amounted to R$281 million in 3Q17. Investments in first nine months of the year totalized R$577 million. The highlights were the ongoing investments to expand production capacity and efficiency at the Keystone Division and to adjust production capacity in the Brazilian operation of the Beef Division. Investments are aligned with the Company´s strategic growth plan.

Consolidated Capital Expenditure (R$ million)



KEYSTONE

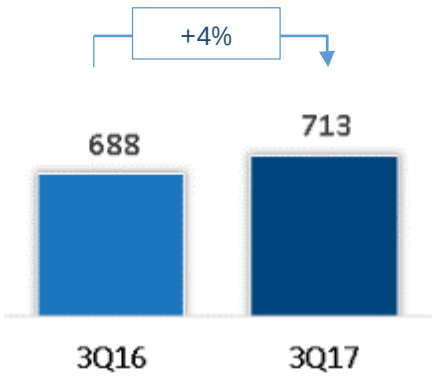
Keystone delivered an outstanding quarter setting a another new record for quarterly Adjusted EBITDA of US$77 million and Adjusted EBITDA Margin of 10.8%. Results were particularly strong in the foodservice segment with high volume growth in APMEA. Keystone continues to deliver on the objectives of the Strategy 2021 initiative including (i) growing volume with existing core customers, (ii) establishing Keystone as the partner of choice with new customers across multiple channels, and (iii) driving higher-value product mix. Higher value products include promotional products launched with support from the Keystone innovation teams as well as no-antibiotic-ever ("NAE") products which continue to be in high demand. Input costs including outside meat and grain purchases were favorable during the period and Keystone continues to benefit from strong pricing for byproducts of the further processing poultry business in the US. Keystone is also responding to customer demand and tight production capacity with the near completion of two projects that will increase capacity in APMEA.

Net Revenue and Sales Volume

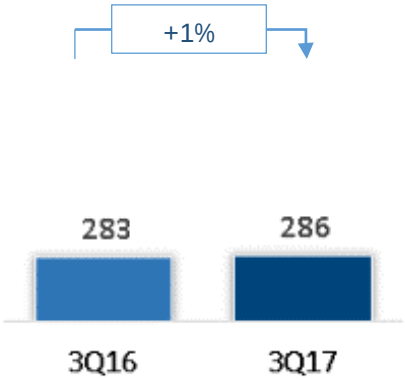
Keystone net revenue reached US$713 million in 3Q17, which is up 4% from the same quarter of 2016. In Brazilian real, net revenue was R$2.3 billion.

Volume growth continues to drive the positive net revenue result. High volume growth in APMEA of 17% was driven by strong foodservice demand. QSR and non-commercial foodservice demand continues to drive volume growth in China, and international QSR growth continues to drive volume in other parts of APMEA. Non-commercial foodservice which includes education, hospitals, and mass catering is emerging as a large growth opportunity in China. High volume growth in APMEA was partially offset by a modest volume decrease in the US. Keystone completed the transition from a lower value customer that had high seasonal volume in 3Q16 which was used as a basis for year over year comparison. New customers are absorbing that capacity at a higher-value to Keystone and with less seasonality.

Net Revenue (US$ million)



Sales Volume ('000 tons)



Gross Profit & Gross Margin

In 3Q17, gross profit increased 32% to US$79 million. This represents a gross margin of 11% which is an increase of 230 bps relative to the same period last year. 3Q16 gross profit was US$60 million and gross margin was 8.7%.

In Brazilian real, gross profit amounted to R$248 million, 28% higher than in 3Q16.

Selling, General and Administrative Expenses

In 3Q17, SG&A expenses were US$18 million. As a ratio of NOR, SG&A stood at 2.5%, which is slightly above the same period last year but consistent with the historical range.

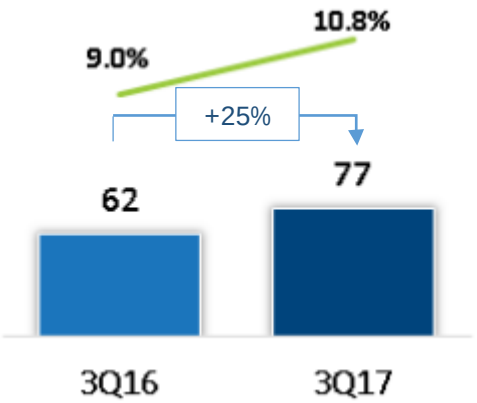
Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA increased to US$77 million in 3Q17, up 25% from 3Q16, another new record for Keystone. Adjusted EBITDA margin was 10.8% for the quarter representing an increase of 180 bps. This was also a record for Keystone.

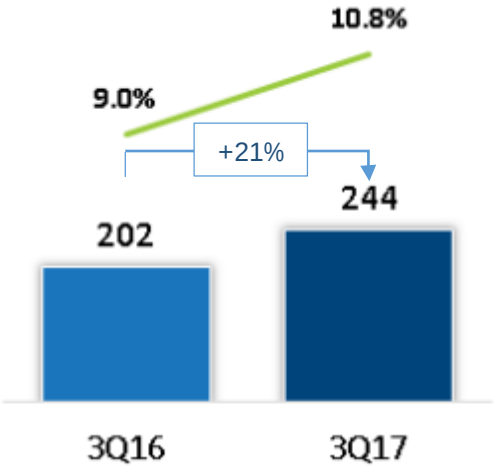
The significant increase in Adjusted EBITDA was driven by (i) Keystone's ongoing effort to drive toward a higher value product mix including promotional products and NAE products; (ii) an associated rationalizing of limited production capacity to support those products; and (iii) a favorable environment for raw material costs including outside meat and grain purchases.

Considering the impact from exchange variation, Keystone's Adjusted EBITDA was R$244 million in 3Q17, up 21% from 3Q16.

Adjusted EBITDA & Margin (US$ million and %)



Adjusted EBITDA & Margin (R$ million and %)



BEEF

Following a period affected by exogenous factors, the scenario in the third quarter began to show signs that market fundamentals would now become the main drivers of the beef industry in Brazil.

In this context, the Brazilian operation began to ramp up production by reopening units that were temporarily closed since the 2Q15. In 3Q17, Marfrig achieved its slaughter volume target of 12,000 head per day, which represents growth of 25% in relation to June 2017, the month just prior to the plants reopening. The effective capacity utilization rate in the quarter stood at high levels of 87%.

The average cattle price was R$134/@, down 12% from 3Q16. Export spreads in U.S. dollar (SECEX sales price – ESALQ cattle price) ended the period 38% higher.

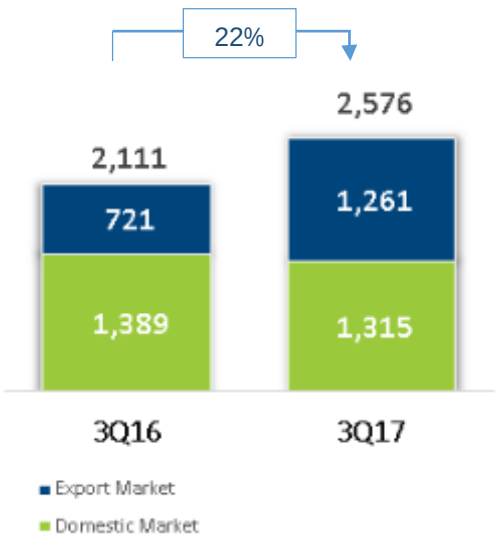
Net Revenue

Net revenue from the Beef Division came to R$2.6 billion in the quarter, advancing 22% on 3Q16, which is explained by the 22% growth in sales volume, which was mainly due to the adjustment of production capacity in the Brazil operation.

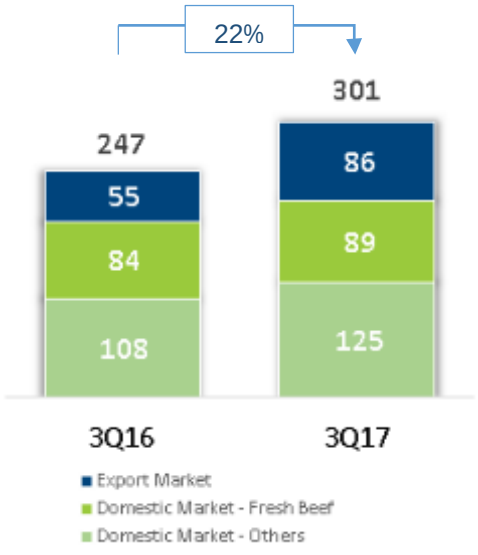
A highlight was the performance of exports, which had 56% increase in volumes. In case of fresh beef, volumes grew 98%, reflecting the strong recovery on the export levels in comparison to the 3Q16. The domestic sales also grew, 5,5% against the 3Q16.

Note that the strong performance from the exports reflects the Company's capability to optimize its production base, which drove part of the existing production to serve the international demand; while the reopened plants focused on the Brazilian market till the export approval process conclusion. Given the growth in exports by the Brazilian operation, Marfrig's market share in the country's beef exports stood at approximately 23% (Secex data).

Revenue (R$ million)

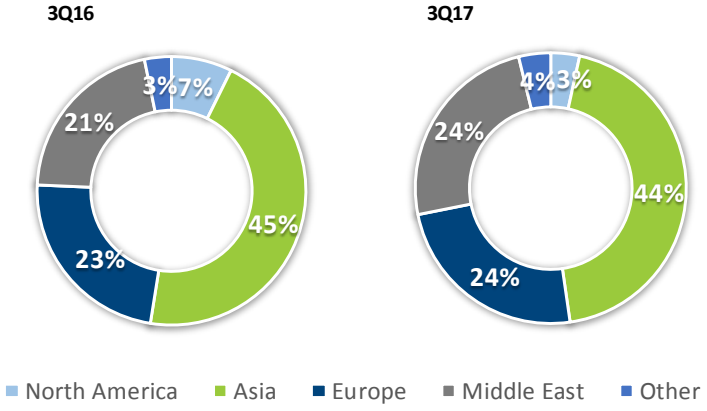


Volume ('000 tons)



Beef Exports

(% of Volume)



Gross Profit & Gross Margin

Gross profit in 3Q17 was R$380 million, increasing R$85 million compared to the same period last year. Gross margin stood at 14.7%, expanding 70 bps.

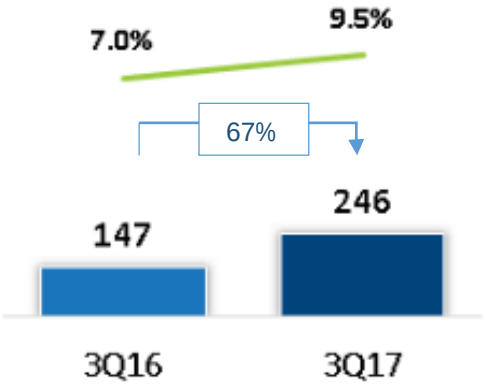
Selling, General and Administrative Expenses

SG&A expenses came to R$195 million in 3Q17, down R$8 million, or 4%, from 3Q16. As a ratio of net revenue (SG&A/NOR), SG&A expenses stood at 7.6%, improving significantly by 200 bps. The result reflects the productivity gains stemming from the optimization of the sales and administrative teams and the lower logistics expenses resulting from the current sales mix.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA amounted to R$246 million in 3Q17, up R$99 million, or 67%, from 3Q16. EBITDA margin stood at 9.5%, expanding 250 bps. This result was mainly due to the higher sales volumes from Brazilian operation in both domestic and external markets as a consequence of the higher production level, which contributed to dilute the existing expenses related to sales, general and administrative. Important to highlight the sales mix optimization, driven by the exports as a result of its better margins in the period.

Adjusted EBITDA and Adjusted EBITDA Margin (R$ million and %)



OUTLOOK AND CLOSING REMARKS

Marfrig's expectation for the rest of 2017 remains positive, with the IMF report for October revising upward its forecast for world GDP growth this year to 3.6%. Such performance reflects the recoveries in developed economies, the expansion in China as well as other emerging Asian nations and the signs of improvement in Latin American economies, especially commodity exporters.

In the United States, the GDP forecast for 2017 was revised upward to 2.2% (from 2.1% in July), reflecting the good economic momentum, supported by strong consumption and low unemployment rates.

In China, the continuation of an expansionist economic policy led to another upward revision in the GDP growth forecast, to 6.8% p.a. (6.6% according to the April 2017 report).

For Brazil, the GDP forecast was revised upward to 0.7% (from 0.3% p.a.), reflecting the excellent results of the agriculture sector in the first half of the year, as well as the improvement in consumption indicators.

In this context, the variables influencing protein consumption remained positive worldwide.

For the beef industry, indicators pointing to a favorable phase of the cattle cycle are beginning to materialize. Most of the cattle supply, combined with the good prospects for demand, should keep margins at healthy levels. The USDA projects for Brazil growth in both domestic consumption (+2.5%) and exports (+4%) for 2018. In the United States, production growth should be accompanied by stronger demand, with the country remaining a net importer. Meanwhile, Australia, which should meet the growing demand from countries such as Japan and South Korea, continues to export only approximately 80% of its total sales in 2014/2015.

In the case of chicken, the long-term forecasts, according to data from FAO, point to cumulative growth in global consumption of around 16% between 2016 and 2026, which represents the strongest growth of all animal proteins and is due to the product's relative cost. In relation to demand from the foodservice sector, the RPI index, which measures expectations of U.S. restaurant performance in the next six months, rose to 101.6 in September (100.5 in August), which indicates a period of market expansion.

The risk factors to this scenario are still associated with a slowdown in world economic growth, which could lead to lower consumer spending. Specifically in relation to the protein industry, disease remains the key risk factor for the business.

Marfrig remains focused on creating value for its shareholders and on its commitment to strengthening its business through sustainable growth:

1. Operational improvements, productivity and margin expansion.

2. Diversifying the client base and organic growth projects.

3. Capturing market share gains in value-added channels.

4. Accelerating growth in the Asian market by expanding Keystone's operations in the food service channel and growing exports from the Beef Division.

5. Financial discipline, with a permanent focus on deleveraging and increasing free cash flow.

UPCOMING EVENTS

Earnings Conference Call

Date: November 14, 2017

Portuguese – Public Meeting	**English**
9:00 a.m. (Brasília)	1:00 p.m. (Brasília)
6:00 a.m. (US EST)	**10:00 a.m. (US EST)**
11:00 a.m. (London)	3:00 p.m. (London)
Dial-in: Brazil: + 55 (11) 3193-1001 or 2820-4001	Dial-in: Other countries: + 1 (786) 924-6977
Code: Marfrig	Code: Marfrig

Live audio webcast with slide presentation.
Replay available for download: www.marfrig.com.br/ir

Investor Relations
+ 55 (11) 3792-8907
ri@marfrig.com.br

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APPENDIX LIST

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APPENDIX I

Income Statement

Consolidated Quarterly

(R$ million)

	3Q17 (a)		3Q16 (b)		2Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	4,831.1	100.0%	4,347.2	100.0%	4,313.0	100.0%	483.9	11.1%	518.1	12.0%
COGS	(4,202.9)	-87.0%	(3,858.6)	-88.8%	(3,817.1)	-88.5%	(344.3)	8.9%	(385.7)	10.1%
Gross Profit	628.2	13.0%	488.6	11.2%	495.8	11.5%	139.7	28.6%	132.4	26.7%
SG&A	(252.4)	-5.2%	(252.6)	-5.8%	(218.7)	-5.1%	0.3	-0.1%	(33.7)	15.4%
Commercial	(149.1)	-3.1%	(151.7)	-3.5%	(115.1)	-2.7%	2.5	-1.7%	(34.0)	29.6%
Administratives	(103.3)	-2.1%	(101.0)	-2.3%	(103.6)	-2.4%	(2.3)	2.2%	0.4	-0.3%
Adj. EBTIDA*	490.1	10.1%	348.6	8.0%	391.0	9.1%	141.6	40.6%	99.1	25.3%
Others revenues/expenses	(28.5)	-0.6%	(17.2)	-0.4%	(72.1)	-1.7%	(11.3)	65.6%	43.6	-60.5%
EBITDA	461.7	9.6%	331.4	7.6%	318.9	7.4%	130.3	39.3%	142.7	44.7%
Equity Account	(0.8)	0.0%	(2.9)	-0.1%	(0.8)	0.0%	2.1	-71.5%	(0.0)	5.6%
D&A	(114.3)	-2.4%	(112.6)	-2.6%	(113.9)	-2.6%	(1.6)	1.4%	(0.4)	0.3%
EBIT	346.6	7.2%	215.9	5.0%	204.3	4.7%	130.7	60.5%	142.3	69.7%
Financial Results	(427.3)	-8.8%	(470.3)	-10.8%	(487.8)	-11.3%	43.0	-9.2%	60.6	-12.4%
Financial revenues/expenses	(383.7)	-7.9%	(449.4)	-10.3%	(415.9)	-9.6%	65.7	-14.6%	32.2	-7.7%
Exchange rate variation	(43.5)	-0.9%	(20.9)	-0.5%	(71.9)	-1.7%	(22.6)	108.3%	28.4	-39.5%
Minority Stake	(9.5)	-0.2%	(11.7)	-0.3%	(12.3)	-0.3%	2.2	-19.0%	2.8	-23.0%
EBT	(90.2)	-1.9%	(266.1)	-6.1%	(295.9)	-6.9%	176.0	-66.1%	205.7	-69.5%
Taxes	31.8	0.7%	110.3	2.5%	139.0	3.2%	(78.6)	-71.2%	(107.3)	-77.2%
Controller Shareholder Net Profit	(58.4)	-1.2%	(155.8)	-3.6%	(156.9)	-3.6%	97.4	-62.5%	98.5	-62.8%
Descontinued Ops. + Capital Gain	(3.3)	-0.1%	(14.6)	-0.3%	(10.2)	-0.2%	11.3	-77.5%	6.9	-67.7%
Controller Shareholder Net Profit	(61.7)	-1.3%	(170.4)	-3.9%	(167.0)	-3.9%	108.7	-63.8%	105.4	-63.1%
P&L - USD x BRL	R$ 3.16		R$ 3.25		R$ 3.21		-0.09	-2.6%	-0.05	-1.5%
BS - USD x BRL	R$ 3.17		R$ 3.25		R$ 3.31		-0.09	-2.4%	-0.14	-4.2%
P&L - BRL x USD	R$ 0.31		R$ 0.28		R$ 0.32		0.03	9.2%	-0.01	-2.2%

(*) Excludes the effects from other operating income/expenses.

APPENDIX I

Income Statement

Year to date Consolidated

(R$ million)

	9M17 (a)		9M16 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**13,280.2**	**100.0%**	**13,929.3**	**100.0%**	**(649.0)**	**-4.7%**
COGS	(11,695.7)	-88.1%	(12,291.0)	-88.2%	595.2	-4.8%
Gross Profit	**1,584.5**	**11.9%**	**1,638.3**	**11.8%**	**(53.8)**	**-3.3%**
SG&A	**(708.0)**	**-5.3%**	**(774.9)**	**-5.6%**	**66.9**	**-8.6%**
Commercial	(403.3)	-3.0%	(447.1)	-3.2%	43.8	-9.8%
Administratives	(304.7)	-2.3%	(327.8)	-2.4%	23.1	-7.1%
Adj. EBTIDA*	**1,214.8**	**9.1%**	**1,215.2**	**8.7%**	**(0.4)**	**0.0%**
Others revenues/expenses	(138.3)	-1.0%	(67.7)	-0.5%	(70.5)	104.1%
EBITDA	**1,076.6**	**8.1%**	**1,147.5**	**8.2%**	**(70.9)**	**-6.2%**
Equity Account	0.1	0.0%	(6.1)	0.0%	6.2	-102.4%
D&A	(338.4)	-2.5%	(351.8)	-2.5%	13.5	-3.8%
EBIT	**738.4**	**5.6%**	**789.6**	**5.7%**	**(51.2)**	**-6.5%**
Financial Results	**(1,430.5)**	**-10.8%**	**(1,407.0)**	**-10.1%**	**(23.5)**	**1.7%**
Financial revenues/expenses	**(1,301.4)**	**-9.8%**	**(1,422.1)**	**-10.2%**	**120.7**	**-8.5%**
Exchange rate variation	**(129.2)**	**-1.0%**	**15.1**	**0.1%**	**(144.3)**	**-956.6%**
Minority Stake	**(33.7)**	**-0.3%**	**(37.8)**	**-0.3%**	**4.2**	**-11.1%**
EBT	**(725.8)**	**-5.5%**	**(655.3)**	**-4.7%**	**(70.5)**	**10.8%**
Taxes	**272.6**	**2.1%**	**197.1**	**1.4%**	**75.6**	**38.4%**
Controller Shareholder Net Profit	**(453.2)**	**-3.4%**	**(458.3)**	**-3.3%**	**5.1**	**-1.1%**
Descontinued Ops. + Capital Gain	**(8.7)**	**-0.1%**	**49.7**	**0.4%**	**(58.5)**	**-117.6%**
Controller Shareholder Net Profit	**(461.9)**	**-3.5%**	**(408.5)**	**-2.9%**	**(53.4)**	**13.1%**
P&L - USD x BRL	**R$ 3.17**		**R$ 3.49**		**-0.32**	**-9.1%**
BS - USD x BRL	**R$ 3.21**		**R$ 3.26**		**0.04**	**-1.4%**

APPENDIX II

EBITDA Calculation - Quarterly

(R$ million)

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	3Q17	3Q16	2Q17
Net Profit / Loss	(58.4)	(155.8)	(156.9)
(+) Provision for income and social contribution taxes	(31.8)	(110.3)	(139.0)
(+) Non-controlling Interest	9.5	11.7	12.3
(+) Net Exchange Variation	43.5	20.9	71.9
(+) Net Financial Charges	383.7	449.4	415.9
(+) Depreciation & Amortization	114.3	112.6	113.9
(+) Equity Income	0.8	2.9	0.8
EBITDA	461.7	331.4	318.9
(+) Other Operacional Revenues/Expenses	28.5	17.2	72.1
Adj. EBITDA	490.1	348.6	391.0

EBITDA Calculation – Year to date

(R$ million)

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	9M17	9M16
Net Profit / Loss	(453.2)	(458.3)
(+) Provision for income and social contribution taxes	(272.6)	(197.1)
(+) Non-controlling Interest	33.7	37.8
(+) Net Exchange Variation	129.2	(15.1)
(+) Net Financial Charges	1,301.4	1,422.1
(+) Depreciation & Amortization	338.4	351.8
(+) Equity Income	(0.1)	6.1
EBITDA	1,076.6	1,147.5
(+) Other Operacional Revenues/Expenses	138.3	67.7
Adj. EBITDA	1,214.8	1,215.2

APPENDIX III

Income Statement – Keystone

Quarterly

(US$ million)

	3Q17 (a)		3Q16 (b)		2Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	$	%NOR	$	%NOR	$	%NOR	$	%	$	%
Net Revenues	**713.3**	**100.0%**	**688.5**	**100.0%**	**697.1**	**100.0%**	**24.8**	**3.6%**	**16.2**	**2.3%**
COGS	(634.7)	-89.0%	(628.9)	-91.3%	(627.5)	-90.0%	(5.8)	0.9%	(7.2)	1.1%
Gross Profit	**78.6**	**11.0%**	**59.6**	**8.7%**	**69.6**	**10.0%**	**19.0**	**31.9%**	**9.0**	**13.0%**
SG&A	**(18.0)**	**-2.5%**	**(15.2)**	**-2.2%**	**(17.7)**	**-2.5%**	**(2.8)**	**18.6%**	**(0.3)**	**1.9%**
Commercial	(1.7)	-0.2%	(1.6)	-0.2%	(1.7)	-0.2%	(0.1)	4.4%	0.1	-3.5%
Administratives	(16.4)	-2.3%	(13.6)	-2.0%	(16.0)	-2.3%	(2.8)	20.2%	(0.4)	2.5%
Adj. EBITDA*	**77.3**	**10.8%**	**62.1**	**9.0%**	**68.6**	**9.8%**	**15.2**	**24.5%**	**8.7**	**12.6%**
Others revenues/expenses	(2.2)	-0.3%	-	0.0%	(0.9)	-0.1%	(2.2)	-	(1.3)	-
EBITDA	**75.1**	**10.5%**	**62.1**	**9.0%**	**67.7**	**9.7%**	**13.0**	**21.0%**	**7.4**	**11.0%**
P&L - USD x BRL	**R$ 3.16**		**R$ 3.25**		**R$ 3.21**		**-0.08**	**-2.6%**	**-0.05**	**-1.5%**

(*) Excludes the effects from other operating income/expenses.

Quarterly

(R$ million)

	3Q17 (a)		3Q16 (b)		2Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	**2,255.0**	**100.0%**	**2,236.4**	**100.0%**	**2,244.9**	**100.0%**	**18.6**	**0.8%**	**10.2**	**0.5%**
COGS	(2,006.6)	-89.0%	(2,042.7)	-91.3%	(2,020.4)	-90.0%	36.2	-1.8%	13.9	-0.7%
Gross Profit	**248.5**	**11.0%**	**193.7**	**8.7%**	**224.4**	**10.0%**	**54.8**	**28.3%**	**24.1**	**10.7%**
SG&A	**(57.0)**	**-2.5%**	**(49.4)**	**-2.2%**	**(56.7)**	**-2.5%**	**(7.7)**	**15.5%**	**(0.3)**	**0.5%**
Commercial	(5.2)	-0.2%	(5.2)	-0.2%	(5.5)	-0.2%	(0.1)	1.6%	0.3	-5.0%
Administratives	(51.8)	-2.3%	(44.2)	-2.0%	(51.2)	-2.3%	(7.6)	17.1%	(0.6)	1.1%
Adj. EBITDA*	**244.3**	**10.8%**	**201.7**	**9.0%**	**221.4**	**9.8%**	**42.6**	**21.1%**	**22.9**	**10.3%**
Others revenues/expenses	(6.8)	-0.3%	-	0.0%	(3.1)	-0.1%	(6.8)	-	(3.8)	-
EBITDA	**237.5**	**10.5%**	**201.7**	**9.0%**	**218.3**	**9.7%**	**35.7**	**17.7%**	**19.1**	**8.8%**
P&L - USD x BRL	**R$ 3.16**		**R$ 3.25**		**R$ 3.21**		**-0.08**	**-2.6%**	**-0.05**	**-1.5%**

(*) Excludes the effects from other operating income/expenses.

APPENDIX III

Income Statement – Keystone

Year to date

(US$ million)

	9M17 (a)		9M16 (b)		(a/b) Chg.	
	$	%NOR	$	%NOR	$	%
Net Revenues	**2,077.6**	**100.0%**	**1,984.8**	**100.0%**	**92.8**	**4.7%**
COGS	(1,865.8)	-89.8%	(1,802.5)	-90.8%	(63.4)	3.5%
Gross Profit	**211.8**	**10.2%**	**182.3**	**9.2%**	**29.4**	**16.2%**
SG&A	**(53.2)**	**-2.6%**	**(49.1)**	**-2.5%**	**(4.1)**	**8.4%**
Commercial	(5.0)	-0.2%	(5.0)	-0.3%	(0.0)	0.9%
Administratives	(48.2)	-2.3%	(44.1)	-2.2%	(4.1)	9.2%
Adj. EBITDA*	**208.4**	**10.0%**	**185.5**	**9.3%**	**23.0**	**12.4%**
Others revenues/expenses	(3.1)	-0.1%	0.0	-	(3.1)	-
EBITDA	**205.3**	**9.9%**	**185.5**	**9.3%**	**19.9**	**10.7%**
	R$ 3.17		R$ 3.56			

Year to date

(R$ million)

	9M17 (a)		9M16 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**6,595.6**	**100.0%**	**7,038.2**	**100.0%**	**(442.6)**	**-6.3%**
COGS	(5,923.3)	-89.8%	(6,392.0)	-90.8%	468.7	-7.3%
Gross Profit	**672.3**	**10.2%**	**646.2**	**9.2%**	**26.1**	**4.0%**
SG&A	**(168.7)**	**-2.6%**	**(175.0)**	**-2.5%**	**6.2**	**-3.6%**
Commercial	(16.0)	-0.2%	(17.8)	-0.3%	1.8	-10.3%
Administratives	(152.7)	-2.3%	(157.1)	-2.2%	4.4	-2.8%
Adj. EBITDA*	**661.9**	**10.0%**	**657.0**	**9.3%**	**4.8**	**0.7%**
Others revenues/expenses	(9.9)	-0.2%	0.0	0.0%	(9.9)	-
EBITDA	**652.0**	**9.9%**	**657.0**	**9.3%**	**(5.1)**	**-0.8%**
	R$ 3.17		R$ 3.56		-0.38	-10.7%

APPENDIX IV

Operating Indicators – Keystone

Volume (000 Tons)	3Q17 (a)	3Q16 (b)	2Q17 (c)	(a/b) Chg.	(a/c) Chg.	9M17 (a)	9M16 (b)	(a/b) Chg.
USA	228.8	233.5	225.6	-2.1%	1.4%	681.6	674.9	1.0%
APMEA	57.5	49.3	54.7	16.6%	5.2%	163.4	146.2	11.8%
TOTAL KEYSTONE	286.3	282.8	280.3	1.2%	2.1%	845.0	821.1	2.9%

Revenues (US$ Million)	3Q17 (a)	3Q16 (b)	2Q17 (c)	(a/b) Chg.	(a/c) Chg.	9M17 (a)	9M16 (b)	(a/b) Chg.
USA	485.6	492.8	479.9	-1.4%	1.2%	1,436.1	1,415.7	1.4%
APMEA	227.7	195.7	217.2	16.3%	4.8%	641.5	569.1	12.7%
TOTAL KEYSTONE	713.3	688.5	697.1	3.6%	2.3%	2,077.6	1,984.8	4.7%

Average Price (US$/Kg)	3Q17 (a)	3Q16 (b)	2Q17 (c)	(a/b) Chg.	(a/c) Chg.	9M17 (a)	9M16 (b)	(a/b) Chg.
USA	2.12	2.11	2.13	0.6%	-0.2%	2.11	2.10	0.5%
APMEA	3.96	3.97	3.97	-0.3%	-0.3%	3.93	3.89	0.8%
TOTAL KEYSTONE	2.49	2.43	2.49	2.4%	0.2%	2.46	2.42	1.7%

Revenues (R$ Million)	3Q17 (a)	3Q16 (b)	2Q17 (c)	(a/b) Chg.	(a/c) Chg.	9M17 (a)	9M16 (b)	(a/b) Chg.
USA	1,535.3	1,600.8	1,545.5	-4.1%	-0.7%	4,558.3	5,020.0	-9.2%
APMEA	719.8	635.7	699.4	13.2%	2.9%	2,037.3	2,018.2	0.9%
TOTAL KEYSTONE	2,255.0	2,236.4	2,244.9	0.8%	0.5%	6,595.6	7,038.2	-6.3%

Average Price (R$/Kg)	3Q17 (a)	3Q16 (b)	2Q17 (c)	(a/b) Chg.	(a/c) Chg.	9M17 (a)	9M16 (b)	(a/b) Chg.
USA	6.71	6.85	6.85	-2.1%	-2.0%	6.69	7.44	-10.1%
APMEA	12.52	12.90	12.79	-3.0%	-2.1%	12.47	13.81	-9.7%
TOTAL KEYSTONE	7.88	7.91	8.01	-0.4%	-1.6%	7.81	8.57	-8.9%

APPENDIX V
Income Statement – BEEF

Quarterly

(R$ million)

	3Q17 (a)		3Q16 (b)		2Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	2,576.1	100.0%	2,110.8	100.0%	2,068.1	100.0%	465.3	22.0%	508.0	24.6%
COGS	(2,196.3)	-85.3%	(1,815.9)	-86.0%	(1,796.7)	-86.9%	(380.4)	21.0%	(399.6)	22.2%
Gross Profit	379.7	14.7%	294.9	14.0%	271.4	13.1%	84.8	28.8%	108.3	39.9%
SG&A	(195.3)	-7.6%	(203.3)	-9.6%	(161.9)	-7.8%	7.9	-3.9%	(33.4)	20.6%
Commercial	(143.9)	-5.6%	(146.5)	-6.9%	(109.6)	-5.3%	2.6	-1.8%	(34.3)	31.3%
Administratives	(51.5)	-2.0%	(56.8)	-2.7%	(52.4)	-2.5%	5.3	-9.4%	0.9	-1.8%
Adj. EBITDA*	245.8	9.5%	146.9	7.0%	169.6	8.2%	99.0	67.4%	76.2	44.9%
Others revenues/expenses	(21.6)	-0.8%	(17.2)	-0.8%	(69.0)	-3.3%	(4.4)	25.8%	47.4	-68.6%
EBITDA	224.2	8.7%	129.7	6.1%	100.6	4.9%	94.5	72.9%	123.6	122.9%
P&L - USD x BRL	R$ 3.16		R$ 3.25		R$ 3.21		-0.08	-2.6%	-0.05	-1.5%

(*) Excludes the effects from other operating income/expenses.

Year to date

(R$ million)

	9M17 (a)		9M16 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	6,684.6	100.0%	6,891.0	100.0%	(206.4)	-3.0%
COGS	(5,772.4)	-86.4%	(5,899.0)	-85.6%	126.6	-2.1%
Gross Profit	912.2	13.6%	992.0	14.4%	(79.8)	-8.0%
SG&A	(539.3)	-8.1%	(599.9)	-8.7%	60.7	-10.1%
Commercial	(387.3)	-5.8%	(429.3)	-6.2%	41.9	-9.8%
Administratives	(151.9)	-2.3%	(170.7)	-2.5%	18.7	-11.0%
Adj. EBITDA*	553.0	8.3%	558.2	8.1%	(5.2)	-0.9%
Others revenues/expenses	(128.3)	-1.9%	(67.7)	-1.0%	(60.6)	89.5%
EBITDA	424.6	6.4%	490.4	7.1%	(65.8)	-13.4%
	R$ 3.17		R$ 3.56		-0.38	-10.7%

APPENDIX VI

Operating Indicators – BEEF

Volume (000 Tons)	3Q17 (a)	3Q16 (b)	2Q17 (c)	(a/b) Chg.	(a/c) Chg.	9M17 (a)	9M16 (a)	(a/b) Chg.
Fresh Beef	161.1	120.7	122.1	33.4%	32.0%	401.5	368.0	9.1%
Local Market	89.0	84.4	69.0	5.5%	29.0%	218.8	206.3	6.0%
Export Market	72.1	36.4	53.0	98.2%	35.9%	182.6	161.7	13.0%
Further Processed	12.1	13.6	7.4	-11.3%	62.7%	27.5	39.8	-30.8%
Other	127.7	113.0	108.0	13.0%	18.2%	338.0	328.9	2.8%
TOTAL BEEF	300.8	247.3	237.5	21.6%	26.7%	767.0	736.7	4.1%

Revenues (R$ Millions)	3Q17 (a)	3Q16 (b)	2Q17 (c)	(a/b) Chg.	(a/c) Chg.	9M17 (a)	9M16 (a)	(a/b) Chg.
Fresh Beef	2,111.4	1,552.0	1,639.2	36.0%	28.8%	5,361.4	5,204.4	3.0%
Local Market	1,035.9	1,007.2	820.8	2.9%	26.2%	2,621.8	2,545.5	3.0%
Export Market	1,075.5	544.8	818.4	97.4%	31.4%	2,739.6	2,658.9	3.0%
Further Processed	185.9	261.5	143.6	-28.9%	29.5%	487.7	756.6	-35.5%
Other	278.7	297.3	285.3	-6.3%	-2.3%	835.5	930.0	-10.2%
TOTAL BEEF	2,576.1	2,110.8	2,068.1	22.0%	24.6%	6,684.6	6,891.0	-3.0%

Average Price (R$/Kg)	3Q17 (a)	3Q16 (b)	2Q17 (c)	(a/b) Chg.	(a/c) Chg.	9M17 (a)	9M16 (a)	(a/b) Chg.
Fresh Beef	13.11	12.85	13.43	2.0%	-2.4%	13.35	14.14	-5.6%
Local Market	11.63	11.94	11.89	-2.5%	-2.1%	11.98	12.34	-2.9%
Export Market	14.92	14.98	15.43	-0.4%	-3.3%	15.00	16.45	-8.8%
Export Market (US$)	4.67	4.61	4.48	1.5%	4.4%			
Further Processed	15.4	19.2	19.4	-19.9%	-20.4%	17.7	19.0	-6.8%
Other	2.18	2.63	2.64	-17.0%	-17.3%	2.47	2.83	-12.6%
TOTAL BEEF	8.56	8.53	8.71	0.3%	-1.7%	8.72	9.35	-6.8%

APPENDIX VII

Balance Sheet

(R$ '000)

ASSETS	3Q17	4Q16
CURRENT ASSETS		
Cash and cash equivalents	1,268,895	3,291,705
Marketable securities	3,255,412	1,986,936
Trade accounts receivable - domestic	401,973	396,887
Trade accounts receivable - foreign	222,668	393,581
Inventories of goods and merchandis	1,561,621	1,257,616
Biological assets	118,562	112,454
Recoverable taxes	1,370,295	1,240,328
Prepaid expenses	93,484	132,242
Notes receivable	34,431	353,548
Advances to suppliers	45,299	23,988
Held-for-sale assets	195,254	0
Other receivables	73,992	113,893
	8,641,886	**9,303,178**
NON CURRENT ASSETS		
Marketable securities	0	851
Court deposits	61,595	65,427
Notes receivable	82,485	96,768
Deferred income and social contributi	2,315,053	2,135,395
Recoverable taxes	1,763,641	1,723,660
Other receivables	48,350	41,493
	4,271,124	**4,063,594**
Investments	19,810	16,268
Property, plant and equipment	4,225,180	4,009,397
Biological assets	51,235	51,236
Intangible assets	2,732,967	2,815,130
	7,029,192	**6,892,031**
TOTAL ASSETS	**19,942,202**	**20,258,803**

LIABILITIES	3Q17	4Q16
CURRENT LIABILITIES		
Trade accounts payable	1,795,201	1,853,426
Supply chain finance	171,364	149,331
Accrued payroll and related charges	404,473	346,837
Taxes payable	332,339	175,801
Loans and financing	1,741,661	1,454,602
Notes payable	144,872	372,607
Lease payable	11,624	11,936
Advances from customers	622,209	695,046
Mandatory deed convertible into shares	0	2,147,392
Liabilities related to held-for-sale assets	73,944	0
Other payables	149,182	175,991
	5,446,869	**7,382,969**
NON CURRENT LIABILITIES		
Loans and financing	9,820,175	9,695,799
Taxes payable	705,835	723,435
Deferred income and social contributio	270,780	269,616
Provisions for contingencies	85,817	87,739
Lease payable	21,820	26,560
Notes payable	391,916	488,261
Advances from customers	316,800	375,448
Other	65,199	108,174
	11,678,342	**11,775,032**
Non-controlling interest	**228,037**	**194,186**
CONTROLLING SHAREHOLDER'S EQUITY		
Share Capital	7,319,467	5,169,917
Capital reserve	184,642	184,642
Profit reserves	38,183	40,122
Other comprehensive income	-251,507	-241,972
Accumulated losses	-4,701,831	-4,246,093
	2,588,954	**906,616**
TOTAL LIABILITIES	**19,942,202**	**20,258,803**

APPENDIX VIII
Cash Flow

(R$ million)

	1Q17	2Q17	3Q17	1H17
Net Income/Loss	(237.9)	(156.9)	(58.4)	(453.2)
(+/-) Non cash items	328.5	467.2	300.6	1,096.3
(+/-) Account Receivable	256.4	(172.7)	(184.1)	(100.3)
(+/-) Inventories	(1.4)	(82.7)	(264.6)	(348.7)
(+/-) Suppliers	(318.1)	205.1	103.3	(9.7)
(+/-) Other	52.0	(55.2)	(40.6)	(43.8)
(=) Operational Cash Flow	79.5	204.8	(143.7)	140.6
(-) Capex	(133.7)	(161.7)	(281.5)	(576.9)
(-) Interest expenses	(213.2)	(206.8)	(189.5)	(609.5)
Continued Free Cash Flow	**(267.3)**	**(163.7)**	**(614.7)**	**(1,045.8)**
Discontinued Free Cash Flow	**13.9**	**(6.0)**	**(6.3)**	**1.6**
Total Free Cash Flow	**(253.4)**	**(169.8)**	**(621.0)**	**(1,044.2)**