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

CANTAGALO GENERAL GRAINS S. A.

Independent auditor's report

Individual and consolidated financial statements
As at December 31, 2017

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As at December 31, 2017

Contents

Management report

(In thousands of Brazilian reais)

Dear shareholders,

Meeting legal requirements and provisions of the articles of incorporation, we submit for your analysis the Management Report and the Financial Statements of Cantagalo General Grains S.A. ("Cantagalo") for the year ended December 31, 2017, as well as an Independent Auditor's Report.

Presentation

Cantagalo General Grains S.A. is a closely-held corporation located at Avenida Magalhaes de Castro, 4.800, 11º andar, sala 2, in the city of São Paulo - State of São Paulo, incorporated on October 25, 2010. It is engaged in the plantation of soy, corn, cotton, other cereals, as well as services of road cargo transportation in general.

Operating performance

According to the plan management had presented, in 2017 an operating and financial restructuring was started at the company, aiming predominantly liquidity in the short-term and also guarantee the value of its assets. As for gross income, the company ended the year 2017 with (R$5,451) versus a result of (R$42,795) in the previous year. In the consolidated numbers, thanks to the result of the controlled company CGG Trading S.A., gross income was R$41,205 against a result in the preceding year of (R$371,232).

The main actions executed in relation to the operations of the farms were:

Farm *Maria da Cruz* - State of Minas Gerais: Sale of the cattle livestock in March/April 2017 and subsequent lease of the pasture for two customers, therefore, contributing to increase immediate liquidity and in parallel keep occupation and maintenance conditions. In addition, all necessary maintenance of sugar cane brandy equipment of the factory inside de farm was made, enabling it to enter into operation in 2018.

Farm *Fronteira* - State of Mato Grosso: Maintenance of the lease of 8,000 hectares of land for an annual value of 7 bags per hectare starting from the harvest 2017/2018. Installment of mechanization services for the lessee, allowing the company to preserve its technical/operating team in the farm. Preparation of 500 hectares that previously were not productive, making them ready to begin planting. In December 2017, sale of 6,196 hectares of land for 816,444 bags. Other areas of *Fronteira* are under analysis for possible sale.

Farm *Acreúna* - State of Goiás: Execution of a 3-year lease agreement, without a purchase option, of 4,089 hectares of land, corresponding to 78% of the total area of the farm, being the lease value 12 bags of soy of 60kg each per hectare.

Farm *Tropical* - State of Piauí: Sale of agricultural equipment that was not in use, rendering of services of mechanization and storage for third parties and maintenance of the internal roads of the farm. Separation of the administrative and operational structure of the remaining areas of the farm (23,060hecs) from the ones that were sold at the end of 2016 (26,940hecs).

In relation to reorganization of personnel, besides a complete renewal of management, important levels of reduction in costs and expenses were achieved. In 2017, general and administrative expenses were reduced by 32% in comparison to 2016 in the Company and 26% in the Consolidated numbers. Actions such as transfer of the main office from Goiânia to São Paulo, centralizing the management and corporate areas, and setup of a shared center of services with its controlled company CGG Trading S.A, contributed to the mentioned savings.

Improvement in EBITDA and DFC

As a result of the operating restructuring, the company obtained significant improvement in the operating and cash generation indices. The focus on liquidity, in association with the preservation of company's value resulted in an increase in its EBTIDA from (R$263,130) in 2016 to (R$49,084) in 2017 and in the consolidated numbers from (R$412,867) to R$4,849, respectively. The company's DFC increased from (R$9.102) in 2016 to R$434 in 2017, and in the consolidated numbers from (R$104.754) in 2016 to (R$24.647) in 2017.

New strategic plan

In addition to short-term plans, the company a new strategic plan for the company was also presented, focused on products and segments with higher added value, primarily the one of organic and non-genetically modified produce. For that purpose, along the year 2017, a new business board was established, aiming partnerships with strategic agents of the chain, from service providers, technology suppliers to end customers, besides the hiring of a team of agronomists who specialize in those new types of product and who will provide and develop the necessary technology for them.

Already in the first quarter of 2018, the company started an experimental cultivation of 156 hectares of organic corn in its farm in the state of Mato Grosso, including all certification and tracking process, which is in alignment with the strategic plan. The beginning of the production of organic soy is planned still for this year, preparing the base for high scale production in 2019.

Supplementary information

Although not allowed by the Brazilian corporate law, revaluation of fixed assets is allowed under international reporting standards issued by IASB - The International Accountant Standards Board. With the purpose of making easier the understanding of the consolidated financial statements and aiming an alignment of the company's business with that revaluation practice, an appraisal of the fair value of intangible assets of the subsidiary Corredor Logística e Infraestrutura S/A, as well as of the concession rights of terminal Tegram and of its agricultural assets was carried out by an independent firm. The fair value the experts determined was R$1,525,528, what would represent a surplus value R$1.176.068 in comparison to historical book values and an increase of R$745.838 in Shareholders' equity, net of the provision for taxes and less the interests of minority shareholders (direct investors of CGG Trading S.A.), what would increase the equity of December 2017 from (R$225,309) to R$520,530.

São Paulo-DP, April 6, 2018

The Management

BDO

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders and Management of
Cantagalo General Grains S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Cantagalo General Grains S.A. ("Company"), identified as parent company and consolidated, respectively, which comprise the statement of financial position as at December 31, 2017 and the respective statements of income, comprehensive income, changes in equity (deficit) and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Cantagalo General Grains S.A. as at December 31, 2017, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company and its controlled companies in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty as to going concern

As mentioned in Note 1 to the financial statements, the Company has reported successive operating losses, negative individual and consolidated working capital as at December 31, 2017 of R$ 375,201 thousand and R$ 329,444 thousand, respectively, individual and consolidated net loss of R$ 93,888 thousand and R$ 135,236 thousand, respectively, and deficit in equity, individual and consolidated, of R$ 225,309 thousand and R$ 282,899 thousand. The Company is reporting the steps to be taken to change that scenario, which include a change in its business plan, sale of assets, and renegotiation of financial debt, among other measures. The operating continuity of the Company and of its controlled companies depends on the capacity of the Management of executing the mentioned plan. These events or conditions indicate that there are significant uncertainties that may cast doubt on the Company's going concern. Our opinion is not qualified in respect of this matter.

Emphasis

Related-party transactions

As mentioned in Notes 12 and 19 to the financial statements, the Company has significant transactions with related parties conducted in the context of a group of companies. Consequently, the financial statements have to be analyzed considering this. Our opinion is not modified in respect of this matter.

Other matters

Audit of previous year's amounts

The financial statements of Cantagalo General Grains S.A. for the year ended December 31, 2016 were audited by other independent auditor, whose report thereon, dated May 19, 2017, was unqualified and included a paragraph on the Company's continuity as a going concern.

Other information accompanying the financial statements and auditor's report

The Company's management is responsible for this other information that comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is materially inconsistent with the 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 Management Report, we are required to report that fact. We have nothing to report in this regard.

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 the IFRS, issued by 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 its controlled companies 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 its controlled companies' financial reporting process.

Auditor's 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 auditor's 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 (ISAs) 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 standards and ISAs, 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 controls.
- Obtain an understanding of internal controls 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 its controlled companies' internal controls.
- 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 its controlled companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its controlled companies 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 governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

São Paulo, April 06, 2018.

BDO RCS Auditores Independentes
CRC 2 SP 013846/O-1

Paulo Sérgio Tufani
Accountant CRC 1 SP 124504/O-9

Henrique Herbel de Melo Campos
Accountant CRC 1 SP 181015/O-3

CANTAGALO GENERAL GRAINS S.A.

Statement of financial position
As at December 31, 2017 and 2016
(In thousands of Brazilian reais)

Assets

	Note #	Company		Consolidated	
		2017	2016	2017	2016
Current assets					
Cash and cash equivalents	6	3,120	2,686	18,741	43,388
Derivative financial instruments	24	-	-	488	41,994
Accounts receivable	7	2,755	5,297	9,801	26,607
Inventories	9	1,433	1,608	1,560	4,466
Advances to suppliers	-	101	393	24,061	85,572
Biological assets	10	61	1,727	61	1,727
Related-party transactions	12	27,725	31,566	37,819	114,031
Merchandize to be received	8	8,835	-	20,136	-
Recoverable taxes	11	10,924	6,538	65,638	69,768
Other receivables		108	531	536	1,271
Noncurrent assets held for sale	13	-	-	29,985	-
		55,062	50,346	208,826	388,824
Noncurrent assets					
Long-term assets					
Related-party transactions	12	1,668	4,187	44,460	18,580
Accounts receivable	7	3,075	2,308	3,167	2,962
Merchandize to be received	8	31,555	23,770	73,495	61,442
Advances to suppliers	-	-	-	79,477	74,222
Recoverable taxes	11	706	2,107	706	39,406
Deferred taxes	17	88,081	88,081	202,757	202,930
Other receivables		-	2,859	-	2,859
		125,085	123,312	404,062	402,401
Investment	14	432,773	398,018	98	59
Property, plant and equipment	15	11,895	32,525	251,719	301,473
Biological assets	10	-	4,750	-	4,750
Intangible assets	16	321	1,019	177,500	187,015
		444,989	436,312	429,317	493,297
Total noncurrent assets		570,074	559,624	833,379	895,698
Total assets		625,136	609,970	1,042,205	1,284,522

Liabilities and negative shareholders' equity

	Note #	Company		Consolidated	
		2017	2016	2017	2016
Current liabilities					
Merchandize to be delivered to related parties	19	123,234	81,407	123,234	81,407
Derivative financial instruments	24	-	-	1,097	51,904
Trade accounts payable	18	15,458	20,876	55,120	79,436
Loans and financing	20	194,644	230,954	288,317	830,779
Employees' pay and related charges	21	632	1,150	2,960	7,243
Taxes payable	21	1,270	90	2,866	3,301
Related-party transactions	12	94,387	78,274	18,000	19,787
Advances from customers	-	532	-	1,807	-
Other payables	21	106	207	44,869	130,943
		430,263	412,958	538,270	1,204,800
Noncurrent liabilities					
Related-party transactions	12	195,264	159,535	3,515	-
Merchandize to be delivered to related parties	19	73,266	104,523	73,266	104,523
Loans and financing	20	73,573	56,772	630,588	110,558
Other payables	21	371	-	75,198	-
Provision for tax risks	22	1,771	1,976	4,267	4,472
Provision for investment loss	14	75,937	-	-	-
		420,182	322,806	786,834	219,554
Negative shareholders' equity	23				
Capital stock		366,418	366,418	366,418	366,418
Asset and liability valuation adjustment		181,196	186,823	181,196	186,823
Accumulated losses		(772,923)	(679,035)	(772,923)	(679,035)
		(225,309)	(125,794)	(225,309)	(125,794)
Minority interest		-	-	(57,590)	(14,037)
Total liabilities and negative shareholders' equity		(225,309)	(125,794)	(282,899)	(139,831)
Total liabilities and negative shareholders' equity		625,136	609,970	1,042,205	1,284,522

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

CANTAGALO GENERAL GRAINS S.A.

Statement of income
Years ended December 31, 2017 and 2016
(In thousands of Brazilian reais)

	Note #	Company		Consolidated	
		2017	2016	2017	2016
Net operating revenue	25	13,641	111,751	83,699	2,629,201
Change in the fair value of biological assets	10	(2,190)	(2,814)	(2,190)	(2,814)
Cost of goods sold	26	(16,902)	(151,732)	(40,304)	(2,997,619)
Gross income		(5,451)	(42,795)	41,205	(371,232)
General and administrative expenses	26	(7,476)	(11,043)	(58,483)	(78,792)
Equity in loss (earnings)	14.2	(38,274)	(223,326)	14	-
Impairment	13	-	-	(35,202)	(3,865)
Other operating revenue (expenses)	27	(3,781)	6,950	37,549	19,451
Income before net financial income		(54,982)	(270,214)	(14,917)	(434,438)
Net financial income	28	(42,172)	10,178	(123,095)	(51,869)
Loss before income and social contribution taxes		(97,154)	(260,036)	(138,012)	(486,307)
Current income and social contribution taxes		-		(399)	(516)
Deferred income and social contribution taxes		3,266	(70,416)	3,175	(50,893)
Loss of the year		(93,888)	(330,452)	(135,236)	(537,716)
Income attributable to:					
Controlling shareholders		-	-	(93,888)	(330,452)
Minority shareholders		-	-	(41,348)	(207,264)
Loss of the year		(93,888)	(330,452)	(135,236)	(537,716)

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

CANTAGALO GENERAL GRAINS S.A.

Statement of comprehensive income
Years ended December 31, 2017 and 2016
(In thousands of Brazilian reais)

	Company		Consolidated	
	2017	2016	2017	2016
Net income	(93,888)	(330,452)	(135,236)	(537,716)
Accumulated translation adjustment	(5,627)	18,730	(7,832)	(3,263)
Total comprehensive income	(99,515)	(311,722)	(143,068)	(540,979)
Comprehensive income attributable to:				
Controlling shareholders	(99,515)	(311,722)	(99,515)	(311,722)
Minority shareholders	-	-	(43,553)	(229,257)
Total comprehensive income	(99,515)	(311,722)	(143,068)	(540,979)

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

CANTAGALO GENERAL GRAINS S.A.

Statement of changes in negative shareholders’ equity
(In thousands of Brazilian reais)

	Note #	Attributable to controlling shareholders: Capital stock	Equity value adjustment	Accumulated losses	Total	Interests of minority shareholders	Total shareholders’ equity
Balances as of January 1, 2016	23	366,418	168,093	(348,583)	185,928	215,220	401,148
Accumulated translation adjustments		-	18,730	-	18,730	(21,993)	(3,263)
Loss of the year		-	-	(330,452)	(330,452)	(207,264)	(537,716)
Balances as at December 31, 2016		366,418	186,823	(679,035)	(125,794)	(14,037)	(139,831)
Accumulated translation adjustments		-	(5,627)	-	(5,627)	(2,205)	(7,832)
Loss of the year		-	-	(93,888)	(93,888)	(41,348)	(135,236)
Balances as at December 31, 2017		366,418	181,196	(772,923)	(225,309)	(57,590)	(282,899)

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

CANTAGALO GENERAL GRAINS S.A.

Statements of cash flows
Years ended December 31, 2017 and 2016
(In thousands of Brazilian reais)

	Company		Consolidated	
	2017	2016	2017	2016
Loss of the year	(93,888)	(330,452)	(135,236)	(537,716)
Items not affecting operating cash				
Depreciation and amortization	5,854	7,056	20,253	21,543
Write-off of property, plant and equipment and intangible assets	18,785	11,156	37,024	16,167
Write-off of plots of land (farm)	-	25,135	-	82,246
Write-off of biological assets	4,622	114,738	4,622	114,738
Deferred income tax	-	70,416	-	51,409
Equity method adjustment	38,274	223,326	(14)	-
Expenses with interest payable on loans	13,494	13,241	44,636	49,953
Foreign exchange gain/loss	2,852	(36,030)	(3,757)	(29,117)
Provision for costs and expenses	12,790	-	-	-
Adjustment to fair value of merchandize to be delivered and to be received	9,761	(1,778)	14,718	4,529
Adjustment to fair value of biological assets	2,190	2,814	2,190	2,814
Adjustment to fair value of the value of the farm Fronteira	(3,235)	(12,822)	(3,235)	(12,822)
Adjustment of property, plant and equipment to functional currency	-	-	(5,912)	-
Equity value adjustment	(5,627)	-	(7,832)	(3,263)
	5,872	86,800	(32,543)	(239,519)
Increase/(decrease) in assets and liabilities				
Inventories	175	28,573	2,906	228,772
Advances to suppliers	292	2,563	56,256	188,863
Financial instruments	-	-	(9,301)	102,720
Accounts receivable	1,775	(3,395)	16,601	152,824
Assets available for sale	-	5,725	(14,631)	97,804
Recoverable taxes	(2,985)	2,668	42,830	18,396
Other receivables	3,282	1,605	3,594	4,914
Deferred income tax	-	-	173	15,263
Related-party transactions	34,969	45,757	36,877	(66,576)
Trade accounts payable	(5,418)	(13,445)	(11,526)	(97,617)
Advances from customers	532	-	1,807	-
Employees' pay and related charges	(518)	-	(4,283)	-
Taxes payable	1,180	-	(435)	-
Other payables	65	(2,448)	(11,081)	120,543
Cash from operating activities	39,221	154,403	77,244	526,387
Interest paid	(18,716)	(15,529)	(41,711)	(38,624)
Net funds provided by operating activities	20,505	138,874	35,533	487,763
Cash flows from investing activities				
Increase in investment and ownership interests held	2,908	-	(25)	11
Purchase of property, plant and equipment	(76)	(1,935)	(2,374)	(14,012)
Purchase of biological assets	(397)	(65,389)	(397)	(65,389)
Purchase of intangible assets	-	-	(1,842)	38,008
Net cash flows applied/(used) in investing activities	2,435	(67,324)	(4,638)	(41,382)
Cash flows from financing activities				
Merchandize to be delivered	5,663	(14,928)	5,663	(58,906)
Merchandize to be received	(21,474)	-	(42,000)	-
Related-party transactions	10,443	-	2,393	-
Loans and financing paid	(142,721)	(296,276)	(234,139)	(938,667)
Loans and financing contracted	125,583	230,552	212,541	446,438
Net cash flows used in financing activities	(22,506)	(80,652)	(55,542)	(551,135)
Increase /(decrease) in cash and cash equivalents	434	(9,102)	(24,647)	(104,754)
Cash and cash equivalents at beginning of year	2,686	11,788	43,388	148,142
Cash and cash equivalents at end of year	3,120	2,686	18,741	43,388
Increase /(decrease) in cash and cash equivalents	434	(9,102)	(24,647)	(104,754)

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

1. Operations

CANTAGALO GENERAL GRAINS S.A. (the 'Company') is a corporation located at Avenida Magalhaes de Castro, 4.800, 11º andar, sala 2, in the city of São Paulo, State of São Paulo, incorporated on October 25, 2010.

The Company has as purpose and main activity, directly or through interests held in other companies, to plant soy, corn, cotton and other cereals; the production of certified seeds, production of seeds, plants and other certified means of plant propagation; land preparation services, farming and harvest; production of fertilizers; sale of agricultural products in the domestic and foreign markets (import and export), in special grains and their byproducts, fertilizers, raw materials, their byproducts and pesticides; water transportation services; road transportation of cargo in general; cargo transportation services in general (logistics or as a carrier agent), intermediation of sea transportation services and as a port operator; warehousing services; warehouse logistics; transportation advising in general; organizing or holding ownership interests in other companies, associations or entities accessory or instrumental to its business purpose; production and processing on its own or through third parties of agricultural products and their byproducts, fertilizers and related products, raw materials in general and pesticides, in addition to managing its own assets or those held by controlled or associated companies.

In 2017, in parallel to a financial restructuring of its main investment, CGG Trading S.A., the Company began a process of reorganization of activities and operations in its farms. In March, the cattle livestock of the farm Maria da Cruz was sold and later part of the farm was leased, through a short-term agreement, for cattle raising. In May, 78% of the farm Acreúna in the State of Goiás was leased. As for administrative activities, service centers were centralized in a single place to be shared by all companies of the group, obtaining efficiency and standardization of processes.

Since incorporation, and in compliance with its business plan, Cantagalo has a capital structure formed by own capital and also funds obtained with financial institutions, which mature in the short and long-term. Historically, have been renewed, given the availability of guarantees. As a way of increasing liquidity, and already approved by the Board of Directors, shareholders are allowed to sell assets, contract new financing or make capital contributions.

In December 2017, the Company sold 6,196 hectares of the farm Fronteira as part of the reorganization plan of its short-term debt.

The individual and consolidated results of 2017 were a loss of R$93,888 thousand (R$330,452 thousand in 2016) and R$135,236 (R$537,716 thousand in 2016) respectively. The savings generated by a reduction in expenses with personnel and lower interest rates obtained with the conclusion of the financial restructuring, as commented in notes 22 and 23, respectively, contributed for an improvement in results, even in a year with low level of operations due to the reorganization of operations. The individual and consolidated Net Working Capital were R$375,201 thousand and R$329,444 thousand, respectively, besides, individual and consolidated shareholders' equity of R$225,309 thousand and R$282,899 thousand respectively.

A long-term a strategic plan was established. Together with other companies of the group, the Company will focus its activities on markets and products of higher added value, primarily the market of organic and non-genetically modified produce. Such production plan in commercial scale will be supported by a technical team of agronomists already hired, with expertise in biological products and in the certification of products.

In the first quarter of 2018, on a trial basis, the Company began the planting of organic corn in part of the farm Fronteira, with own production of its biological defensive products.

2. Basis of presentation and main accounting practices used

2.1. Basis of presentation

The Board of Directors approved these financial statements on April 6, 2018.

The Company's financial statements have been prepared according to Brazilian accounting practices. They are based on the Brazilian Corporate Law, as well as Pronouncements, Interpretations and Guidelines issued by the Committee of Accounting Pronouncements (CPC) and standards of the Brazilian Federal Accounting Council (CFC).

Financial reporting requires the use of estimates to account for certain assets, liabilities, and other transactions. Thus, the financial statements include several estimates, among them the ones referring to the determination of useful lives of property, plant and equipment, necessary provision for contingent liabilities, determination of provisions for income tax and the alike. Actual results may vary from the mentioned estimates.

3. New rules, amendments and interpretation of standards issued by IASB and CPC

The following standards were published and will be mandatory for the following accounting years, or in other words, starting from January 1, 2018. There was no anticipated adoption of those standards by the Company.

Standard	IFRS 9 - Financial Instruments (NBC TG 48/CPC 48)
Enactment	January 1, 2018
Main points introduced by the standard:	One of the main changes refers to the situations where the fair value of financial liabilities must be divided so that the fair value portion corresponding to the entity's credit risk can be recognized in "Other comprehensive income" and not in the statement of income. Another major change refers to the impairment of financial assets, as for example the allowance for doubtful accounts, where the model of "incurred loss" is replaced with the model of "expected loss."
Effects of the adoption	Management evaluated the changes introduced by the standard and concluded that there will be possible effects in relation to expected losses (accounts receivable), not in monetary terms (non-significant amount), but in relation to internal procedures. The main effects relate to the classification of financial assets. Seeing that IFRS 9 changed the classification categories of financial assets, eliminating the ones of assets held until maturity, loans and receivable and available for sale, the financial assets will be classified into one of the following categories: at amortized cost (cash and cash equivalents, trade accounts receivable, other assets and securities, for the investment in agricultural debt securities), at fair value in the statement of comprehensive income (other investment) or, at fair value through profit or loss (derivative financial instruments, call options of shares and other securities). Besides, some aspects relating the presentation and disclosure of financial instruments in the financial statements have to be changed to reflect the new concepts introduced by IFRS 9.

(In thousands of Brazilian reais, except if otherwise indicated)

Standard	IFRS 15 – Revenue from agreements with customers (NBC TG 47/CPC 47)
Enactment	January 1, 2018
Main points introduced by the standard:	This new standard introduces the principles an entity must apply to measure revenue and the moment when it must be booked. Revenue has to be recognized by taking into account the five criteria below, which must be cumulatively met: (i) identification of the agreement; (ii) identification of performance obligations; (iii) determination of price; (iv) allocation of transaction price into each performance obligation category; and (v) recognition of revenue only when each performance obligation has been fulfilled.
Effects of the adoption	Management is in the process of evaluating the changes introduced by the new standard to check whether it will bring significant effects for the Company or in relation to the moment of recognition of revenue from agreements with customers, as well as their measurement, presentation and disclosure in the financial statements. The possible effects detected will be in relation to sales in the domestic market that include freight. However those operations represent less than 2.5% of revenue. Possible effects predicted are in the creation and/or change in procedures with the purpose of assuring that new agreements with customers are appropriately valuated and booked under the concepts of IFRS 15.

Standard	IFRS 16 - Leases (NBC TG 06 R2/CPC 06 R2)
Enactment	January 1, 2019
Main points introduced by the standard:	The standard will replace the previous one in relation to lease-purchase operations, IAS 17/CPC 06 (R1) – Lease-Purchase Operations, and related interpretations. It establishes the principles for recognition, measurement, presentation and disclosure of lease by both parties to an agreement, or in other words, the client (lessee) and the supplier (lessor). Lessee is required to recognize a lease liability reflecting future payments of the lease and a "right to use an asset" for most of the lease-purchase agreements, except for certain short-term ones and those relating to low value assets. As for the lessor, the accounting treatment remains basically the same, with classification as operating lease or lease-purchase agreement and the booking of those two types of lease agreements in different manners.
Effects of the adoption	The Company's evaluation of the effects of the new standard is underway. Our evaluation was conducted in various areas of the entity with the purpose of identifying existing lease agreements, as well as internal controls and systems affected by the adoption of the new standard. Seeing the Company currently does not have any agreements in the role of lessee, in principle, no effects will arise from the adoption of the new standard.

There are no other standards, amendment of rules or interpretations not yet in effect that the Company expects to have a significant effect due to their application to the financial statements.

4. Summary of main accounting practices

The main accounting practices adopted to prepare the financial statements are described below:

4.1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, high-liquidity short-term financial investments with insignificant risk of change in value, as well overdraft account limits used. The overdraft balance of accounts used is included under loans in liabilities and takes part of the balance of cash and cash equivalents for cash flows presentation purposes.

4.2. Financial instruments

a) Classification and measurement

The Company classifies its financial assets under the following categories: stated at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of financial assets at initial recognition.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are those kept for active and frequent trading. Derivatives are also classified as held for trading, unless they are classified as hedge instruments. Assets under that category are classified as current. Earnings or losses stemming from variation in the fair value of financial assets measured at fair value through profit or loss are carried in the statement of income under "financial income" within the period where they take place, unless the instrument has been contracted in connection with another operation. In that case, the variation is recognized in the same line of the income affected by the mentioned operation.

Loans and receivables

This category encompasses loans granted and receivables that are non-derivative financial assets, with fixed or determinable payments, not quoted in an active market. They are booked as current assets, except for those with maturities after 12 months from the balance sheet date (classified as noncurrent assets). The Company's loans and receivables comprise trade accounts receivable, other receivables and cash and cash equivalents, except for short-term financial investment. Loans and receivables are booked at amortized cost, under the effective interest method.

Assets held to maturity

They are financial assets that cannot be classified as loans or receivables for being traded in an active market. In that case, those financial assets are acquired with the intent and financial capacity to keep them in the portfolio until maturity. They are carried at purchase cost, plus yield earned, with a corresponding entry to the statement of income.

Financial assets available for sale

Financial assets available for sale are non-derivative ones classified under this category or that cannot be classified in any other category. They are included in noncurrent assets, unless Management intends to dispose of the investment within up to 12 months from the balance sheet date. Financial assets available for sale are carried at fair value. The interest related to assets available for sale, calculated under the effective interest method, is recognized as financial revenue in the statement of income. The portion corresponding to the change in the fair value is entered against shareholders' equity, in the account of equity adjustment, and is realized against income during its settlement or due to impairment.

Fair value

The fair value of instruments publicly traded is based on current purchase prices. For financial assets not traded in an active market or with no public price, the Company establishes the fair value through valuation techniques. Such techniques include the comparison with recent operations contracted with third parties, reference to other similar instruments, analysis of discounted cash flows and pricing models of options that mostly use of information produced in the market and the least possible amount of information generated by the entity's management.

At balance sheet date, the Company evaluates if there is objective evidence that a financial asset or a group of financial assets is recorded at an amount above its recoverable value (impairment). If there is such evidence for financial assets available for sale, the cumulative loss - measured as the difference between the purchase cost and the current fair vale, less any impairment of that financial asset previously recognized in the statement of income - is transferred from shareholders' equity to the statement of income.

b) Derivatives

At first, derivative financial instruments are recognized at fair value based on the date where a contract is executed and are subsequently re-measured at fair value. Variation in fair value is booked against income, except when the derivative instrument is classified as a cash flow hedge instrument.

Although the Company makes use of derivatives with the purpose of hedging, it does not apply the so-called hedge accounting.

The fair value of derivative instruments is stated in note 24.8.

4.3. Trade accounts receivable

Accounts receivable from customers are valued at first at present value, less allowance for doubtful accounts. Such allowance is established when an evidence exists that the Company will not be able to collect all amounts receivable according to the original maturities. The amount of the allowance is the difference between the book value and the recoverable one.

4.4. Inventories

Inventories are stated at the lower between cost and net realizable value. Cost is determined based on the Weighted Moving Average method. The cost of finished products and of work in process comprises raw material, direct labor, other related direct costs and general production expenses (based on a normal operating capacity), except for the cost of loans contracted. The net realizable amount is the estimated selling price in the normal course of business, less execution costs and selling expenses. The cost of inventories includes financial derivative instruments for protection of operations (hedge). Imports in progress are stated at the accumulated cost of each import.

4.5. Deferred income and social contribution taxes

Current and deferred income and social contribution taxes are calculated based on a rate of 15% for income tax, plus a surtax of 10% on taxable income exceeding R$240 thousand, and 9% on taxable income for social contribution tax. They consider the offset of tax losses and income and social contribution carryforwards, limited to 30% of annual taxable income.

Income and social contribution tax expenses comprise current and deferred amounts. Current and deferred values are recognized in the statement of income, unless they relate to a business combination, or are items directly recognizable in equity or in other comprehensive income.

Current tax corresponds to the expected tax payable or receivable relating the taxable income or loss of the year, at official rates approved or substantially approved at the date of presentation of the financial statements and any adjustment to the taxes payable referring previous years.

Expense with current income and social contribution taxes

The expense with current tax is the one payable or receivable calculated on taxable income or loss of the year and any adjustment regarding previous years. The amount of current taxes payable or receivable is recognized in the balance sheet as tax assets or liabilities, at the best estimate of expected value to be paid or received, reflecting the uncertainties related to its determination, if any. It is measured based on the tax rates enacted at balance sheet date.

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

Expense with deferred income and social contribution taxes

Deferred tax assets and liabilities are recognized in relation to temporary differences between book values of assets and liabilities for the purposes of the financial statements and the ones used for tax determination. Changes in deferred tax assets and liabilities along the year are recognized as deferred income and social contribution tax expense. Deferred tax is not recognized in relation to:

Temporary differences between the initial recognition of assets and liabilities in an operation that is not a business combination and that do not affect taxable income or loss or book result;

A deferred tax asset is recognized in relation to tax losses and deductible temporary differences not used, to the extent that it is probable that future taxable income will be available to be offset against. Deferred tax assets are reviewed at each balance sheet date and are reduced to the point where their realization is no longer probable.

Deferred tax assets and liabilities are measured based on the rates expected to be applied to temporary differences when they are reversed, at rates already enacted until balance sheet date.

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

4.6. Investment in controlled and associated companies

a) Equity value

Investment in controlled and associated companies is booked and valued under the equity method, and recognized in the statement of income as operating revenue (or expense). In relation to foreign exchange variation of investment in associated and controlled companies overseas, variation in value of current investment exclusively arising from exchange variation is booked under the account 'Equity valuation adjustment,' in the Company's equity, and only recorded in the statement of income when the investment is disposed of or written-off as a loss. For calculation of equity value, gains and transactions to be realized between the Company and its associated companies are eliminated to the extent of the ownership interests the Company holds; unrealized losses are also eliminated, unless the transaction provides evidence of permanent loss (impairment) of the asset transferred.

(In thousands of Brazilian reais, except if otherwise indicated)

Whenever necessary, the accounting practices of controlled and associated companies are changed to assure consistency with the practices the Company adopts.

4.7. Functional currency

The individual financial statements are presented in Brazilian reais, the Company's functional currency. All balances were rounded off to the closest thousand, except if otherwise indicated.

4.8. Foreign currency

a) Operations in foreign currency

Operations in foreign currencies (different from the functional currency) are translated into the Company's functional currency based on the prevailing foreign exchange rates of the dates where the operations took place. At presentation date, assets and liabilities in foreign currencies are converted into the functional currency at the exchange rate in effect at those dates.

Exchange rate gains and losses arising from the translation at the end of the year of monetary assets and liabilities in currencies different from the functional one are recognized net in the statement of income as monetary and exchange variation.

As for non-monetary assets, exchange earnings and losses resulting from the translation at the end of the year are carried in shareholders' equity under equity adjustment.

The following exchange rates were used in the translation of operations in North American dollars (USD) into the functional currency of the Company – Brazilian reais (R$) - both at the Company and consolidated numbers:

	Average rate of the year		Actual rate	
	2017	2016	2017	2016
R$/USD	3.1931	3.4876	3.3077	3.2588

4.9. Noncurrent assets held for sale

Assets available for sale are classified as held for sale if it is highly probable that they will be recovered primarily through sale instead of continuous use.

According to CPC 31 - Noncurrent Assets Held for Sale and Discontinued Operations, assets or groups of assets held for sale, are measured at the lower between book value and fair value, less selling expenses. Impairment losses determined during initial classification as held for sale or distribution and subsequent measurement gains or losses are carried in the statement of income.

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

i.Property, plant and equipment

They comprise mainly plots of land, buildings and farms, stated at historical purchase cost.

Depreciation is calculated under the straight-line method at the rates mentioned in note 15. Plots of land and the lands of the farms are not depreciated.

The cost of charges relating loans contracted to finance the construction of fixed assets is capitalized along the period necessary to execute the work and prepare the assets for the intended use.

Repairs and maintenance are recognized against income during the period they are incurred. The cost of main renovations is included in the book value of assets when it is probable that future economic benefits exceeding the performance standard initially determined for the asset will flow to the Company. Main renovations are depreciated along the remaining useful life of the related asset.

ii. Intangible assets

a) Computer programs (software)

Expense with the purchase of software is measured at purchase cost and amortized under the straight-line method along its estimated useful life, at the rates demonstrated in note 16.

b) Use Rights - Concession

The Company, through its controlled company Corredor Logística e Infraestrutura S/A recognizes the lease of 1 of the 4 lots of Terminal de Grãos do Maranhão (TEGRAM) as an intangible asset, which is measured at acquisition cost, plus the amounts used in the terminal.

Amortization is calculated considering the useful life of each item, limited to the concession period.

iii. Impairment

Property, plant and equipment and intangible assets are periodically tested for impairment, or whenever events or changes in circumstances indicate that the book value may not be recoverable. When that is the case, the recoverable amount is calculated to check if there is loss. Impairment losses are recognized at the value that the carrying amount of assets exceeds the recoverable one, which is the higher between net selling price and use value of an asset.

For evaluation purposes, assets are grouped in the smallest group of assets for which identifiable cash flows exist separately.

4.10. Provisions

Provisions are recognized when the Company has a present obligation, legally established or not, as a result of past events and it is probable that funds will be necessary to settle it and a reliable estimate of the value can be made.

The Company recognizes a provision for onerous contracts when the benefits expected to be obtained from a contract are lower than inevitable costs to fulfill the obligations undertaken through it.

Provisions for restructuring procedures comprise fines for termination of lease-purchase agreements and payments associated with the termination of employees. They are recognized within the period where the Company is legally or implicitly compelled to make the payment. Costs relating to activities in progress of the Company are not accrued for in advance.

4.11. Loans

Loans and financing are initially recognized when the funds are received at fair value, net of transaction costs. Subsequently, loans contracted are presented at amortized cost, that is, added of charges and interest proportional to the time elapsed ('pro rata temporis').

(In thousands of Brazilian reais, except if otherwise indicated)

4.12. Current and noncurrent liabilities

They are stated at known or estimated values, plus corresponding charges and exchange and monetary variation incurred through balance sheet date, where applicable. When appropriate, current and noncurrent liabilities are recorded at present value, on a transaction basis, at interest rates that reflect the period, currency and risk of each transaction. A corresponding entry is recorded against the income accounts that originated the mentioned liabilities. The difference between the present value of a transaction and the face value of the liability is recognized against income along the contract term, based on the amortized cost and effective interest methods.

4.13. Revenue recognition

Revenue comprises the value of services provided and merchandize sold. The one from the sale of merchandize is recognized when significant risks and benefits from the ownership of the goods are transferred to the buyer. The Company adopts, therefore, the date the product is delivered to the buyer as criterion to recognize it. The revenue from the rendering of services is recognized based on the extent of execution of the service until balance sheet date, according to the percentage of total service to be performed, provided all related costs can be reliably measured.

Interest revenue is recognized proportionally to the time elapsed, taking into account the outstanding principal amount and the effective rate along the period until due date, when it is determined that the Company will recognize the revenue. Dividends are booked when the right of receiving the payment is established.

5. Consolidated financial statements

The consolidated financial statements include the statements of the company CANTAGALO GENERAL GRAINS S.A. and its controlled companies as follows:

		Ownership interests held (%)			
		Direct		Indirect	
	Country	2017	2016	2017	2016
CGG Trading S.A.	Brazil	56,87	56,87	-	-
Tropical Empreendimentos e Participações Ltda.	Brazil	100,0	100,0	-	-
Siqueira Empreendimentos e Participações Ltda.	Brazil	100,0	100,0	-	-
Corredor Logística e Infraestrutura S.A.	Brazil	-	-	56,87	56,87
CGG Trading B.V	Netherlands	-	-	56,87	56,87
CGG Trading Argentina S.A.	Argentina	-	-	56,87	56,87

Operations of controlled companies

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

Organized on September 20, 2012 and located in the city of São Paulo – State of SP, the companies have as purpose the farming of soy, corn, cotton and other cereals; production of certified seeds, production of certified seeds, plants and other forms of plant propagation; land preparation, farming and harvest services;

Production of fertilizers; sale of agricultural products in the domestic and foreign markets (import and export), in special grains and their byproducts, fertilizers, raw materials, their byproducts and pesticides; water transportation services; road transportation of cargo in general; cargo transportation services in general (logistics or as a carrier agent), intermediation of sea transportation services and as a port operator; warehousing services; warehouse logistics; transportation advising in general; organizing or holding ownership interests in other companies, associations or entities, whose business purposes are directly or indirectly linked to the agriculture and manufacturing industries; production and processing on its own or through third parties of agricultural products and their byproducts, fertilizers and related products, raw materials in general and pesticides, execution of lease agreements or rural partnerships, in addition to managing its own assets.

In 2016 and 2017, due to the financial limitations of the group, the companies decided to focus on lease activities in their farms.

We list below the main assets the companies hold:

- Siqueira: Farms Siqueira (Brasnorte - State of Mato Grosso) and Acreúna (Acreúna - State of Goiás);
- Tropical: Farms Tropical (Barra Grande do Ribeiro - State of Piauí) and Maria da Cruz (Pedras de Maria da Cruz - State of Mato Grosso).

b. CGG Trading S.A.

Organized on February 17, 2011 and located in São Paulo – State of São Paulo. It is engaged in the sale of agricultural products in domestic or foreign markets (import and export), directly or through ownership interests held in other enterprises, in special grains and their byproducts, fertilizers, raw materials, their byproducts and pesticides; water transportation services; road transportation of cargo in general; cargo transportation services in general (logistics or as a carrier agent), intermediation of sea transportation services and as a port operator; warehousing services; warehouse logistics; transportation advising in general; organizing or holding ownership interests in other companies, associations or entities accessory or instrumental to its business purpose; production and processing on its own or through third parties of agricultural products and their byproducts, fertilizers and related products, raw materials in general and pesticides, in addition to managing its own assets.

In addition, that controlled company has investment in the companies (i) CGG Trading BV, (ii) CGG Trading Argentina S.A. and (iii) Corridor Logística e Infraestrutura S.A.

(i) CGG Trading BV

A company located in Amsterdam, in the Netherlands, organized on July 28, 2011. It is engaged in the sale in foreign markets (import and export) of agricultural products, in particular all vegetable grains and their byproducts, raw materials for the textile industry and their byproducts, and livestock; organize or hold any type of ownership interests in other entities.

(ii) CGG Trading Argentina S.A.

A company located in Buenos Aires, Argentina, organized on May 28, 2012. It is engaged in the exploitation of agriculture, in all its stages, from seeding and/or planting to harvesting, packaging and/or division of products; import, export and storage on its own or through third parties of goods, merchandize, fruits and produce. The Company may execute manufacturing activities and processing of agricultural products, fertilizers and byproducts of raw materials in general and agricultural pesticides, in addition to buy, sell, export, import, represent and consign agricultural products, mainly cereals and oilseeds, grains and byproducts, agricultural inputs, seeds and grains, fertilizers, raw materials, agricultural products and pesticides. Besides, it may explore the activities of agent, representative or broker of agricultural producers.

(In thousands of Brazilian reais, except if otherwise indicated)

(iii) Corredor Logística e Infraestrutura S.A.

A company located in the city of São Paulo, state of São Paulo, organized on October 21, 2011. It is engaged in the provision of water transportation services; road transportation of cargo in general; cargo transportation in general (logistics or as a carrier agent); sea transportation intermediation and port operator services; warehousing services; warehouse logistics; transportation advising services in general; road and rail transshipment; storage of cereal and related products, cleaning before drying services, weighing, analysis and classification of grains; organizing or holding any type of ownership interests in other enterprises, associations or entities, whose business purposes are directly or indirectly related, accessory or instrumental to the entity's business purpose and the management of its own assets. That controlled company has an investment in Consórcio Tegram Itaqui.

Description of the main consolidation procedures:

- Elimination of balances of assets and liabilities between the consolidated companies;
- Elimination of ownership interests, reserves and accumulated losses of controlled companies;
- Elimination of the balances of revenues and expenses, as well as unrealized income arising from businesses between the companies. Unrealized losses are equally eliminated, but only when there is no evidence of recovery problems of the related assets;
- Elimination of taxation on the portion of unrealized income presented as deferred taxes in the consolidated statement of financial position;
- Separate identification of the value of interests held by minority shareholders in the consolidated financial statements;
- Allocation in a specific account of the fair value of assets and liabilities of companies purchased in the consolidated statement of financial position.

6. Cash and cash equivalents

	Company		Consolidated	
	2017	2016	2017	2016
Cash	6	13	10	40
Cash at banks	262	44	2,835	15,980
Short-term financial investment	2,852	2,629	15,896	27,368
Total	3,120	2,686	18,741	43,388

The Company and its controlled companies classify bank balances, financial investment with immediate liquidity and short-term financial investment maturing within up to 90 days (or less) starting from the contracting date as cash.

(In thousands of Brazilian reais, except if otherwise indicated)

Cash deposits correspond to checking account bank balances.

The balances of financial investment comprise fixed income securities remunerated mostly at 100% of the variation of the CDI-CETIP index (Certificate of interbank deposit), which has daily liquidity and possibility of immediate redemption, without fine or loss of yield.

7. Accounts receivable

	Company		Consolidated	
	2017	2016	2017	2016
Short-term accounts receivable	3,123	5,453	10,203	40,501
Allowance for doubtful accounts	(368)	(156)	(402)	(13,894)
Long-term accounts receivable	3,075	2,308	3,167	2,962
	5,830	7,605	12,968	29,569

The balances presented above are net of any provisions. The Company keeps a provision for receivables outstanding for more than 180 days and that are not in negotiation.

8. Merchandize receivable

	Company		Consolidated	
	2017	2016	2017	2016
Current assets	8,835	-	20,136	-
Noncurrent assets	31,555	23,770	73,495	61,442
Total	40,390	23,770	93,631	61,442

On July 20, 2016, the controlling company Cantagalo General Grains S.A. and its controlled company Siqueira Empreendimentos e Participações Ltda negotiated the sale of 17,934 hectares, from a total of 69.274 hectares of land the farm Fronteira, located in the municipality of Brasnorte – State of Mato Grosso. From that, 11,149 hectares are suitable for growing crops or available for agricultural exploitation and 6,785 hectares of reserve legally established. There was a down payment of R$17,000 thousand at execution of the agreement and plus 1,250,500 bags of soy of 60 kilograms each. Only for tax purposes, considering a rate of R$65 Brazilian reais per bag of soy at negotiation date, that corresponded to an amount of R$81,282 thousand, therefore, the sale totaled for tax purposes R$98,282 thousand.

(In thousands of Brazilian reais, except if otherwise indicated)

On December 18, 2017, the controlling company Cantagalo General Grains S.A. and its controlled company Siqueira Empreendimentos e Participações Ltda negotiated the sale of 6,196 hectares of land, from a total of 69,274 hectares of the farm Fronteira, located in the municipality of Brasnorte – state of Mato Grosso. From that, 3,681 hectares are suitable for growing crops or available to agricultural exploitation and 2,166 hectares destined to a reserve legally established, under the following conditions: total amount to be received: 816,444 bags of soy with 60 kilograms each, being the first installment 163,288 bags to be paid until February 28, 2018 and the remaining portion in annual installments of 93,307 bags on April 30 of the years from 2019 to 2025. Only for tax purposes, the total value of the agreement was set at R$42,000 thousand, or in other words, a price of R$51.44 per bag of soy.

Below there is a summary of the changes in the account along the year:

	2017	
	Company	Consolidated
Value of the sale for booking purposes	59,497	140,282
Amounts received	(10,273)	(26,555)
Adjustment to market value and at discounted at present accumulated value	(8,834)	(20,096)
Total	40,390	93,631

9. Inventories

	Company		Consolidated	
	2017	2016	2017	2016
Agricultural inputs	343	548	343	548
Consumption material	1,090	1,060	1,217	1,060
Total	1,433	1,608	1,560	4,466

10. Biological Assets

The biological assets of the Controlling Company comprise the farming of soy, cotton and corn.

The Company also has biological assets composed of cattle livestock. The animals classified in this group are destined for slaughtering to produce meat, whose life cycle is 3 years on average.

The costs incurred with farming correspond to expenses with seeds, agricultural inputs, depreciation, labor and services applied into planting.

For the period 2017/18, the Company decided not to plant in its own areas. The plots of land were leased for three years, with an option to the parties of not continuing the lease agreement in the two following harvests, therefore, the Company had no formation of biological assets for the following year. There was also the sale of the almost all the cattle livestock, remaining only a residual balance in stock.

(In thousands of Brazilian reais, except if otherwise indicated)

Basis for recognition of the fair value of biological assets

According to the standard CPC 29 - Biological Assets and Agricultural Products, the Company recognizes its biological assets at fair value under internal and external market assumptions and having as discount rate a percentage based on WACC.

The assumptions used in the determination of fair value are presented below for each type of biological asset:

	Company and consolidated					
	Soy	Cotton	Corn	Cattle	Total current amount	Total noncurrent amount
Balance as at December 31, 2015	44,917	2,653	3,506	2,575	53,651	4,989
Expenses with planting or cattle raising	21,657	21,619	18,944	3,152	65,372	16
Amortization of expenses with planting or cattle raising	(64,164)	(24,272)	(22,358)	(3,907)	(114,680)	(36)
Reversal of fair value	(2,410)	-	(8)	(135)	(2,574)	(2,454)
Change in fair value	-	-	-	(42)	(42)	2,235
Balance as at December 31, 2016	-	-	84	1,643	1,727	4,750
Expenses with planting or cattle raising	-	-	-	397	397	-
Amortization of expenses with planting or cattle raising	-	-	(84)	-	(84)	(12)
Write-offs	-	-	-	(2,024)	(2,024)	(2,502)
Reversal of fair value	-	-	-	42	42	(2,235)
Change in fair value	-	-	-	3	3	-
Balance as at December 31, 2017	-	-	-	61	61	-

11. Recoverable taxes

	Company		Consolidated	
	2017	2016	2017	2016
Recoverable Contribution for Social Security Funding (COFINS)	4,350	3,220	33,183	32,495
IVA technical credit value	-	-	8,421	8,926
Recoverable State VAT (ICMS)	4,983	2,506	10,480	8,070
Recoverable Contribution for the Social Integration Program (PIS)	1,045	673	7,359	7,036
Refund of IVA Exportación receivable	-	-	3,060	7,097
Other recoverable taxes	546	139	7,167	10,116
Provision for GST loss	-		(4,032)	(3,972)
Total current amount	10,924	6,538	65,638	69,768
Recoverable Contribution for Social Security Funding (COFINS)	556	1,782	556	40,382
Recoverable State VAT (ICMS)	10		10	
Recoverable Contribution for the Social Integration Program (PIS)	140	325	140	8,999
Provision for PIS and COFINS loss	-	-	-	(9,975)
Total noncurrent amount	706	2,107	706	39,406

(In thousands of Brazilian reais, except if otherwise indicated)

In July 2017, US$36,193 of PIS and COFINS credit was received from the Brazilian Internal Revenue Service relating operations with specific export purposes. Such amount represents 50% of that type of credit. According to article 24 of law 11.457/2017, the Company expects to receive US$36,193 thousand along 2018 of PIS and COFINS credit, which corresponds to the other 50% (with no monetary adjustment) from operations with specific export purposes.

12. Related-party transactions

12.1. Operations and balances

	Company		Consolidated	
Related Parties – Current Assets	2017	2016	2017	2016
GFN Agricola e Participações S.A (Prepayment to the farm Fronteira) (a)	22,920	30,950	22,920	30,950
Fronteira Com Cereais e Rep. Prod. Agrop. Ltda (b)	-	-	-	(685)
Coteminas (e)	4,796	-	14,899	83,766
CGG Trading S.A.	9	616	-	-
Total Current Assets	27,725	31,566	37,819	114,031
Noncurrent Assets				
GFN Agrícola e Participações S.A (a)	1,668	4,187	1,668	4,187
Consórcio Tegram	-	-	415	-
Coteminas	-	-	42,377	14,393
Total Noncurrent Assets	1,668	4,187	44,460	18,580
Total Assets	29,393	35,753	82,279	132,611

Related Parties – Current Liabilities	2017	2016	2017	2016
Fronteira Com Cereais e Rep ProdAgropLtda (b)	684	684	684	-
CGG Trading BV (d)	-	5,440	-	-
CGG Trading S.A (d)	1,047	4,222	-	-
Corredor Logística Integrado	197	226	-	-
Sojitz S/A	-	-	17,316	16,485
Valor Grains LLC	-	3,302	-	3,302
Tropical Empreendimentos e Participações Ltda	92,459	47,596	-	-
Siqueira Empreendimentos e Participações Ltda	-	16,804	-	-
Total Current Liabilities	94,387	78,274	18,000	19,787
Noncurrent Liabilities				
CGG Trading BV (d)	175,194	159,535	-	-
Valor Grains LLC	3,515	-	3,515	-
Siqueira Empreendimentos e Participações Ltda	16,555	-	-	-
Total Noncurrent Liabilities	195,264	159,535	3,515	-
Total Liabilities	289,651	237,809	21,515	19,787

	Company	
Related-party transactions	2017	2016
Sales		
CGG Trading BV	-	50,810
	-	50,810
Interest loss		
CGG Trading BV	7,501	8,770
	7.501	8.770

a) Sale Agreement of the farm Fronteira

On February 11, 2011, the Company purchased the farm Fronteira from the company GFN Agrícola e Participações S.A. with short and long-term financial obligations. Until December 31, 2017, transfers of cash were made, as prepayments, with interest of 12% p.a. controlled in dollars, which correspond to R$37,378 (R$35,137 in 2016) to be amortized against merchandize to be delivered, according to Note 19.

b) Joint Venture Partnership

On February 11, 2011, the Company executed a joint venture partnership agreement with Fronteira - Comércio de Cereais e Representação de Produtos Agropecuários Ltda., whose purpose is purchasing agricultural products for subsequent export. In the role of silent partner, the Company transferred to the other partner the funds for purchase of agricultural products. Such funds have been refunded according to the realization of sales in the foreign market.

c) Selling operations

The investee Belarina S.A. has business relations with companies of the Group referring the purchase and sale of wheat.

d) Agreement of supply of agricultural products

As part of its business practices, the Company has been executing supply and prepayment agreements with the controlled company CGG Trading B.V., for future delivery of its the estimated production. The contracted amounts are based on fixed selling prices of the product and volume until delivery.

The price, when fixed, is determined following a contractual formula based on the price of the agricultural product in the Chicago Board of Trade ("CBOT") or in the New York Board of Trade ("ICE"), depending on the product. The price set in dollars is paid at the end of the commitment period in Brazilian reais, considering the foreign exchange rates defined in the agreement.

Agreement provisions force the Company to pay fine in the event the volumes agreed upon are not delivered.

The balances of prepayments to CGG Trading S.A. and CFF Trading BV are booked in dollars and added of 8% interest p.a. until December 31, 2015. At that date, the parties decided to change future interest rates to 3.5% p.a., as well as extend the debt payment to 2022.

(In thousands of Brazilian reais, except if otherwise indicated)

e) Coteminas

On October 28, 2016, the company Tropical Empreendimentos e Participações Ltda sold 26,940 hectares of land, from a total of 50,000 hectares in the farm Tropical, located in the municipality of Baixa Grande do Ribeiro – State of Piauí to Companhia de Tecidos Norte de Minas-Coteminas for US$44,850 thousand (forty four million, eight hundred and fifty thousand American dollars). That converted by PTAX rate USD = 3,2091 BRL, corresponded to an amount of R$143,928 thousand (One hundred and forty three million, nine hundred and twenty-eight thousand Brazilian reais). Along the years 2016 and 2017, an amount of R$86,652 thousand was received, remaining a residual balance to receivable of R$57,276 thousand, R$14,899 thousand recognized in current assets and R$42,377 thousand in noncurrent assets. The amounts received from the sale were transferred to Cantagalo, which centralizes the management of the cash of the subsidiary companies to optimize the financial synergy of the group.

13. Property, plant and equipment available for sale

In December 2017, the controlled company CGG Trading S.A. committed to a plan of selling assets that will not be used according to the its business plan, currently focused on the market of organic produce and non-genetically modified commodities. The efforts to sell those assets already began and that may take place within a period of one year.

	Consolidated
	2017
Farms (a)	43,864
Plots of land (b)	852
Buildings (b)	14,503
Machinery and equipment (b)	7,231
Impairment (c)	(35,502)
Foreign exchange variation	(1,263)
Total	29,985

a) Farm Sambaiba

It was received as payment in kind from the customer Airton Jose Pray Oro and booked at the value of credit, as stated in paragraph 1, article 12 of law 9.430/96.

b) Warehouse Mundo Novo

Transfer of fixed assets at net value.

(In thousands of Brazilian reais, except if otherwise indicated)

c) Impairment

A provision of R$ 35,202 thousand was recognized, from which R$29,216 thousand to reduce the recoverable value of the Farm Sambaiba to its recoverable amount and R$5,986 thousand to reduce the value of warehouse Mundo Novo also to its recoverable amount. They were based on an appraisal work of independent firms and a purchase intent letter executed between the parties.

14. Investment in controlled companies

14.1. Information on investment

	Company		Consolidated	
	2017	2016	2017	2016
Ownership interests held in controlled companies	432,769	398,014	-	-
Provision for investment losses	(75,937)	-	-	-
Other investment	4	4	98	59
Total	356,836	398,018	98	59

(In thousands of Brazilian reais, except if otherwise indicated)

14.2. Change in investment

	CGG Trading S.A.	Tropical Empr. e Part. Ltda	Siqueira Empr. e Part. Ltda	Total
Shareholders' equity as at December 31, 2015	283,785	126,065	240,491	650,341
Percentage of ownership interest held	56.87%	100%	100%	
Change in the interests held in controlled companies	(47,731)	-	-	(47,731)
Asset and liability valuation adjustment	18,730	-	-	18,730
Equity adjustment	(273,292)	33,325	16,641	(223,326)
Balance of investment / (provision for losses with investment)	(18,508)	159,390	257,132	398,014
Percentage of ownership interest held	56.87%	100%	100%	
Change in the interests held in controlled companies	2,719	-	-	2,719
Asset and liability valuation adjustment	(5,627)	-	-	(5,627)
Equity adjustment	(54,521)	11,921	4,326	(38,274)
Balance of investment / (provision for losses with investment)	(75,937)	171,311	261,458	356,832

(In thousands of Brazilian reais, except if otherwise indicated)

	Interests held	Current assets	Noncurrent assets	Total assets	Current liabilities	Noncurrent liabilities	Total liabilities	Net assets	Revenue	Expenses	Income/ loss
2016											
CGG Trading S.A.	56.87%	122,417	348,298	470,715	458,625	30,588	489,213	(18,498)	1,459,728	(1,733,020)	(273,292)
Tropical Empr. e Part. Ltda	100%	131,365	40,818	172,183	12,794	-	12,794	159,389	144,436	(111,111)	33,325
Siqueira Empr. e Part. Ltda	100%	16,804	240,355	257,159	28	-	28	257,131	63,043	(46,402)	16,641
		270,586	629,471	900,057	471,447	30,588	502,035	389,022	1,667,207	(1,890,533)	(223,326)
2017											
CGG Trading S.A.	56.87%	166,654	318,909	485,563	200,752	360,749	561,501	(75,938)	87,357	(141,878)	(54,521)
Tropical Empr. e Part. Ltda	100%	102,563	68,747	171,310	-	-	-	171,310	-	11,921	11,921
Siqueira Empr. e Part. Ltda	100%	11,302	250,156	261,458	-	-	-	261,458	-	4,326	4,326
		280,519	637,182	918,331	200,752	360,749	561,501	356,830	87,357	(125,631)	(38,724)

(In thousands of Brazilian reais, except if otherwise indicated)

15. Property, plant and equipment

Consolidated

	Plots of land	Buildings and Improvements	Machinery and equipment	Vehicles	Aircrafts	Facilities	Furniture and fixtures	Pasture	Assets in construction	Total
Balance as at December 31, 2015	276,589	20,384	45,515	4,619	900	2,963	1,913	382	28,887	382,151
Purchases	19,941	380	322	407	-	-	24	-	1,506	22,580
Write-offs	(156,527)	(7,669)	(5,175)	(705)	-	-	(39)	-	(12,468)	(182,583)
Transferences	-	211	-	-	-	-	-	-	(211)	-
Transference of noncurrent assets held for sale	83,468	7,602	5,725	-	-	-	-	-	1,010	97,806
Depreciation along the year	-	(792)	(7,493)	(956)	(81)	(267)	(114)	-	-	(9,703)
Functional currency adjustment	(1,240)	(5,289)	(1,322)	23	-	(475)	(632)	-	157	(8,778)
Balance as at December 31, 2016	222,231	14,827	37,572	3,388	819	2,221	1,152	382	18,881	301,473
Purchases	2,190	-	44	34	-	-	102	-	4	2,374
Write-off of the fair value of the farm Fronteira	3,235	-	-	-	-	-	-	-	-	3,235
Write-offs	(22,024)	-	(12,657)	(308)	(781)	-	(440)	-	(812)	(37,022)
Transference to assets of noncurrent assets held for sale	(504)	(14,851)	-	-	-	-	(615)	-	-	(15,970)
Depreciation along the year	-	(1,160)	(5,489)	(723)	(38)	(282)	(408)	-	(48)	(8,148)
Functional currency adjustment	4,280	11,448	(604)	(154)	-	(144)	1,275	(157)	(10,167)	5,778
Balance as at December 31, 2017	209,408	10,264	18,866	2,237	-	1,795	1,066	225	7,858	251,719

(In thousands of Brazilian reais, except if otherwise indicated)

Property, plant and equipment are depreciated starting the date they are installed and are available for use. In relation to assets internally built, depreciation starts on the day the building is finished and the asset is available to be used.

The estimated useful lives of new items for the current year are the following:

Vehicles	5 years
Aircrafts	14 years
Furniture and fixtures	10 years
Computers and peripherals	5 years
Machinery and equipment	10 years
Facilities	10 years
Buildings	25 years

In the event second-hand item are acquired, the remaining useful lives of the assets are used to estimate the depreciation.

16. Intangible assets

	Company	
	Software and Licenses	Total
Balance as at December 31, 2015	1,839	1,839
Amortization along the year	(820)	(820)
Balance as at December 31, 2016	1,019	1,019
Amortization along the year	(698)	(698)
Balance as at December 31, 2017	321	321

	Consolidated		
	TEGRAM Porto de Itaqui(i)	Software and Licenses	Total
Balance as at December 31, 2015	234,649	2,818	237,467
Additions	199	10	209
Write-offs	(607)	-	(607)
Amortization along the year	(10,872)	(965)	(11,837)
Functional currency adjustment	(38,063)	(154)	(38,217)
Balance as at December 31, 2016	185,306	1,709	187,015
Additions	1,802	40	1,842
Write-offs	(2)	-	(2)
Transferences	1,085	(470)	615
Amortization along the year	(11,281)	(824)	(12,105)
Functional currency adjustment		135	135
Balance as at December 31, 2017	176,910	590	177,500

(In thousands of Brazilian reais, except if otherwise indicated)

(i) The Company took part in competitive bidding to lease, for 25 years renewable for more 25 years, 4 grain terminal lots of Terminal de Grãos do Maranhão (TEGRAM). One lot was awarded, whose agreement was executed on February 2, 2012. TEGRAM will allow to the Company to obtain competitive advantage in the logistics of grains in the North, Northeast and North of the Mid-west regions. The agreement signed has the main following clauses:

a. The lease of LOT III of Terminal de Grãos do Maranhão - TEGRAM of the Port of Itaqui - State of Maranhão, involves investment to build, manage, operate and maintain of harbor facilities, aiming the storage of grains in bulk for export.
b. LOT III has an individual area of 22,550 m² and an equal participation in a common use area of 29,814 m² and in the reception and shipping systems area of 41,894 m².

17. Deferred taxes

17.1. Estimated realization period

Deferred taxes associated with tax losses, income and social contribution carryforwards and temporary differences were booked.

During analysis, for the purpose of determining the portion to be booked, the Company's Management and its controlled companies used projections of results for the next years and evaluated the actual capacity of realization of such receivables, based on the estimate of future taxable income.

The future perspectives of sales and projections of results are derived from forecasts supported by expectations of the Management, therefore, depend on variables in the domestic and foreign markets, being subject to changes. Those numbers are booked in noncurrent assets. The amounts are stated below:

	Company		Consolidated	
Type of deferred tax Assets	2017	2016	2017	2016
Tax loss				
Income and Social Contribution Tax loss carryforwards (a)	221,816	183,848	389,166	192,577
Deferred income tax not yet recognized*	(139,131)	(82,897)	(281,856)	(106,668)
Adjustments:				
Adjustment to market value – outstanding agreements / inventories and others	3,391	(2,262)	10,976	20,220
Biological assets	744	957	744	957
Income tax of CGG Argentina	-	-	15,176	14,952
Income tax of Corredor	-	-	1,794	1,967
Temporary Differences:				
Unrealized foreign exchange loss	1,699	(12,774)	1,699	(12,774)
Sundry provisions	(438)	1,209	65,078	91,699
Net noncurrent deferred taxes	88,081	88,081	202,757	202,930
Total deferred tax assets	88,081	88,081	202,757	202,930

(In thousands of Brazilian reais, except if otherwise indicated)

17.2. Estimated realization periods

The amount of assets, net of deferred tax liabilities, present the following expectation of realization:

Year	Company	Consolidated
2018	-	48,944
2019	139	10,667
2020	2,936	20,334
2021	9,718	28,836
2022	9,047	27,735
2023	11,875	11,875
2024	21,792	21,792
2025 to 2027	32,574	32,574
	88,081	202,757

Besides that deferred tax asset, the Company presents in the tax records an un-booked amount of R$139,131 to offset with future taxable income, for not being possible to state that its realization is considered probable.

As the base of taxation of income and social contribution taxes is associated not only with the income that may be generated, but also with the existence of non-taxable income, non-deductible expenses, tax incentives and other variables, an immediate correlation does not exist between the Company's net income and the income and social contribution tax results. Therefore, the expectation of the use of tax credit should not be taken as the only indication of the Company's future results.

17.3. Reconciliation income and social contribution tax benefit (expense)

The reconciliation between income and social contribution tax expense at the nominal rate and at the effective one is demonstrated below:

	Company		Consolidated	
	2017	2016	2017	2016
Reconciliation of the effective rate				
Book (loss) before income and social contribution taxes	(97,154)	(260,037)	(138,012)	(486,308)
Positive (negative) result of the application of equity method	38,274	223,326	(14)	-
Effects of the exchange variation of a subsidiary company	-	-	-	-
Effects of hedge accounting	-	-	-	-
Adjusted book loss	(58,880)	(36,711)	(138,026)	(486,308)
Combined rate	34%	34%	34%	34%
Income and social contribution taxes at combined rate	20,019	12,481	46,929	165,344
Permanent (Additions)/Exclusions				
Translation	-	-	9,821	(27,188)
Other (provisions) / reversal of provisions	(5,536)	-	(29,152)	-
Gross value	14,483	12,481	27,598	138,156
Effective rate	25%	34%	20%	28%
(-) Accrual for deferred income tax	(11,217)	(82,897)	(24,822)	(189,565)
Net value	3,266	(70,416)	2,776	(51,409)

(In thousands of Brazilian reais, except if otherwise indicated)

18. Trade accounts payable

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

	Company		Consolidated	
	2017	2016	2017	2016
Agricultural products and inputs (i)	13,171	14,235	26,636	55,201
Freight (ii)	-	76	9,657	461
Other	2,287	6,565	18,827	23,774
Total	15,458	20,876	55,120	79,436

(i) The balance represents the recognition of obligations with suppliers, mainly relating to the volume received from purchases made with producers of agricultural products;

(ii) Freight agreements are an integral and important part of the Company's business, and have been contracted and are booked in this account chiefly to recognize the obligation of payment of reservation of space to guarantee the future transportation of agricultural products.

19. Merchandize to be delivered to related parties

The balance in this account refers to the obligation in the long-term arising from the purchase of the farm Fronteira, as follows:

	Company and consolidated	
	2017	2016
Current liabilities	123,234	81,407
Noncurrent liabilities	73,266	104,523
Total	196,500	185,930

On February 11, 2011, the Company purchased the farm Fronteira with 69 thousand hectares in the municipality of Brasnorte – State of Mato Grosso, for R$239,911 thousand, under the following payment conditions:

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

(b) Payment in cash of the 1st installment of R$25,213 thousand in May 2011, corresponding to 651,173.80 bags of soy;

(c) Prepayment in cash of an amount of R$2,125 thousand from the installment of August 2011;

(d) Annual payment through physical delivery of 651,173.80 bags of soy, starting from February 2012, with final maturity in 2020. The balance is subject to calculation of present value for the installments payable. The discounted value of the debt from the purchase of the farm Fronteira was calculated by the number of bags of soy to be paid per year multiplied by its future price of the harvest of following calendar year, reaching, therefore, the future value of each payment. The future value was brought to present value by the interpolation of the future DI vs. IGPM interest curve to obtain the interest rate in actual terms to be discounted in a base calendar of 252 days. Therefore, each future value of payment is discounted at the discount rates obtained through the calculation of the interest curve and the amount of business days until each due date.

(In thousands of Brazilian reais, except if otherwise indicated)

Below is a summary of the changes in the account along the year:

	Value (R$)
Balance as at December 31, 2015	178,866
Payments	-
Change in market prices	7,064
Balance as at December 31, 2016	185,930
Payments (a)	-
Change in market prices	10,570
Balance as at December 31, 2017	196,500

The corresponding entry of the initial adjustment to present value was made against property, plant and equipment, whereas fair value was recognized against financial income.

The effect of the adjustment of fair value, despite passing through the statement of income, will only have effect to the Company's cash at due date and settlement of future installments.

Considering that the sellers did not comply with some of the clauses of the purchase agreement executed on February 11, 2011 governing the purchase of the farm Fronteira, the payment of the installment at the net value of R$34,293 - the total value of the installment of R$40,737 less the amounts of related parties corresponding to R$6,445 maturing on March 10, 2017 as commented in note 12 - was suspended until fulfillment of the clauses of the agreement.

20. Loans and financing

Company

	Interest rates (%)	2017	2016
Domestic			
Assumption of debt	7.96%	7,703	9,419
Bank credit note	4.40%	88	216
Finame	4.89%	1,458	2,808
Financiamento do Nordeste	3.42%	48,712	52,934
Financiamento do Centro-oeste	8.44%	3,871	4,458
Foreign currency			
Advance on exchange contracts	8.04%	94,969	140,013
Bank credit note	6.14%	11,569	12,616
Bank credit note	7.8%	33,192	-
Pre-Export	4.73%	66,655	65,262
		268,217	287,726
Current liabilities		194,644	230,954
Noncurrent liabilities		73,573	56,772
		268,217	287,726

(In thousands of Brazilian reais, except if otherwise indicated)

The maturities and amounts of noncurrent liabilities are as follows:

Year	2017	2016
2017	-	171
2018	-	15,007
2019	370	8,222
2020	-	5,977
2021	26,492	5,917
2022	1,313	5,390
2023	-	5,365
2024	-	5,363
2025	45,398	5,360
	73,573	56,772

The following assets valuated in Brazilian reais were offered as guarantee of financing:

(a) Plots of land

Land belonging to the associated company Tropical Empreendimentos e Participações Ltda and Siqueira Empreendimentos e Participações Ltda, which comprise the following farms:

Fazenda dos Gaúchos (State of Piauí) with 4,392.66 hectares, Chapadão (State of Mato Gross) with 11,409,39 hectares, Fazendas Reunidas Lisot (State of Mato Grosso) with 16,557,65 hectares, Siqueira (State of Mato Grosso) with 13,366,59 hectares.

An independent firm appraised the farms referred to above at approximately R$472 million of Brazilian reais.

(b) Machinery and equipment

Machinery and electrical and mechanical equipment appraised at R$5,207 thousand belonging to Cantagalo General Grains S/A, which are located in the real property of the farm Fronteira located in the municipality of Brasnorte (State of Mato Grosso).

Machinery and electrical and mechanical equipment appraised at R$18,465 thousand belonging to Cantagalo General Grains S/A, which are located in the real property of Fazenda dos Gaúchos located in the municipality of Baixa Grande do Ribeiro (State of Piauí).

(In thousands of Brazilian reais, except if otherwise indicated)

(c) Vehicles

Vehicles belonging to Cantagalo General Grains S/A, appraised at R$959 thousand.

Consolidated

	Interest rates (%)	2017	2016
Domestic			
Assumption of debt	7.96	7,703	9,419
Bank credit note	4.40	88	216
Finame	4.89	1,458	2,808
Financiamento do Nordeste	3.42	48,712	52,934
Financiamento do Centro-oeste	8.44	3,871	4,458
Commercial Credit Note	3.53	54,500	61,044
Foreign currency			
Advance on exchange contracts	8.04	94,969	140,013
Bank credit note	6.14%	11,569	12,616
Bank credit note	7.8%	33,192	-
Pre-Export	4.73%	66,655	65,262
Advance on exchange contracts	5%	63,766	160,587
Advance on exchange contracts	4.21%	85,438	-
Prepayment of exports	4.21%	424,139	396,202
Short-term lines	4.30%	22,845	35,778
		918,905	941,337
Current liabilities		288,317	830,779
Noncurrent liabilities		630,588	110,558
		918,905	941,337

The maturities and amounts of noncurrent liabilities are as follows:

Year	2017	2016
2017	-	171
2018	-	22,333
2019	7,160	14,860
2020	471,824	12,615
2021	44,390	12,555
2022	19,210	12,028
2023	17,898	12,003
2024	17,898	11,998
2025	52,208	11,995
	630,588	110,558

The following assets valuated in Brazilian reais were offered as guarantee of financing:

(a) Plots of land

Land belonging to the associated company Tropical Empreendimentos e Participações Ltda and Siqueira Empreendimentos e Participações Ltda, which comprise the following farms:

Cantagalo (State of Mato Grosso) with 22,075,93 hectares, Serra Grande (State of Piauí) with 3,945,75 hectares, Fazenda dos Gaúchos (State of Pìauí) with 4,392.66 hectares, Chapadão (State of Mato Grosso) with 11,409.39 hectares, Fazendas Reunidas Lisot (State of Mato Grosso) with 16,557.65 hectares, Siqueira (MT) with 13,366.59 hectares.

An independent firm appraised the farms at approximately R$610 million of Brazilian reais.

(b) Buildings

Suites 111 to 114, located on the 11th floor of the building Cidade Jardim Corporate Center appraised at R$8,259,998 and the warehouse Mundo Novo, located in the municipality of Brasnorte/State of Mato Grosso, appraised as described in note 13, both belonging to the controlling company CGG Trading S.A.

(c) Ordinary shares

Secured fiduciary sale of 114,302,318 ordinary shares, at the unit value of R$1.42, considering the R$162,045 thousand capital stock of the company Corridor Logística e Infraestrutura S/A.

(d) Machinery and equipment

Machinery and electronic and mechanical equipment belonging to the company Corridor Logística e Infraestrutura S/A. They are installed in lot III of Terminal de Grãos (TEGRAM) of Itaqui port and are valued at R$14,378 thousand.

Machinery and electrical and mechanical equipment appraised at R$5,207 thousand belonging to Cantagalo General Grains S/A, which are located in the real property of the farm Fronteira located in the municipality of Brasnorte (State of Mato Grosso).

Machinery and electrical and mechanical equipment appraised at R$18,465 thousand belonging to Cantagalo General Grains S/A, which are located in the real property of Fazenda dos Gaúchos located in the municipality of Baixa Grande do Ribeiro (State of Piauí).

(e) Vehicles

Vehicles belonging to Cantagalo General Grains S/A, appraised at R$959 thousand.

(In thousands of Brazilian reais, except if otherwise indicated)

21. Employees' pay, taxes and other accounts payable

At the dates of the financial statements, the Company and its associated companies presented the following balances payable:

	Company		Consolidated	
	2017	2016	2017	2016
Other accounts payable				
Take or pay agreements (a)	-	-	34,881	99,086
Restructuring of financial services	-	-	5,822	8,799
Procedures in arbitration	-	-	1,958	1,929
Sales contingencies	-	-	1,888	2,894
Termination agreements	-	-	214	3,197
Payment of fees to CFTC	-	-	-	1,027
Sundry amounts	106	207	106	1,115
Employees' pay and related charges				
Salaries and related charges	632	1,150	2,960	7,243
Taxes payable				
Federal, state and municipal ones	1,270	90	2,866	3,301
Total current liabilities	2,008	1,447	50,695	141,487
Other accounts payable				
Take or pay agreements (a)	-	-	74,827	-
Sundry amounts	371	-	371	-
Total noncurrent liabilities	371	-	75,198	-

(a) Take or pay agreements

Agreements that establish the rendering of grain transportation services with a minimum volume to be moved. If the subsidiary company CGG Trading S.A. does not meet the volume, that gives to the provider the right of collecting the mentioned volume. Part of this provision was transferred to the long-term because the Company is challenging that amount in court.

22. Provision for tax risks

The Company presents the following liabilities related to contingencies:

	Company		Consolidated	
	2017	2016	2017	2016
Tax contingency – State VAT (ICMS)	1,771	1,976	4,267	4,472
Total	1,771	1,976	4,267	4,472

22.1. Types of provision for tax risks

The Company is involved in tax-related suits and has been discussing those matters both at administrative and court levels, supported by escrow deposits, where applicable. The provisions for possible losses stemming from those actions are estimated and adjusted by the Company's management, supported by the opinion of legal counselors.

(In thousands of Brazilian reais, except if otherwise indicated)

The types of contingencies are summarized below:

As for the Company, the controlled company Baixa Grande do Ribeiro – State of Piauí, has tax credit with stemming from the purchase of farming inputs, whose production is mostly destined for export. The Company, based on an analysis of recovery of the credit, decided to accrue for 50% of the current Stave VAT (ICMS) in the State of Piauí, corresponding to R$1,771.

In consolidated numbers, the contingency refers to a notice or authorities that the branch CGG de Rio Verde would not have exported, within the required time limit, 1,422,421 kg of corn in grains associated with what ICMS rules require with legally established additions (fine and interest) of R$2,496.

22.2. Changes in provisions for tax risks

	Company	Consolidated
Balances as at December 31, 2016	1,976	4,472
Additions	-	-
Reversal	(205)	(205)
Write-offs	-	-
Adjustment	-	-
Balances as at December 31, 2017	1,771	4,267

22.3. Possible losses not accrued for in the statement of financial position

The Company is a party to civil actions and labor complaints involving risk of loss the Company's Management and legal counselors rated as possible, for which no provision was recognized. Their breakdown is as follows:

	2017	2016
Labor complaints	33	33
Civil actions (*)	142,108	-
	142,141	33

(*) refer to two actions of related parties, the first one corresponding to R$36,553 thousand, whose escrow fund was deposited at court before the payment period. The second of R$105,555 thousand refers to an action claiming an unpaid installment of the farm Fronteira, about which the Company understands that the conditions were not fulfilled and there should not be payment.

(In thousands of Brazilian reais, except if otherwise indicated)

23. Shareholders' equity

The subscribed and paid-in capital stock of the Company as of December 31, 2017 and 2016 amounts to R$366,418, divided into 114,943,677 nominative ordinary shares without par value, as follows:

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

23.1. Equity value adjustment

Include all differences arising from the translation of the financial statements of controlled companies in foreign currency.

23.2. Legal and income reserves

A legal reserve is recognized upon setting aside 5% of net income or remaining balance, limited to 20% of capital stock, which can only be used for capital increase or absorption of accumulated losses.

24. Financial instruments

24.1. Identification and valuation of financial instruments

The Company operates with various financial instruments, in special cash and cash equivalents, including short-term financial investment, trade accounts receivable, trade accounts payable and loans and financing.

In addition, it also operates with derivative financial instruments. They are valued according to their market value.

24.2. Cash and cash equivalents, short-term financial investment, accounts receivable, other current assets and accounts payable

The amounts booked are close to their realizable values.

24.3. Investment

They comprise, mainly, investment in closely-held associated companies, recorded under the equity method, where the Company has strategic interest. Considerations as of market value of the shares owned are not applicable.

24.4. Financing

The book value of loans and financing in Brazilian reais in the consolidated numbers has its rates linked to the variation of the CDI index and is close to market value. For other loans and financing, including those in foreign currency, the difference between book value and market value, determined under the discounted cash flow method is summarized below:

	2017	2017
	Equity value	Market value
Bank loans – in Brazilian reais	116,332	111,744
Bank loans – in American dollars	802,573	840,869

(*) For the amounts in USD, the market rate considered was Libor + 2%. For the amounts in Brazilian reais, the market rate considered was the CDI index.

24.5. Risk management policy

The Company follows risk management policies that guide transactions, which require diversification of operations and parties involved. According to their provisions, the nature and general position of financial risks is regularly monitored and managed to evaluate results and the financial effect to cash flows. Credit limits are also periodically reviewed, as well as the quality of the hedge of the other parties.

The Management Council established the Company's risk management policies. They provide the existence of a risk management committee. As stated in the policies, market risks are hedged when that is considered necessary to support the corporate strategy or when it is necessary to maintain a financial flexibility level.

The risk management committee assists the Financial Management to examine and review information relating risk administration, including significant policies, procedures and practices to be applied in managing risks.

As stated in the risk management policy, the Company manages some risks through the use of derivative instruments that usually prohibit speculative trading and short sale.

(In thousands of Brazilian reais, except if otherwise indicated)

24.6. Credit risk

The Company's sales policy considers the level of credit risk it is willing to run in the course of operations. The diversification of its receivables, judicious selection of customers, as well as the follow-up of financing periods of sales per business segment, in addition to individual limits, are procedures adopted to minimize possible problems of default related to accounts receivable.

24.7. Liquidity risk

Liquidity risk is the possibility of the Company having difficulty in fulfilling obligations associated with financial liabilities to be settled in cash or with other financial assets. The approach of the Company in managing liquidity is guaranteeing enough liquidity to fulfill obligations within due dates, under normal conditions and stress, without causing losses or risk of adversely affecting the Company's reputation.

The Company and its controlled companies work to align cash and generation of funds to fulfill their obligations within the periods agreed upon. To manage cash liquidity in domestic and foreign currency, rules for future expenditures and receiving of amounts are established, which the treasury area daily monitors.

Below are the maturities of financial liabilities according to their agreements, including payments of interest incurred and excluding the effect of negotiation of currencies at net position.

	Company				
Assets	Book value	1 year or less	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents	3,120	3,120	-	-	-
Accounts receivable	5,830	2,755	3.075	-	-
Inventories	1,433	1,433	-	-	-
Advances to suppliers	101	101	-	-	-
Related-party transactions	29,393	27,725	1.668	-	-
Merchandize receivable	40,390	8,835	7.032	20,908	3,615
Recoverable taxes	11,630	10,924	706		
Other receivables	108	108	-	-	-
Liabilities					
Loans and financing	(268,217)	(194,644)	(370)	(27,804)	(45,398)
Advances from customers	(532)	(532)	-	-	-
Trade accounts payable	(15,458)	(15,458)	-	-	-
Merchandize to be delivered to related parties	(196,500)	(123,234)	(36.651)	(36,615)	-
Related-party transactions	(289,651)	(94,387)	(195.264)	-	-
Employees' pay and related charges	(632)	(632)	-	-	-
Taxes payable	(1,270)	(1,270)	-	-	-
Other payables	(106)	(106)	-	-	-
Total	(680,376)	(375,262)	(219.804)	(43,511)	(41,783)

(In thousands of Brazilian reais, except if otherwise indicated)

	Consolidated				
Assets	Book value	1 year or less	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents	18,741	18,741	-	-	-
Derivatives	488	488	-	-	-
Accounts receivable	12,968	9,801	3,167	-	-
Inventories	1,560	1,560	-	-	-
Advances to suppliers	103,538	24,061	79,477	-	-
Related-party transactions	82,279	37,819	44,460	-	-
Merchandize receivable	93,631	20,136	13,841	41,522	18,132
Recoverable taxes	66,344	65,638	706	-	-
Other receivables	536	536	-	-	-
Noncurrent assets available for sale	29,985	29,985	-	-	-
Liabilities					
Loans and financing	(918,905)	(288,317)	(479,984)	(81,498)	(69,106)
Derivatives	(1,097)	(1,097)	-	-	-
Advances from customers	(1,806)	(1,806)	-	-	-
Trade accounts payable	(55,120)	(55,120)	-	-	-
Merchandize to be delivered to related parties	(196,500)	(123,234)	(36,633)	(36,633)	-
Related-party transactions	(21,515)	(18,000)	(3,515)	-	-
Employees' pay and related charges	(2,960)	(2,960)	-	-	-
Taxes payable	(2,866)	(2,866)	-	-	-
Other payables	(120,067)	(44,869)	(75,198)	-	-
Total	(910,766)	(329,504)	(453,679)	(76,609)	(50,974)

24.8. Market risk

a) Interest rate risk

This risk is due to the possibility of the Company incurring losses as a result of fluctuations in interest rates that increase financial expenses related to loans raised in the market.

The Company has been contracting derivatives to obtain hedge against that risk in some operations and, besides, monitors market interest rates on an ongoing basis with to evaluate the need of contracting new operations to get protected against the risk of volatility in those rates.

b) Foreign exchange rate risk

This risk is due to the possibility of the Company incurring losses caused by fluctuations in interest rates, what would increase or decrease funds raised in the market.

As reported in note 20, the Company has loan contracts in foreign currency, which are mostly fulfilled through export contracts. In complement to this natural hedge, the Company negotiates derivatives to reduce the exposure to the risk of change in exchange rates.

(In thousands of Brazilian reais, except if otherwise indicated)

Derivatives

As at December 31, 2017, the consolidated portfolio of derivatives was the following:

Type	Reference value (notional)	Fair value	Amounts receivable / payable	Unrealized gains/(losses)
Futures contracts				
Purchase commitment				
CBOT futures - corn	3.104	3.033	(71)	(71)
CBOT futures - soy	3.290	3.260	(30)	(30)
Sale commitment				
CBOT futures - soy	3.232	3.229	3	3
Forward contracts				
Soy purchased	30.249	29.729	(520)	(520)
Flour purchased	1.346	1.355	9	9
Other				

Derivative financial instruments are contracted with top rated financial institutions in Brazil and overseas, as well as in BM&FBOVESPA (Brazilian Securities, Commodities and Futures Exchange).

Losses and gains from operations with derivatives are monthly recognized into the statement of income, considering the fair value (market one) of those instruments.

Futures contracts

Futures contracts in foreign currency are contracted with the main purpose of protecting future purchases or sales in foreign currency.

Derivative financial instruments are contracted with top rated financial institutions in Brazil and overseas, as well as in BM&FBOVESPA (Brazilian Securities, Commodities and Futures Exchange).

Losses and gains from operations with derivatives are monthly recognized into the statement of income, considering the fair value (market one) of those instruments.

25. Net operating revenue

	Company		Consolidated	
	2017	2016	2017	2016
Gross revenue	19,736	117,863	88,638	2,640,318
Taxes applicable to sales	(1,295)	(5,383)	(4,354)	(12,075)
Products returned and rebates	(4,800)	(732)	(5,606)	(2,748)
Other revenue/change	-	3	5,021	3,706
Total	13,641	111,751	83,699	2,629,201

(In thousands of Brazilian reais, except if otherwise indicated)

26. Statement of expenses and costs per type

	Company					
	2017			2016		
	Cost of products sold	General and administ. expenses	Total	Cost of products sold	General and administ. expenses	Total
Raw material and products	(1,857)	-	(1,857)	(126,036)	-	(126,036)
Expense with personnel	(5,104)	(4,693)	(9,797)	(11,626)	(4,351)	(15,977)
Port costs	(817)	-	(817)	(1,944)	-	(1,944)
Other costs	(3,507)	1,072	(2,435)	(4,935)	(1,146)	(6,081)
Expense with the rendering of services	(311)	(3,313)	(3,624)	(193)	(3,939)	(4,132)
Taxes	(162)	213	51	(183)	(583)	(766)
Lease operations	-	-	-	(608)	(140)	(748)
Subtotal	(11,758)	(6,721)	(18,479)	(145,525)	(10,159)	(155,684)
Depreciation	(5,144)	(57)	(5,201)	(6,207)	(67)	(6,274)
Amortization	-	(698)	(698)	-	(817)	(817)
Subtotal	(5,144)	(755)	(5,899)	(6,207)	(884)	(7,091)
Total	(16,902)	(7,476)	(24,378)	(151,732)	(11,043)	(162,775)

	Consolidated					
	2017			2016		
	Cost of products sold	General and administ. expenses	Total	Cost of products sold	General and administ. expenses	Total
Raw material and products	(64.186)	-	(64.186)	(2.553.132)	-	(2.553.132)
Expense with personnel	(8,035)	(28,893)	(36,928)	(14,522)	(45,509)	(60,031)
Port costs	(25,541)	-	(25,541)	(133,236)	-	(133,236)
Expense with the rendering of services	(2,541)	(21,977)	(24,518)	(8,581)	(6,371)	(14,952)
Other costs	(4,364)	(3,474)	(7,838)	(2,344)	(16,558)	(18,903)
Taxes	(181)	(409)	(590)	(246)	(4,339)	(4,584)
Lease operations	(3,424)	-	(3,424)	(3,335)	(1,516)	(4,851)
Result of periods	84,003	-	84,003	(265,151)	-	(265,151)
Total	(24,269)	(54,753)	(79,022)	(2,980,547)	(74,293)	(3,054,840)
Depreciation	(5,144)	(2,912)	(8,056)	(6,200)	(3,533)	(9,733)
Amortization	(10,891)	(818)	(11,709)	(10,872)	(966)	(11,838)
Subtotal	(16,035)	(3,730)	(19,765)	(17,072)	(4,499)	(21,571)
Total	(40,304)	(58,483)	(98,787)	(2,997,619)	(78,792)	(3,076,411)

(In thousands of Brazilian reais, except if otherwise indicated)

27. Other operating revenue (expenses)

	Company		Consolidated	
	2017	2016	2017	2016
Reversal of allowance for doubtful accounts*	(261)	(114)	18,673	(24,155)
Provision for tax credit	-	-	-	(15,477)
Result from the sale of property, plant and equipment**	9,270	7,273	18,851	59,561
Other non-operating expenses***	(12,790)	(209)	25	(478)
Total	(3,781)	6,950	37,549	19,451

(*) In the consolidated numbers, it refers to the allowance for doubtful accounts referring the portion of credit sold;
(**) Refers mostly to the sale of 6,196 hectares of the farm Fronteira, as mentioned in note 8;
(***) Reclassification of tax expenses from Tropical Empreendimentos S.A. to Cantagalo S.A.

28. Financial Income

	Company		Consolidated	
	2017	2016	2017	2016
Financial revenue				
Interest on advances and financing	-	-	-	370
Interest from financial investment	147	602	371	16,442
Interest from other financial investment	102	-	6,180	-
Total	249	602	6,551	16,812
Financial expenses				
Interest on loans contracted	(12,787)	(14,114)	(43,928)	(50,826)
Financial interest of related parties	(8,920)	(8,295)	(2,169)	2,242
Accrual/Reversal of provision for interest	-	-	4,012	(30,168)
Discount in the assignment of credit*	-	-	(65,839)	-
Other financial expenses	(7,809)	(5,823)	(13,260)	(14,517)
Total	(29,516)	(28,233)	(121,184)	(93,269)
Financial expenses, net	(29,267)	(27,630)	(114,633)	(76,457)
Result of merchandize to be delivered to related parties	(5,576)	1,778	(5,576)	(4,529)
Result of merchandize to be received	(445)	-	(1,267)	-
Discount to present value of purchases and sales**	(3,740)	-	(7,875)	-
Exchange variation, net	(3,144)	36,030	6,256	29,117
Net financial income	(42,172)	10,178	(123,095)	(51,869)

(*) Refers to the discount of the portion of credit sold in 2017
(**) Refers mostly to part of adjustment to present value of the sale of 6,196 hectares of the farm Fronteira, as mentioned in note 8.

29. Insurance (unaudited)

The Company engages the help of insurance advisors to establish coverage compatible with its size and operations. The coverage, as at December 31, 2017, was contracted at the amounts below demonstrated, according to the insurance policies:

Type	Amount insured (in thousands of Brazilian reais)
Civil liability of directors (a)	60,000
General civil liability (a)	5,000
Agricultural machinery and vehicles	17,894

(a) Civil liability insurance

Insurance contracted at Cantagalo General Grains S/A. that covers the risks of all of companies of the group located in Brazil.