

Minerva S.A.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Independent auditor's report on review of the individual and consolidated interim financial information

At March 31, 2019



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(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 29 to the financial statements.)

Independent auditor's report on review of the individual and consolidated interim financial information

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To the Management, Directors and Shareholders of
Minerva S.A.
Barretos, SP

Introduction

We have reviewed the individual and consolidated interim financial information of Minerva S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the quarter ended March 31, 2019, which comprises the balance sheet as at March 31, 2019 and the related statement of profit and loss, statement of comprehensive loss, statement of changes in equity, and statement of cash flows for the three-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) – "Demonstração Intermediária" and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this individual and consolidated interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Other matters

Statements of Value Added (“DVA”)

We have also reviewed the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2019, prepared under the responsibility of the Company’s Management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR), and considered supplemental information by IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

São Paulo, May 14, 2019



Daniel Gomes Maranhão Junior
Assurance Partner

Grant Thornton Auditores Independentes

Minerva S.A.

Balance sheets as at March 31, 2019 and December 31, 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

ASSETS

	Notes	Parent		Consolidated	
		03/31/2019	12/31/2018	03/31/2019	12/31/2018
Current assets					
Cash and cash equivalents	5	3,454,086	4,053,825	3,863,018	4,396,985
Trade receivables	6	561,359	788,055	1,534,003	1,783,355
Inventories	7	393,550	411,349	748,156	692,459
Biological assets	8	171,528	129,794	190,231	156,698
Recoverable assets	9	487,343	616,313	732,321	858,843
Other receivables	-	143,847	114,720	300,912	253,995
Total current assets		<u>5,211,713</u>	<u>6,114,056</u>	<u>7,368,641</u>	<u>8,142,335</u>
Noncurrent assets					
Other receivables	-	8,959	7,634	13,527	11,971
Related parties	10	1,722,789	1,656,095	-	-
Recoverable taxes	9	179,390	179,390	179,390	183,428
Deferred taxes	18	196,429	180,758	196,717	181,333
Judicial deposits	-	26,402	23,217	27,157	23,998
Investments	11	2,580,295	2,457,610	-	-
Property, plant and equipment	12	1,838,475	1,798,497	3,608,161	3,580,563
Intangible assets	13	296,418	294,810	701,083	700,793
Total noncurrent assets		<u>6,849,157</u>	<u>6,598,011</u>	<u>4,726,035</u>	<u>4,682,086</u>
Total assets		<u><u>12,060,870</u></u>	<u><u>12,712,067</u></u>	<u><u>12,094,676</u></u>	<u><u>12,824,421</u></u>

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Balance sheets as at March 31, 2019 and December 31, 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Notes	Parent		Consolidated	
		03/31/2019	12/31/2018	03/31/2019	12/31/2018
LIABILITIES					
Current liabilities					
Borrowings and financing	14	2,591,537	3,302,978	2,882,594	3,644,273
Leases	12.1	6,146	-	7,095	-
Trade payables	15	427,816	492,873	785,697	872,508
Taxes payable and payroll and related taxes	16	84,887	78,822	259,326	234,634
Other payables	17	925,776	1,128,475	1,043,066	1,237,204
Total current liabilities		<u>4,036,162</u>	<u>5,003,148</u>	<u>4,977,778</u>	<u>5,988,619</u>
Noncurrent liabilities					
Borrowings and financing	14	4,642,487	4,372,503	7,126,848	6,823,301
Leases	12.1	47,527	-	59,355	-
Taxes payable and payroll and related taxes	16	58,664	59,896	70,714	72,750
Provisions for tax, labor and civil risks	19	28,781	30,898	39,213	42,774
Allowances for investment losses	11	1,837,484	1,773,349	-	-
Related parties	10	1,783,410	1,773,387	-	-
Other payables	17	-	-	966	732
Deferred taxes	18	-	-	193,447	197,359
Total noncurrent liabilities		<u>8,398,353</u>	<u>8,010,033</u>	<u>7,490,543</u>	<u>7,136,916</u>
Equity					
Capital	-	1,109,324	1,109,259	1,109,324	1,109,259
Capital reserves	-	120,182	120,182	120,182	120,182
Revaluation reserves	-	51,775	52,162	51,775	52,162
Accumulated losses	-	(1,428,934)	(1,397,915)	(1,428,934)	(1,397,915)
Treasury shares	-	(36,846)	(36,846)	(36,846)	(36,846)
Other comprehensive income	-	(189,146)	(147,956)	(189,146)	(147,956)
Total equity attributable to Company's owners (equity deficiency)		<u>(373,645)</u>	<u>(301,114)</u>	<u>(373,645)</u>	<u>(301,114)</u>
Noncontrolling interests		-	-	-	-
Total equity (equity deficiency)		<u>(373,645)</u>	<u>(301,114)</u>	<u>(373,645)</u>	<u>(301,114)</u>
Total liabilities and equity		<u>12,060,870</u>	<u>12,712,067</u>	<u>12,094,676</u>	<u>12,824,421</u>

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of profit and loss for the periods ended March 31, 2019 and 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Notes	Parent		Consolidated	
		03/31/2019	03/31/2018	03/31/2019	03/31/2018
Net operating revenue	22	1,792,102	1,897,355	3,727,613	3,531,353
Cost of sales	-	(1,442,140)	(1,487,043)	(3,067,004)	(2,952,232)
Gross profit		349,962	410,312	660,609	579,121
Operating income (expenses)					
Selling expenses	23	(158,473)	(156,733)	(257,547)	(230,752)
General and administrative expenses	23	(106,149)	(91,266)	(160,962)	(134,475)
Other operating income	23	(10,061)	(1,185)	(9,047)	(1,529)
Share of profit (loss) of investees	11	100,146	(37,703)	-	-
Profit from operations before finance income (costs), net, share of profit (loss) of investees, and taxes		175,425	123,425	233,053	212,365
Finance costs	24	(188,914)	(200,467)	(255,541)	(303,984)
Finance income	24	15,396	10,558	17,832	16,208
Inflation adjustment	24	-	-	20,485	-
Exchange rate changes, net	24	(48,984)	(48,136)	(45,261)	(48,413)
Finance income (costs), net		(222,502)	(238,045)	(262,485)	(336,189)
Loss before taxes		(47,077)	(114,620)	(29,432)	(123,824)
Income tax and social contribution - current	18	-	-	(17,679)	(2,580)
Income tax and social contribution - deferred	18	15,671	(101)	15,705	11,683
Loss for the period before noncontrolling interests		(31,406)	(114,721)	(31,406)	(114,721)
Equity attributable to:					
Company's owners	-	(31,406)	(114,721)	(31,406)	(114,721)
Noncontrolling interests	-	-	-	-	-
Loss for the period		<u>(31,406)</u>	<u>(114,721)</u>	<u>(31,406)</u>	<u>(114,721)</u>
Loss per share					
Weighted average number of shares - basic		373,137	200,069	373,137	200,069
Loss per share - basic	25	(0.08417)	(0.52130)	(0.08417)	(0.52130)
Weighted average number of shares - diluted		373,137	200,069	373,137	200,069
Loss per share - diluted	25	(0.08417)	(0.52130)	(0.08417)	(0.52130)

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of comprehensive loss for the periods ended March 31, 2019 and 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Loss for the period	(31,406)	(114,721)	(31,406)	(114,721)
Other comprehensive income (loss) to be reclassified to profit (loss) for the period in subsequent periods:				
Valuation adjustments to equity	(41,190)	(15,686)	(41,190)	(15,686)
Other comprehensive income (loss), net of income tax and social contribution	(41,190)	(15,686)	(41,190)	(15,686)
Total comprehensive loss	(72,596)	(130,407)	(72,596)	(130,407)
Comprehensive income (loss) attributable to:				
Company's owners	(72,596)	(130,407)	(72,596)	(130,407)
Noncontrolling interests	-	-	-	-
Total comprehensive loss	(72,596)	(130,407)	(72,596)	(130,407)

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of changes in equity - Parent and consolidated (equity deficiency) for the period ended March 31, 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	<u>Capital</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Accumulated losses (Retained earnings)</u>	<u>Treasury shares</u>	<u>Other comprehensive loss</u>	<u>Total equity attributable to Company's owners</u>	<u>Noncontrolling interests</u>	<u>Total equity (equity deficiency)</u>
Balances at December 31, 2018	1,109,259	120,182	52,162	(1,397,915)	(36,846)	(147,956)	(301,114)	-	(301,114)
Loss for the period	-	-	-	(31,406)	-	-	(31,406)	-	(31,406)
Cumulative translation adjustments	-	-	-	-	-	(41,190)	(41,190)	-	(41,190)
Total comprehensive loss, net of taxes	-	-	-	(31,406)	-	(41,190)	(72,596)	-	(72,596)
Capital increase	65	-	-	-	-	-	65	-	65
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
(-) Treasury shares	-	-	-	-	-	-	-	-	-
Realization of revaluation reserve	-	-	(387)	387	-	-	-	-	-
Balances at March 31, 2019	<u>1,109,324</u>	<u>120,182</u>	<u>51,775</u>	<u>(1,428,934)</u>	<u>(36,846)</u>	<u>(189,146)</u>	<u>(373,645)</u>	<u>-</u>	<u>(373,645)</u>

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of changes in equity - Parent and consolidated for the period ended March 31, 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Capital	Capital reserve	Revaluation reserve	Accumulated losses	Treasury shares	Other comprehensive loss	Total equity attributable to Company's owners	Noncontrolling interests	Total equity
Balances at December 31, 2017	128,854	187,504	53,712	(134,683)	(99,679)	(64,631)	71,077	-	71,077
Loss for the year	-	-	-	(114,721)	-	-	(114,721)	-	(114,721)
Cumulative translation adjustments	-	-	-	-	-	(15,686)	(15,686)	-	(15,686)
Total comprehensive loss, net of taxes	-	-	-	(114,721)	-	(15,686)	(130,407)	-	(130,407)
Capital increase	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	(67,322)	-	-	67,322	-	-	-	-
(-) Treasury shares	-	-	-	-	(4,489)	-	(4,489)	-	(4,489)
Realization of revaluation reserve	-	-	(387)	387	-	-	-	-	-
Balances at March 31, 2018	<u>128,854</u>	<u>120,182</u>	<u>53,325</u>	<u>(249,017)</u>	<u>(36,846)</u>	<u>(80,317)</u>	<u>(63,819)</u>	<u>-</u>	<u>(63,819)</u>

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of cash flows for the periods ended March 31, 2019 and 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Cash flows from operating activities				
Loss for the period	<u>(31,406)</u>	<u>(114,721)</u>	<u>(31,406)</u>	<u>(114,721)</u>
Adjustments to reconcile profit/loss to cash from operating activities:				
Depreciation and amortization	28,646	23,839	76,241	51,250
Allowance for expected credit losses	-	681	-	1,419
Gains on sale of fixed assets	775	136	837	324
Fair value of biological assets	(10,909)	3,265	(10,909)	3,265
Realization of deferred taxes	(15,671)	101	(15,705)	(11,683)
Share of profit (loss) of investees	(100,146)	37,703	-	-
Finance charges	130,944	167,927	215,675	218,786
Unrealized exchange rate changes	44,687	37,243	40,345	41,973
Inflation adjustment	-	-	(20,485)	-
Provision for risks	(2,117)	(177)	(3,561)	(35,871)
Trade and other receivables	196,244	112,100	200,879	340,989
Inventories	17,799	(24,822)	(55,697)	(78,881)
Biological assets	(30,825)	4,981	(22,624)	1,739
Recoverable taxes	128,970	(1,074)	130,560	(7,102)
Deferred taxes	-	-	-	-
Judicial deposits	(3,185)	(5,325)	(3,159)	(5,231)
Trade payables	(65,057)	(103,826)	(86,811)	(234,413)
Taxes and payroll charges payable	4,833	(33,435)	22,656	(18,185)
Other payables	(202,699)	65,586	(197,495)	33,910
Cash flow provided by operating activities	<u>90,883</u>	<u>170,182</u>	<u>239,341</u>	<u>187,568</u>
Cash flow from investing activities				
Acquisition of investments	406	(768)	-	-
Acquisition of intangible assets, net	(2,355)	(1,693)	(2,668)	(2,433)
Acquisition of property, plant and equipment, net	(13,532)	(23,446)	(25,181)	(46,479)
Cash flow provided by investing activities	<u>(15,481)</u>	<u>(25,907)</u>	<u>(27,849)</u>	<u>(48,912)</u>
Cash flow from financing activities				
Borrowings and financing	109,107	195,085	139,634	182,596
Borrowings and financing settled	(734,771)	(117,289)	(893,786)	(280,675)
Leases	(1,447)	-	(1,671)	-
Related parties	(56,671)	124,444	-	-
Capital payment in cash	65	-	65	-
Treasury shares	-	(4,489)	-	(4,489)
Cash flow provided by financing activities	<u>(683,717)</u>	<u>197,751</u>	<u>(755,758)</u>	<u>(102,568)</u>
Exchange rate changes on cash and cash equivalents	8,576	14,881	10,299	33,885
Increase/decrease in cash and cash equivalents, net	<u>(599,739)</u>	<u>356,907</u>	<u>(533,967)</u>	<u>69,973</u>
Cash and cash equivalents				
At the beginning of period	4,053,825	2,554,043	4,396,985	3,807,342
At the end of period	3,454,086	2,910,950	3,863,018	3,877,315
Increase/decrease in cash and cash equivalents, net	<u>(599,739)</u>	<u>356,907</u>	<u>(533,967)</u>	<u>69,973</u>

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of value added for the periods ended March 31, 2019 and 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Revenues	1,774,034	1,904,685	3,836,048	3,601,222
Sales of goods, products and services	1,763,330	1,868,585	3,824,742	3,559,547
Other	10,704	36,100	11,306	41,675
Inputs acquired from third parties	(1,774,529)	(1,831,354)	(3,408,018)	(3,377,761)
(includes taxes - ICMS, IPI, PIS, and Cofins)				
Cost of sales and services	(1,559,129)	(1,603,606)	(3,035,207)	(3,099,102)
Materials, electric power, outside services and others	(215,400)	(227,748)	(372,811)	(278,659)
Gross value added	(495)	73,331	428,030	223,461
Depreciation, amortization and depletion	(28,646)	(23,839)	(76,241)	(51,250)
Wealth created by the entity, net	(29,141)	49,492	351,789	172,211
Wealth received in transfer	115,542	(27,145)	17,832	16,208
Share of profit (loss) of investees	100,146	(37,703)	-	-
Finance income	15,396	10,558	17,832	16,208
Total wealth for distribution (5+6)	<u>86,401</u>	<u>22,347</u>	<u>369,621</u>	<u>188,419</u>
Wealth distributed	<u>86,401</u>	<u>22,347</u>	<u>369,621</u>	<u>188,419</u>
Personnel	46,895	46,059	205,761	85,647
Taxes and contributions	(9,336)	6,655	53,963	23,978
Lenders and lessors	80,248	84,354	141,303	193,515
Interest	76,134	81,058	135,051	186,759
Rentals	4,114	3,296	6,252	6,756
Shareholders	(31,406)	(114,721)	(31,406)	(114,721)
Loss for the period/year	(31,406)	(114,721)	(31,406)	(114,721)
Noncontrolling interests in retained earnings (consolidation only)	-	-	-	-

The accompanying notes are an integral part of this interim financial information.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Notes to the individual and consolidated interim financial information for the quarter ended March 31, 2019 (In thousands of reais - R\$, unless otherwise stated)

1. General information

Minerva S.A. (Company) is a publicly-held company listed at the “Novo Mercado” corporate governance segment with shares are traded on B3 - Bolsa, Brasil, Balcão. The Company’s main activities include the slaughtering of livestock and processing of meat, sale of fresh chilled, frozen and processed meat and the exporting of live cattle.

The Company’s shares are traded on B3 – Bolsa, Brasil, Balcão, under the ticker symbol “BEEF3” and its Level 1 American Depositary Receipts (ADRs) are traded on the OTC market OTCQX International Premier, a segment of the electronic trading platform operated by the OTC Markets Group Inc., in the United States.

Parent

The Company is headquartered in Barretos (SP) and has manufacturing units located in José Bonifácio (SP), Palmeiras de Goiás (GO), Batayporã (MS), Araguaína (TO), Goianésia (GO), Barretos (SP), Campina Verde (MG), Janaúba (MG), Várzea Grande (MT), Mirassol D’Oeste (MT) and Rolim de Moura (RO). The distribution centers for the domestic market are located in the cities of Aparecida de Goiânia (GO), Brasília (DF), Cariacica (ES), São Paulo (SP), Araraquara (SP), Taboão da Serra (SP), Cubatão (SP), Belo Horizonte (MG), Maracanaú (CE), Uberlândia (MG), and Cabo de Santo Agostinho (PE).

As at March 31, 2019, the Company’s consolidated industrial complex had a daily slaughtering capacity of 26,380 heads and a deboning capacity of 4,596 tons, taking into account subsidiaries Athena Foods S.A. – in Uruguay (Pulsa S/A and Frigorífico Carrasco S/A), in Colombia (Red. Cárnica S.A.), Paraguay (Frigomerc S/A) and Argentina (Swift Argentina S.A). All plants are compliant with sanitary requirements applicable to exports to countries across the five continents. The Barretos manufacturing unit (SP) has a beef processing line (cubed beef and roastbeef) which is mainly intended for exports.

Direct and indirect subsidiaries

Direct subsidiaries located in Brazil:

- **Minerva Dawn Farms S.A (Minerva Fine Foods):** located in Barretos (SP), this unit started operations in 2009. to produce, in varying scales, and sell beef, pork and poultry products meeting domestic and foreign demand in the “Food Services” segment;
- **CSAP – Companhia Sul Americana de Pecuária S.A.:** located in Barretos (SP), this unit started operations in 2014 to mainly engage in livestock and farming, by breeding and selling live cattle, lambs, pigs and other live animals;
- **Minerva Foods Asia Assessoria Ltda. (formerly “Intermeat - Assessoria e Comércio Ltda.)”:** acquired in the first quarter of 2016, its main activity is the provision of consulting and advisory services in the foreign trade area, for all lines of business in the food industry;
- **Minerva Comercializadora de Energia Ltda.:** located in São Paulo (SP), this unit started operations in 2016 and is mainly engaged in trading and selling electric power.

Direct foreign subsidiaries:

- **Athena Foods S.A.:** Based in Santiago, Chile (UY), Athenas Foods S.A. started operations in 2018 primarily to consolidate the management of equity interests and own assets in Mercosur. The company has the following direct subsidiaries: Pulsa S.A. (UY), Frigorífico Carrasco S.A. (UY), Frigomerc S.A. (PY), Pul Argentina S.A (AR), Red Cárnica S.A.S. (CO), Red Industrial Colombiana S.A.S. (CO), and Minerva Foods Chile SPA (CL);
- **Lytmer S.A.:** located in Montevideo, Uruguay (UY), engaged in selling live cattle to the foreign market and trading food products;
- **Friasa S.A.:** located in Asunción, Paraguay (PY);
- **Minerva Middle East:** office located in Lebanon to market and sell the Company’s products;
- **Minerva Colombia SAS:** Based in Ciénaga de Oro, next to Montería, in the Córdoba region, Colombia, mainly engaged in the sale of livestock to the foreign market;
- **Minerva Live Cattle Export SPA:** Located in Santiago, Chile, primarily engaged in selling live cattle to the foreign market;
- **Minerva Meats USA.:** located in Chicago (USA), this unit started operations in 2015 and is mainly engaged in trading food products;
- **Minerva Australia Holdings PTY Ltd.:** Located in Brisbane (Australia), this unit started operations in 2016 and has Minerva Ásia Foods PTY Ltd. as its direct subsidiary;
- **Minerva Europe Ltd.:** Located in Brisbane (Australia), this unit started operations in 2017 and is mainly engaged in trading food products.

Indirect foreign subsidiaries:

- **Pulsa S.A.:** meatpacking company acquired in January 2011, located in the Province of Cerro Largo, near the capital Melo, in Uruguay (UY). Engaged in slaughtering and deboning activities, with 85% of its sales intended for the foreign market, primarily the North American and the European markets;
- **Frigorífico Canelones S.A.,** meatpacking acquired in July 2017 by the indirect subsidiary Pulsa S.A, located in Canelones in Uruguay (UY). Engaged in the cattle slaughtering and deboning and processing of meat, especially fresh chilled and frozen meat for exports;

- **Frigorífico Carrasco S.A.:** meatpacking company acquired in April 2014, located in Montevideo, Uruguay (UY). Engaged in slaughtering, deboning and processing beef and sheep meat, with approximately 68% of its sales intended for the foreign market;
- **Frigomerc S.A.:** Meatpacking company acquired in October 2012, located in Asunción, Paraguay (PY), engaged in slaughtering, deboning and processing activities, operating in the domestic and foreign markets. On July 31, 2017;
- **JBS Paraguay S.A.,** meatpacking acquired in July 2017 by the indirect subsidiary Frigomerc S.A., located in Assuncion, Paraguay (PY), to engage in cattle slaughtering and deboning and processing of meat;
- **Indústria Paraguaya Frigorífica S.A.,** meatpacking acquired in July 2017 by the indirect subsidiary Frigomerc S.A., located in Assuncion, Paraguay (PY), to engage in cattle slaughtering and deboning and processing of meat;
- **Pul Argentina S.A.** Based in Buenos Aires, Argentina, the company started activities 2016 and has Swift Argentina S.A. as its direct subsidiary;
- **Swift Argentina S.A.,** meatpacking acquired in July 2017 by the indirect subsidiary Pul Argentina S.A. located in Buenos Aires (AR) to process and produce meat and sell own and third parties' brands, especially Swift products;
- **Red. Cárnica SAS:** Meatpacking company acquired in July 2015, located in Ciénaga de Oro, near Montería, Córdoba region, in Colombia (CO) to engage in slaughtering, deboning and processing activities, operating in the domestic and foreign markets;
- **Red. Industrial Colombiana SAS:** plant acquired in July 2015, located in Ciénaga de Oro, near Montería, in the Córdoba region, Colombia (CO), whose main purpose is the preparation of products for animals, specifically, meat/bone meal, blood and tallow;
- **Minerva Foods Chile SPA:** Located in Santiago, Chile, primarily engaged in trading and selling the Company's products;
- **Minerva Asia Foods PTY Ltd.:** this unit is mainly engaged in trading food products.

Cargo transportation

- **Transminerva Ltda.:** located in Barretos (SP), it is engaged in cargo transportation to support the Company, reducing its freight expenses in Brazil.

Special Purpose Entities (SPE) for fundraising

- **Minerva Overseas I:** located in the Cayman Islands, it was incorporated in 2006 to issue Bonds and receive the respective financial resources, totaling US\$200 million, in January 2007;
- **Minerva Overseas II:** Located in the Cayman Islands, it was incorporated in 2010 to issue Bonds and receive the respective financial resources, totaling US\$250 million, on that date;
- **Minerva Luxembourg S.A:** located in Luxembourg, it was incorporated in 2011 for the specific purpose of issuing Bonds and receiving the respective financial resources, totaling US\$350 million, and the subsequent re-tap of US\$100 million, occurred in February and March 2012, respectively. Also in the first quarter of 2013, the company conducted the "offer to buyback debt notes" using the proceeds from the issue of 2023 Notes in the amount of US\$850 million bearing interest of 7.75% per year. In the third quarter of 2014, the company carried out the re-tap of the 2023 Notes in the amount of US\$200 million. During the third quarter of 2016, the company carried out an offering of US\$1 billion bearing interest of 6.50% per annum, buying back the 2023 Notes in the amount of US\$617,874. In the second quarter of 2017, the company carried out a re-tap operation for its 2026 Notes, in the amount of US\$350 million. During the fourth quarter of 2017, the company carried out an offering of US\$500 million bearing interest of 5.875% per year, buying back the 2023 notes in the amount of US\$198,042.

Other subsidiaries in pre-operational stage

- **Minerva Log S.A. (logistics)**

The direct and indirect subsidiaries above are included in the Company's individual and consolidated interim financial information. The equity interest in each subsidiary is as shown below:

	03/31/2019	12/31/2018
Direct subsidiaries		
Minerva Dawn Farms S/A	100.00%	100.00%
Friasa S/A	99.99%	99.99%
Minerva Overseas I	100.00%	100.00%
Minerva Overseas II	100.00%	100.00%
Minerva Middle East	100.00%	100.00%
Transminerva Ltda.	100.00%	100.00%
Minerva Log	100.00%	100.00%
Minerva Colômbia S.A.S	100.00%	100.00%
Lytmer S.A	100.00%	100.00%
Minerva Luxembourg S.A	100.00%	100.00%
Minerva Live Cattle Export Spa	100.00%	100.00%
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	100.00%
Minerva Meats USA Inc.	100.00%	100.00%
Minerva Foods Asia Assessoria Ltda.	-	100.00%
Minerva Comercializadora de Energia Ltda.	100.00%	100.00%
Minerva Australia Holdings PTY Ltd	100.00%	100.00%
Minerva Europe Ltd.	100.00%	100.00%
Athena Foods S.A.	100.00%	100.00%

	03/31/2019	12/31/2018
Indirect subsidiaries		
Frigorífico Carrasco S.A.	100.00%	100.00%
Minerva Foods Chile Spa	100.00%	100.00%
Red Cárnica S.A.S	100.00%	100.00%
Red Industrial Colombiana S.A.S	100.00%	100.00%
Pulsa S.A.	100.00%	100.00%
Frigorífico Canelones S.A	100.00%	100.00%
Frigomerc S/A	100.00%	100.00%
JBS Paraguay S.A	99.99%	99.99%
Industria Paraguaya Frigorifica S.A	99.99%	99.99%
Pul Argentina S.A	100.00%	100.00%
Swift Argentina S.A	99.99%	99.99%
Minerva Asia Foods PTY Ltd	100.00%	100.00%

Hyperinflationary economy - Argentina

On June 30, 2018, according to an evaluation conducted by different market players, Argentina's economy was considered hyperinflationary beginning July 1, 2018. The Argentinian peso devaluation and an increase in the overall price level in recent periods resulted in inflation indices exceeding 100% on a three-year cumulative basis.

In accordance with IAS 29, non-monetary assets and liabilities, equity and the income statement of subsidiaries operating in highly inflationary economies must be restated for the changes in the overall pricing power of the functional currency by applying a general price index.

We concluded that the effects of this hyperinflationary impact, certainly not relevant, arising from our Argentinian subsidiaries, were determined on a consistent basis and accounted for in our individual and consolidated interim financial information for the period ended March 31, 2019.

Approval of interim financial information

The issuance of this interim financial information as at March 31, 2019 was authorized by the Executive Board and the Board of Directors on May 14, 2019.

2. Basis of preparation

Statement of compliance (with IFRSs and CPC standards)

The individual and consolidated interim financial information has been prepared and is presented in accordance with accounting practices adopted in Brazil, including the provisions of Brazilian Corporate Law and the standards and procedures issued by the Brazilian Securities and Exchange Commission (CVM) and the Accounting Pronouncements Committee (CPC), which are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Company's individual and consolidated interim financial information is in accordance with Technical Instruction OCPC 07, which addresses the basic preparation and disclosure requirements to be observed in financial reporting, particularly in the disclosure of explanatory notes. Management asserts that all the relevant information reported in the interim financial information is disclosed and corresponds to that used in managing the Company.

The presentation of the Statement of Value Added (DVA), individual and consolidated, is required by Brazilian Corporate Law and the accounting practices adopted in Brazil applicable to publicly-held companies. IFRS does not require the presentation of such statement. Consequently, the presentation of the Statement of Value Added is considered by IFRS as supplemental information, without any prejudice to the set of financial statements.

This individual and consolidated interim financial information is presented in reais (R\$), which is also the Company's functional currency.

The significant accounting policies adopted in preparing the individual and consolidated interim financial information are as described below. These accounting policies were applied consistently to all periods reported, unless stated otherwise.

3. Summary of significant accounting policies

a) Basis of measurement

The individual and consolidated interim financial information was prepared at historical cost, except for the measurement of certain assets and liabilities such as financial instruments and biological assets, which are measured at fair value.

b) Functional and reporting currency

The interim financial information of each subsidiary included in the Company's consolidation and that used as a basis for measuring investments under the equity method has been prepared using each entity's functional currency. The functional currency of an entity is the currency of the primary economic environment where it operates. In defining the functional currency of each subsidiary, Management considered which currency significantly influences the sale price of its products and services rendered, and the currency in which most of the cost of its inputs production is paid or incurred.

The interim financial information is presented in Brazilian reais, which is the Parent's functional and reporting currency.

c) Foreign operations

The foreign direct and indirect subsidiaries adopted the following functional currencies in preparing the interim financial information as at March 31, 2019:

- **Guarani (Paraguay-PY)** – Friasa S.A.;
- **US Dollar (US\$)** – Athena Foods S.A, Frigomerc S.A., Pulsa S.A, Frigorífico Carasco S.A, Lytmer S.A.; Minerva Overseas I, Minerva Overseas II, Minerva Meat USA, Minerva USA LLC, and Minerva Luxembourg;
- Sterling pound (GBP) – **Minerva Europe Ltd.**;
- **Chilean Peso** – Minerva Foods Chile SpA and Minerva Live Cattle Export SPA;
- **Colombian Peso** – Minerva Colombia S.A.S, Red Cárnica S.A.S, and Red Industrial Colombiana S.A.S.;
- **Australian Dollar** – Minerva Australia Holdings PTY Ltd.; Minerva Asia Foods PTY Ltd.;
- **Argentinean Peso** – Pul Argentina S.A.

These financial statements, when applicable, are adjusted to conform to the accounting practices adopted in Brazil and translated into Brazilian reais (R\$) by applying the following procedures:

- Monetary assets and liabilities are translated using the closing rate of the respective currency for the Brazilian real (R\$) at the end of the respective balance sheets;
- In the last balance sheet corresponding to equity translated at the historical exchange rate prevailing at that time and the changes in equity for the current period/year are translated at the historical exchange rates on the dates of the transactions, and the profit earned or loss incurred is translated and accumulated at an average historical monthly exchange rate, as indicated in the topic below;
- Revenues, costs and expenses for the current period/year are translated and accrued at an average historical monthly exchange rate;
- The changes in foreign exchange balances arising from the items above are recognized in a specific equity account, under "Other comprehensive income";
- The balances of investments, assets and liabilities, revenues and expenses arising from transactions among "Minerva Group" companies included in the consolidated interim financial information are eliminated.

d) Foreign currency-denominated transactions and balances

Foreign currency-denominated transactions and balances, i.e., all transactions conducted in a currency other than the functional currency, are translated at the exchange rate prevailing on the respective trade date, as required by CPC 02 (R2) – Effects of Changes in Exchange Rates and Translation of Financial Statements.

Assets and liabilities subject to currency fluctuations are adjusted using the exchange rates prevailing on the last business day of each year or reporting periods. Gains and losses arising from changes in foreign investments are recognized directly in equity, under “Other comprehensive income”, and recognized in the statement of profit or loss when these investments are fully or partially sold.

Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rates prevailing on the transaction date.

e) Use of estimates and judgment

The preparation of individual and consolidated interim financial information pursuant to IFRS and CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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

f) Basis of consolidation

Business combinations

Acquisitions completed on or after January 1, 2009

For acquisitions made as at or after January 01, 2009, the Company measured goodwill as the fair value of the consideration transferred, including the recognized amount of any noncontrolling interest in the acquired company, less the net recognized value of the identifiable assets and liabilities assumed at fair value, all measured as at the acquisition date.

For each business combination, the Company assesses if it will measure the noncontrolling interests at their fair value or based on the proportionate equity interest of the noncontrolling interests on the identifiable net assets determined on the acquisition date.

Transaction costs, whether or not associated to the issuance of debt securities or equity securities, incurred by the Company and its subsidiaries on a business combination, are recognized as expenses as they are incurred.

i) Subsidiaries and jointly controlled subsidiaries

The interim financial statements of subsidiaries are included in the consolidated interim financial statements as from the date control starts to be exercised through the date it ceases to be exercised.

ii) Transactions eliminated in consolidation

All intragroup transactions and any intragroup revenue and expenses are eliminated in preparing the consolidated interim financial information. Unrealized gains arising from transactions with investees and recorded under the equity method are eliminated against the investment proportionately to the Company's equity interest in the investees. Unrealized losses, if any, are not eliminated the same way as unrealized gains, but only to the extent that there is no indication of impairment.

g) Revenue and expense recognition

Results from operations (revenue, costs and expenses) are recognized on the accrual basis for the years and periods. Revenue from sales of products is recognized when its amount can be reliably measured and all risks and rewards are transferred to the buyer.

h) Cash and cash equivalents and securities

Cash and cash equivalents include cash on hand, bank deposits and highly liquid short-term investments. See Note 5 for details on the Company's and its subsidiaries' cash and cash equivalents.

i) Financial instruments

The Company's and its subsidiaries' financial instruments are in accordance with the accounting pronouncement CPC 48, effective beginning January 01, 2018 and were recorded under this standard.

Financial assets

Financial assets are classified into the following specific categories: assets measured at amortized cost; fair value through profit or loss and fair value through other comprehensive income. Assets are classified based on the Company's business model and the cash flow characteristics of the financial asset

Recognition and measurement

The Company classifies its financial assets at initial recognition into three categories; i) assets measured at amortization cost, ii) fair value through profit or loss, iii) fair value through other comprehensive income.

- **Amortization cost:** The assets measured at amortization cost should be measured if both the following conditions are met: i) the financial asset is held within the business model whose objective is to hold assets in order to collect contractual cash flow, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, the Company should recognize interest income, exchange gains and losses and impairment directly in profit or loss;
- **Fair value through profit or loss:** Financial assets should be measured at fair value through profit or loss only if they may not be classified as assets measured at amortized cost or fair value through other comprehensive income. The Company should recognize its interest income, exchange gains and losses, and impairment together with other net profit or loss, directly in profit or loss.
- **Fair value through other comprehensive income:** Financial assets should be measured at fair value through comprehensive income only if the following conditions are met: i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash when contractual cash flows are collected from the sale of financial assets , ii) the contractual terms of the financial asset give rise on specific dates to interest on the principal amount outstanding.

Assets measured at fair value through other comprehensive income are classified into two categories: i) debt instruments: interest income calculated under the effective interest method, exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized directly in the Company's equity, in "other comprehensive income". In the derecognition, the cumulative gains or losses in other comprehensive income is reclassified to profit or loss; ii) equity instrument: these assets are measured subsequently at the fair value. Dividends are recognized as gains in profit or loss, unless the dividend clearly represents a recovery of a portion of the investment cost. Other net gains and losses are recognized directly in the Company's equity, in "other comprehensive income" and are never classified to profit or loss.

Fair values of investments quoted in a public market are based on current purchase prices. If the market of a financial asset (and bonds not listed on the stock exchange) is not active, the Company establishes the fair value through valuation techniques. These techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to other instruments that are substantially the same, the analysis of discounted cash flows, and option pricing models that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

Regular-way purchases and sales of financial assets are recognized on a trade date basis, i.e., the date on which the Company agrees to buy or sell the asset.

- **Derecognition of financial assets:** Financial assets are written off when the rights to receive cash flows from the investments expire or are transferred; in the latter case, provided that the Company has significantly transferred all the risks and rewards of the ownership. If the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company should continue to recognize the financial asset.

Financial liabilities

Financial assets are classified into the following categories: Financial liabilities at amortized cost, fair value through profit or loss. Management determines the classification of its financial liabilities at the time of initial recognition.

- **Financial liability at amortized cost:** The Company should classify all of its financial liabilities as amortized cost, except financial liabilities classified at fair value through profit or loss, derivative liabilities warranty agreement. Other financial liabilities are measured at amortized cost under the effective interest method. Interest expense, exchange gains and losses are recognized in profit or loss. The Company has the following non-derivative financial liabilities: borrowings, financing and debentures and trade payables. The Company has the following non-derivative financial liabilities: borrowings, financing and debentures and trade payables;
- **Financial liabilities at fair value through profit or loss:** Financial liabilities classified into the fair value through profit or loss category are financial liabilities held for trading or those designated at initial recognition. Derivatives are also classified as trading securities, unless they have been designated as effective hedging instruments. Gains and losses on financial liabilities classified at fair value through profit or loss are recognized in profit or loss;
- **Derecognition of financial liabilities:** Financial liabilities are derecognized only when the obligation specified in the relevant contract is discharged, cancelled or expires. The Company also derecognizes a financial liability when the terms are modified and the liability cash flow are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

Offset of financial instruments

Financial assets and financial liabilities are offset and the net amount is disclosed in the balance sheet when there is a legally enforceable right to set off recognized amounts and the intention to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

The fair value of derivative financial instruments is calculated by the Company's Treasury department based on information on each transaction and related market inputs at the end of the reporting period, such as interest rates and exchange coupon. When applicable, this information is compared to the positions informed by the trading desks of each financial institution involved.

Transactions involving derivative financial instruments that were contracted by the Company and its subsidiaries can be summarized as cattle futures contracts, options on cattle contracts and Non Deliverable Forward (NDF), all aiming exclusively to minimize the impact of price fluctuations per “arroba” of cattle in the statement of profit or loss, and to hedge against exchange risks related to statement of financial position accounts plus cash flows projected in foreign currency.

Derivative financial instruments and hedging activities

Derivatives are initially recognized at their fair values at the commencement of the derivative agreement and are subsequently remeasured at fair value, whose changes in fair value are recorded in profit or loss.

Although the Company uses derivatives for hedging purposes, it did not choose the hedge accounting method. This accounting method is optional and, therefore, not mandatory.

j) Trade receivables

Trade receivables are carried at their present and realizable values. Trade receivables from foreign customers are adjusted based on exchange rates prevailing at the end of the reporting period. An allowance for expected credit losses is recognized in an amount considered sufficient by Management, based on monitoring of past-due receivables and trade notes and the risk of not collecting installment sales.

k) Inventories

Inventories are stated at the lower of cost and net realizable value, adjusted to market value and for any losses, when applicable. The inventory cost includes expenditures incurred on purchase of inventories, manufacturing and transformation costs and other costs incurred in bringing the inventories to their present location and condition.

l) Biological assets

Biological assets are measured at fair value. Changes in fair value are recognized in profit or loss. Agricultural activities, such as cattle herd growth, arising from confinement of cattle or grazing cattle, and growth of different crops, are subject to fair value measurement based on the mark to market (MtM) concept.

m) Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are measured at the historical purchase or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses. The cost of certain property, plant and equipment items was determined by reference to the revaluation carried out prior to the enactment of Law No. 11.638/2007, effective January 1, 2008, thus not requiring the appraisal of the deemed cost at that time.

Cost includes expenses that are directly attributable to the purchase of an asset. The cost of assets constructed by the Company and its subsidiaries includes the cost of materials and direct labor, as well as any costs incurred to bring the asset to the location and condition necessary for them to be able to operate in the manner intended by Management. Borrowings costs on qualifying assets have been capitalized since January 01, 2009.

Rights on tangible assets intended for the maintenance of the Company's and its subsidiaries' activities, arising from finance lease transactions, are recognized as if they were a financed purchase. At the start of each transaction, a property, plant and equipment item and a financing liability are recognized, with assets being subject to depreciation calculated in accordance with the estimated useful lives of the respective assets.

Gains and losses on the disposal of a property, plant and equipment item are calculated by comparing the disposal proceeds with the carrying amount of the item, and are recognized in other operating income (expenses), in profit or loss.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis, based on the estimated useful lives of each part of a property, plant and equipment item, as this method is more representative of the time pattern in which economic benefits from the asset are consumed.

The average useful lives estimated by the Company's Management, based on technical studies for the current and comparative periods, are as follows:

	Parent Annual rates - %	Consolidated Annual rates - %
Buildings	2.80%	2.34%
Machinery and equipment	8.96%	8.64%
Furniture and fixtures	9.60%	8.45%
Vehicles	8.94%	9.07%
Computer hardware	18.22%	18.02%

The depreciation methods, the estimated useful lives and the residual values are revised at each yearend, and possible adjustments are recognized as accounting estimates are changed.

As permitted by Law No. 11.638/07 and mentioned in Note 21, the revaluation reserve balance will be held until its 100% amortization, either by full depreciation or sale of the assets.

n) Lease operations

Agreements are considered as leases when the following both conditions are satisfied:

- An identifiable asset explicitly or implicitly specified. In this case, the supplier does not have the practical ability to substitute the asset, or, the supplier would not benefit economically from exercising its right to substitute the asset;

- The right of use of the asset over the term of the agreement. In this case, the Company should have authority to make decisions on the use of the asset and the ability to obtain substantially all economic benefits from the use of the asset.

The right of use is initially measured at cost and includes the initial amount of the lease liability adjusted by any payments made on or before the effective date of the agreement, plus any initial direct costs and estimated costs on the disassembly, removal, and restoration of the asset at the place it is located, less any incentive received.

The right-of-use asset is depreciated subsequently using the straight-line method from the start to the end of the useful life of the right of use or the termination of the lease term.

The lease liability is initially measured at the present value of the payments yet to be made, discounting the lessee's incremental borrowing rate. The lease liability is measured subsequently at the amortized cost using the effective interest method.

o) Intangible assets

Intangible assets acquired separately are measured upon initial recognition, at acquisition cost, subsequently, deducted from accumulated amortization and impairment losses, where applicable.

Intangible assets with finite useful lives are amortized over their estimated economic useful lives and, when there are indications of impairment, are tested for impairment. Intangible assets with finite useful life are not amortized and are annually tested for impairment.

Goodwill on acquisition of subsidiaries

Goodwill on the acquisition of subsidiaries is included in intangible assets in the consolidated interim financial information.

p) Impairment test

Financial assets

The Company annually analyzes if there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered as unrecoverable when there is indication of loss of the asset's economic value.

Nonfinancial assets

Management annually tests the carrying amount of assets for impairment to determine whether events or changes in economic, operating or technological circumstances indicate that they might be impaired. Whenever an evidence of impairment is identified and the carrying amount exceeds the recoverable value, an allowance for impairment is recognized to adjust the carrying amount of the asset to its recoverable value.

The recoverable amount of an asset or cash-generating unit is the higher of the value in use and net sales price.

In estimating the value in use of an asset, estimated future cash flows are discounted to their present values, using a pretax discount rate that reflects the weighted average cost of capital in the industry where the cash-generating unit operates. Whenever possible, the net sales price is determined based on a binding sale agreement conducted on an arm's length basis between the parties, adjusted by expenses attributable to the asset sale. If there is no such binding agreement, it should be based on the market price defined in an active market, or in the most recent transaction price with similar assets.

The following criterion is also applied for determining impairment losses on specific assets:

Goodwill based on expected future earnings

Goodwill is tested for impairment at least annually, or when circumstances indicate a loss due to impairment of the carrying amount.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment at least annually, individually or at the level of the cash-generating unit, as the case may be or when circumstances indicate a loss due to impairment of the carrying amount.

q) Other current and noncurrent assets and liabilities

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated in favor of the Company and its subsidiaries, and its cost or value can be reliably estimated.

A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle it. Liabilities include charges, inflation adjustments or exchange rate changes incurred and adjustments to present value. Provisions are recorded based on the best estimates of the risk involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next twelve months. Otherwise, they are stated as noncurrent.

r) Adjustment to present value of assets and liabilities

Noncurrent monetary assets and liabilities are adjusted, when material, to their present value, and current assets and liabilities are adjusted when the effect is considered material in relation to the individual and consolidated interim financial information.

To calculate the discount to present value, the Company and its subsidiaries consider the amount to be discounted, the realization and settlement dates, according to discount rates that reflect the Company's and its subsidiaries' value of money in time, which was approximately 7.82% per year, calculated according to the Company's and its subsidiaries' weighted average cost of capital, as well as the specific risks related to the expected cash flows for the respective financial flows.

The receipt and payment terms of accounts receivables and payables arising from the Company's and its subsidiaries' operating activities are short, thus resulting in a discount amount considered immaterial for recording and disclosure, since the cost of generating information exceeds its benefit. Noncurrent assets and liabilities are calculated and recorded, when applicable and material.

Calculations and analyses are revised on a quarterly basis.

s) Income tax and social contribution

The current and deferred income tax and social contribution for the current year or period of the Company and its subsidiaries located in Brazil are calculated at the rates of 15%, plus a 10% surtax on taxable income exceeding R\$240 for income tax and 9% on taxable income for social contribution, considering the offset of tax loss carryforwards limited to 30% of the taxable income.

Income tax and social contribution expenses comprise current and deferred income taxes. Current and deferred taxes are recognized in profit or loss unless they are related to business combinations or items recognized directly in equity or other comprehensive income.

The deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for tax purposes. Deferred taxes are not accounted for on the following temporary differences: the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and differences related to investments in subsidiaries and controlled entities when it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes imposed by the same tax authority on the same entity subject to taxation.

Deferred income and social contribution tax assets are recognized on tax losses, tax credits, differences in accounting practices (IFRS) and deductible temporary differences that were not utilized, when future taxable profits will be available and against which they can be utilized.

Deferred income tax and social contribution assets are revised at the end of each reporting period and reduced to the extent that their realization is no longer probable.

t) Contingent assets and contingent liabilities, and legal obligations

The accounting policies adopted to record and disclose contingent assets and contingent liabilities and legal obligations are as follows: **(i)** contingent assets are recognized only when there are collaterals or favorable, unappealable court decisions. Contingent assets assessed as probable gain are only disclosed in an explanatory note; **(ii)** a provision for risks on contingent liabilities is recorded when losses are assessed as probable and the involved amounts can be reliably measured. Contingent liabilities assessed as possible losses are only disclosed in a note to the financial statements and contingent liabilities assessed as remote losses are neither provided for nor disclosed; and **(iii)** legal obligations are recorded as liabilities, regardless of the evaluation of the probabilities of success, for proceedings whereby the Company has challenged the constitutionality of taxes.

u) Employee benefits

The Company does not have post-employment benefits, such as defined benefit and/or contribution plans. All short-term benefits and paid leaves, as well as profit sharing and bonuses, are in accordance with the IRFS requirements.

v) Revenue recognition

Sales revenue is recognized net of related taxes and discounts. Taxes on sales are recognized when sales are billed and discounts are recognized when granted. Revenues from sales of products are recognized at the amount of the consideration to which the Company expects to have right, less returns, discounts and rebates and other deductions, if applicable, and are recognized as the Company fulfills its performance obligations.

The breakdown of sales revenue is shown in Note 22.

w) Earnings per share

Basic earnings per share are calculated based on profit for the period attributable to the Company's controlling and noncontrolling shareholders and the weighted average number of outstanding shares in the respective period. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding by instruments potentially convertible into shares with dilutive effect, during the reporting periods.

x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Executive Officers, which is responsible for allocating funds and evaluating the performance by operating segment and strategic decision-making.

y) New standards adopted

The following new standards, effective beginning January 01, 2019, were approved and issued by IASB and CPC. Management adopted the following standards:

This standard defines the principles for recognition, measurement, presentation and disclosure of leases and introduces a single model to account for leases in the balance sheet for lessees. A lessee recognizes a right-of-use asset that represents their right to use the leased asset and a lease liability that represents their obligation to make lease payments. Optional exemptions are available for short-term leases and low value assets. For lessors, the accounting treatment remains unchanged; leases continue to be classified either as operating or finance leases. IFRS 16 replaces the current amendments, including IAS 17 / CPC 06 (RI) – Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) – Additional Aspects of Leases.

Management evaluated and disclosed the impacts of the new standard in Note 12.1).

The effects of adopting the new standards on the balance sheet as at January 01, 2019 and March 31, 2019 are shown below.

Effects of IFRS on the balance sheet

	ASSETS					LIABILITIES			
	Parent		Consolidated			Parent		Consolidated	
	<u>01/01/2019</u>	<u>03/31/2019</u>	<u>01/01/2019</u>	<u>03/31/2019</u>		<u>01/01/2019</u>	<u>03/31/2019</u>	<u>01/01/2019</u>	<u>03/31/2019</u>
Current assets					Current liabilities				
					Lease liabilities	6,001	6,146	6,928	7,095
Noncurrent assets					Noncurrent liabilities				
Right of use of assets	55,120	53,119	68,121	65,767	Lease liabilities	49,119	47,527	61,193	59,355
					Equity				
					Loss for the period		(554)		(683)
Total	<u>55,120</u>	<u>53,119</u>	<u>68,121</u>	<u>65,767</u>	Total	<u>55,120</u>	<u>53,119</u>	<u>68,121</u>	<u>65,767</u>

a) Statements of value added

The Company prepared the individual and consolidated statements of value added (DVA) in accordance with CPC 09 – Statement of Value Added, which are presented as an integral part of the interim financial information according to the accounting practices adopted in Brazil applicable to publicly-held companies, whereas they are considered by IFRS as supplemental financial information, required as part of the interim financial information taken as a whole.

The objective of a statement of value added (“DVA”) is to show the wealth created by the Company and its subsidiaries, its distribution to those that contributed to generate such wealth, such as employees, financial institutions, shareholders, government, as well as the undistribution portion of wealth.

4. Cash and cash equivalents and securities

The financial assets of the Company and its subsidiaries are comprised of the following:

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Cash	586	394	1,466	9,043
Banks - checking account	3,251	3,393	148,707	177,214
Cash and cash equivalents in foreign currencies	2,507,402	2,846,114	2,586,588	2,847,615
	2,511,239	2,849,901	2,736,761	3,033,872
Short-term investments				
In local currency				
Bank Certificates of Deposit (CDBs)	441,839	900,530	448,398	929,841
Debentures	499,008	301,394	579,141	335,737
Capitalization bonds	2,000	2,000	2,000	2,000
Savings account	-	-	76	-
Other financial assets	-	-	96,642	95,535
	942,847	1,203,924	1,126,257	1,363,113
	3,454,086	4,053,825	3,863,018	4,396,985

The short-term investments of the Company and its subsidiaries were classified according to their characteristics and purposes, as measured: (i) at fair value through profit or loss or (ii) amortized cost are stated as follows:

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Measured at fair value through profit or loss	940,847	1,201,924	1,124,257	1,361,113
Amortized cost	2,000	2,000	2,000	2,000
	942,847	1,203,924	1,126,257	1,363,113

5. Trade receivables

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Trade notes - domestic market	93,192	131,617	426,600	404,489
Trade notes - foreign market	458,489	634,410	1,127,477	1,399,221
Receivables - related parties	26,267	38,841	-	-
	577,948	804,868	1,554,077	1,803,710
(-) Allowance for expected credit losses	(16,589)	(16,813)	(20,074)	(20,355)
	561,359	788,055	1,534,003	1,783,355

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Current:	312,906	389,609	1,158,730	1,268,235
Past due:				
Up to 30 days	94,934	207,573	155,420	274,622
31 to 60 days	59,787	94,217	75,802	116,078
61 to 90 days	14,208	38,471	32,413	51,185
Over 91 days	96,113	74,998	131,712	93,590
	577,948	804,868	1,554,077	1,803,710

Changes in expected credit losses for the quarter ended March 31, 2019 and year ended December 31, 2018 are as follows:

	Parent	Consolidated
Balances at December 31, 2017	(20,072)	(23,429)
Allowance recognized	(3,959)	(5,980)
Recovered receivables	9,219	11,216
Exchange gain (loss)	(2,001)	(2,162)
Balances at December 31, 2018	(16,813)	(20,355)
Recovered receivables	239	318
Exchange gain (loss)	(15)	(37)
Balances as at March 31, 2019	(16,589)	(20,074)

The Company has a Receivables Investment Fund (FIDC) for sale of part of its receivables from domestic customers in the amount of R\$159,584 (R\$165,498 at December 31, 2018), without co-obligation or right of recourse, of which R\$8,918 (R\$7,593 at December 31, 2018) is comprised of subordinated units.

The percentage of equity interest and the number of FIDC shares refer to the guarantee and risk limit under the Company's responsibility, which correspond to the entirety of the subordinated shares paid in and held by the Company with FIDC.

According to CVM Circular Letter No. 01/2017, for the purpose of presentation of definitive sale of receivables, the transferor cannot have control, involvement or future settlement regarding the overdue FIDC notes and, consequently, exposure to the risks arising from it. Accordingly, the Company is exposed to default risk limited to its subordinated shares.

The Company follows a very strict credit granting policy, which results in low levels of default, which may be evidenced by the low amounts recorded, when compared to the Company's and its subsidiaries' sales revenue.

The Company has no collaterals for past-due trade notes receivable.

6. Inventories

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Finished products	361,862	381,235	645,531	602,474
Storeroom supplies and secondary materials	31,688	30,114	102,625	89,985
	393,550	411,349	748,156	692,459

7. Biological assets

The Company and its subsidiaries that have cattle activities, such as cattle herd growth arising from the confinement of cattle or grazing cattle operations, are subject to revaluation of its assets, in order to determine their fair value based on the mark to market (MtM) concept, less estimated selling expenses, at least on a quarterly basis, recognizing the effects of such revaluations directly in profit or loss for the periods and years.

Operations related to the Company's biological assets are represented by grazing cattle (extensive) and short-term confinement cattle (intensive). The operation is conducted through the acquisition of biological assets for resale, whose mark to market is reliably measured due to the existence of active markets, and are represented as follows:

	Herd	
	Parent	Consolidated
Balance at December 31, 2017	171,067	214,317
Increase due to acquisitions	286,140	423,806
Decrease due to sales	(306,302)	(462,852)
Net (decrease)/Increase due to births (deaths)	(3,837)	(4,500)
Changes in fair value less estimated costs to sell	(17,274)	(14,073)
Balance at December 31, 2018	129,794	156,698
Increase due to acquisitions	68,564	73,977
Decrease due to sales	(36,870)	(50,464)
Net (decrease)/Increase due to births (deaths)	(869)	(987)
Changes in fair value less estimated costs to sell	10,909	11,007
Balances at March 31, 2019	171,528	190,231

As at March 31, 2019, farm cattle held for sale was comprised of 58,219 heads (45,102 at December 31, 2018), while confined cattle totaled 6,004 heads (9,961 at December 31, 2018).

As at March 31, 2019 and December 31, 2018, the Company did not have any type of biological assets with restricted ownership or pledged as collateral of liabilities, and there were no other risks (financial, commitments, and weather-related) that would impact the Company's biological assets.

8. Recoverable taxes

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Tax on revenue (PIS)	80,222	104,671	80,439	105,135
Social Security Funding Tax on Revenue (COFINS)	244,981	329,761	245,971	331,900
Reintegra (special tax for exporting companies)	1,650	1,650	24,301	25,253
State VAT (ICMS)	60,284	86,652	73,755	99,896
Income tax (IRPJ) and social contribution (CSLL)	260,168	253,542	276,498	294,218
IPI deemed credit	3	3	3	3
VAT	-	-	151,100	145,593
Other	19,425	19,424	59,644	40,273
	666,733	795,703	911,711	1,042,271
Current	487,343	616,313	732,321	858,843
Noncurrent	179,390	179,390	179,390	183,428

PIS and COFINS (taxes on revenue)

PIS and Cofins credits arise from the change in tax legislation, according to Laws Nos. 10.637/02 and 10.833/03, which established non-cumulativeness for these taxes, thus generating credits for exporting companies.

Currently, the Brazilian Federal Revenue Service (RFB) completed its inspection of the Company and its subsidiaries, with most of the requests for reimbursement of credits being authorized by the RFB, which has resulted in a significant amount arising from the refund of those credits during 2019 and 2020.

Based on studies carried out by the Company's Management regarding the expectation of refund of these tax credits, a portion of these credits was segregated from current assets to noncurrent assets, which, as at March 31, 2019, totaled R\$104,905, Parent and consolidated. The estimates of realization of the Company's and its subsidiaries' tax credits are revised on a quarterly basis.

State VAT (ICMS)

ICMS credits result from the fact that the Company's exports are greater than its domestic sales, thus generating credits which, after ratified by State Finance Department, are used to purchase inputs for production, which may also be sold to third parties, as provided for in current legislation.

Out of the aforementioned credit balance, a substantial portion is under an inspection and ratification process by São Paulo State's Finance Department. The Company's Management expects to recover a significant portion of said credits throughout 2019 and 2020. Based on studies conducted by Management, an amount deemed sufficient to cover slower lawsuits was transferred from current assets to noncurrent assets, totaling R\$55,096, Parent and consolidated. The estimates of realization of the Company's and its subsidiaries' tax credits are revised on a quarterly basis.

9. Related parties

Related-party transactions, conducted under the following conditions, are summarized in the table below and comprise:

Intragroup loans	Parent	
	03/31/19	12/31/18
Minerva Dawn Farms S.A. (Minerva Fine Foods) (a)	54,611	54,181
Transminerva Ltda. (b)	26,417	26,288
CSAP - Companhia Sul Americana de Pecuária S.A. (c)	-	21,744
Minerva Overseas Ltd (d)	464,549	390,060
Minerva Luxemburg S.A. (e)	164,070	156,374
Athena S.A. (f)	1,013,142	1,007,448
	1,722,789	1,656,095

(a) Working capital loan to Minerva Dawn Farms S.A (currently Minerva Fine Foods);

(b) Transminerva expenses and working capital to be reimbursement;

(c) Working capital loan to CSAP - Companhia Sul Americana de Pecuária S.A.;

(d) Loan granted to Minerva Overseas Ltda. to be reimbursed;

(e) Loan granted to Minerva Luxemburgo S.A. to be reimbursed;

(f) Loan granted to Atena S.A., to be reimbursed.

Intragroup borrowings	Parent	
	03/31/19	12/31/18
Minerva Overseas II Ltd (a)	1,783,408	1,773,385
Minerva Log S.A (b)	2	2
	1,783,410	1,773,387

(a) Loan from Minerva Overseas II to the Parent company;

(b) Loan from Minerva Luxemburgo to the Parent company.

The Company, understanding the full integration of its operations with its subsidiaries, transfers cash as part of Minerva Group's business plan, always seeking to minimize the cost of its borrowings.

The other balances and transactions with related parties are as follows:

Payables - Suppliers	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Minerva Dawn Farms S/A	2,525	6,118	-	-
Transminerva Ltda.	11	11	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	1,751	13,749	-	-
Athena S.A.	5,349	9,913	-	-
Lytmer S.A.	36	-	-	-
Purchases from other related parties	10,476	16,929	12,623	19,171
	20,148	46,720	12,623	19,171

Receivables	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Minerva Dawn Farms S.A.	25	74	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	6,308	6,308	-	-
Minerva Comercializadora de Energia Ltda.	13	-	-	-
Lytmer S.A.	177	-	-	-
Athena S.A.	19,744	32,459	-	-
	26,267	38,841	-	-

Sales revenue	Parent		Consolidated	
	03/31/19	03/31/18	03/31/19	03/31/18
Minerva Dawn Farms S.A.	21	91	-	-
Pulsa S.A.	-	5,967	-	-
Frigorífico Carrasco S.A.	-	2,152	-	-
Minerva Comercializadora de Energia Ltda.	915	12,069	-	-
CSAP - Companhia Sul Americana de Pecuária S.A..	570	5,928	-	-
Lytmer S.A.	1,422	-	-	-
Athena S.A.	21,603	-	-	-
	24,531	26,207	-	-
Purchases				
Minerva Dawn Farms S.A.	11,487	7,565	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	9,993	23,422	-	-
Pulsa S.A.	-	3,568	-	-
Frigomerc S.A.	-	15,181	-	-
Frigorífico Carrasco S.A.	-	1,344	-	-
Pul Argentina S.A.	-	4,255	-	-
Minerva Comercializadora de Energia Ltda.	1,499	7,516	-	-
Lytmer S.A.	594	-	-	-
Athena S.A.	25,722	-	-	-
	49,295	62,851	-	-
Purchases of cattle:				
Purchases from other related parties (a)	28,849	24,539	29,871	25,263
Purchases from other related parties	28,849	24,539	29,871	25,263

(a) Balance payable to other related parties for purchases of cattle from companies belonging to the Company's shareholders, conducted at usual market prices and conditions.

The Company and its direct and indirect subsidiaries conduct intercompany commercial transactions, mainly purchases, sales and loans, under the terms and conditions that are usually adopted in agreements in an arm's length, at market conditions, as if the transactions were contracted with unrelated parties.

During the years ended March 31, 2019 and 2018, no allowances for expected credit losses were recorded and no expenses on uncollectible debts relating to related-party transactions were recognized.

Management compensation

As at March 31, 2019, the Company recorded expenses on key management personnel compensation (members of the Company's Board of Directors and Supervisory Board and Statutory Executive Officers) in the amount of R\$4,110 (R\$3,610 at March 31, 2018). All compensation is short term, as shown below:

	Members 2019	03/31/19	03/31/18
Board of Executive Officers, Board of Directors and Supervisory Board	19	4,110	3,610
	19	4,110	3,610

The alternate members of the Board of Directors and Supervisory Board are compensated for each day they attend a Board of Directors' meeting.

The Company does not offer post-employment benefits in case of termination of employment contract.

10. Investments

Changes in investments in Minerva S.A. subsidiaries are as follows:

	Equity interest - %	Balance at 12/31/18	Transfers	Translation adjustments	Write-off due to merger	Share of profit (loss) of investees	Balance at 03/31/19
Goodwill based on expected future profitability		133,667	-	-	-	-	133,667
Minerva Overseas Ltd	100.00%	190,226	-	1,075	-	-	191,301
Minerva Overseas Ltd II	100.00%	467,112	-	2,640	-	(12)	469,740
Minerva Middle East	100.00%	37	-	-	-	-	37
Minerva Log S.A.	100.00%	22	-	-	-	-	22
Minerva Dawn Farms S.A.	100.00%	64,883	-	-	-	(1,958)	62,925
Minerva Colombia SAS	100.00%	5,838	-	125	-	(652)	5,311
Lytmer S.A.	100.00%	47,070	-	136	-	(3,288)	43,918
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	737	(737)	-	-	-	-
Minerva Live Cattle Export S.A.	100.00%	8,859	-	221	-	(27)	9,053
Minerva Meats USA LLC	100.00%	523	-	-	-	-	523
Minerva Foods Asia Assessoria Ltda.	100.00%	521	-	-	(406)	(115)	-
Minerva Comercializadora de Energia Ltda.	100.00%	80,543	-	-	-	98,308	178,851
Minerva Australia Holdings PTY Ltd. (*)	100.00%	38,102	-	434	-	(289)	38,247
Minerva Europe Ltd	100.00%	332	-	23	-	-	355
Athena Foods S.A. (*)	100.00%	1,419,138	-	(33,960)	-	61,167	1,446,345
Investments		2,457,610	(737)	(29,306)	(406)	153,134	2,580,295
Transminerva	100.00%	(26,859)	-	-	-	276	(26,583)
Minerva Luxemburg	100.00%	(1,746,490)	-	(11,884)	-	(51,023)	(1,809,397)
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	-	737	-	-	(2,241)	(1,504)
Allowance for investment losses		(1,773,349)	737	(11,884)	-	(52,988)	(1,837,484)
Investments, net		684,261	-	(41,190)	(406)	100,146	742,811

(*) Consolidated information on the following companies (see Note1):

- **Pulsa S.A.:** consolidates subsidiary Frigorífico Canelones S.A.;
- **Frigomerc S/A.** - consolidates subsidiaries JBS Paraguay S.A. and Industria Paraguaya Frigorífica S.A.;
- **Minerva Australia Holdings PTY Ltd.:** consolidates subsidiary Minerva Ásia Foods PTY Ltd.;
- **Pul Argentina S.A.:** consolidates subsidiary Swift Argentina S.A.;
- **Athena Foods S.A.:** consolidates subsidiaries Pulsa S.A, Frigorífico Carrasco S.A, Frigomerc S.A, Pul Argentina S.A, Red Cárnica S.A.S, Red Industrial Colombiana S.A.S., and Minerva Foods Chile SPA.

In July 2018, Athena Foods S.A, a Company's direct subsidiary, based in Santiago, Chile, was created and, at the end of September, a capital increase was made through the equity interests of the following companies: Pulsa S.A (UY), Frigorífico Carrasco S.A (UY), Frigomerc S.A (PY), Pul Argentina S.A (AR), Red Cárnica S.A.S (CO), Red Industrial Colombiana S.A.S (CO), and Minerva Foods Chile SPA (CL), which became indirect subsidiaries of the Company.

Summarized interim financial information on subsidiaries as at March 31, 2019:

	Equity interest - %	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity/ (equity deficiency)
Minerva Overseas Ltd.	100.00%	13	655,837	-	464,549	191,301
Minerva Overseas II Ltd.	100.00%	109	1,783,408	-	1,313,777	469,740
Minerva Middle East Ltd.	100.00%	37	-	-	-	37
Minerva Dawn Farms S.A.	100.00%	28,612	99,447	8,823	56,311	62,925
Minerva Luxemburg S.A.	100.00%	98,596	5,407,868	37,477	7,278,383	(1,809,396)
Friasa S.A.	99.99%	-	-	-	-	-
Transminerva Ltda.	100.00%	84	367	91	26,943	(26,583)
Minerva Log S.A.	100.00%	20	2	-	-	22
Lytmer S.A.	100.00%	47,533	8,516	12,131	-	43,918
Minerva Colombia SAS	100.00%	5,266	66	21	-	5,311
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	42,760	14,732	36,744	22,253	(1,505)
Minerva Live Cattle Export Spa	100.00%	10,333	13,446	14,138	588	9,053
Minerva Meats USA LLC	100.00%	524	-	-	-	524
Minerva Foods Asia Assessoria Ltda.	100.00%	-	-	-	-	-
Minerva Comercializadora de Energia Ltda.	100.00%	185,620	-	6,769	-	178,851
Minerva Australia Holdings PTY Ltd.	100.00%	49,058	12,415	14,048	9,188	38,237
Minerva Europe Ltd	100.00%	355	-	-	-	355
Athena Foods S.A. (*)	100.00%	1,723,947	1,946,037	884,721	1,338,918	1,446,345
Total		2,192,867	9,942,141	1,014,963	10,510,910	609,135

(*) Consolidated information on the following companies (see Note1):

Athena Foods S.A.: consolidates subsidiaries Pulsa S.A., Frigorífico Carrasco S.A., Frigomerc S.A., Pul Argentina S.A, Red Cárnica S.A.S, Red Industrial Colombiana S.A.S., and Minerva Foods Chile SPA.

Changes in subsidiaries' profit (loss) during the years ended March 31, 2019 and 2018 are as follows:

	03/31/19		03/31/18	
	Net revenue	Profit (loss) for the year	Net revenue	Profit (loss) for the year
Frigorífico Matadero Carrasco S.A.	-	-	126,505	(6,120)
Minerva Overseas Ltd	-	-	-	-
Minerva Overseas II Ltd	-	(12)	-	(1)
Red Cárnica SAS	-	-	135,024	17,050
Minerva Dawn Farms S.A.	14,055	(1,958)	6,962	(9,528)
Red Industrial Colombiana SAS	-	-	3,268	610
Minerva Luxemburg S.A.	-	(51,023)	-	(87,052)
Friasa S.A.	-	-	-	(30)
Transminerva Ltda.	-	276	3	(323)
Minerva Log S.A.	-	-	-	-
Lytmer S.A.	47,934	(3,288)	50,066	(1,191)
Pulsa S.A.	-	-	274,235	1,004
Frigomerc S.A.	-	-	458,618	26,788
Minerva Foods Chile Spa	-	-	31,541	885
Minerva Colombia SAS	-	(652)	22,175	(2,296)
CSAP - Companhia Sul Americana de Pecuária S.A.	10,192	(2,241)	28,763	(227)
Minerva Live Cattle Spa	-	(27)	-	8
Minerva Foods Asia Assessoria Ltda.	-	(115)	-	(978)
Minerva Comercializadora de Energia Ltda.	371,728	98,308	139,328	(8,948)
Minerva Australia Holdings PTY Ltd.	70,073	(289)	69,203	272
PUL Argentina S.A	-	-	443,335	32,376
Minerva Europe Ltd	520	-	223	-
Athena S.A.	1,506,274	61,167	-	-

All amounts are stated as 100% of the subsidiaries' profit (loss).

11. Property, plant and equipment

a) Breakdown of property, plant and equipment as at 03/31/2019 and 12/31/2018:

Parent					
Description	Depreciation rate - %	Historical cost	Accumulated depreciation	03/31/19 Net	12/31/18 Net
Buildings	2.80%	1,010,897	(183,068)	827,829	821,390
Machinery and equipment	8.96%	1,026,368	(300,527)	725,841	686,732
Furniture and fixtures	9.60%	10,864	(4,867)	5,997	5,425
Vehicles	8.94%	12,339	(7,460)	4,879	5,462
Computer hardware	18.22%	13,340	(7,335)	6,005	4,723
Land	-	76,120	-	76,120	76,120
Reforestation	-	3,192	(2,312)	880	1,464
Construction in progress	-	159,323	-	159,323	218,699
Allowance for impairment of assets	-	(21,518)	-	(21,518)	(21,518)
		2,290,925	(505,569)	1,785,356	1,798,497
Consolidated					
Description	Depreciation rate - %	Historical cost	Accumulated depreciation	03/31/19 Net	12/31/18 Net
Buildings	2.34%	2,179,195	(455,986)	1,723,209	1,718,192
Machinery and equipment	8.64%	2,172,813	(884,327)	1,288,486	1,273,720
Furniture and fixtures	8.45%	30,026	(13,339)	16,687	15,998
Vehicles	9.07%	33,851	(26,355)	7,496	7,825
Computer hardware	18.02%	27,759	(17,814)	9,945	8,671
Land	-	299,538	-	299,538	302,306
Reforestation	-	3,192	(2,312)	880	1,464
Construction in progress	-	217,671	-	217,671	273,905
Allowance for impairment of assets	-	(21,518)	-	(21,518)	(21,518)
		4,942,527	(1,400,133)	3,542,394	3,580,563

b) Summary of changes in property, plant and equipment from 01/01/2019 to 03/31/2019:

Parent	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Computer hardware	Land	Reforestation	Construction in progress	Allowance for impairment of assets	Total
Balance at December 31, 2018	821,390	686,732	5,425	5,462	4,723	76,120	1,464	218,699	(21,518)	1,798,497
Additions	-	49	-	-	-	-	-	13,483	-	13,532
Transfers	12,938	57,539	757	-	1,625	-	-	(72,859)	-	-
Disposals	(450)	-	-	(323)	(2)	-	-	-	-	(775)
Depreciation	(6,049)	(18,479)	(185)	(260)	(341)	-	(584)	-	-	(25,898)
Balance at March 31, 2019	827,829	725,841	5,997	4,879	6,005	76,120	880	159,323	(21,518)	1,785,356

Consolidated	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Computer hardware	Land	Reforestation	Construction in progress	Allowance for impairment of assets	Total
Balance at December 31, 2018	1,718,192	1,273,720	15,998	7,825	8,671	302,306	1,464	273,905	(21,518)	3,580,563
Additions	321	1,197	314	621	255	-	-	22,473	-	25,181
Transfers	20,478	55,189	908	(101)	1,679	-	-	(78,153)	-	-
Disposals	(450)	-	-	(385)	(2)	-	-	-	-	(837)
Depreciation	(16,649)	(52,909)	(775)	(536)	(670)	-	(584)	-	-	(72,123)
Translation adjustments	(31,887)	(33,597)	(428)	72	12	(16,278)	-	182	-	(81,924)
Monetary restatement of the balance sheet	33,204	44,886	670	-	-	13,510	-	(736)	-	91,534
Balance at March 31, 2019	1,723,209	1,288,486	16,687	7,496	9,945	299,538	880	217,671	(21,518)	3,542,394

c) Works and construction in progress

As at March 31, 2019, works and construction in progress refer to the following main projects: Compliance with regulatory standards (NR's), structuring and expansion of distribution centers.

d) Allowance for impairment of assets

As required by the accounting practices adopted in Brazil and international financial reporting standards (IFRS), the Company annually evaluates whether there is evidence of impairment of its assets. In this regard, the industrial plant of Goianésia (GO) has been underutilized for strategic reasons since 2013. Therefore, the analysis of the value of the plant based on cash generation was impaired; thus, the Company decided to evaluate the net sale value of the selling expenses. Based on an appraisal conducted by an independent firm, such plant's value is higher than its realization value, of R\$34,175, of which R\$21,518 corresponds to property, plant and equipment and R\$12,657, to expected future profitability, which generated the need to recognize an allowance for impairment.

e) Amounts pledged as collateral

Property, plant and equipment items pledged as collateral for borrowings and financing totaled R\$80,546 as at March 31, 2019 (R\$78,919 at December 31, 2018).

11.1. Right-of-use assets and lease liabilities

Since January 01, 2019, the Company has adopted CPC 06 (R2) / IFRS 16 Leases, which introduced a single lease model that replaced the concept of classification between operating and finance leases. IFRS 16 replaced the existing standards applicable to leases, including CPC 06 / IAS 17 - Leases and ICPC 03 / IFRIC 4, SIC 15 and SIC 27 - Additional Aspects of Leases. The main objective is to define if the agreement contains a lease or the agreement relates to service provision.

The Company's and its subsidiaries' Management evaluated the impacts of the new standard and elected to use the modified simplified approach of the retrospective transition effect, without restating comparative periods. The following criteria were adopted in the initial recognition and measurement of assets and liabilities:

- Recognition of the lease liability on the initial application date for leases formerly classified as operating leases. The lease liability was measured at the present value of the remaining lease payments;
- Recognition of the right-of-use asset on the initial application date to leases formerly classified as operating leases. Measurement of the right-of-use asset at the value equivalent to the lease liability, adjusted by the value of any early or accumulated lease payments relating to this lease that has been recognized in the balance sheet immediately before the date of the initial application.

CPC 06 (R2)/IFRS 16 includes two recognition exemptions for lessees which were applied by the Company and its subsidiaries on the initial application date, January 01, 2019:

- i. Agreements whose remaining term on the first-time adoption date was equal or lower than 12 months: the Company continued to recognize lease payments associated to these leases as expenses on a straight-line basis, over the lease term;
- ii. Agreements for which underlying assets were low-value: the Company continued to recognize lease payments associated to these leases as expenses on a straight-line basis, over the lease term.

The impacts of the transition and changes in the period ended March 31, 2019 are as follows:

a) Right of use - Lease

Parent	Buildings	Vehicles	Computer hardware	Land	Total
Initial adoption - January 01, 2019	39,026	11,318	2,464	2,312	55,120
Additions	-	-	-	-	-
Depreciation	(1,014)	(673)	(256)	(58)	(2,001)
Balance at March 31, 2019	38,012	10,645	2,208	2,254	53,119

Consolidated	Buildings	Vehicles	Computer hardware	Land	Total
Initial adoption - January 01, 2019	39,026	11,318	2,464	15,313	68,121
Additions	-	-	-	-	-
Depreciation	(1,014)	(673)	(256)	(411)	(2,354)
Balance at March 31, 2019	38,012	10,645	2,208	14,902	65,767

b) Lease liability

Parent	Buildings	Vehicles	Computer hardware	Land	Total
Initial adoption - January 01, 2019	39,026	11,318	2,464	2,312	55,120
Interest recognized in the period (profit and loss)	929	266	57	55	1,307
Write-offs due to payment	(1,555)	(821)	(288)	(90)	(2,754)
Balance at March 31, 2019	38,400	10,763	2,233	2,277	53,673
Current liabilities	2,662	2,355	980	149	6,146
Noncurrent liabilities	35,738	8,408	1,253	2,128	47,527
Total liabilities	38,400	10,763	2,233	2,277	53,673

Consolidated	Buildings	Vehicles	Computer hardware	Land	Total
Initial adoption - January 01, 2019	39,026	11,318	2,464	15,313	68,121
Interest recognized in the period (profit and loss)	929	266	57	364	1,616
Write-offs due to payment	(1,555)	(821)	(288)	(623)	(3,287)
Balance at March 31, 2019	38,400	10,763	2,233	15,054	66,450
Current liabilities	2,662	2,355	980	1,098	7,095
Noncurrent liabilities	35,738	8,408	1,253	13,956	59,355
Total liabilities	38,400	10,763	2,233	15,054	66,450

12. Intangible assets

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Goodwill paid on acquisitions	272,372	272,372	591,802	590,705
Right of use - Aircraft	1,793	1,793	1,793	1,793
Assignment of right of way	250	250	250	250
Trademarks and patents	-	-	82,922	85,416
Software	22,003	20,395	24,316	22,629
	296,418	294,810	701,083	700,793

Changes in intangible assets during the period ended March 31, 2019 are as follows:

	Parent				Total
	Goodwill paid on acquisitions	Right of use - aircraft	Assignment of right of way	Software acquired	
Balance at December 31, 2018	272,372	1,793	250	20,395	294,810
Acquisition	-	-	-	2,355	2,355
Amortization	-	-	-	(747)	(747)
Transfer	-	-	-	-	-
Balance at March 31, 2019	272,372	1,793	250	22,003	296,418

	Consolidated					Total
	Goodwill paid on acquisitions	Right of use - aircraft	Assignment of right of way	Trademarks	Software acquired	
Balance at December 31, 2018	590,705	1,793	250	85,416	22,629	700,793
Acquisition	-	-	-	-	2,668	2,668
Amortization (impairment)	-	-	-	(779)	(985)	(1,764)
Translation adjustments	1,097	-	-	(10,674)	4	(9,573)
Monetary restatement of the balance sheet	-	-	-	8,959	-	8,959
Balance at March 31, 2019	591,802	1,793	250	82,922	24,316	701,083

The Company records the amortization of its software, the only intangible asset that can be amortized, according to the contractual license period, when purchased from third parties, or for the period estimated by the Company for software internally developed. As at March 31, 2019 and December 31, 2018, the average rate of amortization was 19.9%.

Goodwill based on expected future profitability

	Consolidated	
	03/31/19	12/31/18
In Direct Subsidiaries:		
Minerva Dawn Farms (MDF) - (i)	147,649	147,649
Brascasing Industria e Comércio Ltda. - (ii)	74,596	74,596
Mato Grosso Bovinos S/A (vi)	174,278	174,278
Athena S.A.	173,858	172,881
Other (vii)	9,515	9,515
In Indirect Subsidiaries:		
Other (vii)	11,906	11,786
	591,802	590,705

- (i) As required by CVM Resolution No. 580/09 – CPC 15 (R1), the Company revised the calculations of identifiable assets acquired and liabilities assumed upon recognition at fair value of the acquisition of an additional 30% of the shares representing the capital stock of Minerva Dawn Farms (MDF), which was classified as a “business combination in stages”. Therefore, segregating the appreciation (goodwill) calculated at initial (provisional) recognition at fair value of the Company’s interest in such transaction, in the amount of R\$188,391 (R\$188,391 at December 31, 2012), was necessary. As described above, during the fourth quarter of 2012, the Company acquired the residual interest of 20% in MDF shares that were held by Dawn Farms, becoming the holder of 100% of MDF. As at December 31, 2015, an allowance for impairment in the amount of R\$21,904 was recognized. As at December 31, 2018, an allowance for impairment in the amount of R\$18,838 was recognized;

- (ii) In December 2011, the Company acquired 5% of the capital stock of the jointly-owned subsidiary Brascasing Comercial Ltda., and now holds 55% of that company, and consequently, its control. As this transaction is considered as a “business combination in stages”, the Company recorded its equity interest and non-controlling interest at their fair value, and recorded goodwill for expected future profitability of R\$93,185. After the full acquisition of the Company, goodwill totaled R\$98,094. As at December 31, 2015, the Company recorded an allowance for impairment totaling R\$23,498, arising from overproduction/oversupply, due to the reduction of worldwide consumption, mainly from the slowdown in China and the decrease in oil prices, directly impacting markets like Russia, one of the main markets for the Company’s business;
- (iii) During the year ended December 31, 2011, the Company acquired 100% of the voting shares of Frigorífico Pulsa S.A., which occurred on March 22, 2011 and resulted in a goodwill on expected future profitability of R\$61,643 being recognized. Such amount was transferred to subsidiary Athena S.A on September 30, 2018;
- (iv) During the fourth quarter of 2012, the Company acquired 100% of the shares in Frigomerc S.A., recording goodwill on expected future profitability of R\$58,380. On March 16, 2013, the purchase and sale agreement of Frigomerc S.A. was amended, which established a supplemental working capital of R\$3,746 (USD1,830 thousand), totaling R\$62,126 as at December 31, 2012. Such amount was transferred to subsidiary Athena S.A on September 30, 2018;
- (v) During the period ended June 30, 2014, the Company acquired 100% of the voting shares in Frigorífico Matadero Carrasco S.A. (Frigorífico Carrasco S.A.), occurred on April 30, 2014, which resulted in a goodwill of R\$34,700 on expected future profitability to be recorded. According to the acquisition agreement, there was an increase in goodwill on expected future profitability of R\$13,073, totaling R\$47,773. Such amount was transferred to subsidiary Athena S.A on September 30, 2018;
- (vi) During the year ended December 31, 2014, the Company merged 100% of the voting shares in Mato Grosso Bovinos S.A. through the exchange of 29 million common shares issued by the Company (BEEF3), occurred on October 01, 2014, through the Extraordinary Shareholders’ Meeting (ESM) of both companies, which resulted in the recording of goodwill on expected future profitability of R\$174,278;
- (vii) During the second quarter of 2013, the Company acquired the remaining 8% of the shares in Friasa S.A., which resulted in the recording of goodwill on expected future profitability of R\$7,233, totaling R\$9,298 on June 30, 2013. During the first quarter of 2016, the Company acquired 100% of the capital stock in its subsidiary Intermeat Assessoria e Comércio Ltda., occurred on February 05, 2016, resulting in goodwill on expected future profitability of R\$217 thousand. During the second quarter of 2016, through its subsidiary Minerva Australia Holdings Pty Ltd acquired 100% of the capital stock of its indirect subsidiary IMTP PTY Ltd., occurred on July 22, 2016, resulting in a goodwill on expected future profitability of R\$10,061 (R\$11,786 at March 31, 2019) being recorded. On July 31, 2017, subsidiary Frigomerc S.A. acquired 100% of the common shares in JBS Paraguay S.A, which resulted in a goodwill on expected future profitability of R\$5,766 (R\$6,870 at March 31, 2019) being recorded.

As required by the accounting practices adopted in Brazil and international financial reporting standards (IFRS), the Company annually evaluates whether there is evidence of impairment of its assets. As a result of impairment tests, as at December 31, 2017, no losses were identified for the Company's cash-generating units (CGU). However, for 2018, losses were identified for the Company's cash-generating units relating to its subsidiary Minerva Dawn Farms S.A (MFF).

The Company used the value in use method to perform the impairment test. For all CGUs, a five-year projection, with no growth in perpetuity, in addition to financial budgets prepared by Management for the start of the cash flow projections (2019) were considered. The discount rate applied was 10%.

In prior years, the Company recognized impairment losses for some CGUs. In this regard, the Goianésia (GO) plant, formerly "Lord Meat", for strategic reasons, has been under-utilized and recorded impairment loss, as mentioned in Note 12. As at December 31, 2016, the Company recorded an allowance for impairment for CGGU MFF in the amount of R\$21,904.

As at December 31, 2018, the Company recognized impairment losses for MFF's CGU in the amount of R\$18,838.

13. Borrowings and financing

Type	Finance charges	Parent		Consolidated	
		03/31/19	12/31/18	03/31/19	12/31/18
5 th issue debentures	105.50% of CDI	358,245	352,002	358,245	352,002
Leases (3)	TJLP + 3.5% p.a.	-	18	-	18
Bank Credit Note (5)	7.65% p.a.	-	-	21,482	21,095
NCE (1/5)	CDI + spread	317,851	215,398	317,851	215,398
NCE (1/5)	Fixed rate	574,255	815,726	574,255	815,726
IFC (2/4/6)	CDI + spread	80,546	78,901	80,546	78,901
Subtotal		1,330,897	1,462,045	1,352,379	1,483,140
Hedging instruments - Derivatives	CDI + spread	(8,624)	(2,114)	(8,624)	(2,114)
		1,322,273	1,459,931	1,343,755	1,481,026
Foreign currency (US dollar)					
Advances on foreign exchange contracts (ACCs) (1/5)	Interest from 3.0% to 6.5% p.a.+ Forex	1,436,151	1,726,670	1,436,151	1,726,670
NCE (5)	Interest of 4.42% p.a. + Forex	-	295,672	-	295,672
Senior Unsecured Notes - (5)	Forex + interest	3,073,752	3,116,174	6,274,524	6,329,078
Perpetual notes (5)	Forex + interest of 8.75% p.a.	1,079,571	1,074,019	280,659	277,908
PPE (1)	Interest of 2.4% p.a. + Libor	452,662	215,043	452,662	215,043
Other Types (5/8)	Forex + interest	-	-	352,076	354,205
CCE (5)	Forex + interest	402,994	413,551	402,994	413,551
Subtotal		6,445,130	6,841,129	9,199,066	9,612,127
Hedging instruments - Derivatives		(533,379)	(625,579)	(533,379)	(625,579)
		5,911,751	6,215,550	8,665,687	8,986,548
Total borrowings		7,234,024	7,675,481	10,009,442	10,467,574
Current		2,591,537	3,302,978	2,882,594	3,644,273
Noncurrent		4,642,487	4,372,503	7,126,848	6,823,301

The Company provided the following collaterals to borrowings and financing:

1. Surety/letter of guarantee from the parent company Vdq Holdings S.A.
2. Mortgage;
3. Financed assets;
4. Promissory notes signed by subsidiaries Minerva Alimentos, Pulsa and Frigomerc;
5. Surety or letter of guarantee by the Company;
6. Letter of guarantee from subsidiaries Minerva Alimentos, Pulsa and Frigomerc;
7. Bank guarantee;
8. STLC (Stand-by Letter of Credit) or Corporate Guarantee.

As at March 31, 2019, the noncurrent portion of the Company's (parent) borrowings and financing matures as follows:

	2020	2021	2022	2023	2024	2025	2026	Total
Debentures	346,962	-	-	-	-	-	-	346,962
IFC	17,215	17,215	17,215	8,607	-	-	-	60,252
NCE	142,400	12,667	-	-	-	-	-	155,067
Pre-shipment	-	272,769	588,402	-	1,057,015	-	2,470,508	4,388,694
Hedging instruments - Derivatives	(1,823)	-	-	-	(152,305)	(154,360)	-	(308,488)
	504,754	302,651	605,617	8,607	904,710	(154,360)	2,470,508	4,642,487

As at March 31, 2019, the noncurrent portion of (consolidated) borrowings and financing matures as follows:

	2020	2021	2022	2023	2024	2025	2026	2028	Perpetual bonds	Total
CCB	46,910	9,892	9,892	9,892	5,995	-	-	-	-	82,581
Debentures	346,962	-	-	-	-	-	-	-	-	346,962
IFC	17,215	17,215	17,215	8,607	-	-	-	-	-	60,252
NCE	142,400	12,667	-	-	-	-	-	-	-	155,067
Senior Unsecured Notes	-	-	-	-	-	-	4,544,915	1,698,139	-	6,243,054
Perpetual notes	-	-	-	-	-	-	-	-	274,651	274,651
Pre-shipment	-	272,769	-	-	-	-	-	-	-	272,769
Hedging instruments - Derivatives	(1,823)	-	-	-	(152,305)	(154,360)	-	-	-	(308,488)
	551,664	312,543	27,107	18,499	(146,310)	(154,360)	4,544,915	1,698,139	274,651	7,126,848

Below are the Company's and its subsidiaries' main borrowings and financing as at March 31, 2019. On that date, the Company was compliant with all covenants established for each type of borrowings and financing:

International Finance Corporation (IFC)

In September 2013, IFC and the Company entered into a 10-year financing agreement, in the amount of R\$137,718, which was paid on October 24, 2013. The debt balance came to R\$80,546 as at March 31, 2019, and interest is calculated based on CDI + spread, which are paid semi-annually. The debt matures on April 15, 2023.

Debt notes/ bonds abroad

On September 20, 2016, the Company completed the "offer to buyback bonds" issued abroad by its subsidiary Minerva Luxembourg S.A., maturing in 2023. By means of an "early buyback offer", US\$617,874 were bought back (R\$2,010,562 on that date) of the principal amount of the 2023 Notes, equivalent to approximately 71% of the outstanding 2023 Notes.

The early buyback offer of debt notes was carried out using the proceeds from the issue of the 2026 Notes (which will bear annual interest of 6.50%) and is part of a clear strategy to manage liabilities, aiming at the constant improvement of the Company's debt cost.

Part of this offer consisted of the payment of a premium to the holders of the notes, embedded and implicit in the transaction and in the proposed exchange relations, amounting to US\$40,143 thousand, as well as transaction costs in the amount of US\$28,859 totaling US\$69,002 that will be amortized in 'Finance costs' during the effective term of the 2026 Notes.

On February 10, 2017, the Company exercised the early option to purchase its debt securities bearing annual interest of 12.250% and maturing in 2022 (2022 Notes). The total debt was US\$105,508 (R\$328,710 on that date). The price paid was 106,125 of the face value, plus interest accrued until that date.

In June 2017, the Company completed the re-tap of the notes maturing in September 2026, totaling US\$ 350,000 thousand, which bear interest of 6.50% p.a. (2026 Notes).

On December 19, 2017, the Company completed the "offer to buyback bonds" issued abroad by its subsidiary Minerva Luxembourg S.A., maturing in 2023. By means of an "early buyback offer", US\$198,042 were bought back (R\$605,103 on that date) of the principal amount of the 2023 Notes, equivalent to approximately 79% of the outstanding 2023 Notes.

The early buyback offer of debt notes was carried out using the proceeds from the issue of the 2028 Notes (which will bear annual interest of 5,875%) and is part of a clear strategy to manage liabilities, aiming at the constant improvement of the Company's debt cost.

Part of this offer consisted of the payment of a premium to the holders of the notes, embedded and implicit in the transaction and in the proposed exchange relations, amounting to US\$9,209 thousand, as well as transaction costs in the amount of US\$20,271 totaling US\$29,480 that will be amortized in 'Finance costs' during the effective term of the 2028 Notes.

On January 31, 2018, the Company exercised the early option to purchase its debt securities bearing annual interest of 7.75% and maturing in 2023 (2023 Notes). The total debt was US\$52,099 (R\$164,919 on that date). The price paid was 103.875% of the face value, plus interest accrued until that date. Liabilities related to Notes as at March 31, 2019 in the consolidated interim financial information is R\$6,274,524 (R\$6,329,078 at December 31, 2018).

The Notes and the debentures are expected to maintain a financial covenant which measures the ability to cover debt in relation to EBITDA (earnings before interest, taxes, depreciation and amortization).

The contractual ratio of both financial instruments indicates that the debt coverage level may not exceed 3.5 times the EBITDA in the last 12 months. For these purposes, the following definitions are considered: **(I)** "Net debt" means the sum of the balance of loans and financing, without considering exchange rate changes occurred in the period since the contracting of the debt, less the sum of: **(i)** available cash (as defined below) and **(ii)** "inflation adjustment losses" (as defined below); **(II)** "Cash and cash equivalents" - means the sum of the balances of the following Company's balance sheet accounts: "Cash and cash equivalents" and "Securities"; **(iii)** "inflation adjustment losses" - means a number of exceptions, including but not limited to exchange rate changes since the issue of the Note and/or allowed debts, related to specific operating transactions, totaling US\$308,000 thousand. **(iv)** "EBITDA" means the amount calculated on the accrual basis over the last 12 months, equal to the sum of net revenue, less: **(i)** the cost of services rendered, **(ii)** administrative expenses, plus: **(a)** depreciation and amortization expenses, **(b)** finance income (expenses), net, **(c)** equity in the earnings (losses) of subsidiaries, and **(d)** direct taxes.

The financial covenants refer to authorization or not to incur new debts, by executing all new refinancing-related debts, in addition to a predefined amount for credit facilities of working capital and investments. Covenants are calculated based on the consolidated interim financial information.

Perpetual notes

On March 27, 2014, the Company completed the issue of perpetual bonds abroad totaling US\$300,000 thousand, with semi-annual payments at an annual rate of 8.75%, by means of its wholly-owned subsidiary Minerva Luxembourg S.A. The issue of the notes aimed to extend the average maturity of the Company's debt and improve its capital structure through the use of a different fundraising instrument, diversifying even more the investors' base. The transaction was settled on April 03, 2014. The Company shall guarantee all the obligations of the Issuer regarding the issue referred to above. During the fourth quarter of 2018, the early buyback offer of perpetual notes representing debt issued abroad by the Company's subsidiary Minerva Luxembourg S.A. at an interest rate of 8.75% was settled. The total principal amount of notes settled under the offer was US\$216,970,000.00, or 75.48% of the outstanding notes, except those held by the Company. The liability related to perpetual notes, as at March 31, 2019, in the annual consolidated financial statements is R\$277,908 (R\$1,009,352 as at December 31, 2017). These notes are subject to the same covenants as those of the Notes.

i) Level of subordination

As at March 31, 2019, 0.80% of the Company's and its subsidiaries' total debt has collaterals (0.75% at December 31, 2018).

ii) Possible restrictions imposed on the Issuer, particularly with respect to setting indebtedness limits and taking out new debts, the distribution of dividends, the disposal of assets, the issuance of new securities and the sale of shareholding control

The Notes also have clauses that limit the Company with respect to: **(i)** new debts if the Net Debt/EBITDA ratio is higher than 3.75/1.00 and 3.50/1.00, respectively; **(ii)** the distribution of dividends. Accordingly, Minerva undertakes not to pay and not allow its subsidiaries to pay any dividends or interest on invested capital held by others than its subsidiaries (except: **(a)** dividends or distributions paid on qualified interests of Minerva, and **(b)** dividends or distributions payable by a subsidiary, on a pro rata basis, or more favorable to Minerva); **(iii)** the change of shareholding control; and **(iv)** the disposal of assets, which can only be achieved by complying with the requirements, among which, in the case of sale of assets, it is necessary that the sale value be the market value.

CCB issued in favor of the BNDES is expected to have early maturity if the shareholders' agreement, articles of incorporation or Bylaws of the Company or its controlling companies, include a provision whereby a special quorum is required to approve issues that limit or restrict the control over any of these companies by their related controlling shareholders, or rather, a provision that leads to: **(i)** restrictions on the Company's ability to grow or develop technology; **(ii)** restrictions on the Company's access to new markets; or **(iii)** restrictions or losses on the Company's ability to pay financial obligations arising from the Bank Credit Note (CCB).

5th issue of nonconvertible debentures

On October 02, 2017, the Company offered debentures not convertible into shares, in the amount of R\$350,487, maturing on October 02, 2020. Such debentures are pegged to Agribusiness Receivables Certificate (CRAs), which are the subject of the 2nd series of the 1st issue of CIBRASEC – Companhia Brasileira de Securitização, distributed through an offering, under CVM Instruction No. 400. The principal, amounting to R\$350,487, bears interest at the accumulated variation (effective rate) of 105.5% of the average daily rates of the Interbank Deposits (DI). The proceeds were used to finance the Company's activities relating to livestock production and industrialization and sale of meat. In the process of issuing such debentures, the Company incurred transaction costs in the amount of R\$6,806, which will be fully amortized through 2020, recorded in its interim financial information as a reduction of liabilities, to be amortized for the effective term of these debentures. As at March 31, 2019, the amount is R\$358,245.

14. Trade payables

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Domestic suppliers	368,696	392,989	706,602	733,789
Foreign suppliers	38,972	53,164	66,463	119,548
Related parties	20,148	46,720	12,632	19,171
	427,816	492,873	785,697	872,508

Aging list of trade payables:

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Current:	422,454	485,297	745,893	815,869
Past due:				
Up to 30 days	3,199	3,583	19,862	34,530
31 to 60 days	463	800	2,059	3,776
61 to 90 days	-	806	3,007	2,033
Over 91 days	1,700	2,387	14,876	16,300
	427,816	492,873	785,697	872,508

15. Payroll and related charges and taxes payable

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Labor				
Salaries and management fees	311	432	22,709	16,944
Payroll taxes - FGTS and INSS (employees and third parties)	11,846	12,662	12,529	13,509
Accrued vacation/13 th salary and related taxes	46,414	38,391	91,079	77,439
Other wages and charges	4,932	5,430	16,331	15,190
Total payroll charges	63,503	56,915	142,648	123,082
Tax				
State VAT (ICMS)	8,486	7,461	8,486	7,461
Federal tax installment plans	64,467	65,699	76,175	80,188
State tax installment plans	-	-	5,387	3,878
Corporate Income Tax (IRPJ)	-	-	55,087	42,069
Social Contribution on Profit	-	-	579	-
VAT	-	-	14,746	16,460
Funrural	2,278	3,452	2,288	3,499
Other taxes and fees	4,817	5,191	24,644	30,747
Total taxes payable	80,048	81,803	187,392	184,302
Total	143,551	138,718	330,040	307,384
Current	84,887	78,822	259,326	234,634
Noncurrent	58,664	59,896	70,714	72,750

Adhesion to PERT (Special Tax Debt Settlement Program)

Provisional Act No. 783, dated May 31, 2017, and regulated by PGFN Administrative Ruling No. 690, dated June 29, 2017, allows to settle National Treasury Attorney General's Office (PGFN) debts, of a tax nature or not, that have matured through April 30, 2017 and have been included in the Debts to the Federal Government Register through the date taxpayers join the program, which is called Special Tax Debt Settlement Program (PERT).

In joining the program, the taxpayer undertakes to pay regularly the debts past due after April 30, 2017, included or not in the Debts to the Federal Government Register, and remain compliant with the Severance Pay Fund (FGTS) obligations. Adhesion to the Program implies irrevocable and irreversible acknowledgement of the debts included in the PERT. The subsequent inclusion of debts under any installment payment scheme is prohibited, except for ordinary request for tax payment in installments. As at March 31, 2019, the outstanding balance, Parent and consolidated, is R\$21,417 and R\$27,602, respectively.

The Company adhered to the following payment terms:

- I. Payment cash and in kind of, at least, 20% of the total consolidated debt, without reduction, in five monthly consecutive installments, maturing from August to December 2017, and the remaining amount by using social contribution tax loss carryforwards or other credits relating to taxes administered by the Federal Revenue Service (the payment scheme Minerva S.A. adhered to under the Federal Revenue Service program);
- II. Down payment of 7.5% or 20% of the debt amount under the program, in up to five months, and payment of the debt balance, beginning January 2018, in a lump sum or in up to 145 months. In 2017, the taxpayer should make a down payment, calculated at 7.5% or 20% of the debt amount, with no discounts. The down payment is payable in up to five months. For 2018, the debt balance of the installment program, after discounts are applied, may be paid in a lump sum (art. 3, II, 'a', of Provisional Act No. 783/2017) or in up to 145 months (art. 3, II, 'b', of Provisional Act No. 783/2017); (the payment scheme Minerva S.A. adhered to under the PGFN program).

Adhesion to PRR (Rural tax debt refinancing program)

On April 18, 2018, the Rural tax Debt Refinancing Program (PRR), established by Law No. 13.606, of January 09, 2018, was changed after the vetos overturned by the Congress were published. The change was regulated by Normative Instruction No. 1.804, of April 25, 2018, which amended Normative Instruction No. 1.784, of January 19, 2018.

On May 30, 2018, the Company joined the refinancing program under the conditions below:

The consolidated debt with the National Treasury Attorney General (PGFN) and the Federal Revenue Service (RFB) on the date of adhesion amounted to R\$1,016,630. A cash payment and in kind of 2.5% of the consolidated debt amount was made (R\$25,416), without reduction, in 02 monthly consecutive installments maturing in May and June 2018. After the down payment was made, a reduction of R\$470,162 was obtained and, with the Federal Revenue Service, the remaining debt, by using social contribution tax loss carryforwards in the amount of R\$470,346. As at March 31, 2019, the debt balance is R\$43,050 and R\$48,112, Parent and consolidated, respectively.

16. Other payables

	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Advances received (a)	901,584	1,090,491	978,146	1,153,056
Fair value - share swap (b)	-	3,253	-	3,253
Payables - acquisitions (c)	4,750	4,750	4,750	4,750
Other operating provisions	19,442	29,981	61,136	76,877
Total	925,776	1,128,475	1,044,032	1,237,936
Current	925,776	1,128,475	1,043,066	1,237,204
Noncurrent	-	-	966	732

- (a) Advances from the Company's customers according to the credit policy defined by Management;

- (b) The Company entered into swap contracts with Credit Suisse under which future financial flows are exchanged for the fluctuation in the price of its shares. Such transaction does not change the percentage of the Company's outstanding shares and did not result in cash disbursement, since it is an adjustment to fair value of the transaction with future realization.
- (c) Amounts payable relating to acquisitions by the plant in the city of Campina Verde, State of Minas Gerais.

17. Deferred income tax and social contribution

Assets	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Tax losses - IRPJ	208,676	208,676	231,990	231,471
Tax loss carryforwards - CSLL	75,124	75,124	75,124	75,124
Total	283,800	283,800	307,114	306,595
Temporary differences - assets				
Provisions for tax, civil and labor risks	8,634	9,354	10,949	12,520
Allowance for impairment of assets	7,316	7,316	7,663	7,316
Allowance for expected credit losses	5,641	5,716	6,292	5,716
Other	-	-	646	712
Total temporary differences - assets	305,391	306,186	332,664	332,859
Liabilities				
Temporary differences - liabilities				
Unrealized gains on the fair value of biological assets	(24,143)	(20,434)	(24,143)	(20,434)
Business combinations	(33,096)	(33,096)	(33,096)	(33,096)
Revaluation reserve	(24,849)	(25,049)	(24,849)	(25,049)
Appreciation in subsidiaries	(6,424)	(6,424)	(212,700)	(215,931)
Other temporary deductions	(20,450)	(40,425)	(34,606)	(54,375)
Total temporary differences - liabilities	(108,962)	(125,428)	(329,394)	(348,885)
Total deferred taxes	196,429	180,758	3,270	(16,026)
Total assets	196,429	180,758	196,717	181,333
Total liabilities	-	-	(193,447)	(197,359)
	196,429	180,758	3,270	(16,026)

17.1. Breakdown of deferred income tax and social contribution

Changes in tax loss carryforwards were as follows:

	Parent			
	Balance at December 31, 2018	Recognized in profit or loss	Realization of deferred taxes	Balance at March 31, 2019
Deferred income tax and social contribution on tax loss carryforwards	283,800	-	-	283,800
Total deferred tax assets	283,800	-	-	283,800

	Consolidated				
	Balance at December 31, 2018	Recognized in profit or loss	Realization of deferred taxes	Cumulative translation adjustments	Balance at March 31, 2019
Deferred income tax and social contribution on tax loss carryforwards	306,595	-	-	519	307,114
Total deferred tax assets	306,595	-	-	519	307,114

The Company joined the Rural Tax Debt Settlement Program (PRR) whereby taxpayers may settle National Treasury Attorney General (PGFN) debts, of a tax nature or not, that have matured through April 30, 2017 and have been included in the Debts to the Federal Government Register through the date taxpayers join the program. The Company opted to make a down payment in cash of at least 2.50% of the consolidated debt amount, without reduction, in two monthly consecutive installments maturing in May and June 2018, and the remaining amount, by using social contribution tax loss carryforwards, in the amount of R\$466,979.

The deferred tax asset from tax loss carryforwards were recognized for the period from December 31, 2010 to June 30, 2018 in the Parent. The accrued balance as at March 31, 2019 is R\$307,114 (at December 31, 2018, R\$306,595), consolidated. The Management of the Company's and its subsidiaries' decision to record such deferred tax assets on tax loss carryforwards was based on the business plan and financial and budget projections prepared by independent consultants and revised at least on an annual basis.

These deferred income tax and social contribution assets are expected to be realized as follows:

	03/31/19 Parent	03/31/19 Consolidated
2019	7,684	8,301
2020	37,525	40,539
2021	36,496	39,427
2022	37,722	40,752
2023 onwards	164,373	178,095
	283,800	307,114

(*) The Company expects to realize temporary income tax and social contribution differences in up to 10 years.

The technical studies that supported the decision to recognize or maintain deferred tax assets and tax loss carryforwards were properly revised and approved at the Board of Directors' Meetings.

The effects of changes in deferred taxes on profit (loss) for the years are as follows:

	Parent		Consolidated	
	03/31/19	03/31/18	03/31/19	03/31/18
Temporary additions				
Sundry provisions	63,616	1,268	63,716	1,553
Fair value of biological assets	180,299	232,122	180,299	232,122
Temporary deductions				
Sundry provisions	(2,356)	(177)	(2,356)	(177)
Depreciation - tax base differences	(4,261)	(4,652)	(4,261)	(24,534)
Fair value of biological assets	(191,208)	(228,857)	(191,208)	(228,857)
Deferred tax base	46,090	(296)	46,190	(19,893)
Deferred income tax and social contribution - temporary difference	15,671	(101)	15,705	(6,764)
Realization of deferred income tax and social contribution - temporary difference	-	-	-	-
Deferred income tax and social contribution on tax loss carryforwards	-	-	-	18,447
Total deferred income tax and social contribution	15,671	(101)	15,705	11,683

Changes in deferred tax liabilities related to tax losses and temporary differences are as follows:

	Parent				Balance at March 31, 2019
	Balance at January 01, 2019	Recognition of deferred taxes	Realization of deferred taxes	Cumulative translation adjustments	
Tax loss	283,800	-	-	-	283,800
Provisions for tax, civil and labor risks	9,354	-	(720)	-	8,634
Allowance for impairment of assets	7,316	-	-	-	7,316
Allowance for expected credit losses	5,716	-	(75)	-	5,641
Unrealized gains on the fair value of biological assets	(20,434)	(3,709)	-	-	(24,143)
Business combinations	(33,096)	-	-	-	(33,096)
Revaluation reserve	(25,049)	-	200	-	(24,849)
Appreciation in subsidiaries	(6,424)	-	-	-	(6,424)
Other temporary deductions	(40,425)	-	19,975	-	(20,450)
Total deferred tax assets	180,758	(3,709)	19,380	-	196,429

	Consolidated				
	Balance at January 01, 2018	Recognition of deferred taxes	Realization of deferred taxes	Cumulative translation adjustments	Balance at March 31, 2019
Tax loss	306,595	-	-	519	307,114
Provisions for tax, civil and labor risks	12,520	-	(720)	(851)	10,949
Other temporary additions	712	-	-	(66)	646
Allowance for impairment of assets	7,316	-	-	347	7,663
Allowance for expected credit losses	5,716	-	(75)	651	6,292
Unrealized gains on the fair value of biological assets	(20,434)	(3,709)	-	-	(24,143)
Business combinations	(33,096)	-	-	-	(33,096)
Revaluation reserve	(25,049)	-	200	-	(24,849)
Appreciation in subsidiaries	(215,931)	-	-	3,231	(212,700)
Other temporary deductions	(54,375)	34	19,975	(240)	(34,606)
Total deferred tax assets	(16,026)	(3,675)	19,380	3,591	3,270

Based on budget, business plan and budget projection, Management estimates that the tax credits arising from temporary differences will be realized by 2021.

a) Current - payable

Income tax and social contribution are calculated and recorded based on the taxable result, including tax incentives that are recognized as taxes are paid and taking into consideration the rates established by the prevailing tax legislation.

b) Reconciliation of income tax and social contribution balances and expenses

The accrued balance and the result of the taxes on profit are as follows:

	Parent		Consolidated	
	03/31/19	03/31/18	03/31/19	03/31/18
Loss before taxes	(47,077)	(114,620)	(29,432)	(123,824)
Additions				
Temporary differences	603	1,268	604	1,268
Permanent differences	82,031	144,314	82,069	144,341
Realization of temporary differences	-	-	-	-
Realization of revaluation reserve	-	-	-	-
Effect of the first-time adoption of IFRS	878,854	562,897	881,561	565,010
Deductions				
Temporary differences	(2,356)	(177)	(2,356)	(177)
Permanent differences	(168,107)	(78,992)	(259,475)	(79,679)
Effect of the first-time adoption of IFRS	(816,205)	(608,566)	(819,697)	(611,404)
Tax base	(72,257)	(93,876)	(146,726)	(104,465)
Realization of tax losses	-	-	-	-
Tax base after tax loss carryforwards	(72,257)	(93,876)	(146,726)	(104,465)
Income taxes				
Income tax payable	-	-	(17,100)	(2,580)
Social contribution payable	-	-	(579)	-
Current income tax and social contribution expense	-	-	(17,679)	(2,580)

Income tax and social contribution on profit were calculated in accordance with prevailing legislation (Law No. 12.973/2014).

Income tax and social contribution calculations and respective income tax returns, when requested, are open to review by tax authorities for varying periods and statutes of limitations in relation to the related payment date or tax return filing dates.

Based on studies and projections for the following years and considering the limits established by prevailing legislation, Management expects that the existing tax credits will be realized over a maximum term of ten years.

The net carrying amounts has no direct relationship with the taxable profit for income tax and social contribution due to the differences between the accounting criteria and the pertinent tax legislation. Therefore, we recommend that the evolution of the realization of the tax credits resulting from tax loss carryforwards and temporary differences should not be taken as an indication of future taxable income.

18. Provisions for tax, labor and civil risks

Summary of contingent liabilities recognized

The Company and its subsidiaries are parties to several of lawsuits arising from the normal course of their businesses, for which provisions were recognized based on the assessment of their legal counsel and Management's best estimates. The main information on these lawsuits is shown below:

Lawsuits	Parent		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Provisions for tax risks	1,890	1,890	1,956	1,956
Provisions for labor lawsuits	25,395	27,512	34,872	38,512
Provision for civil risks	1,496	1,496	2,385	2,306
	28,781	30,898	39,213	42,774

	Parent			Total
	Labor lawsuits	Civil and tax lawsuits	Environmental lawsuits	
Balance at December 31, 2017	31,550	3,386	-	34,936
Provisions reversed in the year	(4,038)	-	-	(4,038)
Balance at December 31, 2018	27,512	3,386	-	30,898
Provisions reversed in the period	(2,117)	-	-	(2,117)
Balance at March 31, 2019	25,395	3,386	-	28,781

	Consolidated			Total
	Labor lawsuits	Civil and tax lawsuits	Environmental lawsuits	
Balance at December 31, 2017	53,393	60,092	33,858	147,343
Provisions recognized in the period	11,330	516	-	11,846
Provisions reversed in the period	(15,979)	(59,064)	(34,588)	(109,631)
Translation adjustments for the period	(10,232)	2,718	730	(6,784)
Balance at December 31, 2018	38,512	4,262	-	42,774
Provisions recognized in the period	-	69	-	69
Provisions reversed in the period	(3,697)	-	-	(3,697)
Translation adjustments for the period	57	10	-	67
Balance at March 31, 2019	34,872	4,341	-	39,213

Civil and tax risks

These lawsuits refer to claims questioning the constitutionality of the use of reduced taxes on gross revenues and also to the discussion on the noncollection of taxes on export revenue as at March 31, 2019, in the amount of R\$3,386, Parent, and R\$4,341, consolidated (R\$3,386, Parent, and R\$4,262, consolidated, as at December 31, 2018).

Labor claims

Most of these labor claims involve overtime, commuting time, health hazard premium and mandatory thermal comfort breaks. Based on the opinion of the legal counsel that handles these lawsuits and Management's experience in similar cases, as at March 31, 2019, provisions were recognized for labor lawsuits assessed as probable loss in the amount of R\$25,395, Parent, and R\$34,872, consolidated (R\$27,512, Parent, and R\$38,512, consolidated, as at December 31, 2018).

Environmental risks

Most of the lawsuits involve claims for the adequacy of some areas of the plants so that the technical standards required by the relevant agencies in each of the countries where the Company's meatpacking plants are located. As at March 31, 2019 and December 31, 2018, there were no environmental lawsuits.

Other lawsuits (assessed as possible loss)

Labor and social security

As at March 31, 2019, the Company and its subsidiaries are parties to other labor lawsuits (public civil actions) and social security lawsuits, in the total amount of approximately R\$10,758, whose likelihood of loss is considered possible, but not probable, and for which Management does not consider necessary to recognize a provision for possible loss.

SENAR

In March 2003, the Company filed for a writ of mandamus to suspend the withholding and transfer of SENAR. To avoid losing the right to require the contribution of Funrural and SENAR, the INSS (Social Security Authority) issued various tax assessment notices against the Company to date. The amount involved in these notices, whose likelihood of loss was assessed by the Company's legal counsel as possible, is approximately R\$57,298. Such lawsuits involve a significant uncertainty level on the likelihood of loss for certain matters being discussed at the judicial level.

State VAT (ICMS)

The Company was issued tax assessments relating to differences in the computation schedule for the base of ICMS and ICMS-ST by applying the reduction on its operations in the States of Minas Gerais, São Paulo and Goiás. As at March 31, 2019, the amount involved in these lawsuits, assessed as possible loss, is approximately R\$136,262.

Other tax, civil and environmental lawsuits

As at March 31, 2018, the Company and its subsidiaries are parties to other tax, civil and environmental lawsuits, in the total amount of approximately R\$17,089, R\$2,077 and R\$542 (R\$14,999, R\$2,281 and R\$542 at December 31, 2018), respectively, whose likelihood of loss is considered possible, but not probable, in accordance with the Company's legal counsel, and for which Management does not consider necessary to recognize a provision for possible loss.

Diligence and investigation by the Brazilian Federal Police

On May 16, 2017, the Brazilian Federal Police began an investigation named "Operation Lucas" to investigate alleged payments made to certain employees of the Brazilian Ministry of Agriculture, Livestock and Supply in the State of Tocantins in northern Brazil, including the former supervisor of said federal government agency in the State of Tocantins. The investigation mentions several beef and dairy processing plants in Tocantins, including the Company's plant in Araguaína.

Since the beginning of the investigation, the Company's management has been cooperating fully with the investigating authorities, providing all the information have been requested, including for "Operation Vegas", unfolding of "Operation Lucas".

In accordance with good corporate governance practices and in response to negative publicity regarding this matter, as well as to respond to its stakeholders, the Company's executive officers and Board of Directors resolved to conduct an internal investigation on this matter.

The Company, through its Internal Audit and Compliance function, reviewed internal controls and payments in connection with its operations in the State of Tocantins and all material findings were shared with the relevant authorities.

In addition, the Company engaged an experienced Brazilian law firm to conduct an independent review of its policies and procedures relating to its internal and financial processes. The Company's Management has committed to improve the internal compliance procedures in place since 2015 and implement additional procedures in order to align them with the main corporate governance practices and transparency practices (Integrity Program), which has actually been made by the formalization and dissemination of internal policies and programs.

In the opinion of the Company's external legal counsel, there is no risk that the legal entity will be involved in a criminal procedure as a defendant.

19. Equity

a. Capital

The Company's subscribed and paid-in capital as at March 31, 2019 is R\$1,115,222 (R\$1,115,157 at December 31, 2018), represented by 376,697,410 (376,687,157 at December 31, 2018) book-entry common shares with no par value, all of which are free and clear of any burden or encumbrance. During 2016, expenses on the issuance of new shares totaled R\$5,898. Accordingly, the capital balance in the interim financial information is R\$1,109,324.

The Extraordinary Board of Directors' Meeting of April 11, 2016 approved the Company's capital increase in the amount of R\$746,474, through the issue of 47,850,957 common shares. With the approval, capital increased from R\$950,598, representing 191,993,702 common shares, to R\$1,697,073, representing 239,844,659 common shares.

The Annual and Extraordinary Board of Directors' Meeting of April 29, 2016 approved a capital reduction of R\$1,562,321, without changing the number of shares issued by the Company, to absorb accumulated losses. As a result of the reduction, the Company's capital totals R\$134,752, represented by 239,844,659 common shares.

On March 22, 2017, the Board of Directors approved the cancellation of all 9,984,400 common shares issued by the Company, acquired under the 2016 buyback program and currently held in treasury.

The cancellation of shares will not imply any changes in the total capital amount. As a result of the cancellation of shares, the Company's capital will remain at R\$134,752, represented by 229,860,259 common shares.

On March 05, 2018, the Board of Directors approved the cancellation of all 6,241,800 common shares issued by the Company, acquired under the 2017 buyback program and currently held in treasury. The cancellation of shares will not imply any changes in the total capital amount. As a result of the cancellation of shares, the Company's capital will remain at R\$134,752, represented by 223,618,459 common shares.

The Board of Directors, at the Extraordinary Shareholders Meeting of September 13, 2018, approved the Company's capital increase in the amount of R\$15,680, through the issue of 2,800,000 common shares. With the approval, capital increased from R\$134,752, representing 223,618,459 shares, to R\$150,432, representing 226,418,459 common shares.

On November 20, 2018, the Board of Directors' meeting approved a capital increase of R\$964,725, comprised of 150,268,698 book-entry registered common shares with no par value. With the approval, capital increased from R\$150,432, representing 226,418,459 shares, to R\$1,115,157, representing 376,687,157 common shares.

On January 11, 2019, the Board of Director's meeting approved the increase of the Company's capital, representing five (05) book-entry registered common shares with no par value. With the approval, capital increased from R\$1,115,157, representing 376,687,157 shares, to R\$1,115,157 representing 376,687,162 common shares.

On February 11, 2019, the Board of Director's meeting approved the increase of the Company's capital by one thousand reais (R\$1), representing two hundred forty-eight (248) book-entry registered common shares with no par value. With the approval, capital increased from R\$1,115,157, representing 376,687,162 shares, to R\$1,115,159, representing 376,687,410 common shares.

On March 13, 2019, the Board of Director's meeting approved the increase of the Company's capital by sixty-four thousand reais (R\$64), representing ten thousand (10,000) book-entry registered common shares with no par value. With the approval, capital increased from R\$1,115,159, representing 376,687,410 shares, to R\$1,115.222, representing 376,697,410 common shares.

b. Capital reserve

The capital reserve consists of amounts received by the Company and that are not recorded in profit or loss as revenues, since they are intended to reinforce capital; the Company is not required to make any efforts, such as delivering goods or providing services, in connection with these amounts. As at March 31, 2019, the Company's capital reserve is R\$120,182 (R\$187,504 as at December 31, 2017).

c. Revaluation reserve

The Company appraised its fixed assets in 2003 and 2006. The remaining balance totaled R\$51,775 as at March 31, 2019 (R\$52,162 at December 31, 2018), net of taxes.

As mentioned above and in compliance with Law No. 11.638/2007, the Company elected to maintain the revaluation reserve through December 31, 2007, until its full realization, which should occur through depreciation or disposal of revalued assets.

d. Legal reserve

Calculated at 5% of profit for the year as provided for in article 193 of Law No. 6404/76, up to the limit of 20% of capital. In the year when the balance of the legal reserve, plus the amounts of capital reserves addressed by paragraph 1 of article 182 of Law No. 6.404/76, exceeds 30% of the capital, the allocation of a portion of the profit for the year to the legal reserve will not be mandatory. As at December 31, 2017, the amount of R\$9,744 was absorbed by the loss for the year, according to art. 189 of Law No. 6.404/76.

e. Earnings reserve

The earnings reserve was recorded based on the remaining balance of the profit for the year, after the allocations to the legal reserve and the distribution of minimum mandatory dividends, and will be used to finance the Company's operations. As at December 31, 2017, the amount corresponding to "Statutory Reserve", in the amount of R\$107,802, plus R\$9,744 relating to the "Legal reserve" and R\$26,950 relating to "Earnings retention Art. 196" was absorbed by loss for the year, according to Art. 189 of Law No. 6.404/76.

f. Earnings retention – art. 196 196

The earnings retention reserve refers to the retention of the remaining balance of 2016 retained earnings, in the amount of R\$26,950, in order to meet the business growth project established in its investment plan, according to the capital budget approved and proposed by the Company's Management. The balance of this reserve will be used "ad referendum" of the Annual Shareholders' Meeting, pursuant to article 196 of the Brazilian Corporate Law. As at December 31, 2017, the amount was absorbed by loss for the year, according to art. 189 of Law No. 6.404/76.

g. Treasury shares

On March 20, 2017, pursuant to paragraph 1 of article 30 of Law No. 6404/76 and CVM Instruction No. 567, the Board of Directors approved the acquisition of up to nine million, two hundred and forty-seven thousand, one hundred and forty-nine (9,247,149) registered, book-entry common shares with no par value, representing 10% of the ninety-two million, four hundred and seventy-one thousand, four hundred and eighty-five (92,471,485) Company outstanding shares on that date, not including controlling shareholders. The Company's Board of Directors also approved the cancelation of shares issued by the Company and acquired within the scope of the 2016 buyback plan, totaling 9,984,400 registered, book-entry common shares with no par value, amounting to R\$107,346 treasury shares on that date.

On March 05, 2018, the Company's Board of Directors approved the cancelation of shares issued by the Company and acquired within the scope of the 2017 buyback plan, totaling 6,241,000 registered, book-entry common shares with no par value, amounting to R\$67,322, which were held in treasury on that date.

The table below shows the changes in treasury shares:

	Number	Amount (R\$)	Average cost (R\$)	Average market value
Balance at December 31, 2018	3,550,000	36,846	10.38	4.99
Share buyback	-	-	-	-
Cancellation of shares	-	-	-	-
Balance at March 31, 2019	3,550,000	36,846	10.38	7.03

h. Dividends and interest on capital

The Company's bylaws establish the payment of a minimum mandatory dividend of 25% of the profit for the year, adjusted pursuant to the law.

i. Valuation adjustment to equity

According to CPC 02 R2/IAS 21 - Effects of changes in foreign exchange rates and translation of interim financial information for the year, changes in financial instruments (direct and indirect) are recorded in foreign currency and measured under the equity method.

According to CPC 37 R1/IFRS 1 – First-time Adoption of International Financial Reporting Standards, as a result of the application of CPC 02 R2 prior to the date of first-time adoption, IFRS first-time adopters must zero the balances of exchange gains (losses) on investments recorded in equity (on the cumulative translation adjustments item) by transferring them to retained earnings/accumulated losses (on the profit reserve item), and disclose the profit distribution policy applicable to such balances. The Company does not calculate these adjustments for distribution of profit.

j. Stock option plan

On June 25, 2018, the Board of Directors approved the grant of 2,800,000 stock options to the Company's Management members and employees under the scope of the Company's 1st Stock Option Program. Management and employees were given 60 days as from the execution of the Stock Option Agreement to exercise such stock options at a strike price of R\$5.60, which corresponds to a 20% discount in relation to the weighted average for the last 10 trading sessions prior to the execution of the adherence agreement.

The stock option exercise by the Company's management members and employees was formalized through a capital increase made on September 13, 2018, as detailed in Note 21 a).

The intrinsic value of the options, which corresponds to the difference between the strike price and the market value of shares, in the amount of R\$3,920,000.00 was recognized as compensation in the Company's interim financial information in 2018.

20. Segment reporting

Business segments

	Livestock		Meat		Consolidated	
	03/31/19	03/31/18	03/31/19	03/31/18	03/31/19	03/31/18
Net revenue	60,632	179,306	3,666,981	3,352,047	3,727,613	3,531,353
Cost of sales	(48,641)	(144,891)	(3,018,363)	(2,807,341)	(3,067,004)	(2,952,232)
Operating expenses	(7,662)	(21,084)	(419,894)	(345,672)	(427,556)	(366,756)
Impairment of assets	-	-	-	-	-	-
Finance income (costs), net	(700)	2,804	(261,785)	(338,993)	(262,485)	(336,189)
Profit (loss) before taxes	3,629	16,135	(33,061)	(139,959)	(29,432)	(123,824)

On a geographical basis, the segment revenue is based on the customer's location. Segment assets are based on the geographical location of the assets.

There are no revenues from transactions conducted with a single foreign customer that account for 10% of total revenues or more.

The main business segments of the Company and its subsidiaries are the production and sale of fresh beef, livestock and its by-products.

21. Net operating revenue

	Parent		Consolidated	
	03/31/19	03/31/18	03/31/19	03/31/18
Revenues from domestic sales	716,687	755,301	1,563,067	1,406,242
Revenues from foreign sales	1,230,024	1,305,225	2,412,213	2,346,138
Deductions from revenue - Taxes and other	(154,609)	(163,171)	(247,667)	(221,027)
Net operating revenue	1,792,102	1,897,355	3,727,613	3,531,353

22. Expenses by nature

	Parent		Consolidated	
	03/31/19	03/31/18	03/31/19	03/31/18
Classified as				
Selling expenses	(158,473)	(156,733)	(257,547)	(230,752)
General and administrative expenses	(106,149)	(91,266)	(160,962)	(134,475)
Other operating income	(10,061)	(1,185)	(9,047)	(1,529)
Total	(274,683)	(249,184)	(427,556)	(366,756)
Expenses by nature				
Variable selling expenses	(143,618)	(140,854)	(236,077)	(200,317)
General, administrative and selling expenses	(57,942)	(48,508)	(87,300)	(77,711)
Personnel and commercial expenses	(54,223)	(53,882)	(77,533)	(80,272)
Depreciation and amortization	(8,839)	(4,755)	(17,599)	(6,927)
Other operating income and expenses	(10,061)	(1,185)	(9,047)	(1,529)
Total	(274,683)	(249,184)	(427,556)	(366,756)

23. Finance income (costs), net

	Parent		Consolidated	
	03/31/19	03/31/18	03/31/19	03/31/18
Finance income				
Income from short-term investments	15,396	10,558	17,832	16,208
	15,396	10,558	17,832	16,208
Finance costs				
Interest expense	(132,487)	(123,189)	(215,675)	(219,243)
Other finance income (costs)	(56,427)	(77,278)	(39,866)	(84,741)
	(188,914)	(200,467)	(255,541)	(303,984)
Exchange rate changes, net	(48,984)	(48,136)	(45,261)	(48,413)
Monetary restatement of the balance sheet	-	-	20,485	-
Finance income (costs), net	(222,502)	(238,045)	(262,485)	(336,189)

24. Loss per share

a) Basic loss per share

Basic loss per share is calculated by dividing the profit (loss) attributable to the Company's owners by the weighted average number of common shares issued during the period, excluding the common shares purchased by the Company and held in treasury.

Basic	03/31/19	03/31/18
Loss attributable to Company's shareholders	(31,406)	(114,721)
Weighted average number of common shares issued (thousands)	376,687	223,619
Weighted average number of treasury shares	(3,550)	(3,550)
Weighted average number of outstanding common shares (thousands)	373,137	220,069
Loss per share - R\$	(0.08417)	(0.52130)

b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of outstanding common shares, assuming the conversion of all potential common shares that would result in dilution. The Company has only one class of common shares that would potentially result in dilution: debentures mandatorily convertible into shares:

Diluted	03/31/19	03/31/18
Loss attributable to Company's shareholders	(31,406)	(114,721)
Weighted average number of outstanding common shares (thousands)	373,137	220,069
Weighted average number of common shares used to calculate basic earnings (loss) per share - thousands	373,137	220,069
Diluted loss per share - R\$	(0.08417)	(0.52130)

25. Risk management and financial instruments

The Company's operations are exposed to market risks, especially foreign exchange and credit risks. The Company's investment management policy establishes the use of derivative financial instruments for hedging against these risk factors. Additionally, the Company may also contract derivative financial instruments to implement operating and financial strategies defined by the Board of Executive Officers and duly approved by the Board of Directors.

Market risk management is carried out through the use of two models: calculation of VaR (Value at Risk) and calculation of impacts by applying stress scenarios. In the case of VaR, Management uses two distinct models: Parametric VaR and Monte Carlo Simulation VaR. Risks are constantly monitored and calculated at least twice a day.

It is worth noting that the Company does not use exotic derivatives and does not have any such instrument in its portfolio.

a. Policy on the Treasury's hedging transactions

The Treasury Department is responsible for the implementation of the Company's hedging management policy and follows the decisions of the Risk Committee, which is composed of the Company's Board of Executive Officers and employees.

The Risk Management Board is responsible for overseeing and monitoring compliance with the guidelines designed by the hedging policy, and reports itself to the CEO and the Risk Committee.

The Company's hedging policy, approved by its Board of Directors, takes into consideration its two main risk factors: exchange rate and finished cattle.

I. Currency hedging policy

The currency hedging policy aims to hedge the Company against currency fluctuations and is divided into two segments:

i) Flow

Cash flow hedging strategies are daily discussed with the Market Committee.

The purpose of the cash flow hedging policy is to guarantee the Company's operating profit and hedge its flow of currencies, other than the Brazilian real, within a year.

Hedge operations may use financial instruments available in the market, such as: US dollar futures transactions on B3, NDFs, funds raised in foreign currency, options and inflow of funds in US dollars.

ii) Balance sheet

The balance sheet hedge is monthly discussed at Board of Directors' meetings.

The purpose of the balance sheet hedging policy is to hedge the Company against its long-term debt in foreign currency.

Balance sheet exposure is the flow of US dollar-denominated debt with maturity higher than one year.

Hedge operations may use financial instruments available in the market, such as: US dollar cash withholding, bond buyback, NDFs, futures contracts on the BM&F, swaps, and options.

II. Cattle hedging policy

The objective of the cattle hedging policy is to minimize the impacts of fluctuation in the cattler arroba price on the Company's profit (loss). The policy is divided into two topics:

i) Cattle forward contracts

In order to guarantee raw material, especially in the cattle offseason, the Company purchases cattle for future delivery and uses B3 to sell futures contracts, minimizing the risk of price fluctuations per arroba of cattle.

Hedge operations may use finished cattle instruments available in the market, such as: finished cattle futures contracts on B3 and options on finished cattle futures contracts on B3.

ii) Hedging of meat sold

In order to guarantee the cost of the raw material used in its meat production, the Company uses the BM&F to purchase futures contracts, minimizing the risk of price fluctuations per arroba of cattle and hedging its operating margins obtained when meat is sold.

Hedge operations may use finished cattle instruments available in the market, such as: finished cattle futures contracts on B3 and options on finished cattle futures contracts on B3.

Statement of derivative positions

The statement of derivative positions was prepared to present the derivative financial instruments contracted by the Company in the periods ended March 31, 2019 and December 31, 2018, according to their purpose (asset hedging and other purposes):

Asset hedging position

Description	/ thousand		Notional value in R\$ thousand		Cumulative effect in R\$ thousand Amount receivable / (received)
	03/31/19	12/31/18	03/31/19	12/31/18	
Futures contracts:	-	-	-	-	-
<u>Purchase commitments</u>	-	-	-	-	-
DOL (US\$)	-	9,250	-	35,853	-
Other	-	-	-	-	-
BGI (arobas)	340	319	52,599	49,502	-
Corn (bags)	-	-	-	-	-
<u>Sales commitments</u>	-	-	-	-	-
Foreign currency	-	-	-	-	-
DOL (US\$)	4,500	35,000	17,624	135,750	34
BGI (arobas)	602	503	92,845	77,807	-
Corn (bags)	-	23	-	892	-
Options Contracts	-	-	-	-	-
<u>Bidding position - purchase</u>	-	-	-	-	-
Foreign currency	-	-	-	-	-
Other	-	-	-	-	-
BGI (arobas)	175	-	394	-	-
<u>Bidding position - sale</u>	-	-	-	-	-
Foreign currency	-	-	-	-	-
DOL (US\$)	900,000	1,000,000	7,682	39,790	-
Other	-	-	-	-	-
BGI (arobas)	37	-	21	-	-
<u>Long sale</u>	-	-	-	-	-
Foreign currency	-	-	-	-	-
Others	-	-	-	-	-
<u>Short sale</u>	-	-	-	-	-
Foreign currency	-	-	-	-	-
Others	-	-	-	-	-
BGI (arobas)	-	-	-	-	5
Forward contracts	-	-	-	-	-
<u>Long position</u>	-	-	-	-	-
NDF (Dollar)	2,912,511	4,025,790	3,117,360	3,874,800	61,025
<u>Short position</u>	-	-	-	-	-
NDF (Euro)	239,402	111,058	240,680	110,975	2,432
NDF (Dollar)	127,289	1,297,020	127,422	1,131,829	57,334

The reference values represent the base value, i.e. the opening amount at which the derivative agreement is entered into in order to calculate the positions and market value.

The fair values were calculated as follows:

- **USD Futures Contracts:** US dollar futures contracts traded on B3 total fifty thousand US dollars (US\$50,000) per notional contract and are adjusted on a daily basis. The fair value is calculated by multiplying the notional amount in US dollars by the reference US dollar for the contract disclosed by B3;
- **Finished Cattle Futures Contracts (BGI):** Finished cattle futures contracts (BGI) traded on B3 have the amount of 330 arrobas;
- **Short Position Forward Contracts - NDF (Euro):** The contracts are traded on OTC markets and, therefore, are not standardized neither adjusted on a daily basis. Their fair value is calculated by multiplying the traded notional amount and market rate prevailing on that date. If held through maturity, the PTAX EURO selling rate disclosed by the Central Bank of Brazil;
- **Short Position Forward Contracts - NDF (Dollar):** The contracts are traded on OTC markets and, therefore, are not standardized neither adjusted on a daily basis. Their fair value is calculated by multiplying the traded notional amount and market rate prevailing on that date. If held through maturity, the PTAX 800 selling rate disclosed by the Central Bank of Brazil;
- **Short Position Forward Contracts - NDF (ARS):** The contracts are traded on OTC markets and, therefore, are not standardized neither adjusted on a daily basis. Their fair value is calculated by multiplying the negotiated notional amount and market rate prevailing on that date. If held through maturity, the ARS/USD selling rate disclosed by MAE will be used.

The fair values were estimated on the date of the financial statements, based on relevant market inputs. Revisions in assumptions and changes in the financial market operations may significantly affect the estimates presented in the interim financial information.

The outstanding marked-to-market OTC NDF, swap and options transactions traded on B3 – Bolsa, Brasil, Balcão are recorded in the balance sheet accounts as at March 31, 2019 and December 2018 under “NDF receivable/payable”, “swaps” and “options receivable”, as follows:

Derivative financial instruments	03/31/2019 Mark-to-market	12/31/2018 Mark-to-market
Options	112,961	112,942
Swap	171,798	147,236
NDF (EUR+DOL+LIVESTOCK)	261,861	364,262
Total	546,620	624,439

b. Currency and interest rate risks

The risk of fluctuations in exchange rate and interest rate on loans and financing, short-term investments, receivables in foreign currency arising from exports, investments in foreign currency, and other payables denominated in foreign currency may be managed by using derivative financial instruments traded on stock exchanges, or OTC transactions such as swap, NDFs (Non Deliverable Forwards), and options.

The table below shows the Company's consolidated position, specifically with respect to its financial assets and liabilities, divided by currency and exchange exposure, thus presenting a picture of the net position of assets and liabilities per currency, compared with the net position of derivative financial instruments intended for hedging and management of the exchange exposure risk:

	Consolidated		
	03/31/2019		
	Currencies		
	Local	Foreign	Total
Assets			
Cash	1,466	-	1,466
Banks - checking account	148,707	2,586,588	2,735,295
Short-term investments	1,029,615	96,642	1,126,257
Trade receivables	412,790	1,121,213	1,534,003
Total current	1,592,578	3,804,443	5,397,021
Total assets	1,592,578	3,804,443	5,397,021

	Consolidated		
	03/31/2019		
	Currencies		
	Local	Foreign	Total
Liabilities			
Financing - current	790,097	2,326,012	3,116,109
Trade payables	719,234	66,463	785,697
Total current	1,509,331	2,392,475	3,901,806
Financing - noncurrent	562,282	6,873,054	7,435,336
Total noncurrent	562,282	6,873,054	7,435,336
Total liabilities	2,071,613	9,265,529	11,337,142
Net financial debt	479,035	5,461,086	5,940,121
Hedging derivatives – Net position	(8,624)	(533,379)	(542,003)
Currency position, net	470,411	4,927,707	5,398,118

The net position of derivative financial instruments is broken down as follows:

Financial Instruments (net)	Long (short) position, net at 12/31/2018	Long (short) position, net at 12/31/2017
Futures contracts - DOL (Dollar)	(99,897)	(502,352)
Futures contracts - BGI (Finished cattle)	(28,305)	(21,136)
Options contracts (Dollar, Cattle, Corn and IDI)	39,790	858
Swap contracts	147,236	(27,343)
NDF (dollar + EURO + cattle + ARS)	2,631,996	(1,322,203)
Total, net	2,690,819	(1,872,176)

Financial assets and financial liabilities are restated in the interim financial information as at March 31, 2019 and December 31, 2018, at amounts that approximate the market values. Their respective revenues and expenses are recognized and presented on these dates according to their expected realization or settlement.

Note that the amounts related to export orders (firm sale commitments) refer to orders from approved customers not invoiced yet (and therefore not accounted for), but which are already hedged against the risk of changes in foreign currency rates (US dollar or another foreign currency) through derivative financial instruments.

Below is a list of NDF agreements held by the Company as at March 31, 2019:

Type	Position	Currency	Maturity	Notional value
NDF	PURCHASE	DOL	06/10/2019	1,000,000

Credit risks

The Company is potentially subject to credit risks related to accounts receivables, which are minimized with the diversification of its customer portfolio, given that the Company does not have a customer or business group that accounts for more than 10% of its revenues and restricts the granting of credit to customers with good financial and operating indices.

c. Cattle price risks

The Company's business is exposed to the volatility of cattle prices, its main raw material, whose variation results from factors outside Management's control, such as climate, volume of supply, transportation costs, agricultural policies and others. The Company, in accordance with its inventory policy, maintains its management strategy for this risk, working on physical control, which includes purchases in advance, confinement of cattle and the signing of contracts for future settlement (OTC and stock exchange), which ensure the realization of its inventories at a determined price level.

Over-the-counter (OTC) market	Fair value 03/31/2019
<hr/>	
Forward contract purchased	
Notional value (@)	648,393
Futures Contract Price (R\$/@)	143
Total R\$/1000	92,555
<hr/>	
BM&F Market	Fair value 03/31/2019
Futures contracts - short	
<hr/>	
Notional value (@)	596,310
Futures Contract Price (R\$/@)	153
Total R\$/1000	90,967

d. Cash sensitivity analysis table

The purpose of the sensitivity analysis statements is to disclose separately the derivative financial instruments which, in the Company's opinion, are intended to hedge the exposure to risks. These financial instruments are grouped according to the risk factor that they intend to hedge (price risk, currency risk, credit risk etc.).

The scenarios were calculated based the following assumptions:

- **An upward movement:** represents an increase in prices or risk factors as at March 31, 2019;
- **A downward movement:** represents a decrease in prices or risk factors as at March 31, 2019;
- **Probable scenario:** 6% impact; 25% fluctuation; and 50% fluctuation.

The cash sensitivity statements were prepared in compliance with CVM Resolution No. 475/08 and take into consideration the positions in derivative financial instruments and their impacts on cash only:

Transaction	Movement	Risk	Probable scenario 6% fluctuation	Possible scenario 25% fluctuation	Remote scenario 50% fluctuation
Hedge derivatives	High	Cattle	(2,026)	(9,598)	(19,561)
Cattle	High	Cattle	5,553	23,139	46,277
Net			3,527	13,541	26,716
Hedge derivatives	High	US dollar	(108,999)	(136,558)	(172,820)
Invoices + Cash - in \$US	High	US dollar	(15,726)	(65,526)	(131,052)
Net			(124,726)	(202,084)	(303,872)
Hedge derivatives	High	Euro	(14,441)	(60,170)	(120,340)
Invoices - in \$EUR	High	Euro	18,042	75,174	150,348
Net			3,601	15,004	30,008
Hedge derivatives	High	US dollar	41,988	174,950	349,899
Borrowings in \$US	High	US dollar	(114,862)	(478,592)	(957,184)
Net			(72,874)	(303,642)	(607,285)
Share swap	Low	Shares	(1,815)	(7,561)	(15,122)
Net			(1,815)	(7,561)	(15,122)

- **Exchange rate USD 3.8967** – Ptax selling (Source: The Central Bank of Brazil);
- **Exchange rate EUR 4.376** – Ptax selling (Source: The Central Bank of Brazil).

Statement of gains (losses) on hedging instruments

- **Hedging derivatives x Cattle:** In the probable scenario with a 6% market fluctuation, the Company could gain R\$3,527; whereas in a 25% fluctuation scenario, said gain would come to R\$13,541, and R\$26,716 upon a fluctuation of 50%;
- **Hedge derivatives x Invoices + Cash in US\$:** In the probable scenario with a 6% market fluctuation, the Company could lose R\$124,726; whereas in a 25% fluctuation scenario, the Company could lose R\$202,084, and R\$303,872 upon a fluctuation of 50%;
- **Hedge derivatives x Invoices + Cash in EUR:** In the probable scenario with a 6% market fluctuation, the Company could gain R\$3,601; whereas in a 25% fluctuation scenario, said gain would come to R\$15,004, and R\$30,008 upon a fluctuation of 50%;
- **Hedge Derivatives and Fundraising:** In the probable scenario with a 6% market fluctuation, the Company could lose R\$72.874; whereas in a 25% fluctuation scenario, the Company could lose R\$303,642, and R\$607,285 upon a fluctuation of 50%;
- **Derivatives Shares** In the probable scenario with a 6% market fluctuation, the Company could lose R\$1.815; whereas in a 25% fluctuation scenario, the Company could lose R\$7,561, and R\$15,122 upon a fluctuation of 50%.

e. Call margin

A margin requirement call is applied to exchange transactions, whereby in order to cover margin calls, the Company uses public and private fixed income bonds, such as CDBs (bank deposit certificates) held in its portfolio, thus mitigating impacts on its cash flow.

As at March 31, 2019, the amounts deposited for margin totaled R\$47,021.

f. Share swap contracts

The Board of Directors' meeting of November 06, 2018 approved contracting future financial flows swap contracts with the counterpart Credit Suisse Próprio Fundo de Investimento Multimercado ("Credit Suisse").

The Company's intent in contracting this transaction with Credit Suisse was to reinforce its commitment and responsibility for efficiently operating its businesses. As a strategy, the Company elected not to make any financial disbursements. Under the contracts with Credit Suisse, the return will be equivalent to the fluctuations in prices of the shares issued by the Company.

Under the swap contracts, the Company's return will be equivalent to the fluctuations in prices of the shares issued by the Company (BEEF3) while the Credit Suisse's return will be equivalent to 100% of the variation in the CDI rate in the agreed-upon term plus a fixed spread.

Contract date	Maturity date	Notional value
November 12, 2018	November 12, 2019	7,929
November 14, 2018	November 14, 2019	8,844
November 16, 2018	November 16, 2019	8,101
November 19, 2018	November 19, 2019	5,368
		30,243

26. Statements of comprehensive income

As required by CPC 26 (R1) (IAS 1) – Presentation of interim financial information, the Company presents below the changes in comprehensive income (loss) for the periods ended March 31, 2019 and 2018:

	Parent		Consolidated	
	03/31/19	03/31/18	03/31/19	03/31/18
Loss for the period	(31,406)	(114,721)	(31,406)	(114,721)
Valuation adjustment to equity	(41,190)	(15,686)	(41,190)	(15,686)
Total comprehensive loss	(72,596)	(130,407)	(72,596)	(130,407)
Comprehensive loss attributable to:				
Company's owners	(72,596)	(130,407)	(72,596)	(130,407)
Noncontrolling interests	-	-	-	-
Total comprehensive loss	(72,596)	(130,407)	(72,596)	(130,407)

27. Insurance

The Company and its subsidiaries have an insurance policy that mainly takes into consideration the concentration of risks, the significance and the replacement value of the assets. The main information on insurance coverage effective on March 31, 2019 is as follows:

	Coverage	Insured amount
Buildings	Fire and sundry risks	735,527
Facilities, equipment and inventories	Fire and sundry risks	1,152,302
Vehicles and aircraft	Fire and sundry risks	94,682
Overseas transportation	Fire and sundry risks	77,934
Civil liability	Operational risks	20,519
		2,080,964

The Company and its subsidiaries have coverage for all products transported in Brazil and abroad. The risk assumptions adopted, in view of their nature, are not part of the scope of the audit of the financial statements and, therefore, were not audited by the Company's independent auditors.

The Company contracted insurance policies for all plants and distribution centers.

28. Events after the reporting period

Barter Agreement – Várzea Grande and Paranatinga plants (MT)

On January 24, 2019, Minerva issued a notice to the market to announce that a barter transaction was completed: (i) whereby the Company received (a) the Paranatinga plant, located in Paranatinga, State of Mato Grosso ("Paranatinga Plant"), (b) Paranatinga Plant's assets; and (c) other compensatory assets; (ii) through the transfer by the Company of the Várzea Grande Plant, located in Várzea Grande, State of Mato Grosso ("Várzea Grande Plant"), and (b) Várzea Grande Plant's assets, in the terms defined in Agreement for Barter of Assets and Other Covenants ("Barter of Assets Agreement"), entered into on that date between the Company, Marfrig, as parties, and BRF SA, as the intervening party.

On February 01, 2019, the Brazilian Antitrust Authority (CADE) approved the transaction and, on February 19, 2019, after the statutory term, this decision became final and unappealable and the barter was actually completed on April 01, 2019.

Perpetual bonds

On April 03, 2019, the Company exercised its option to redeem the total perpetual bonds (debt) issued abroad by its subsidiary Minerva Luxembourg S.A., with an interest rate of 8.75%. The aggregate principal amount of the settled bonds was US\$ 70,483,000.00, and the total amount paid by Minerva was US\$ 72,024,815.63, which includes accrued interest.

Notice to the Market: Athena Foods's IPO postponed

According to the Notice to the Market disclosed on May 13, 2019, Minerva S.A. informed to its shareholders and the market in general that the Initial Public Offering (IPO) of its subsidiary Athena Foods at Bolsa de Comercio de Santiago (Santiago Stock Exchange) was postponed due to the recent adverse conditions in the global market.

29. Explanation added to the translation into the English version

The accompanying interim financial information was translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where this interim financial information may be used.

* * *

EARNINGS RELEASE

Barretos, May 14, 2019 - Minerva S.A. (BM&FBOVESPA: BEEF3 | OTC - Nasdaq International: MRVSY), the South American leader in the export of fresh beef and cattle byproducts, which also operates processed foods segment, announces today its results for the first quarter of 2019. The financial and operational information herein is presented in BRGAAP and Brazilian reais (R\$), in accordance with International Financial Reporting Standards (IFRS).

1Q19 HIGHLIGHTS

Minerva (BEEF3)

Price on May 13, 2019:

R\$7.75

Market cap:

R\$ 2.919,4 million

376,726,796 shares

Free Float:

37.0%

Conference Call

May 15, 2019

Portuguese

10:30 a.m. (Brasília)

09:30 a.m. (US EST)

Phone: +55 (11) 2188 0155

Code: Minerva

English

12:30 p.m. (Brasília)

11:30 a.m. (US EST)

Phone: +1 (646) 843-6054

Code: Minerva

IR Contacts:

Edison Ticle

Danilo Cabrera

Kelly Barna

Matheus Oliveira

Luiza Puoli

Phone: (11) 3074-2444

ri@minervafoods.com

- » Recurrent Free Cash Flow in 1Q19, after Financial Expenses, Capex and Working Capital, was positive for the fifth consecutive quarter, totaling R\$ 42.4 million. Considering the LTM1Q19, recurrent free cash flow reached R\$ 743.4 million.
- » Minerva's Gross Revenue reached R\$ 3,975.3 million in 1Q19, up 6% over 1Q18. Of this total, the Brazilian Industry Division accounted for 44%, or R\$1.8 billion. Athena Foods also contributed R\$1.5 billion in revenue, corresponding to 39% of the total, and the remaining 17%, or R\$ 675.8 million, was generated by the Trading Division. In the last twelve months ended March, the Company's gross revenue totaled R\$17.5 billion.
- » Exports accounted for 61% of gross revenue, consolidating Minerva's position as the largest beef exporter in South America, with a market share of more than 20% in the continent.
- » Net revenue totaled R\$3,727.6 million in 1Q19, up 5.6% year on year. In LTM1Q19, Net Revenue totaled R\$16.4 billion, up 231% over the net revenue in the same period of 2017.
- » Adjusted EBITDA in 1Q19 reached R\$ 328.8 million, up 15% over 1Q18 EBITDA, with EBITDA margin 8.8% in the quarter, up 70 bps over 1Q18. In LTM1Q19, EBITDA totaled R\$1.6 billion, with an EBITDA margin of 9.7%.
- » The cash position on March 31, 2019 was of R\$3.9 billion with Net Debt at R\$6.2 billion, while financial leverage, measured through the Net Debt/EBITDA multiple of the last 12 months, was 3.8x, stable in relation to 4Q18.
- » In April 2019, Minerva concluded the buyback of the remaining US\$75 million of the Perpetual Bonds, thereby settling this debt instrument;

MESSAGE FROM MANAGEMENT

The year of 2019 begins with a very optimistic outlook for beef exporters in South America. The continued unbalance between world beef supply and the growing international demand continues to provide excellent opportunities for producers in the region. The South American continent, supported by its competitive advantages in the production of beef protein, is responsible for about 35% of the world beef exports, which Minerva is responsible for around 20% of this volume in 1Q19, keeping the Company as an important global player and the largest exporter of beef in South America.

Still on the global beef market and according to USDA report, the worsening of the African Swine Fever outbreak in China and parts of Asia should reduce the global animal protein production for the next 24 months, unheard in the historical series, leading to opportunities to raise the demand for other proteins such as beef. This supply shock should benefit other producing regions, unequivocally South America, due to its business expertise in the Chinese market and good availability of the cattle herd. It should be noted that Minerva and Athena Foods has a strong presence in the Chinese market, accounting for 20% and 35% of our LTM exports, respectively, and supported by our offices in Beijing and Hong Kong. In addition, expectations of the opening of new markets, such as re-opening the United States to Brazilian beef and opening the Indonesian market to South America, contributes ever more to the continent's good moment as an important beef export platform in the global market.

In this environment, Minerva's exports were again highlighted and accounted for 61% of the Company's total revenue. In the Brazilian Division, exports kept a good rhythm of the previous quarters reaching 65% of gross revenue, in line with the previous year. In Athena Foods, the export market exposure was even higher, accounting for 72% of gross revenue, up 7% in the annual comparison. In sales directed to the domestic market, we continued to observe, despite the usual seasonality of the first quarter, a structural increase in beef consumption, especially in Brazil, with grow of 7% over 1Q18, in line with the improvement outlook in the environment macroeconomic. Still on the results, it's worth noting that 1Q19 was the fifth consecutive quarter with positive recurring free cash generation, which reached R\$ 42.4 million, totaling R\$743.4 million in the last twelve months, reflecting our conservative financial management. The stability in Minerva's leverage level, in 3.8x Net Debt/EBITDA, confirms this commitment.

In 2019, we remain confident in our business model, seeking to maximize the market opportunities, always relying on the work of our team and believing that bringing together meritocracy, adequate strategy, execution discipline and commitment to ethical and sustainable practices is the best way to generate consistent and long-term value.

Fernando Galletti de Queiroz, CEO

RESULTS ANALYSIS

Key Consolidated Indicators

R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Total slaughter ('000 head)	845.9	855.7	-1.1%	869.6	-2.7%	3,422.4	3,109.2	10.1%
Slaughter - Brazil	419.3	426.0	-1.6%	424.8	-1.3%	1,680.9	1,707.2	-1.5%
Slaughter - Athena	426.6	429.7	-0.7%	444.8	-4.1%	1,741.5	1,402.1	24.2%
Total sales volume ('000 tons)	293.1	262.3	11.7%	286.5	2.3%	1,115.9	973.5	14.6%
Volume - Brazil	148.3	145.7	1.8%	152.3	-2.6%	583.4	584.8	-0.2%
Volume - Athena	144.8	116.7	24.1%	134.2	7.9%	532.5	388.7	37.0%
Gross revenue	3,975.3	3,752.4	5.9%	4,925.7	-19.3%	17,448.5	14,430.9	20.9%
Export market	2,412.2	2,346.1	2.8%	2,975.9	-18.9%	10,724.6	8,554.6	25.4%
Domestic market	1,563.1	1,406.2	11.2%	1,949.8	-19.8%	6,724.0	5,876.3	14.4%
Net revenue ⁽¹⁾	3,727.6	3,531.4	5.6%	4,610.1	-19.1%	16,411.2	14,549.2	12.8%
Adjusted EBITDA ⁽¹⁾	328.8	285.0	15.4%	462.8	-29.0%	1,594.2	1,304.0	22.3%
Adjusted EBITDA margin ⁽¹⁾	8.8%	8.1%	0.7 p.p.	10.0%	-1.2 p.p.	9.7%	9.0%	0.8 p.p.
Net debt/LTM adjusted EBITDA ⁽¹⁾	3.8	4.5	-0.7	3.9	-0.1	-	-	-
Net income (loss)	-31.4	-114.7	-72.6%	-92.1	-65.9%	-1,181.5	-397.9	197.0%

⁽¹⁾LTM1Q18 includes pro-forma net revenue and EBITDA figures of the Mercosur assets acquired on August 1, 2017

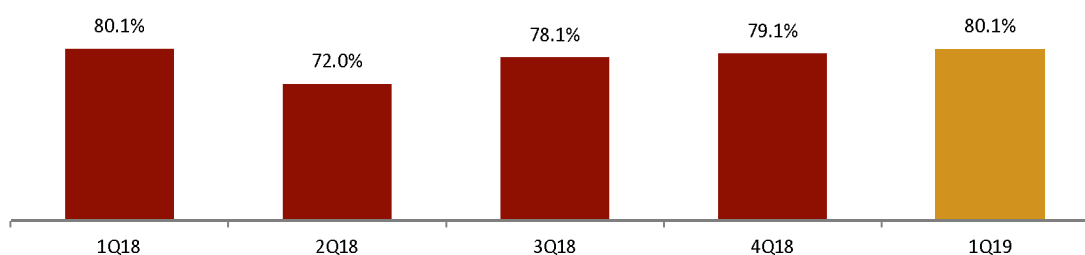
Results by Division

Slaughter

BRAZILIAN INDUSTRY DIVISION

In 1Q19, the slaughter volume of the Company's Brazilian units totaled 419,300 heads, flat over 1Q18, totaling 80.1% of capacity utilization rate.

Figure 1 - Installed Capacity Utilization

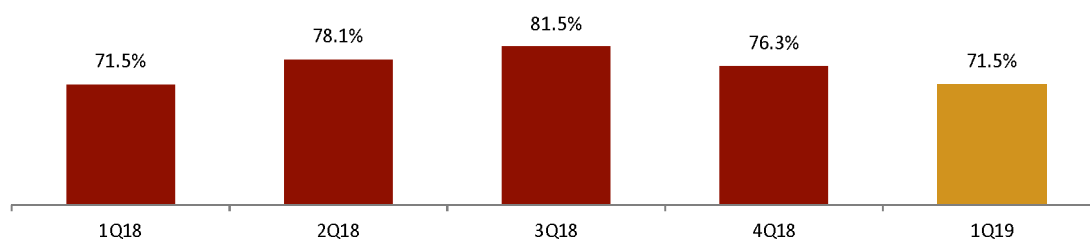


Source: Minerva

ATHENA FOODS

The slaughter volume of Athena Foods' units totaled 426,600 heads in 1Q19. The utilization rate stood at 71.5%, the same level as in 1Q18. It is important to note that, in addition to the seasonality of the first semester, the slaughter volume was also affected by the heavy rainfall mainly in Paraguay and Argentina.

Figure 2 - Installed Capacity Utilization

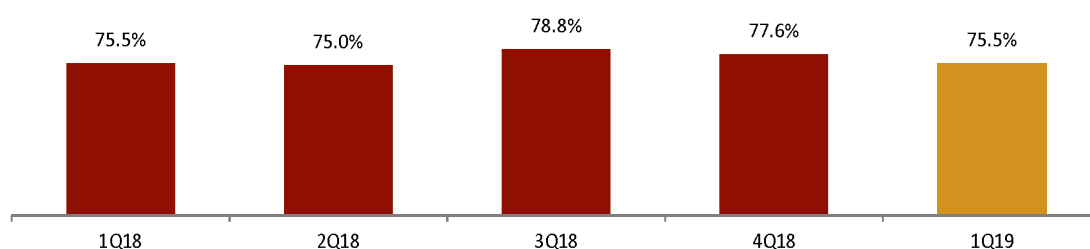


Source: Minerva

MINERVA CONSOLIDATED

Based on the information above, the Company's consolidated slaughter volume in 1Q19 totaled 846,000 heads, in line with the same period in 2018. Consolidated capacity utilization in 1Q was 75.5%, flat over 1Q18.

Figure 3 - Installed Capacity Utilization - Consolidated



Source: Minerva

Gross Revenue by Division

BRAZILIAN INDUSTRY DIVISION

In 1Q19, the gross revenue of the Brazilian Industry Division totaled R\$1.8 billion, up 2.1% over 1Q 2018. In the last 12 months ended March 2019, revenues from the division reached R\$7,516.9 million, up 4.4% over LTM1Q18.

Export Market – 64.8% of Gross Revenue from the Brazilian Industry Division in 1Q19

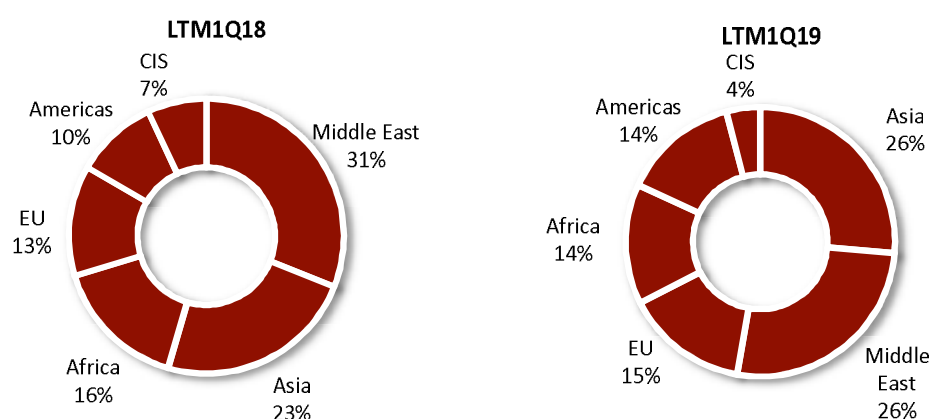
Exports from the Brazilian Industry Division generated revenue of R\$1,145.4 million in 1Q19, stable year-over-year. In LTM1Q19, export revenues totaled R\$4,921.9 million, up 6.3% over 1Q18.

The main regions for exports of the Brazilian Industry Division in the last 12 months ended in March were as follows: Asia (especially China) and the Middle East, which together accounted for more than half of this Division's export revenue (52%).

Below is the evolution of revenue per region from the Brazilian Industry Division's exports between LTM1Q18 and LTM1Q19:

- » **Africa:** In LTM1Q19, Africa's share of the Division's exports remained practically flat compared to LTM1Q18 and accounted for 14% of the total exports.
- » **Americas:** The Americas accounted for 14% share of this division's exports in LTM1Q19, up 4 p.p. year-over-year, due to the growth in demand in the Chilean market.
- » **Asia:** Asia's share increased 3 p.p. over LTM1Q18, accounting for 26% of the Brazilian Division's exports, due to the increased volume in the Chinese market.
- » **CIS (Commonwealth of Independent States):** The Commonwealth of Independent States, represented mainly by Russia, accounted for 4% of this division's exports in LTM1Q19, down 3 p.p. year-over-year. Reflecting the Russian restriction on Brazilian exports throughout 2018.
- » **Europe:** Europe accounted for 15% of the Division's exports in the last 12 months ending March 2019, up 2 p.p. over 1Q 2018.
- » **Middle East:** The Middle East region accounted for 26% of the export revenues and remained the second main destination of the Brazilian Division in LTM1Q19.

Figures 4 and 5 - Breakdown of Export Revenue by Region - Brazil



Source: Minerva

Domestic Market – 35.2% of Gross Revenue from the Brazilian Industry Division in 1Q19

Domestic market's gross sales from the Brazilian Division reached R\$623.0 million, up 7.1% over 1Q18's gross revenue. In LTM1Q19, revenue totaled R\$7.5 billion, slightly higher over LTM1Q18.

It is important to mention the seasonal effect of the beginning of the year, when a decrease in average beef consumption in Brazil is noticed, compared between the remaining quarters.

We present below a complete breakdown of the Brazilian Industry Division:

Gross Revenue (R\$ Million)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – EM	1,000.4	1,020.7	-2.0%	1,164.6	-14.1%	4,369.9	3,991.9	9.5%
Byproducts – EM	126.3	120.2	5.0%	113.8	11.0%	500.1	573.4	-12.8%
Processed foods – EM	18.7	9.7	93.7%	14.0	33.9%	51.9	64.7	-19.9%
Subtotal – EM	1,145.4	1,150.6	-0.5%	1,292.3	-11.4%	4,921.9	4,630.0	6.3%
Fresh beef – DM	454.4	424.4	7.1%	580.9	-21.8%	1,923.1	1,918.7	0.2%
Byproducts – DM	103.3	102.7	0.6%	110.5	-6.5%	457.1	429.1	6.5%
Processed foods – DM	65.3	54.5	19.8%	55.6	17.4%	214.8	222.8	-3.6%
Subtotal – DM	623.0	581.6	7.1%	747.0	-16.6%	2,595.0	2,570.6	1.0%
Total	1,768.4	1,732.2	2.1%	2,039.4	-13.3%	7,516.9	7,200.6	4.4%

Volume ('000 tons)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – EM	63.1	65.7	-4.1%	65.2	-3.3%	251.5	246.0	2.2%
Byproducts – EM	28.0	23.4	19.7%	20.9	33.9%	95.1	98.1	-3.1%
Processed foods – EM	0.8	0.5	67.7%	0.5	73.2%	1.89	3.4	-44.1%
Subtotal – EM	91.8	89.6	2.5%	86.6	6.1%	348.4	347.5	0.3%
Fresh beef – DM	31.2	31.2	0.0%	41.2	-24.3%	136.5	144.1	-5.3%
Byproducts – DM	20.1	21.5	-6.6%	20.3	-0.9%	83.8	79.5	5.3%
Processed foods – DM	5.2	3.4	55.1%	4.2	22.9%	14.7	13.7	7.4%
Subtotal – DM	56.5	56.1	0.7%	65.7	-14.0%	235.0	237.3	-1.0%
Total	148.3	145.7	1.8%	152.3	-2.6%	583.4	584.8	-0.2%

Average Price – EM (US\$/kg)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – EM	4.2	4.8	-12.1%	4.7	-10.4%	4.6	5.0	-8.9%
Byproducts – EM	1.2	1.6	-24.5%	1.4	-16.4%	1.4	1.8	-23.4%
Processed foods – EM	6.2	6.3	-0.6%	8.0	-22.1%	7.3	5.9	21.9%
Total	3.3	4.0	-16.4%	3.9	-15.7%	3.7	4.1	-9.8%
Average dollar (Source: BACEN)	3.77	3.25	16.2%	3.81	-0.9%	3.78	3.22	17.6%

Average Price – EM (R\$/Kg)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – EM	15.9	15.5	2.1%	17.9	-11.2%	17.4	16.2	7.1%
Byproducts – EM	4.5	5.1	-12.2%	5.4	-17.1%	5.3	5.8	-10.0%
Processed foods – EM	23.6	20.4	15.6%	30.5	-22.7%	27.4	19.1	43.4%
Total	12.5	12.8	-2.9%	14.9	-16.5%	14.1	13.3	6.0%

Average Price – DM (R\$/Kg)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – DM	14.6	13.6	7.1%	14.1	3.3%	14.1	13.3	5.8%
Byproducts – DM	5.1	4.8	7.6%	5.4	-5.7%	5.5	5.4	1.2%
Processed foods – DM	12.5	16.2	-22.8%	13.1	-4.4%	14.6	16.2	-10.3%
Total	11.0	10.4	6.3%	11.4	-3.0%	11.0	10.8	2.0%

EM - Export Market, DM – Domestic Market

ATHENA FOODS

Gross revenue from Athena Foods, which comprises the operations of the units in Paraguay, Argentina, Uruguay and Colombia, as well as distribution in Chile, totaled R\$1.5 billion in 1Q19, up 2.8% over 1Q18. In LTM1Q19, revenue totaled R\$6.9 billion, up 46.8% over LTM1Q18.

Export Market – 71.8% of Gross Revenue from Athena Foods in 1Q19

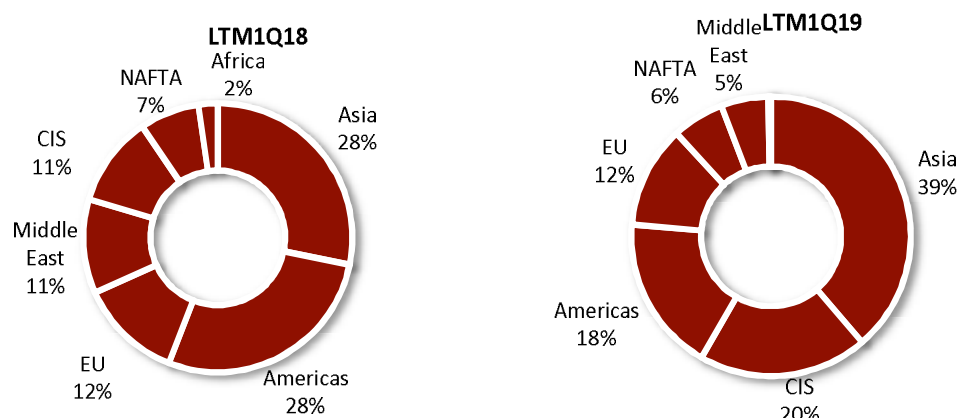
In 1Q19, the division’s export gross revenues totaled R\$1,098.9million, up 7.1% over 1Q18. In the last 12 months ended March 2019, revenues from Athena Foods’ exports reached R\$5.1 billion, up 56.5% over LTM1Q18.

In 2018, Athena Foods’ exports were mainly impacted by the positive performance in Argentina and Paraguay. Argentina resumed exports to important markets, such as Europe and the United States. Paraguayan exports also made a positive contribution to this segment, driven by a significant increase in exports to Russia, due to the country’s ban on Brazilian exports.

Below is the evolution of revenue per region from the Athena Foods’s exports per region between LTM1Q18 and LTM1Q19:

- » **Americas:** The Americas accounted for 18% of the Athena Foods’ exports in LTM1Q19, down 10 p.p. year-over-year, due to redirecting the demand of the Chilean market to the Brazilian beef imports.
- » **Asia:** Asia has been steadily growing its share in Athena’s exports, increasing 11 p.p. in LTM1Q19 year-over-year, accounting for 39% of the Division’s export revenue. The main rising market is China, supplied by our operations in Argentina and Uruguay.
- » **CIS (Commonwealth of Independent States):** The Commonwealth of Independent States, represented mainly by Russia, accounted for 20% of Athena Foods’ exports in LTM1Q19, up 11 p.p. over LTM1Q18, since Russia blocked imports of Brazilian beef and this demand went to other exporters in South America (mainly Paraguay), contributing to the result of exports of Athena Foods.
- » **Europe:** Europe accounted for 12% of the total exported by Athena Foods in LTM1Q19, stable over LTM1Q18.
- » **NAFTA:** In LTM1Q19, the NAFTA accounted for 6% of exports, down 1 p.p. over LTM1Q18.
- » **Middle East:** The Middle East accounted for 5% of exports from Athena Foods in LTM1Q19, down 6 p.p. LTM1Q18.

Figures 6 and 7 - Breakdown of Exports by Region – Athena Foods



Source: Minerva

Domestic Market – 28.2% of Gross Revenue from Athena Foods in 1Q19

The domestic market of Athena Foods closed 1Q19 with gross revenues of R\$432.2 million, down year-over-year, due to the lower slaughter volume in 1Q19, resulting from the rainy season in Argentina and Paraguay, as mentioned before.

We present below a complete breakdown of Athena Foods:

Gross Revenue (R\$ Million)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – EM	983.6	899.2	9.4%	1,337.8	-26.5%	4,512.6	2,874.4	57.0%
Byproducts – EM	113.1	126.7	-10.8%	160.3	-29.4%	548.5	362.1	51.5%
Processed foods – EM	2.3	0.5	396.6%	1.5	54.4%	4.9	1.5	224.3%
Subtotal – EM	1,098.9	1,026.4	7.1%	1,499.5	-26.7%	5,066.1	3,238.0	56.5%
Fresh beef – DM	259.1	243.8	6.3%	286.6	-9.6%	1,108.8	924.4	20.0%
Byproducts – DM	41.6	58.6	-29.0%	43.9	-5.3%	175.6	192.6	-8.8%
Processed foods – DM	131.4	161.0	-18.4%	190.3	-30.9%	597.9	379.7	57.5%
Subtotal – DM	432.2	463.4	-6.7%	520.8	-17.0%	1,882.3	1,496.6	25.8%
Total	1,531.1	1,489.9	2.8%	2,020.4	-24.2%	6,948.4	4,734.6	46.8%

Volume ('000 tons)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – EM	64.5	61.0	5.8%	69.2	-6.8%	266.4	195.4	36.4%
Byproducts – EM	20.3	11.2	81.3%	19.1	6.1%	66.6	39.5	68.4%
Processed foods – EM	0.2	0.03	627.7%	0.1	89.3%	0.5	0.2	179.6%
Subtotal – EM	85.0	72.2	17.8%	88.4	-3.8%	333.5	235.1	41.8%
Fresh beef – DM	19.0	20.1	-5.2%	18.4	3.3%	78.4	77.3	1.4%
Byproducts – DM	29.6	11.6	155.3%	15.9	86.2%	75.2	44.4	69.3%
Processed foods – DM	11.1	12.8	-13.1%	11.5	-2.9%	45.5	31.8	43.0%
Subtotal – DM	59.7	44.5	34.3%	45.8	30.5%	199.1	153.5	29.6%
Total	144.8	116.7	24.1%	134.2	7.9%	532.5	388.7	37.0%

Average Price – EM (US\$/kg)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – EM	4.0	4.5	-11.0%	5.1	-20.5%	4.5	4.6	-2.1%
Byproducts – EM	1.5	3.5	-57.6%	2.2	-32.9%	2.2	2.8	-23.5%
Processed foods – EM	2.6	4.4	-41.3%	3.1	-17.7%	2.9	2.9	-1.3%
Total	3.4	4.4	-21.8%	4.5	-23.1%	4.0	4.3	-6.2%
Average dollar (Source: BACEN)	3.77	3.25	16.2%	3.81	-0.9%	3.78	3.22	17.6%

Average Price – EM (R\$/Kg)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – EM	15.2	14.7	3.4%	19.3	-21.2%	16.9	14.7	15.1%
Byproducts – EM	5.6	11.3	-50.8%	8.4	-33.5%	8.2	9.2	-10.0%
Processed foods – EM	9.7	14.2	-31.8%	11.9	-18.4%	10.9	9.4	16.0%
Total	12.9	14.2	-9.1%	17.0	-23.8%	15.2	13.8	10.3%

Average Price – DM (R\$/Kg)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Fresh beef – DM	13.6	12.2	12.2%	15.6	-12.4%	14.1	12.0	18.3%
Byproducts – DM	1.4	5.1	-72.2%	2.8	-49.2%	2.3	4.3	-46.1%
Processed foods – DM	11.8	12.6	-6.1%	16.6	-28.9%	13.2	11.9	10.1%
Total	7.2	10.4	-30.6%	11.4	-36.4%	9.5	9.7	-3.0%

EM - Export Market, DM – Domestic Market

TRADING DIVISION

Gross revenue from the Trading Division, which consists of the result from the live cattle, protein trading, energy trading and resale of third-party products segments, reached R\$675.8 million in 1Q19, up 27.5% year-over-year. In the last 12 months ended March 2019, trading generated revenues of R\$2,983.2 million, up 19.5% over LTM18.

The performance was mainly helped by beef trading in the foreign market and also by the resale of third-party products, due to Minerva's commercial expertise and efficient distribution logistics in the markets in which it operates.

Export Market – 24.8% of Gross Revenue from the Trading Division in 1Q19

In 1Q19, gross revenue from the division's exports totaled R\$167.9 million, stable when compared to 1Q18.

Domestic Market – 75.2% of Gross Revenue from the Trading Division in 1Q19

Domestic sales in this division reached R\$508.0 million in 1Q19, up 40.6% over 1Q18.

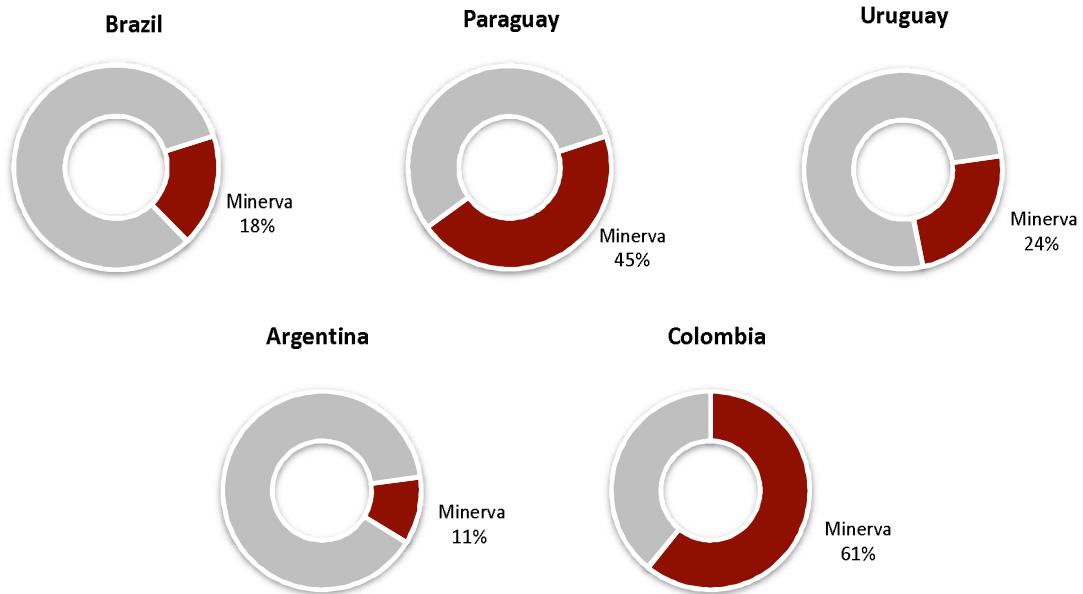
Gross Revenue (R\$ Million)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Trading gross revenue	675.8	530.3	27.5%	866.0	-22.0%	2,983.2	2,495.6	19.5%
Export market	167.9	169.1	-0.7%	201.9	-16.9%	754.6	686.5	9.9%
Domestic market	508.0	361.2	40.6%	664.0	-23.5%	2,228.6	1,809.1	23.2%

Consolidated Results Analysis

Exports - Market Share by Country

In 1Q19, the Company remained as one of the main exporters in the countries in which it operates. Minerva accounted for 18% of beef exports in Brazil, increasing to 45% in Paraguay, remaining as the leader in the country; 24% in Uruguay, increasing 3 p.p. over 1Q18; 11% in Argentina and 61% in Colombia.

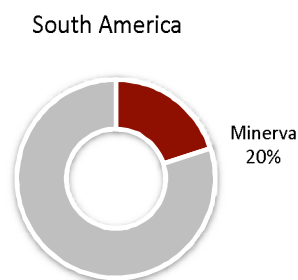
Figure 8 – 1Q19 Market Share (% of Revenue)



Sources: Minerva, Secex, INAC, SENACSA, IPCVA and DANE

In 1Q19, Minerva accounted for 20% of South American exports, consolidating its position as the leading beef exporter in the continent.

Figure 9 – 1Q19 Market Share (% of Revenue)



Sources: Minerva, Secex, INAC, SENACSA, IPCVA and DANE

Gross revenue

Based on Brazil's, Athena's and Trading's performance, the Company's consolidated gross revenue reached R\$3,975.3 million in 1Q19, up 5.9% year-over-year. In LTM1Q19, gross revenue totaled R\$17,448.5 million, up 21% over LTM1Q18.

R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Gross Revenue (R\$ MM)	3,975.3	3,752.4	5.9%	4,925.7	-19.3%	17,448.5	14,430.9	20.9%
Brazilian Industry Division	1,768.4	1,732.2	2.1%	2,039.4	-13.3%	7,516.9	7,200.6	4.4%
Athena Foods	1,531.1	1,489.9	2.8%	2,020.4	-24.2%	6,948.4	4,734.6	46.8%
Trading Division	675.8	530.3	27.5%	866.0	-22.0%	2,983.2	2,495.6	19.5%

Net Revenue

Net revenue came to R\$3,727.6 million in 1Q19, an increase of 5.6% year-over-year.

R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Gross revenue	3,975.3	3,752.4	5.9%	4,925.7	-19.3%	17,448.5	14,430.9	20.9%
Deductions and discounts	-247.7	-221.0	12.1%	-315.6	-21.5%	-1,037.4	-937.7	10.6%
Net revenue⁽¹⁾	3,727.6	3,531.4	5.6%	4,610.1	-19.1%	16,411.2	13,493.2	21.6%
Gross revenue	93.8%	94.1%	-0.3 p.p.	93.6%	0.2 p.p.	94.1%	93.5%	0.6 p.p.

(1) LTM1Q18 excludes pro-forma net revenue figures of the Mercosur assets acquired on August 1, 2017

Cost of Goods Sold (COGS) and Gross Margin

In 1Q19, CMV corresponded to 82.3% of net revenue or a gross margin of around 18%, up 130 bps over the gross margin in 1Q18.

R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Net Revenue (R\$ MM)	3,727.6	3,531.4	5.6%	4,610.1	-19.1%	16,411.2	13,493.2	21.6%
CMV (R\$ MM)	-3,067.0	-2,952.2	3.9%	-3,839.4	-20.1%	-13,481.4	-11,088.1	21.6%
% Net revenue	82.3%	83.6%	-1.3 p.p.	83.3%	-1.0 p.p.	82.1%	82.2%	0.0 p.p.
Gross Profit (R\$ MM)	660.6	579.1	14.1%	770.8	-14.3%	2,929.8	2,405.1	21.8%
Gross Margin	17.7%	16.4%	1.3 p.p.	16.7%	1.0 p.p.	17.9%	17.8%	0.0 p.p.

Selling, General and Administrative Expenses

Selling expenses corresponded to 6.9% of Net Revenue in 1Q19, while general and administrative expenses in 1Q19 reached 4.3% of net revenue.

R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Selling expenses	-257.5	-230.8	11.6%	-265.3	-2.9%	-1,047.3	-833.0	25.7%
% Net revenue	6.9%	6.5%	0.4 p.p.	5.8%	1.2 p.p.	6.4%	6.2%	0.2 p.p.
G&A expenses	-161.0	-134.5	19.7%	-150.1	7.2%	-637.9	-548.4	16.3%
% Net revenue	4.3%	3.8%	0.5 p.p.	3.3%	1.1 p.p.	3.9%	4.1%	-0.2 p.p.

EBITDA

In 1Q19, EBITDA adjusted by non-recurring items totaled R\$328.8 million, up 15.4% over 1Q18, with an adjusted EBITDA margin of 8.8%, up 70 bps over 1Q18. In the last twelve months ended March 2019, Adjusted EBITDA totaled R\$1,594.2 million, up 17.8% over LTM1Q18 and with a margin of 9.7%. It is worth noting the impact, nonrecurring, of the R\$ 19.5 million on 1Q19 operational results, due to a payment related to the ICMS's calculation.

R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Net income (loss)	-31.4	-114.7	-72.6%	-92.1	-65.9%	-1,181.5	-397.9	197.0%
(+/-) Deferred income and social contribution taxes	2.0	-9.1	n.a.	17.0	-88.4%	-533.2	33.2	n.a.
(+/-) Financial result	262.5	336.2	-21.9%	452.4	-42.0%	2,409.8	1,394.2	72.8%
(+/-) Asset impairment	0.0	0.0	n.a.	18.8	n.a.	18.8	0.0	n.a.
(+/-) Depreciation and amortization	76.2	51.3	48.8%	66.6	14.4%	246.7	171.1	44.2%
(+/-) Proforma EBITDA from Mercosur assets	0.0	0.0	n.a.	0.0	n.a.	0.0	66.5	n.a.
(+/-) Adjustments to other expenses	19.5	21.4	-8.8%	0.0	n.a.	633.4	36.9	-100.0%
Adjusted EBITDA	328.8	285.0	15.4%	462.8	-29.0%	1,594.2	1,304.0	22.3%
Adjusted EBITDA margin	8.8%	8.1%	0.7 p.p.	10.0%	-1.2 p.p.	9.7%	9.0%	0,8 p.p.

Financial Result

The financial result was negative by R\$262.5 million in 1Q19, mainly affected by the R\$45.3 million FX variation in the period. The "Other Revenue/Expenses" line totaled R\$39.9 million in the quarter.

R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Financial expenses	-215.7	-224.7	-4.0%	-263.6	-18.2%	-1,005.7	-947.5	6.1%
Financial income	17.8	16.2	7.2%	31.9	-45.5%	87.6	92.6	-5.9%
Monetary correction	20.5	0.0	n.a.	-24.7	n.a.	-4.2	0.0	n.a.
FX variation	-45.3	-48.4	-6.5%	126.9	-135.7%	-1,230.2	-371.2	231.4%
Other Expenses (*)	-39.9	-79.3	-50.3%	-323.0	-87.8%	-257.3	-168.1	53.1%
Financial result	-262.5	-336.2	-15.8%	-452.4	-37.5%	-2,409.8	-1,394.2	72.8%
Average dollar (R\$/US\$)	3.77	3.25	16.2%	3.81	-0.9%	3.78	3.22	17.6%
Closing dollar (R\$/US\$)	3.90	3.32	17.2%	3.87	0.6%	3.90	3.32	17.2%

(*) Other Expenses (R\$ Million)	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
FX hedge	-9.2	-15.2	-39.5%	-129.0	-92.9%	104.0	-5.1	n.a.
Commodities hedge	0.9	-10.4	-108.7%	-36.0	-102.5%	-65.2	-24.1	170.5%
Fees, commissions and other financial expenses	-31.5	-53.7	-42.1%	-158.0	-80.3%	-296.0	-138.9	113.1%
Total	-39.9	-79.3	-50.3%	-323.0	-87.8%	-257.2	-168.1	53.0%

Net income (loss)

The Company recorded a net loss of R\$31.4 million in 1Q19, after calculating the income and social contribution taxes, resulting from the FX variation and FX hedge. Excluding these non-cash effects and the nonrecurring items, the adjusted net income for 1Q19 was R\$ 22.1 million.

R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.	LTM1Q19	LTM1Q18	% Chg.
Net income (loss) before income and social contribution taxes	-29.4	-123.8	-76.2%	-75.1	-60.8%	-1,714.6	-364.7	370.2%
Income and social contribution taxes	-2.0	9.1	-121.7%	-17.0	-88.4%	533.2	-33.2	n.a.
Net income (loss)	-31.4	-114.7	-72.6%	-92.1	-65.9%	-1,181.5	-397.9	197.0%
% Net margin	-0.8%	-3.2%	2.4 p.p.	-2.0%	1.2 p.p.	-7.2%	-2.9%	-4.3 p.p.

R\$ Million	1Q19
Net income (loss)	-31.4
Monetary correction	-20.5
FX variation	45.3
FX Hedge	9.2
Nonrecurring items	19.5
Adjusted Net income (loss)	22.1

Cash Flow

Operating Cash Flow

In the first quarter of 2019, operating cash flow was a positive R\$239.3 million. The variation in the working capital need was negative by R\$11.7 million in the quarter, mainly affected by Suppliers (-R\$86.8 million), due to higher acquisition of raw materials by up-front payment, in order to protect the margin against cattle prices oscillations during the first quarter. Receivables returned to the cash position of R\$ 200.9 million, however, Other Accounts Payable line, which reflects the Company's credit policy requiring prepayment according to the risk assessment of the customers, consumed R\$197 million in 1Q19.

R\$ Million	1Q19	1Q18	4Q18	LTM1Q19
Net income (loss)	-31.4	-114.7	-92.1	-1,181.5
(+) Adjustments to Net Income (Loss)	282.4	269.5	189.8	1,794.0
(+) Variation in working capital requirements ⁽¹⁾	-11.7	32.8	242.3	769.1
Operating cash flow	239.3	187.6	340.1	1,381.7

(1) Including the "Deferred Taxes" line totaling R\$ 470.3 million in 2Q18.

R\$ Million	1Q19	4Q18	Variation
Customer's Prepayment	978.1	1,153.1	-174.9
Others	64.9	84.9	-19.2
Other payables	1,043.7	1,237.9	-194.1

Free Cash Flow

Recurring Cash flow after Capex, interest payments and working capital was positive by R\$42.4 million in 1Q19. The financial income (loss) based on cash (i.e., after excluding the FX variation and result of the FX hedge), was negative by R\$246.9 million in the quarter. Working capital requirements were negative by R\$11.7 million. In the last 12 months ended March, free cash flow was positive by R\$ 743.4 million. However, considering the non-recurring effect on the operating income, as previously explained, the free cash flow totaled R\$ 22.9 million in the quarter, and R\$ 723.9 million in LTM1Q19

R\$ Million	1Q19	4Q18	3Q18	2Q18	LTM1Q19
EBITDA	328.8	462.8	449.2	353.4	1,594.2
(+) Capex (on a cash basis)	-27.8	-43.3	-46.1	-50.8	-168.0
(+) Financial result (on a cash basis) ⁽¹⁾	-246.9	-298.6	-176.0	-260.1	-981.6
(+) Variation in working capital requirements (2)	-11.7	242.3	-133.7	201.8	298.8
Recurring Free cash flow to equity	42.4	363.3	93.4	244.3	743.4
Non-recurring Items	-19.5	0.0	0.0	0.0	-19.5

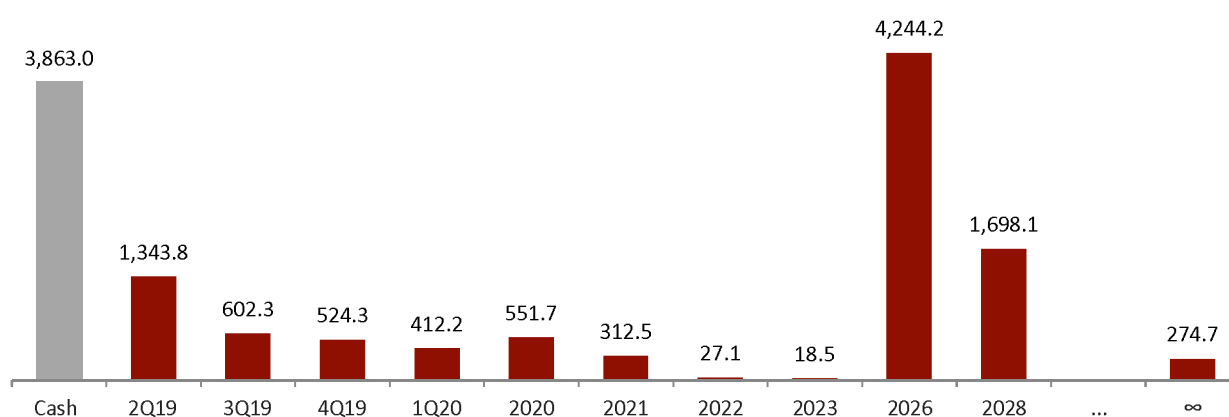
Free cash flow to equity	22.9	363.3	93.4	244.3	723.9
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- (1) excluding the cash result from FX hedge.
(2) excluding the Deferred Taxes line amounting to R\$470.3 million in 2Q18.

Capital Structure

At the end of March 2019, the Company's cash position corresponded to R\$3.9 billion, enough to meet the amortization schedule of debts until 2026. At the end of 1Q19, around 76% of the gross indebtedness was exposed to FX variation. Leverage measured by the Net Debt/EBITDA for the last twelve months totaled 3.8x at the end of March, stable year-over-year. The debt duration remained long at 5 years. In April 2019, the Company concluded the buyback of the remaining perpetual securities, totaling US\$72.0 million (accruing accrued interest), affecting the 2Q19 results.

**Figure 10 – Debt Amortization Schedule on March 31, 2019
(R\$ Million)**



R\$ Million	1Q19	1Q18	% Chg.	4Q18	% Chg.
Short-term Debt	2,882.6	2,700.4	6.7%	3,644.3	-20.9%
% Short-term debt	28.8%	27.6%	1.2 p.p.	34.8%	-6.0 p.p.
Local currency	783.3	1,502.5	-47.9%	894.7	-12.4%
Foreign currency	2,099.3	1,197.9	75.2%	2,699.6	-22.2%
Long-term debt	7,126.8	7,084.1	0.6%	6,823.3	4.4%
% Long-term debt	71.2%	72.4%	-1.2 p.p.	65.2%	6.0 p.p.
Local currency	560.5	694.4	-19.3%	586.4	-4.4%
Foreign currency	6,566.4	6,389.8	2.8%	6,236.9	5.3%
Total debt	10,009.4	9,784.6	2.3%	10,467.6	-4.4%
Local currency	1,343.8	2,196.9	-38.8%	1,481.0	-9.3%
Foreign currency	8,665.7	7,587.7	14.2%	8,936.5	-3.0%
(Cash and cash equivalents)	-3,863.0	-3,877.3	-0.4%	-4,397.0	-12.1%
Net debt ⁽¹⁾	6,137.5 ⁽¹⁾	5,900.9	4.0%	6,063.0	1.2%
Net debt/LTM EBITDA (x)	3.8	4.5	-0.7	3.9	-0.1

(1) Net debt includes FIDC subordinated shares totaling R\$8.9 million in 1Q19, R\$6.3 million in 1Q18 and R\$7.6 million in 4Q18.

Investments

Investments in fixed assets totaled R\$27.8 million in 1Q19, which R\$15.6 million went to operational maintenance and R\$12.2 million to expansion of operations, related to adjustments and improvements made in the Company's plants.

See below a breakdown of investments (cash effect) by quarter in the last twelve months:

CAPEX (R\$ Million)	1Q19	4Q18	3Q18	2Q18	LTM1Q19
Maintenance	15.6	31.5	34.6	38.1	119.8
Expansion	12.2	11.7	11.5	12.7	48.1
Total	27.8	43.3	46.1	50.8	168.0

Subsequent Events

Notice to the Market - IPO Athena Foods Postponement

As informed in the Notice to the Market in May 13th, 2019, Minerva S.A. informed to shareholders and the market in general that the IPO of its subsidiary Athena Foods at Bolsa de Comercio de Santiago (Santiago Stock Exchange) was postponed due to the recent adverse market conditions of the global market.

Buyback of the Perpetual Bonds

On April 3rd, the Company has exercised the option to redeem all perpetual Bonds representing the debt issued by its subsidiary Minerva Luxembourg S.A. abroad, at an interest rate of 8.75%. The principal aggregate amount of the settled Bonds was US\$ 70.5 million and Minerva paid a total amount of US\$ 72.0 million, including accrued interest. It is worth noting that this was the Company's most expensive debt instrument

Capital Increase as a result of the exercise of Subscription Warrants

The table below shows the latest changes in the Company's Capital Stock, due to the Bonus

	March 13, 2019	April 12, 2019	May 12, 2019
Capital Stock	R\$1,115,222,688.79	R\$1,115,316,722.53	R\$1,115,231,346.91
Issued Shares	376,697,410	376,712,057	376,726,796
Outstanding Bonus	150,268,445	150,253,798	150,239,059

About Minerva S.A.

Minerva Foods is the South American leader in beef exports and it also operates in the processing segment, selling its products to over 100 countries. Currently, the Company has a daily slaughtering capacity of 26,380 head of cattle and daily beef deboning capacity equivalent to 27,966 head of cattle. Present in Brazil, Paraguay, Argentina, Uruguay and Colombia, Minerva operates 25 slaughter and deboning plants and 3 processing plants. In the 12 months ended March 31, 2019, the Company recorded gross sales revenue of R\$17.4 billion, 21% more than in 2018.

Relationship with Auditors

In accordance with CVM Instruction 381/03, we announce that our auditors did not provide services other than those related to the external audit in 2017, 2018 and the three-month period in 2019.

Statement from Management

In compliance with CVM Instructions, Management declares that it has discussed, reviewed and agreed with the individual and consolidated accounting information related to the fiscal year ended March 31, 2019 and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

APPENDIX 1 - INCOME STATEMENT (CONSOLIDATED)

(R\$ thousand)	1Q19	1Q18	4Q18
Revenue from domestic sales	1,563,067	1,406,242	1,949,833
Revenue from exports	2,412,213	2,346,138	2,975,857
Gross sales revenue	3,975,280	3,752,380	4,925,690
Revenue deductions – taxes and other	-247,667	-221,027	-315,552
Net operating revenue	3,727,613	3,531,353	4,610,138
Cost of goods sold	-3,067,004	-2,952,232	-3,839,351
Gross profit	660,609	579,121	770,787
Selling expenses	-257,547	-230,752	-265,251
General and administrative expenses	-160,962	-134,475	-150,090
Other operating revenues (expenses)	-9,047	-1,529	40,740
Asset impairment	0	0	-18,838
Result before financial expenses	233,053	212,365	377,348
Financial expenses	-215,675	-224,658	-263,575
Financial income	17,832	16,208	31,888
Monetary correction	20,485	0	-24,701
FX variation	-45,261	-48,413	126,943
Other expenses	-39,866	-79,326	-323,001
Financial result	-262,485	-336,189	-452,446
Result before taxes	-29,432	-123,824	-75,098
Income and social contribution taxes - current	-17,679	-2,580	-96
Income and social contribution taxes - deferred	15,705	11,683	-16,865
Result before non-controlling interest	-31,406	-114,721	-92,059
Controlling shareholders	-31,406	-114,721	-92,059
Net income (loss)	-31,406	-114,721	-92,059

APPENDIX 2 - BALANCE SHEET (CONSOLIDATED)

(R\$ thousand)	1Q19	4Q18
ASSETS		
Cash and cash equivalents	3,863,018	4,396,985
Accounts receivable from clients	1,534,003	1,783,355
Inventories	748,156	692,459
Biological assets	190,231	156,698
Taxes recoverable	732,321	858,843
Other receivables	300,912	253,995
Total current assets	7,368,641	8,142,335
Taxes recoverable	179,390	183,428
Deferred tax assets	196,717	181,333
Other receivables	13,527	11,971
Judicial deposits	27,157	23,998
Fixed assets	3,608,161	3,580,563
Intangible assets	701,083	700,793
Total non-current assets	4,726,035	4,682,086
Total assets	12,094,676	12,824,421
LIABILITIES		
Loans and financing	2,882,594	3,644,273
Commercial leasing	7,095	0
Suppliers	785,697	872,508
Labor and tax liabilities	259,326	234,634
Other payables	1,043,066	1,237,204
Total current liabilities	4,977,778	5,988,619
Loans and financing	7,126,848	6,823,301
Commercial leasing	59,355	0
Labor and tax liabilities	70,714	72,750
Provision for contingencies	39,213	42,774
Accounts payable	966	732
Deferred tax liabilities	193,447	197,359
Total non-current liabilities	7,490,543	7,136,916
Shareholders' equity		
Capital stock	1,109,324	1,109,259
Capital reserves	120,182	120,182
Revaluation reserves	51,775	52,162
Accumulated profit (loss)	-1,428,934	-1,397,915
Treasury shares	-36,846	-36,846
Equity valuation adjustments	-189,146	-147,956
Total shareholders' equity attributed to controlling shareholders	-373,645	-301,114
Total shareholders' equity	-373,645	-301,114
Total liabilities and shareholders' equity	12,094,676	12,824,421

APPENDIX 3 – CASH FLOW (CONSOLIDATED)

(em R\$ milhares)	1Q19	1Q18	4Q18
Cash flow from operating activities			
Net income (loss)	-31,406	-114,721	-92,059
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	76,241	51,250	66,643
Estimated loss on doubtful accounts	0	1,419	-10,101
Proceeds from the sale of fixed assets	837	324	499
Fair value of biological assets	-10,909	3,265	11,318
Realization of deferred taxes – temporary differences	-15,705	-11,683	16,865
Asset impairment	0	0	18,838
Financial charges	215,675	218,786	263,778
FX variation – not realized	40,345	41,973	-169,693
Monetary Variation	-20,485	0	0
Provision for contingencies	-3,561	-35,871	-8,374
Accounts receivable from clients and other receivables	200,879	340,989	-250,326
Inventories	-55,697	-78,881	187,167
Biological assets	-22,624	1,739	29,827
Taxes recoverable	130,560	-7,102	21,341
Deferred taxes	0	0	-26,878
Judicial deposits	-3,159	-5,231	4,152
Suppliers	-86,811	-234,413	7,604
Labor and tax liabilities	22,656	-18,185	12,298
Other payables	-197,495	33,910	257,160
Cash flow from operating activities	239,341	187,568	340,059
Cash flow from investing activities			
Acquisition of intangible assets	-2,668	-2,433	-1,065
Acquisition of fixed assets	-25,181	-46,479	-42,189
Cash flow from investing activities	-27,849	-48,912	-43,254
Cash flow from financing activities			
Loans and financing	139,634	182,596	450,519
Loans and financing settled	-893,786	-280,675	-1,716,233
Commercial leasing	-1,671	0	0
Capital payment in cash	65	0	964,725
Treasury shares	0	-4,489	0
Cash flow from financing activities	-755,758	-102,568	-300,989
FX variation on cash and cash equivalents	10,299	33,885	227,903
Net increase/decrease in cash and cash equivalents	-533,967	69,973	223,719
Cash and cash equivalents			
Beginning of period	4,396,985	3,807,342	4,173,266
End of period	3,863,018	3,877,315	4,396,985
Net increase/decrease in cash and cash equivalents	-533,967	69,973	223,719

APPENDIX 4 – EXCHANGE RATE

	1Q19	1Q18	4Q18
(USD- Closing)			
Brazil (BRL/USD)	3.92	3.31	3.87
Paraguay (PYG/USD)	6,187.00	5,548.30	5,963.90
Uruguay (UYU/USD)	33.47	28.39	32.40
Argentina (ARS/USD)	43.39	20.15	37.67
Colombia (COP/USD)	3,188.38	2,795.03	3,249.75