(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, 2019

CANTAGALO GENERAL GRAINS S.A.

Individual and consolidated financial statements
As at December 31, 2019

Contents

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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

Qualified 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 individual and consolidated statement of financial position as at December 31, 2019 and the respective individual and consolidated statements of operations, comprehensive income (loss), 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, except for the possible effects of the matters described in the following section of this report "Basis for qualified 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, 2019, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with Brazilian accounting practices.

Basis for qualified opinion

Significant uncertainty as to going concern

As described in Note 1 to the individual and consolidated financial statements, the Company has reported negative individual and consolidated working capital as at December 31, 2019, in the amounts of R$ 515,781 thousand and R$ 952,021 thousand, respectively, individual and consolidated loss of R$ 28,663 thousand and R$ 52,719 thousand, and deficit in equity, individual and consolidated, of R$ 296,456 thousand and R$ 484,146 thousand. The Company is disclosing the actions being implemented to reverse this scenario, which include its financial restructuring, mainly regarding the sale of its controlled company Corredor Logística S.A. This situation indicates that there are significant uncertainties that may cast doubt on the Company's ability to continue as a going concern. The financial statements do not disclose this matter properly.

Limitation of analysis of collateral agreement between related parties

As mentioned in Notes 11, 21 and 29, as at December 31, 2019, the Company has recorded in the individual financial statements a balance of related-party receivables in the amount of R$ 12,749 thousand, a balance of other accounts payable in the amount of R$ 3,548 thousand of revenues on unrecognized collaterals and a balance of R$ 6,083 thousand related to revenues on collaterals recorded in income (loss) regarding the collection of related-party collaterals arising from the Company's loan agreement. However, until the date of conclusion of our work, the documentation provided was not sufficient and appropriate to support the record of the mentioned operation in the financial statements. Therefore, we were unable to confirm or verify, through alternative means, the mentioned balances recorded under the captions "Related-party transactions" in current assets, "Other accounts payable" in current liabilities and "Expenses on collaterals" recorded in income (loss) for the year.

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 qualified audit opinion.

Emphasis

Related-party transactions

As mentioned in Note 11 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.

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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and 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 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 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 and 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 individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, August 20, 2020.

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

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

CANTAGALO GENERAL GRAINS S.A.

Statements of financial position
As at December 31, 2019 and 2018
(In thousands of Brazilian Reais)

Assets

		Parent company		Consolidated	
	Note	2019	2018	2019	2018
Current					
Cash and cash equivalents	6	1,376	375	14,493	17,553
Derivative financial instruments		-	-	-	-
Accounts receivable	7	2,447	6,683	3,263	7,904
Inventories	9	271	803	911	1,178
Advances to suppliers		3,725	2,074	3,845	4,570
Biological assets		-	1	-	1
Related-party transactions	11	14,762	43,079	1,396	41,203
Goods receivable	8	-	10,898	-	61,111
Recoverable taxes	10	6,467	7,300	58,478	65,526
Other receivables		239	352	1,855	12,721
Noncurrent assets held for sale	12	-	-	16,337	16,337
		29,287	**71,565**	**100,578**	**228,104**
Noncurrent					
Long-term assets					
Related-party transactions	11	-	4,461	14,955	24,850
Accounts receivable	7	-	3,777	-	3,777
Goods receivable	8	10,981	53,365	78,088	308,669
Advances to suppliers		-	-	-	7,128
Recoverable taxes	10	705	705	705	705
Deferred taxes	17	-	-	2,422	3,189
Other receivables		-	-	-	-
Financial investments	20.f	-	1,368	4,458	5,827
		11,686	**63,676**	**100,628**	**354,145**
Investment property	13	-	-	237,005	228,459
Investments	14	751,129	729,284	85	97
Fixed assets	15	3,189	15,780	20,230	56,045
Biological assets		48	55	48	55
Intangible assets	16	-	-	237,226	185,408
		754,366	**745,119**	**494,594**	**470,064**
Total noncurrent		**766,052**	**808,795**	**595,222**	**824,209**
Total assets		**795,339**	**880,360**	**695,800**	**1,052,313**

Liabilities and equity (deficit)

		Parent company		Consolidated	
	Note	2019	2018	2019	2018
Current					
Goods to deliver - Related parties	19	-	174,918	-	174,918
Derivative financial instruments	25	4,376	3,339	4,376	3,339
Trade accounts payable	18	19,284	19,918	47,588	29,499
Loans and financing	20	39,032	99,411	856,718	244,240
Labor liabilities	21	410	645	2,774	2,593
Tax liabilities	21	1,707	1,991	2,173	2,536
Related-party transactions	11	457,883	125,470	39,474	684
Advances from customers	22	4,172	120,430	4,500	125,713
Other accounts payable	21	18,204	8,535	94,995	89,660
		545,068	**554,657**	**1,052,598**	**673,182**
Total current liabilities					
Noncurrent					
Related-party transactions	11	264,703	248,627	-	25,779
Goods to deliver - Related parties	19	-	42,190	-	42,190
Loans and financing	20	14,745	59,873	101,565	696,962
Other accounts payable	21	2,950	3,650	2,997	308
Derivative financial instruments	25	16,846	13,642	16,846	13,642
Provisions for tax risks	23	-	-	5,940	5,938
Provisions for losses on investments	14	247,483	206,671	-	-
		546,727	**574,653**	**127,348**	**784,819**
Equity (deficit)	24				
Capital stock		366,418	366,418	366,418	366,418
Asset and liability valuation adjustment		289,320	307,382	289,320	307,382
Treasury shares		(780)	-	(780)	-
Accumulated losses		(951,414)	(922,750)	(951,414)	(922,750)
		(296,456)	**(248,950)**	**(296,456)**	**(248,950)**
Noncontrolling interest		-	-	(187,690)	(156,738)
Total equity (deficit)		**(296,456)**	**(248,950)**	**(484,146)**	**(405,688)**
Total liabilities and equity (deficit)		**795,339**	**880,360**	**695,800**	**1,052,313**

The accompanying notes are an integral part of these financial statements.

CANTAGALO GENERAL GRAINS S.A.

Statements of operations
For the years ended December 31, 2019 and 2018
(In thousands of Brazilian Reais)

		Parent company		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Net operating revenue	26	6,274	13,132	97,536	62,811
Changes in fair value of biological assets		-	(3)	-	(3)
Cost of products sold	27	(8,474)	(14,186)	(70,900)	(51,046)
Gross income (loss)		**(2,200)**	**(1,057)**	**26,636**	**11,762**
General and administrative expenses	27	(12,457)	(11,974)	(38,534)	(45,837)
Equity in earnings (losses) of controlled companies	14.2	(9,876)	8,354	(11)	-
Other operating revenues	28	32,301	9,586	43,014	124,636
Income (loss) before financial income (loss), net	29	**7,768**	**4,909**	**31,105**	**90,561**
Financial revenues		26,290	20,583	34,932	65,331
Financial expenses		(55,404)	(54,782)	(105,193)	(139,908)
Exchange rate gains (losses)		(7,317)	(32,456)	(11,123)	(52,237)
Loss before Income and Social Contribution Taxes		**(28,663)**	**(61,746)**	**(50,279)**	**(36,253)**
Current Income and Social Contribution Taxes		-	-	(1,564)	(244)
Deferred Income and Social Contribution Taxes	18	-	(88,081)	(876)	(193,620)
Loss for the period		**(28,663)**	**(149,827)**	**(52,719)**	**(230,117)**
Income (loss) attributable to:					
Controlling shareholders		-	-	(28,663)	(149,827)
Noncontrolling interest		-	-	(24,056)	(80,290)
Loss for the period		**(28,663)**	**(149,827)**	**(52,719)**	**(230,117)**

The accompanying notes are an integral part of these financial statements.

CANTAGALO GENERAL GRAINS S.A.

Statements of comprehensive income (loss)
For the years ended December 31, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2019	2018	2019	2018
Income (loss) for the year	**(28,663)**	**(149,827)**	**(52,719)**	**(230,117)**
Asset and liability valuation adjustment	-	182,291	-	182,291
Cumulative translation adjustment	(18,063)	(56,105)	(24,959)	(74,964)
Total comprehensive income (loss)	**(46,726)**	**(23,641)**	**(77,678)**	**(122,790)**
Comprehensive income (loss) attributable to:				
Controlling shareholders	(46,726)	(23,641)	(46,726)	(23,641)
Noncontrolling interest	-	-	(30,952)	(99,149)
Total comprehensive income (loss)	**(46,726)**	**(23,641)**	**(77,678)**	**(122,790)**

The accompanying notes are an integral part of these financial statements.

CANTAGALO GENERAL GRAINS S.A.

Statements of changes in equity (deficit)
(In thousands of Brazilian Reais)

	Attributable to controlling shareholders						
	Capital stock	Treasury shares	Asset and liability valuation adjustment	Accumulated losses	Total	Noncontrolling interest	Total equity
Balances as at December 01, 2018	**366,418**		**181,196**	**(772,923)**	**(225,309)**	**(57,590)**	**(282,899)**
Cumulative translation adjustment	-	-	(56,105)	-	**(56,105)**	(18,859)	**(74,964)**
Asset and liability valuation adjustment	-	-	182,291	-	**182,291**	-	**182,291**
Loss for the year	-	-	-	(149,827)	**(149,827)**	(80,289)	**(230,116)**
Balances as at December 31, 2018	**366,418**	**-**	**307,382**	**(922,750)**	**(248,950)**	**(156,738)**	**(405,688)**
Increase in capital	-		-	-	**-**	-	**-**
Cumulative translation adjustment	-	-	(18,063)	-	**(18,063)**	(6,896)	**(24,959)**
Asset and liability valuation adjustment	-	-	-	-	**-**	-	**-**
Loss for the year	-		-	(28,664)	**(28,664)**	(24,056)	**(52,720)**
Treasury shares	-	(780)	-	-	**(780)**	-	**(780)**
Balances as at December 31, 2019	**366,418**	**(780)**	**289,319**	**(951,414)**	**(296,456)**	**(187,690)**	**(484,146)**

The accompanying notes are an integral part of these financial statements.

CANTAGALO GENERAL GRAINS S.A.

Statements of cash flows
For the years ended December 31, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss for the year	**(28,663)**	**(149,827)**	**(52,719)**	**(230,117)**
Depreciation and amortization	1,623	4,263	17,328	18,299
Impairment	-	(23,458)	-	(23,536)
Residual value of fixed assets written off	10,968	-	32,947	-
Write-off of assets after inventory	-	709	154	1,720
Deferred taxes	-	88,081	876	193,620
Equity in earnings (losses) of controlled companies	9,875	(8,354)	11	-
Interest	21,664	25,431	68,624	70,825
Exchange rate gains (losses)	7,317	36,044	11,123	101,974
Fair value adjustment of goods to deliver and receivable	(4,509)	(8,599)	(4,509)	(4,531)
Adjustment of fixed asset functional currency	-	-	(10,051)	(21,667)
Provision for tax credits	-	(1,771)	(238)	(1,771)
Allowance for doubtful accounts	650	-	650	-
Treasury share-based transactions	(780)	-	(780)	-
Fair value of investment properties	-	-	(8,635)	-
Adjusted net income for the period	**18,145**	**(37,481)**	**54,781**	**104,816**
Changes in asset and liability accounts				
Accounts receivable	7,363	(4,630)	7,767	1,287
Inventories	532	690	267	442
Advances to suppliers	(1,651)	(1,973)	7,852	91,840
Related-party transactions	-	-	-	-
Recoverable taxes	833	3,625	8,147	737
Other receivables	113	(244)	10,867	(12,184)
Noncurrent assets held for sale	-	-	-	13,648
Derivative financial instruments	4,241	221	4,241	(388)
Trade accounts payable	(634)	4,460	19,158	(25,621)
Labor liabilities	(235)	13	181	(367)
Tax liabilities	(284)	721	(363)	(330)
Advances from customers	-	119,898	-	123,906
Other accounts payable	8,969	2,076	879	(26,658)
Net cash from operating activities	**37,392**	**87,376**	**113,778**	**271,128**
Paid Income and Social Contribution Taxes	-	-	(1,596)	(624)
Net cash from operating activities	**37,392**	**87,376**	**112,182**	**270,504**
Cash flows from investing activities				
Long-term financial investments	1,368	(1,368)	1,549	(5,827)
Acquisition of fixed assets	-	(137)	(464)	(709)
Cash from disposal of fixed assets	-	15,059	-	171,609
Related-party transactions	(81,847)	27,895	(71,513)	(20,700)
Acquisition of biological assets	7	(55)	7	(55)
Acquisition of intangible assets	-	-	(56,459)	(573)
Net cash from investing activities	**(80,472)**	**41,394**	**(126,879)**	**143,745**
Cash flows from financing activities				
Goods to deliver	(212,599)	23,238	(212,599)	23,238
Goods receivable	53,282	(15,427)	291,692	(271,771)
Related-party transactions	318,258	24,490	13,011	12,245
Paid loans and financing	(143,871)	(238,313)	(159,118)	(328,744)
Loans and financing taken	29,011	74,497	79,391	149,595
Net cash from financing activities	**44,080**	**(131,515)**	**12,376**	**(415,437)**
Effects of exchange rate gains (losses) on cash and cash equivalents	-	-	(738)	-
Increase/(Decrease) in cash and cash equivalents, net	**1,001**	**(2,745)**	**(3,059)**	**(1,188)**
Cash and cash equivalents at beginning of year	**375**	**3,120**	**17,552**	**18,741**
Cash and cash equivalents at end of year	**1,376**	**375**	**14,493**	**17,553**
Increase/(Decrease) in cash and cash equivalents, net	**1,001**	**(2,745)**	**(3,059)**	**(1,188)**

The accompanying notes are an integral part of these financial statements.

1. Operations

Cantagalo General Grains S.A. ("Company") is a corporation located at Avenida Magalhães de Castro, 4.800, 11° andar, sala 2, in the city of São Paulo, state of São Paulo, set up on October 25, 2010.
The Company has as main purpose to explore, directly or by means of interest in other companies, the cultivation of soybean, corn, cotton and other cereals; production of certified seeds, production of seeds, seedlings and other certified means of vegetative propagation; land preparation, cultivation and harvesting services; manufacturing of fertilizers; the activities of trade in the domestic and foreign markets (import and export) of agricultural products, especially grains and by-products, and pesticides; rendering of auxiliary services of water transportation; road transportation of general cargo; transportation of general cargo (transportation logistics or transporter agent); maritime brokerage and port operator; warehouse and standardization services; warehouse logistics; consulting on general transportation; incorporating or holding any type of interest in other companies, consortiums or entities, directly or indirectly auxiliary or instrumental to the Company's purpose; manufacturing and processing, by its own or through third parties, of agricultural products and its by-products, fertilizers and by-products, raw materials in general and pesticides, and the management of own assets or held by controlled or affiliated companies.

In 2018, the Company continued its plan of financial restructuring by means of monetization of tax credits and sales of assets, both in the parent company and controlled companies. In December 2018, the Company sold 43,355 ha owned in the region of Brasnorte, state of Mato Grosso, which corresponded to the remaining area held of Fazenda Fronteira. The operation projected the receipt of 4.5 million soybean bags in 15 years, and the Company received the five first years in advance. With the funds generated by the sale, the Company intends to release other properties offered as collaterals for loans, to settle short-term loans and implement its corporate restructuring, settling the largest part of its debts with related parties.

In 2019, still due to the sale of its property in the Brasnorte-MT region during the previous year, the Company completed its corporate restructuring, which included, among other changes, the elimination of its debt in goods and deliverables. The Company also substantially reduced its bank debts with the parent company.

The Company has individual and consolidated negative net working capital as at December 31, 2019, in the amounts of R$ 515,781 thousand and R$ 952,021 thousand, individual and consolidated equity (deficit) of R$ 296,456 thousand and R$ 484,146, and individual and consolidated loss of R$ 28,663 thousand and R$ 52,719 in 2019 compared to individual and consolidated loss of R$ 149,827 and R$ 230,117 million in 2018. The Company reduced its administrative expenses by more than 15%, representing a reduction of R$ 7 million. The reduction of expenses occurs in accordance with the group's restructuring planning.

The Company's Management, along with its shareholders, intends to focus the activities of the group mainly to properties valuation, therefore turning the agricultural operations secondary activities and allocating its farms as properties for investment.

2. Presentation of the financial statements and significant accounting practices

2.1. Presentation of the financial statements

The present financial statements were approved by the Company's Management on August 20, 2020.

The financial statements were prepared according to the Brazilian accounting practices, based on the provisions contained in the Brazilian Corporate Law, technical pronouncements, guidelines, and interpretations issued by the Committee of Accounting Pronouncements (CPC) and on the standards issued by the Federal Association of Accountants (CFC).

The preparation of financial statements requires Management to make estimates that affect the reported amounts of certain assets and liabilities and other transactions. Therefore, the financial statements include estimates about the useful lives of fixed assets, necessary provisions for contingent liabilities, setting up of Income Tax provisions, and the like. Actual results may differ from these estimates.

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

a) The accounting pronouncements of IASB listed below were published and/or reviewed and are effective for years beginning on or after January 01, 2019.

- **CPC 06 R2 (IFRS 16) – Leases:** On January 2016, IABS issued IFRS 16 – Leases, with the main objective of redefining the recognition of lease transactions. The respective Technical Pronouncement CPC 06 (R2) – Leases was issued on December 21, 2017. The revision of this accounting pronouncement will be in effect for years beginning as from January 01, 2019;

The new pronouncement introduces a single model for the accounting of lease agreements, eliminating the distinction between operating and finance leases, resulting in the accounting of most lease agreements in the statements of financial position of the lessees. The lessees accounting remains substantially unchanged and the distinction between operating and finance lease agreements remains. The standard IFRS 16 replaces the standard IAS 17 and its interpretations.

- **ICPC 22 (IFRIC 23) - Uncertainty over Income Tax Treatments:** In June 2017, IASB issued IFRIC 23 with the purpose of explaining the accounting when there are uncertainties of taxes on income regulated by IAS 12 – Income Taxes, with CPC 32 as its corresponding technical pronouncement. This accounting pronouncement will be effective for years beginning as from January 01, 2019.

Significant impacts on the Company’s financial statements are not expected. There are no other IFRS or IFRIC interpretations not yet in effect that may significantly affect the Company’s financial statements.

4. Significant accounting practices adopted

The main accounting practices used in preparing these financial statements are as follows:

4.1. Cash and cash equivalents

Cash and cash equivalents include money in cash, bank deposits, highly liquid short-term investments, with an immaterial risk of change in value, and overdrafts. The balance of overdraft protection is included in loans under current liabilities and comprises the balance of cash and cash equivalents for the purpose of statement of cash flows.

4.2. Financial instruments

The Company classifies financial assets and liabilities in the following categories: Fair value through profit or loss (FVTPL), fair value through other comprehensive income (loss) (FVOCI), or at cost.

a) Nonderivative financial assets and liabilities – recognition and derecognition

The Company recognizes financial assets and liabilities when, and only when, they become part of the instrument’s contractual provisions. The Company derecognizes a financial asset when the contractual rights on the cash flows of the asset expire, or when the Company transfers the rights for receiving contractual cash flows on a financial asset in a transaction, in which substantially all risks and benefits of ownership of the financial asset are transferred. Any interest created or held by the Company on such transferred financial assets is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligation is withdrawn, cancelled or expired.

Financial assets or liabilities are offset, and the net amount is reported in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and there is an intention to settle them on a net basis or simultaneously realize the asset and settle the liability.

b) Nonderivative financial assets – measurement

A financial asset is measured at amortized cost if it meets both of the following conditions:

- The asset is held in a business model in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise, on specific dates, to the cash flows that are only payments of principal and interest on the outstanding principal amount.

A debt instrument is measured at fair value through other comprehensive income (loss) only if it satisfies both conditions below:

- The asset is held in a business model whose objective is achieved by collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset give rise, on specific dates, to the cash flows that are only payments of principal and interest on the outstanding principal amount.

All other financial assets are classified as measured at fair value through income (loss).

Furthermore, upon initial recognition, the Company can irrevocably designate a financial asset or liability as measured at fair value through income (loss) in order to eliminate or significantly reduce a possible accounting mismatch arising from the result produced by the respective asset or liability.

c) Nonderivative financial liabilities – Measurement

The financial instruments classified in liabilities are measured based on the amortized cost and effective interest rate method, after its initial recognition at fair value. Interest, monetary adjustment, and exchange rate gains (losses) are recognized in income (loss) when incurred, as financial revenues or expenses.

d) Derivatives measured at value through income (loss)

Initially, derivatives are recognized at fair value on the date on which a derivative contract is entered into and, subsequently, they are remeasured at their fair value and these changes are recorded on an offsetting entry in the statement of operations, except when the derivative is classified as a hedging instrument to cash flow.

Although the Company uses derivatives for hedging purposes, it does not use the so-called hedge accounting.

The fair value of derivatives is disclosed on Note 25.7 (d).

e) Impairment of financial instruments

Financial assets not classified as financial assets at fair value through income (loss) are evaluated at each balance sheet date to determine if there is objective evidence of impairment. Objective evidence that financial assets were impaired includes:

- Default or debtor late payments;
- Restructuring of an amount owed to the Company in circumstances that would not be accepted under normal conditions;
- Indication that the debtor or issuer will go bankrupt/request court-ordered reorganization;
- Negative changes in the situation of payments from debtors or issuers;
- The disappearance of an active market for the instrument due to financial difficulties; or
- Observable data indicating reduction in the measurement of projected cash flows of a group of financial assets.

The Company considers evidence of impairment of assets measured at amortized cost both individually and collectively. All individually significant assets are valued for impairment. The ones that were not individually impaired are collectively tested for any impairment that may have occurred, but not yet identified, including expected credit losses. Assets that are not individually significant are collectively tested for impairment, based on the grouping of assets with similar risk characteristics.

When collectively assessing impairment loss, the Company uses historic trends of timing of recovery and values of incurred losses, adjusted to reflect the Management’s judgment about whether the current economic and credit conditions are such that the actual losses will probably be higher or lower than the ones suggested by historic trends.

An impairment loss is calculated as the difference between the book value and the present value of estimated future cash flows discounted at the original effective interest rate of the asset. The losses are recognized in the statement of operations and in a valuation account. When the Company considers that there is no reasonable expectation of recovery, the amounts are written off.

When a subsequent event indicates a reduction in impairment, the decrease in impairment loss is reverted through income (loss).

An impairment loss related to an investee evaluated using the equity method is measured by the comparison between the recoverable value of the investment and its book value. An impairment loss is recognized in income (loss) and it is reversed if there was a favorable change in estimates used to determine the recoverable value.

4.3. Trade accounts receivable

Trade accounts receivable are initially recorded at present value and deducted from the allowance for doubtful accounts. The allowance for doubtful accounts is recognized when conclusive evidence shows that the Company will not be able to charge all amounts due according to the original terms of accounts receivable. The allowance value is the difference between their book and recoverable values.

4.4. Inventories

Inventories are presented at the lower between cost and net realizable value. The cost is determined using the Weighted Moving Average method.

The cost of finished goods and work-in-process includes raw materials, direct workforce, other direct costs and related overall production expenses (according to normal operating capacity), except the costs of loans taken. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and the costs necessary to make the sale. Inventory costs include gains and losses from derivative instruments for hedged transactions. Imports in progress are stated at the accrued cost of each import.

4.5. Deferred Income and Social Contribution Taxes

Current and deferred Income and Social Contribution Taxes are calculated at the following rates: 15% plus a 10% surtax on taxable income in excess of R$ 240 for Income Tax, and 9% on taxable income for Social Contribution Tax, considering income and social contribution tax losses carry forwards, up to 30% of annual taxable income.

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

Current tax is the expected tax amount payable or receivable calculated on taxable income or loss for the year, at the established or substantially established rates at balance sheet date, as well as any adjustment to payable taxes from prior years.

Current Income and Social Contribution tax expenses

Current tax expenses are the estimated tax payable or receivable calculated on taxable income or loss for the year, as well as any adjustment to payable taxes from prior years. The amount of current taxes payable or receivable is recognized in the statement of financial position as tax asset or liability at the best estimate of expected amount of taxes to be paid or received which reflects the uncertainties related to its calculation, if any. It is measured based on tax rates established at balance sheet date.

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

Deferred Income and Social Contribution tax expenses

Deferred tax assets and liabilities are recognized for temporary differences between the book values of assets and liabilities for financial statement purposes and the amounts used for income tax purposes.

Changes in deferred tax assets and liabilities in the year are recognized as deferred Income and Social Contribution tax expenses. The deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets and liabilities in a transaction which is not a business combination and that does not affect taxable income or loss nor accounting result;
- A deferred tax asset is recognized according to nonutilized deductible tax losses and temporary differences, when it is probable that future taxable income will be available and against which they will be used. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that they will be realized;
- Deferred tax assets and liabilities are measured at the rates which are expected to be applied to temporary differences when they reverse, at the established rates at balance sheet date.

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

4.6. Investments in controlled companies and affiliates

a) Book value

Investments in controlled and affiliates are recorded and evaluated under the equity method. They are recognized in income (loss) as operating revenue (or expense). Regarding the exchange variation of investments in affiliates and controlled companies abroad, changes in the amount of the investment solely due to currency exchange fluctuations are recorded in “Asset and liability valuation adjustments”, in the Company’s equity and recognized in the statement of operations only when the investment is sold or written off as loss. For equity purposes, unrealized gains or transactions between the Company, its affiliates and the like are eliminated at the proportion of the Company’s interest; unrealized losses are also eliminated, unless the transaction shows evidence of impairment of the transferred asset.

When necessary, the accounting practices of the controlled and affiliates are changed to guarantee consistency with the accounting practices adopted by the Company.

4.7. Investment properties

Properties maintained for generating revenues or capital appreciation or both are classified as investment properties and for this reason are recorded under the subgroup Investments in Noncurrent Assets.

(In thousands of Brazilian Reais, unless otherwise stated)

According to CPC 28 Investment properties, all properties classified as investment property shall be accounted for using fair value method. Gains or losses arising from changes in fair value of investment property shall be recognized in income for the period in which they occur.

When an investment property previously recognized as fixed assets is sold, any amount recognized as asset and liability valuation adjustment is transferred to retained earnings.

4.8. Functional currency

These individual financial statements are presented in Brazilian Reais, which is the Company's functional currency. All the balances were rounded to the closest thousand, unless otherwise stated.

4.9. In foreign currency

a) Foreign currency transactions

Transactions in other currencies (different from the functional currency) are translated into the Company's functional currency according to the exchange rate on the transaction dates. Monetary assets and liabilities denominated and calculated in other currencies are translated into the functional currency at the exchange rate calculated on that date.

Exchange rate gains and losses resulting from the translation at the year-end exchange rates, referring to monetary assets and liabilities in other currencies (different from the functional currency), are recognized in the statement of operations as net exchange and monetary variations.

For nonmonetary assets, exchange rate gains or losses resulting from the conversion at year-end exchange rates are recorded in equity under asset and liability valuation adjustments.

The conversion of operations in US dollar (USD) to the Company's functional currency, the Brazilian Real (R$), used the following exchange rates, both for consolidated and parent company:

	Average rate for the year		Spot rate	
	2019	2018	2019	2018
R$/USD	3.9447	3.6543	4.0304	3.8745

4.10. Noncurrent assets held for sale

Assets available for sale are classified as held for sale if it is highly probable that they will be primarily recovered by means of sale not continuous use.

In accordance with CPC 31 Noncurrent Asset Held for Sale and Discontinued Operations, the assets or group of assets held for sale are measured at the lower value between their book and fair value less sales expenses. Impairment identified upon initial classification as held for sale or for distribution, in addition to the gains and losses resulting from subsequent measurements, are recognized in income (loss).

Once classified as held for sale, intangible and fixed assets are no longer amortized or depreciated, and any investment measured at the equity method will be no longer subject to this method.

i. Fixed assets

These mainly comprise plots of land, buildings and farms that are stated at historical acquisition cost.

These items are depreciated using the straight-line method at the rates disclosed in Note 16. Plots of land and farms are not depreciated.

The costs of charges on loans taken out to finance construction of fixed assets are capitalized during the period necessary to build and prepare the asset for the intended use.

Repairs and maintenance are recognized in income (loss) during the period in which they are incurred. The cost of the main renovations is included in the book value of the asset when it is probable that the resulting future economic benefits, which overcome the performance initially valued for the asset, shall flow to the Company. The main renovations are depreciated through the remaining useful life of the related asset.

ii. Intangible assets

a) Software

Expenses on the acquisition of software are measured at acquisition cost and amortized using the straight-line method during their estimated useful life, at the rates shown in Note 17.

b) Rights of use - Concession

The Company, by means of its indirect controlled company, Corredor Logística e Infraestrutura S/A., recognizes the lease grant of one of the four lots of Terminal de Grãos do Maranhão - TEGRAM (Maranhão Grain Terminal) as intangible assets. This is measured at acquisition cost plus the amounts employed in the terminal consortium.

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

iii. Impairment loss

Fixed and intangible assets are periodically tested to check for signs of impairment or else whenever events or changes in circumstances indicate that the book value may not be recoverable. When this is the case, recoverable value is calculated to check for loss. When impairment is reported, it is recognized in the amount by which the asset's book value exceeds its recoverable amount, which is defined as the net sales price or the value in use for an asset, whichever is higher. For valuation purposes, assets are grouped at the lowest asset group for which there are separately identifiable cash flows.

4.11. Provisions

Provisions are recognized when the Company has an actual obligation, legal or informal, as a result of past events, funds are likely to be necessary to settle the obligation, and a reliable estimate of the amount can be made.

The Company recognizes a provision for onerous contracts when the benefits expected to be earned from a contract are lower than the costs required to meet the obligations established by that contract.

The provisions for restructuring comprise fines for termination of lease agreements and employment termination dues, which are recognized in the period in which the Company is legally or implicitly committed to the payment. Costs related to the Company’s ongoing operations are not provided for in advance.

4.12. Loans

Loans are initially recognized at fair value upon the receipt of the funds, net of transaction costs. The loans taken are then stated at amortized cost, i.e., plus charges and interest accrued in the period on a pro rata basis.

4.13. Current and noncurrent liabilities

These are stated at known or estimated amounts, plus related charges, monetary variations and/or exchange rate gains (losses) incurred through the balance sheet date, when applicable.

(In thousands of Brazilian Reais, unless otherwise stated)

Where applicable, current and noncurrent liabilities are stated at present value, transaction by transaction, according to interest rates which reflect each transaction's term, currency and risk. The offsetting entry of the discounts to present value is made against the income (loss) accounts that originated the referred liability. The difference between the present value of a transaction and the face value of a liability is recorded in income (loss) during the term of the contract according to the amortized cost method and the effective interest rate.

4.14. Revenue recognition

Revenue is measured at the value of the consideration received or receivable, less any estimated returns, discounts and/or bonuses granted to the purchaser and other similar deductions.

Operating revenue is recognized when the performance obligation is satisfied, considering the following indications of transfer of control: (i) the Company has a present right to be paid for the service; (ii) the client has legal ownership of the asset; (iii) the client has the significant risks and benefits of ownership of the asset; and (iv) the client accepted the product or the service.

The Company's and its controlled Company's revenue is the fair value of the consideration received or receivable for the rendering of services/trade of storage and elevation of agricultural products in bulk (soybeans, corn and wheat) and other port services over the normal course of the Company's activities.

5. Consolidated financial statements

The consolidated financial statements include the financial statements of the Company Cantagalo General Grains S.A. and of its controlled companies listed below:

		Ownership interest (%)			
		Direct		Indirect	
	Countries	2019	2018	2019	2018
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

Controlled-company operations

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

The companies were established on September 20, 2012, located in the city of São Paulo – SP, being engaged in the cultivation of soybean, corn, cotton and other cereals; production of certified seeds, production of seeds, seedlings and other certified means of vegetative propagation; land preparation, cultivation and harvesting services; manufacturing of fertilizers; the activities of trade in the domestic and foreign markets (import and export) of agricultural products, especially grains and by-products, fertilizers and its raw materials and by-products, besides pesticides; rendering of auxiliary services of water transportation; road transportation of general cargo; transportation of general cargo (transportation logistics or transporter agent); maritime brokerage and port operator; warehouse and standardization services; warehouse logistics; consulting on general transportation; incorporating, holding or investing in any type of interest in other companies, ventures or entities, whose activities are direct or indirectly related to agricultural and industrial sectors; manufacturing and processing, by its own or through third parties, of agricultural products and its by-products, fertilizers and by-products, raw materials in general and pesticides; signing of lease agreements or rural partnerships, and the management of own assets.

Since 2016, due to the financial limitations of the group, the companies opted to focus on the activities of lease in its farms.

Below is a list of the main assets held by the companies:

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

b) CGG Trading S.A.

The Company was established on February 17, 2011, located in São Paulo – SP, and has as main purpose to explore the activities of trade in the domestic and foreign markets (import and export) of agricultural products, especially grains and by-products, fertilizers, its raw materials and by-products, and pesticides; rendering of auxiliary services of water transportation; road transportation of general cargo; transportation of general cargo (transportation logistics or transporter agent); maritime brokerage and port operator; warehouse services; warehouse logistics; consulting on general transportation; incorporating or holding any type of interest in other companies, consortiums or entities, auxiliary or instrumental to the Company’s purpose.

Industrialization and processing, on its own account or by third parties, of agricultural products and their byproducts, of fertilizers and their byproducts, of raw materials in general and of agricultural pesticides and management of own assets. Additionally, the controlled company has investments in the companies (i) CGG Trading BV, (ii) CGG Trading Argentina S.A. and (iii) Corredor Logística e Infraestrutura S.A.

c) CGG Trading BV

Company located in Amsterdam, the Netherlands, founded on July 28, 2011, and engaged in the activities of trade in foreign markets (import and export) of agricultural products, especially all grains and by-products, raw materials for the textile sector and by-products, and of livestock; besides incorporating or holding any type of interest in other financial institutions.

d) CGG Trading Argentina S.A.

Company located in Buenos Aires, Argentina, set up on May 28, 2012, engaged in agricultural activities in all its phases, from producing seeds and/or planting, harvesting, packaging and/or fractionation of products, import, export and storage, by its own or through third parties of goods, merchandise, fruits and products. The Company may engage in activities of manufacturing and processing of agricultural products, fertilizers and by-products of raw materials in general and agricultural pesticides, as well as in the trade, by means of purchase, sale, export, import, representation and consignment of agricultural products, mainly cereals and oilseeds, vegetable grains and by-products, seeds and grains, fertilizers, raw materials, agricultural products and pesticides. It may also render services as agent, representative or broker of agricultural products.

e) Corredor Logística e Infraestrutura S.A.

The Company, located in the city of São Paulo – SP, was established on October 21, 2011, and is engaged in the rendering of auxiliary services, related to water transportation; road transportation of general cargo; transportation of general cargo (transportation logistics or transporter agent); maritime brokerage and port operator; warehouse services; warehouse logistics; consulting on general transportation; railroad and road transshipping hub; storage of grains and the like, pre-cleaning drying, weighing, analysis and classification of grains; incorporating or holding any type of interest in other companies, consortiums or entities, with direct or indirectly related purposes, auxiliary or fundamental to the Company’s activities and management of its own assets. . Additionally, the controlled company has investments in the Consortium Tegram Itaqui.

(In thousands of Brazilian Reais, unless otherwise stated)

Description of the main consolidation procedures

- Elimination of the balances of intercompany assets and liabilities;
- Elimination of ownership interest, reserves and accumulated losses of controlled companies;
- Elimination of balances of revenues and expenses as well as unrealized income arising from intercompany transactions. Unrealized losses are eliminated in the same way, but only when there are no evidences of problems in the recovery of the related assets;
- Elimination of tax charges on the portion of unrealized income presented as deferred taxes in the consolidated financial statements; Highlight of the minority interest in the consolidated financial statements;
- Highlight of the minority interest in the consolidated financial statements;
- The fair value of acquired companies' assets and liabilities was allocated to specific accounts of the consolidated statement of financial position.

6. Cash and cash equivalents

	Parent company		Consolidated	
	2019	2018	2019	2018
Cash	-	6	8	14
Bank balance	1,376	350	11,806	717
Foreign exchange for internalization	-	-	2,353	13,653
Financial investments	-	19	327	3,169
Total	**1,376**	**375**	**14,493**	**17,553**

The Company and its controlled companies consider as cash equivalents balances of cash, banks, financial investments considered of immediate liquidity and financial investments with maturities of 90 days (or less) as from hire date.

Demand deposits correspond to bank balances in current account.

The balances of financial investments are represented by fixed-income securities bearing interest at 99% of CDI-CETIP (Interbank Deposit Certificate) variation, with daily liquidity and possibility of immediate redemption, with no fine or loss of return.

(In thousands of Brazilian Reais, unless otherwise stated)

7. Accounts receivable

	Parent company		Consolidated	
	2019	2018	2019	2018
Short-term accounts receivable	3,449	7,035	19,678	10,934
Allowance for doubtful accounts	(1,002)	(352)	(16,415)	(3,030)
Long-term accounts receivable	-	3,777	-	3,777
	2,447	**10,460**	**3,263**	**11,681**

The Company recognizes an Allowance for doubtful accounts for its receivables overdue for more than 90 days and not being negotiated.

Changes in the consolidated allowance for doubtful accounts is as follows:

	Parent company		Consolidated	
	2019	2018	2019	2018
Balance at beginning of year	(352)	(368)	(3,030)	(402)
Additions	(650)		(10,613)	(2,644)
Write-offs		16		16
Exchange rate gains (losses)			(2,772)	
Total	**(1,002)**	**(352)**	**(16,415)**	**(3,030)**

8. Goods receivable

	Parent company		Consolidated	
	2019	2018	2019	2018
Current assets	-	10,898	-	61,111
Noncurrent assets	10,981	53,365	78,088	308,669
Total	**10,981**	**64,263**	**78,088**	**369,780**

On July 20, 2016, parent company Cantagalo General Grains S.A. and its controlled company Siqueira Empreendimentos e Participações Ltda. negotiated the sale of 17,934 ha, from a total of 67,485 ha of Fazenda Fronteira, located in the municipality of Brasnorte-MT, being 11,149 ha available for agricultural exploration and 6,785 ha of legal environmental reserve, in the following conditions, down payment of R$ 17,000 thousand upon signature of the agreement plus 1,250,500 bags of soy of 60 kilos each, and considering only for tax purposes the price of R$ 65 per soybean bag on the date of negotiation, which corresponded to the amount of R$ 81,282 thousand, therefore totaling acquisition price, for tax purposes, of R$ 98,282 thousand.

On December 18, 2017, the Parent company Cantagalo General Grains S.A. and its controlled company Siqueira Empreendimentos e Participações Ltda. negotiated the sale of 6,196 ha, from a total of 67,485 ha of Fazenda Fronteira, located in the municipality of Brasnorte-MT, being 3,681 ha available for agricultural exploration and 2,166 ha of legal environmental reserve, in the following conditions: total amount to be received: 816,444 soybean bags with 60 kilos each, with the first installment comprising 163,288 bags to be paid in the beginning of 2018 and the remaining in annual installments of 93,307 bags on April 30 of each year from 2019 to 2025.

(In thousands of Brazilian Reais, unless otherwise stated)

Only for tax purposes, the total amount of the contract, of R$ 42,000 thousand, was considered, i.e., with the price of R$ 51.44 per bag.

On December 18, 2018, the Parent company Cantagalo General Grains S.A. and its controlled company Siqueira Empreendimentos e Participações Ltda. negotiated the sale of 43,355 ha, from a total of 67,485 ha of Fazenda Fronteira, located in the municipality of Brasnorte-MT, being 24,900 ha available for agricultural exploration and 18,455 ha of legal environmental reserve, in the following conditions: total amount to be received: 4,500,000 soybean bags with 60 kilos each, with the first installment comprising 360,000 bags to be paid in the beginning of 2019 and the remaining in annual installments, with the first five installments totaling 1,675,000 bags to be paid in equal quantities, that is, 335,000 annual bags, on March 31 of each year from 2019 to 2023, with one installment comprising 150,000 bags on March 31, 2024, one comprising 250,000 bags on March 31, 2025, and seven totaling 2,065,000 bags, that is, 295,000 annual bags, on March 31 from 2026 to 2032. Only for tax purposes, the total amount of the contract, of R$ R$ 292,162,500.00 was considered, i.e., with the price of R$ 64.93 per bag Between 2019 and 2024, 1,675,000 bags of soybeans were assigned, referring to 335,000 bags annually, with the specific purpose of paying mortgage/fiduciary creditors.

On February 26, 2019, the Parent Company Cantagalo General Grains SA and its controlled company Siqueira Empreendimentos e Participações Ltda, pursuant to the transaction with GFN Agrícola e Participações SA, assigned 653,149 bags of soybeans from the 2017 Sale and Purchase Agreement, being 93,307 bags of soybeans per year between 2019 and 2025 and 1,598,851 bags of soybeans from the 2018 Sale and Purchase Agreement, being 293,434 bags with receipt in 2019, 150,000 bags with receipt in 2026, 147,500 bags per year between 2027 and 2029, 221,250 bags in 2030, 196,667 bags in 2031 and 295,000 bags in 2032 for the GFN. In addition, the company acquired credit rights, by which it was obliged to assign 150,000 bags to GFN, with 21,500 bags between 2026 and 2030 and 42,500 bags in 2031.

9. Inventories

	Parent company		Consolidated	
	2019	2018	2019	2018
Agricultural inputs	21	170	21	170
Consumables	250	631	812	1,006
Others	-	2	78	2
Total	**271**	**803**	**911**	**1,178**

(In thousands of Brazilian Reais, unless otherwise stated)

10. Recoverable taxes

	Parent company		Consolidated	
	2019	2018	2019	2018
Recoverable COFINS (Tax on Sales)	4,468	4,629	43,903	44,196
VAT technical credit balance	-	-	587	1,640
Recoverable ICMS (State VAT)	808	1,054	2,879	6,851
Recoverable PIS (Tax on Sales)	1,106	1,106	8,755	9,577
Reimbursement of VAT on exports	-	-	626	2,976
Other recoverable taxes	85	511	1,728	286
Provision for Tax losses	-	-	-	-
Current	**6,467**	**7,300**	**58,478**	**65,526**
Recoverable COFINS	556	556	556	556
Recoverable ICMS	9	9	9	9
Recoverable PIS	140	140	140	140
Provision for losses on PIS and COFINS	-	-	-	-
Noncurrent	**705**	**705**	**705**	**705**

In July and October 2018, PIS and COFINS credits in the amount of US$ 5,215 and US$ 2,934, respectively, were received arising from operations with the specific purpose of exportation. The mentioned amount represented 50% of this type of credit. According to article 24 of Law No. 11.457/2017, the Company expects to receive during 2019 PIS and COFINS credits in the amount of US$ 47,575 corresponding to the remaining 50% (with no inflation adjustment) of those operations with specific purpose of exportation.

11. Related-party transactions

11.1. Transactions and balances

	Parent company		Consolidated	
Related-party transactions - Current assets	**2019**	**2018**	**2019**	**2018**
GFN Agrícola e Participações S.A (Advance - Faz. Fronteira) **(a)**	-	24,611	-	24,611
Corredor Logística e Infraestrutura **(c)**	12,749	10,941	-	-
Coteminas **(e)**	2,002	7,517	1,396	16,592
CGG Trading B.V.	11	10	-	-
Total current assets	**14,762**	**43,079**	**1,396**	**41,203**
Noncurrent				
GFN Agrícola e Participações S.A **(a)**	-	902	-	902
Consórcio Tegram	-	-	14,941	161
Corredor Logística e Infraestrutura **(c)**	-	3,559	-	-
Coteminas (e)	-	-	14	23,787
Total noncurrent	**-**	**4,461**	**14,955**	**24,850**
Total assets	**14,762**	**47,540**	**16,351**	**66,053**

(In thousands of Brazilian Reais, unless otherwise stated)

Related-party transactions – Current liabilities	**2019**	**2018**	**2019**	**2018**
Fronteira Com Cereais e Rep Prod Agrop Ltda **(b)**	684	684	684	684
CGG Trading S.A **(d)**	8,396	4,829	-	-
Corredor Logística e Infraestrutura	1,385	2,878	-	-
Sojitz S/A			23,852	-
Tropical Empreendimentos e Participações Ltda	167,091	117,079	-	-
Siqueira Empreendimentos e Participações Ltda	265,395			
Coteminas	14,932		14,938	
Total current liabilities	**457,883**	**125,470**	**39,474**	**684**
Non-current				
Sojitz S/A	**-**	**-**	-	**21,457**
CGG Trading BV **(d)**	236,921	216,227	-	-
Valor Grains LLC	-	4,322	-	4,322
Siqueira Empreendimentos e Participações Ltda	16,555	28,078	-	-
Corredor Logística e infraestrutura	11,226			
Total noncurrent	**264,702**	**248,627**	**-**	**25,779**
Total liabilities	**722,586**	**374,097**	**39,474**	**26,463**

a) Transaction agreement with GFN Agrícola e Participações S.A.

On February 26, 2019, the Company entered into a transaction agreement with GFN Agrícola e Participações S.A. with the purpose of resolving and settling all rights and obligations among themselves, in particular the CCV of Fazenda Fronteira. The financial activity of this object was mainly as follows:

- All the Company's obligations with GFN Agrícola e Participações S.A were considered settled;
- 150,000 bags were assigned for the sale of Fazenda Fronteira to GFN Agrícola e Participações S.A.;
- 100,000 bags were assigned for the acquisition of credit rights from Évora Investimentos S.A, which were subsequently assigned to GFN Agrícola e Participações S.A.;
- The company Tropical II Participações was created and subsequently assigned (with 23,075.41 ha of Fazenda Tropical), as 100% controlled by Tropical Empreendimentos e Participações;
- GFN Agrícola e Participações S.A. donated 18,850,217 registered shares, corresponding to 16.40% of Cantagalo's stock capital, to Cantagalo, whose shares were allocated to treasury.

b) Contract of operations by silent partnership

On February 11, 2011, the Company entered into a silent partnership agreement with Fronteira – Comércio de Cereais e Representação de Produtos Agropecuários Ltda., for the purpose of acquiring agricultural products for later exportation.

As silent partner, the Company transferred funds to the active partner for the acquisition of agricultural products. Such funds have been reimbursed considering the realization of sales to foreign market.

c) Collection of collaterals/guarantee given

Financial cost of the guarantee given by Corredor for loans taken with the bank BNB, amounting to average of R$ 67.8 million, for a period of 7 years.

d) Contract for supply of agricultural products

As part of its business policy, the Company entered into supply and prefinancing agreements with the controlled company CGG Trading S.A. and CGG Trading B.V., for future delivery of estimated production. The amounts contracted were determined by establishing the sales price of the agricultural product considering volume until delivery.

The price, when previously established, is determined according to a contractual formula based on the price of the commodity at the Chicago Board of Trade ("CBOT") or New York Board of Trade ("ICE"), depending on the product negotiated. The price denominated in US dollars is settled at the end of the obligation term in Brazilian Reais and considering currency exchange rates previously established in the contract.

The contract terms make the Company subject to the payment of fine in case the agreed volumes are not delivered.

The balances of the prefinancing agreed with CGG Trading S.A. and CGG Trading BV are controlled in US dollars plus annual interest of 8%. As at December 31, 2015, the parties agreed to reduce future interest to 3.5% p.a. and to extend the debt maturity to 2022.

e) Coteminas

On October 28, 2016, Tropical Empreendimentos e Participações Ltda negotiated 26,940 ha, from a total 50,000 ha of Fazenda Tropical, located in the municipality of Baixa Grande do Ribeiro-PI, with Companhia de Tecidos Norte de Minas-Coteminas, at the total amount of forty-four million eight hundred fifty thousand US dollars (US$ 44,850 thousand), which translated as per PTAX USD = 3.2091 BRL, totaled the amount of one hundred forty-three million nine hundred twenty-eight thousand Brazilian Reais (R$ 143,928 thousand). From 2016 to 2018, the amount of R$ 103,550 thousand was received, leaving a residual balance of R$ 40,378 thousand to be received, with part recognized in current assets (R$ 14,899 thousand) and part in noncurrent assets (R$ 42,377 thousand). The amounts received from the sale were transferred to Cantagalo, which centralizes the management of cash from the controlled companies to optimize the group's financial synergy.

On December 30, 2019, the Cantagalo's debt with BNB was transferred to Coteminas as provided for in the agreement between the parties.

f) Valor Grains *versus* Serez Capital

On December 02, 2019, Valor Grains LLC ("Valor") and Serez Capital Prestação de Serviços de Consultoria Ltda. ("Serez") entered into a share purchase and sale agreement, whereby Valor sold all of its shares to Serez, representing 10.54% of the total capital stock of Cantagalo General Grains S.A. Accordingly, Valor is no longer part of the shareholding structure of Cantagalo General Grains S.A.

12. Fixed assets available for sale

Management committed to a plan to sell the assets to allow liquidity for its financial restructuring. The efforts for the sale of those assets have already been started and shall be concluded within one year.

(In thousands of Brazilian Reais, unless otherwise stated)

	Consolidated 2019	Consolidated 2018
Farms	-	-
Plots of land **(a)**	852	852
Buildings **(a)**	14,503	14,503
Machinery and equipment **(a)**	7,231	7,231
Impairment loss **(b)**	(5,986)	(5,986)
Exchange rate gains (losses)	(263)	(263)
Total	**16,337**	**16,337**

a) Armazém Mundo Novo

Transfer of fixed asset item at its net value.

b) Impairment losses

The provision of R$ 5,986 thousand for the impairment of Armazém Mundo Novo continues and was determined based on a valuation report issued by an independent company.

13. Investment property

	Consolidated		
	Plots of land (a)	Farms (b)	Total
As at December 31, 2018	1,608	226,851	228,459
Transfer of fixed assets	-	-	-
Fair value adjustment	-	8,482	8,482
Exchange rate gains (losses)	64		64
As at December 31, 2019	**1,672**	**235,333**	**237,005**

a. Plots of land

The amount of the investment property refers to a plot of land in Rondonópolis transferred at fair value to fixed assets and held for income and appreciation purposes. From 2018 to 2019, there was no significant change in fair value.

b. Farms

These refer to farms Maria da Cruz and Acreúna, owned by the controlled companies Tropical Empr. e Participações Ltda. e Siqueira Empr. e Participações Ltda., transferred from fixed assets and adjusted at fair value according to valuation report issued by an independent appraiser and held for income and appreciation purposes. The amount is adjusted once a year, on December 31, at the fair value determined by an expert appraiser.

14. Investments in controlled companies

14.1. Information on investments

	Parent company		Consolidated	
	2019	2018	2019	2018
Equity in controlled companies	751,125	729,280	-	-
Provision for loss on investments	(247,483)	(206,671	-	-
Other investments	4	4	85	97
Total	**503,646**	**522,613**	**85**	**97**

(In thousands of Brazilian Reais, unless otherwise stated)

14.2. Ownership interest in other companies

	CGG Trading S.A.	Tropical Empr. e Part. Ltda	Siqueira Empr. e Part. Ltda	Total
Balance of investments / (provision for loss on investments) as at December 31, 2017	**(75,937)**	**171,311**	**261,458**	**356,832**
Percentage of ownership interest	56.87%	100%	100%	
Ownership interest variation in controlled companies	31,238	-	-	31,238
Translation adjustments				(56,105)
Asset and liability valuation adjustments	(56,105)	71,900	110,391	182,291
Adjustments resulting from the application of the equity method	(105,867)	(431)	114,651	8,353
Balance of investments /(provision for loss on investments) as at December 31, 2018	**(206,671)**	**242,780**	**486,500**	**522,609**
Percentage of ownership interest	56.87%	100%	100%	
Ownership interest variation in controlled companies	8,971	-	-	114
Translation adjustments	(18,063)	-	-	(9,206)
Adjustments resulting from the application of the equity method	(31,720)	3,361	18,483	(9,876)
Balance of investments / (provision for loss on investments) as at December 31, 2019	**(247,483)**	**246,141**	**504,983**	**503,641**

	Ownership interest (%)	= Total assets	Capital stock	Total equity	Revenues	Income/loss
2019						
CGG Trading S.A.	56.87	**354,309**	410,844	(435,174)	94,290	**(31,721)**
Tropical Empr. e Part. Ltda	100	**246,516**	125,178	246,141	-	**3,363**
Siqueira Empr. e Part. Ltda	100	**504,994**	233,672	504,983	-	**18,481**
		1,105,819	**769,694**	**349,883**	**51,901**	**(9,877)**

(In thousands of Brazilian Reais, unless otherwise stated)

15. Fixed assets

Consolidated

	Plots of land	Buildings and improvements	Machinery and equipment	Vehicles	Facilities	Furniture and fixtures	Pasture	Assets under construction	Total
Balance as at December 31, 2017	**209,408**	**10,264**	**18,866**	**2,237**	**1,795**	**1,066**	**225**	**7,858**	**251,719**
Acquisitions	-	-	285	157	42	225	-	-	709
Fair value write-off, Fazenda Fronteira	23,458	-	-	-	-	-	-	-	23,458
Write-offs	(166,574)	(1,889)	(664)	(562)	(302)	(73)	-	-	(170,064)
Transfers for inventory count	-	-	1,344	-	-	122	-	-	1,466
Transfer to other “Noncurrent or Current” balance sheet groups	(44,996)	38	-	-	-	-	-	-	(44,958)
Depreciation in the year	-	(490)	(4,111)	(551)	(202)	(220)	-	-	(5,574)
Write-off of assets after inventory	-	(133)	(557)	125	(635)	(345)	-	-	(1,545)
Functional currency adjustment	524	90	(116)	(17)	304	49	-	-	834
Balance as at December 31, 2018	**21,820**	**7,880**	**15,047**	**1,389**	**1,002**	**824**	**225**	**7,858**	**56,045**
Acquisitions	-	-	313	151		-	-	-	464
Write-offs	(21,820)	-	(10,011)	(1,112)		(4)	-	-	(32,947)
Depreciation in the year	-	(461)	(2,522)	(151)	(213)	(74)	-	-	(3,421)
Functional currency adjustment	-	92	12	3	(4)	9	-	-	89
Balance as at December 31, 2019	**-**	**7,511**	**2,816**	**280**	**785**	**755**	**225**	**7,858**	**20,230**

(In thousands of Brazilian Reais, unless otherwise stated)

Fixed asset items are depreciated from the date they are installed and available for use, or in case of assets internally constructed as from the date the construction is completed and the asset become available for use.

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

	Useful life
Computers and peripherals	3-5 years
Vehicles	5 years
Aircrafts	14 years
Furniture and fixtures	10-15 years
Machinery and equipment	10-15 years
Facilities	10-30 years
Buildings	25-30 years

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

16. Intangible assets

	Consolidated		
	TEGRAM Port of Itaqui (i)	Software and Licenses	Total
Balance as at December 31, 2017	**176,910**	**590**	**177,500**
Additions	409	40	449
Write-offs	-	-	-
Transfers	(1,466)	-	(1,466)
Amortization in the year	(7,998)	(88)	(8,086)
Functional currency adjustment	17,011	-	17,011
Balance as at December 31, 2018	**184,866**	**542**	**185,408**
Additions	66,447	62	66,509
Write-offs	-	-	-
Transfers	-	-	-
Amortization in the year	(13,817)	(90)	(13,907)
Functional currency adjustment	(784)	-	(784)
Balance as at December 31, 2019	**236,712**	**514**	**237,226**

(i) The Company participated in the bidding process for the lease for 25 years, renewable for another 25, of 4 lots of TEGRAM, being the winning bidder of one of the lots, and whose agreement was entered into on February 02, 2012. TEGRAM will allow the Company to obtain competitive advantages in the logistics of grains in the North, Northeast, and north of Center-West regions. The signed contract has the following main clauses:

a. The lease of LOT III of TEGRAM, in Port of Itaqui, state of Maranhão, involves the investment required to the construction, management, operation and maintenance of port facilities, aiming the storage of grains in bulk for exportation.

(In thousands of Brazilian Reais, unless otherwise stated)

b. LOT III has individual area of 22,550 m^2 and participation on equal terms in an area of common use of 29,814 m^2 and in the systems of reception and shipment measuring 41,894 m^2.

17. Deferred taxes

17.1. Estimated realization period

Deferred taxes arising from Income and Social Contribution tax losses and from temporary differences were recognized.

For the determination of the portion of deferred taxes to be recorded, the Management of the Company and its controlled companies used the income (loss) projections for the next years and assessed the actual possibility of realization of these credits according to estimates of future taxable income.

Expected future business and its projected results determine the estimates grounded on Management's expectations and, accordingly, depend on variable results in local and foreign markets being subject to changes. These credits are recorded in noncurrent assets. The amounts are as follows:

	Parent company		Consolidated	
Nature of deferred taxes				
Assets	**2019**	**2018**	**2019**	**2018**
Tax losses				
Income and Social Contribution tax losses	-	183,560	-	398,122
Unrecognized deferred Income Tax	-	(209,725)	-	(512,714)
Adjustments:				
Mark-to-market – outstanding contracts/ inventories and others	-	3,340	-	3,340
Biological assets	-	-	-	-
Investments in controlled companies	-	-	-	20,965
Temporary differences:				
Unrealized exchange rate gains (losses)	-	22,836	827	22,836
Sundry provisions	-	(11)	1,595	70,640
Noncurrent deferred tax assets, net	**-**	**-**	**2,422**	**3,189**
Deferred tax assets	-	-	2,422	3,189
Deferred tax liabilities	-	-	-	-
Total	**-**	**-**	**2,422**	**3,189**

18. Payables

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

(In thousands of Brazilian Reais, unless otherwise stated)

	Parent company		Consolidated	
	2019	2018	2019	2018
Agricultural inputs and products (i)	12,394	13,941	21,097	22,211
Freight (ii)	-	-	-	-
Others	6,890	5,977	27,492	7,287
Total	**19,284**	**19,918**	**47,588**	**29,499**

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

(ii) The contracts of freight are an integral and important part of the Company's business. These freight services were hired and are being stated in this caption basically for the recognition of the obligation of payment of space reserved to guarantee the future transportation of agricultural products.

19. Goods to deliver to related parties

The balance of this caption refers to the obligation resulting from the acquisition in installments of Fazenda Fronteira, as follows:

	Parent company and consolidated	
	2019	2018
Current liabilities	-	174,918
Noncurrent liabilities	-	42,190
Total	**-**	**217,108**

On February 11, 2011, the Company acquired Fazenda Fronteira with 69 thousand hectares, in the municipality of Brasnorte, state of Mato Grosso, at the total amount of R$ 239,911 thousand, paid as follows:

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

(b) Payment in cash of the first installment in the amount of R$ 25,213 thousand in May 2011, corresponding to 651,173.80 soybean bags;

(c) Advance of payment in cash in the amount of R$ 2,125 thousand referring to the installment of August 2011;

(d) Annual payment by means of physical delivery of 651,173.80 soybean bags, as from February 2012, with final maturity in 2020. The balance is subject to the calculation of the present value of installments payable. The present value of the debt resulting from the acquisition of Fazenda Fronteira was calculated according to the number of soybean bags to be paid per year multiplied by their corresponding future price calculated according to the crop season of the following year, therefore determining the future value of each payment. The future value was discounted to present value by interpolation of the curve of future interest DI x IGPM to obtain the interest rate in actual terms to be discounted on a 252-day calendar basis. Accordingly, each future value of payment is discounted at the discount rates obtained by the calculation of the interpolated interest curve and number of business days up to each maturity.

The offsetting entry to the initial adjustment to present value was made against fixed assets, and the adjustment to fair value for the year was recognized with an offsetting entry to financial income (loss).

(In thousands of Brazilian Reais, unless otherwise stated)

The effect of the adjustment to fair value, although informed in the statement of operations, will only affect the Company's cash upon maturity and settlement of future installments.

Considering that the sellers failed to comply with some clauses of the agreement for purchase and sale of rural properties and other covenants, entered into on February 11, 2011, which rules the negotiation of the purchase and sale of Fazenda Fronteira, the payment of the installment in net amount of R$ 96,428, being the total value of the installment R$ 136,613, discounting the amounts controlled under related-party transactions in the amount of R$ 40,185, as per Note 12, and maturing on March 10, 2018, was suspended up to the regularization of the conditions established in the contractual clauses.

20. Loans and financing

Parent company

	Interest rate (%)	2019	2018
Domestic			
Debt assumption	7.96%	-	5,797
Bank Credit Note	4.50%	-	18
Finame	6.00%	-	546
Northeast financing program	3.53%	-	44,128
Center-West financing program	8.44%	-	-
In foreign currency			
Advances on exchange contracts	8.40%	7,756	-
Advances on exchange contracts	6.70%	15,695	
Advances on exchange contracts	8.00%	-	8,876
Bank Credit Note	7.70%	-	13,354
Bank Credit Note	7.8%	30,326	29,147
Export prepayment	4.73%	-	-
Export prepayment	6.86%	-	57,418
		53,777	**159,284**
Current		39,032	99,411
Non-current		14,745	59,873

Noncurrent liabilities have the following composition by year of maturity:

Year	Amount
2021	14,745
	14,745

The following assets evaluated in Brazilian Reais were offered as collateral:

(a) Land

Land owned by the affiliate Tropical Empreendimentos e Participações Ltda. and Siqueira Empreendimentos e Participações Ltda was offered, comprising the farms:

(In thousands of Brazilian Reais, unless otherwise stated)

Fazenda dos Gaúchos (PI) with 4,392.66 ha, Fazenda Chapadão (MT) with 11,409.39 ha, Fazendas Reunidas Lisot (MT) with 16,557.65 ha, Fazenda Siqueira (MT) with 13,366.59 ha.

The farms listed above were valued by an independent consulting firm at approximately R$ 472 million.

(b) Machinery and equipment

Electromechanical equipment and machinery were offered in the value of R$ 5,207, owned by Cantagalo General Grains S/A, and located at Fazenda Fronteira, in the municipality of Brasnorte (MT).

Electromechanical equipment and machinery were offered in the value of R$ 18,465, owned by Cantagalo General Grains S/A, and located at Fazenda dos Gaúchos, in the municipality of Baixa Grande do Ribeiro (PI).

(c) Vehicles

Vehicles owned by Cantagalo General Grains S/A and valued at R$ 959 were offered.

The company does not have contracts subject to compliance with financial covenants.

Consolidated

	Interest rate (%)	2019	2018
Domestic			
Debt assumption	7.96	-	5,797
Bank Credit Note	4.50	-	18
Finame	6.00	-	546
Northeast financing program	3.53	-	44,128
Center-West financing program	8.44	-	-
Trade Credit Note	3.53	39,949	46,002
In foreign currency			
Advances on exchange contracts	8.40	7,756	-
Advances on exchange contracts	6.70	15,695	-
Loan in USD	17.00	48,026	-
Advances on exchange contracts	8.00	-	8,876
Bank Credit Note	7.70	-	13,354
Bank Credit Note	7.8	30,326	29,147
Export prepayment	6.86		57,418
Export prepayment	6.27	582,905	524,158
Advances on exchange contracts	5.14	205,256	185,352
Short-term credit lines	4.30	27,790	25,851
Others		580	555
		958,283	**941,202**
Current		856,719	244,240
Noncurrent		101,563	696,962

(In thousands of Brazilian Reais, unless otherwise stated)

Noncurrent liabilities have the following composition by year of maturity:

Year	Amount
2021	35,541
2022	20,797
2023	20,797
2024	20,797
2025	3,631
	101,563

The following assets evaluated in Brazilian Reais were offered as collateral:

(d) Plots of land

Land owned by the affiliate Tropical Empreendimentos e Participações Ltda. and Siqueira Empreendimentos e Participações Ltda was offered, comprising the farms:

Fazenda Cantagalo (MG) with 22,075.93 ha, Serra Grande (PI) with 3,945.75 ha, Fazenda dos Gaúchos (PI) with 4,392.66 ha, Fazenda Chapadão (MT) with 11,409.39 ha, Fazendas Reunidas Lisot (MT) with 16,557.65 ha, Fazenda Siqueira (MT) with 13,366.59 hectares.

The farms listed above were valued by an independent consulting firm at approximately R$ 554 million.

(e) Buildings

The units 111 to 114 were offered, located in 11th floor of condominium Cidade Jardim Corporate Center valued at R$ 8,259,998 and Armazém Mundo Novo, located in the municipality of Brasnorte/MT, valued as per Note 13, both owned by the parent company CGG Trading S.A.

(f) Common shares

Pledge of 114,302,318 common shares, at unit value of R$ 1.42, considering the capital stock of R$ 162,045 thousand of the company Corredor Logística e Infraestrutura S.A.

(g) Machinery and equipment

The electromechanical machinery and equipment owned by Corredor Logística e Infraestrutura S/A, installed in lot III of Terminal de Grãos – TEGRAM, of Port of Itaqui, were offered, being valued at R$ 14,378 thousand.

(In thousands of Brazilian Reais, unless otherwise stated)

The electromechanical equipment and machinery were offered in the value of R$ 5,207 thousand, owned by Cantagalo General Grains S/A, and located at Fazenda Fronteira, in the municipality of Brasnorte (MT).

Electromechanical equipment and machinery were offered in the value of R$ 18,465 thousand, owned by Cantagalo General Grains S/A, and located at Fazenda dos Gaúchos, in the municipality of Baixa Grande do Ribeiro (PI).

(h) Vehicles

Vehicles owned by Cantagalo General Grains S/A and valued at R$ 959 thousand were offered.

(i) Financial investments

Financial investments offered as collaterals.

21. Labor and tax liabilities and other accounts payable

At balance sheet dates, the Company and its affiliates reported the following balances payable:

	Parent company		Consolidated	
	2019	2018	2019	2018
Other accounts payable				
Take or pay contracts **(a)**	-	-	78,685	77,974
Unrealized collateral **(b)**	3,548	6,083	-	-
Financial restructuring services	-	2,405	-	9,224
Evora	6,311	-	6,311	-
Commercial contingencies	-	-	1,516	1,515
Termination agreements	-	-	-	251
Sundry	3,630	47	3,769	696
Valor Grains	4,715		4,715	
Total	**18,204**	**8,535**	**95,995**	**89,660**
Labor liabilities				
Salaries	330	140	1,876	1,028
Provisions	68	461	586	1,222
Charges	12	44	311	343
Total	**410**	**645**	**2,774**	**2,593**
Tax liabilities				
Federal	1,707	1,991	1,921	2,187
Other taxes	-	-	252	349
Total	**1,707**	**1,991**	**2,173**	**2,536**
Other accounts payable - noncurrent				
Take or pay contracts **(a)**	-	-	-	-
Unrealized collateral **(b)**	-	3,548	-	-
Evora	2,950		2,950	
Sundry	-	102	47	308
Total	**2,950**	**3,650**	**2,997**	**308**

(In thousands of Brazilian Reais, unless otherwise stated)

(a) Take or pay contracts:

These are contracts ruling the rendering of services of movement of grains with minimum volume established. The volumes not realized by the controlled company CGG Trading S.A. generate to the service provider the right to charge for those volumes.

(b) Collection of collaterals/ guarantee given to be realized:

As mentioned in Note 11.1 (c).

(c) Évora

Acquisition of credit between Cantagalo General Grains, Évora S.A. and Siqueira Empreendimentos e Participações Ltda.

22. Advances from customers

	Parent company		Consolidated	
	2019	2018	2019	2018
Advances from customers	4,172	-	4,500	5,283
Advances from customers resulting from sales of assets **(a)**	-	120,430	-	120,430
Total	**4,172**	**120,430**	**4,500**	**125,713**

(a) Advances from customers resulting from sales of assets:

Advance received referring to the sale of Fazenda Fronteira as per Note 8.

23. Provisions for tax and civil risks

The Company had the following liabilities related to contingencies:

	Parent company		Consolidated	
	2019	2018	2019	2018
Tax - ICMS	-	-	2,177	2,176
Civil			3,763	3,762
Total	**-**	**-**	**5,940**	**5,938**

23.1. Nature of provision for tax risks

The Company is a party to tax proceedings which are being discussed at the administrative and judicial levels, and supported by court deposits, when applicable. Provisions for possible losses arising from those proceedings are estimated and adjusted by the Company's Management, according to the opinion of its external legal counselors.

(In thousands of Brazilian Reais, unless otherwise stated)

The nature of liabilities may be summarized as follows:

In 2017, in Parent company, the unit of Baixa Grande do Ribeiro (PI) reported tax credits subject to approval, resulting from the acquisition of agricultural production inputs. For having most of its products intended to exports, and based on the analysis of risk of approval of the credit, the Company recognized a provision of 50% of ICMS credits in the amount of R$ 1,771. In 2018, after the successful approval of the mentioned tax credits, the Company reversed the provision.

In consolidated, it refers to the tax claim that the CGG unit of Rio Verde would not have exported, within the established deadline, 1,422,421 kg of corn grains, considering the levy of ICMS and proper legal charges (fine and interest). In 2017, the amount of R$ 2,496 was provided for, and in 2018 the process was revalued and the provision adjusted to R$ 2,176, in addition to a provision for civil claims in the amount of R$ 3,762 related to contract cancellation.

23.2. Changes in the provisions for tax risks

	Parent company	Consolidated
Balances as at December 31, 2018	**-**	**5,938**
Additions	-	-
Reversals	-	-
Write-offs	-	-
Adjustments	-	2
Balances as at December 31, 2019	**-**	**5,940**

23.3. Possible losses, not provided for in the statement of financial position

The Company is party to civil and labor lawsuits involving risk of losses classified by Management as possible, based on the evaluation of its legal counselors, and for which there is no recognized provision, according to the following composition and estimate:

	2019	2018
Labor	629	33
Civil*	269,665	289,633
	270,294	289,666

24. Equity

As at December 31, 2018 and 2017, the Company's capital stock is R$ 366,418, subscribed and paid-in, divided into 114,943,677 common and registered shares with no par value, as follows:

(In thousands of Brazilian Reais, unless otherwise stated)

Shareholders	Shares
Cia de Tecidos Norte de Minas	31,609,708
Fazenda do Cantagalo Ltda.	23,859,811
Treasury shares	18,850,217
GFN agrícola e participações S.A	1,298,826
Agrícola Estreito S.A.	19,527,163
Serez capital	12,115,258
Coteminas International Ltd	1,935,510
Sojitz Agrícola Participações Ltda	5,747,184
Total	**114,943,677**

24.1. Cumulative translation adjustment

These include all differences in foreign currencies arising from the translation of the controlled companies' financial statements.

24.2. Statutory reserve and appropriated retained earnings

The statutory reserve is set up at the rate of 5% of net income for the year or remaining balance, up to the limit of 20% of capital stock, with use restricted to the absorption of accumulated losses or for the purpose of capital increase.

25. Financial instruments

25.1. Financial instrument identification and valuation

The Company operates with several financial instruments, mostly cash and cash equivalents, including financial investments, trade accounts receivable, trade accounts payable and loans and financing. Additionally, the Company also operates with derivative financial instruments. The derivative instruments are valued according to their market value.

25.2. Cash and cash equivalents, financial investments, accounts receivable, other current assets and accounts payable

The book values of these instruments approximate their realizable values.

25.3. Investments

These mainly consist in investments in closely-held affiliates, recorded under the equity method, in which the Company has strategical interest. Share market value considerations are not applicable.

(*) For the amounts in USD, the market rate considered was Libor + 2%; for the amounts in BRL, the market rate considered was CDI.

25.4. Policy on financial risk management

The Company has and follows a risk management policy which offers guidance on transactions and requires the diversification of transactions and considerations.

Under this policy, the nature and position of financial risks is regularly monitored and managed to evaluate the results and financial impact on cash flows. Also, credit limits and the quality of the counterparties' hedge are periodically reviewed.

The Company's risk management policy was established by Management and determines the existence of a risk management committee. Under this policy, market risks are hedged when it is necessary to support corporate strategies or to keep financial flexibility.

The committee of risk management assists the Financial Management to examine and review information related to risk management, including significant policies, procedures and practices applied to risk management.

The Company manages some of the risks by using derivatives. Speculation and short selling are usually prohibited.

25.5. Credit risk

The Company's sales policy considers the level of credit risk that it is willing to take in the course of its business. It is the Company's practice to diversify its receivables portfolio, select its customers and follow up on sales terms by line of business and individual position limits, in order to mitigate the chances of default on accounts receivable.

25.6. Liquidity risk

It results from the possibility that the Company will find difficulties to comply with the obligations associated to its financial liabilities settled through payments in cash or through other financial assets. The Company's approach in the management of this risk is to guarantee enough liquidity to meet its obligations within the deadlines, under regular or unusual conditions, with no losses or risking the Company's reputation.

(In thousands of Brazilian Reais, unless otherwise stated)

The Company and its controlled companies work to align availability and generation of funds in order to meet its obligations within the agreed terms. To manage cash liquidity in domestic and foreign currency, assumptions are made about future disbursements and receipts and daily monitored by the Treasury Department.

The contractual maturities of financial liabilities, including the payment of incurred interest and excluding the impact of agreements for the negotiation of currencies at net position are presented next.

	Consolidated				
Assets	**Book value**	**1 year or less**	**1-2 Years**	**2-5 Years**	**Over 5 years**
Cash and financial investments	18,951	14,493	-	-	4,458
Accounts Receivable	3,263	3,263	-	-	-
Inventory	911	911	-	-	-
Advances to suppliers	3,845	3,845	-	-	-
Related-party transactions	16,351	1,396	14,955	-	-
Goods receivable	78,088	78,088	-	-	-
Recoverable taxes	59,183	59,183	705		
Deferred taxes	2,422	-	2,422	-	-
Other receivables	1,854	1,854	-	-	-
Noncurrent assets available for sale	16,337	16,337	-	-	-
Liabilities					
Loans and financing	(958,283)	(856,719)	(56,339)	(45,225)	-
Derivatives	(21,222)	(4,376)	(16,846)	-	-
Advances from customers	(4,500)	(4,500)	-	-	-
Trade accounts payable	(47,588)	(47,588)	-	-	-
Related-party transactions	(39,474)	(39,474)	-	-	-
Labor liabilities	(2,774)	(2,774)	-	-	-
Tax liabilities	(2,173)	(2,173)	-	-	-
Provision for tax risks	(5,940)	-	(5,940)		
Other accounts payable	(97,992)	(94,995)	(2,997)	-	-
Total	**(978,741)**	**(873,229)**	**(64,040)**	**(45,225)**	**4,458**

25.7. Market risk

a) Risk of commodities price

The Company operates with commodity derivatives to minimize the variance of its results caused by the recognition of assets and liabilities, rights and obligations at fair value, valued according to the price of commodities at international stock exchanges (ICE and CBOT) and indexes disclosed by CEPEA/ESALQ. Exposure to this type of risk is constantly updated during the regular course of the Company's operations. Therefore, the management of this exposure is dynamic and occurs by means of derivative agreements entered into for hedging adjustments made according to new needs. The use of these derivative contracts is monitored and based on the limit of risk previously established by the Board of Directors by means of its corporate risk policy.

(In thousands of Brazilian Reais, unless otherwise stated)

The products soybean, corn, wheat and cotton are traded in the domestic and foreign markets and their sales price is formed by the price of these commodities at the stock exchanges of Chicago and New York and local premium. These represent the main risk factors of the portfolio. The net exposure between purchases and sales is monitored by means of derivatives of cotton, soybean, and wheat (future or over-the-counter) referenced at the same stock exchange and monitored considering the risk limits established by the Board of Directors according to the corporate risk policy. Gains or losses originated from those hedging instruments are recorded in income (loss) for the year.

b) Interest rate risk

The risk is due to the possibility of the Company incurring losses on account of interest rate fluctuations which may increase the financial expenses on loans and financing raised in the market. The Company has entered into derivative contracts to hedge against this risk in a few operations and, furthermore, it continuously monitors the market interest rates in order to evaluate the possible need to enter into new operations to hedge against fluctuation of these rates.

c) Exchange rate risk

Exchange rate risk is due to the possibility of the Company incurring losses on exchange rate fluctuations, which may increase the amounts raised in the market or decrease nominal amounts billed.

As informed in Note 20, the Company has loan obligations in foreign currency, which shall be fulfilled, in most part, by means of export contracts. In addition to this natural hedge, the Company hires derivatives to reduce exposure to the risk of change in foreign exchange rates.

d) Risk of derivatives

As at December 31, 2019, the Company has derivative agreements of cotton with financial settlement with the following characteristics:

Type	Reference value (notional)	Fair value	Amounts receivable /payable	Realized gains/losses	Unrealized gains/losses
Forward contracts					
Cotton long position	100,201	78,979	(21,222)		(21,222)
Current	25,050	20,674	(4,376)		(4,376)
Noncurrent	75,151	58,305	(16,846)		(16,846)

(In thousands of Brazilian Reais, unless otherwise stated)

The derivative agreement was entered into directly with the counterparties and uses as reference cotton price at New York stock exchanges (ICE).

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

26. Net revenue

	Parent company		Consolidated	
	2019	**2018**	**2018**	**2018**
Gross Revenue	7,027	14,602	102,110	66,214
Taxes on sales	(753)	(1,470)	(4,537)	(4,415)
Returns and discounts	-	-	(37)	(87)
Other revenues/variations	-	-	-	1,099
Total	**6,274**	**13,132**	**97,536**	**62,811**

(In thousands of Brazilian Reais, unless otherwise stated)

27. Costs and expenses by nature

	Parent company					
	2019			2018		
	Costs of goods sold	General and administrative expenses	Total	Costs of goods sold	General and administrative expenses	Total
Raw materials and products	(3,397)	-	(3,397)	(142)	-	(142)
Personnel expenses	(1,059)	(6,653)	(7,712)	(4,406)	(8,174)	(12,580)
Port costs	-	-	-	(628)	-	(628)
Other expenses	(126)	(375)	(501)	(3,842)	50	(3,792)
Expenses from services rendered	(1,919)	(5,182)	(7,101)	(1,167)	(3,489)	(4,656)
Taxes and fees	(357)	(246)	(603)	(80)	(19)	(99)
Result of market positions	18	-	18	-	-	-
Subtotal	**(6,841)**	**(12,457)**	**(19,297)**	**(10,265)**	**(11,632)**	**(21,897)**
Depreciation	(1,633)	-	(1,633)	(3,921)	(21)	(3,942)
Amortization	-	-	-	-	(321)	(321)
Subtotal	**(1,633)**	**-**	**(1,633)**	**(3,921)**	**(342)**	**(4,263)**
Total	**(8,474)**	**(12,457)**	**(20,930)**	**(14,186)**	**(11,974)**	**(26,160)**

	Consolidated					
	2019			2018		
	Costs of goods sold	General and administrative expenses	Total	Costs of goods sold	General and administrative expenses	Total
Raw materials and products	(12,686)	(14,194)	(26,880)	(13,376)	-	(13,376)
Personnel expenses	(5,110)	-	(5,110)	(7,874)	(22,447)	(30,321)
Port costs	(1,639)	-	(1,639)	(3,873)	-	(3,873)
Expenses from services rendered	(15,937)	(15,824)	(31,761)	(3,175)	(13,917)	(17,092)
Other expenses	(21,352)	(3,597)	(24,949)	(4,442)	(5,257)	(9,699)
Taxes and fees	(830)	(2,440)	(3,270)	(183)	(1,306)	(1,489)
Leases	-	-	-	(6,100)	-	(6,100)
Recovery of tax credits	-	-	-	15,678	-	15,678
Result of market positions	(699)	-	(699)	(12,315)	-	(12,315)
Total	**(58,253)**	**(36,055)**	**(94,308)**	**(35,660)**	**(42,927)**	**(78,587)**
Depreciation	(1,633)	(2,420)	(4,053)	(3,921)	(2,495)	(6,416)
Amortization	(11,013)	(59)	(11,072)	(11,465)	(415)	(11,880)
Subtotal	**(12,647)**	**(2,479)**	**(15,125)**	**(15,386)**	**(2,910)**	**(18,296)**
Total	**(70,900)**	**(38,534)**	**(109,434)**	**(51,046)**	**(45,837)**	**(96,883)**

(In thousands of Brazilian Reais, unless otherwise stated)

28. Other operating revenues/(expenses)

	Parent company		Consolidated	
	2019	2018	2019	2018
Reversal/Allowance for doubtful accounts *	(650)	17	(849)	(3,889)
Provision for tax credits	-	(1,062)	(2,658)	2,876
Income (loss) on sales of fixed assets**	8,571	10,613	13,216	96,169
Realization of impairment			8,768	28,616
Reversal/Provision for taxes on plots of land	12,790		12,790	
Revenue from the transfer of debt - BNB vs. Coteminas	10,801		10,800	
Treasury-share based transactions	780		780	
Other non-operating expenses	9	18	167	864
Total	**32,301**	**9,586**	**43,014**	**124,636**

(*) In consolidated, this refers to the reversal of the allowance for doubtful accounts related to the portion of credits sold.

29. Financial income (loss)

	Parent company		Consolidated	
	2019	2018	2019	2018
Financial revenues				
Interest on advances and prefinancing	-	-	-	-
Interest on financial investments	76	73	531	409
Interest on other investments	-	-	-	322
Income (loss) from goods receivable/to deliver	15,622	-	3,095	64,174
Adjustment to present value of purchases and sales	4,509	14,418	31,306	-
Interest on related-party transactions	-	9	-	426
Surety(*)	6,083	6,083	-	-
Total	**26,290**	**20,583**	**34,932**	**65,331**
Financial expenses				
Interest on loans obtained	(4,967)	(17,230)	(57,400)	(55,281)
Interest from related-party transactions	(15,528)	(24,856)	(5,310)	(16,171)
Interest on related-party transactions	(186)	-	(131)	-
Income (loss) from goods to deliver – Related parties	-	(5,820)	-	-
Adjustment to present value of purchases and sales	-	-	-	(59,644)
Derivative financial income (loss)	(21,222)		(21,222)	-
Other financial expenses	(13,501)	(6,876)	(21,130)	(8,812)
Total	**(55,404)**	**(54,782)**	**(105,193)**	**(139,908)**
Net financial income (loss)				**(79,107)**
Exchange rate gains (losses), net	(7,317)	(32,456)	(11,123)	(52,237)
Net financial income (loss)	**(36,431)**	**(66,655)**	**(81,384)**	**(126,814)**

(*) It refers to revenue from guarantee offered for transactions with affiliates, as per Note 11.

30. Insurance (unaudited)

The Company seeks the support of insurance consultants to establish coverage compatible with its size and transactions. As at December 31, 2019, coverage was in the amounts shown below, in accordance with insurance policies:

Types	Amounts insured (in thousands of USD)
Civil liability – Directors **(a)**	15,560
General civil liability **(a)**	1,241
Civil Liability CGG BV **(b)**	1,241
Corporate Multi-risk **(c)**	2,802

(a) **Civil liability insurance:** Insurance taken at the holding Cantagalo General Grains S.A. covering the risks of all companies of the group located in Brazil.

(b) **Civil liability insurance:** Insurance hired for the directors of the controlled company CGG BV.

(c) **Corporate Multi-risk:** Insurance hired for all units covering material damage and offices.

31. Subsequent events

a) Restructuring

The company continues to move forward with its financial reorganization and has maintained significant efforts by Management in the process of selling the controlled company Corredor Logística e Infraestrutura S.A., which controls the grain terminal of CGG trading in the Port of Itaqui, progressing with the sale process, which should continue during 2020.

b) COVID-19

The Company explains that, in compliance with the provisions of CPC 24 – Subsequent Events, and with the current information and data on the Coronavirus (COVID-19) and its impact on its operations, it has not identified significant matters that may affect its financial statements, going concern and/or accounting estimates at this point.

The Company continues to diligently monitor any and all information on the subject, and will assess, according to its evolution, the need to disclose material facts and/or changes to projections and estimates related to the reported risks, in order to inform its shareholders and the market regarding changes in valuation that have relevant effects.