Cantagalo General Grains S.A.

Financial statements
December 31, 2016

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

KPDS 188968

Contents

Management Report
(In thousands of Reais)

Dear shareholders
In compliance with the legal and statutory provisions, we hereby submit to you the Management Report and the Financial Statements Cantagalo General Grains S.A. ("Cantagalo") for the period ended December 31, 2016, together with the Independent Auditors' Report.

Presentation
Cantagalo General Grains S.A. is a closely held joint stock company, with its headquarters located at Avenida Magalhaes de Castro, 4,800, 11º andar, sala 2, city of São Paulo - SP, established on October 25, 2010, with the purpose of cultivating soybeans, corn, cotton and other cereals and exploiting auxiliary logistics service.

Operacional Performance
The year 2016 was an atypical year for agricultural producers, as crop costs did not immediately follow the lower levels of the grain market of the Chicago Stock Exchange, consequently pushing the margins of the productive sector in Brazil, causing To the lowest levels of recent years. In addition, the high exchange rate volatility contributed to greater difficulty in the management of foreign currency debt.

The climatic effect of the "El Niño" phenomenon has also hampered agricultural production in almost all regions of the country, with rainfall levels well below the average of previous years and consequently lower yields for soy, corn and cotton crops.

Corporate Management
In November 2016, the Board of Directors appointed a new executive board composed of experienced agricultural market executives, with the purpose of resuming the group's agricultural operations, focusing mainly on soybean and corn crops, leveraging the potential for synergy among companies Of the group, as well as restructure the debt and re-establish liquidity. The same executive board was appointed to CGG Trading S.A., a subsidiary of Cantagalo General Grains S.A., thus providing a complete strategic alignment of operations.

Debt reestructure
On April 7th, 2017, the Company and its subsidiaries signed a debt rescheduling involving all creditor banks, extending 67% of the Company's short-term debt to the long-term, Equating in this way the liquidity condition of the Company. This new scenario can be seen in note 21.

Additional Information
Although not permitted by Brazilian corporate law, the Management hired contracted a the revaluation of property, plant and equipment assets is permitted by the international accounting standards issued by the IASB - International Accountant Standards Board. In order to better understand the consolidated financial statements and considering the alignment with this revaluation accounting practice with the Company's business, we are presenting below the consolidated balance sheet if this accounting practice was permitted for purposes of presentation of the Brazilian corporate law.

These additional information was submitted to the audit procedures and is presented adequately.

Fixed Assets - rural properties
As of December 31, 2016, the Company had a portfolio of four lands under its control, being Fazenda Acreúna (Acreúna - GO) and Fazenda Acreúna (Fazenda Acreúna - GO) and Fazenda Siqueira (Brasnorte - MT) Maria da Cruz (Stones of Maria da Cruz - MG).

The Management hired independent consulting firms that carried out the property valuation of the aforementioned lands in accordance with the methodology and standards established by IBAPE - Brazilian Institute of Engineering Assessments and Expertise and NBR of ABNT - Brazilian Association of Technical Standards. The result of this evaluation can be summarized as follows:

	Área	**Original value**	**Improvements**	**Total Accounting cost**	**Market value**	**Revaluation**
Description	**Hectares**	**R$**	**R$**	**R$**	**R$**	**R$**
Fazenda Pedras de Maria da Cruz - MG	22.076	3.655	788	4.442	99.400	94.958
Fazenda Fronteira - Brasnorte - MT	51.154	151.167	10.073	161.240	599.312	438.072
Fazenda Tropical - Baixa Grande do Ribeiro - Piauí	23.060	22.284	-	22.284	209.304	187.020
Fazenda Acreúna - Goiás	5.224	40.716	-	40.716	140.546	99.830
Total	**101.514**	**217.822**	**10.861**	**228.682**	**1.048.562**	**819.880**

The market value is the most probable value of a good, within a reasonable time limit, in a circumstance in which the buyer is interested, but not obliged to acquire the good, and the seller is willing to sell, But not obliged, on a certain date, under the prevailing market conditions at the time. The values obtained do not represent the actual trading values and should be assumed as the reference value. It is characterized by the premises and information, in addition to specific Technical Standards and inspections and inspections "in loco". This value may come from the playback or reset value.

The effective value of trading is established in a particular way in a free market of purchase and therefore may differ significantly from the value of valuation, when an effective negotiation considering that these values refer to an accounting estimate.

The difference between the value held in the accounting records and those valuation values calculated in the manner described above. The effect of this disclosure, shows a total overall result of the land valuation in the amount of R$ 1,048,562 (increment representing an increase of R$ 819,880 in relation to To the amount kept in the accounting records), as also reported). See explanatory note 17.

Intangible Assets - Tegram terminal concession right
Also in the context of the debt rescheduling described above, the Management, through the hiring of independent appraisers, carried out the evaluation. As shown in the appraisal report issued by an independent company, the concession contract right of the Tegram terminal located in the port of Itaqui - MA, recognized in the financial statements in the Company's intangible asset, which presents future economic benefits that significantly exceed its accounting cost of formation / acquisition and represent the fair value of the business that significantly exceed its acquisition price. This fair value, obtained from this investment was evaluated by reference to other similar projects, resulted in the evaluation in one and the fair value determined by expert

appraisers by appraisal report in the amount of R$ 525,794, which represents an appreciation in relation to the book values of this asset In the amount, considering an increase of R$ 383,834. See the accounting value of this asset, as commented in note 31.

	Total Accounting cost	Market value	Revaluation
Description	**R$**	**R$**	**R$**
TEGRAM	141,960	525,794	383,834
Total	**141,960**	**525,794**	**383,834**

Additional Information

For a better understanding of the effects of fair value evaluations of the assets described above, we present below the effects that these fair values would have on the balances of the assets and liabilities of the company:

Assets	**BRGAAP**	**V.A.A.V.(*)**	**IFRS**
Current assets			
Cash and cash equivalents	43,388	-	43,388
Derivative financial instruments	41,994	-	41,994
Accounts receivable	26,607	-	26,607
Inventories	4,466	-	4,466
Advance to supliers	85,572	-	85,572
Biological assets	1,727	-	1,727
Related parties	114,031	-	114,031
Tax recoverable	69,768	-	69,768
Other receivables	1,271	-	1,271
Total current assets	**388,824**	**-**	**388,824**
Related parties	18,580	-	18,580
Accounts receivable	2,962	-	2,962
Goods to receive	61,442	-	61,442
Advance to supliers	74,222	-	74,222
Recoverable taxes	39,406	-	39,406
Deferred taxes	202,930	(65,794)	137,136
Other receivables	2,859	-	2,859
Total non-current assets	**402,401**	**(65,794)**	**336,607**
Investments	59	-	59
Property, plant & equipment	301,473	819,880	1,121,353
Biological assets	4,750	-	4,750
Intagible assets	187,015	383,834	570,849
Total fixed assets	**493,297**	**1,203,714**	**1,697,011**
Total non current assets	**895,698**	**1,137,920**	**2,033,618**
Total Assets	**1,284,522**	**1,137,920**	**2,422,442**

Liabilities	2016	V.A.A.V.(*)	IFRS
Current Liabilities			
Goods deliverable	81,407	-	81,407
Derivative financial instruments	51,904	-	51,904
Accounts payable to suppliers	79,436	-	79,436
Loans and financing	830,779	-	830,779
Related parties	19,787	-	19,787
Other accounts payable	141,487	-	141,487
Total current liabilities	**1,204,800**	**-**	**1,204,800**
Non-current liabilities			
Deferred taxes	-	242,127	242,127
Goods deliverable	104,523	-	104,523
Loans and financing	110,558	-	110,558
Provisions for tax contingencies	4,472	-	4,472
Total non-current liabilities	**219,553**	**242,127**	**461,680**
Shareholders' equity			
Capital	366,418	-	366,418
Equity valuation adjustment	186,823	786,532	973,355
Accumulated losses	(679,035)	-	(679,035)
Total shareholders' equity	**(125,794)**	**786,532**	**660,738**
Minority interest	(14,037)	109,261	95,224
Total shareholders' equity	**(139,831)**	**895,793**	**755,962**
Total liabilities and shareholders' equity	**1,284,522**	**1,137,920**	**2,422,442**

(*) V.A.A.V. (Valuation Adjustment Asset Value).

Finally, we recall that V.A.A.V (Valuation Adjustment Asset Value). Although not permitted by Brazilian corporate law, the revaluation of property, plant and equipment and its recognition of property, plant and equipment are permitted by the international accounting standards issued by the IASB - International Accountant Standards Board, and this permission is not granted to shareholdings in subsidiaries and affiliates. Intangible assets, which above are considered as Market Value.

Acknowledgement

The Company thanks everyone who contributed directly or indirectly to the achievement of social objectives.

São Paulo - SP May 18th, 2017

Management

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone +55 (11) 3940-1500, Fax +55 (11) 3940-1501
www.kpmg.com.br

Independent Auditor's Report in the Individual and Consolidated Financial Statements

To the Board of Administration and Shareholders of the Company
Cantagalo General Grains S.A.
São Paulo - SP

Opinion
We have audited the individual and consolidated financial statements of Cantagalo General Grains S.A. ("the Company"), respectively referred to as Parent and Consolidated, which comprise the statement of financial position as at December 31, 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of the Cantagalo General Grains S.A. as at December 31, 2016, and of its individual and consolidated financial performance and its cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for Opinion
We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Uncertainty related to operational continuity
We draw attention to note 1 to the financial statements, which indicates that the Company incurred in the loss of R$ 330.452 thousand in the parent company and R$ 537.716 thousand in the consolidated, and negative working capital of R$ 362.612 thousand in the parent company and R$ 815.976 thousand in the consolidated, as well as discloses certain

actions that are being implemented by the Company to reverse this scenario. The operational continuity of the Company and its subsidiaries depends on the Management's ability to execute the business plans shared to the Board of Directors. These events or conditions indicate the existence of material uncertainty that may raise significant doubt as to the Company's ability to continue operating. Our opinion is not qualified in relation to this matter

Another subjects

Demonstration of value added
The individual and consolidated statement of value added for the year ended December 31, 2016, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, was subject to jointly executed auditing procedures With the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluate whether this statement is reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, this statement of value added was prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and is consistent with the consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor's report
Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and subsidiaries financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and subsidiaries internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with management among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

São Paulo, April 28, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Fernando Antonio Rodrigues Alfredo
Accountant CRC 1SP252419/O-0

Cantagalo General Grains S.A.

Balance sheets at December 31, 2016 and 2015

(In thousands of Reais)

		Parent Company		Consolidated	
Assets	**Note**	**2016**	**2015**	**2016**	**2015**
Current assets					
Cash and cash equivalents	9	2,686	11,788	43,388	148,142
Derivative financial instruments	26	-	-	41,994	166,671
Accounts receivable	10	5,297	2,123	26,607	170,911
Inventories	11	1,608	30,181	4,466	233,238
Advance to supliers	12	393	2,956	85,572	308,122
Biological assets	13	1,727	53,651	1,727	53,651
Related parties	14	31,566	16,622	114,031	39,784
Assets held for sales		-	5,725	-	97,804
Tax recoverable		6,538	5,405	69,768	73,024
Other receivables		531	286	1,271	4,337
Total current assets		**50,346**	**128,737**	**388,824**	**1,295,685**
Related parties	14	4,187	6,463	18,580	6,463
Accounts receivable	10	2,308	2,088	2,962	11,482
Goods to receive	15	23,770	-	61,442	-
Advance to supliers	12	-	-	74,222	40,535
Recoverable taxes		2,107	3,931	39,406	50,074
Deferred taxes	24	88,081	158,497	202,930	275,921
Other receivables		2,859	4,709	2,859	4,709
Total non-current assets		**123,312**	**175,689**	**402,401**	**389,184**
Investments	16	398,018	650,345	59	70
Property, plant & equipment	17	32,525	60,295	301,473	382,151
Biological assets	13	4,750	4,989	4,750	4,989
Intagible assets	18	1,019	1,839	187,015	237,467
Total fixed assets		**436,312**	**717,469**	**493,297**	**624,678**
Total non current assets		**559,624**	**893,158**	**895,698**	**1,013,862**
Total Assets		**609,970**	**1,021,894**	**1,284,522**	**2,309,547**

		Parent Company		Consolidated	
Liabilities	**Note**	**2016**	**2015**	**2016**	**2015**
Current Liabilities					
Goods deliverable	19	81,407	36,786	81,407	36,786
Derivative financial instruments	26	-	-	51,904	73,861
Accounts payable to suppliers	20	20,876	34,320	79,436	177,054
Loans and financing	21	230,954	251,205	830,779	1,060,597
Related parties	14	78,274	25,224	19,787	-
Other accounts payable		1,447	3,895	141,487	20,943
Total current liabilities		**412,958**	**351,429**	**1,204,800**	**1,369,242**
Non-Current liabilities					
Related parties	14	159,535	201,893	-	-
Deferred taxes	24	-	-	-	6,320
Goods deliverable	19	104,523	142,080	104,523	142,080
Loans and financing	21	56,772	140,563	110,558	390,757
Provisions for tax contingencies	22	1,976	-	4,472	-
Total non-current liabilities		**322,806**	**484,537**	**219,553**	**539,157**
Shareholders' equity	25				
Capital		366,418	366,418	366,418	366,418
Equity valuation adjustment		186,823	168,093	186,823	168,093
Accumulated losses		(679,035)	(348,583)	(679,035)	(348,583)
Total shareholders' equity		**(125,794)**	**185,928**	**(125,794)**	**185,928**
Minority interest		-	-	(14,037)	215,220
Total shareholders' equity		**(125,794)**	**185,928**	**(139,831)**	**401,148**
Total liabilities		**735,764**	**835,966**	**1,424,353**	**1,908,399**
Total liabilities and shareholders' equity		**609,970**	**1,021,894**	**1,284,522**	**2,309,547**

See the accompanying notes to the financial statements

Cantagalo General Grains S.A.

Statements of income

Years ended December 31, 2016 and 2015

(In thousands of Reais)

		Parent Company		Consolidated	
	Note	**2016**	**2015**	**2016**	**2015**
Net operating income	27	111,751	147,691	2,629,201	4,620,879
Change in the fair value of biological assets	13	(2,814)	749	(2,814)	749
Cost of goods sold	28	(151,732)	(143,347)	(2,997,619)	(4,584,107)
Gross (loss) / profit		**(42,795)**	**5,093**	**(371,232)**	**37,521**
Administrative and general expenses	28	(11,043)	(14,577)	(78,792)	(79,924)
Equity accounting results	16	(223,326)	(12,499)	-	(2,497)
Other operating income (expenses)		6,950	(19,509)	15,586	(19,291)
Result before net financial result		**(270,214)**	**(41,492)**	**(434,438)**	**(64,191)**
Net financials		(27,630)	(27,493)	(76,457)	(50,893)
Foreign exchange gain/losses, net		36,030	(92,287)	29,117	(91,086)
Results of goods deliverable		1,778	(75,583)	(4,529)	(75,583)
Net financial result	29	**10,178**	**(195,363)**	**(51,869)**	**(217,562)**
Loss before income tax and social contribution		**(260,036)**	**(236,855)**	**(486,307)**	**(281,753)**
Deferred income tax and social contribution	24	(70,416)	75,909	(51,409)	109,153
Loss for the year		**(330,452)**	**(160,946)**	**(537,716)**	**(172,600)**
Result attributable to:					
Controlling shareholers		-	-	(330,452)	(160,946)
Minority interest		-	-	(207,264)	(11,654)
Loss for the year		**(330,452)**	**(160,946)**	**(537,716)**	**(172,600)**

See the accompanying notes to the financial statements

Cantagalo General Grains S.A.

Statements of comprehensive income

Years ended December 31, 2016 and 2015

(In thousands of Reais)

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Loss for the year	(330,452)	(160,946)	(537,716)	(172,600)
Accumulated translation adjustment	18,730	30,519	(3,263)	101,670
Total comprehensive loss	**(311,722)**	**(130,427)**	**(540,979)**	**(70,930)**
Results attibutable to:				
Controlling shareholders	(311,722)	(130,427)	(311,722)	(130,427)
Minority shareholders	-	-	(229,257)	59,497
Total comprehensive loss	**(311,722)**	**(130,427)**	**(540,979)**	**(70,930)**

See the accompanying notes to the financial statements

Cantagalo General Grains S.A.

Statements of changes in shareholders' equity

Years ended december 31, 2016 and 2015

(In thousands of Reais)

	Attributable to controlling interest					
	Share Capital	**Equity valuation adjustments**	**Accumulated losses**	**Total**	**Minority Interest**	**Total shareholders equity**
Balances at December 31, 2014	**366,418**	**137,574**	**(187,637)**	**316,355**	**155,723**	**472,078**
Accumulated translation adjustments	-	30,519	-	**30,519**	71,151	**101,670**
Loss for the year	-	-	(160,946)	**(160,946)**	(11,654)	**(172,600)**
Balances at December 31, 2015	366,418	168,093	(348,583)	**185,928**	215,220	**401,148**
Accumulated translation adjustments	-	18,730	-	**18,730**	(21,993)	**(3,263)**
Loss for the year	-	-	(330,452)	**(330,452)**	(207,264)	**(537,716)**
Balances at December 31, 2016	**366,418**	**186,823**	**(679,035)**	**(125,794)**	**(14,037)**	**(139,831)**

See the accompanying notes to the financial statements

Cantagalo General Grains S.A.

Statements of cash flows - Indirect method

Years ended December 31, 2016 and 2015

(In thousands of Reais)

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Cash flow from operating activities				
Loss for the year	**(330,452)**	**(160,946)**	**(537,716)**	**(172,600)**
Adjustments for reconciliation of the loss with cash and cash equivalents used in operating activities				
Depreciation and amortization	7,056	7,942	21,543	19,503
Write-off of property, plant and equipment	11,156	1,087	16,167	1,291
Farm Land Impairment	25,135	-	82,246	-
Biological assets harvested	114,738	123,199	114,738	123,199
Deferred income tax	70,416	(75,909)	51,409	(109,153)
Equity accounting result	223,326	12,499	-	2,497
Interest expenses on loans	13,241	14,949	49,953	52,722
Exchange loss	(36,030)	92,287	(29,117)	91,086
Provision for goodwill on investments	-	19,734	-	19,734
Adjustment to fair value of deliverable products	(1,778)	75,583	4,529	75,583
Adjustment to fair value of biological assets	2,814	(749)	2,814	(749)
Adjustment to fair value of Fronteira Farm	(12,822)	-	(12,822)	-
Equity valuation adjustment	-	-	(3,263)	101,670
	86,800	**109,676**	**(239,519)**	**204,783**
Changes in assets and liabilities				
Inventories	28,573	13,200	228,772	(67,171)
Advances to suppliers	2,563	6,794	188,863	(110,849)
Derivative financial instruments	-	-	102,720	(57,002)
Accounts Receivable	(3,395)	(1,110)	152,824	(47,312)
Asset held for sale	5,725	-	97,804	-
Recoverable taxes	2,668	(935)	18,396	(30,999)
Other receivable	1,605	(21)	4,914	(3,134)
Deferred income taxes	-	-	15,263	(28,750)
Related parties	45,757	32,484	(66,576)	(27,208)
Accounts payable to suppliers	(13,445)	19,473	(97,617)	92,056
Other account Payable	(2,448)	(613)	120,543	6,199
Cash provided by (used in) operating activities	**154,403**	**178,949**	**526,387**	**(69,388)**
Interest paid	(15,529)	(10,814)	(38,624)	(49,171)
Net cash flow (provided by) used in operating activities	**138,874**	**168,135**	**487,763**	**(118,559)**
Cash flow from investment activities				
Increase in investments and interests	-	-	11	(66)
Additions to property, plant & equipment	(1,935)	(12,067)	(14,012)	(31,391)
Additions of biological assets	(65,389)	(120,694)	(65,389)	(120,694)
Purchase of intangible assets	-	-	38,008	(95,978)
Net cash flow used in investment activities	**(67,324)**	**(132,761)**	**(41,382)**	**(248,129)**
Cash flow from financing activities				
Goods deliverable	(14,928)	(32,688)	(58,906)	(32,688)
Loans and financing paid	(296,276)	(171,118)	(938,667)	(1,793,112)
Loans and financing taken out	230,552	151,189	446,438	2,084,482
Net cash flow provided by (used in) financing activities	**(80,652)**	**(52,617)**	**(551,135)**	**258,682**
Increase (decrease) in cash and cash equivalents	**(9,102)**	**(17,243)**	**(104,754)**	**(108,005)**
(Decrease) increase in cash and cash equivalents				
Cash and cash equivalents at beginning of year	**11,788**	**29,030**	**148,142**	**256,147**
Cash and cash equivalents at end of year	**2,686**	**11,788**	**43,388**	**148,142**
Increase (decrease) in cash and cash equivalents	**(9,102)**	**(17,243)**	**(104,754)**	**(108,005)**

See the accompanying notes to the financial statements

Cantagalo General Grains S.A.

Statements of added value

Years ended December 31, 2016 and 2015

(In thousands of Reais)

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Income	**111,751**	**147,691**	**2,629,201**	**4,620,879**
Net sales of goods	111,751	147,691	2,629,201	4,620,879
Inputs acquired from third parties	**(140,330)**	**(122,879)**	**(2,988,189)**	**(4,573,258)**
Cost of goods sold	(126,037)	(110,366)	(2,553,132)	(4,116,693)
Change in the fair value of biological assets	(2,814)	749	(2,814)	749
Material, power, third-party services and other expenses	(11,479)	(13,262)	(432,243)	(457,314)
Gross added value	**(28,579)**	**24,812**	**(358,988)**	**47,621**
Depreciation and amortization	(7,084)	(7,942)	(21,571)	(19,503)
Net added value produced by the company	**(35,663)**	**16,870**	**(380,559)**	**28,118**
Transferred added value	**(216,376)**	**(32,008)**	**15,585**	**(21,788)**
Equity accounting results	(223,326)	(12,499)	-	(2,497)
Other	6,950	(19,509)	15,585	(19,291)
Total added value to be distributed	**(252,039)**	**(15,138)**	**(364,974)**	**6,330**
Distribution of added value	**(252,039)**	**(15,138)**	**(364,974)**	**6,330**
Personnel	15,977	23,222	60,031	63,411
Taxes, fees and contributions	71,856	(74,262)	55,992	(104,797)
Remuneration of third-party capital	(9,419)	196,848	56,720	220,316
Interest/Other	(10,177)	195,363	51,869	217,562
Rents	758	1,485	4,851	2,754
Remuneration of shareholders' equity	(330,453)	(160,946)	(537,717)	(172,600)
Loss for the year	(330,453)	(160,946)	(330,453)	(160,946)
Minority interest in retained earnings	-	-	(207,264)	(11,654)

See the accompanying notes to the financial statements

Notes to the financial statements

(In thousands of Reais)

1 Operations

Cantagalo General Grains S.A. is a closely held joint stock company, with its headquarters located at Avenida Magalhaes de Castro, 4,800, 11º andar, sala 2, city of São Paulo - SP, established on October 25, 2010, with the purpose of cultivating soybeans, corn, cotton and other cereals; producing certified seeds, producing seeds, seedlings and other forms of certified plant propagation; preparing land, cultivating and harvesting, manufacturing fertilizer, trading (importing and exporting) on the domestic and foreign markets of agricultural products especially vegetable grains and their derivatives, fertilizers, their raw materials and byproducts, as well as pesticides; exploiting auxiliary services for water transport, auxiliary services for road transport of general cargo; auxiliary services for the transport of general cargo (transport logistics or transport agent), shipping agency and port operator; deposit and standardization services; warehouse logistics; transport consulting in general, establishing or participating in any way in other companies, consortia or organizations whose corporate purposes are directly or indirectly linked, accessory or instrumental to the Company's purpose; processing and further processing, on its own account or through third parties or others, of agricultural products and their byproducts, of fertilizers and their derivatives, of raw materials in general and pesticides, and managing its own assets.

Since its establishment and as established in its business plan, Cantagalo counts on a capital structure formed of its own capital and capital obtained from financial institutions which have short-term maturities and count, historically, on the renewals of these lines of credit, given the availability of existing guarantees when necessary. The shareholders also have, as a way to increase liquidity, already approved by the Board of directors, the sale of assets, new raising of capital or even a capital contribution.

The year 2016 was an atypical year for agricultural producers, as crop costs did not immediately follow the lower levels of the grain market of the Chicago Stock Exchange, consequently pushing the margins of the productive sector in Brazil, causing To the lowest levels of recent years. In addition, the high exchange rate volatility contributed to greater difficulty in the management of foreign currency debt.

The climatic effect of the "El Niño" phenomenon has also hampered agricultural production in almost all regions of the country, with rainfall levels well below the average of previous years and consequently lower yields for soy, corn and cotton crops.

In November 2016, the Board of Directors appointed a new executive board composed of experienced agricultural market executives, with the purpose of resuming the group's agricultural operations, focusing mainly on soybean and corn crops, leveraging the potential for synergy among companies Of the group, as well as restructure the debt and re-establish liquidity. The same executive board was appointed to CGG Trading S.A., a subsidiary of Cantagalo General Grains S.A., thus providing a complete strategic alignment of operations.

In 2016, the Company recorded a loss in the amount of R$ 537.716, mainly due to the context of its operations, its low level of activity, the recognition of contractual losses and provisions necessary for the current macroeconomic and sectoral scenario and the new business plan. This revision resulted in adjustments in the amount of R$ 275.261. In order to comply with contractual obligations and to continue the business of the Company, the new Administration, ratified by the shareholders, has taken all necessary actions to execute the plan for the reestablishment and equalization of financial liabilities and liquidity, which provides, among others Divesting operating assets with high added value, reducing costs and operating expenses, and establishing a single group of managers. For the details of the renegotiation see note 31.

2 Companies of the group

		Equity interest			
		Direct		Indirect	
	Countries	2016	2015	2016	2015
CGG Trading S.A.	Brazil	56,87%	56,87%	-	-
Tropical Empreendimentos e Participações Ltda.	Brazil	100,00%	100,00%	-	-
Siqueira Empreendimentos e Participações Ltda.	Brazil	100,00%	100,00%	-	-
Belarina Alimentos S.A.	Brazil	1,92%	50,00%	-	-
Corredor Logística e Infraestrutura S.A.	Brazil	-	-	56,87%	56,87%
CGG Trading B.V.	Holland	-	-	56,87%	56,87%
CGG Trading Argentina S.A.	Argentina	-	-	56,87%	56,87%

Transactions of the subsidiaries

a. Tropical Empreendimentos e Participações Ltda. and Siqueira Empreendimentos e Participações Ltda.

Established on September 20, 2012 and headquartered in the city of São Paulo -SP, the purpose of the companies is the cultivation of soybeans, corn, cotton and other cereals; production of certified seeds, production of seeds, seedlings and other forms of certified plant propagation; preparation of land, cultivation and harvesting, manufacturing of fertilizers, trading (importing and exporting) on the domestic and foreign market of agricultural products especially vegetable grains and their derivatives, fertilizers, their raw materials and byproducts, as well as pesticides; exploitation of auxiliary services for waterway transport, auxiliary services for road transport of general cargo; auxiliary services for the transport of general cargo (transport logistics or transport agent), shipping agency and port operator; deposit and standardization services; warehouse logistics; transport consulting in general, establishing, participating or investing in any way in other companies, enterprises or entities whose corporate purposes are directly or indirectly linked to agricultural and industrial sectors; processing and further processing , on its own account or through third parties or others, of agricultural products and their byproducts, of fertilizers and their byproducts, of raw materials in general and pesticides, entering into leasing agreements or rural partnerships and managing its own assets.

On 2016, due to the economic scenario, the Company choosed to lease to third parties the farms below

- **Siqueira**: Siqueira Farm (Brasnorte - MT) and Acreúna Farm (Acreúna - GO)
- **Tropical**: Tropical Farm (Barra Grande do Ribeiro - PI) and Maria da Cruz Farm (Pedras de Maria da Cruz - MG).

b. *CGG Trading S.A.*

Established on February 17, 2011 and headquartered in São Paulo -SP, the companies' purpose is trading (importing and exporting) on domestic and foreign markets of agricultural products especially vegetable grains and their byproducts, fertilizers, their raw materials and byproducts and pesticides; exploitation of auxiliary services for waterway transport, auxiliary services for road transport of general cargo; auxiliary services for the transport of general cargo (transport logistics or transport agent), shipping agency and port operator; deposit and standardization services; warehouse logistics; transport consulting in general, establishing or participating in any way in other companies, consortia or companies, accessory or instrumental to the company's corporate purposes; processing and further processing, on its own account or through third parties or others, of agricultural products and their byproducts, of fertilizers and their by-products, of raw materials in general and pesticides and managing its own assets. Additionally, the subsidiary has investments in the companies (i) CGG Trading B.V., (ii) Corredor Logística e Infraestrutura S.A. and (iii) CGG Trading Argentina S.A.

(i) CGG Trading B.V.

A company with its headquarters in Amsterdam, Holland, established on July 28, 2011 focused on the exploitation of trading (importing and exporting) on foreign markets of agricultural products, especially all vegetable grains and their byproducts, raw materials for the textile industry and their by-products and livestock; establishing or participating in any way in other financial entities.

(ii) Corredor Logística e Infraestrutura S.A.

A company with its headquarters in São Paulo - SP, established on October 21, 2011, dedicated to the exploitation of auxiliary services for waterway transport, auxiliary services for road transport of general cargo; auxiliary services for the transport of general cargo (transport logistics or transport agent); shipping agency and port operator, deposit services, warehouse logistics; general transport consulting; road and rail transshipment center: grain and related storage, pre-cleaning drying, weighing and analysis and classification of grains; establishing or participating in any way in other companies, consortia or entities whose corporate purpose is directly or indirectly linked, accessory or instrumental to the Company's purpose and management of its own assets.

(iii) CGG Trading Argentina S.A.

A company with its headquarters in Buenos Aires, Argentina, established on May 28, 2012, focused on farming in all its stages, from seeds and/or planting, harvesting, packing and/or separation of products, importing, exporting and storage on its own account or of third-parties of goods, merchandize, fruit and products. The Company may carry out manufacturing and processing activities of agricultural products, fertilizers and byproducts of raw materials in general and agricultural pesticides, as well as operating in the marketing, buying and selling, exporting, importing, representing and consigning of agricultural products, mainly cereals and oilseeds, vegetable grains and their byproducts, agricultural inputs, seeds and grains, fertilizers, raw materials, agricultural products and pesticides. It may also exploit these activities as an agent, representative or broker of agricultural producers.

c. *Belarina Alimentos S.A.*

A company with its headquarters in the city of Cuiabá, Mato Grosso, a stake acquired on November 30, 2013, dedicated to the milling, further processing, trading, importing and exporting of cereals in general and ancillary services for the road transport of general freight (shipping logistics or transporters' agent), and it may, therefore, carry out all operations directly or indirectly related to its corporate purpose, including holding interests in other companies or similar businesses, observing the legal limitations.

On October 25, 2016 there was an increase in the company's capital, in which Cantagalo participated in a peaceful manner and as a consequence there was a dilution of its participation in the share control from 50% to 1,98%.

3 Preparation basis

Declaration of conformity (with respect to IFRS standards and the standards of the Accounting Pronouncements Committee - CPC)
The consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and, also, in conformity with accounting practices adopted in Brazil (BR GAAP - Brazilian Generally Accepted Accounting Principles); and

The individual financial statements of the parent company were prepared in accordance with accounting practices adopted in Brazil (BR GAAP).

The issuing of the individual and consolidated financial statements were presented by the management and authorized by the Board of Directors on April 28, 2017, in which the independent auditors have participated. After their issuance, only the quota holders have empowered to change the financial statements.

All the relevant information to the financial statements, and only them, are being disclosure, and correspond to those used by Management in its management.

4 Functional currency and presentation currency

These individual and consolidated financial statements are presented in Reais, the Company's functional currency, except for the subsidiary CGG Trading S.A. whose functional currency is the US dollar.

All the financial information is presented in thousands of Reais, except when indicated otherwise.

5 Use of estimates and judgments

The preparation of individual and consolidated financial statements in accordance with IFRS and CPC standards requires that Management makes judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported for assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions in relation to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods that are affected.

a. Judgments

The information on critical judgments referring to the accounting policies adopted that have an effect on the amounts recognized in the individual and the consolidated financial statements is included in the following notes:

- **Note 11 -** Inventories;
- **Note 24 -** Deferred taxes; and
- **Note 26 -** Financial instruments.

b. Uncertainties on assumptions and estimates

The information on uncertainties on assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes to the financial statements:

- **Note 13 -** Biological assets;
- **Note 15 -** Valuation of deliverable goods;
- **Note 17 -** Review of the useful life of property, plant and equipment;
- **Note 19-** Valuation of receivable goods
- **Note 24-** Deferred taxes; and
- **Note 26-** Financial instruments.

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values for financial and non-financial assets and liabilities.

The Group has established a control framework related to the measurement of fair value. This includes an assessment team that has overall responsibility for reviewing all significant fair value measurements, including the Level 3 fair values. The team reports directly to the CFO.

The evaluation team regularly reviews significant unobservable data and valuation adjustments. If the information of third parties such as dealer quotations or pricing services, is used to measure the fair values, then the evaluation team reviews the evidence obtained from third parties to support the conclusion that these assessments meet CPC/IFRS requirements, including the level in the fair value hierarchy in which these assessments are classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. The fair values are classified into different levels in a hierarchy based on the information (inputs) used in the valuation techniques as follows.

- **Level 1:** (unadjusted) prices quoted on active markets for similar assets and liabilities.
- **Level 2:** inputs, except the prices quoted in Level 1, which are observable for the asset or liability, directly (prices) or indirectly (derived from prices).

- **Level 3:** inputs, for the assets or liabilities, which are not based on observable market data (unobservable inputs).

  The Group recognizes transfers between levels of the fair value hierarchy at the end of the period of the financial statements in which the changes occurred.

  Additional information on the assumptions used in measuring fair value is included in the following notes:

- **Note 11 -** Inventories;

- **Note 13 -** Biological Assets; and

- **Note 26 -** Financial Instruments;

Biological Assets
The Company's biological assets are represented by soybean and corn plantations on the Tropical and Fronteira Farms and by the cotton plantation on Fronteira Farm. Fronteira and Tropical Farms are located respectively in the States of Mato Grosso and Piauí. The Company's balance of biological assets consists of the cost of preparation of a harvest and of the difference in the fair value on the cost of preparation, so that the balance of biological assets as a whole is recorded at fair value. The methodology used to calculate the fair value was based on revenue less total harvest expenses multiplied by the percentage of evolution of the plantation.

Also, the Company records its herd of cattle on the Maria da Cruz Farm in the group of biological assets at fair value less selling expenses.

Inventories
Inventories are measured at fair value less selling costs, at market price ("mark to market") according to the commodities and markets with which the Company and its subsidiaries operate. To calculate the fair value, the Company uses as a reference the quotations and indexes published by public sources and related to the products and active markets where it operates. Changes in the fair value of inventories are recognized in the income statement.

Other non-derivative financial liabilities
The fair value, determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted by the market rate of the interest verified on the presentation date of the financial statements.

c. Measurement base

The individual and consolidated financial statements were prepared based on historical cost with the exception of the following material items recognized in the balance sheets:

- Non-derivative financial instruments stated at fair value through profit or loss;

- Derivative financial instruments stated at fair value; and

- Inventories are calculated at fair value through mark-to-market.

6 Significant accounting policies

The accounting policies described in detail below have been applied consistently to all the periods presented in these individual and consolidated financial statements.

a. Consolidation basis

(i) Subsidiary

The financial statements of subsidiaries are included in the consolidated financial statements as from the date on which the control begins until the date on which the control ceases to exist. The accounting policies of subsidiaries are aligned with the policies adopted by the Company. In the Parent company’s individual financial statements the financial information of the subsidiary is recognized according to the equity accounting method.

(ii) Transactions eliminated upon consolidation

Intergroup balances and transactions, and any income or expenses resulting from intergroup transactions are eliminated in the preparation of the consolidated financial statements. Unrealized gains, if any, resulting from transactions with subsidiaries recorded through the equity accounting method are eliminated against the investment in proportion to the Company’s interest in the subsidiaries. Unrealized losses, if any, are eliminated in the same way as the unrealized gains, but only to the extent that there is evidence of impairment.

Description of the main consolidation procedures

- Elimination of asset and liability account balances between the consolidated companies;
- Elimination of the parent company’s interests in the shareholders’ equity of the direct and indirect subsidiaries; and
- Elimination of the income and expense balances, as well as unearned income arising from transactions between the companies. Unrealized losses are eliminated in the same way, but only when there is no evidence of problems for recovery of the related assets.

(iii) Jointly controlled operations

A jointly controlled operation is an operation where each entrepreneur uses his own assets for purposes of carrying out joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities incurred during the course of the activities of the joint operation, the expenses incurred by the Group and its share in the revenue generated by the joint operation.

(iv) Non-controlling interest

According to CPC 15 and 19 and IFRS 3.19, any non-controlling interest will be measured in the acquired company by the proportional share in the identifiable net assets on the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in loss of control, are recorded in the accounting as equity transactions.

b. Foreign currency

(i) Transactions in foreign currency

Transactions in other currencies (other than the functional currency) are translated into the respective functional currencies of the Parent company and its Subsidiaries at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in other currencies on the presentation date are retranslated into the functional currency at the exchange rate calculated on that date.

The foreign exchange gains and losses resulting from translation exchange rates at the end of the year related to monetary assets and liabilities in currencies (other than the functional currency) are recognized in the income statement as monetary and exchange variations, net.

(ii) Operations abroad

The assets and liabilities of operations abroad are translated into Reais at the exchange rates verified on the presentation date. The income and expenses of foreign transactions are translated into Reais at the average exchange rates calculated in the period. The differences in foreign currencies are recognized in the income statement.

These exchange variations are recognized under income or losses in the individual financial statements of the parent company.

For the translations of transactions in U.S. dollars (USD) to the Company's functional currency (Real R$) the following exchange rates were used for both consolidated and for the parent company:

	Average rate for the year		Spot rate	
	2016	**2015**	**2016**	**2015**
R$ / USD	3.4869	3.3326	3.2588	3.9045

c. Employee benefits

Short-term benefits for employees

Liabilities from short term benefits for employees are stated on an undiscounted basis and are incurred as expenses as the related service is provided.

The liability is recognized at the amount expected to be paid on the bonus plans in cash or short-term profit-sharing if the Company has a legal or constructive obligation to pay this amount as a result of a past service provided by the employee, and if the liability can be estimated reliably.

d. Operating income

(i) Operating income

Operating income from the sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable. Operating income is recognized when there is convincing evidence that the most significant risks and benefits inherent in the ownership of the assets have been transferred to the buyer, that it is probable that the financial economic benefits will flow to the Company, that the associated costs and the possible costs can be reliably estimated, that there is no continuous involvement with the goods sold, and that the value of operating revenue can be measured reliably.

If discounts are likely to be granted and the amount can be measured reliably, then the discount is recognized as a reduction in operating revenue as sales are recognized.

e. Financial income and expenses

Financial income comprises income from interest on invested funds and changes in the fair value of financial assets and liabilities valued at fair value through profit or loss. Income from interest is recognized in the income statement through the actual interest method.

Financial expenses comprise expenses with interest on loans, discount adjustments to present value, and changes in the fair value of financial assets and liabilities valued at fair value through profit or loss. Loan costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are stated in the income statement through the actual interest method.

f. Income tax and social contribution

The income tax and social contribution of the current period is calculated on the basis of the following rates: 15% with an additional of 10% over the taxable profit exceeding R$ 240 (two hundred and forty thousand Brazilian Reais) for the income tax and 9% over the taxable profit for social contribution and it takes into consideration the compensation of 100% tax losses and the negative base of social contribution.

The expenses with income tax and social contribution comprise current and deferred income taxes. The current tax and the deferred tax are recognized in the income unless they are related to items directly recognized in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax and social contribution expenses

Current tax expense is the tax payable or receivable estimated on the taxable profit or loss for the year and any adjustment to taxes payable in respect of prior years. The amount of current taxes payable or receivable is recognized in the balance sheet as a tax asset or liability for the best estimate of the expected value of the taxes to be paid or received that reflects the uncertainties related to its determination, if any. It is measured based on the tax rates enacted at the balance sheet date.

Current tax assets and liabilities are only offset if certain criteria are met.

Deferred income tax and social contribution expenses

The current tax is the tax payable or receivable expected on the taxable income or loss for the year, at decreed or substantively decreed tax rates on the date of presentation of the financial statements and any adjustment to taxes payable, which respect to prior years.

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for taxation purposes.

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they are reversed, based on the laws decreed or substantively decreed at the reporting date of the financial statements.

In determining the current and deferred income tax, the Company takes into account the impact of uncertainties regarding the tax position taken and the additional payment of income tax and interest that has to be made. The Company believes that the provision for income tax liabilities is adequate with respect to all outstanding tax periods, based on its evaluation of various factors, including interpretation of tax laws and prior experience. This assessment is based on estimates and assumptions, which may involve a series of judgments on future events. New information may be available, which would lead the Company to change its judgment on the appropriateness of an existing provision; these changes will impact the income tax expense in the year they are made.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax liabilities and assets, and they are related to income taxes recognized by the same tax authority on the same taxable entity.

Deferred income tax and social contribution assets are recognized for tax losses, tax credits and deductible temporary differences not used when it is probable that future taxable profits will be available against which they will be used.

Deferred income and social contribution tax assets are reviewed at each reporting date and are reduced to the extent that their realization is no longer likely.

g. Biological assets

Biological assets, cultivation of crops and raising of livestock, are measured at fair value, less selling costs at the time of payment of taxes and marketing expenses and the cost incurred.

Changes in fair value less selling costs are recognized in the statement of income. Selling costs include all costs that are required to sell the assets, including transport expenses.

The fair value was determined by the discounted cash flow method. The discount rate used in the cash flows corresponds to the weighted average cost of capital of approximately 7.06% p.a., which is reviewed periodically by Management. Future prices were estimated based on future quotations of futures and commodities exchanges and the costs based on the Company's business plan.

Expenditure for cultivation are transferred to inventory at fair value, less the estimated selling expenses calculated on the date of harvest.

h. Inventories

The Company's inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the average cost principle and includes expenditure incurred in acquiring the inventories, production and processing costs and other costs incurred in bringing them to their existing location and condition.

The inventories of its subsidiaries, CGG Trading S.A. and CGG Trading B.V. consist of commodities adjusted to market value ("mark to market") less selling costs. To calculate the fair value, the Company and its subsidiaries use as a reference the quotations and indexes published by public sources, related to the products and active markets where it operates. Changes in the fair value of inventories are recognized in the income statement.

i. Assets available for sale

Assets available for sale are classified as held for sale if it is highly probable that it will be recovered primarily through sale rather than their continued use.

The assets or group of assets held for sale are generally measured at the lower of its carrying amount and fair value less selling costs. Any loss through impairment of a group of assets held for sale is initially allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss shall be allocated to stocks, financial assets, deferred tax assets, assets of benefits to employees, investment property and biological assets, which continue to be measured pursuant to the other accounting policies of the Group. Losses through impairment determined on initial classification as held for sale or distribution and subsequent remeasurements gains and losses are recognized in income.

Once classified as held for sale, intangible assets and fixed assets are no longer amortized or depreciated, and any investment measured by the equity method is no longer subject to the application of the method.

j. Investments

In the Parent Company's financial statements, investments in subsidiaries are valued using the equity method.

Other investments that do not fit into the category above are valued at cost of acquisition, less a provision for devaluation, when applicable.

k. Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at historical cost of acquisition or construction, less accumulated depreciation and accumulated losses from impairment, when necessary.

Gains and losses on the disposal of an item of property, plant and equipment are calculated by the difference between the funds originating from the disposal and the carrying value of the item of property, plant and equipment and are recognized in other operating income/expenses in the income statement.

Subsequent costs
Subsequent expenses are capitalized in the measure in which it is likely that future benefits associated with the expenses will be gained by the Company and its subsidiaries. Expenses for maintenance and recurring repairs are recorded in the income statement.

Depreciation
Items of property, plant and equipment are depreciated on a straight line basis in the income statement based on the estimated economic useful life. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date on which they are installed and are available for use, or in the event of assets built in-house, from the day on which the construction is finished and the asset is available for use.

The estimated useful lives of the acquisition of new items for the current year and the comparative period are as follows:

Buildings	25 years
Machinery and equipment	7 years
Furniture and fixtures	10 years
Pastures	10 years
Facilities	10 years
Vehicles	5 years
Aircraft	10 years

In a possible acquisition of used assets the remaining useful life of the asset is used to estimate its depreciation.

The depreciation methods, useful lives and residual values are reviewed at each closing of the financial year when adjustments are recognized as changes in accounting estimates, if there is any evidence presenting the need for an adjustment.

l. Intangible assets
The granting of the lease of 1 of the 4 lots of the Maranhão Grain Terminal (TEGRAM), which is valued at the cost of acquisition plus the amounts used in the consortium of the terminal is recognized as an intangible asset.

Also, intangible assets comprise the expenses with the acquisition of software, which is stated at the cost of acquisition less amortization expenses.

m. Financial instruments

(i) Non-derivative financial assets
The Company and its subsidiaries recognize the other non-derivative financial assets initially on the date on which they are originated. All other financial assets are recognized initially on the date of the negotiation on which it becomes one of the parties to the contractual provisions of the instrument.

The Company and its subsidiaries cease to recognize a financial asset when the contractual rights to the cash flows of the asset expire, or when they transfer the rights to receipt of the contractual cash flows on a financial asset in a transaction where, essentially, all the risks and benefits of ownership of the financial asset are transferred. Eventual interests that are created or withdrawn in the financial assets are recognized as an individual asset or liability.

The Company and its subsidiaries have the following non-derivative financial assets: financial assets stated at fair value through profit or loss, cash and cash equivalents and loans and receivables.

Financial assets stated at fair value through profit or loss

A financial instrument is classified at fair value through profit or loss if it is classified as held for trading and is designated as such at the time of initial recognition. The financial instruments are designated by fair value through profit or loss if the Company and its subsidiaries manage these investments and take the decisions for purchase and sale based on their fair value in accordance with the documented risk management and investment strategy. After initial recognition, the transaction costs are recognized in the income statement as incurred. Financial assets recorded at fair value through profit or loss are stated at fair value and changes in the fair value of these assets are recognized in the results for the year.

Financial assets recorded at fair value through profit or loss comprise cash, banks, financial investments and derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts and short-term investments with immediate liquidity and maturity equal to or less than 90 (ninety) days and with a low risk of change in market value, and they are presented at cost plus interest earned, as presented in note 9.

Loans and receivables

Loans and receivables are financial assets with fixed or calculable payments that are not quoted on an active market. These assets are initially recognized at their fair value plus any attributable transaction costs. After initial recognition, loans and receivables are valued at their amortized cost through the actual interest method, less any loss through impairment.

Loans and receivables include accounts receivable and related parties.

(ii) Non-derivative financial liabilities

The Company and its subsidiaries recognize financial liabilities (including liabilities designated at fair value recorded in the income statement) initially on the date of trading on which it becomes a party to the contractual provisions of the instrument. The Company and its subsidiaries write off a financial liability when its contractual obligations are withdrawn or cancelled or have expired.

Financial assets or liabilities are offset and the net value is presented in the balance sheet when, and only when, the Company has the legal right to offset the amounts and has the intention of settling them on a net basis or of realizing the asset and discharging the liability simultaneously.

The Company and its subsidiaries have the following non-derivative financial liabilities: accounts payable to suppliers, loans and financing, related parties and other accounts payable.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are valued at their amortized cost through the actual interest method.

(iii) Derivative financial instruments

Initially derivative financial instruments are recognized at fair value; attributable transaction costs are recognized in the income statement when incurred. Subsequent to initial recognition, derivatives are stated at their fair value and changes in fair value are recorded in the income statement.

(iv) Loans and financing

The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted by the market interest rate determined on the date of the financial statements.

n. Share capital - Parent company

Common Shares

Additional costs directly attributable to the issuance of shares and stock options are recognized as a reduction of shareholders' equity. Tax effects related to the costs of these transactions are accounted for under CPC 32 / IAS 12.

o. Impairment

(i) Non-derivative financial assets

Financial assets not classified at fair value through profit or loss, including in an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuration of amounts on terms that would not be considered otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; or
- Observable date indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Group considered evidence of assets measured at cost loss amortized both individually and collectively. All individually significant assets are assessed for loss on impairment. Those who have not suffered loss individually are then tested collectively for any impairment that may have occurred, but have not yet been identified. Assets that are not individually significant are collectively evaluated for impairment based on the group of assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the income statement and reflected in an allowance account against receivables, when applicable. When a subsequent event indicates a reversal of the impairment, the decrease in impairment loss is reversed and recorded in income.

Equity-accounted investees
An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with is carrying amount. An impairment loss is recognized on profit or loss and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, than the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of the asset or cash generation unit (“CGU”), that comprises assets cannot be tested individually and that for this reason are grouped into the smallest group of assets that generates inflows in a continuous use and that are significantly independents of inflows generated by other assets or group of assets, exceeds the recoverable amount.

The recoverable amount of an asset or CGU is the greater between its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized in profit or loss, except in the case of the assets that suffered impact of deemed cost, when the provision is first recognized on equity (until the carrying amount of deemed cost on equity) and only the remaining amounts are recorded on profit or loss.

An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

p. Provisions
A provision is recognized, as a result of a past event, if the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

q. Determining the adjustment to present value

The item, deliverable products, is comprised of annual payments with physical delivery of 651,173.80 bags of soybeans, as from February 2012, with final maturity in 2020. The balance is subject to the calculation of the present value of the installments payable. The present value of the debt from the acquisition of Fronteira Farm was calculated by the number of bags of soybeans to be paid per year multiplied by the future price for the next calendar year's crop, thus reaching the future amount of each payment. The future value was brought to present value by the Interbank Deposit (ID) curve of the IGPM (General market price index) to obtain the interest rate in real terms to be discounted on a base calendar of 252 days. Therefore, each future amount of payment is discounted at the rates calculated by the calculation of the interpolated interest curve and the number of working days until each maturity.

r. Statements of added value

The Company and its subsidiaries prepared individual and consolidated statements of added value in accordance with technical pronouncement CPC 09 - Statement of Added Value, which are presented as additional financial information to the financial statements prepared in accordance with accounting practices adopted in Brazil.

7 New rules and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

- **Disclosure Initiative (Amendments to CPC 26 / IAS 7):** The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. Early adoption is permitted only for financial statements in accordance with IFRSs.

- **Recognition of Deferred Tax Assets for Unrealized Losses (CPC 32 / Amendments to IAS 12):** The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. Early adoption is permitted only for financial statements in accordance with IFRSs.

- **IFRS 15 - Revenue from Contracts with Customers:** IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted only for financial statements in accordance with IFRSs.

- **IFRS 9 - Financial instruments:** IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted only for financial statements in accordance with IFRSs.

- **IFRS 16 Leases:** The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted only for financial statements in accordance with IFRSs and only for entity, that applies IFRS 15 Revenue from Contracts with Customers or before date of initial application of IFRS 16.

Other changes

The following new standards or standards are not expected to have a material impact on the Company's financial statements.

- Amendments to CPC 10 (IFRS 2) share-based payment in relation to the classification and measurement of certain share-based payment transactions; and

- Amendments to CPC 36 Consolidated Statements (IFRS 10) and CPC 18 Investments in Associates (IAS 28) in relation to sales or contributions of assets between an investor and its associated company or its jointly controlled enterprise.

The Accounting Pronouncements Committee has not yet issued an accounting pronouncement or amendment to the current pronouncements corresponding to all new IFRS. Therefore, the early adoption of these IFRS is not permitted for entities that disclose their financial statements in accordance with accounting practices adopted in Brazil.

8 Determining fair value

A number of the accounting policies and disclosures of the Company and its subsidiaries require determination of their fair value, not only for financial assets and liabilities but also for non-financial assets and liabilities. Fair values have been calculated for valuation or disclosure purposes based on the methods below. When applicable, additional information on the assumptions used in the calculation of the fair values is disclosed in the specific notes to that asset or a liability.

- Cash and cash equivalents - These are defined as assets for trading. The carrying amounts reported in the balance sheet approximate fair values due to the short maturity of these instruments;

- Accounts receivable and other receivables, suppliers and other accounts arising directly from the Company's operations: its fair value is estimated as the present value of future cash flows, discounted at the market rate of interest calculated on the date of presentation. This fair value is determined for disclosure purposes;

- Loans and financing are classified as other financial liabilities and are recorded at amortized cost. The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted at the market rate of interest calculated on the date of presentation of the financial statements. For financial leases, the interest rate is determined by reference to similar leases; and

- Derivatives: the fair value of forward foreign exchange contracts is based on the listed market price, if available. If a listed market price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual contract term using a risk-free interest rate.

9 Cash and cash equivalentes

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Cash	13	13	40	37
Bank balance	44	814	15,980	104,500
Financial investments	2,629	10,961	27,368	43,605
Cash and cash equivalentes	**2,686**	**11,788**	**43,388**	**148,142**

The Company and its subsidiaries consider as cash equivalents the balances of cash and banks, financial investments with immediate liquidity and financial investments with maturity within 90 days (or a shorter term) as from the date of contracting.

Cash deposits consist of bank balances in current accounts.

The balances of financial investments are represented by fixed-income securities, substantially remunerated at 100% of the variation of the CDI-CETIP - Interbank Deposit Certificate, with daily liquidity and the possibility of immediately redemption with no penalty or loss of income.

10 Acconts receivable

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Accounts receivable - short term	5,297	2,123	26,607	170,911
Accounts receivable - long term	2,308	2,088	2,962	11,482
	7,605	**4,211**	**29,569**	**182,393**

Sales of commodities on domestic and foreign markets are included in the amounts receivable.

The Group’s exposure to credit, market and liquidity risk with respect to accounts receivable is disclosed in note 26.

11 Inventories

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Agricultural products (i)				
Inventory of Cotton	-	3,593	2,858	27,297
Inventory of Corn	-	1,028	-	163,597
Inventory of Wheat	-	-	-	15,942
Inventory of Soya	-	-	-	842
Total agricultural products	**-**	**4,621**	**2,858**	**207,678**
Agricultural inputs	548	23,935	548	23,935
Consumption materials	1,060	1,625	1,060	1,625
Agricultural inputs and consumption materials	**1,608**	**25,560**	**1,608**	**25,560**
Total Inventories	**1,608**	**30,181**	**4,466**	**233,238**

Inventories of agricultural products consist of the volume produced or received from purchases from producers. Inventories of tradable agricultural products are marked to market at their fair value at the end of each month and/or date of harvest, comparing their cost of acquisition, plus costs of storage, transportation and other costs for delivery to the end client.

12 Advances to suppliers

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Pré-Financing for Producers (*)	-	1,278	60,549	186,840
Advance to suppliers	393	1,553	25,023	119,180
Purchase for future delivery	-	125	-	2,102
Advances to suppliers - short term	**393**	**2,956**	**85,572**	**308,122**
Advances to suppliers - long term	**-**	**-**	**74,222**	**40,535**
Total	**393**	**2,956**	**159,794**	**348,657**

(*) Pre-financing and advances to suppliers are an integral and important part of the business of the Company and its subsidiaries in order to ensure the future purchase of agricultural products in order to maintain a competitive advantage. The amounts are defined by calculations based on the expected amount of product to be supplied, valued at market value at the time of the advance. The settling of accounts is carried out upon the end of the contract, taking as a basis the amount actually received calculated at market value and trading conditions.

The balance of advances to suppliers includes amounts related to the "Take or Pay" agreement with T-Grão Cargo - Terminais de Granéis S.A. This agreement considers the provision of storage and transportation services of 6 million tons of grain by 2018. The offsetting of such advance amounts occurs through boarding operations.

For information on provisions, see explanatory note 23.

13 Biological Assets

The Parent company’s biological assets comprise the cultivation and planting of soybeans, cotton and corn.

The Company also owns biological assets comprising live cattle. The animals classified in this group are intended for slaughter for production of unprocessed meat, whose life cycle on average is 3 years.

Assumptions for recognition of fair value of biological assets

Pursuant to CPC 29 - Biological Assets and Agricultural Products, the Parent Company recognizes its biological assets at fair value following internal and external market assumptions in its calculation with a discount rate of 7.06% based on the WACC.

The assumptions used when determining this amount are presented below for each type of biological asset.

	Parent company and Consolidated					
	Soyabeans	**Cotton**	**Corn**	**Cattle**	**Total Current**	**Total Non Current**
Balance at December 31, 2014	**44,754**	**3,383**	**3,900**	**2,340**	**54,377**	**6,019**
Expenditure on the preparation for plantation or cattle	81,459	19,317	16,987	2,392	120,155	539
Amortization of preparation for plantation or cattle	(82,694)	(20,048)	(17,410)	(2,201)	(122,353)	(845)
Reversal of fair value	(1,011)	1	21	(91)	(1,080)	(3,178)
Change in fair value	2,409	-	8	135	2,552	2,454
Balance at December 31, 2015	**44,917**	**2,653**	**3,506**	**2,575**	**53,651**	**4,989**
Expenditure on the preparation for plantation or cattle	21,657	21,619	18,944	3,152	65,351	16
Amortization of preparation for plantation or cattle	(64,164)	(24,272)	(22,358)	(3,907)	(114,680)	(36)
Reversal of fair value	(2,410)	-	(8)	(135)	(2,553)	(2,454)
Change in fair value	-	-	-	(42)	(42)	2,235
Balance at December 31, 2016	**-**	**-**	**84**	**1,643**	**1,727**	**4,750**

The expenditure on the preparation of the harvest and crops is represented by the costs with seeds, agricultural inputs, depreciation, labor and services applied to the crops.

In the 2016/17 harvest the Company decided not to plant in its own areas, the land was rented for three years, with the option of the parties not to continue in the lease in the next two harvests, so the company did not have the formation of biological assets for the following year, leaving only the biological asset record of the cattle herd in this group.

The parent company is exposed to a number of risks related to its plantations:

Regulatory, environmental and other risks

The Parent company is subject to laws and regulations in the country in which it operates. The company reduces the risks associated with environmental issues through best practices of cultivation and harvesting of its crops, covering risks against diseases and pests in plantations. The Company through the trading activity of its subsidiaries also runs the risk of supply and demand resulting from the fluctuation of prices and volume of sales of its crops aligned with the respective periods of maturation of the crops.

Regulatory and environmental risks

The Company has established environmental policies and procedures related to compliance with environmental laws and others. Management conducts regular reviews to identify environmental risks and to ensure that the systems in place are adequate for managing those risks.

Supply and demand risks

The Company is exposed to risks from the fluctuation of prices and volume of sales of its crops. When it is possible, the Company manages this risk aligning its harvest volume to the supply and demand of the market. Management regularly reviews the industry trend to ensure that the Company’s cost and price structure is in accordance with the market and to ensure that projected harvest volumes are consistent with the expected demand. It is important to stress that as it addresses a company that produces commodities there is a constant quest to reduce costs.

Climatic and other risks

The Company’s plantations are exposed to the risk of damage caused by climate changes, diseases, fire and other forces of nature. The Company has extensive processes in place aimed at monitoring and reducing these risks, including regular health inspections and analyses of the industry’s diseases and pests.

14 Related parties

The balances of assets and liabilities at December 31, 2016 and 2015, related to transactions with related parties, result from transactions between the Company, subsidiaries, shareholders and other related parties.

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Related parties				
Current assets				
GFN Agrícola e Participações S.A. (Advance Fronteira farm) (a)	30,950	16,620	30,950	16,620
Fronteira Com Cereais e Rep. Prod. Agrop. Ltda (b)	-	-	(685)	4,455
Coteminas (f)	-	-	83,766	-
Belarina Alimentos S.A. (c)	-	-	-	18,709
CGG Trading S.A. (e)	616	2	-	-
Total current assets	**31,566**	**16,622**	**114,031**	**39,784**
Non-current assets				
GFN Agricola e Participações S.A. (a)	4,187	6,463	4,187	6,463
Coteminas	-	-	14,393	-
Total non-current assets	**4,187**	**6,463**	**18,580**	**6,463**
Total assets	**35,753**	**23,085**	**132,610**	**46,247**

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Intercompanies				
Current liabilities				
Fronteira Com Cereais e Rep. Prod. Agrop. Ltda (b)	684	684	-	-
CGG Trading B.V. (d)	5,440	16,226	-	-
CGG Trading S.A. (d)	4,222	-	-	-
Corredor Logistica Integrado	226	-	-	-
Sojitz S/A	-	-	16,486	-
Valor Grains LLC	3,302	-	3,302	-
Tropical Empreendimentos e Participações Ltda. (f)	47,596	1,402	-	-
Siqueira Empreendimentos e Participações Ltda. (f)	16,804	6,912	-	-
Total current liabilities	**78,274**	**25,224**	**19,787**	**-**
Non-current liabilities				
CGG Trading B.V. (d)	159,535	201,893	-	-
Total non-current liabilities	**159,535**	**201,893**	**-**	**-**
Total liabilities	**237,809**	**227,117**	**19,787**	**-**

	Parent Company		Consolidated	
Related parties	**2016**	**2015**	**2016**	**2015**
Sales revenue				
CGG Trading B.V.	50,810	46,930	-	-
	50,810	**46,930**	**-**	**-**
Interest paid				
CGG Trading B.V.	8,770	14,595	-	-
	8,770	**14,595**	**-**	**-**

(i) Agreement for Purchase and Sale of Fronteira Farm

On February 11, 2011, the Company acquired Fronteira Farm from GFN Agrícola e Participações S.A., with short and long term financial commitments. Up till December 31, 2015, transfers of cash were made as advances with interest of 12% p.a., controlled in U.S. dollars, totaling R$ 23,083 (R$ 28,262 in 2014) to be amortized against Goods deliverable, pursuant to Note 15.

(ii) Transaction agreements through unincorporated joint ventures

On February 11, 2011, the Company established an unincorporated joint venture with Fronteira - Comércio de Cereais e Representação de Produtos Agropecuários Ltda., in order to acquire agricultural products for subsequent export. As a hidden partner, the Company transferred funds to the ostensible partner for the purchase of agricultural products. These funds have been repaid according to the realization of sales to the foreign market.

(iii) Commercial transactions

The invested company Belarina S.A. maintains a business relationship with the Group’s companies with respect to the purchase and sale of wheat.

(iv) Agreement for the supply of agricultural products

As part of its trading policy, the Company has entered into supply and pre-financing agreements with the subsidiaries CGG Trading S.A. and CGG Trading B.V., for future delivery of their estimated production. The amounts contracted are set by fixing the selling price of the agricultural product for the volume until delivery.

When the price is set, it is calculated according to a contractual formula based on the price of the agricultural product on the Chicago Board of Trade (“CBOT”) or the New York Board of Trade (“ICE”), depending on the product in question. The fixed price in dollars is settled at the end of the commitment period in Reais considering contractually pre-defined exchange rates.

The terms of the contracts subject the Company to the payment of a fine in the event of non-delivery of the committed volumes.

The pre-financing balances with CGG Trading S.A. and CGG Trading B.V. are controlled in US Dollars, plus interest of 8% p.a. up to December 31, 2015. On the same date, the parties agreed to reduce the future interest, rate to 37.5% p.a. as well, to postpone the debt until 2022.

(v) Dividends

CGG Trading S.A. recorded as provisions dividends for Cantagalo based on 25% of the net income, in the amount of R$ 4,204 in 2013 and R$ 217 in 2012, received in 2015.

(vi) Coteminas

On October 28, 2016, Tropical Empreendimentos e Participações Ltda. traded 26,940 hectares, out of a total of 50,000 hectares of the Tropical Farm, located in the city of Baixa Grande do Ribeiro-PI, with Companhia de Tecidos Norte de Minas-Coteminas, in the amount of USD 44,850 thousand, which converted to PTAX USD = 3,2091 R$, totaled R$ 143,928, during the year 2016 the amount of R$ 45,769 was received, resulting in a residual balance to be received of R$ 98,159, of which R$ 83,766 is recognized as current assets and R$ 14,393 is part of noncurrent assets. The receives from Coteminas were transferred to Cantagalo, which centralizes the cash management from the subsidiaries to optimize the financial synergy of the group. Thes balance between Cantagalo, Tropical and Siqueira is a current account, without due date.

15 Goods to receive

The balance of this caption refers to the right for the sale by installment of part of the Fazenda Fronteira, of which:

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Non-current assets	23,770	-	61,442	-
Total	**23,770**	**-**	**61,442**	**-**

On July 20, 2016, the Company and its subsidiary Siqueira Empreendimentos e Participações Ltda. traded the sale of 17,934 hectares out of a total of 69,274 hectares of the Fazenda Fronteira located in the city of Brasnorte, in the state of Mato Grosso, with 11,149 hectares of arable land or arable land and 6,785 hectares of legal reserve area, under the following conditions, a sign of R$ 17,000 in the signing of the contract and a further 1,250,500 bags of soybeans of 60 kilograms Each, and considering only for fiscal purposes, the quotation of R$ 0,065 per bag of soybeans on the trade date, which corresponded to the amount of R$ 81,282, thus totaling the purchase price, for tax purposes, of R$ 98,282 .

Below is a summary of the account movement for the year.

	Parent Company	Consolidated
	2016	**2016**
Sales value for registration purposes	38,023	98,282
Receipts	(10,273)	(26,555)
Result for the year	(3,980)	(10,285)
Total	**23,770**	**61,442**

16 Investments

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Interest in subsidiaries	398,014	650,341	-	-
Others investments	4	4	59	70
Total	**398,018**	**650,345**	**59**	**70**

The Company recorded a loss of R$ 223,326 in December 31, 2016 (loss of R$ 12.499 in 2015) from equity accounting of the subsidiaries CGG Trading S.A., Tropical Empreendimentos e Participações Ltda. and the jointly controlled subsidiary Belarina Alimentos S.A., in accordance with the statement below:

Investments	**CGG Trading S.A.**	**Tropical Empreendimentos e Participações Ltda.**	**Siqueira Empreendimentos e Participações Ltda.**	**Belarina Alimentos S.A.**	**Total**
Shareholders' equity at December 31, 2014	**204,461**	**75,054**	**237,101**	**22,230**	**538,846**
Ownership percentage	56.87%	100%	100%	50%	
Capital increase	-	49,909	-	-	49,909
Accumulated translation adjustments	-	-	-	-	-
Equity accounting results	93,819	-	-	-	93,819
Ownership percentage	(14,495)	1,102	3,390	(2,496)	(12,499)
Shareholders' equity at December 31, 2015	**283,785**	**126,065**	**240,491**	**-**	**650,341**
Ownership percentage	56,87%	100%	100%	1,92%	
Accumulated translation adjustments	(47,727)	-	-	-	(47,727)
Equity accounting results	18,730	-	-	-	18,730
Provision	(273,292)	33,325	16,641	-	(223,326)
Shareholders' equity at December 31, 2016	**(18,504)**	**159,390**	**257,132**	**-**	**398,018**

	Interest	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net Assets	Income	Expenses	Income/ Loss
2015											
CGG Trading S.A..	56.87%	610,569	373,535	**984,104**	554,439	145,880	**700,319**	**283,785**	2,570,067	(2,584,562)	**(14,495)**
Tropical Empr. e Part. Ltda.	100%	1,402	124,663	**126,065**	-	-	**-**	**126,065**	1,465	(363)	**1,102**
Siqueira Empr. e Part. Ltda.	100%	6,913	233,605	**240,518**	27	-	**27**	**240,491**	3,746	(356)	**3,390**
Belarina Alimentos S.A.	50%	33,493	56,730	**90,222**	89,224	95,063	**184,287**	-	-	(2,496)	**(2,496)**
		652,377	**788,533**	**1,440,909**	**643,690**	**240,943**	**884,633**	**650,341**	**2,575,278**	**(2,587,778)**	**(12,499)**
2016											
CGG Trading S.A.	56.87%	122,417	348,298	**470,705**	458,625	30,588	**489,213**	**(18,509)**	1,459,727	(1,733,020)	**(273,292)**
Tropical Empr. e Part. Ltda.	100%	131,365	40,818	**172,184**	12,794	-	**12,794**	**159,390**	144,436	(111,111)	**33,325**
Siqueira Empr. e Part. Ltda.	100%	16,804	240,355	**257,160**	28	-	**28**	**257,132**	63,043	(46,402)	**16,641**
Belarina Alimentos S.A.	1.92%	-	-	-	-	-	-	-	-	-	-
		270,586	**629,471**	**900,048**	**471,447**	**30,558**	**471,447**	**398,013**	**1,667,206**	**(1,890,532)**	**(223,326)**

Provision for Impairment - Goodwill of Belarina

The company recognized a provision for impairment of the Belarina´s goodwill in the amount of R$ 19,732.

17 Property, plant and equipment

	Parent Company									
	Land	**Buildings**	**Machinery and Equipments**	**Assets under Construction**	**Vehicles**	**Aircraft**	**Facilities**	**Furnitures and fixtures**	**Pastures**	**Total**
Balance at December 31, 2014	**10,355**	**11,154**	**37,990**	**46,413**	**4,363**	**1,157**	**-**	**619**	**-**	**112,051**
Acquisitions (i)	534	104	1,046	9,218	1,040	-	-	125	-	12,067
Disposals	(119)	-	(484)	-	(305)	(176)	-	-	-	(1,084)
Transfers	-	(1,949)	3,972	(2,023)	-	-	-	-	-	-
Transfers	-	(7,184)	(5,883)	(42,567)	-	-	-	-	-	(55,634)
Depreciation in the year	-	(730)	(5,202)	-	(978)	(81)	-	(113)	-	(7,104)
Balance at December 31, 2015	**10,770**	**1,395**	**31,439**	**11,041**	**4,120**	**900**	**-**	**631**	**-**	**60,295**
Acquisitions (i)	-	-	319	1,506	91	-	-	21	-	1,935
Disposals	(12,211)	(196)	(5,077)	(11,427)	(284)	-	-	(1)	-	(29,196)
Transfers	-	211	-	(211)	-	-	-	-	-	-
Transfers	-	-	5,725	-	-	-	-	-	-	5,725
Depreciation in the year	-	(49)	(5,234)	-	(786)	(81)	-	(87)	-	(6,234)
Balance at December 31, 2016	**(1,441)**	**1,361**	**27,172**	**909**	**3,141**	**819**	**-**	**564**	**-**	**32,525**

	Consolidated									
	Land	**Buildings**	**Machinery and equipments**	**Asset under construction**	**Vehicles**	**Aircrafts**	**Facilities**	**Furnitures and fixtures**	**Pastures**	**Total**
Balance at December 31, 2014	**311,529**	**21,552**	**47,641**	**69,050**	**4,886**	**1,157**	**2,182**	**2,193**	**382**	**460,572**
Acquisitions (i)	534	7,854	3,443	1,468	1,144	-	114	537	-	15,094
Disposals	(119)	-	(679)	-	(305)	(176)	-	(12)	-	(1,291)
Transfers	-	(1,949)	3,972	(2,023)	-	-	-	-	-	-
Transfers	(37,753)	(14,785)	(5,725)	(39,541)	-	-	-	-	-	(97,804)
Depreciation in the year	-	(1,548)	(6,289)	-	(1,142)	(82)	(167)	(1,489)	-	(10,717)
Acquisitions (i)	2,398	9,260	3,152	(67)	36	-	834	684	-	16,297
Balance at December 31, 2015	**276,589**	**20,384**	**45,515**	**28,887**	**4,619**	**899**	**2,963**	**1,913**	**382**	**382,151**
Acquisitions (i)	19,941	380	322	1,506	407	-	-	24	-	22,580
Disposals	(156,527)	(7,669)	(5,175)	(12,468)	(705)	-	-	(39)	-	(182,583)
Transfers	-	211	-	(211)	-	-	-	-	-	-
Transfers	83,468	7,602	5,725	1,010	-	-	-	-	-	97,805
Depreciation in the year	-	(792)	(7,493)	-	(956)	(81)	(267)	(114)	-	(9,703)
Acquisitions (i)	(1,240)	(5,289)	(1,322)	157	23	-	(475)	(631)	-	(8,777)
Balance at December 31, 2016	**222,231**	**14,827**	**37,572**	**18,881**	**3,388**	**818**	**2,221**	**1,153**	**382**	**301,473**

a. Lands

In 2012 the Company paid in part of its capital in land, originating from the shareholders: Cia de Tecidos Norte de Minas - Coteminas, Fazenda do Cantagalo Ltda. and GFN Agrícola e Participações S.A. amounting a total of 78 thousand hectares (R$ 104,418) and it purchased a farm in the city of Brasnorte - MT of 69 thousand hectares (R$ 201,414 - net of the present value), which is tied to the obligations described in note 15 - Goods deliverable.

As stated on note 16 and 14 "f", on July 20, 2016, the Company and its subsidiary Siqueira Empreendimentos e Participações Ltda. traded the sale of 17,934 hectaresandon October 28, 2016, Tropical Empreendimentos e Participações Ltda. traded 26,940 hectares.

As of December 31, 2016, the parent company had a portfolio of four lands under its control. The Company's management carried out an analysis of the recoverability of these assets through the evaluation of the market value of these assets by specialized consulting, which carried out its evaluation work in accordance with the methodology and standards established by IBAPE - Brazilian Institute of Evaluations and Skills Engineering and NBR of ABNT - Brazilian Association of Technical Standards. The result of this evaluation shows an appreciation in relation to the book value in the amount of R$ 819,880, thus being detailed

	Área	**Original value**	**Improvements**	**Total Accounting cost**	**Market value**	**Difference between the accounting cost and market value**
Description	**Hectares**	**R$**	**R$**	**R$**	**R$**	**R$**
Fazenda Pedras de Maria da Cruz - MG	22,076	3,655	788	4,442	99,400	94,958
Fazenda Fronteira - Brasnorte - MT	51,154	151,167	10,073	161,240	599,312	438,072
Fazenda Tropical - Baixa Grande do Ribeiro - Piauí	23,060	22,284	-	22,284	209,304	187,020
Fazenda Acreúna - Goiás	5,224	40,716	-	40,716	140,546	99,830
Total	**101,514**	**217,822**	**10,861**	**228,682**	**1,048,562**	**819,880**

According to note 1, in order to reprofile the debt, these fixed assets are part of the Company's liquidity increase plan, if these assets were sold at fair value, it would have an impact on net income and shareholders' equity In the amount of R$ 533,179.

b. Buildings

The Group has as its main building, a property located in São Paulo, where its head office is located.

c. Machinery and equipment

It comprises a large and varied fleet of machinery such as tractors, harvesters and other kinds of agricultural equipment, as well as tools and other computer and communications equipment.

18 Intagible assets

	Parent Company	
	Softwares and licenses	**Total**
Balance at December 31, 2014	**2,677**	**2,677**
Amortization in the year	(838)	(838)
Balance at December 31, 2015	**1,839**	**1,839**
Amortization in the year	(820)	(820)
Balance at December 31, 2016	**1,019**	**1,019**

	Consolidated		
	TEGRAM Itaqui Port	**Softwares and licenses**	**Total**
Balance at December 31, 2014	**147,284**	**2,991**	**150,275**
Additions (i)	27,252	777	28,029
Disposals	-	-	-
Amortization in the year	(7,792)	(994)	(8,786)
Adjustment in functional currency	67,905	44	67,949
Balance at December 31, 2015	**234,649**	**2,818**	**237,467**
Additions (i)	199	10	209
Disposals	(607)	-	(607)
Amortization in the year	(10,872)	(965)	(11,837)
Adjustment in functional currency	(38,063)	(154)	(38,217)
Balance at December 31, 2016	**185,306**	**1,709**	**187,015**

(i) The subsidiary CGG TRADING S.A participated in the bidding process for leasing for 25 years, renewable for another 25 years, of 4 lots of the Maranhão Grain Terminal (TEGRAM), where it was the winner of one of the lots and signed the contract on February 2, 2012. TEGRAM will enable the Company to obtain a competitive advantage in grain logistics in the North, Northeast and Northern Midwest of Brazil. The signed agreement has the following main clauses:

(a) The lease of Lot III of the Maranhão Grain Terminal (TEGRAM), in the port of Itaqui, State of Maranhão, involves the investment required for the construction, management, operation and maintenance of port facilities in order to store bulk grain for export.

(b) Lot III has an individual area of 22,550 m² and an equal interest in an area of joint use of 29,814 m² and reception and dispatch systems of 41,894 m².

(c) TEGRAM started operations in April of 2015.

19 Goods to deliver

The balance of this account refers to the obligation for the credit purchase of Fronteira Farm, as follows:

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Current asset	81,407	36,786	81,407	36,786
Non-current asset	104,523	142,080	104,523	142,080
Total	**185,930**	**178,866**	**185,930**	**178,866**

On February 11, 2011, the company purchased Fronteira Farm of 69 thousand hectares in the city of Brasnorte-MT, for R$ 239,911, with the following form of payment:

(a) Initial payment in the amount of R$ 8,500, made in two installments in October 2010 and January 2011;

(b) Cash payment of the first installment in the amount of R$ 25,213 in May 2011, corresponding to 651,173.80 bags of soybeans;

(c) Cash payment in advance in the amount of R$ 2,125 of the August 2011 installment;

(d) Annual payment with physical delivery of 651,173.80 bags of soybeans, as from February 2012, with final maturity in 2020. The balance is subject to the calculation of the present value of the installments payable. The present value of the debt for the acquisition of Fronteira Farm was calculated by the number of bags of soybeans to be paid per year multiplied by the future price for the next year’s crop, thus reaching the future amount of each payment. The future value is brought to present value by the Interbank Deposit (ID) curve of the IGPM (General market price index) to obtain the interest rate in real terms to be discounted on a base calendar of 252 days. Therefore each future amount of payment is discounted at the discount rates calculated by the interpolated interest curve and the number of working days until each maturity.

Below is a summary of the account activity in the years:

Balance at December 31, 2014	135,971
Payments	(32,688)
Results of the year	75,583
Balance at December 31, 2015	**178,866**
Payments	-
Results of the year	7,064
Balance at December 31, 2016	**185,930**

The balancing entry of the initial adjustment to present value was made against property, plant and equipment whereas the updating to fair value for the year was recognized against the financial result.

The effect of the updating of the fair value, although appearing in the statement of income, will only have an effect on the company’s cash upon the maturity and settlement of future installments.

Considering that the sellers no longer adhere to certain clauses of the contract of sale and sale of rural properties and other covenants, signed on February 11, 2011, a contract that rejects all negotiation of purchase and sale of Fazenda Fronteira, payment Of the portion, in the net amount of R$ 32,187, with the total amount of the installment of R$ 40,945, discounting the amounts controlled in related parties in the amount of R$ 8,758, explanatory note 14, due on March 10, 2016. Suspended until the settlement of the conditions of the contract clauses.

20 Accounts payable to suppliers

The existing amount is due to the purchase of agricultural products, inputs, freight and other services, as follows:

	Parent Company		**Consolidated**	
	2016	**2015**	**2016**	**2015**
Agricultural inputs and products (i)	14,235	32,740	55,201	167,821
Freight (ii)	76	-	461	7,385
Other	6,565	1,580	23,774	1,848
Total	**20,876**	**34,320**	**79,436**	**177,054**

(i) The balance represents the recognition of obligations with suppliers, mainly related to the volume of purchases received from the agricultural producers.

(ii) The freight contracts are an integral and important part of the Company's business and these freights were contracted and are reflected in this account basically to recognize the obligation of payment for reservation of space to ensure the future transport of agricultural products.

Information on the Group's exposure to currency and liquidity risks related to suppliers is disclosed in note 26.

21 Loans and Financing

	Currency	Guarantees	Final Maturity Year	Weighted interest rates p.a.	Parent Company 2016	Parent Company 2015	Consolidated 2016	Consolidated 2015
Current liabllities								
Advance on exchange contracts - ACC	USD	Promissory note	2017	4.86%	140,013	150,352	300,598	291,207
Prepayment	USD	Export contracts	2017	Libor + 3.62%	65,262	78,259	461,462	452,776
Line of agricultural funding	BRL	Land/Production	2017	3.53%	-	-	7,258	7,254
Assumption of debt	BRL	Land	2017	7.96%	3,874	8,175	3,874	8,175
Margin line	USD	-	2017	4.00%		-	2,731	10,158
Financing of the Northeast	BRL	Promissory note	2017	3.53%	5,893	9,484	5,893	9,484
Finame	BRL	Machinery	2017	5.64%	1,193	1,692	1,193	1,692
Bank Credit Certificate (CCB)	USD	Machinery	2017	5.77%	12,474	1,052	12,474	1,052
Bank Credit Certificate (CCB)	BRL	Machinery	2017	11.26%	133	206	133	65
Financing of the Midwest	BRL	Machinery	2017	8.50%	2,112	1,985	2,112	1,985
Short term lines	USD	Assignment of receivables	2017	4.30%	-	-	33,051	276,749
Total current liabilities					**230,954**	**251,205**	**830,779**	**1,060,597**
Non-current liabilities								
Prepayment	USD	Export contracts	2017	Libor + 3.66%	-	78,090	-	267,241
Advance on exchange contracts - ACC	USD	Promissory note	2017	Libor + 3.75%	-	-	-	-
Assumption of debt	BRL	Land	2025	7.96%	5,546	7,941	5,546	7,941
Financing of the Midwest	BRL	Machinery	2022	8.50%	2,346	2,941	2,346	2,940
Financing of the Northeast	BRL	Land	2025	3.53%	47,041	47,325	100,827	47,325
Bank Credit Certificate (CCB)	USD	Machinery	2018	5.77%	142	1,150	142	1,150
Bank Credit Certificate (CCB)	BRL	Machinery	2019	11.26%	82	236	82	236
Finame	BRL	Machinery	2018	5.64%	1,615	2,881	1,615	63,924
Total non-current liabilities					**56,772**	**140,563**	**110,558**	**390,757**
Total					**287,726**	**391,768**	**941,337**	**1,451,354**

New debt structure

As the CGG Trading SA has signed the Term Sheet with the sindicated bank creditors on April 2017, after the conclusion of the final document, the new debt structure, reflecting the December 2016 balance, should be as follows:

	Currency	Guarantees	Final Maturity Year	Weighted interest rates p.a.	Parent Company 2016	Parent Company 2015	Consolidated 2016	Consolidated 2015
Current liabllities								
Advance on exchange contracts - ACC	USD	Promissory note	2017	4.86%	140,013	150,352	140,013	291,207
Prepayment	USD	Export contracts	2017	Libor + 3.62%	65,262	78,259	65,262	452,776
Line of Agricultural funding	BRL	Land/Production	2017	3.53%	-	-	7,258	7,254
Assumption of debt	BRL	Land	2017	7.96%	3,874	8,175	3,874	8,175
Margin line	USD	-	2017	4.00%		-	2,731	10,158
Financing of the Northeast	BRL	Promissory note	2017	3.53%	5,893	9,484	5,893	9,484
Finame	BRL	Machinery	2017	5.64%	1,193	1,692	1,193	1,692
Bank Credit Certificate (CCB)	USD	Machinery	2017	5.77%	12,474	1,052	12,474	1,052
Bank Credit Certificate (CCB)	BRL	Machinery	2017	11.26%	133	206	133	65
Financing of the Midwest	BRL	Machinery	2017	8.50%	2,112	1,985	2,112	1,985
Short term lines	USD	Assignment of receivables	2017	4.30%	-	-	33,051	276,749
Total current liabilities					**230,954**	**251,205**	**273,994**	**1,060,597**
Non-current liabilities								
Prepayment	USD	Export contracts	2017	Libor + 3.66%	-	78,090	396,200	267,241
Advance on exchange contracts - ACC	USD	Promissory note	2017	Libor + 3.75%	-	-	160,585	-
Assumption of debt	BRL	Land	2025	7.96%	5,546	7,941	5,546	7,941
Financing of the Midwest	BRL	Machinery	2022	8.50%	2,346	2,941	2,346	2,940
Financing of the Northeast	BRL	Land	2025	3.53%	47,041	47,325	100,827	47,325
Bank Credit Certificate (CCB)	USD	Machinery	2018	5.77%	142	1,150	142	1,150
Bank Credit Certificate (CCB)	BRL	Machinery	2019	11.26%	82	236	82	236
Finame	BRL	Machinery	2018	5.64%	1,615	2,881	1,615	63,924
Total non-current liabilities					**56,772**	**140,563**	**667,343**	**390,757**
Total					**287,726**	**391,768**	**941,337**	**1,451,354**

(i) Covenants

The Company and its subsidiaries have certain covenants arising from these loans, such as maintenance of certain financial and operating ratios. As of December 31, 2016, the Company and its subsidiaries did not meet all financial and operating ratios, nevertheless there were no changes on the current liquidity ratio due to that, since the debt was already on the short term in previous year. Management on April 7, 2017 entered into an agreement with its creditors, as described in note 1.

Information on the Group's exposure to currency-related and supplier-related liquidity risks is disclosed in note 26.

22 Contingencies

The Company and its subsidiary are parties to lawsuits involving tax contingencies. In order to cover future losses related to these lawsuits, a provision was recorded in value considered by the Company's Management as sufficient to cover the losses assessed as being more likely than not to occur. The Company and its subsidiary classify the risk of loss in legal proceedings as being more likely to happen than not, or the other way around. The assessment of the likelihood of loss in these lawsuits, as well as the determination of the amounts involved, was made considering the claims of the claimants, the jurisprudential position on the matters and the opinion of the legal advisors of the Company and its subsidiary. The main information of the proceedings is as follows:

	Controladora		**Consolidado**	
	2016	**2015**	**2016**	**2015**
Fiscal - ICMS	1,976	-	4,472	-
Total	**1,976**	**-**	**4,472**	**-**

The parent company, the subsidiary of Baixa Grande do Ribeiro-PI, has tax credits established in the last ones arising from the acquisition of inputs in agricultural production, and most of the products destined for export, the company based on credit recovery analysis decided to provision 50% of the current ICMS credit of PI, in the amount of R$ 1,976.

Tax claim that the subsidiary CGG of Rio Verde would not have exported, within the regulatory period, 1,422,421 kg of corn in grains, in function of what ICMS requires and legal increases (fines and interest).

The Company has other administrative and judicial proceedings in progress, whose assessments, carried out by its legal counsel, are considered as possible risk of loss and whose possible financial losses were measured in the amount of R$ 3,01 millions. Due to the fact that it is not possible to determine the stage of the outcome of these actions, no provision for losses was recorded in the financial statements since it is not required by accounting practices adopted in Brazil.

23 Provisions

The Company sets up a provision based on the policy implemented by the new Management, which established the probable risk of recoverability of the advances to suppliers, Take or Pay, Accounts receivable, Related parties and other balance sheet items. Policy is due to fact is mainly due to the new scenario of the Company and its subsidiaries.

The amounts of provisions recorded are as follows:

	Parent Company	Consolidated
Take or pay (i)	-	113,025
Advances to suppliers of goods (ii)	-	55,827
Derivative financial instruments (iii)	-	25,891
Accounts receivable in arrears (iv)	-	22,460
Related parties (v)	-	20,664
Tax credits of PIS and COFINS and ICMS(vi)	1,632	13,598
Bank agreement (i)	-	8,799
Goods to be delivered (i)	5,213	5,213
Labor (i)	-	3,200
Wash out (i)	-	2,894
Sale by settlement (i)	1,983	1,983
CFTC risk (i)	-	1,027
Extra expenses not covered by insurance (i)	528	528
Other provisions (i)	152	152
Total	**9,508**	**275,261**

The above provisions impacted the following groups of balance sheet accounts:

(i) Other payables

(ii) Advances to suppliers

(iii) Derivative instruments

(iv) Accounts receivable

(v) Related parties

(vi) Taxes to be recovered

24 Income tax and social contribution

Deferred taxes arising from tax losses, negative bases of social contribution and temporary differences were recorded.

At the time of the analysis, for the purpose of determining the portion to be recorded, the management of the company and its subsidiaries used projections of results for the forthcoming years and evaluated the effective ability of realizing these credits, based on estimates of future taxable income.

The future prospects of the business and its projections of results are based on forecasts supported by management’s expectations, therefore, they depend on variables on domestic and international markets and are subject to changes. These credits are held under non-current assets. The amounts are as follows:

	Parent Company		Consolidated	
Nature of the deffered taxes				
Assets	**2016**	**2015**	**2016**	**2015**
Tax loss carry forward and negative basis (a)	183,848	99,884	192,577	138,830
Provisions for deffered income tax*	(82,897)	-	(106,668)	-
RTT (Transitional Tax Regime) adjustments:				
Mark to Market - open contracts/ inventory and others	(2,262)	(1,249)	20,220	(6,633)
Biological assets	957	(278)	957	(278)
Income tax CGG Argentina	-	-	14,952	6,864
Income tax Corredor	-	-	1,967	-
Temporary Differences:				
Unrealized Exchange loss	(12,774)	52,900	(12,774)	123,578
Other provisions	1,209	7,240	91,699	7,240
Net non-current deferred tax	**88,081**	**158,497**	**202,930**	**269,601**
Deffered tax assets	88,081	158,497	202,930	275,921
Deffered tax liabilities	-	-	-	(6,320)
Total	**88,081**	**158,497**	**202,930**	**269,601**

(*) Defered tax assets were not full recognized due to lack of future premisses with enough confidence that would allow the deffered tax asset registration, as per the CPC 32 (IAS 12) - Tax over gross profit

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Reconciliation of the actual rate				
Book (loss) before income tax and social contribution	(260,036)	(236,855)	(486,307)	(281,753)
Equity accounting results	223,326	12,499	-	2,497
Effects of exchange variation on subsidiary	-	(63,302)	-	(63,302)
Hedge accounting effects	-	-	-	-
Adjusted net loss	**(36,710)**	**(287,658)**	**(486,307)**	**(342,558)**
Combined rate	34%	34%	34%	34%
Income tax and social contribution using the combined rate	12,481	97,804	165,344	116,470
Permanent exclusions/(additions)				
Translation	-	-	(42,450)	14,660
Other (provisions) / reversals of provisions	-	(2,346)	-	(2,428)
Gross value	**12,481**	**95,458**	**122,894**	**128,702**
Effective rate	34%	-33%	-28%	-38%
(-) Provision for defered tax(a)	(82,897)	(19,549)	(189,565)	(19,549)
Net Value	**(70,416)**	**75,909**	**(66,671)**	**109,153**

(a) The company did not recognize part of the deferred tax assets on tax loss carryforwards because it is not likely that the future taxable profit will be available for the Company to use these benefits. Accumulated tax losses do not expire under the current tax legislation.

Every month the Company and its subsidiaries monitor the achievement of these projections to ensure that the realization of taxes is occurring in accordance with the projections of profitability and that there is no need for reversal of any balance recorded.

According to these analyzes and projections, the Company and its subsidiaries forecast the generation of sufficient future taxable income to be offset by the credits projected in the previous table.

25 Equity (Parent Company)

The subscribed and paid in share capital of the company at December 31, 2016 is R$ 366.418, divided into 114,943,677 registered common shares, with no par value, as follow:

Shareholders	2016	2015
Cia de Tecidos Norte de Minas	31,609,708	31,609,708
Fazenda do Cantagalo Ltda.	23,859,811	23,859,811
GFN Agrícola e Participações S.A.	20,149,043	20,149,043
Agrícola Estreito S.A.	19,527,163	19,527,163
Valor Grains LLC	12,115,258	12,115,258
Coteminas International Ltd	1,935,510	1,935,510
Sojitz Agrícola Participações Ltda.	5,747,184	5,747,184
Total	**114,943,677**	**114,943,677**

Profit Reserves

Legal reserve

The legal reserve is established through allocation of 5% of the net income or remaining balance, limited to 20% of the capital and can only be used to increase capital or absorb accumulated losses.

Equity valuation adjustments

They include all foreign currency differences arising from translation of financial statements of subsidiaries.

26 Financial Instruments

Corporate risk management

Overview

The Company is exposed to various types of risks, such as financial (liquidity, market and credit), legal and operating risks, among others.

From a careful analysis of the risk matrix, the Company selects those with the greatest likelihood of occurrence and financial impact and monitors them periodically.

Among the priority risks are:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operating risk.

Currently, the policy for corporate risk management adopts the following assumptions:

- All risks classified as “priority” are identified, analyzed and monitored;

- Capital usage limits are approved by the Board of Directors;

- All exposures are reported and measured with appropriate frequency; and

- The risk management department monitors the exposure, the risks taken versus the pre-established limits, warns the business areas, the Risk Management Committee and the Executive Board of possible disqualification, and provides guidance on how to reduce exposure and orientation regarding the request for additional limits.

This note presents information on the Company’s exposure to each of the abovementioned risks, the Company’s objectives, policies and processes for measuring and managing risk and the Company’s capital management. Additional quantitative disclosures are included throughout these financial statements.

Risk management structure
The Board of Directors plays a key role (i) in the development of a strong risk management framework, (ii) in the approval of the Corporate Risk Management Policy proposed by the Risk Management Committee and (iii) in the monitoring of compliance with this policy, checking the classification with the established global limits.

The Committee regularly reports to the Board of Directors on their activities while the Risk Management department reports to the Chief Executive Officer and Risk Management Committee.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set limits for the use of capital, risk controls and exposures and to monitor risks and adherence to pre-established limits. Policies and risk management systems were initially determined and are reviewed periodically to reflect changes in market conditions and in the Company’s activities.

The Company, through its training and management rules and procedures, aims to develop a constructive, disciplined control environment, where all the employees understand their roles and obligations.

Risk Management Committee and Risk Management Department
The Risk Management Committee and the Risk Management Department are responsible for implementing the Corporate Risk Management Policy.

The responsibilities of the Risk Management Committee and Risk Management Department can be described as follows:

- Plan, design and implement the Corporate Risk Management (ERM) process for the entire Group;

- Chart in an organized way the main corporate risks, describing them objectively and estimating the impacts that may affect the outcome of business; These groups are divided into Market Risk, Credit Risk, Operating Risk and Business Risk;

- Propose specific forms of treatment for each type of risk, i.e. provide solutions for taking, transferring, reducing or eliminating the risk according to the company's interest;

- Define, once a year, jointly with senior management the priorities for implementation according to impact and probability of occurrence (risk matrix);
- Create Risk reports appropriately for different audiences, for example, the board of directors so they understand the most significant risks to the business units to ensure they are aware of material risks and pre-established limits; and to individuals in general as a form of accountability for the department;
- The Risk Management Department should be one of the links between all areas of the company and senior management;
- Make the calculations for Market and Credit Risk and assist the company in establishing controls to mitigate the Strategic and Operating Risks;
- Create and review risk policies, stipulating procedures, responsibilities, exposure limits and financial impact limits. Contribute to the building of corporate governance in the company;
- Conduct the control of insurance, intermediating dealers and operational teams (trading, logistics and agriculture) in contracting insurance, control of claims and more specific studies (crop insurance, fleet insurance, civil liability, Directors & Officers and Credit, amongst others);
- Relate with internal and external auditors with respect to the processes of this department.
- Contribute with the Controllers' department with respect to the Notes to the financial statements when related to financial instruments; and
- Support and train staff for building awareness and a risk culture within the organization.

Credit risk

Credit risk is the risk of financial loss for the company if a client or counterparty in a financial instrument fails to fulfill its contractual obligations, which arise mainly from the Company's trade receivables, investment securities and delivery of the expected volume.

(i) **Trade accounts receivable:** The Company and its subsidiaries are subject to credit risk. Management seeks to mitigate credit risk through a strict credit policy, selection of clients, monitoring of the financing terms of sales per business segment and individual credit limits. These procedures are adopted to minimize possible risks of default in their trade accounts receivable. The Company operates in the cotton, soybean, corn and wheat segments. For clients on the domestic market the average period for receipt is twenty (20) days. With respect to accounts receivable from the foreign market, around 95% of the clients pay in the form of Cash Against Documents, i.e. the documents are released to the customer so that he can unload the goods only after payment of the obligation. Customers who do not operate in this mode pay through a letter of credit opened by prime banks.

(ii) **Guarantees:** Guarantees are provided on the raising of lines of bank financing needed to maintain the cash balance of the Company and its subsidiaries, however there are guarantees received and assigned to the related party.

(iii) **Purchase contracts with unrelated suppliers:** The Company is subject to risks of default on the delivery of products linked to the fixed price purchase contracts of producers and trading companies not associated with the group.

Liquidity risk

Liquidity risk is the risk where the Company is going to encounter difficulties in complying with its obligations associated with its financial liabilities that are settled with immediate payment or with another financial asset. The Company's approach to managing liquidity is to ensure sufficient liquidity to meet its obligations by the due date under normal and stress conditions without causing losses or a risk of damaging the Company's reputation.

The Company and its subsidiaries work aligning availability and generation of funds in order to comply with their obligations in the agreed-upon time frames. Currently, the Group is in a process of selling assets to comply with the ratios and obligations with third parties.

The result of 2015 was impacted mainly by the effects of devaluation of foreign exchange on the Company's indebtedness and the increase in the prices of bags of soybeans on the balance of goods deliverable.

Market risk

Market risk is the possibility of financial losses that the company is exposed to, arising from changes in commodity prices, exchange rates and interest rates. The objective of market risk management is to control and monitor all exposures to these risks so that they stay within acceptable parameters, defined by the Board of Directors. The Company buys and sells derivatives and also complies with financial obligations in order to manage market risks. All these transactions are conducted within the guidelines established by the Risk Management Committee and are decided by the Board of Directors

(i) **Commodity price risk:** The Company uses commodity derivatives to minimize the variability of its result caused by the accounting recognition of assets and liabilities, rights and obligations at fair value, valued according to the prices of commodities quoted on International Exchanges (ICE and CBOT) and indices published by CEPEA (Center of Advanced Studies in Applied Economics) / ESALQ (Luiz de Queiroz College of Agriculture). The exposures to this type of risk are constantly updated, as a result of the normal course of the Company's business. Therefore, the management of this exposure occurs dynamically through derivative contracts for the purpose of making hedge adjustments according to new requirements. The use of these derivative contracts is monitored and based on risk limits previously established by the Board of Directors through the corporate risk policy. The Company is a producer of cotton, soybeans and corn. Approximately 10% of the raw material traded is produced by Cantagalo, while the other 90% comes from outside producers and other trading companies. The soybean, corn, wheat and cotton products are sold on the domestic and foreign market, and their selling price is composed by the prices of these commodities on the Chicago and New York exchanges and the local premium. This means that these are the portfolio's main risk factors. The net exposure between purchases and sales is managed through derivative financial instruments of cotton, soybeans and wheat (futures or OTC) referenced to the same Exchange and it is monitored through risk limits that are previously established by the Board of Directors through the corporate risk policy. Gains or losses arising from these hedge instruments are recorded in the income for the year.

(ii) **Currency risk:** The Company is subject to currency risk on purchases and sales of goods, future logistics costs or any monetary assets or liabilities denominated in foreign currency. The Company uses over-the-counter or exchange contracts to hedge its currency risk, with maturity of less than one year from the date of the financial statements. Where necessary these contracts are renewed upon maturity. Monetary assets and liabilities denominated in foreign currency are managed by their net exposure, through purchases and sales of foreign currency at spot rates or future rates (*forwards*), when necessary, for short term exposures.

(iii) **Interest rate risk:** The Company's debt is pegged to fixed and variable rates, therefore it is exposed to changes in interest rates. The exposure risk of the Interbank Deposit Certificate (CDI) is partially offset by financial investments. The objective of the management of the Company's total financial cost is to keep it in line with the market rate, considering entities of a similar size.

Operating risk

Operating risk is the risk of direct or indirect losses arising from a variety of causes associated with the Company's business processes, personnel, technology and infrastructure and external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior, other than credit, market and liquidity risks. The Company's objective is to monitor the potential operating risks to mitigate to the maximum the occurrence of financial losses and damages to its reputation and continuity of business as a going concern, thus seeking cost effectiveness and avoiding control procedures that are not effective.

Quantitative information

Capital management

Management's policy is to maintain a sufficient basis to maintain the investor's, the creditor's and the market's confidence. The main objective is the development of future business. The Company operates with a number of financial instruments, namely: financial investments, trade accounts receivable, accounts payable to suppliers and loans and financing. Operations with derivative financial instruments that are contracted to hedge against market volatility, as well as the operations for forward purchase and sale of products with other producers, trading companies and customers are also part of the portfolio of financial instruments. The following hedge instruments operations with Non-Deliverable Forwards (NDF), and commodity and currency futures are used for this purpose.

Credit risks

(i) **Exposure to credit risks** The maximum exposure to credit risk is substantially concentrated in the financial instruments below:

		Parent Company		Consolidated	
	Note	**2016**	**2015**	**2016**	**2015**
Cash and cash equivalents	9	2,686	11,788	43,388	148,142
Accounts receivable	10	7,605	4,211	29,569	182,393
Advance to suppliers	12	393	2,956	159,794	348,657
Advance Fronteira Farm	14	35,137	23,083	35,137	27,538
Goods to receive	15	23,770	-	61,442	-
Other credits		3,390	4,995	4,130	79,046
Total		**72,982**	**47,033**	**333,460**	**785,776**

Financial investments can be spread over various financial institutions, considered by the market as prime banks. The other financial instruments do not present significant concentrations of risk, except for trade accounts receivable, for which the company makes use of letters of credit or CAD (Cash Against Document) for hedging its portfolio.

Trade accounts receivable: The maximum exposure to credit risk on the reporting date per geographical region for the trade accounts receivable presented above was:

	Consolidated	
	2016	**2015**
Domestic	26,379	40,296
Switzeland	-	51,549
Turkey	-	37,057
Dubai	-	14,835
China	-	14,624
United Kingdom	-	7,034
Japan	-	6,623
Singapore	-	4,080
Egypt	-	2,577
Others	3,190	3,718
Total	**29,569**	**182,393**

Liquidity risk

The contractual maturities of financial liabilities, including payment of interest incurred and excluding the impact of currency negotiation agreements, by the net position, are as follows.

	Consolidated				
Assets	**Fair Value**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Cash and cash equivalents	43,388	43,388	-	-	-
Derivative financial instruments	(9,910)	(9,910)	-	-	-
Accounts receivable	29,569	26,607	2,962	-	-
Inventories	4,466	4,466	-	-	-
Advance to suppliers	159,794	159,794	-	-	-
Biological assets	1,727	1,727	-	-	-
Related Parties	112,823	94,243	18,580	-	-
Recoverable Taxes	109,174	69,768	39,406	-	-
Goods to receive	61,442	-	22,702	34,054	4,686
Other credits	4,130	1,271	2,859	-	-
Liabilities					
Loans and financing	(941,337)	(830,779)	(1,758)	(82)	(108,718)
Account payable to suppliers	(79,436)	(79,436)	-	-	-
Goods deliverable	(185,930)	(81,407)	(104,523)	-	-
Other accounts payable	(141,453)	(141,453)	-	-	-
Total	**(831,553)**	**(741,721)**	**(19,772)**	**33,972**	**(104,032)**

Market Risk

(i) Commodities risk

	Fair Value (R$)			Fair Value (R$)		
	2016			2015		
	Up to 6 months	**More than 6 months**	**Fair Value**	**Up to 6 months**	**More than 6 months**	**Fair Value**
Forward contracts and inventory						
Cotton	26,609	-	26,609	58,084	-	58,084
Soybeans	(15,821)	-	(15,821)	53,374	-	53,374
Corn	(5,700)	-	(5,700)	(671)	5,785	5,114
Wheat	4,063	-	4,063	5,195	-	5,195
Barley	-	-	-	778	-	778
Goods deliverable	(81,407)	(104,523)	(185,930)	(36,786)	(142,080)	(178,866)
Futures (Forward) contracts						
Cotton	-	49	49	30	2,331	2,361
Soybeans	(694)	(411)	(1,105)	19,191	152	19,343
Corn	-	805	805	8,770	620	9,390
	(72,950)	**(104,080)**	**(177,030)**	**107,965**	**(133,192)**	**(25,227)**

The Company uses basically two categories of price instruments for control of the exposure of commodities:

(a) Future derivative contracts traded directly by the Company on the Stock Exchange (CBOT/ICE) or forward over-the-counter market with first tier financial institutions; and

(b) Forward contracts traded directly with clients and suppliers.

The fair value of future derivative contracts on a stock exchange is equivalent to the market value for the reversal of these positions. The transactions carried out in a stock exchange environment have a need for availability of initial margins and the adjustments are made daily, according to the changes in the notional price. For OTC contracts, the measurement at fair value is given by the difference between prices fixed upon contracting and their respective market values, via public information. This measurement follows the usual market models and is calculated on a monthly basis both by the company and by banks that intermediate the transactions. For these contracts, there is no need for margin deposits. The impact on the Company's cash flow occurs only on the date of settlement. The measurement of the fair value of the forward contracts with clients and suppliers is made based on the difference between the fixed purchase or sale price and the market price on the base date. For determining the market prices, the same indicators of determination, i.e. quotations of the Chicago and New York exchanges are used.

- **Sensitivity analysis for commodity risk:** The Company adopted three scenarios for the sensitivity analysis, where one is likely, presented below, and two that may present depreciation in the fair value of the Company's financial instruments. The likely scenario was defined internally by the Risk management department and represents the Company's expectations with respect to the changes in this indicator over the next 12 months. The possible and remote scenarios are those proposed by the prevailing legislation.

The methodology used was the delta MTM, i.e. the recalculation of the fair value with stress of each scenario on the market rate of December 31, 2016.

Consolidated	**Scenarios**		
Commodity Risk	**Likely**	**Possible**	**Remote**
Scenarios and price levels	**+12.5%**	**+25%**	**+50%**
Non derivatives	**22,219**	**44,440**	**88,878**
Cotton	9,493	18,986	37,972
Corn	603	1,206	2,412
Soybean	98	197	393
Soybean (from farm sales)	12,025	24,051	48,101
Derivatives	**(1,486)**	**(2,971)**	**(5,942)**
Cotton	(1,078)	(2,157)	(4,313)
Corn	(448)	(897)	(1,793)
Soybean	41	82	165
Total effect	**20,733**	**41,469**	**82,936**

Due to the seasonality of the behavior of the quotation of the commodities, this scenario is subject to changes during the year/harvest.

(ii) *Exchange Risk*

Exposure to foreign currency: The company's exposure is mainly linked to the variation of the US dollar (USD).The subsidiaries CGG Trading S.A, CGG Trading B.V. and CGG Trading Argentina S.A. have adopted the US dollar as the functional currency of their business, and consequently, are exposed to the risk of changes in operations denominated in reais (Brazil) and pesos (Argentina). See exposure on the base date presented below:

	In Dollars	
	2016	**2015**
Assets	129,724	76,616
Liabilities	(318,694)	(113,489)
Gross balance sheet exposure	**(188,970)**	**(36,873)**
Foreign exchange NDFs	(49,329)	(144,401)
Net exposure	**(292,315)**	**(181,274)**

Foreign exchange sensitivity analysis: The Company adopted three scenarios for the sensitivity analysis, where one is likely, presented below, and two that may present effects of deterioration in the fair value of the Company's financial instruments. The likely scenario was defined internally by the Risk management department and represents the Company's expectations with respect to the changes in this indicator over the next 12 months. The possible and remote scenarios are those proposed by prevailing legislation. The methodology used was delta MTM, i.e. the recalculation of the fair value with stress of each scenario on the market rate at December 31, 2016, less the amount already recognized and calculating the amount of the income by which the Company would be affected according to each scenario. The analysis considers that all the other variables, especially interest rates, are held constant.

	Scenarios		
	Likely	**Possible**	**Remote**
Scenarios and price levels	**+3% 3.3566 BRL/USD**	**+25% 4.0735 BRL/USD**	**+50% 4.8882 BRL/USD**
Assets	(12,682)	(105,686)	(211,372)
Liabilities	31,157	259,640	519,281
Forward Contracts	5,281	44,006	88,013
Derivatives	(4,823)	(40,189)	(80,377)
Cotton	(147)	(1,221)	(2,443)
Corn	(273)	(2,271)	(4,542)
Soybean	(4,404)	(36,696)	(73,392)
Total effect	**18,933**	**(157,772)**	**315,544**

Appreciation of the Real against the currencies above, at December 31, 2016, would have the same effect, however with the opposite effect on the currencies presented above, considering that all the other variables would remain constant.

(iii) *Interest rate risk*

On the date of the financial statements, the profile of the financial instruments remunerated by interest was:

(a) **Fixed rate instruments:** The Company does not record any fixed interest rate financial assets or liabilities at fair value through profit or loss, and it does not designate derivatives (interest rate swaps) as hedge instruments under a fair value hedge accounting model. Therefore, a change in the interest rates on the reporting date would not change the results.

(b) **Variable rate instruments:** The Group does not conduct sensitivity analyses for financial instruments linked to variable interest rates, since it considers the possible impacts are irrelevant for the Company’s financial statements.

		Parent Company		**Consolidated**	
	Note	**2016**	**2015**	**2016**	**2015**
Fixed rate instruments					
Financial investments	9	2,629	10,961	27,368	43,605
Pre-financing for producers	12	-	1,278	-	186,840
Related parties	14	(42,521)	(204,032)	112,823	46,247
Loans and financing	21	(222,464)	(233,217)	(479,875)	(729,135)
Fixed rate exposure		**(262,356)**	**(425,010)**	**(339,684)**	**(452,443)**
Variable rate instruments					
Loans	21	(65,262)	(158,551)	(461,462)	(722,219)
Variable rate exposure		**(65,262)**	**(158,551)**	(461,462)	(722,219)
Total exposure to interest rate		**(327,618)**	**(583,561)**	**(801,146)**	**(1,174,662)**

Sensitivity analysis for interest rate risk

	Scenarios		
	Likely	**Possible**	**Remote**
Scenarios and price levels	**12.5%**	**25%**	**50%**
Short term	(379)	(756)	(1,506)
Long Term	(24,420)	(47,525)	(90,265)
Total effect	**(24,799)**	**(48,281)**	**(91,771)**

Unrealized gains (losses) on derivative financial instruments:

The table below summarizes the amounts of the gains (losses) recorded at December 31, 2016 and 2015 that affected the balance sheet and the amounts that affected the Company's accumulated results on those dates:

	Parent Company		**Consolidated**	
Derivative instruments	**2016**	**2015**	**2016**	**2015**
Deposited margins	-	-	2,832	247
MTM on outstanding contracts	-	-	(30,010)	122,545
MTM on outstanding future contracts	-	-	14,661	(29,982)
Total	**-**	**-**	**(12,517)**	**92,810**
Current assets	-	-	41,994	166,671
Current liabilities	-	-	(51,904)	(73,861)
Total	**-**	**-**	**(9,910)**	**92,810**

Fair value versus book value

Considering the Company's predominant activity, a number of financial assets and liabilities are stated at their fair value or substantially at their fair value. Financial instruments stated at fair value are derivative financial instruments (assets and liabilities) and products to be delivered. Additionally, and still considering the company's activities and the characteristics of the financial instruments, the following items present financial instruments at amounts that closely approximate their fair value, namely those recorded under cash and cash equivalents, advances to suppliers, other receivables, accounts receivable, accounts payable to suppliers and other accounts payable.

Below we present the fair values of financial liabilities recorded at amortized cost and which present a substantial difference with respect to the fair value:

Parent Company	**2016**		**2015**	
	Book Value	**Fair Value**	**Book Value**	**Fair Value**
Liabilities				
Liabilities at amortized cost				
Loans and financing	(287,726)	(264,572)	(391,768)	(348,204)
Total liabilities	**(287,726)**	**(264,572)**	**(391,768)**	**(348,204)**

Consolidated	**2016**		**2015**	
	Book Value	**Fair Value**	**Book Value**	**Fair Value**
Liabilities				
Liabilities at amortized cost				
Loans and financing	(941,337)	(898,761)	(1,451,354)	(1,339,457)
Total Liabilities	**(941,337)**	**(898,761)**	**(1,451,354)**	**(1,339,457)**

Fair value hierarchy

The table below presents financial instruments recorded at fair value, using an evaluation method.

The different levels were defined as follows:

- **Level 1 -** (Unadjusted) prices quoted on active markets for similar assets and liabilities;
- **Level 2 -** Inputs, except quoted prices, included in Level 1 which are observable for the assets or liabilities, directly (prices) or indirectly (derived from prices); and
- **Level 3 -** Assumptions, for assets or liabilities, which are not based on observable market data (unobservable inputs).

		Parent Company			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	9	57	-	-	56
Financial investments	9	2,629	-	-	2,629
Inventories	11	-	1,608	-	1,608
Accounts receivable	10	-	7,605	-	7,606
Goods to receive	15	-	23,770		23,770
Total assets		**2,686**	**32,983**	**-**	**35,669**
Loans and financing	21	-	287,726	-	287,726
Goods deliverable	19	-	185,930	-	185,930
Total liabilities		**-**	**473,656**	**-**	**473,656**

		Consolidated			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	9	16,020	-	-	15,324
Financial investments	9	27,368	-	-	27,368
Inventories	11	-	4,466	-	4,466
Accounts receivable	10	-	29,569	-	29,569
Goods to receive	15		61,442		61,442
Derivative instruments	26	-	(9,910)	-	(9,910)
Total assets		**43,388**	**85,566**	**-**	**128,257**
Loans and financing	21	-	941,337	-	940,640
Goods deliverable	19	-	185,930	-	185,930
Total liabilities		**-**	**1,127,267**	**-**	**1,126,570**

27 Operating Income

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Gross income	117,866	196,470	2,640,318	4,671,059
Change in hedge accounting	-	-	-	-
Sales taxes	(5,382)	(5,606)	(12,075)	(16,471)
Returns and discounts	(733)	(43,173)	(2,747)	(44,075)
Other income		-	3,705	10,366
Total	**111,751**	**147,691**	**2,629,201**	**4,620,879**

Income breakdown per region:

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
East Asia	61,094	103,138	1,508,721	2,835,937
South East Asia	13,185	10,560	657,352	820,392
West Asia	-	-	155,156	390,614
South Asia	-	-	41,988	14,010
Total Asia	**74,279**	**113,698**	**2,363,217**	**4,060,953**
Total Africa		-	13,054	199,778
Total Europe	149	46,930	44,076	73,347
Total America	-	-	58,562	109,475
Oceania	-	-	16,229	67,547
Domestic Market	43,438	35,842	145,180	159,959
Total	**117,866**	**196,470**	**2,640,318**	**4,671,059**

28 Expenses by nature

	Parent Company					
	2016			2015		
	Costs of goods sold	**General & Administrative expenses**	**Total**	**Costs of goods sold**	**General & Administrative expenses**	**Total**
Raw materials and products	(126,036)	-	(126,036)	(110,365)	-	(110,365)
Personnel expenses	(11,626)	(4,351)	(15,977)	(16,509)	(6,713)	(23,222)
Port costs	(1,944)	-	(1,944)	(2,634)	-	(2,634)
Other costs	(4,935)	(1,146)	(6,081)	(4,940)	(1,128)	(6,068)
Expense for providing services	(193)	(3,939)	(4,132)	(322)	(4,238)	(4,560)
Fees and taxes	(183)	(582)	(765)	(258)	(1,390)	(1,648)
Leases	(608)	(140)	(748)	(1,291)	(194)	(1,485)
Subtotal	**(145,525)**	**(10,158)**	**(155,684)**	**(136,319)**	**(13,663)**	**(149,982)**
Depreciation	(6,207)	(884)	(7,091)	(7,027)	(76)	(7,103)
Amortization	-	-	-	-	(838)	(838)
Subtotal	**(6,207)**	**(884)**	**(7,091)**	**(7,027)**	**(914)**	**(7,941)**
Total	**(151,732)**	**(11,043)**	**(162,775)**	**(143,347)**	**(14,577)**	**(157,924)**

	Consolidated					
	2016			2015		
	Costs of goods sold	**General & Administrative expenses**	**Total**	**Costs of goods sold**	**General & Administrative expenses**	**Total**
Raw materials and products	(2,553,132)	-	(2,553,132)	(4,116,693)	-	(4,116,693)
Personnel expenses	(14,522)	(45,509)	(60,031)	(18,669)	(44,742)	(63,411)
Port costs	(133,236)	-	(133,236)	(319,863)	-	(319,863)
Other costs	(8,581)	(6,371)	(14,952)	(322)	(14,782)	(15,104)
Expense for providing services	(2,344)	(16,558)	(18,903)	(14,867)	(10,312)	(25,179)
Fees and taxes	(246)	(4,339)	(4,584)	(282)	(4,074)	(4,356)
Leases	(3,335)	(1,516)	(4,851)	(1,424)	(1,330)	(2,754)
Result of Market positions	(265,151)	-	(265,151)	(97,168)	-	(97,168)
Total	**(2,980,547)**	**(74,293)**	**(3,054,840)**	**(4,569,288)**	**(75,240)**	**(4,644,528)**
Depreciation	(6,200)	(3,533)	(9,733)	(14,819)	(3,690)	(18,509)
Amortization	(10,872)	(966)	(11,838)	-	(994)	(994)
Subtotal	**(17,072)**	**(4,499)**	**(21,571)**	**(14,819)**	**(4,684)**	**(19,503)**
Total	**(2,997,619)**	**(78,792)**	**(3,076,411)**	**(4,584,107)**	**(79,924)**	**(4,664,031)**

29 Financial results

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Financial income				
Interest on advances and pre-financing	-	-	370	4,386
Interest on financial investments	602	2,499	16,442	7,351
Total financial income	**602**	**2,499**	**16,812**	**11,737**
Interest on loans taken out	(14,114)	(14,949)	(50,826)	(52,722)
Interest - Related parties	(8,295)	(13,930)	2,242	1,090
Interest Provisions	-	-	(30,168)	-
Other financial expenses	(5,823)	(1,113)	(14,517)	(10,998)
Total financial expenses	**(28,233)**	**(29,992)**	**(93,269)**	**(62,630)**
Net financial expense	**(27,630)**	**(27,493)**	**(76,457)**	**(50,893)**
Result of goods deliverable	1,778	(75,583)	(4,529)	(75,583)
Net foreign exchange losses	36,030	(92,287)	29,117	(91,086)
Net financial results	**10,178**	**(195,363)**	**(51,869)**	**(217,562)**

30 Insurance coverage

The Company and its subsidiaries adopt the policy of taking out insurance to cover risks that may impact their assets, arising from damages to property of any nature, and liabilities arising from lawsuits. The Company and its subsidiaries maintain insurance on vehicles, head offices, offices, warehouses, agricultural machinery, aircraft, engineering, transport and civil liability, the amounts of which are considered material for the Company.

At December 31, 2016, the Company has the following insurance coverage: R$78,390 (R$54,997 in 2015) for civil liability and R$267,020 (R$326,995 in 2015) for damages to property.

31 Subsequent events

On April 7, 2017, the Company and its subsidiaries signed a debt rescheduling involving all creditor banks, which has, among others, the following characteristics:

Amount of debt restructuring

Reportable debt corresponds to 67% of the Company's short-term debt, corresponding to R$ 556,600 as of December 31, 2017.

Warranty

Fiduciary alienation of 100% of the shares of the subsidiary Corredor Logística e Infraestrutura S.A. ("CLI").

New amortization schedule

First payment of R$ 505,110 will occur and within a period of up to 36 months after the signature of the definitive documentation. The remaining balance will be amortized in 8 equal semiannual installments and interest will be paid semi-annually. The final maturity of the debt will occur in 84 months.

Cost of Restructured Debt

The total average financial cost for the restructured debt will be 3,75% pa plus the 6 month Libor rate for the first 36 months. In the remaining term, the margin above Libor will be 4,50% per annum.

Selling CLI shares

The Company has committed to the creditors of the restructured debt to initiate a process of organized sale of CLI's shares within a maximum term of 3 years. The proceeds from the sale of CLI's shares will be allocated primarily to the amortization of restructured debt.

Still without context of repercussion of its needs, the Company carried out, through its independent experts, the valuation of its shares in the TEGRAM port, through its subsidiary CLI, which indicated the recoverable / fair value of R$ 525,843. This interest is recorded in the amount of R$ 141,960 and if it is disposed of at fair value, it would generate a result and effect on shareholders' equity of approximately R$ 253,353, net of tax effects.

*   *   *

Brandon Scott Crozier
CEO

Luiz Conrado Sundfeld
CFO

Louis Fergus Bromfield Geld
COO

Fernando Yagura Maeda
Controller

Luiz Roberto Dicono
Contador - CRC 1SP266347/O-1